
Collection of the

**Minutes of Topics
and Decisions
(MTD)**

of the meetings of the

**Amazon Fund
Steering Committee
(COFA)**

from the years 2008 to 2018

**FUNDO
AMAZONIA**



Presentation

From 2008 to 2018, the Amazon Fund Steering Committee (COFA) held 25 meetings in Rio de Janeiro, Brasília, and Belém.

COFA was chaired by the Ministry of the Environment and was attended by representatives from the Federal Government, State Governments that form the Legal Amazon, and Civil Society.

The minutes of COFA meetings, also called Minutes of Topics and Decisions (MTD), were drawn up and made available at the Amazon Fund's website after their approval by the COFA during the subsequent meeting.

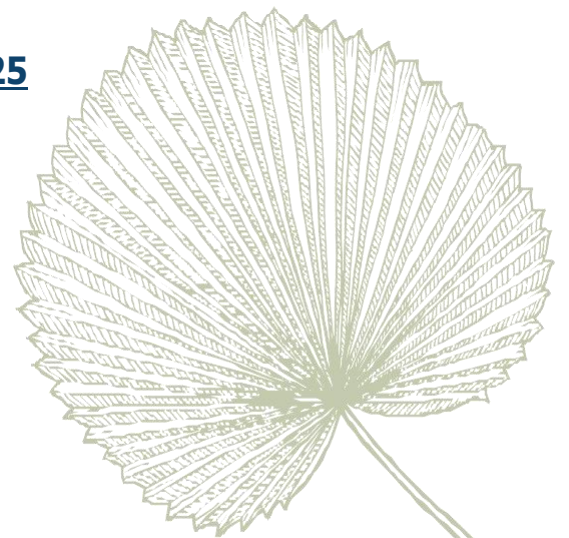
This document brings together the collection of MTDs of the COFA meetings in that period.

The Brazilian Development Bank (BNDES), as manager of the Amazon Fund, honoring its commitment to the transparency on the fund's activities, and presents another valuable record of the Amazon Fund's operations up to 2018. Should you have any questions or comments, please feel free to contact us through the Contact Us page at the Amazon Fund's website.



Table of Contents

<i>2008</i>	<u>MTD 1</u> • <u>MTD 2</u>
<i>2009</i>	<u>MTD 3</u> • <u>MTD 4</u> • <u>MTD 5</u> • <u>MTD 6</u>
<i>2010</i>	<u>MTD 7</u> • <u>MTD 8</u> • <u>MTD 9</u> • <u>MTD</u>
<i>2011</i>	<u>10MTD 11</u> • <u>MTD 12</u>
<i>2013</i>	<u>MTD 13</u> • <u>MTD 14</u>
<i>2014</i>	<u>MTD 15</u> • <u>MTD 16</u>
<i>2015</i>	<u>MTD 17</u> • <u>MTD 18</u> • <u>MTD 19</u>
<i>2016</i>	<u>MTD 20</u> • <u>MTD 21</u>
<i>2017</i>	<u>MTD 22</u> • <u>MTD 23</u>
<i>2018</i>	<u>MTD 24</u> • <u>MTD 25</u>





RET

1

Minutes of Topics
and Decisions
(MTD) from the
1st Meeting

BNDES

Brasília
Oct. 24, 2008

Agenda

1. Presentation of the Amazon Fund
2. Presentation on the operation of the Amazon Fund, by BNDES
3. Internal Regulations of the COFA
4. Amazon Fund Guidelines
5. Schedule of COFA Meetings

Commencement of Activities

1. The participants were previously handled a document describing COFA's meeting agenda, a summary description of the Amazon Fund, the relevant legislation, and the list of COFA's representatives and their substitutes. / The meeting was opened by the President of BNDES, Luciano Coutinho, and by the representative of the Ministry of the Environment, Minister Carlos Minc, who emphasized the relevance of the Fund.
2. In response to the first item on the agenda, the substitute representative of the Ministry of the Environment, Tasso Rezende de Azevedo, presented the Fund's goals and the method for determining the limits for fundraising based on the reduction of deforestation.
3. Then, according to item 2 of the agenda, BNDES's substitute representative, Eduardo Bandeira de Mello, presented BNDES's operational procedures that will serve as a basis for the Amazon Fund's operations.
4. Subsequently, as provided for in item 3, a draft of COFA's internal regulations was presented to the Committee, to be discussed in the upcoming meeting.
5. Within the scope of item 4 of the agenda, the meeting's participants discussed a proposed strategy to define guidelines and criteria for the application of resources from the Fund¹, which will also be considered at the upcoming meeting. / The following examples of aspects to be determined were presented: minimum conditions that the projects must meet, including any eventual counterpart; types of resource application; resource use restrictions and prioritization criteria to ensure that the Fund supports projects of unquestionable relevance for reducing deforestation in the Amazon. / The Fund's fundraising is subject to proven reductions in emissions resulting from deforestation, which will be attested by the Technical Committee formed by experts, which is expected to meet, for the first time, on November 10, 2008, in Brasília.
6. Finally, the Ministry of the Environment and BNDES announced the upcoming creation of the website of the Amazon Fund, where all information will be available to allow the overview of the Fund's activity by the whole of society.

1. The Committee's goal is to establish guidelines and criteria for the application of Fund's resources, making sure that supported initiatives comply with the Sustainable Amazon Plan (PAS) and the Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAM).

Decisions Made

COFA's next meeting has been set for November 19, 2008, and on the previous day, November 18, internal preparatory meetings of the three blocks of COFA (federal government, state governments, and civil society) will be held.

COFA members agreed to send by e-mail, by November 10, 2008, to the Brazilian Forest Service (Ministry of the Environment), suggestions of amendments to add, vary, or suppress any provision from the draft of the internal regulations, for consolidation of a new draft.

The Brazilian Forest Service (Ministry of the Environment) will send, in advance, a draft of the Amazon Fund Guidelines following the guidelines established by COFA at its 1st meeting to all COFA members.

Minister Carlos Minc proposed that, in the next COFA meeting, decisions about the internal regulations should be quickly made, so that participants can spend most of their time to determining the guidelines and priorities of the Amazon Fund. He also encouraged the participants to discuss the matter in advance by email.

Representatives present:

Codes: (R) - Representative / **(S)** - Substitute

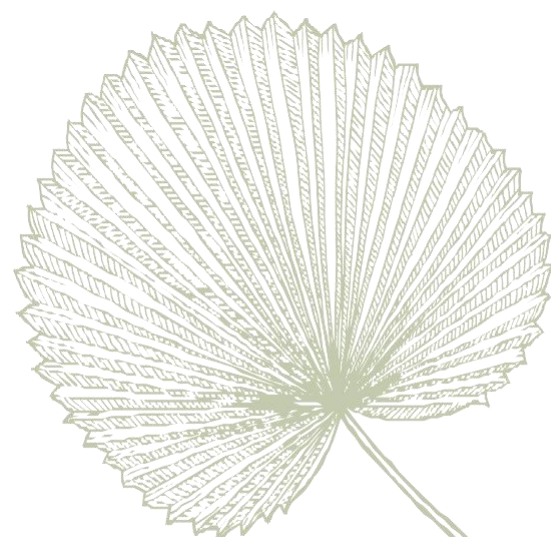
Ministry of the Environment	Ministry of Development, Industry and Foreign Trade	Ministry of Foreign Affairs
Carlos Minc (R) Tasso Rezende de Azevedo (S)	Marcos Otávio Bezerra Prates (S)	Danielle Brichta (S)
Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Agrarian Development	Ministry of Science and Technology
Helinton José Rocha (S)	Daniel Maia (R)	Maria Luiza Braz Alvez (S)
Department of Strategic Affairs of the Presidency of the Republic	Brazilian Development Bank – BNDES	State of Acre
Daniel Barcelos Vargas (R)	João Carlos Ferraz (R) Eduardo Carvalho B. de Mello (S)	Carlos Ovídio Duarte da Rocha (S)
State of Amazonas	State of Mato Grosso	State of Pará
Nadia Cristina D'Ávila Ferreira (R)	Alexandre Torres Maia (S)	Marcelo Bastos Françoso (S)
State of Tocantins	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
Belizário Franco Neto (S)	Adriana Ramos (R)	Kleber Luiz Santos dos Santos (S)
National Confederation of Industry – CNI	National Forum of Forest Based Activities – FNBF	Brazilian Society for the Progress of Science – SBPC
Mario Augusto Campos Cardoso (S)	Fernando Castanheira Neto (S)	Marco Antonio Raupp (R) Helena Bonciani Nader (S)

Other authorities and guests in attendance

BNDES	Ministry of the Environment (MMA) SEDAM/MRO	
Luciano Coutinho Eduard Rath Fingerl Yolanda Ramalho Ricardo Ramos Equipe Técnica	Izabella Teixeira Marco Conde Mauro Pires	Paulo Roberto Ventura Brandão
Government of the state of Rondônia	FETAG/CONTAG	WWF
Sandro Bergamin	Célia Muniz da Silva	Mauro Armelin

Absent

Office of the President's Chief of Staff
State of Amapá
State of Maranhão
State of Roraima





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2

Minutes of Topics
and Decisions
(MTD) of the **2nd
Meeting**

**Brazilian Forest
Service**

Brasília
Nov. 19, 2008

Agenda

1. Approval of the MTD of the 1st COFA meeting
2. Draft of COFA's Internal Regulations
3. Amazon Fund Guidelines and Criteria
4. Reports

Commencement of Activities

1. Previously, the participants received a folder containing the minutes of COFA's first meeting, the draft of Amazon Fund's guidelines, the draft of COFA's Internal Regulations, and Administrative Decree No. 96, 23 October 2008. Soon after that, the members attending the meeting introduced themselves.
2. Substitute representative of the Ministry of the Environment, Tasso Rezende de Azevedo, declared the meeting open, and a summarized version of the first minutes was approved, as well as its content, with minor changes, according to the attached document, which from now on COFA decided to call Minutes of Topics and Decisions (MTD).
3. In compliance with the second item of the agenda, the substitute representative of the Ministry of the Environment, Tasso Rezende de Azevedo, presented the draft of COFA's Internal Regulations and opened the floor to hear the participants' opinions. At the end of the debates, COFA's Internal Regulations were approved with the amendments proposed by the participants, according to the attached document.
4. Among the amendments, it is worth mentioning that the new deadline will be June 30, 2009, during which the States considered eligible to vote will be those ones capable to prove to be developing their state deforestation combat plans. Furthermore, article 2 emphasizes the possibility of appointing an agent for a specific meeting, who will have the right to speak and to vote, should the representative and substitute are unable to attend.
5. After a short break, the meeting proceeded to the third item on the agenda, the discussion on the Amazon Fund guidelines and criteria. The substitute representative of the Ministry of the Environment, Tasso Rezende de Azevedo, presented all the items of the Amazon Fund's draft guidelines for the participants to express their opinions about possible amendments and disagreements. After lengthy discussions, the Amazon Fund guidelines were approved with some amendments, according to the attached document.
6. In the draft, the guidelines related to the minimum requirements for projects, in terms of equity criteria for the application of resources and the prioritization criteria were amended, leaving unchanged the proposed guidelines related to the types of application of resources and the restrictions on the use of resources. Amendments were also made to the thematic prioritization items and the limits for the total application of resources among the biomes throughout the year.
7. Finally, the representative of FBOMS, Adriana Ramos, asked to include in the MTD her disappointment with the absence of the representative of the President's Chief of Staff in two consecutive COFA meetings.

Decisions Made

The COFA meetings will be recorded through the Minutes of Topics and Decisions (MTD), which will be made available on the internet.

The Minutes of Topics and Decisions (MTD) from the 1st COFA Meeting, held on October 24, 2008, was approved.

Internal Regulations were approved, according to the attached document.

“Guidelines for the Application of the Amazon Fund Resources” were approved, according to the attached document.

Representatives present:

Codes: (R) - Representative / **(S)** - Substitute

Brazilian Development Bank – BNDÉS	National Confederation of Industry – CNI	National Confederation of Agricultural Workers – CONTAG
João Carlos Ferraz (R) Eduardo Carvalho B. de Mello (S)	Mario Augusto Campos Cardoso (S)	Fani Mamede (R)
Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB	State of Acre	State of Pará
Kleber Luiz Santos dos Santos (S)	Carlos Ovídio Duarte da Rocha (S)	Marcelo Bastos Françaoso (S)
State of Rondônia	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	National Forum of Forest Based Activities – FNBF
Cletho Muniz de Brito (R) Ibaldeci dos Santos Ferreira (S)	Adriana Ramos (R) Jean Pierre Leroy (S)	José Pereira Dias (R)
Ministry of Science and Technology	Ministry of Foreign Affairs	Ministry of Agrarian Development
Luiz Antônio Rodrigues Elias (R)	André Odenbreit Carvalho (R)	Daniel Maia (R) Márcia da Silva Quadrado (S)
Ministry of Development, Industry and Foreign Trade	Ministry of the Environment	Department of Strategic Affairs of the Presidency of the Republic
Marcos Otávio Bezerra Prates (S)	Carlos Minc (R) Tasso Rezende de Azevedo (S)	Alberto Carlos Lourenço Pereira (S)
Brazilian Society for the Progress of Science – SBPC:		
Helena Bonciani Nader (S)		

Other authorities and guests in attendance

BNDES

MDA

Brazilian Forest Service

Frederico Costa Carvalho

Eduardo Rath Fingerl Marco Aurélio Marco Conde

IPAM

Embassy of Norway

Ministry of the Environment (MMA)

André Lima

Patrícia Faraco Benthien

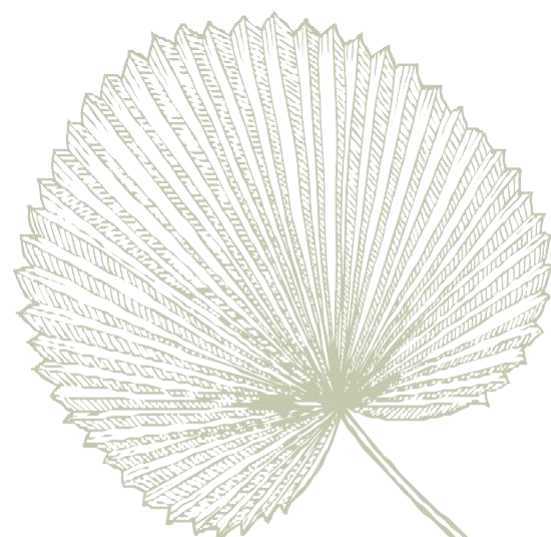
Nazaré Soares

MCT

Maria de Herudes Santos

Absent

Civil Office of the Cabinet of the President of the Republic
State of Amapá
State of Amazonas
State of Maranhão
State of Mato Grosso
State of Roraima
State of Tocantins
Ministry of Agriculture, Livestock and Food Supply





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3

Minutes of Topics
and Decisions
(MTD) of the **3rd**
Meeting

BNDES

Rio de Janeiro
May 25, 2009

Agenda

1. Approval of the MTD of the 2nd COFA meeting
2. Reports
 - 2.1. Fund implementation process within BNDES (Bank report)
 - 2.1.1. Internal structure at BNDES
 - 2.1.2. Agreement with Norway
 - 2.1.3. Website, registered domains and branding of the Amazon Fund – Amazon Fund.
 - 2.1.4. *Workshops*
 - 2.2. BNDES, Ministry of the Environment (MMA) and Brazilian Forest Service Agreement (MMA report)
 - 2.3. Communication on the accumulation of carbon sequestration credits and the definition of the carbon equivalent value for the purpose of issuing contribution certificates (MMA report)
 - 2.4. Implementation of deforestation combat plans (reports presented by the states)
3. Items on the Agenda
 - 3.1 Project portfolio creation
 - 3.2. Consultation letter templates
 - 3.3. Discussion on participating in projects involving private companies as beneficiaries
4. Strategic Studies (BNDES/McKinsey)
5. Scheduling the next meeting

Commencement of Activities

Preliminary activities

The participants received a folder containing the MTD of the 2nd COFA Meeting, the draft of COFA's Guidelines and Internal Regulation, the MMA-SFB-BNDES Cooperation Agreement, the Donation Agreement concluded between Norway and BNDES and administrative decrees with the appointment of the members of COFA.

The meeting was opened by João Carlos Ferraz, Director of BNDES, on behalf of the President of BNDES, followed by the Chairman of COFA, Carlos Minc (MMA), who assessed the actions aimed at reducing deforestation in the Amazon Rainforest and their results, emphasized the need for the Amazon Fund operations to start with solid projects and handed over the chairmanship of the meeting to Tasso Azevedo (MMA).

1. Approval of the MTD of the 2nd COFA Meeting

The Committee approved the MTD of the 2nd COFA Meeting, and the regulations and guidelines attached thereto.

2. Reports

2.1. Fund implementation process within BNDES

1. Structure, plans and current activities of the recently created BNDES Environment Area;
2. Donation agreement concluded with Norway;

3. Amazon Fund's website and email;
4. Presentation of the brand by a representative of BNDES's advertising agency;
5. Workshops held at BNDES on the Amazon, the first on general aspects and the second on science and technology; two more are planned, one workshop on social aspects, another one on business and entrepreneurship.

Participants' comments:

It was suggested that the brand included images representing the Amazonian man. The Technical Office was requested to keep COFA informed about activities that may be of interest or interface with the Amazon Fund, such as workshops held at BNDES.

Regarding the donation agreement reached with Norway, it was made clear that annual meetings will be held with the donors to decide on the continuity of their participation in the Amazon Fund. A workshop with the states was proposed, preferably in Brasília, for the greater convenience of the Amazonian states. BNDES intends to visit each state.

2.2. Agreement between BNDES, Ministry of the Environment (MMA) and Brazilian Forest Service Agreement (MMA report)

The BNDES-MMA-SFB cooperation agreement was presented, which formalizes the relationship between SFB and BNDES, and the Amazon Fund's activities to combat deforestation.

2.3. Communication on the accumulation of carbon sequestration credits and the definition of the carbon equivalent value for the purpose of issuing contribution certificates

The sequestration mechanism was presented, in which the limits of sequestration are cumulative, so that emissions from the last period of sequestration must be used completely, when balances from previous periods can be used. A new formal procedure for the SFB to report the reduction of deforestation to BNDES was announced.

2.4. Implementation of deforestation combat plans (reports presented by the states)

The national PPCDAM is now entering the second phase, with reduction goals, aiming at much lower deforestation than that recorded in 1998. They highlighted the importance of complementing the national plan by the states' PPCDs.

An overview of states' plans was presented (out of nine states that form the Legal Amazon, seven are preparing their state plan), as summarized below:

State of Amazonas: presented the first version of its plan last month and will complete the public consultation process.

State of Amapá: initiated the preparation of its plan by diagnosing the environmental and forest condition, to later submit it to public consultation.

State of Acre: public consultations will be held to launch the first version of the plan.

State of Mato Grosso: completion is expected by the end of next month.

State of Pará: currently in the public consultation phase; completion of first version of the plan is expected by next week.

State of Tocantins: plan is its final stage of preparation, after public consultations were completed.

State of Rondônia: with a team already assigned, it is carrying out the diagnosis.

State plans follow the broad lines of the federal plan:

- (1) territorial planning, with landholding regularization actions, creation of nature conservation units (UCs), zoning,
- (2) monitoring and control (inspection, integration of actions, intelligence actions),
- (3) productive activities,
- (4) governance. It was observed that it would be interesting for each state to commit itself to state-level deforestation reduction goals, and for each state plan to refer to these goals. It was also reported that the MMA is supporting municipal plans to reduce deforestation, especially in São Félix do Xingu, and that the municipality of Paragominas has recently started discussions on an agreement for reduction of deforestation, and the municipality of Tailândia is moving in the same direction. Next, each state representative reported on the progress of the respective state's PPCD.

After receiving the plans, BNDES will publish them on the bank's website to guide the selection of projects, provided they comply with the PPCDAM and the states' PPCDs.

It was also clarified that the goals of the states must be determined independently of the national goals and that, in states with more than one biome, the state goals will cover the entirety of their biomes.

Regarding the second clause of the BNDES-MMA-SFB Agreement, it was reported that the role of the office of the MMA Executive Secretary in the PPCD is to provide analysis, diagnoses, and recommendations, and that, for this purpose, a screening meeting will be held at the Ministry before completion of state plans.

The importance of holding a meeting with the Climate Plan team to discuss the reception of the work at COP 15 in Copenhagen to level the goals and expenditures and to provide information on the actions conducted by the states in terms of biodiversity conservation was also highlighted.

The Office of the Executive Secretary was asked to list in the MTD the schedule of state deforestation combat plans. MMA will be working with the states of Roraima and Maranhão to determine their schedules.

An inversion of the program was proposed, anticipating section 4, Strategic Studies, before section 3, Agenda items.

3. Strategic Studies

Marcus Frank (McKinsey) presented the insights from McKinsey & Co. for the Amazon Fund management and noted that the Amazon Fund management counts on a smaller number of people and receives a lower administration fee when compared with the management of other donation funds presented.

4. Agenda Items

- 4.1. Preparation of the project portfolio (with agenda inversion)
Projects for the four areas of activity of the Amazon Fund were presented

in the "in perspective" and "consultation letter" categories. The "In perspective" category includes projects that have already been the subject of an email, a letter, or a meeting and from which there are expectations of receiving a consultation letter; the "Consultation Letter" category gathers the projects for which consultation letters have already been sent to BNDES.

Projects were reported as widely diverse, even when it comes to the existence of subprojects (some projects include similar subprojects for several municipalities).

It was also reported that BNDES is inducing a demand to increase the number and improve the quality of projects, especially within the sustainable forestry activities sphere, with the assistance of COFA members.

It was announced that BNDES is planning to visit all states, several municipalities, and visit all ministries involved in Amazonian matters, to attract new projects. Also, as 20% of the Amazon Fund's resources may be applied to monitoring projects in other biomes or other tropical countries, BNDES is introducing a promotion action with neighboring Amazonian countries through ECLAC.

It was recommended that the BNDES informs on its website about the possibility of sending informal preliminary consultations by letter, email, or telephone for prior verification by the Amazon Fund Management Department (DEFAM) team. It was clarified that BNDES will not structure consultations, only clear up doubts.

4.2. Consultation letter templates

The Office of the Executive Secretary informed that the consultation letter scripts are available at the Amazon Fund's website.

4.3. Discussion on participating in projects involving private companies as beneficiaries

It was recalled that one of COFA's guidelines instructs the Amazon Fund to prioritize the areas of sustainable production activities and scientific and technological development, and that many projects in these areas are undertaken by private for-profit companies, with uncertain returns.

It was explained that the current regulation of the Amazon Fund allows non-reimbursable resources to be allocated to for-profit companies, with no restrictions, and that the idea is to bring the case to COFA, as there is still no proposal for Amazon Fund to operate in these situations.

The discussion on the topic above should be resumed at the next meeting.

Summary of COFA requests to the Amazon Fund management:

- I. articulate the state funding rounds with COFA;
- II. communicate to COFA the agenda of these meetings;
- III. invite COFA members who are in the states or who wish to travel to the states to follow-up;
- IV. carry out dialogues with other sectors similar to those carried out with the indigenous sector, noting a demand from the FNBF for a dialogue with the sustainable forest management sector;
- V. prepare an initiative to prospect and support potential applicants, within the scope of the BNDES-MMA-SFB agreement; and
- VI. avoid encouraging specific projects.

Recommendation to COFA members:

- I. encourage projects they consider important,
- II. discuss a program of induced demand through a public notice, to solve specific problems;
- III. visit the website www.fundoamazonia.gov.br and provide feedback to the Office of the Executive Secretary.

5. Scheduling the next meeting

Tasso Azevedo (MMA) expressed the intention to increase the number of meetings this year, with some topics already noted in the agenda:

(1) presentation of the state deforestation combat plans,

(2) guidelines for the coming year, and

(3) application of resources from the Amazon Fund to private companies. There will be three opportunities for meetings in 2009: in July (to discuss the deforestation combat plans), September and November. The day of the next meeting was not determined though, only the month, which is July. From now on, it was emphasized that COFA meetings will always be set to start at 10 a.m. and end at 5 p.m. After that, the meeting was closed.

Decisions and Recommendations

ğ The MTD of the 2nd Meeting was approved.

ğ Recommendations to the BNDES

1. Since the brand designed for the Amazon Fund has hollow characters, add a picture showing an Amazonian man;
2. To stress the idea that the Amazon Fund is a non-governmental mechanism, try to secure the domains fundoamazonia.br and amazonfund.br;
3. Set up a periodic communication mechanism with COFA to inform the progress of matters of interest to the activities of the fund;
4. Hold sectorial workshops, like the one carried out with COIAB;
5. At the Amazon Fund's website, present a clear and transparent description of the process of forwarding and evaluating projects at BNDES;
6. Publish information at the website about the informal consultation mechanism with the bank on the submission of projects;
7. Inform the members of COFA in advance about the schedule of workshops in the states;
8. Prepare a document on projects of for-profit societies to guide the discussion of the next COFA meeting;
9. Prepare a detailed description of all points of the agenda with:
 - I. issue;
 - II. background;
 - III. related materials available;
 - IV. suggestion of decision;

- 10. From now on, COFA meetings will start at 10 a.m. and end at 5 p.m.;
- 11. Set the 4th, 5th, and 6th COFA Meetings for July, September, and November 2009;
- 12. Include in the agenda of upcoming meetings (i) the issue of support for for-profit enterprises and (ii) the guidelines for 2010;
- 13. Distribute the presentations made during the meeting to all COFA members;
- 14. Translate into Portuguese the donation agreement executed with Norway and upload it to the website.

ǧ Recommendation to MMA

Formalize, through the appropriate instrument, the value of the ton of carbon that will be used in the computation of the value of authorized carbon sequestration for reduction of the emissions caused by deforestation.

ǧ Recommendation to BNDES, MMA, and SFB

Develop a training and project promotion initiative, especially for small public, community, and private institutions.

ǧ Other recommendations

COFA members will provide feedback for improvement of the website.

ǧ Schedule for completion of national and state deforestation combat plans:

Acre	June
Amapá	August
Amazonas	July
Maranhão	to be launched (government transition)
Mato Grosso	July
Rondônia	July
Roraima	-
Tocantins	June

ǧ MMA will convene a meeting in Brasilia with all states (inviting all COFA members) to assess and draw lessons from the process of combating deforestation in the states

Representatives present:

Codes: (R) - Representative / (S) - Substitute

Brazilian Development Bank – BNDDES	Office of the President’s Chief of Staff	State of Acre
João Carlos Ferraz (R) Eduardo Carvalho B. de Mello (S)	Johanness Eck (S)	Magali Medeiros (ad hoc)
State of Amapá	State of Amazonas	State of Maranhão
Alberto Pereira Góes (R)	Nadia Cristina D’Ávila Ferreira (R)	Washington Luis C. Rio Branco (R)
State of Mato Grosso	State of Rondônia	State of Tocantins
Luiz Henrique Chaves Daldegan (R)	Cletho Muniz de Brito (R)	Belizário Franco Neto (S)
National Confederation of Industry – CNI	National Confederation of Agricultural Workers – CONTAG	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
Mario Augusto Campos Cardoso (S)	Fani Mamede (R)	Francisco Avelino Batista (R)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	National Forum of Forest Based Activities – FNBF	Ministry of Agriculture, Livestock and Food Supply – MAPA
Adriana Ramos (R)	Fernando Castanheira Neto (S)	Helinton José Rocha (S)
Ministry of Foreign Affairs	Ministry of Agrarian Development	Ministry of Development, Industry and Foreign Trade
André Odenbreit Carvalho (R)	Marcos Pavarino (ad hoc)	Marcos Otávio Bezerra Prates (S)
Ministry of the Environment	Secretariat of Strategic Affairs of the Presidency of the Republic:	Brazilian Society for the Progress of Science – SBPC
Carlos Minc (R) Tasso Rezende de Azevedo (S)	Alberto Carlos Lourenço Pereira (S)	Helena Bonciani Nader (S)

Other authorities, guests and observers introduced in the audio recording

<p>BNDES</p> <p>Raul Andrade Israel Blajberg Cléber Zambarda Daniel Rossi Soeiro Sebastião Pereira Mônica Magnavita Bernardo Braune Daniela Baccas Guilherme Accioly Luiz Antônio Pazos Sérgio Eduardo Weguelin Vieira Lígia Frias</p>	<p>Ministry of the Environment (MMA)</p> <p>Izabella Teixeira Nazaré Soares Mauro Pires Maria Cecília Brito</p>	<p>Brazilian Forest Service</p> <p>Marco Conde Thaís Juvenal Antônio Carlos Hummel</p>
<p>Governo de Rondônia Sandro Bergamin</p>	<p>COIAB Kleber Aripuna Santos dos Santos</p>	<p>DPZ (BNDES advertising agency) Felipe Raposo</p>
<p>Observer for the Articulation of Indigenous Peoples of the Southern Region of Brazil – APINSUL</p> <p>(unintelligible name)</p>	<p>State of Mato Grosso</p> <p>Alessandro Borges</p>	<p>McKinsey & Co.</p> <p>Marcus Frank</p>
<p>IPAM</p> <p>Paula Franca Moreira</p>	<p>State of Amapá</p> <p>Antonio Carlos da Silva Faria</p>	
<p><i>Absent</i></p> <p>Ministry of Science and Technology State of Pará State of Roraima</p>		



RET

4

Minutes of Topics
and Decisions
(MTD) of the **4th**
Meeting

BNDES

Rio de Janeiro
Aug. 7, 2009

Agenda

1. Approval of the MTD of the 3rd COFA meeting
2. Approval of the Agenda
3. Agenda topic: Non-profit support and enterprises
4. Reports
 - 4.1. Balance of COFA recommendations
 - 4.2. Fundraising efforts
 - 4.3. Project portfolio
 - 4.4. Scheduling visits to Amazonian states
 - 4.5. Activity Report
 - 4.6. Presentation of the new BNDES policy for the livestock sector and new forestry programs.
5. Conclusion
 - 5.1. Presentation of decisions
 - 5.2. Scheduling the next COFA meeting

Commencement of Activities

Preliminary activities

The participants received a folder containing:

- The meeting's schedule;
- The meeting's agenda;
- MTD of the 3rd COFA meeting;
- Text for discussing support for for-profit enterprises;
- Schedule for the round of presentations of the Amazon Fund in the states;
- Socio-environmental guidelines and financial support instruments for the bovine livestock production chain;
- Article "New programs support forest conservation and recovery of degraded areas";
- Internal Regulations;
- List of COFA Members.

Eduardo Rath Fingerl, Director of BNDES declared the meeting open on behalf of the President of BNDES and thanked the collaboration of Director João Carlos Ferraz and of former Head of the of the Amazon Fund Management Department – DEFAM, Eduardo Bandeira de Mello, that were substituted by Eduardo Rath Fingerl (representative) and Sérgio Eduardo Weguelin Vieira (substitute representative).

João Carlos Ferraz, Director of the BNDES' Planning Division, explained that, when the Amazon Fund was created, the Environment issue was coordinated by a unit at the department level, within the Planning Division. Since an Environment Division was later created to address the matter, it is expected that BNDES will be represented at COFA by the director and the superintendent of this new division.

Next, the Chairman of COFA, Minister Carlos Minc, assessed the deforestation in the Amazon, which has substantially decreased this year, with 90% of this reduction being attributed to control, inspection, and monitoring activities, such as loan cuts, wood auctions, increase in the number of IBAMA staff, and 10% being due to sector agreements, such as soybeans, wood, and actions by private banks.

For 2010, he expects an additional 40% reduction due to actions such as the Arco Verde Operation, the Amazon Fund, ecological-economic zoning, and landholding regularization initiatives, besides the expansion of other sector agreements. The Chairman concluded that command and control measures to contain deforestation are becoming more and more costly and less effective, indicating the need to implement new mechanisms, such as the promotion of sustainable forestry activities; otherwise, it will be increasingly challenging to meet current goals, and that if deforestation increases, donors will retreat. After his remarks, he handed over the chairmanship to the substitute representative of MMA, Tasso Azevedo.

1. Approval of the MTD of the 3rd COFA Meeting

The Chairman of the Meeting asked the participants to express their opinions about the MTD of the 3rd Meeting. Considering the silence, the MTD was approved.

2. Approval of the Agenda

The proposed agenda was approved.

3. Agenda Topics: Support for for-profit enterprises

BNDES exhibited a presentation focusing on two of the Amazon Fund's areas of activity:

- I. sustainable productive activities; and
- II. scientific and technological development applied to the sustainable use of biodiversity, in which most projects are carried out by for-profit companies.

Then, BNDES asked COFA the following questions:

1. Should BNDES grant non-reimbursable financial contributions to any for-profit enterprises aligned with the Amazon Fund's objectives and guidelines?
2. If not, should BNDES support any type of for-profit enterprise with non-reimbursable resources? What would be the characteristics of those enterprises?
3. In case of a negative answer to question 1, should BNDES, where possible, grant reimbursable financial contributions to companies for for-profit projects? What would be the characteristics of those enterprises?
4. Decree 6527, 01 August 2008, allows only the granting of non-reimbursable financial contributions. Would it be appropriate for the Federal Government to establish new provisions for the Amazon Fund's regulations to allow the application of resources from the Fund to be reimbursable in certain situations?

In general, the following suggestions were given to the questions above:

1. No.
2. Yes. There must be criteria, and they need to be established. Some suggestions include:
 - I. collective benefits of projects;
 - II. minimum counterpart financing.

3. Not at the current stage of the Amazon Fund. It may be discussed again in the future.
4. No.

Based on the answers, the members were invited to ponder on how BNDES should address projects that are already under analysis, since there are currently no restrictions on financing for-profit projects.

Different opinions were presented, and two proposals were presented for voting:

1. Suspend support for for-profit ventures until criteria are defined at the next COFA meeting;
2. Continue to support such ventures but recommend that BNDES take special care in projects conducted by large companies and projects with a significantly large figure that could threaten the continuity of the Fund's operations by compromising a substantial part of the available resources.

The three chambers of COFA – the federal government, the state governments, and the civil society – met separately to decide their respective votes, after which the federal government chamber voted for proposal 2, the civil society chamber voted for proposal 2, and the governments of the states voted for proposal 1.

As the Internal Regulations provide that decisions shall be taken unanimously by the three chambers, none of the proposals was approved and, therefore, the current rule will remain as is until COFA approves new criteria.

4. Reports

4.1 Balance of COFA recommendations

BNDES presented the progress of the measures related to the various matters discussed at the 3rd COFA Meeting. See Annex 1.

4.2 Fundraising efforts

The International Division of BNDES informed that, after the contribution of 700 million crowns (approximately BRL 200 million) by Norway, the strategy for the second half of 2009 is to increase bilateral agreements, which are being entered with several countries, especially Germany.

Fundraising efforts are being carried out in harmony with the Environment Division, and foundations appear to be the major potential donors.

This is a much more complex action, which will also engage other divisions of BNDES.

4.3 Project portfolio

The project processing flow at BNDES, and the Amazon Fund project portfolio were presented. The general challenges regarding the project and the proponent were exposed.

BNDES informed that an appropriate consultation letter script for projects in Science and Technology has already been prepared and published at the website of the Amazon Fund, and will be disclosed in rounds throughout the Amazon states starting next week.

Complaints were voiced that the issue of bank secrecy distances COFA from potential projects. The recent announcement in the media that certain projects had already been approved by the Amazon Fund was mentioned as an example. BNDES clarified that if it does not comply with bank secrecy, it may be subject to legal penalties, but as soon as the projects' agreements are executed, they will be published at the Amazon Fund's website. The bank explained the difference between the classification, in which a letter is issued to the applicant communicating the decision to accept the consultation, the approval by the Board, and the execution of the agreement. COFA members asked for a solution that would allow them to have access to at least minimal information but more than is being provided about the projects being processed by the BNDES. The need to register in the MTD the concerns with information leakage and the recommendation to all members to keep a reserved stance in relation to the projects was emphasized.

BNDES asked COFA for guidelines for prioritizing projects when the demand for the Amazon Fund resources is greater than the supply. The Chairman of COFA suggested the establishment of a commission to propose additional guidelines in the next COFA meeting, at which two fundamental topics would be discussed:

- I. criteria for economic-related projects with non-reimbursable resources; and
- II. prioritization criteria for projects.

4.4 Scheduling visits to Amazonian states

BNDES presented the schedule of the Amazon Fund presentation round in the Amazonian states, August 10-14, 2009 and August 24-28, 2009, according to the table provided to all COFA members in the folder of this Meeting.

4.5 Activity Report

This item was deferred to the next COFA meeting.

4.6 Presentation of the new BNDES policy for the livestock sector and new forestry programs.

This item was deferred to the next COFA meeting.

4.7 Discussions

- It was said that the Amazon needs a substantial volume of resources, and the Brazilian Government is also required to provide them, to which the Chairman of the Meeting replied that the Federal Government cannot allocate resources to the Amazon Fund since it was created as a private mechanism with differentiated rules, and not as a public fund.
- It was mentioned that the scientific community seems to be unaware of the existence of the Amazon Fund, given that there are only seven Scientific and Technological Development projects.
- It was proposed that the COFA Meetings should be held not only in Rio de Janeiro but

also in the Amazon Region, or they should be held in alternated locations, since the Amazon society needs to know more about the Amazon Fund.

- BNDES was also asked to make a presentation on the Amazon Fund at the Meeting of Governors of Amazonian States, to be held in Macapá on September 25, 2009.
- The establishment of a strategy for the Amazon Fund to be integrated into the actions being carried out in various ministries, aiming at the sustainable development of the Amazon and which are being promoted by public call was suggested.

5. Reports

BNDES informed that an important event in Norway is being planned in retribution for the donation given by the country, in parallel to the major fundraising event to be held in European countries, during the Oslo summer festival. It would be one of the initiatives of the general fundraising process, and for that, support will be sought from the Special Department of Communication of the Presidency of the Republic (SECOM), State Governments, Ministry of Tourism, and other forms of collaboration.

Scheduling the next meeting

It was suggested that COFA meetings should be held in the Amazon region, because the meetings in Rio de Janeiro, despite facilitating the participation of the entire BNDES team, have little impact on the Amazonian society. Meetings in Brasília would be easier to attend but holding them in the Amazon region would have a greater impact.

The participants decided that the next meeting will be held in Brasília on Monday, September 21, 2009, and the following ones will be held in Belém and Porto Velho, respectively.

It was reported that the presentation in Rio Branco, within the scope of the Round of Presentations on the Amazon Fund, which was "to be defined" in the schedule, was set for September 18, 2009.

Decisions Made

1. The MTD of the 3rd Meeting was approved.
2. Regarding the application of resources from the Amazon Fund to for-profit projects, it was decided that:
 - a. There must be specific criteria for the application of non-reimbursable resources in projects;
 - b. This is not the time to discuss the implementation of projects with reimbursable resources;
 - c. A COFA special commission (see below) should discuss the criteria for applying resources to for-profit projects and prioritizing them in light of available resources.
3. A temporary commission was established to:
 - I. Propose criteria for limiting the application of non-reimbursable resources in for-profit projects;

- II. Propose a mechanism for disclosing information on project proposals submitted to the Amazon Fund;
- III. Propose criteria for ranking and prioritizing projects, including the assessment of scale.

The commission will be formed by 2 representatives from each chamber (federal government, state governments, and civil society) who were appointed as follows:

- a. From State Governments: State of Amazonas (Nádia Cristina d'Ávila Ferreira) and State of Mato Grosso (Luiz Henrique Chaves Daldegan);
- b. From Civil Society: CNI (Mário Augusto de Campos Cardozo) and CONTAG (Fani Mamede);
- c. From the Federal Government Office of the President's Chief of Staff (Tereza Campello) and MDIC (Marcos Otávio Bezerra Prates).

4. BNDES will make a presentation on the Amazon Fund at the Meeting of Governors of the Amazon States in Macapá, September 25, 2009.

5. The next COFA meeting will be held in Brasília, September 21, 2009, and the following two meetings will be held in Belém and Porto Velho, and will incorporate the agenda items not discussed during the 4th meeting, in addition to the discussion on the topics proposed by the special commission.

Representatives present:

Codes: (R) - Representative / **(S)** - Substitute

Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Science and Technology	Ministry of Development, Industry and Foreign Trade
Helinton José Rocha (S)	Luiz Antonio Barreto de C. (ad hoc)	Marcos Otávio Bezerra Prates (S)
Ministry of the Environment	Department of Strategic Affairs of the Presidency of the Republic	Office of the President's Chief of Staff
Carlos Minc (R) Tasso Rezende de Azevedo (S)	Alberto Carlos Lourenço Pereira (S)	Teresa Helena G. B. Campello (R) Johaness Eck (S)
Brazilian Development Bank – BNDES	State of Acre	State of Amapá
Eduardo Rath Fingerl (R) Sergio Eduardo Weguelin (S)	Eufan Ferreira do Amaral (R)	Antonio Carlos da Silva Junior
State of Amazonas	State of Maranhão	State of Mato Grosso
Nadia Cristina D'Ávila Ferreira (R)	Washington Luis C. Rio Branco (R)	Luiz Henrique Chaves Daldegan (R)
State of Pará	State of Rondônia	State of Tocantins:
Aníbal Picanço (R)	Cletho Muniz de Brito (R)	Belizário Franco Neto (S)

National Confederation of Industry – CNI	National Confederation of Agricultural Workers – CONTAG	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS
Justiniano de Queiroz Neto (R) Mario Augusto Campos Cardoso (S)	Fani Mamede (R) Rosicleia dos Santos (S)	Adriana Ramos (R)
National Forum of Forest Based Activities – FNBF	Brazilian Society for the Progress of Science – SBPC	
Fernando Castanheira Neto (S)	Marco Antonio Raupp (S)	

Other authorities, guests and observers introduced in the audio recording or included on the attendance list

SEMA-RO	SEMA/MT	CONTAG
Waldir Amtiuk	Salatiel A. Araújo	Soraya Brandão
FAO/MAPA	State of Acre	SEMA/PA
Ivo Marzall	Magaly Medeiros	Rodolfo F. Pereira
BNDES	Brazilian Forest Service	Ministry of the Environment (MMA)
Ana Paula da Silva	Marco Conde	Carlos Felipe
Caio Pinhão	Thaís Juvenal	Nazaré Soares
Claudia Nessi Zonenschain	Antônio Carlos Hummel	Mauro Pires
Claudia Soares Costa		Rony Lima
Cleber Zambarda		
Daniel Rossi Soeiro		
Daniela Baccas		
Eduardo Pontieri		
Fernando Ceschin Rieche		
Flávio de Queiroz Salek		
Guilherme Aciolly		
Israel Blajberg		
Lígia Gouget Frias		
João Carlos Ferraz		
Lauro Leão		
Luiz Antônio Pazos		
Marcio Macedo da Costa		
Maria Amélia Pinheiro Pacheco		
Mônica Crespo Lopes Magnavita		
Otavio Lobão		
Patrícia de Araújo Carneiro		
Paulo Fuchs		
Raul Andrade		

Absent

State of Roraima
 Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
 Ministry of Foreign Relations
 Ministry of Agrarian Development

Annex I

Matter	Provisions	Status
1. BNDES report		
1.1. LOGO		
The logo description must incorporate the human dimension, since the Justification	The advertising agency created a second version of the brand using the Amazonian man as a background.	<i>Completed</i>
1.2 WEBSITE		
Securing the domain fundoamazonia.br and amazonfund.br so that it does not resemble a government fund.	.br domains are suspended. BNDES is forwarding a request for exceptionality.	<i>Pending</i>
COFA members must submit feedback on the site for improvement.	Awaiting comments from COFA members.	<i>Pending</i>
1.3. BNDES COMMUNICATION – COFA		
BNDES must set up a periodic communication mechanism with COFA to inform the progress of matters of interest to the activities of the commission	BNDES is designing a periodic communication model involving the form, content, frequency, and disclosure mechanisms.	<i>Under discussion</i>
Meetings on topics related to the Amazon Fund will be communicated to COFA members	The schedule of meetings with topics related to the Amazon Fund will be informed through said communication model.	<i>Will be addressed</i>
2. PPCDAM report		
The Plan to Combat Deforestation and Promote the Conservation and Sustainable Use of the Amazon Rainforest is expected to be completed in the following months: Amazonas (July); Tocantins (June); Amapá (August); Mato Grosso (July); Rondônia (July); Acre (June)	The schedule for state programs was presented at a technical meeting held by the MMA at BNDES on August 06, 2009.	<i>Completed</i>
The state of Maranhão has not yet initiated the process (government transition)	Status unchanged.	<i>Pending</i>
MMA will convene a meeting in Brasilia with all states (inviting all COFA members) to assess and draw lessons from the process of combating deforestation in the states.	The meeting was held in Rio de Janeiro, August 06, 2009.	<i>Completed</i>
3. Promotion		
Promotion actions will take place in all states – COFA members will be previously informed of the schedule and invited to attend the workshops in the states.	Promotion actions will be carried out in all states, starting in the week of August 10. The schedule is included in the report of the 4th Meeting.	<i>Completed</i>

3. Promotion

Sectoral workshops are recommended (as was done with indigenous groups)	Workshops are in the planning and inter-institutional articulation phase.	<i>In progress</i>
SFB/MMA/BNDES – develop a training and project promotion initiative especially for small public, community, and private institutions.	It will be developed within the framework of the Cooperation Agreement.	<i>Under discussion</i>
The Bank's website must contain clear and transparent information about the process of submission of projects to and assessment at the bank. It should provide detailed information on the informal consultation mechanism with the bank (after a brief description of the project).	Within the scope of the strategic communication model above, a mechanism is being developed to answer the most frequently asked questions, to be improved based on the analysis of informal consultations, the difficulties observed in the consultation letters, and, among others, on the identified demands in the programmed dissemination and orientation rounds.	<i>Pending</i>

PROJECTS OF FOR-PROFIT COMPANIES

Concern about characterizing what could or could not be financed from for-profit companies' companies.	A proposal was prepared for discussion and forwarding during this meeting.	<i>Completed</i>
It is necessary to define the spectrum of situations (for instance - a cooperative of small producers is completely different from a large company)		
The Amazon Fund should not be a substitute for credit facilities for projects with economic purposes.		
The Amazon Fund should not be a substitute for credit facilities for projects with economic purposes.		
to define the spectrum of situations (for example - a cooperative of small producers is completely different from a large company)		
to characterize the type of existing funding available for for-profit enterprises and the issues regarding their application (or, details about the complementarity instance of the Amazon Fund)		
to characterize the application situations/types that involve for-profit enterprises that could be funded by the Amazon Fund and the corresponding regulatory recommendations.		

4. Procedures and Meetings

4.1 MEETING PROCEDURES

Prepare a detailed description of all points of the agenda with: (i) issue; (ii) background; (iii) related/available materials; (iv) suggestions of decision;	These procedures have already been incorporated.	<i>Completed</i>
Schedule meetings with enough time to address the agenda topics (10 a.m. - 5 p.m.)		

4.2 MEETING PROCEDURES

Meetings in July, September and November.

The July meeting will be held on August 07; the other two meetings have not yet been set.

Partially completed

The agenda will include (i) the issue of companies receiving funds; (ii) guidelines for 2010.

The issue of companies was included in the agenda of the 4th Meeting, while the discussion of the guidelines for 2010 will be covered in a later meeting.

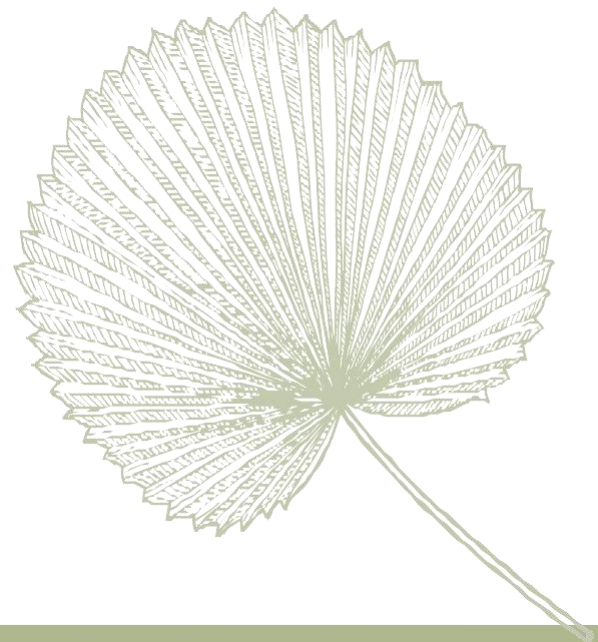
4.3 - OTHERS

Distribute the presentations made during the 3rd Meeting to all COFA members.

They will be made available electronically.

Translate the agreement executed with Norway, and upload it to the website.

The Donation Agreement already has an official translation. The publication at the website is being reviewed internally.





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5

Minutes of Topics
and Decisions
(MTD) from the
5th Meeting

IBAMA

Brasília
Sep. 21, 2009

Agenda

1. Approval of the MTD of the 4th COFA meeting
2. Approval of the Agenda
3. Agenda topics:
Report from the Temporary Commission
 - I. "Application Restriction Criteria for For-Profit Projects"
 - II. "Disclosure of information related to the submitted projects"
 - III. "Project Inventory Prioritization"
4. Reports:
 - Presentation of the text "For the Support of Amazon Funds for Small Projects by the Amazon Fund" by Adriana Ramos/FBOMS
 - New BNDES policy for the livestock sector and new forestry programs
5. Scheduling the next COFA meeting
6. Decisions
7. Representatives present
8. Representatives who did not attend the meeting
9. Experts, guests, and observers

Commencement of Activities

The participants received a folder containing:

- The meeting schedule;
- The meeting agenda;
- MTD of the 4th COFA meeting;
- Minutes of the Temporary Commission Meeting;
- Text "For the Support of Amazon Funds for Small Projects" (Adriana Ramos/FBOMS);
- Internal Regulations;
- List of COFA Members.

Chairman Tasso Rezende de Azevedo opened the meeting at 10:40 a.m., with 16 members attending it (in compliance with the statutory quorum), moving on to the introduction of the participants, and informed the presence, at his invitation, of representatives of Accountability, which is conducting an independent study on the importance of the Amazon Fund.

1. Approval of the MTD of the 4th COFA Meeting

Approved without reservations.

2. Approval of the Agenda

Approved with the reservation of bringing forward the presentation of the BNDES Report to the morning: "New BNDES policy for the livestock sector and new forestry programs."

3. Agenda Topics:

3.1 Report on the work of the Temporary Commission

Presentation of the report on the work of the Temporary Commission established at the 4th COFA meeting to discuss and submit proposals on the definition of criteria for:

- Application of non-reimbursable resources in for-profit projects (criteria and restrictions);
- Disclosure of information related to projects submitted to the Amazon Fund;
- Project inventory prioritization;
- Prioritizing and ranking support for projects, considering the different thematic areas, actions, and potential proponents likely to apply for the use of resources from the Amazon Fund.

Presentation of the commission's report (attached) was followed by a discussion on each of the working topics, which ended with the submission of the following guidelines:

A. Disclosure of information related to projects submitted to the Amazon Fund

The disclosure must be made via the internet at the website of the Amazon Fund, including the following details of all proposals:

- type of institution (including partners)
- location/geographical scope of the project;
- summary with goals and indicators;
- thematic areas of the project;
- total project value and requested funding;
- Name of the proponent and partners involved in the project in case of public institutions.

COFA also requested two measures to be taken when disclosing information:

- Include in the Consultation Letter template for projects a clear indication of the details that will automatically be published by BNDES after receiving the consultation letter.
- Review the opinion that concluded that the bank is unable to disclose the identification of project proponents when they are not public institutions, since the disclosure would be detailed in the very consultation letter and such procedure is followed in other initiatives in the socio-environmental area.

B. Criteria for for-profit projects

- For-profit projects must deliver collective benefits related to:
 - » productive infrastructure for collective use;
 - » studies and surveys with results available to the community;
 - » training and qualification opportunities for the community;
 - » technological development with results available to the community;

- » replicable and practical innovations;
- » other collective benefits identified in the project evaluation process.
- Projects must present a minimum counterpart financing of 10 to 50% distributed according to the scale and size of the enterprises.
- The Amazon Fund resources should not be used to replace other sources of financing that the bank already makes available to for-profit projects.

Additionally, the following decisions were made:

- A section for self-declaration of collective benefits from the project must be incorporated in the consultation letter template.
- BNDES must evaluate the alternatives and present a proposal on how to deal with the benefits derived from patents resulting directly or indirectly from the application of resources from the Amazon Fund.

C. Project inventory prioritization

The Temporary Commission made the following recommendations to COFA:

- The value of a single project may not exceed 10% of the total amount available in the Amazon Fund for the year.
- The amount applied in each of the four thematic lines may not be less than 10% nor greater than 40% of the resources available in the year.
- When the total value of the projects is greater than the total available balance or greater than the established thematic line, the projects will be forwarded to the project inventory, and then ranked by a score to be defined by BNDES, based on the priority criteria defined by COFA.

In addition, the following decision was made:

- BNDES will establish a scoring system to rank the projects in the project inventory, after the resources are exceeded in total or by thematic line, based on COFA's priority criteria.

4. Reports:

4.1. Presentation of the text "For the Support of Amazon Funds for Small Projects by the Amazon Fund" – Adriana Ramos/FBOMS

Considering the difficulty of supporting the poorest and smallest communities, the text presents the operational model of local organizations that formed a consortium with other local entities. Forming consortiums with larger organizations may not be in the best interest of small entities. The author describes examples of small projects in consortiums with reasonable success.

The text claims that the BNDES could even consider this model, which would also facilitate its work, since it would operate with an anchor entity that would be able to offer the capillarity, transparency, and monitoring necessary to work with small entities.

Proposed decision:

- BNDES should hold a seminar/work meeting to discuss the experience of small-project funds and establish a strategy for the Amazon Fund to act in this area.

4.2. New BNDES policy for the livestock sector and new forestry programs

Mr. Marcio Macedo da Costa, Head of DEMAM – Department of Environmental Policies and Studies at BNDES, presented the topic to the participants.

5. Scheduling the next COFA meeting

The Chairman informed that the last meeting of the year should review COFA's criteria for 2010 and suggested the presentation of the report on the workshops promoted in the nine states of the Legal Amazon on the promotion of the Amazon Fund, where valid questions, great interest of the media, and the presence of different authorities will take place.

- Participants agreed that the next COFA meeting will take place in the week of November 16-20, in Belém.

6. Final Decisions and Conclusion

In the end, the meeting was attended by the Hon. Minister of the Environment, Dr. Carlos Minc Baumfeld:

He clarified that the Amazon Fund has been under discussion for more than three years to adjust details, as it is a fund in which donors do not become members, that is, it is a private fund. The President's Chief of Staff and President of BNDES, Luciano Coutinho, attended the meeting; there were several suggestions to unblock the process, then President Lula signed the corresponding Decree, on August 01, 2008, just over a year ago.

Discussions ensued about potential donors beyond Norway, the fund's main benefactor.

The Minister highlighted the importance of approving projects before the Copenhagen Meeting, with criteria and rigor, except for operational issues.

BNDES informed that it will disclose the information about the projects on the internet, and that those that have already been approved will surely be disclosed before the Copenhagen Meeting.

The bank then presented the project portfolio, an indicator instrument for development and management actions.

The meeting ended at 5:00 pm.

Representatives present:

Codes: (R) - Representative / **(S)** - Substitute

Ministry of Agriculture, Livestock and Food Supply – MAPA Helinton José Rocha (S)	Ministry of Foreign Affairs André Odenbreit Carvalho (R)	Ministry of Agrarian Development Marco Pavarino (S)
Ministry of Science and Technology Maria Luiza Brás Alves (S)	Ministry of Development, Industry and Foreign Trade Marcos Otávio Bezerra Prates (S)	Ministry of the Environment Carlos Minc (R) Tasso Rezende de Azevedo (S)
Department of Strategic Affairs of the Presidency of the Republic Alberto Carlos Lourenço Pereira (S)	Office of the President’s Chief of Staff Teresa Helena G. B. Campello (R) Johanness Eck (S)	Brazilian Development Bank – BNDES Sergio Eduardo Weguelin (S)
State of Acre Eufran Ferreira do Amaral (R)	State of Amapá Alberto Pereira Góes (R)	State of Rondônia Cletho Muniz de Brito (R)
State of Tocantins Stalin Beze Bucar (R) Raul Rodrigues de Freitas Jr. (S)	National Confederation of Industry – CNI Justiniano de Queiroz Neto (R)	National Confederation of Agricultural Workers – CONTAG Fani Mamede (R)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS: Adriana Ramos (R)	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB Kleber Luiz Santos dos Santos (R)	Brazilian Society for the Progress of Science – SBPC Marco Antonio Raupp (R)

Absent

State of Amazonas	State of Pará
State of Maranhão	State of Roraima
State of Mato Grosso	National Forum of Forest Based Activities (FNBF)

Other authorities, experts, guests, and observers

Accountability Fernanda Polacow João Boffino	BNDES Bernardo Von Haehling Braune Claudia Soares Costa Cleber Zambarda Israel Blajberg Marcio Macedo da Costa Raul Andrade	Brazilian Forest Service Marco Conde Thaís Juvenal Antônio Carlos Hummel
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6

Minutes of Topics
and Decisions
(MTD) of the **6th**
Meeting

Emílio Goeldi
Museum of Pará
(MPEG)

Belém
Dec. 3, 2009

Agenda

9:00 a.m. Greetings

9:15 a.m. Opening of Business by the Chairman of COFA

9:45 a.m. Discussion and voting on the MTD of the 5th Meeting

10:00 a.m. Presentation of Reports (part 1)

Report on the 2nd Meeting of the Amazon Fund Technical Committee

Workshop on REDD projects in Brazil

Case study on the Amazon Fund made by Accountability

11:00 a.m. Agenda Topic 1

Overview of the Amazon Fund Project Portfolio

11:45 a.m. Agenda Topic 2

Criteria for counterpart financing and for-profit projects

12:30 p.m. Brunch

1:30 p.m. Agenda Topic 3

COFA Guidelines and Criteria for the Application of Amazon Fund Resources (rev. 2010)

3:30 p.m. Presentation of Reports (part 2)

Launch of the Brazilian forests pocketbook

Agenda of the Amazon Fund at COP 15

Norway donation

4:15 p.m. Decisions

Scheduling the next COFA meeting

Scheduling the Workshop with Small-Project Funds

5:30 p.m. Conclusion

Commencement of Activities

The participants received a folder containing:

1. Meeting Agenda
2. MTD Material of the 5th Meeting
3. Supporting Material
 - 3.1 Executive Summary of the Accountability Study
 - 3.2. Overview of Projects of the Amazon Fund
 - 3.3. BNDES Proposal Criteria for Counterpart Financing
 - 3.4. COFA Guidelines and Criteria
 - 3.5 Amazon Fund Agenda at COP 15
 - 3.6 Small Projects Workshop Proposal
4. List of Members of the Steering Committee
5. Internal Regulations of the COFA

Chairman Tasso Rezende de Azevedo opened the meeting at 10:40 a.m., with 15 members (complying with the statutory quorum), moving on to the introduction of the participants

1. Approval of the MTD of the 5th COFA Meeting

Approved without reservations.

2. Approval of the Agenda

The agenda was approved, with amendments on the order of presentation of topic 1 "Overview of Amazon Fund Project Portfolio", transferred to the afternoon, after the completion of topic 3 "COFA Guidelines and Criteria for the Application of the Amazon Fund Resources".

3. Agenda topics:

3.1. Criteria for counterpart financing and for-profit projects

The Chairman recollected the discussions from previous COFA meetings. In theory, there would be no restrictions to for-profit projects, as long as certain pre-established criteria were met.

He recalled that a temporary commission was established at the 4th COFA Meeting to propose minimum criteria for the support of such projects, which were presented and accepted at the 5th COFA Meeting.

The Chairman remembered that it was decided that to support for-profit projects, those projects are required to offer collective benefits and present a minimum counterpart financing of 10 to 50%, depending on the scale and size of the enterprises. Amazon Fund resources should not be used to replace other funding sources, such as BNDES traditional credit facilities.

Finally, he recalled that COFA and BNDES agreed that the latter would present a proposal detailing the criteria for treatment of for-profit projects, concerning the maximum financing of the Amazon Fund for these projects at the 6th Meeting.

BNDES presented its proposal in the table entitled "Limits for the Application of Resources" (see Annex 1 to this MTD), which presented the following criteria:

- L1 – For-profit projects;
- L2 – For-profit projects supporting vulnerable social groups;
- L3 – For-profit projects of Local Production Arrangements (APLs) for collective use;
- L4 – For-profit scientific and technological research projects developed in cooperation between Technological Institutions (ITs) and for-profit entities.

The four criteria were discussed individually.

BNDES said that few projects clearly define the collective benefit. Some members emphasized that it is necessary to acquire minimal experience on this subject, which will only be possible through the support of some experimental projects. So, since the general guidelines are already defined, it was decided that the discussion will resume in future COFA plenary sessions.

L1 and L3 were fully approved. | As for **L2**, COFA requested BNDES to clarify whether the appropriation of profits must be made by members of the beneficiary community.

As for **L4**, BNDES was asked to clarify the wording to indicate that the provision applies to "public technological institutions." Given the complexity of the topic and the short time constraints, COFA decided that

it was not appropriate to continue the discussion to make any decisions on this topic at the 6th Meeting. Thus, L4 was not approved. It was decided that BNDES will present at the 7th COFA Meeting a detailed solution for patents produced in connection with those for-profit scientific and technological research projects.

Finally, it was stressed that Amazon Fund should support only for-profit projects with extraordinary characteristics, with high contribution to reducing deforestation and sustainable development in the Amazon region.

– Decisions and arrangements

- The table "Limits for the Application of Resources" will be included in COFA's Criteria and Guidelines for 2010.
- BNDES will present a detailed solution for patents produced in connection with for-profit scientific and technological research projects, which will be highlighted in the notes of the table "Limits for the Application of Resources," with the possibility of including additional criteria by COFA at the 7th COFA Meeting.
- Regarding L2, the criteria must be more specific, and clearly indicate that those who should retain the profits are the members of the beneficiary community.
- It is necessary to add an item to the "Amazon Fund Guidelines and Criteria" table related to the need for collective benefits and the rule of non-substitution of funding sources.

3.2. COFA Guidelines and Criteria for the Application of Amazon Fund Resources (rev. 2010)

The Chairman opened discussions on the topic, noting that the goal was to define the guidelines and criteria for supporting Amazon Fund projects in 2010.

Discussions began using the Summary Tables of Guidelines and Criteria for the Application of Amazon Fund Resources, approved for the 2009 fiscal year (see Annex 2 to this MTD).

In the review of table A – "Prioritization Criteria" – it was suggested that an additional prioritization criterion related to the PPCDAM should be adopted for 2010, which COFA did not approve since the Committee understands that the Amazon Fund acts in support to the PPCDAM, not being, however, an instrument of it.

The existence of minimum requirements for projects to be aligned with the PPCDAM and the states' plans was also pointed out. Thus, BNDES was requested to include links to the national and states' deforestation combat plans at the Fund's website.

COFA defined that the expression "scientific and technological research" in item "a" of the thematic table (P2) will be replaced by "scientific and technological research-innovation-diffusion."

The suggestion to add the prioritization criterion "to boost the economy in anthropized areas" was not approved. Except for the amendment in P2, all other criteria (P1, P3, P4, P5, and P6) were fully approved by COFA.

The meeting proceeded to the discussion of table B – “Minimum requirements for projects”. The addition of a requirement on the spending ceilings for the application of resources in each of the four operational modes of BNDES and by projects in Table B was requested from and approved by the BNDES. Following the decision to keep requirement C2 – “Proponents/Executors” of table B, all other requirements were confirmed by the participants.

It was established that, for 2010, table C – Resource Application Modes – will have the addition of mode M5, providing for the possibility of transferring resources through Small-Project Funds.

It was recalled that COFA needs to approve minimum criteria and macro guidelines on this topic so that the BNDES can apply this mode, especially regarding maximum spending ceilings for resource application and the approval and monitoring of such small projects. It was recalled that they must follow the same established regulations, criteria, and guidelines. In addition, issues such as the amount of support will be addressed during BNDES’ analysis procedures.

It was recalled that there is a need to hold a small project workshop, an opportunity in which it will be possible to better know these funds and projects.

Thus, COFA will eventually establish additional guidelines and criteria on support for small projects on a different occasion.

Regarding table D – “Resource Use Restrictions” – the need to explicitly allow the Administration Fee was discussed. It was mentioned that the ideal scenario is that there is no intermediation of any kind. However, it is understood that, based on the Amazon Fund’s current portfolio and the reality of the Amazon region, the Fund will not have capillarity if middlepersons are not allowed. For this purpose, it is necessary to allow the establishment of an administration fee within pre-established limits.

COFA recalled that according to the current regulations, the administration fee would already be allowed. However, for the specific case of small-project funds, COFA wants to further discuss this topic.

Clarification was requested on funding and investment support. The Chairman reminded the participants that COFA chose not to establish minimum and maximum limits for funding and investment items due to the various characteristics of the Amazon Fund universe. BNDES recalled that the projects in the current portfolio are widely diverse, and that the adequacy and thereasonability of this decision will be addressed during the analysis. According to the Fund management, if BNDES is convinced that the proportion between funding and investment is not adequate – which is concluded after examining the available documentation and evaluating the technical and legal aspects of the project – the proponent will be requested to review and resubmit the project’s use items. BNDES could also understand, following COFA’s guidelines and criteria, that a given project should not be granted full support.

COFA maintained its decision not to establish minimum and maximum limits for funding and investment support.

Finally, table E – “Equity Criteria in the Application of Resources” – was kept as it was in 2009.

– Decisions and arrangements

- Establish the spending ceiling of 10% for the application of resources per project.
- ğ List links to state deforestation combat plans at the website of the Amazon Fund.
- Add in table B a requirement related to the spending ceilings for the application of resources in each of the four operational modes of BNDES and by projects.
- Add M5 mode in Table C, providing the possibility of indirect application through Small Project Funds.

3.3 Overview of the Amazon Fund Project Portfolio

With the indication that there are many projects in the “in perspective” category, BNDES clarified that the corresponding consultation letters have not yet met all the requirements and prioritization criteria. Among these criteria, there are the for-profit projects, with no way to support them as currently presented to BNDES.

In those cases, according to BNDES, proponents are advised to resubmit the projects in accordance with current rules. This increases the time these projects remain with the “in perspective” status.

BNDES informed COFA about the approval of the first three Amazon Fund projects, presented by the following proponents:

- Sustainable Amazon Foundation – FAS;
- Institute of Man and Environment of the Amazon – Imazon;
- The Nature Conservancy of Brazil – TNC.

BNDES was questioned about the early maturity provisions, which could be an obstacle to the presentation of projects.

BNDES explained that this provision is a safeguard for the bank to provide trustworthiness and accountability within the executed agreement. However, BNDES argued that this mechanism is rarely used, with very few cases occurring over 50 years.

The Bank stated that it is unlikely that the early maturity provision will be applied, given that the resources are released in installments, upon evidence of correct use of resources released in the immediately preceding installment. If any problem is detected, BNDES enters renegotiations with the proponent. Early maturity can only be affected by a specific instance of the institution, after failed attempts to regularize it with proponents. Thus, there would only be early maturity in serious cases.

– Decisions and arrangements

- In the next meeting, BNDES will clarify the early maturity provision in its agreements and the procedures it has adopted to provide explanations about this provision to proponents.

4. Reports:

The presentation on the Accountability Study was not possible due to force majeure. It was decided that the presentation would be made in the next meeting.

– Decisions and arrangements

- Add the presentation of the Executive Summary on the Study of Accountability to the agenda of the 7th Meeting.

4.1. Report on the 2nd Meeting of the Amazon Fund Technical Committee

The Chairman outlined the activities carried out by the Technical Committee (CTFA). Then the Brazilian Forest Service presented the report on the 2nd Meeting of this Committee.

SFB mentioned that the Amazon Fund Technical Committee (CTFA) is interested in offering further technical support to the Amazon Fund, in addition to the duties provided for in Decree 6527/2008 of evaluating and validating the numbers computed by MMA, but also advising BNDES and the Amazon Fund as a scientific committee.

According to SFB, at that meeting, recommendations were presented to improve the performance of the very CTFA. This committee understands that it must be able to conduct a study

CTFA recommended that the BNDES should reassess the role of the Amazon Fund as an inducer for reducing greenhouse gas emissions. That would be possible if the Bank provided funding, as soon as possible, for a technical-scientific study to define a new methodology for computing emissions caused by deforestation of the Amazon.

According to CTFA's understanding, the current methodology is extremely conservative.

Thus, it underestimates the Fund's real capacity to reduce emissions, since it does not consider the real amount of biomass present in the Amazon Rainforest.

COFA, at first, welcomed the expansion of CTFA's support to the Amazon Fund since it has highly qualified staff. However, the members of COFA understand that it would be necessary to define the operational flow in this important technical-scientific support, especially when this definition leads to additional work for BNDES.

Logical Framework: BNDES commented on the need for projects to present its intervention logic on a logical framework containing monitoring indicators. Thus, in the Bank's opinion, proponents would put an effort to demonstrate how the presented project contributes to the purposes of the Fund and in what sense it adheres to the current criteria and guidelines. BNDES informed that the operational teams of the Environment Division will support the proponents in their preparation.

BNDES also informed that it is concluding a Logical Framework for the Amazon Fund, which will help in the selection of projects and in monitoring the Fund's results.

– Decisions and arrangements

- SFB/MMA will prepare a proposal for technical support by the CTFA to COFA and BNDES. The proposal will be discussed at an upcoming COFA meeting. This committee will define the operational flow pattern to be adopted.

4.2. *Workshop on REDD projects in Brazil*

A workshop was held in Brasília by the Environment Ministry (MMA) on November 4, 2009, to discuss the results of the survey carried out by the Brazilian Forest Service on REDD projects in Brazil. This workshop was reported by SFB to COFA. The key conclusions were the need to establish a protocol or a national REDD system (compatible with international systems and standards), which can define public notices, projects, principles, and criteria, formalizing and informing to the international community the Brazilian instance regarding REDD and offsetting mechanisms.

– Decisions and arrangements

- Once the National REDD System is established, COFA will review the role of the Amazon Fund, even deciding whether the Fund will be able to provide financial support to the various related initiatives.

4.3. *Donation from Norway*

The BNDES announced a Fund Certificate for Norway relating to the first installment. The 2010 donation is dependent on deforestation reduction in 2009.

BNDES informed COFA members that negotiations with other countries and potential donors are in progress.

It was also informed that the Bank has opened an office in London and plans to hold a roadshow as part of its fundraising strategy with foreign countries and institutional donors.

4.4 *Agenda of the Amazon Fund at COP 15*

BNDES announced that it would participate in the Brazilian Government's stand, which is coordinated by the Ministry of Foreign Affairs, at COP-15. Its participation is the result of a partnership with the National Confederation of Industry (CNI) and SECOM. According to BNDES, the stand has room for negotiators and an auditorium for 40 people.

A film and a flyer were prepared to promote the Fund at COP-15. At COP-15, according to the report, BNDES would also launch the Low Carbon Index, a joint initiative with the BM&F, and a presentation on the Rios Voadores by Gerald Moss. The idea is to indicate that the Fund is already supporting projects, sustainability in the Amazon, and the reduction of greenhouse gas emissions. The goal is not to raise funds.

BNDES also announced that, on the following Sunday, a publicity campaign for the Amazon Fund would be launched in the mainstream media.

– Decisions and arrangements

- At the next meeting, after the results of COP-15, discuss the role of the Amazon Fund, considering the new guidelines.

4.5 Launch of the Brazilian forests pocketbook

The Brazilian Forest Service informed the participants that the agency is releasing an educational pocketbook on Brazilian forests with about 100 pages in 3 languages, Portuguese, English, and Spanish, which will also become available in an electronic version.

5. Scheduling the next COFA meeting

The Chairman informed that in 2010 there will be four meetings, in March, June, September, and November. The INPA representative (Manaus/AM) presented a bid to host the next meeting.

– Decisions and arrangements

- It was agreed that the next COFA meeting will be scheduled in March. ǵ BNDDES was requested to forward all documents related to the next COFA at least 10 days in advance.

6. Final Decisions and Conclusion

Two more discussions followed:

6.1 Advisory Opinion on Disclosure

The review of the legal opinion by BNDDES, as mentioned in the last meeting, was addressed. It was recalled that, in the PPG-7, the projects had full disclosure and that the Amazon Fund is a private fund, which has its own governance, representing the interests of Society.

– Decisions and arrangements

- BNDDES will present, until the 7th COFA Meeting, a document explaining the obstacles or regulations that need to be changed so that complete transparency can be given on the projects under analysis and approved by the Amazon Fund.

6.2 Submission of periodic information to COFA

The Chairman recalled that at the first COFA meeting, it was decided to send periodic reports on the Amazon Fund.

BNDDES recalled that the project portfolio changes daily and that a considerable amount of information is already published at the Fund's website. Regardless, BNDDES asked COFA members to define what type of information they wish to receive.

– Decisions and arrangements

- BNDES will keep the website updated and prepare periodic reports – if possible, monthly ones –, send it to COFA members and publish at its website.

The meeting was closed at 5:00 p.m.

Representatives present:

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Foreign Affairs	Ministry of Science and Technology
Helinton José Rocha (S)	Pedro Aurélio F. C. de Andrade (S)	Maria Luiza Brás Alves (S)
Ministry of Development, Industry and Foreign Trade	Ministry of the Environment	Department of Strategic Affairs of the Presidency of the Republic
Marcos Otávio Bezerra Prates (S)	Tasso Rezende de Azevedo (S)	Alberto Carlos Lourenço Pereira (S)
Office of the President’s Chief of Staff	Brazilian Development Bank – BNDES	State of Rondônia
Teresa Helena Gabrielli B. Campello (R)	Sergio Eduardo Weguelin Vieira (S)	Maria Dolores dos S. da Costa (S)
State of Roraima	National Confederation of Industry – CNI	National Confederation of Agricultural Workers – CONTAG
Wagner Servulo Nogueira	Mario Augusto Campos Cardoso (S)	Manuel Imbinha Sarmento (A)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	National Forum of Forest Based Activities – FNBF	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
Adriana Ramos (R)	Fernando Castanheira Neto (S)	Kleber Luiz Santos dos Santos (S)
Brazilian Society for the Progress of Science – SBPC		
Adalberto Luiz Val (A)		

Absent

Ministry of Agrarian Development	State of Amazonas	State of Pará
State of Acre	State of Maranhão	State of Tocantins
State of Amapá	State of Mato Grosso	

Other authorities and guests in attendance

BNDES	SFB	MPA
Claudia Soares Costa Cleber Zambarda Sergio Weguelim	Marco Conde Thais Juvenal	Altemir Viana

Annex I

Summary Tables of Guidelines and Criteria for the Application of Amazon Fund Resources - Consolidation: December 3, 2010

Allocation of Resources between Application Areas

Application Area	Application Limit / Year
A. Projects in the Amazon Biome	Unlimited
B. Projects in other Brazilian Biomes and in other tropical countries	20%
Notes: BNDES should strive to apply resources in other biomes and other countries	

A. Prioritization Criteria

Code	Criterion	Amazon Biome	Other Biomes	Other Countries
P1	Geographical	Projects carried out in priority municipalities to prevent, monitor, and combat deforestation; Projects carried out in municipalities within the area of influence of major Growth Acceleration Program (PAC) projects; Projects carried out in municipalities and regions with greater conservation of forest cover.	<i>Not Applicable</i>	<i>Not Applicable</i>
P2	Thematic	(see table below)	<i>Not Applicable</i>	<i>Not Applicable</i>
P3	Diversity of Actors Involved	Projects that involve articulation and execution involving public authorities, the private sector, NGOs/social movements, and local communities.	Same for the Amazon biome	Same for the Amazon biome. Projects involving regional articulation.
P4	Targeted Audience:	Projects involving direct benefits to traditional communities, settlements, and family farmers.	<i>Not Applicable</i>	<i>Not Applicable</i>
P5	Relevance	Projects with greater replicability potential. Projects with greater potential for impact (e.g. BRL / hectare of protected or sustainably managed forest)	Projects that develop and implement long-term monitoring methodology for REDD.	Countries with wider forest cover
P6	Application Lines	Prioritize projects that address the lines (a) sustainable productive activities and (d) BNDES scientific and technological development.	<i>Not Applicable</i>	<i>Not Applicable</i>

Notes: P1. The definition of these municipalities is carried out in accordance with Article 2, Decree 6321/2007. For 2008, 36 municipalities were considered a priority by the MMA assessment. | P6: BNDES should make efforts to apply resources in priority areas, including demand-inducing instruments.

Thematic Prioritization – AMAZON BIOME

General Guidance	Priorities
Actions to value the standing forest (conservation and sustainable use of the forest)	<p>a) Promotion and increase in the production scale of production chains of timber and non-timber forest products originated from sustainable forest management, including management plans, research, innovation, and scientific and technological dissemination, market development, training and capacity building;</p> <p>b) Implementation of payment systems for environmental services associated with the increase and/or maintenance of forest cover and/or forestry and agroforestry systems;</p> <p>c) Development and implementation of recovery models for Permanent Preservation Areas (PPAs) and Legal Reserves, with emphasis on economic use;</p> <p>d) Consolidation of protected areas, especially Conservation Units for Sustainable Uses and Indigenous Lands;</p>
Actions to promote territorial planning and landholding regularization	<p>e) Destination of Non-Intended Public Forests, with priority given to community forests;</p> <p>f) Repression of appropriation of land using forged deeds, landholding regularization and planning, preferably in areas with greater concentration of possessions and/or conflicts;</p> <p>g) Support for structuring state agencies responsible for state forest management;</p> <p>h) Support for implementing municipal environmental monitoring and inspection systems;</p> <p>i) Structuring and integration of forest management control systems, environmental licensing of rural properties, and tracking and chain of custody of agricultural and forest products;</p> <p>j) Expansion and intensification of deforestation and forest degradation monitoring systems.</p>

Notes:

TP - c) - The economic use of PPAs will only be supported under the terms of the legislation in force.

TP - f) - Landholding regularization includes the regularization processes and the monitoring of these processes by society.

B. Minimum Requirements for Projects

Code	Criterion	Amazon Biome	Other Biomes	Other Countries
C1	Result Indicators	Projects must include indicators that are measurable and directly related to the Amazon Fund’s goals.	Projects must include indicators that are measurable and directly related to the implementation of a monitoring system for deforestation or forest degradation.	Projects must include indicators that are measurable and directly related to the implementation of a monitoring system for deforestation or forest degradation.
C2	Proponents / Executors	Project must include consent of all proponents and executors in its presentation	Same for the Amazon biome	Same for Amazon Biome and count on participation and/or consent of the central government of the beneficiary country.
C3	Social Engagement	Projects involving traditional communities and indigenous peoples must present a document that proves the prior consent of these communities or of their representative institutions	The project must have a monitoring body, which must include the participation of government entities and civil society	The project must have a monitoring body, which must include the participation of government entities and civil society

Code	Criterion	Amazon Biome	Other Biomes	Other Countries
C4	Consistency with the Amazon Fund's Thematic Areas	Project must fit into at least one thematic area of Decree 6527/2008	<i>Not Applicable</i>	<i>Not Applicable</i>
C5	Consistency with National and state deforestation combat plans	The project must clearly indicate it is consistent with the actions provided in the PPCDAm and the corresponding state deforestation combat plan.	<i>Not Applicable</i>	<i>Not Applicable</i>
C6	Consistency with PAS	Project must demonstrate clear consistency with PAS guidelines.	<i>Not Applicable</i>	<i>Not Applicable</i>
C7	Contribution to REDD	Project must contribute directly or indirectly to lead to REDD.	Same as the Amazon Biome	Same as the Amazon Biome
C8	Resource Additionality	Projects must represent additionalities to public budgets allocated to the Amazon Fund's application areas.	Same as the Amazon Biome	<i>Not Applicable</i>
C9	Counterpart Financing	The project must present counterpart financing and/or non-financial contributions, demonstrating additional value to the resources obtained from the Amazon Fund and producing a multiplier effect for the Fund's investments	Same as the Amazon Biome	Same as the Amazon Biome
C10	Territorial Base	Projects must explain their territorial basis of application (state and, where applicable, municipality)	Projects must address forest monitoring of at least one full biome.	Projects must address forest monitoring at the national level.
C11	Advertising and Transparency	Projects must remain available for access via the Internet.	Monitoring systems supported by the Amazon Fund must be based on platforms that allow wide disclosure, transparency, and access to the data produced through the internet.	Monitoring systems supported by the Amazon Fund must be based on platforms that allow wide disclosure, transparency, and access to the data produced through the internet.
C12	Project Sustainability	Present strategies to support the results of the post-implementation project.	demonstration of the project's economic sustainability capacity – post-implementation	demonstration of the project's economic sustainability capacity – post-implementation
C13	Resources Decentralization	The amount invested in each of the 4 operational modalities must not be less than 10% or greater than 40% of the resources available for the year. The amount disbursed for a single project must not exceed 10% of the total amount available in the Amazon Fund for the year.	Same as the Amazon Biome	Same as the Amazon Biome

Code	Criterion	Amazon Biome	Other Biomes	Other Countries
C14	Benefits of Collective Use	The results obtained from projects with economic purposes must provide collective or public use, related to • productive infrastructure for collective use; • studies and surveys with results made available to the community; • available training and qualification to the community; • technological development results available to the community, whenever possible; • replicable and practical application innovations; • other collective benefits identified in the process of project evaluation.	<i>Not Applicable</i>	<i>Not Applicable</i>
C15	Non-substitution of other funding sources	Amazon Fund resources cannot replace other available funding sources	<i>Not Applicable</i>	<i>Not Applicable</i>

Notes: C2 – Proponents must always be tropical countries national institutions, in accordance with the corresponding national legislation. C3 – Projects that involve the development of monitoring systems must have a follow-up instance, necessarily with the participation of government entities and civil society. C3 – The project must clearly show the communities involved in it. C3 – Projects related to the attributions of public bodies, or the establishment of public policies do not necessarily require the consent of the beneficiaries. C5 – In the absence of a state deforestation combat plan, the criterion does not apply. C9 – When applying Criterion C9, the following aspects may be considered: – Average budget executed in the 2 previous years in the public budget invested in the proposed action; – Degree of contingency of resources in the public budget for the execution of the action; – Forecast in current government multi-annual plans. C9 – Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms, safeguarding the condition provided for in C9. C11 – BNDES will provide a standardized tool for the integration and dissemination of updated information on the implementation of all projects.

C. Resource Application Modes

Code	Criterion	Amazon Biome	Other Biomes	Other Countries
M1	Direct Application – Investment	Applications carried out directly by project executors, including through third-party contracting. It includes investments in buildings, equipment, training, and qualification to establish initiatives.	Same as the Amazon Biome	Same as the Amazon biome
M2	Direct Application – Financing	Applications carried out directly by project executors, including through third-party contracting. It includes travel expenses/field missions, individual or legal advice, field materials, communication, etc.	Same as the Amazon Biome	Same as the Amazon biome
M3	Payment for Environmental Services	Payments made to environmental service providers.	<i>Not Applicable</i>	<i>Not Applicable</i>
M4	Long-Term Continuing Services	These are services that must be maintained over the long term to obtain long-term results such as monitoring deforestation or forest degradation, forest inventory, etc.	<i>Not Applicable</i>	<i>Not Applicable</i>

Code	Criterion	Amazon Biome	Other Biomes	Other Countries
M5	Indirect Application	Indirect applications through small-project aggregating initiatives, including funds and other forms of organization for implementation of projects.	<i>Not applicable</i>	<i>Not Applicable</i>

Notes: M4 – Continuing service projects may last up to 10 years and must have a mechanism for continuous monitoring of their implementation and public disclosure of their results. M1 to M4 – Projects may involve the use of more than one modality

D. Resource Use Restrictions

Code	Criterion	Amazon Biome	Other Biomes	Other Countries
R1	Per Diems	Per diems cannot be paid to public employees (this restriction does not apply to research activities involving public research institutions).	Same as the Amazon Biome	Same as the Amazon biome
R2	Payment to Individuals	Salaries or any type of compensation cannot be directed to civil servants under an exclusive regime working in any of the three spheres of government (the restriction on the payment of study or research grants specifically related to the project does not apply).	Same as the Amazon Biome	Same as the Amazon biome
R3	Taxes and Fees	The funds cannot be applied to pay taxes or fees that are not inherent and or an integral part of the financing or investments made by the project (restriction does not apply to taxes related to project activities, such as State Goods and Services Tax included in product prices; social security on paying for services of an individual, etc.)	Same as the Amazon Biome	Same as the Amazon Biome

E. Equity Criteria in Applying Resources

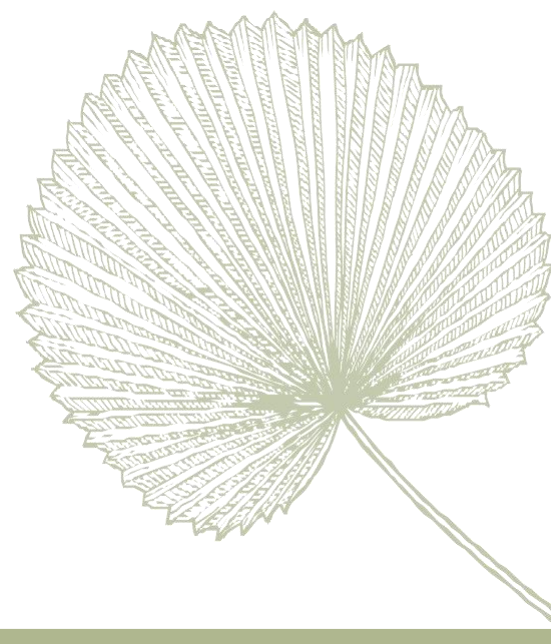
Code	Criterion	Amazon Biome	Other Biomes	Other Countries
E1	Equity in applying resources by State	Avoid concentration of project resources in the same state	Avoid concentration of project resources in the same biome	Avoid concentration of project resources in the same country
E2	Equity by type of proponent	Avoid concentration of resources between types of proponents: public bodies, research institutions, and civil society organizations	<i>Not applicable</i>	<i>Not Applicable</i>

Notes: E1 – Option of not establishing specific indicators of concentration of resources in exclusive projects of a state during the first year of operation of the Amazon Fund. E2 – In the context of the Amazon Fund, the following are part of the civil society: Non-Governmental Organizations, class representations, companies, and other private institutions.

F. Resource Application Limitations

Code	Criterion	Amazon Biome	Other Biomes	Other Countries
L1	For-profit projects	a) Maximum participation of the Amazon Fund: 90% for projects involving micro and small companies, cooperatives, or producer associations with annual gross operating revenue less than or equal to BRL 10.5 million; 70% for projects involving medium-sized companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 10.5 million and less than or equal to BRL 60 million; 50% for projects involving large companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 60 million.	<i>Not Applicable</i>	<i>Not Applicable</i>
L2	For-profit projects to support vulnerable social groups	b) Maximum participation of the Amazon Fund, in duly justified cases: 100%	<i>Not Applicable</i>	<i>Not Applicable</i>
L3	For-profit projects of Local Production Arrangements (APLs) for collective use	c) Maximum participation of the Amazon Fund: 90%	<i>Not Applicable</i>	<i>Not Applicable</i>

Notes: L1 – in the event of activities starting in the calendar year itself, the limits above will be proportional to the number of months in which the legal entity has exercised the referred activity, disregarding the fractions of months. In the case of companies being implemented, the annual sales projection used in the enterprise will be considered, considering the total installed capacity. When the company is controlled by another company or belongs to an economic group, the size classification will be based on the consolidated gross operating revenue. L2 - The economic results that result from the projects





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7

Minutes of Topics
and Decisions
(MTD) of the **7th**
Meeting

BNDES

Rio de Janeiro
March 26, 2010

Agenda

9:30 a.m. Greetings

10:00 a.m. Commencement of Activities by the Chairman of COFA

10:15 a.m. Discussion and voting of the MTD of the 6th Meeting

10:30 a.m. Agenda Topic 1

Calendar: Annual Activity Report, Audit Report, and Annual Meeting with Donors

11:00 a.m. Book launch "Amazônia em Debate: Oportunidades, Desafios e Soluções" [*Debating the Amazon: Opportunities, Challenges, and Solutions*]

11:15 a.m. Agenda Topic 2

Support for Small Projects – Report & Next Steps

11:45 a.m. Presentation of Reports (part 1)

Early Maturity Clause in the Amazon Fund agreements;

Patent Processing within the scope of the Amazon Fund Guidelines and Criteria;

Information processing: Positioning/BNDES on identification of proponents;

Financial Information: Amount available in the Amazon Fund;

Promotion and Funding: Round of Presentations on the Amazon Fund.

1:00 p.m. Lunch

2:30 p.m. Agenda Topic 3

Logical Table (Results Matrix) of the Amazon Fund

3:00 p.m. Presentation of Reports (part 2)

"Amazon Fund Portfolio" and project cycle at BNDES;

BNDES and State Government representatives Meeting;

GTZ KFW Technical Cooperation;

Communication: Publication of the "Frequently Asked Questions" and the Newsletter.

4:15 p.m. *Coffee break*

4:30 p.m. Presentation of Reports (part 3)

Participation of the Amazon Fund in COP 15;

Post COP 15 scenarios;

Presentation by states' representatives on the status of their plans to combat deforestation

5:15 p.m. Decisions

Scheduling the next COFA meeting

5:30 p.m. Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

- 1. Meeting Agenda**
- 2. MTD of the 6th Meeting + Annex of the 6th Meeting**
- 3. Agenda Topic 1**
 - 3.1** Amazon Fund Instruction and Calendar Page
 - 3.2** Amazon Fund External Audit Report
 - 3.3** Activity Report Structure

4. **Agenda Topic 2**
 - 4.1 Small Project Support Technical Workshop Instruction Page
 - 4.2 Schedule of the Small Project Support Technical Workshop
 - 4.3 CD Presentations of the Small Project Support Technical Workshop
5. **Presentation of Reports (part 1)**
 - Instruction Page and Technical Note: Early Expiration Clause
 - Instruction Page, Text for Discussion, and L4: Patent Processing
 - Instruction Page: Information processing
6. **Agenda Topic 3**
 - Amazon Fund's Logical Table's Instruction and Methodology Page (Results Matrix)
 - Presentation on the Logical Table (Results Matrix)
7. **Presentation of Reports (part 2)**
 - Instruction and Report Page: State Governments Meeting
 - Report: "Amazon Fund Portfolio" and project cycle at BNDES;
 - "Frequently Asked Questions" and Amazon Fund Newsletter 01: Communication
8. **Presentation of Reports (part 3)**
 - Instruction and Presentation Page: Amazon Fund participation in COP15;
 - Instruction Page: Presentation on the preparation stage of state deforestation combat plans
9. COFA Recommendations Follow-up Table
10. List of Members of the Steering Committee

After verifying the compliance with the statutory quorum, Chairman Tasso Rezende de Azevedo opened the meeting by presenting information regarding the timely receipt of supporting material intended for the meeting and then proceeded to the participants' and observers' presentations.

1. Approval of the MTD of the 6th COFA meeting COFA meeting

The MTD of the 6th meeting was approved with amendments to page three of the handed draft (supporting material: item 2), where the term 'illegal' was removed from the last line since the Amazon Fund combats all kinds of deforestation.

2. Approval of the Agenda

The proposed agenda was approved, and, throughout the meeting, the order of presentation of the topics was changed, as reported below, after COFA's chairman's suggestion and acceptance by the other participants.

3. Agenda topics:

3.1. Calendar

The Amazon Fund's activity and obligations calendar (provided for in the decree of its and the donation agreement) was presented, as listed below:

1) Completion of wo external audits, one financial audit, and one compliance audit due by June 30.

Remarks:

- As the Amazon Fund has no corporate veil (it is an accounting record within BNDES), it is included in the BNDES audit (including the Gaia Fund).
- BNDES informed that the process of hiring the auditing company is in progress and that it will follow the international technical standards of previously agreed procedures, which are included in the supporting material (item 3, topic of agenda 1) for the meeting, the following being transcribed:

Pre-agreed procedures – Part I:

- a. Conciliation of the balance of funds invested with the Brazilian Development Bank – BNDES recorded in the balance sheet of the Amazon Fund with the balance recorded in the balance sheet of BNDES on December 31, 2009.
- b. Conciliation of the balance of cash and cash equivalents invested in Fundo Gaia recorded in the balance sheet of the Amazon Fund with the financial statements of the referred investment fund at *Banco do Brasil* on December 31, 2009.
- c. Conciliation of the compensation interest rate of the Amazon Fund's cash and cash equivalents, calculated by dividing the balance of the monthly income recorded by the Amazon Fund with a simple arithmetic average of the assets invested in the respective months by the yield monthly change presented by the Gaia Fund of Banco do Brazil.
- d. Conciliation of the resource donations registered in the balance sheet of the Amazon Fund during the period of October 9, 2009, and December 31, 2009, with the donation agreements executed with BNDES, within the scope of the Amazon Fund, in the 2009 tax year and the BNDES bank statements, as well as the auxiliary controls of the Amazon Fund's accounting.
- e. Conciliation of the funds invested in Amazon Fund projects with the agreements entered between the beneficiaries and BNDES, and the corresponding releases of funds recorded by BNDES's operational systems.
- f. Conciliation of the balance of segregated resources to cover operating and administrative expenses related to the Amazon Fund with the amount equivalent to 3% of donations received by BNDES to be applied in operations within the scope of the Amazon Fund.
- g. Conciliation of the balance of operating and administrative expenses related to activities developed at BNDES within the scope of the Amazon Fund with the corresponding supporting documentation.
- h. Confirmation that the balances presented in the Amazon Fund financial statements referring to the tax year concluded on December 31, 2009, presented in Annex I, is part of the Financial Statements of the Brazilian Development Bank – BNDES on December 31, 2009.

Pre-agreed procedures – Part II:

- a. Whether the actions supported in the five projects approved up to December 31, 2009*, as well as the products and services and intended goals correspond to the purposes set out in Decree No. 6527/08.
- b. Whether the actions supported in the five projects approved up to December 31, 2009*, as well as the products and services and intended goals are in compliance with the guidelines defined by the Amazon Fund Steering Committee (COFA).
- c. Whether the actions supported in the five projects approved until December 31, 2009*,

as well as the products and services and intended goals are in accordance with the Sustainable Amazon Plan – PAS and with the Action Plan for Deforestation Prevention and Control in the Legal Amazon – PPCDAM.”

2) Annual Report (provided for in the agreement with Norway and in the decree)

Representatives and lawmakers of the Norwegian government will be present at the presentation made to the donor on a date to be defined.

It was suggested that other interested parties in evaluating the Fund's operation attend the meeting with donors. Regarding this suggestion, the alternative of holding two different meetings was presented, given that the combination of the two proposals may distract the focus of the meeting when it comes to the donor's expectations. There is no impediment to holding an open meeting, but the donor's rights must be respected.

It was suggested to hold an extended meeting (one full day) for the presentation of the Report: the morning part, open to the public, and the afternoon part dedicated to the approval by COFA, even allowing for taking into consideration any remarks and suggestions made in the morning.

The suggestion chosen was that the COFA meeting for the Report's discussion and approval should be held before June 30, allowing the audit results to be incorporated into the Report. Following this meeting, the following events will take place:

1. publication of the report approved by COFA;
2. meeting with the donor; and at a different opportunity,
3. open extended meeting after the publication of the annual report.

Deadlines will be aligned with the arrival of the group of Norwegian lawmakers and journalists. / COFA representatives will be invited to the meeting with the donor, even though it is not a committee meeting.

– Decisions and arrangements

Schedule for the audit/activities report/COFA meeting:

- Up to June 30: After the audit reports submission, a meeting will be scheduled for COFA's approval of the Fund's Annual Report.
- After the report's approval, the meeting with the donors will be scheduled according to the guests' calendars.

3.2. Support for Small Projects – Report & Next Steps – Small Funds Workshop held on March 16, 2010

The Chairman presented the background to the debate on small projects, emphasizing the following:

- In the 5th meeting, the support for small-project funds was added to COFA's Table of Guidelines and Criteria.

- In the 6th Meeting, held in Belém, the topic returned to the agenda, and the definition of the way to implement the support was discussed.
- On March 16, a workshop was held at BNDES as proposed by COFA.

BNDES' remarks:

The workshop did not fully cover the subject but was a first experience aiming at subsidizing the preparation of a technical proposal with some specific tasks, such as the definition of goals and action methods.

Currently, there is still not enough data for the bank to prepare a proposal for a specific type of action method, which depends on overcoming some issues that are more technical, legal, and institutional in nature.

Even so, after inclusion in the Table of Guidelines and Criteria, projects can now be presented, and the bank can now analyze proposals in this modality, although there are still no specific strategies.

Universities and research institutes will be considered in another opportunity, especially universities with campuses in the Amazon region, as they have greater capillarity.

Since COFA establishes general guidelines and criteria, but not the modus operandi for such guidelines and criteria, the bank works to increase capillarity and offer more benefits to the community, provided such actions are consistent with the Amazon Fund's objectives, whereas some advances may be presented by June.

Technical cooperation between BNDES and GTZ could be used to train potential proponents.

General remarks made by other participants:

The evaluation of the institutions that attended the workshop was positive. The idea that several funds could agree on and present a single project was expressed.

The scope should not only to supporting funds but also directly supporting small projects.

Regarding the possibility of having BNDES preparing a call for projects, in the form of public notice or public selection by COFA, the ideal scenario was presented as not in the form of specific calls, but to maintain an open counter, with operational procedures for accountability supported with technical support.

The possibility of contingency in the resources available for small projects was also raised.

Another pending matter is to make mediations to reach the places of action, which are the active institutions that can cooperate so that local arrangements are taken into account in this great universe that is the Amazon.

The need for aggregating initiatives was clarified, as they contribute to expanding the fund's capillarity, being therefore desirable ventures to be implemented as soon as possible to induce demand.

Chairman of COFA Remarks:

The Chairman clarified that, in the 1st meeting, it was also agreed that there would be no allocation by type of initiative or audience, and the minimum and maximum limitations on the modalities were later incorporated, with a proposal requiring BNDES to present a proposal to induce demand for initiatives that integrate small projects within 60 days. If the proposal includes any type of public notice or call, COFA, which can be consulted by email, will hold a preliminary discussion.

The possibility of providing some type of training, such as a guide with questions and answers, possibly alongside a partner who has this experience, was mentioned.

The Chairman of COFA suggested that studies on this strategy should be performed for small projects whenever the members raise no objections. COFA representatives who had suggestions could submit them, within a certain deadline.

The Chairman also noted that discussions on granting small initiatives access to the fund have taken place over the past three meetings. It is not the topic, per se, but its modality, therefore it does not make any sense to be addressed in this meeting. What is desired is a mechanism that effectively enables an integrative mechanism.

A thematic area may be identified as weak in the next meeting, when the Annual Report will be discussed, which would lead to a recommendation by COFA for its strengthening.

Overall Remarks:

It was indicated that the Brazilian Forest Service was not invited to the workshop. It was noted that the Brazilian Forest Service is an agency of the Ministry of the Environment, which is attending the event. BNDES invited all the institutions on the list prepared by civil society representatives.

The creation of the De Olho no Fundo Amazônia [*Keeping an eye on the Amazon Fund*] website was announced – a website with links to information and news about the Amazon Fund.

Closing remarks:

It was proposed a wording for item M-5 of the Resource Application Modalities Table (Tables of Guidelines and Criteria) as follows:

"Indirect applications through initiatives that integrate small projects, including funds and other forms of organization for implementation of projects."

– Decisions and arrangements

— New wording for item M-5 of the Guidelines and Criteria Table, as follows:

"Indirect applications through initiatives that integrate small projects, including funds and other forms of organization for implementation of projects."

— The BNDES will present, within 60 days, a proposal to induce demand for initiatives that integrate small projects.

- For the next meeting, if there are other topics that deserve more specific analysis by COFA, as was performed regarding the funds, COFA members are invited to express their views at any time, without a specific deadline.

3.3. Results Matrix

The Amazon Fund team proposed a Results Matrix for the Amazon Fund. The preparation methodology was described, and the issues in defining indicators were highlighted, given the lack of frequently systematized data.

The debate regarding the matrix raised questions of a more general nature (concerning the matrix's scope – whether it would be a reference for the BNDES, the Fund, or the projects), making it clear that the matrix presented refers to the Amazon Fund, and raised other specific questions, such as the need to act alongside the state deforestation combat plans, to discuss whether the strategic goal will continue to be the reduction of deforestation, or if it should be replaced by the reduction of emissions, based on the goals adopted internationally.

Tasso Azevedo recalled that the decision on this matrix is not an operational issue for the Fund, which refers only to the governance of the Amazon Fund team.

The matrix will be discussed again during an upcoming COFA meeting.

SFB presented the work "Forest GDP," a work developed jointly with the Brazilian Institute of Geography and Statistics (IBGE), and under a partnership with FAO, aiming to add it to the national and forest accounts, present in the National Classification of Economic Activities (CNAE), an IBGE's database. Initially, the study will identify the role of the forest in the various CNAE's production chains, aggregating these items to quantify and determine the importance of the forest to the Brazilian economy. SFB also states that various data can be used, making it worth holding a workshop on what would be placed in the matrix.

– Decisions:

- The Results Matrix will be discussed on a different opportunity.

4 Reports:

Then, the Chairman informed that due to the limited amount of time available, the presentation will be limited to the following reports:

4.1) Fund Portfolio

As of March 24, the portfolio had 53 active operations in different operating levels. Most of the rejected operations were presented directly by the same consulting company with no actual participation of the proponents (municipalities). Of the 64 canceled consultations, 43 were from municipalities, although not all were in this situation. / The letters sent inform that the bank does not work with intermediaries. The Chairman emphasizes the importance of including a warning note regarding this subject on the website.

– Decisions:

- Inclusion of notice - on the Amazon Fund Website - that the BNDES does not work with intermediaries.

4.2) Early maturity clause

The team reported the forwarding of a letter to project proponents with the grounds for this clause (meeting supporting material item 7).

Remarks:

It serves to guarantee that the resources will be used for the intended purpose, it serves to prevent possible misuse. This clause is not intended to be triggered by everybody or for all cases. During the follow-up, the bank can negotiate the contractual goals, and the early maturity clause is a safeguard for the society that the project will be carried out.

After a long debate, Ana Cristina Barros, from TNC, a beneficiary organization of one of the approved projects, presented a question to the BNDES about the early maturity clause.

The Chairman proposed the appointment of a committee, formed by Justiniano Neto, Adriana Ramos, and Fani Mamede, to draw up, along with the interested entities, new wording for the clause, and submit it to COFA members.

BNDES recalled that the suggestion for a new wording must consider that it is a liquidated-damages clause that covers all types of default. The bank makes reasonable decisions following the technical opinions and is not susceptible to political influences. If the borrower faces difficulties, the bank's first action will be to negotiate, and the decisions must be reasonable.

– Decisions:

- Justiniano Neto, Adriana Ramos, and Fani Mamede, along with interested entities, will propose new wording for the early maturity clause and submit it to COFA; COFA will then have 48 hours to review and subsequently submit it to BNDES.

4.3 Patent processing within the scope of the fund:

BNDES presented a proposal, accepted by those present, for the Guidelines and Criteria to become the following:

L4 Scientific and technological research projects with economic purposes developed in cooperation between Technological Institutions (ITs) and entities with economic purposes.

d) Maximum participation of the Amazon Fund:

- 90% for projects involving micro and small companies, cooperatives, or producer associations with annual gross operating revenue less than or equal to BRL 10.5 million;
- 80% for projects involving medium-sized companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 10.5 million and less than or equal to BRL 60 million;
- 70% for projects involving large companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 60 million

The Amazon Fund's financial resources beneficiaries will be Technological Institutions (ITs) and/or Support Institutions (IAs).

Companies and/or other entities with economic purposes having a strategic interest in research will not be direct beneficiaries of the resources. They will be intervening parties in the financing operations and must provide a financial contribution complementing the Amazon Fund's resources.

Notes:

L4 – Technological Institution (IT): legal entities governed by internal public law, entities directly or indirectly controlled by the government, or non-profit private entities, whose institutional mission includes but is not limited to carrying out basic or applied scientific or technological research activities, as well as technological development.

L4 – Support Institutions (AI): non-profit institutions established to support research, teaching, and extension projects, and institutional, scientific, and technological development of higher education and scientific and technological research institutions and institutions created under Law No. 8958, of December 20, 1994, which have the same purpose.

L4 – Investments made for the benefit of the Technological Institution (IT), with the specific purpose of meeting the project's objectives, are supported.

L4 – Participation in intellectual property and economic results from the exploitation of creations resulting from the project will comply with the provisions of the Innovation Law (Law No. 10973, 02 December 2004). Thus, the involved parties must agree on the intellectual property and participation in the results through an agreement. Those will be assured based on the added value of the knowledge already existing at the beginning of the partnership and the human, financial, and material resources allocated by the contracting parties to the project, as long as provided in the agreement.

L4 – During the analysis stage, BNDES will examine aspects related to intellectual property rights resulting from the research, development, and innovation project to avoid, where applicable, restrictive practices of use and disposal of these rights. In addition to that, BNDES will also examine, during the analysis stage, the criteria for prorating the project's financial results.

– Decisions:

- Inclusion of item L4 following the wording provided above in the Table of Guidelines and Criteria.

Unreported items will be addressed in the next meeting. Post-COP scenarios will be discussed in the next meeting. Regarding the date of the next meeting, it should take place after May 27, at the end of the Paris-Oslo process. Thus, only more important matters were dealt during the meeting, postponing other pending matters for a next meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of Agriculture, Livestock and Food Supply – MAPA Helinton José Rocha (S)	Ministry of Foreign Affairs André Odenbreit Carvalho (R)	Ministry of Agrarian Development Marco Aurélio Pavarino (S)
Ministry of Science and Technology Maria Luiza Brás Alves (S)	Ministry of Development, Industry and Foreign Trade Armando de Mello Meziat (R) Marcos Otávio Bezerra Prates (S)	Ministry of the Environment Carlos Minc (R) Tasso Rezende de Azevedo (S)
Department of Strategic Affairs of the Presidency of the Republic Klinton Vieira Senra (S)	Brazilian Development Bank – BNDES Sergio Eduardo Weguelin Vieira (S)	State of Acre Magaly Medeiros (A)
State of Amapá Antonio Carlos da Silva Junior	State of Mato Grosso Luiz Henrique Chaves Daldegan (R)	State of Rondônia Paulo Roberto Ventura Brandão (R) Maria Dolores dos S. da Costa (S)
State of Roraima José Hamilton Gondom Silva (A)	National Confederation of Industry – CNI Justiniano de Queiroz Netto (R) Mario Augusto Campos Cardoso (S)	National Confederation of Agricultural Workers – CONTAG Fani Mamede (R)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS Adriana Ramos (R)	National Forum of Forest Based Activities - FNBF Fernando Castanheira Neto (S)	Brazilian Society for the Progress of Science – SBPC Otávio Velho (A)
COFA's Head Office Claudia Soares Costa (BNDES)		

Absent

Office of the President's Chief of Staff
State of Amazonas
State of Maranhão
State of Pará
State of Tocantins
Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB:

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

DIR4

Flávio Salek
Bruno Aranha

AMA/SUP

Luciane Paiva D'Avila Melo
Morena Correa Santos

AMA/DEFAM

Ana Luiza Landim Ana Paula de Almeida Silva André Luiz Ferreira Lemos Bernardo Von Haehling Braune Cleber Zambarda Daniel Rossi Soeiro Eduardo Fonseca Brasil Fábio Maciel Plotkowski Flávia Ozório José Gil Vidal Borba	Guilherme Arruda Accioly Israel Blajberg Luiz Antonio Pazos Moraes Marcos Vinicius da Silva Rocha Mariana Bloomfield Coutinho Renata Del Vecchio Gessullo Roberto Pereira Riski Rubem Studart Simone Marafon Schneider
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AMA/JUAMA

Daniela Baccas
Juliana Loriato de Lima
Lauro Luiz Studart
Leão
Ligia Gouget de Frias

GP/DEREG

Ilge Iglesias

AP/DEPR

Patricia Carneiro

SEMA/MT

Alexandre Borges

TNC

Ana Cristina Barros

Itamaraty

André Carvalho

MMA/SECEX

Mauro Oliveira Pires
Nazaré Soares

Embassy of Norway

Patricia Bentheim

Ministry of the Environment (MMA)

Ronaldo Lima

SFB

Thaís Linhares Juvenal



RET

8

Minutes of Topics
and Decisions
(MTD) of the **8th**
Meeting

BNDES
Rio de Janeiro
June 23, 2010

Agenda

- 10:00 a.m.** Greetings
- 10:15 a.m.** Opening of Business by the President of COFA
- 10:30 a.m.** Discussion and voting of the MTD of the 7th Meeting
- 11:00 a.m.** Agenda Topic 1
Audit and Amazon Fund Reports
- 12:00 p.m.** Agenda Topic 2
Amazon Fund Annual Activity Report
- 1:00 p.m.** Lunch
- 2:30 p.m.** Agenda Topic 2
Continued
- 4:00 p.m.** Agenda Topic 3
BNDES's proposal to induce demand for initiatives that integrate small projects
- 16:30** Agenda Topic 4
COFA's Proposal on the Maturity Clause in Amazon Fund agreements
- 5:00 p.m.** Presentation of Reports
Amazon Fund Portfolio;
Post-COP 15/Oslo/COP 16 scenarios;
Workshop – Establishing a Sustainability Center in the Amazon Region
- 5:30 p.m.** Decisions
Scheduling the next COFA meeting
- 5:45 p.m.** Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

- 1.** Meeting Agenda
- 2.** MTD of the 7th Meeting + Annex of the 7th Meeting
- 3. Agenda Topic 1**
 - Amazon Fund Audit Reports Instruction Page
 - Accounting Audit Report
 - Compliance Audit Report
 - Financial Statements + Independent Auditors' Opinions
- 4. Agenda Topic 2**
 - Amazon Fund Annual Activity Report Instruction Page
 - Amazon Fund Annual Activity Report Draft
- 5. Agenda Topic 3**
 - Small Project Support Instruction Page
 - BNDES's proposal to induce demand for initiatives that integrate small projects
- 6. Agenda Topic 4**
 - Early Maturity Clause Instruction Page
 - COFA's Proposal on the Maturity Clause in Amazon Fund agreements

7. Presentation of Reports

- Report: "Amazon Fund Portfolio"
 - Amazon Fund Newsletter 03
8. Table: COFA Recommendations Follow-up
 9. Table: Amazon Fund Guidelines and Criteria
 10. List of Members of the Steering Committee

Once the statutory quorum was met, the Secretary of Climate Change and Environmental Quality of the Ministry of the Environment, Branca Americano, representing the Minister of the Environment, Izabella Teixeira, opened the meeting with a presentation by the new team from the Ministry of the Environment. He also declared the importance of the Amazon Fund for Brazil and for the rest of the world as a demonstration of an experience that combines the viability of forests with the fight against climate change. Afterwards, the participants and observers introduced themselves, saying their names and the institution they represent.

1. Approval of the MTD of the 7th COFA meeting COFA meeting

The MTD of the 7th meeting was approved with amendments to page five (item 3.2 - amended to indicate the research institutes in paragraph 3, "Comments from BNDES"), six (in "Comments from the COFA's chairmanship", adjusting the 3rd and 5th paragraphs); and eight (item 4.2 – to include the names of Mr. Justiniano Neto, Ms. Adriana Ramos, and Ms. Fani Mamede).

2. Approval of the Agenda

The proposed agenda was approved, and the presentation of topic 1 began.

3. Agenda topics:

3.1. Agenda Topic 1 – Amazon Fund Audit Reports

The Reports on Previously Agreed Procedures and the Opinion on the Amazon Fund financial statements prepared by *Deloitte Touche Tohmatsu* were presented. Afterwards, the debate on the accounts presented began.

Regarding the administrative expenses corresponding to up to 3% of the donated resources incurred by the BNDES as manager of the Amazon Fund, it was explained that, in 2009, these amounts were deemed inappropriate since the legal and fiscal approaches and implications of these measures were previously analyzed.

BNDES' Board of Directors defined in March 2010 which expenses would be segregated (travel, COFA's Head Office, specific contracts, auditing, etc.) to use those 3%. Under this definition, some administrative expenses incurred by the BNDES (related to personnel and infrastructure expenditures) will not be accounted for as part of the Amazon Fund.

Adriana Ramos further added that regardless of the sources, it would also be appropriate to know these accounts to understand BNDES's counterpart financing and how much the Amazon Fund costs from the perspective that the Fund is a governance model for other REDD funds around the world. At the same time, one should also reflect on the requirements made for projects.

BNDES informed that, according to the regulations that govern the Amazon Fund operations, the 3% amount is not considered a fee but an amount intended to reimburse administrative expenses, regardless of whether this amount is sufficient or not. To be accountable, BNDES provides transparent information on the allocation of the amount under its responsibility as manager of the Amazon Fund, as it only has the authority to allocate expenses directly related to the Fund, and an allocation by cost center is currently unfeasible.

BNDES will estimate the bank's direct counterpart financing in managing the Fund.

– Decisions and arrangements

BNDES:

- Include an explanatory note on the appropriation mechanism of the 3% of the amount donated by Norway in the financial statements; and
- Carry out an estimate of the Amazon Fund's operating costs.

COFA:

- Approval of the Amazon Fund accounts, pursuant to Decree No. 6527/2008.

3.2. Agenda Topic 2 – Amazon Fund Annual Report

BNDES presented the 2009 Amazon Fund Annual Report draft following the material previously sent to all Committee members.

Mr. Sérgio Weguelin pointed out that since elections are being held in 2010, the report can only be distributed until July 03. The Superior Electoral Court (TSE) was consulted through the Special Department of Communication of the Presidency of the Republic (SECOM) that explained that the Amazon Fund needs to be presented to donors, that is, that the Fund needs to be transparent and that its non-disclosure/dissemination would have a negative impact, but the Court advised against publishing the report, either in Portuguese or English, during the entire electoral period.

Ms. Tereza Campello (Office of the President's Chief of Staff) recalled that storing printed material during the electoral period can also be an issue with the TSE.

BNDES also informed that almost the entire content of the report is available on the Amazon Fund's website, approved projects, independent auditors' reports, and project processing flows.

It was explained that the Report followed the order of the Amazon Fund project document prepared by the Ministry of Environment (MMA), which is the source of the Amazon Fund. This is also the structure replicated in the Norwegian donation agreement and is also the same as approved by the Steering Committee at the 7th Meeting held in March 2009. BNDES then explained to participants the content of each topic in the report and opened the floor for individual remarks.

Mr. Justiniano Netto (CNI) requested the inclusion of the municipalities' names covered by the project approved by TNC, following what was done with the other projects approved in 2009.

Ms. Adriana Ramos (FBOMS) praised the report's content, especially the chapter on Challenges and Perspectives because, according to her assessment, the most delicate part is how to report the

existing difficulties and limitations. According to her, the text managed to positively convey this information, valuing the efforts made throughout the year. However, Ms. Ramos said that she missed the field *results* in the approved projects.

Ms. Cláudia Costa (BNDES) explained that those results will be integrated when project information begins to be standardized. Ms. Costa recalled that all projects include a Logical Table with baseline, indicators, and results they intend to achieve. All this will be disclosed and will be included in the upcoming Amazon Fund reports.

Ms. Maria Luiza Alves (MCT) said that the report is well-presented and clearly portrays what happened in 2009: the structuring carried out within BNDES to manage the Fund. Ms. Alves warned that the caption on page 23 does not explain the term DER that appears on the formula and that the figure 9 chart (page 70) is not clear, and the information needs to be checked.

Ms. Branca Bastos Americano (MMA) highlighted that the COFA Guidelines and Criteria Table is a fundamental element and should be included in the body of the text.

Mr. Jean Pierre Leroy (FBMOS) suggested to list the names of the Fund's staff in the report.

Mr. Tasso Azevedo said he had no reservations about the content of the report, which is correct, with no information errors. He also said that it is well written and graphically well designed. However, he questioned the approach used to address the topics and the report's strategy. Mr. Azevedo went on and said he missed an executive summary talking about what the report is about, the main advances reached, the difficulties found, a summary of what was done in the year, what was achieved, and the new challenges, etc. in the report's Introduction. Mr. Azevedo proposed a change in the report's structure, even if it meant its publication date was no longer June 30 (the deadline for publication provided for in the donation agreement with Norway).

Ms. Tereza Campello considered that one of the Amazon Fund's main features is not made clear in the report, which is the fact that it is a multi-stakeholder fund with different actors (Federal and State governments, NGOs, Indigenous people, family farming) who can sit together, negotiate, and reach consensus.

Ms. Adriana Ramos (FBOMS) highlighted that the Amazon Fund's essence appears just in the final chapter. Ms. Ramos said she believed that reordering the topics and a new Introduction could cover the suggestions without changing too much the report, which seems to be ready. She suggested adding a (more analytical) part of the Challenges and Perspectives topic to the Introduction.

Mr. Sergio Weguelin (BNDES) said that the remarks were valid but highlighted once again that the report's structure follows the one proposed in the donation agreement entered with Norway. Mr. Weguelin asked the other participants if the Amazon Fund essence could not appear in a letter from COFA or MMA as a message at the beginning of the report.

Despite also finding the remarks valid, **Ms. Maria Luiza Alves (MCT)** stressed that deadlines need to be met and questioned the need to redo the report. According to her, BNDES was concerned with reporting what actually happened in 2009. The meetings, the projects, and the arrangements. She recalled that results depend on the effective implementation of projects, which has not yet happened. She concluded by saying that it is important to have a message from COFA stating the impacts the Fund had on the region and the world.

Ms. Thais Linhares Juvenal (MMA) suggested that the government sectors involved with Brazilian climate policy (Office of the President's Chief of Staff, Ministry of the Environment) should revise the report's wording to keep it in line with country's intention towards the Amazon Fund.

She also suggested that the Logical Table topic should be revised to show the intervention logic observed in the Amazon Fund's operations. Finally, Ms. Juvenal raised the possibility of preparing a streamlined version of the report to be published on the Internet since its publication is important to ensure transparency regarding the Amazon Fund activities.

Ms. Magaly Medeiros (ACRE) praised the report's structure and format but stressed that she was unable to see the "different faces" that exist in the Amazon region and the important role of Amazonian states in this process. Ms. Medeiros mentioned the development of the state deforestation combat plans and all other actions being carried out by state governments, including the difficult dialogue with representatives of civil society to explain and disclose information about the Amazon Fund and make it fulfill its foremost objective of combating deforestation by offering new income alternatives for the local population.

Mr. Justiniano Netto (CNI) highlighted the importance to meet the deadline for delivering the report. He recalled that by delivering the report that is completed, it would be possible to comply with the deadline provided in the agreement with Norway, and that the non-compliance with the agreement could bring a negative impression regarding the Amazon Fund, especially abroad. However, he agreed with the remarks made by the other members and suggested the preparation of two versions, a streamlined one for now and a more complete one to be delivered later.

Finally, the representatives suggested that BNDES should forward to Norway the version of the report presented at the meeting, stating that this will not be the final version to be published because, at the request of COFA, the report will be restructured, as described below.

– Decisions and arrangements

- Inclusion of a message from Minister Izabella Teixeira (Chairwoman of COFA);
- Inclusion of an executive summary in the presentation of the report;
- Insertion of an analysis on the expected impact of the set of projects approved and under analysis (chapter "Project Detailing");
- Change the location of the "Guidelines and Criteria" Table (it should be removed from the Annex and included in the main report, within the chapter "Amazon Fund Steering Committee");
- Insertion of an annex with the names of the employees of the Amazon Fund Management Department;
- Inclusion of the names of the municipalities that are part of the TNC project (chapter "Detailing the Projects Approved in 2009");
- Submission of changes to all COFA representatives for prior notice and approval at a meeting to be held in August 2010;

3.3. Agenda Topic 3 – BNDES proposal to induce demand for initiatives that integrate small projects

BNDES presented a proposal to induce demand for initiatives that integrate small projects. The bank highlighted that it was an exemplary proposal to be submitted to the Steering Committee for consideration, which should then create a Structuring Committee to provide a final definition for the support categories.

The proposal of induced demand does not preclude the spontaneous demand, that is, the Amazon Fund will continue to receive projects individually, following the usual proceeding

adopted by the BNDES.

Regarding the selection of projects, BNDES explained that the idea is to create another committee, the Public Selection Committee. There will be frequent selections using public notices contemplating one or more project categories previously defined by the Structuring Committee.

It was also highlighted that the preparation of a simplified consultation letter in the case of induced demand for projects will facilitate the placement of clearer and more defined criteria because they are projects for which applications will be required. It is a type of standardization that is only possible in this case, given that in spontaneous demand projects it is necessary to consider and analyze the Fund's own characteristics, thematic area, criteria, and policy.

Mr. Tasso Azevedo remarked that having the induced demand option was a great first move on the issue, although, in his opinion, the proposed induced demand does not address small projects. According to Mr. Azevedo, a project worth BRL 500 thousand is not exactly a small project and, therefore, there should be a simplified consultation letter for each project smaller than BRL 500 thousand, and not just for cases of induced demand. Finally, Mr. Azevedo said that the idea of the agglutinating project should be further clarified because even when presented by only one proponent, it encompasses several initiatives, which may raise some issues.

COFA representatives considered the importance of the initiative of selecting projects via induced demand, notwithstanding the controversies regarding the interpretation of what is a small project. They defended the expansion of support categories and suggested the introduction of the simplified consultation letter to spontaneous demand of up to BRL 500 thousand / BRL 1 million.

The importance of project proponents knowing, from the beginning of the operation, which documents will be required at all stages was highlighted, and the information should be available in the manual and on the website, so that interested parties know whether they will be able to complete the process. It was also decided that the selection will be made via Public Call with the disclosure of all requirements, from the registration to the execution of the agreement. It was also agreed that the projects approved in the selection will form a reserve pool, following the classification criteria according to the level of qualification within BNDES.

Finally, it was decided to create a Committee for Structuring and Detailing of Projects, composed of COFA members, as shown in the table below.

– Decisions and arrangements

BNDES:

- Inclusion of the requirements until the agreement is executed, including the agreement model;
- Publication, on the Amazon Fund website, of the documents required in the project analysis phase; Publication, on the Amazon Fund website, of the documents required in the project contracting phase;
- Forward the suggestion that the simplified Consultation Letter should be introduced to spontaneous demand of up to BRL 500 thousand / BRL 1 million.

COFA:

- Creation of a Detailing and Structuring Committee, with the following formation
 - Corporate: Fernando Castanheira (FNBF)
 - Third Sector and Social Movements: Jean Pierre Leroy (FBOMS) and Fani Mamede (CONTAG)
 - Amazon Region States: Valdenor Fontes Cardoso (state of Amazonas)
 - Federal Government: Ministry of Agrarian Development and Ministry of the Environment.

3.3. Agenda Topic 4 - COFA's Proposal Maturity Clause in Amazon Fund agreements

At the 7th Amazon Fund Steering Committee Meeting, held on March 23, it was decided that a Committee – formed by Justiniano Netto (CNI), Adriana Ramos (FBOMS), and Fani Mamede (CONTAG) – would be created along with the interested entities to prepare proposals for a new wording of the early maturity clause in BNDES agreements to be submitted to COFA.

First, it was clarified by the Committee above that the proposal created considered the BNDES's official response to three institutions that expressed doubts concerning the early maturity clause:

"as in all legal transactions, during the term of the non-refundable financial collaboration contract, the principles of good faith, reasonableness, and proportionality must be considered by both parties of the contractual relationship, including with regard to the interpretation and implementation of contractual clauses"; and, further, "the good faith and suitability of the beneficiary also allows for a fair dialogue with the bank to negotiate possible and necessary changes to the project; this can be performed after a request made by the bank's team, which will evaluate its relevance and, in case of agreement, will propose to the competent authority alterations to the project and/or other suitable contractual amendments..."; among them, what is conventionally called a comfort letter.

Therefore, the Committee concluded that it would try to apply the comfort letter's essence, transforming it into a clause to be added to the agreement, which would read as follows:

"The application of the special condition 5.1¹ and the consequent liability of the used resources will be preceded, on behalf of BNDES, by procedures that assure the ample right of communication and compliance with the principles of good faith, reasonableness, and proportionality in the contractual execution, allowing, when not compromising the project's main objectives, the correction of pointed out irregularities or the return of resources restricted to amounts improperly applied".

It was also explained that the goal of the clause above is to provide more certainty to project proponents without making the agreement that BNDES has already entered with the interested parties more flexible.

It was decided that the BNDES will take the proposal to its own bodies. Regarding the agreements already executed, the suggestion was to include an addendum only by adding this clause, allowing the Bank to analyze how this can be applied to all Amazon Fund resource borrowers.

1. That is the early maturity clause.

– Decisions and arrangements

BNDES:

- The suggestion of including the clause in Amazon Fund agreement will be internally submitted, and as soon as BNDES expresses an opinion, all COFA members will be informed.

Thus, matters considered more important were dealt with, leaving those not addressed for another opportunity.

Regarding the date of the next meeting, it should be held in August.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of Science and Technology	Ministry of the Environment	Department of Strategic Affairs of the Presidency of the Republic
Maria Luiza Brás Alves (S)	Carlos Minc (R) Tasso Rezende de Azevedo (S)	Klinton Vieira Senra (S)
Office of the President's Chief of Staff	Brazilian Development Bank – BNDES	State of Acre
Teresa Helena G. B. Campello (R)	Sergio Eduardo Weguelin Vieira (S)	Magaly Medeiros (A)
State of Amazonas	State of Pará	State of Rondônia
Valdenor Fontes Cardoso (A)	Rodolfo Fernando Moraes Pereira (S)	Maria Dolores dos S. da Costa (S)
State of Roraima	State of Tocantins	National Confederation of Industry – CNI
José Hamilton Gondom Silva (A)	Belizário Franco Neto (A)	Justiniano de Queiroz Netto (R) Mario Augusto Campos Cardoso (S)
National Confederation of Agricultural Workers – CONTAG	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	National Forum of Forest Based Activities – FNBF
Fani Mamede (R) Rosicleia dos Santos (S)	Adriana Ramos (R) Jean Pierre Leroy (S)	Fernando Castanheira Neto (S)
Brazilian Society for the Progress of Science – SBPC		
Otávio G. Cardoso Alves Velho (A)		

Absent

Ministry of Agriculture, Livestock and Food Supply – MAPA
 Ministry of Agrarian Development
 Ministry of Development, Industry and Foreign Trade
 Ministry of Foreign Affairs State of Amapá
 State of Maranhão
 State of Mato Grosso
 Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

AF /DEPCO/ GCONT2

Carlos Frederico Rangel de C. Silva

AMA/SUP

Luciane Paiva D´Avila
 Melo Morena Correa
 Santos

AMA/DEFAM

Ana Luiza Pinto Ferreira Landim
 Ana Paula de Almeida Silva
 André Luiz Ferreira Lemos
 Bernardo Von Haehling Braune
 Cleber Zambarda
 Daniel Rossi Soeiro
 Flávia Ozório José
 Gil Vidal Borba
 Guilherme Arruda
 Accioly Israel Blajberg
 Mariana Bloomfield Coutinho
 Renata Del Vecchio Gessullo
 Roberto Pereira Riski
 Rubem Studart
 Simone Marafon Schneider
 Telma de Castro Guimarães

GTZ

Luis Piva

SFB

Thaís Linhares Juvenal

KFC

Jens Ochtrop

Embassy of Norway

Patricia Bentheim
 Inge Nordang

CONTAG

Verônica Tozzi

Ministry of the Environment (MMA)

Branca Americano

AMA/DEOPE

Otavio Lobão de Mendonça Vianna

AMA/JUAMA

Daniela Baccas
 Juliana Loriato de Lima
 Lauro Luiz Studart Leão
 Lígia Gouget de Frias

GP/DEREG

Ilge Iglesias

AP/DEPRI

Patricia Carneiro

AP/DEART

Luiz Antonio Pazos Moraes
 Creuza Ferreira Novaes



RET

9

Minutes of Topics
and Decisions
(MTD) of the **9th**
Meeting

Hotel Tryp Brasil 21

Brasília
August 19, 2010

Agenda

3:15 p.m. Opening of Business by the Chairman of COFA

3:30 p.m. Discussion and voting of the MTD of the 8th Meeting

3:45 p.m. Agenda Topic 1

Amazon Fund Annual Report

4:30 p.m. Presentation of Reports

Amazon Fund Portfolio/ Analysis of the Scientific and Technological Development category;

Report from the Committee for Structuring on the Public Call for Small Projects;

Arrangements and decisions aiming to renew the Amazon Fund Steering Committee

considering the conclusion, on October 22, 2010, of the first two-year period foreseen for its representatives' term (Decree 6527/2008 and COFA's Internal Regulations).

6:15 p.m. Decisions

Detailing and Record of Decisions of the 9th Meeting

Scheduling the date for the next COFA meeting

7:00 p.m. Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

1. Meeting Agenda
2. MTD of the 8th Meeting (Draft)
3. **Agenda Topic 1**
 - Amazon Fund Annual Report Instruction Page
 - Chart of Changes to the Amazon Fund Annual Report
 - Amazon Fund Annual Report Draft (doc version)
4. **Presentation of Reports**
 - Report: "Amazon Fund Project Portfolio"
 - Amazon Fund Newsletter No. 5 (July 2010)
 - Renewal of Amazon Fund Steering Committee Instruction Page
 - COFA's Internal Regulations
 - Directions
5. **Tables: COFA Recommendations Follow-up**
 - Amazon Fund Guidelines and Criteria
6. List of Members of the Steering Committee

Once the statutory quorum was met, the Minister of the Environment and chairwoman of COFA, Ms. Izabella Teixeira, opened the meeting by greeting the participants; after reading the agenda topics and confirming that there were no new demands to be included, all participants and observers introduced themselves, saying their names and the institution they represented.

Minister Izabella Teixeira opened the proceedings by emphasizing the significance of the Amazon Fund, a cornerstone of the bilateral exchange process, not only regarding the cooperation between Brazil and

Norway but also for further bilateral cooperation in the environmental sphere, which is beginning to take on new features beyond the traditional cooperation that exists between Brazil and Latin America and with some African countries.

She emphasized the recognition of all the work developed by BNDES in implementing the Amazon Fund, which, starting from a zero point, has progressed to the level it is today: a beacon in the international debate on the REDD+ regime.

Ms. Teixeira also declared that some adjustments are necessary to overcome obstacles that emerged throughout the process to move forward with implementing the commitments foreseen under the Amazon Fund. With this objective in mind, she will meet with the President of BNDES, among other subjects, such as the Climate Fund, also supported by the Bank, to discuss issues related to the Amazon Fund.

The Minister emphasized that the first Amazon Fund Annual Report draft records the great learning acquired in the period and that the Fund's management gives a leading role to BNDES, an indispensable partner for achieving the national policy goals in the environment sphere.

Ms. Teixeira also informed that she received a letter with recommendations to the Amazon Fund from non-governmental organizations, requesting that a copy of it be forwarded to COFA members for further discussion.

1. Approval of the MTD of the 8th COFA meeting COFA meeting

The MTD was approved, and the request made by the representative from the state of Acre was accepted, namely that her suggestion to include a statement on the significant role played by the Amazonian States in combating deforestation be added to the report.

2. Approval of the Agenda

After the approval of the proposed agenda, the presentation of topic 1 began.

3. Agenda topics:

3.1 Agenda Topic 1 – Amazon Fund Annual Report

Topic presented by the BNDES Environment Division Superintendent and an institution's representative at COFA.

Mr. Sergio Weguelin informed that the amendments suggested for the Amazon Fund Annual Report were all adopted, including content inclusions and alterations; change in titles or sequence, such as changes in the placing of the guidelines, which were in the annex and were transferred to the report's body; an attempt to understand the essence of the suggestions made at the last meeting and translate them into the text and order of presentation, as shown in the Chart of Changes, previously sent to COFA Members, and which is part of the Report's draft currently under analysis.

As the floor was given to participants, the following remarks were recorded:

a) Ms. Thaís Juvenal (MMA) said that there was no need for content corrections but that she would like to change the wording of the final paragraph on page 27 to make it clearer.

b) **Ms. Adriana Ramos (FBOMS)** warned about the correction to be made on page 31 since, instead of the presentation of the TNC project, IMAZON's project is repeated.

c) A correction was also requested on the number of municipalities mentioned on page 23; and

d) **Ms. Maria Luiza Alves (MCT)** suggested an amendment in the Project Processing section wording on page 24 and the inclusion of a flowchart to facilitate the understanding of the process.

After that, the Amazon Fund Annual Report was approved, and it was agreed to send suggestions of a formal nature by the interested parties.

– Decisions and arrangements

- Unanimous approval of the 2009 Amazon Fund Annual Report, with the changes (a,b,c, and d) indicated in the text above.
- The Annual Report will be published after the electoral ban period.

4. Presentation of Reports:

4.1. Report 1 – Amazon Fund Portfolio

Analysis of the Scientific and Technological Development category

a) Amazon Fund Portfolio

Mr. Sergio Weguelin (BNDES) informed that the general position of the Project Portfolio, as of July 31, 2010, was changed with the approval, on August 15, 2010, of a project for the state of Pará, *as stated in the distributed material*, and with the approval of two projects: for the state of Amazonas and the municipality of Alta Floresta, the latter being announced at this meeting. He also said that these last three approved projects involve several actions regarding institutional strengthening and development, recovery of degraded areas, reforestation, support for conservation actions, all of which adhere to the geographic prioritization criteria of the Amazon Fund.

The procedure adopted from the processing of support requests phase to the analysis phase, the stage in which the project is considered to comply with the Fund's guidelines and thematic areas, was described.

Minister Izabella Teixeira asked for clarification on some requirements requested from potential beneficiaries of the Amazon Fund, such as the presentation of counterpart financing and a logical matrix, and suggested that these requirements (counterpart financing and matrix of results and their indicators) be informed on the Fund's website for prior reference by the interested parties, including a results matrix model for the candidates' knowledge and prior preparation.

Ms. Cláudia Costa (BNDES) explained that, according to the current method approach, the matrix is not required in the project presentation phase but is developed with the project proponent in the analysis phase and according to the actions foreseen in the project, as well as the subject of the proposed intervention regarding the goals, and is not a contractual condition. It is different, for example, from the requirement for proof of partnerships, where the participants' consent

is requested. When actions are developed jointly with the Government, the private sector, or the organized civil society, the counterpart financing criteria are the ones included in the COFA guidelines and criteria table available on the website.

Logical Table – The Results Matrix is not presented with the Prior Consultation nor with the project presentation. Its preparation is negotiated between the project proponent and BNDES to allow the monitoring of actions to be developed and the accountability to evaluate the results and impacts, in addition to the project's physical and financial monitoring. The information on the schedule for presenting the Logical Table is also available on the Amazon Fund website.

Ms. Costa pondered that BNDES has made progress in disclosing information regarding the list of documents required in the various stages of the project, which is also published on the website.

Counterpart financing is only addressed when the project or project proponent presents it. In this case, what's being discussed is the proof of documents that formalize the partnership and agreements already executed. Although its presentation is desirable, as it indicates that the project has other sustainability sources, BNDES does not require any counterpart financing beyond those determined by the COFA Guidelines and Criteria table.

As for the monitoring indicators, after consultations with several institutions on the logical table and indicators, a methodology was consolidated and approved by the Bank's Board of Directors, and the best way to make it available on the website is being evaluated. That is a joint effort that will integrate the Bank's monitoring system.

BNDES is also working on a technical cooperation agreement with GTZ to support the structuring of logical tables and monitoring systems for planning, following up, and monitoring impacts and reviewing the intervention logic itself.

The Chairwoman of COFA, Minister Izabella Teixeira, requested the Committee to hold a debate on the Fund to identify matrices, difficulties, indicators, and monitoring strategies, that is, the main monitoring problems and how they may impact the Bank's routines. She also suggested that a deadline be set for presenting a preliminary version of the Results Matrix.

Ms. Teixeira once again emphasized the lessons learned during the two years of operation of the Fund; however, she said that she considered the discussion on indicators and the performance evaluation system to be unavoidable, especially regarding the Amazon Fund thematic areas. It is necessary to know how these segments are being served. The Fund is the instrument to support Public Policies, and BNDES needs to share its experience as a manager by presenting a strategic evaluation

of the results. Let it be the source of the subsidies for this reflection, regardless of what is happening in the project context.

Regarding the review on the limit for applying the Fund's resources, Minister Teixeira suggested continuing with the 10% limit already established by COFA, considering that it is a matter that will have to be progressively evaluated by the Committee, requesting the registration of the which was decided, even if subject to what BNDES may present to COFA for evaluation and appreciation, as it is a matter of the Committee's jurisdiction.

b) Overview of the Scientific and Technological Development category

Ms. Claudia Costa presented the Science and Technology and Innovation Portfolio of the Amazon Fund at the request of the Ministry of Science and Technology (MCT). In the report, a quantitative balance was made, and critical issues, development actions, and perspectives for the science and technology area were addressed, as summarized below: The Science and Technology and Innovation portfolio currently has 13 projects; five of them are in the initial phase, addressing the presentation of the consultation letter, and eight projects are compliant, that is, ready for the analysis phase.

Other features:

- Portfolio's total value (requested to the Amazon Fund): BRL 81 million;
- Projects' average value (ditto): BRL 6.2 million;
- Counterpart financing: BRL 30 million;
- Geographic scope of the results of the Science and Technology and Innovation (ST&I) projects: Concentration of executors in Belém and Manaus;
- Projects with the participation of Support Foundations (Contractors/financial management).

Several of these projects are presented by a large institution with independent units and centers. Thus, federal universities carry out seven projects; state universities carry out two projects; the federal government carries out one project; an international entity carries out one project; the Third Sector carries out one project; and a public company carries out one project.

Major Critical Issues:

- Operating and administrative expenses for Foundations (limited to 5% by the innovation law);
- A large number of partners in the project's execution; complex structuring of the operation;
- Application of the "deforestation monitoring and control systems" concept in other Brazilian biomes and other tropical countries and criteria for the application of these resources;
- Propositions of projects through Support Foundations;
- Appellate decisions of the Federal Court of Audits (TCU) and their consequences (Suspension of Appellate decisions until Dec. 2010); MP 495/2010;
- Some Foundations do not meet the Ministry of Science and Technology – MCT/Ministry of Education – MEC accreditation requirement.

Ms. Costa closed the presentation with a report on the work developed so far to understand and formulate action strategies for this sector. As a result, many proposals currently in the portfolio are the result of presentation rounds by the Amazon Fund, which has constantly been negotiating with research institutions seeking to understand and identify which type of project is best suited for the objective of the Amazon Fund together with these institutions.

Ms. Maria Luiza Alves (MCT) thanked BNDES for the presentation, mentioning that this information needs to be widely disseminated. She suggested that the difficulties encountered should be discussed with bodies that have already achieved significant progress on the subject, such as the National Council for Scientific and Technological Development (CNPq), the Funding Authority for Studies and Projects (FINEP), and support foundations, which are also MCT partners and can contribute to the discussion.

After this report, the Chairwoman of COFA excused herself and left the meeting, which was then led by her substitute, Ms. Thais Juvenal (MMA).

Ms. Thais Juvenal (MMA) drew attention to the lack of action by the private sector in the Science and Technology and Innovation area with resources from the Fund, which is an important agent both in research and in the generation of innovation itself, suggesting that, given the complexity of the topic to be addressed at this meeting, the Bank points out possibilities for actions alongside the private sector with resources from the Fund. She suggested, as an example, the creation of a patent Fund within the Amazon Fund, which allows support to companies in generating innovations under the Fund's ownership.

Mr. Helinton José Rocha (MAPA) mentioned EMBRAPA and the Amazon Biotechnology Center as potential sources of work subsidies.

Johaness Eck (Office of the President's Chief of Staff) suggested talking to the Ministry of Science and Technology, which already has solutions for some of the questions raised there.

Magaly Medeiros (state of Acre) expressed that the States representing the Legal Amazon are interested in participating in a specific negotiation between the MCT and institutions and foundations on promoting projects in the Science, Technology, and Innovation area.

BNDES informed that it has been in touch with the Brazilian Agricultural Research Corporation (EMBRAPA), the Funding Authority for Studies and Projects (FINEP), and the National Council for Scientific and Technological Development (CNPq), besides participating in meetings of the National Council of State Secretaries for ST&I Affairs (CONSECTI).

Ms. Maria Luiza Alves said that, although the proposal by Magaly Medeiros (state of Acre) is quite interesting, she does not know whether BNDES, as the Fund's manager, would be able to promote a meeting involving nine states. She added that the ideal scenario would be to also include universities. However, Ms. Alves understands that Johaness Eck (Chief of Staff) proposed a restricted meeting, that is, based on the MCT, CAPES, CNPq, and EMBRAPA experience on how to assemble proposals to support Science, Technology, and Innovation projects or even more restricted meetings with CONFAP (National Council of State Research Support Foundations) and CONSECTI.

Ms. Thais Juvenal (MMA), considering the remarks, suggested that BNDES promote a conversation on that specific topic with COFA members or with those who are available to deal with this matter so that an arrangement proposal for induced demand or a strategy to support Science, Technology, and Innovation projects can be envisioned.

Considering the various suggestions presented and the interest and agreement of all seeking a solution for the issues involving this topic, the creation of a committee to advance the issue of the Amazon Fund's support for Science, Technology, and Innovation was submitted; the committee will be composed of the following bodies: BNDES, MMA, all the States that compose COFA, MCT, MAPA, MDA, Social Movements and SBPC.

– Decisions and arrangements

- Creation of a committee to advance the issue of the Amazon Fund's support for Science, Technology, and Innovation, which will be composed of the following Bodies: BNDES, MMA, all the States that compose COFA, MCT, MAPA, MDA, Social Movements, SBPC.

4.2. Report 2 - Report on the Committee for Structuring Public Calls for Small Projects.

Ms. Cláudia Costa (BNDES) informed that the Committee has already held two meetings, where an attempt was made to conceptualize what a small project is, what is the value to be considered, what the target audience is, and what to do to expand access to this specific segment.

The invitation to be made to institutions that can provide contributions and experiences on which activities, economic sectors, and sustainable productive activities would deserve an initial focus was also considered.

Although the Committee has not reached a final decision, there has been progress in defining the concept of small projects and the financing of small-value activities; however, the committee concluded that any action to be developed must focus on the final beneficiary. That includes small communities, collective associations, traditional populations, forest guardians, in short, the target audience, regardless of the value involved in the project. This discussion led to the question of identifying the existence of reimbursable or non-reimbursable credit for these actions, including at the federal level, given the difficulty of discussing the application of the additionality concept in the Amazon Fund's support.

It was considered that the aim would possibly be to support the bottleneck solution, currently identified in the already-financed actions, basically intervening on some gaps and demands for support, that is, the expansion of technical assistance, management and entrepreneurship training, support for formalization processes, logistical infrastructure support, in an attempt to meet some demands that impact the structuring of stronger links in economic production chains, and from there discuss eligible and non-eligible items for funding.

COFA began to discuss the obstacles identified by the Structuring Committee and how BNDES can develop the necessary conditions to overcome them.

Ms. Fani Mamede (CONTAG) claimed that the Committee did not advance in the discussions due to the BNDES' lack of sensitivity in dealing with issues involving small projects, as the MMA and MDA do, given the lack of flexibility in their procedures.

Ms. Adriana Ramos (FBOMS) stated that the key point to be decided regarding small projects is whether there is a possibility of making contractual procedures and rules more flexible to serve small organizations; otherwise, there will be a need to discuss intermediary mechanisms, which is what will ultimately work since this is part of the Federal Government Public Policies. She says that this issue is not BNDES's jurisdiction; it is COFA's. Ms. Ramos also requests that the Bank resume the process of preparing a technical cooperation agreement, as previously decided.

Ms. Daniella Baccas (BNDES) explained that some rules are not flexible. She stated that BNDES is subject to several rules from which it cannot deviate under the penalty of being considered a bad manager.

Ms. Thaís Juvenal (MMA) says that all the speeches on the subject indicated two issues: a strategic one and an operational one, which need to be urgently addressed. Ms. Juvenal suggests an objective approach for the Bank to present from an operational point of view what is necessary to advance in the demand matters aimed at this target audience and what are the existing legal bottlenecks so that COFA can arrange a direction for them at the next COFA meeting.

– Decisions and arrangements

- BNDES, the Structuring Committee, and the other members of COFA will meet in Brasília to seek solutions to the existing impasses concerning small projects. The Committee will be extended by the MMA and MDA. The meetings will be open to interested parties.

Mr. Sérgio Weguelin (BNDES) suggests that the Committee be expanded and that the meetings be open to interested parties.

4.3. Report 3 - Measures and Arrangements aiming at the renewal of the Amazon Fund Steering Committee, considering the conclusion, on October 22, 2010, of the first two-year period foreseen for the term of office of its representatives (Decree 6527/2008 and COFA's Internal Regulations).

Ms. Daniela Baccas (BNDES) recalled that, as provided for in the Internal Regulations, the term of office of COFA Members will expire on October 22, 2010, which is why the Bank will send letters to the Bodies that compose COFA requesting the appointment of the respective representatives and substitute representatives, to issue an Administrative Decree regarding the appointments for the new period by the BNDES president. It will also inform that the term of office of the current representatives may be extended for two further years.

– Decisions and arrangements

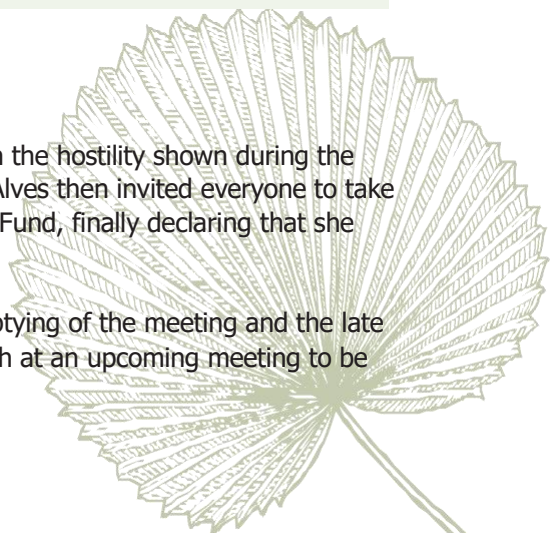
BNDES:

- Send a notice to all COFA members informing them that on October 23, 2010, the new Administrative Decrees issued by the BNDES president regarding the new term of office, from October 23, 2010, to October 22, 2012, will come into force.

Closing Remarks:

Ms. Maria Luíza Alves (MCT) requests that her discontent with the hostility shown during the meeting be recorded since this attitude is not constructive. Ms. Alves then invited everyone to take joint responsibility for the results to be achieved by the Amazon Fund, finally declaring that she considered BNDES a partner in achieving these goals.

Ms. Thaís Juvenal (MMA) suggested that, considering the emptying of the meeting and the late hour, the pending issue of the Early Maturity Clause be dealt with at an upcoming meeting to be scheduled in due course.



Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Foreign Affairs	Ministry of Agriculture, Livestock and Food Supply – MAPA
Izabella Mônica Vieira Teixeira Titular (R) Thaís Linhares Juvenal (S)	Maximiliano Arienzo (A)	Helinton José Rocha (S)
Ministry of Agrarian Development	Ministry of Science and Technology	Office of the President's Chief of Staff
Marco Aurélio Pavarino (R)	Maria Luiza Braz Alves (S)	Johannes Eck (S)
Department of Strategic Affairs of the Presidency of the Republic	Brazilian Development Bank – BNDES	State of Acre
Alberto Carlos Lourenço Pereira (R)	Sergio E. Weguelin Vieira (S)	Magaly Medeiros (A)
State of Amapá	State of Amazonas	State of Mato Grosso
Antonio Carlos da Silva Junior	Nádia Cristina D'Ávila Ferreira (R)	Alexander Torres Maia (R) Elaine Corsini (S)
State of Pará	State of Rondônia	State of Roraima
Anibal Pessoa Picanço (R)	Maria Dolores dos Santos da Costa (S)	José Hamilton Gondim Silva (A)
State of Tocantins	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	National Confederation of Industry – CNI
Stalin Beze Bulcar (R)	Adriana Ramos (R)	Mário Augusto de C. Cardoso (S)
National Forum of Forest Based Activities - FNBF	National Confederation of Agricultural Workers – CONTAG	Brazilian Society for the Progress of Science – SBPC
Fernando Castanheira Neto (S)	Fani Mamede (R) Rosicleia dos Santos (S)	Lauro Morhy (A)

Absent

Ministry of Development, Industry and Foreign Trade (MDIC):

State of Maranhão

Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

AMA/DEFAM

Ana Luiza Pinto Ferreira Landim
Cláudia Costa
Simone Marafon Schneider
Telma de Castro Guimarães

AMA/JUAMA

Daniela Baccas

GTZ

Christiane Ehringhaus
Waldemar Wirsig

TNC

Ana Cristina Fialho Barros

Embassy of Norway

Patricia Bentheim
Inge Nordang

Mato Grosso

Diego Tocantins

Socio-Environmental Institute – ISA

Elizabeth Dalene
Oswaldo Braga de Souza

UNDP

Alexandre Anders Brasil
Carlos Ferreira Castro

Ministry of the Environment (MMA)

Andréa Concala
Branca Americano
Cláudia Calório
Eduardo Canina

Amazon Work Group – GTA

Vitor Mamede Carvalho



RET

10

Minutes of Topics
and Decisions
(MTD) of the
10th Meeting

Hotel Tryp Brasil 21

Brasília
November 04, 2010

Agenda

10:30 a.m. Opening of Business by the President of COFA

10:45 a.m. Discussion and voting of the MTD of the 9th Meeting

11:00 a.m. Agenda Topic 1

Proposal for CTFA action

11:30 a.m. Presentation of Reports – Part 1

BNDES considerations to the FBOMS/civil society document;

Early Maturity Clause (BNDES)

Structuring Small Projects (BNDES);

COP16 – Amazon Fund Participation (BNDES)

Amazon Fund Portfolio (BNDES)

State Deforestation Combat Plans

1:45 p.m. Lunch

3:15 p.m. Greetings to COFA representatives for the 2010-2012 period

3:30 p.m. Presentation of Reports - Part 2

Environment licensing requirement for Agroforestry Systems (SAFs) and community forest management (to be confirmed)

4:00 p.m. Agenda Topic 2

COFA chairperson election for the 2010-2012 period

4:30 p.m. Agenda Topic 3

The Amazon Fund Guidelines and Criteria Annual Review

5:30 p.m. Arrangements for/Setting the next COFA meeting

5:45 p.m. Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

1. Meeting Agenda
2. MTD of the 9th Meeting (Draft)
3. **Agenda Topic 1**
 - Proposal for CTFA action Instruction Page
4. **Presentation of Reports**
 - “BNDES considerations to the FBOMS/civil society document” Instruction Page;
 - FBOMS document from August 15, 2010.
 - “Early Maturity Clause” Instruction Page.
 - “Structuring Small Projects” Instruction page.
 - “COP16 – Amazon Fund Participation” Instruction Page .
 - Amazon Fund Project Portfolio Report as of November 15, 2010.
 - Amazon Fund Newsletter No. 8 (October 2010).
 - “State Deforestation Combat Plans” Instruction Page.
 - Environment licensing requirement for Agroforestry Systems (SAFs) and community forest management (to be confirmed)

5. Agenda Topic 2

- "COFA Chairperson Election for 2010-2012" Instruction Page
- Decree 6527/08
- Internal Regulations of the COFA

6. Agenda Topic 3

- "Guidelines and Criteria Annual Review" Instruction Page
- 2010 Guidelines and Criteria Summary Table

7. Table: COFA Recommendations Follow-up

8. List of Members of the Steering Committee

Once the quorum had been met, **Minister of the Environment, Ms. Izabella Teixeira**, COFA's chairwoman, opened the meeting by greeting the participants and asking everyone to introduce themselves, informing their names and the institution they represented.

The chairwoman of COFA opened the meeting by stating some considerations on the Amazon Fund's two initial years and talked about this with representatives of COFA and CTFA to assess their demands; she then had a meeting with the President of BNDES. The pondering on the Amazon Fund must seek mechanisms to speed it up as a strategic instrument for regional policies for sustainable development in the Amazon region.

Regarding CTFA, minister Teixeira declared that, besides ensuring the emission reduction data, the committee could play an even more relevant role: making use of technical-scientific knowledge as a partner in preparing new policies to promote sustainability in the Amazon region, considering the challenges met concerning the National Policy on Climate Change and the establishment of the National Climate Change Fund.

Ms. Teixeira also made remarks on the meeting with BNDES representatives, which had on the agenda the Bank's responsibility as a representative of the Brazilian Government vis-à-vis the Norwegian Government. It was a fruitful meeting from a political, managerial, and strategic point of view, as BNDES considered the strategy of speeding up project evaluations and adding new partners to manage resources, given the diversity of the Fund's operations.

Regarding the debate on the support for small projects, Minister Izabella Teixeira, who recognizes the matter's complexity, considered that time is needed to structure mechanisms that can accommodate the diversity of actors responsible for the Amazon Rainforest sustainability. She also reported that she did not see a practical sense in the mobilization of structures of analyses for small projects that may require a large investment of workforce/hour when other institutions work in this sense.

She informed that, as the minister, she reported on the Amazon Fund to the transitional government and the chairwoman-elect. Ms. Teixeira suggested to COFA the application of a safeguard mechanism to ensure the continuity of this structured process, which has become a solid environmental collective body, so that, after the government transition, a new electoral process within the Amazon Fund can be defined. After these considerations, the chairwoman of COFA proceeded to read the agenda, which had a change on the topics to be addressed.

1. Approval of the MTD of the 9th COFA Meeting

Ms. Maria Luiza Alves (MCT) and **Ms. Thaís Juvenal (MMA)** asked for clarification on the creation and formation of the committee to study and propose advances in the Amazon Fund's support for science, technology, and innovation (Committee on ST&I).

Ms. Ana Luiza Landim (BNDES) informed that the committee was created, but its members were not appointed since COFA members were being renewed.

Ms. Thaís Juvenal (MMA) understood that the arrangement for the committee's creation was carried out in a very objective way, as it requested nominations of members for the institutions that make up COFA, therefore, being a deliberation, which requires that its operation be addressed on the next meeting. The chairwoman of COFA requested BNDES to ask the COFA members and the institutions that make up the ST&I Committee to define their respective representatives, whose appointments will be subject to deliberation at the next meeting.

– Decisions and arrangements

BNDES:

- Regarding the Committee on Science, Technology, and Innovation – ST&I, created in the 9th meeting to analyze, study, and present proposals on the Amazon Fund support to this sector, the BNDES will send a request for the nomination of the respective representatives to the member bodies.

2. Approval of the Agenda

The agenda was approved with amendments in the order of presentation of Agenda Topics 1 and 2:

3. Agenda topics:

3.1. Agenda Topic 1 - COFA chairperson election for the 2010-2012 period

Considering the government transition and to ensure that, in the first year, the new COFA chairperson will be able to lead the discussions being held, including with the Office of the President's Chief of Staff and the Department of Strategic Affairs (SAE), the COFA evaluated the possibility of reappointing the Ministry of the Environment to the committee's chairmanship for another year.

Johannes Eck (Chief of Staff) informed the committee that the discussion on the matter was appropriate because, in addition to the re-election of the current chairwoman for another year, it could avoid that, in the future, the beginning of a new COFA term of office coincides with the change of government. This would require altering the established rule and even the decree.

Ms. Adriana Ramos (FBOMS) stated that, if feasible, it would be interesting to formalize the temporal adjustment, as it would resolve the transition issue without the need to amend the decree. She also said she supports the Ministry of the Environment's re-election, even for a new term, regardless of this adjustment.

Mr. Justiniano Netto (CNI) said that, in his view, this is not a renewal but an extension of the Ministry of the Environment's current term of office for another year when a new election would be held. Furthermore, as the election would be held in a year that ends in an odd number, it would also solve the problem of coinciding with the renewal of mandates with the end of government.

Mr. Netto also requested that how the chairmanship's election will be carried out be discussed since this process is not covered by the Decree nor the Internal Regulations. Furthermore, Mr. Netto informed that corporate entities have a proposal to present to COFA on this matter.

Mr. Alberto Carlos Pereira (SAE) reported that, unlike the FBOMS representative, he understands that the succession proposed by the MMA when preparing the Fund's guidelines is necessary for the incorporation of actions linked to the MMA and other Ministries. However, Mr. Pereira understands that it is perfectly reasonable, and even advisable, to extend the MMA term of office in the Committee chairmanship for another year during the transition period.

The chairwoman of COFA, aiming to organize the debate, defined the two hypotheses under discussion:

1. Extension of the two-year term of office, which, once extended by one year, would be the only three-year term, being the regular two-year term again into force from then on. Thus, future COFA elections will not coincide with the state and federal change of government.
2. Improvement of the electoral process. If COFA considers that the electoral process needs improvements, these should be done in the next year because if there is a need to amend the attendance decree based on the committee consensus, the Minister of the Environment may refer the matter to the Office of the President's Chief of Staff and for the Brazilian President.

The chairwoman informed that there is no explicit provision for an extension in the term of office from the point of view of the internal regulations. However, this extraordinary situation would also solve the transition problem, as it is legitimate that all state government leaders are defined, so the committee can decide how it will work in the coming years. The members of COFA agreed with the one-year extension in the Ministry of the Environment's term of office and that the election process should be considered in 2011.

Mr. Sérgio Weguelin (BNDES) requested the minutes to record that the voting on the extension in the term of office considered the votes of the three chambers.

Minister Izabella Teixeira declared that, in compliance with the regulations, the term of office of the Ministry of the Environment in the COFA's chairmanship was exceptionally extended. Ms. Teixeira requested the minutes to record that she will make a statement before the Office of the President's Chief of Staff emphasizing the nature of this moment to avoid conflict with provisions of the Presidential Decree.

– Decisions and arrangements

COFA:

- Considering the government transition, the three (3) COFA Chambers unanimously decided to extend the term of office of the Ministry of the Environment representative in the committee's chairmanship for one (1) year.
- The Ministry of the Environment's current representative, Minister Izabella Teixeira, will communicate to the President's Chief of Staff the specifics of the deliberation.

3.2. Agenda Topic 2: Proposal for the Amazon Fund Technical Committee – CTFA action

Mr. Marcus Vinicius Alves (SFB), a representative of the body in charge of the Executive Department Office of CTFA, reported that, at the last CTFA meeting, its members presented a proposal for the reformulation of the Amazon Fund Technical Committee role, whose content has already been submitted to the Minister of the Environment.

Minister Izabella Teixeira will forward the CTFA proposal to the members of COFA and BNDES, so they can give their opinion and contribute to the debate, aiming to improve the Amazon Fund.

She also informed COFA that the Brazilian Government will initiate actions on the 2020 Agenda for biodiversity conservation to:

- I. develop the Biodiversity Valuation Report, in the national context, in the next four years;
- II. monitor the approval of the new panel, commonly called IPCC on biodiversity; and,
- III. work on the Biodiversity and Climate Agenda convergence.

Ms. Teixeira suggested that the Amazon Fund could structure some new paths on climate issues and biodiversity conservation from a technical-scientific point of view since climate change is related to biodiversity.

Mr. Marcus Vinicius Alves (SFB) informed that CTFA will hold a presentation on how the committee addressed the "IPCC on biodiversity" meaning and how climate issues concerning the Amazon for the knowledge of COFA members.

Minister Teixeira declared that the Amazon Fund should host a debate on the convergence between biodiversity and climate change.

– Decisions and arrangements

MMA:

- will forward a proposal made by CTFA on the alteration of its duties regarding the Amazon Fund to the Fund's members.

CTFA:

- will lead the debate on biodiversity and the climate issue in the Amazon with COFA members, aiming to analyze the convergence between the two topics.

4. Presentation of Reports:

4.1. Report 1 - BNDES considerations to the FBOMS/civil society document

During this report's presentation, COFA's chairwoman, Minister Izabella Teixeira, asked permission to leave the meeting, then led by her substitute, Ms. Thais Juvenal (MMA).

Mr. Sergio Weguelin (BNDES) made remarks on the "Recommendations to the Amazon Fund" document presented by the Brazilian Forum of NGOs and Social Movements for the Environment – FBOMS and distributed to COFA members. To organize his explanation, Mr. Weguelin informed

that the questions included therein were grouped into four topics, namely: adequacy, structure, transparency, and performance:

I – Adequacy

Regarding the adequacy of procedures to meet the reality of the Fund's audiences and actions, Mr. Weguelin pointed out that BNDES has a long history of working with non-profit projects, as it has supported projects focused on the social area since 1986 and the cultural area since 1995, always attentive to the respective sector-specificities.

Concerning the Amazon Fund, the non-profit nature of the supported projects does not give rise to a lost fund, nor does it remove the need for a clear demonstration of their expected results and relevance.

Although the Amazon Fund carries out operations with non-reimbursable resources, it does so from the perspective of projects and agreements. In reality, it is a donation with charges, although not financial ones.

Approved projects must comply with the Amazon Fund's macro guidelines, namely COFA, PCCDAM, and PAS, and must demonstrate their contribution to reducing deforestation and forest degradation. Furthermore, the planned actions must be consistent with the proposed objective, and their budget and project implementation schedule must be adequate.

One of the main challenges the Amazon Fund faces is the implementation of forms of action that translate into a greater number of projects, whether small or large ones, that directly benefit the people who live in the forest and make their living from it.

Among the projects submitted to the Bank that have already received the Amazon Fund's support, specific actions aiming to support local populations and associations (FAS, IOV, ACRE) are being implemented.

To broaden the means of access and to complying with the COFA guideline (P4), which defines the priority target audience, a specific committee was established to prepare a public call proposal to support projects for sustainable production activities, whose debates are in progress.

There is also room for other initiatives with the same goal, such as carrying out public calls in partnership with the states (following the BNDES's Social Area experience) and promoting structuring actions, such as investments in improving productive infrastructure, logistics, and services.

As for its communication process, the Amazon Fund makes extensive and diverse information available on the internet, including the operational flow of projects and the required documentation at each stage of the credit-granting process. Moreover, doubts can be resolved by contacting the BNDES's team (direct contact, phone, "contact us") and by reading the "frequently asked questions" page.

Regarding agreements, it has been observed that the proof of partnerships, counterparts financing, and environmental licensing (or their exemption) has interfered in the analysis and contracting deadlines. Thus, the contracting schedule varies according to the project's nature, the proponent's promptness, and the other parties involved.

Mr. Sérgio Weguelin reported that the projects' adequacy to the guidelines and criteria applicable to the Amazon Fund (PPCDAM, PAS, and COFA) is assessed upon receipt of the prior

consultation by the Department of Priorities of the BNDES's Planning Division. This procedure is subject to a compliance audit. The audit carried out in 2009 concluded that it was adequate and compliant.

Finally, Mr. Weguelin requested that the difficulties mentioned in the FBOMS document be explained so that the interested parties may understand them better and even count on the contribution of the bodies responsible for these matters within COFA.

II – Structure

Regarding the BNDES's structure to respond support requests submitted by civil society, Mr. Weguelin informed that the Bank has a long tradition of supporting non-governmental organizations and is characterized by the fulfillment of various missions that pose challenges involving permanent training of its employees. In this sense, the Bank supports and encourages its employees to constantly seek improvement by enrolling in courses and workshops, besides offering an internal training program.

Mr. Weguelin also informed that the Amazon Fund team was enhanced throughout 2010, with a significant increase in its staff. In March 2009, the Amazon Fund Management Department (DEFAM) had 8 employees; in October 2010 the team was expanded to 27 employees.

III – Transparency

Mr. Weguelin introduced this topic with the definition of transparency, according to ISO 26000: "The principle of transparency does not require that proprietary information be made public, nor does it involve providing information that is privileged or that would breach legal, commercial, security or personal privacy obligations"

BNDES does not disclose information obtained from analyses that its managerial role requires it to perform, and that may compromise, in any way, the project proponents' image or reputation.

All the Bank's decisions are audited and controlled by the bodies established for this purpose. BNDES (the Amazon Fund included) is audited and supervised by an Internal Audit, an External Audit, the Federal Court of Audits (TCU), the Office of the Federal Controller General (CGU), and the Central Bank of Brazil. Therefore, there are several mechanisms of accountability within BNDES.

BNDES, through the Amazon Fund's website, informs civil society about the operational flow and all the procedures for submitting support requests. The website also describes the steps for analyzing and granting financial support, including the definition of jurisdictional range and the necessary documentation. Information on the project portfolio is also detailed, covering the following topics: purpose, cost (project and request), location, thematic area, project proponent's legal nature, and operational status. Moreover, the Amazon Fund Portfolio Report and the Newsletter are available online.

BNDES evaluates each project individually. All proposals follow the same procedures, receive the same approach, and are subject to interactive work aimed at aligning them with the support conditions. During the project implementation period, BNDES performs the physical and financial monitoring of the contracted operations.

The Amazon Fund governance is understood as the set of rules that determine its performance and aims to facilitate achieving its goals and purposes, avoiding the prevalence of specific interests.

IV – Performance

The BNDES representative emphasized that the possibilities of raising funds for the Amazon Fund are also associated with the credibility attributes and consistency of its performance, which requires constant planning, monitoring, and evaluation of the guidelines, criteria, and strategies adopted.

He recognized that the Amazon Fund faces strong challenges, such as creating mechanisms to promote sustainable, productive activities that are effectively inserted in the market and establishing parameters for its international performance in supporting implementing systems to monitor and control deforestation.

Mr. Weguelin recalled that, over the course of 17 years, the PPG7 spent approximately USD 460 million, while the Amazon Fund approved about USD 97 million from July 2009 to November 2010.

Regarding the projects, he informed that of the 172 projects presented until November 2010, 95 did not comply with the Amazon Fund guidelines and criteria, 13 were approved, and 68 are currently under several phases of analysis.

Mr. Weguelin closed his statement by highlighting the efforts already made to respond to the suggestions made by the Members of the Amazon Fund Steering Committee concerning small projects, such as the early maturity clause, among others, and those in progress, such as the simplification of the consultation letter.

Mr. Weguelin gave the floor to the Committee members to comment on the FBOMS document, and the considerations made, as transcribed below:

Mr. Justiniano Netto (CNI) highlighted that the BNDES report, besides focusing on the considerations made in the document presented by FBOMS, also confirmed the BNDES's stance on the procedures adopted by the bank. He emphasized that FBOMS should propose the issues addressed more objectively way so that if they were valid, they could result in a change of procedure.

According to **Mr. Alberto Lourenço (SAE)**, there was a lack of clarity and specific operational recommendations in the FBOMS recommendations. He highlighted the difficulty of creating simple and effective mechanisms for the approval of projects by community associations that are part of organizations with a considerably low degree of elaboration capacity in the Amazon, but which, in the end, lead to the reduction of emissions.

Mr. Lourenço also said that Banco do Brasil has been an agent of the Open Data Plan (PDA) for many years; PDA adopts a flexible, efficient, and low-cost procedure for allocating resources, whose experience should be examined by the BNDES.

Ms. Thaís Juvenal (MMA) once again raised the question of having an objective discussion in the next agenda topic to talk about the obstacles encountered when working with the local target audience, comparing the Bank's procedures with those of other Federal Agencies considering the experience of the various Ministries and governments with representatives in COFA, to think of solutions for allocating resources. She once again asked for the record to be made so she can forward her suggestion at the end of the meeting.

Ms. Adriana Ramos (FBOMS) thanked BNDES for its considerations, commenting that civil societies see the Amazon Fund as a "sui generis" Fund since, according to her, it was constituted by a donation with reasons and objectives significantly different from several other funds or any other fund that the BNDES itself may manage. This would lead organized civil society to expect the Fund's procedures to be "sui generis".

Ms. Ramos also said that the BNDES's experience with non-governmental organizations, such as the Social Fund, is not enough to be fully in line with the Amazon Fund's target audience, which represents several audiences; thus, this issue should be treated as a priority when the Committee discusses the 2011 Amazon Fund criteria and parameters.

Mr. Antonio Marcos Apurinã (COIAB) declared that he did not understand why BNDES is facing difficulties approving projects in indigenous lands since such organizations, which involve approximately 180 peoples in the Amazon region, already have experience in project development working with the support of the PPG7 and the Productive Development Policy (PDP), allied with the PDA.

Mr. Marco Aurélio Pavarino (MDA) praised the BNDES's work to incorporate the environmental topic and suggested that the Bank participate in forums and follow CONAMA's discussions addressing these topics to give an opinion on changes to existing rules.

Mr. Júlio Bachega (Mato Grosso) said that the state of Mato Grosso is structuring itself to regularize environmental licensing and that investments are aimed at the problem of reducing deforestation. He asked COFA, when re-discussing the Amazon Fund guidelines, to consider the result regarding deforestation and the reduction of emissions.

Ms. Nádia Cristina Ferreira (Amazonas) informed that the Committee's role is to guide and provide guidelines for the Bank since, if the BNDES had the autonomy to establish the rules to be followed, the Committee would not need to exist. She emphasized that the States' routine, mainly through the State Department of the Environment, is to make the existing rules more flexible, adapting them to reality so that traditional populations and indigenous movements can work legally.

Ms. Ferreira suggested that, in 2011, BNDES should promote meetings in the states with social movements to hear their suggestions for obtaining resources from the Amazon Fund and that the representatives of the states represented in COFA propose to make this mobilization.

Ms. Adriana Ramos (FBOMS) informed that social movements recently held a workshop to discuss perceptions, experiences, and arrangements suggestions regarding the Amazon Fund, whose final report will also be sent to COFA members.

Mr. Marcos Prates (MDIC) made two suggestions, the first regarding non-compliant projects. He asked the BNDES to present a list of reasons for not approving the projects, presenting the main inconsistencies in common and without identifying these projects individually, to be posted on the internet, providing transparency to the issue of non-compliance of small projects. Mr. Prates also proposed to everyone to think of a solution to decentralize the Amazon Fund resources, regardless of the existing restrictions.

Ms. Cláudia Costa (BNDES) said that the Bank is aware of the difficulties faced by the priority target audience, as defined in the COFA guidelines and criteria, to follow certain routines and procedures, as specificities in the Amazon and the specific case of the Amazon Fund are being considered. This issue is being addressed within the committee for structuring small projects, which is in progress, and part of the work is detailing ways to expand access to this public.

As for the proposal on non-compliant projects, an evaluation of such projects will be presented to COFA for discussion with the reasons that led to non-approval at the time.

– Decisions and arrangements

COFA:

- At the next meeting, FBOMS will present a report on the workshop held in Brasília to discuss the Amazon Fund so that COFA members, including BNDES, can interact with the demands presented at the workshop.
- COFA will invite Banco do Brasil to present, at the next COFA meeting, how the credit facility works for the small projects' target audience.

BNDES:

- At the next meeting, BNDES will present the papers required from the entities addressing small projects so that the Committee members can ponder the best way to deal with issues involving this target audience segment and the report on the reasons that lead the projects not to be approved.

4.2. Report 2 – Early Maturity Clause (BNDES)

Ms. Daniela Baccas (BNDES) presented the draft proposal for the inclusion of the Early Maturity Clause procedure, explaining that, to comply with COFA's request, the Environment Division Director was consulted, the Bank's Legal Division considered the matter, and it was submitted for deliberation by the Contract Standardization Committee (CPPJ).

The Early Maturity Clause stems from the interpretation that the non-refundable financial collaboration agreement is not a pure and straightforward donation but a donation with a charge. In this sense, the beneficiary party must comply with contractual conditions under penalty of having to return the funds to the financier. COFA questioned this clause as it provides the possibility that the beneficiary must return all resources distributed in the event of a contractual breach. BNDES elucidated that the bank only used this procedure in isolated cases when there was no justification or clarification for the resource use within the project's purposes or its accountability. But BNDES sought to clarify the procedures for implementation in the agreement draft, to meet COFA's request.

Ms. Daniela Baccas (BNDES) then said that clarification on the early maturity clause has already been included in the Amazon Fund's standard agreement draft to expressly provide that BNDES give prior notification to the beneficiary party in case of occurrence of an event that may characterize a breach of contractual obligation (with no fixed term for its fulfillment), giving a deadline for justification or proof of correction, before implementing the early maturity measure. The proposed solution aimed to meet the control and standardization rules of the Bank's contractual drafts and the demand of civil society represented in the committee.

Mr. Justiniano Neto (CNI), a member of the committee appointed to analyze the Early Maturity Clause matter, congratulated BNDES as its proposal fully addresses all the issues raised, requiring its inclusion in the new agreements.

Mr. Neto suggested to prepare an amendment explaining the procedure in the agreements already executed, because there is no quorum for deciding on the matter.

Ms. Adriana Ramos (FBOMS), also a member of the committee to analyze the early maturity clause issue, congratulated BNDES and stated that the final result presented by the Bank is even better than the COFA proposal, as it is even more straightforward.

Ms. Thais Juvenal approved the decision.

– Decisions and arrangements

COFA:

- The wording proposal presented by BNDES for the Early Maturity Clause was approved without reservations.

4.3. Report 3 - Structuring Small Projects (BNDES)

Ms. Cláudia Soares (BNDES) summarized the work of the structuring commission, which met four times in Brasília and, even without adequate quorum in some meetings, reached some important consensus:

- a) the concept of what is considered a small project, which led to several interpretations that have already been overcome, understanding it as any action studied via selection and that is part of any modality for the benefit of the priority target audience established by COFA (P4);
- b) regarding values, the maximum value for the individual modality would be up to BRL 500 thousand, and for the agglutinating modality up to BRL 2 million, respecting the limit of BRL 100 thousand for each small intervention belonging to a larger intervention.
- c) concerning supportable segments, the first call for sustainable productive activity would be timber and non-timber forest management, aquaculture and fishery, agroforestry systems, and agroecological systems.

Ms. Thais Juvenal informed that, despite the proposals' evolution, the group understands that there is a need for more in-depth analysis to find a final proposal that addresses all issues involving this target audience; this proposal is expected to be presented at the next committee meeting.

– Decisions and arrangements

BNDES:

- The work of the Detailing and Structuring Committee will continue, with the expectation that the final proposal will be presented at the next COFA meeting.

4.4. Report 4 – COP16 – Amazon Fund Participation (BNDES)

Ms. Ana Luiza Landim (BNDES) announced that BNDES will be part of the Brazilian staff at the UN Climate Change Conference of the Parties – COP 16, to be held in Cancun,

Mexico, and will be the sponsor of Espaço Brasil [Brazil Area], where exhibitions, lectures, and meetings will be held. In this area, there will be two presentations by the Amazon Fund, on December 3 and December 6, respectively. The Amazon Fund will also participate in the *Forest Day 4 Seminar*, on December 5, with a small stand and a presentation by Sérgio Weguelin.

Ms. Thaís Juvenal suggested that the Fund's Executive Secretary send the COP 16 schedule by email to all COFA members.

4.5. Report 5 – Amazon Fund Portfolio (BNDES)

Ms. Claudia Soares (BNDES) provided an updated summary of the Fund's portfolio, with the status as of November 15, 2010. She informed that of the 77 projects presented so far, 38 are in the stages of registering receipt and verifying documents, 30 are under analysis, which includes providing additional information and developing the project's Logical Table, and 9 projects were approved and are in the operation's contracting phase.

Ms. Soares also informed that the total cost of the 77 projects presented so far is around BRL 1.1 billion. Of the total amount, BRL 807 million refer to the support requested from the Amazon Fund; the difference refers to the project proponents' counterpart financing.

Ms. Adriana Ramos (FBOMS) suggested that the number of projects evaluated and not approved should also be reported.

4.6. Report 6 – State Deforestation Combat Plans

Ms. Thaís Juvenal (MMA) highlighted that to comply with the COFA Regulations' requirements, the states that form the Legal Amazon must complete their corresponding state deforestation combat plans (PPCDAM) to have the right to vote in the committee's deliberations. After two years of the Amazon Fund's creation, COFA should be able to monitor the states' activities within the Plan's goals.

Mr. Júlio Bachega (state of Mato Grosso) informed that, on October 27, the state of Mato Grosso published its deforestation reduction targets through Decree 29/43. The targets were established from a baseline of the average deforestation from 1996 to 2005.

He also informed that the state of Mato Grosso is concerned about the alignment between the federal plan's actions and the state plans, and that Mato Grosso has no interest in analyzing projects related to the Amazon Fund that come to BNDES because its administration wants to invest resources objectively in the execution of its state plan. Mr. Bachega stated that there is no use for the state to invest in the same actions alongside the Amazon Fund, leaving other actions without recourses under penalty of not reaching the reduction goal.

Ms. Cláudia Costa (BNDES) informed that the state can present the project for investment in its priority areas to the Amazon Fund.

Ms. Thaís Juvenal (MMA) said that there are two options regarding the question presented by Mr. Bachega: the state's investments can be supported by the Amazon Fund, and the Mato Grosso administration can request through COFA the inclusion of reports on the agenda about its activities and priorities within the scope of its activity to combat deforestation.

Ms. Nádia Cristina Ferreira (state of Amazonas) reported that the state of Amazonas reduced deforestation by 74% from 2003 to 2009, which meant that the deforested area decreased from 1,558 km² to 405 km² and that she hopes that in 2010, the state will reach a new

record, with a target of 80% in the reduction of deforestation, anticipating the Brazilian goal by a decade.

Mr. Eugênio Pantoja (Acre) informed that the Amazon Fund approved a project by the state government in the amount of BRL 70 million, with BRL 60 million arising from the Fund and BRL 10 million as a counterpart financing.

He also informed that the state adopted a strategy to link the Control Plan to other management tools. Thus, ecological-economic zoning, the main basis for planning these actions, is linked to environmental licensing. On the other hand, the registration of agricultural or rural activities and enterprises were attached to it to skip some steps in the licensing process. The completion of the plan was also linked to the strategies within the zoning areas. Thus, the State Deforestation Control Plan of Acre of is linked to each of these areas.

Mr. Sérgio Weguelin (BNDES) said that states that have not yet submitted projects should do it so the committee can analyze them.

Ms. Thais Juvenal (MMA) requested the inclusion of a presentation by the states on the progress of their deforestation combat plans on the agenda of the next COFA meeting.

– Decisions and arrangements

States with representatives in COFA:

- Presentation on the respective state deforestation combat plans at the next COFA meeting.

4.7. Report 7 – Environment licensing requirement for Agroforestry Systems (SAFs) and community forest management (to be confirmed)

IBAMA requested that the presentation be made at the next meeting, as it will be done along with State Environment Agencies – OEMAs since most of the specific environmental legislation of each state belongs to these agencies.

– Decisions and arrangements

- IBAMA requested that the presentation on this topic be made at a forthcoming meeting along with the other State Environment Agencies since most of the legislation is specific to each OEMA.

5. Agenda Topic 3: The Amazon Fund Guidelines and Criteria Annual Review

Due to a lack of quorum for deliberation, this topic will be addressed at the next meeting.

– Decisions and arrangements

COFA:

- The Guidelines and Criteria will be submitted to COFA for review at the next Amazon Fund Steering Committee meeting.

6. Arrangements for/Setting the next COFA meeting

Ms. Thais Juvenal suggested that the next COFA meeting be held in the third week of February, as pending issues on this agenda must be resolved.

7. Final Remarks:

Minister Izabella Teixeira suggested as an agenda for the next COFA meeting that the committee present suggestions on strategic topics to be structured to the Chairwoman-elect and the next Minister.

In the second part of the meeting and based on COFA's Internal Regulations, Ms. Nádia Cristina Ferreira (Amazonas) asked the COFA Chairwoman to count the members to assess the quorum because of the agenda under analysis. It was verified that the meeting had an insufficient quorum to decide on matters requiring deliberation.

Ms. Thais Juvenal (MMA) reported that some of the representatives left because they were called by Ministers or went to the CONAMA meeting, as there was an overlap with the Fund's agenda. The acting Chairwoman of COFA consulted the members present about the sequence of the agenda and ordered the resumption of the presentation of reports. However, she highlighted that the matters and reports requiring deliberation would be addressed in the next meeting.

Ms. Thais Juvenal (MMA) thanked everyone for their attendance and the constructive discussion that took place and declared the meeting closed.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / **(S)** – Substitute / **(A)** – Agent

Ministry of the Environment	Ministry of Development, Industry and Foreign Trade	Ministry of Foreign Affairs
Izabella Mônica Vieira Teixeira Titular (R) Thais Linhares Juvenal (S)	Marcos Otávio Bezerra Prates (S)	Maximiliano da C. H. Arienzo (A)
Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Agrarian Development	Ministry of Science and Technology
Helinton José Rocha (S)	Marco Aurélio Pavarino (R) César José de Oliveira (S)	Maria Luiza Braz Alves (S)
Office of the President's Chief of Staff	Department of Strategic Affairs of the Presidency of the Republic	Brazilian Development Bank – BNDES
Johaness Eck (S)	Alberto Carlos Lourenço Pereira (R) Pedro Lucas da Cruz Pereira Araújo	Sergio E. Weguelin Vieira (S)
State of Acre	State of Amazonas	State of Mato Grosso
Eugênio de Souza Pantoja (A)	Nádia Cristina D'Ávila Ferreira (R)	Júlio Bachega (A)

State of Roraima	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
Haroldo Eurico Amoras dos Santos (R)	Adriana Ramos (R)	Antonio Marcos de O. A. Apurinã (R)
National Confederation of Industry – CNI	National Forum of Forest Based Activities – FNBF	Brazilian Society for the Progress of Science – SBPC
Justiniano de Queiroz Netto (R)	Fernando Castanheira Neto (S)	Lauro Morhy (A)

Absent

- State of Amapá
- State of Pará
- State of Maranhão
- State of Rondônia
- State of Tocantins
- National Confederation of Agricultural Workers – CONTAG

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

AMA/DEFAM	Ana Luiza Pinto Ferreira Landim Bernardo Félix Cláudia Costa Guilherme Arruda Accioly Marcos Vinicius da Silva Rocha Rubem Carlos de Souza Stuart Simone Marafon Schneider Telma de Castro Guimarães
AMA/JUAMA	Daniela Baccas
AJ/DNORM	Álvaro Oliveira de Freitas
AMA	Cleber Zambarda Luciane Paiva D'Ávila Melo

GTZ	Amazon Work Group – GTA	Socio-Environmental Institute – ISA
Christiane Ehringhaus Waldemar Wirsig Monika Ropes	Vitor Mamede Carvalho	Oswaldo Braga de Souza

COIAB	INCRA	ASCOM
Dario Salgado	Roberto Henrique do Prado	Paulenir de . Constan

SFB	MMA	Estudante
Marcos Alves	Branca Americano Karen Silverwood Sérgio Ferreira Cortizo	Elizabeth Dalene



RET

11

Minutes of Topics
and Decisions
(MTD) of the **11th**
Meeting

Hotel Tryp Brasil 21

Brasília
October 27, 2011

Agenda

9:00 a.m. Opening

Minister of the Environment, Izabella Teixeira
 BNDES Environment Division Director, Elvio Gaspar

9:30 a.m. Discussion and approval of the MTD from the 10th Meeting

09:45 a.m. Agenda Topic 1:

Extension of COFA Chairmanship term of office

10:15 a.m. Agenda Topic 2:

- 2.1. Amazon Fund Annual Activity Report and Audit Results
- 2.2. Presentation of the work of the Committee for Detailing and Structuring Projects – support for sustainable production projects
- 2.3. Proposal for a schedule for the meeting to discuss the 2012 Guidelines and Criteria for the Amazon Fund's operations

1:00 p.m. Lunch

2:30 p.m. Presentation of Reports Part 1

1. Rural Environmental Registry (CAR) Support Program
2. CTFA report
3. 2011 Amazon Fund Portfolio

3:30 p.m. Presentation of Reports Part 2

4. PPCDAM and State Deforestation Combat Plans in the Legal Amazon Evaluation Report
5. Modalities of the Amazon Fund's operations in other Brazilian biomes and other countries with Rainforests
6. BNDES criteria for approving projects within the scope of the Amazon Fund
7. Report on the Seminar on the Amazon Fund held by the Brazilian Forum of NGOs and Social Movements for the Environment and Development

5:15 p.m. Arrangements for/Setting the next COFA meeting

5:30 p.m. Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

1. Meeting Agenda
2. MTD of the 10th Meeting (Draft)
3. **Agenda Topic 1**
Extension of COFA Chairmanship term of office
 - Instruction Page
 - Decree 6527/08
 - Internal Regulations of the COFA
4. **Agenda Topic 2**
2.1. Annual Activity Report and Audit Results
 - Instruction Page
 - 2010 Amazon Fund Annual Activity Report 2010 – doc file

- 2010 Analysis of Financial Statements
- 2010 Limited Assurance Report
- 5. 2.2. Committee for Detailing and Structuring Projects – support for sustainable production projects**
 - Instruction Page
 - Work Draft – Public Call
- 6. 2.3. Proposal of Schedule - 2012 Guidelines and Criteria**
 - Instruction Page
- 7. Presentation of Reports Part 1**
 - Rural Environmental Registry (CAR) Support Program
 - Portfolio Report – As of October 15, 2011
 - Newsletter No. 18 – September 2011 news
- 8. Presentation of Reports Part 2**
 - PPT “Current criteria for the Amazon Fund support to other biomes and countries”
- 9. COFA Recommendations Table**
- 10. List of COFA Members**

Opening of Business by the Chairwoman of COFA

Once the quorum had been met, Minister of the Environment Izabella Teixeira, Chairwoman of COFA, opened the meeting by welcoming the participants and greeting the new members.

The Chairwoman of COFA opened the business presenting some considerations about the initial phase of the Amazon Fund's operation and noted that a new moment in its management was now beginning.

She said that, in the Fund's initial phase, the work was intensively focused on its conception and negotiation and that it relied not only on the efforts of the Brazilian government but also on the efforts made by the civil society, which even included international negotiations.

Minister Teixeira remarked that in its new phase, the Amazon Fund should expand its operations and contribute to the strengthening of South-South cooperation with countries holding significant forest areas.

She also mentioned the work being carried out by the Ministry of the Environment together with the Ministry of Science and Technology to build a new environmental approach encompassing the climate, biodiversity conservation, and scientific, technological, and innovation development issues. As for the climate, special focus is being given to the natural disaster issue and the implementation of the national policy on climate change. In this context, Ms. Teixeira informed that the Climate Fund made the first disbursement to the Brazilian Center for Monitoring and Early Warnings of Natural Disasters, associated with the Ministry of Science and Technology.

She highlighted the Amazon Fund's commitment to combating illegal deforestation and reducing greenhouse gas emissions caused by the Amazon Rainforest deforestation. Ms. Teixeira stressed that this should be a common goal for all the Amazon Fund's partners, and COFA should be, from a political point of view, a promoter and facilitator for the expansion of its operations.

She also highlighted that the current political moment is one of convergence of stakeholders to respond to the Brazilian society's demands. Thus, COFA, in addition to its deliberative role in implementing the Fund, should also assume a strategic role in the national and international scenarios, hosting political and technical debates on issues that are challenging for the regional development of the Amazon.

Minister Teixeira also said that the Ministry of the Environment has been negotiating with other ministries in specific forums to allow a distinctive approach to building an environmentally sustainable vision of the future.

She added that the Amazon Fund should, in this new phase, establish greater coordination between government and civil society stakeholders to allow the expansion of its interventions' range by developing scientific solutions and implementing an inclusive social agenda. .

Ms. Teixeira stressed that we cannot achieve sustainable development without technological innovation. She also pointed out that the Amazon Fund needs to be a protagonist in conducting this new public policy perspective, even by working in social engagement and participating in strategic debates on the formulation and construction of permanent solutions.

Minister Izabella Teixeira declared that in this new Amazon Fund era, seeking greater agility in its operations is not enough. The simplification of operational procedures should also be pursued and associated with a strategic view to support structuring actions.

Referring to one of the topics on the meeting's agenda, which deals with the structuring of small projects, Ms. Teixeira stated that the search for promptness must be followed by the necessary compliance with the national legal system. Nevertheless, she considered that the Amazon Fund, complying with all safeguards, should be more ambitious in establishing new partnerships.

Regarding the Rural Environmental Registry (CAR), Ms. Teixeira mentioned that its conception arose from civil society and the Ministry of the Environment and that it is achieving positive results in the state of Pará. Other states and municipalities will have to join it to expand these positive results, and CAR should be perceived as a consolidated instrument for structuring public policies to achieve environmental regularization and sustainable production.

Ms. Teixeira also mentioned that Brazilian society should be made fully aware of the Amazon Fund's political scope, which once again features Brazil in the world scenario when it comes to biodiversity conservation and forest protection.

Finally, she highlighted that it is not possible to implement environmental policies without social engagement, and the Amazon Fund should contribute not only to strengthening public environmental management but also to strengthening civil society organizations.

Speech by the BNDES Environment Division Director

BNDES Director, Mr. Elvio Gaspar, mentioned that the Amazon Fund's first phase was an experimental period in which the available resources were limited, forcing the establishment of spending ceilings for the Fund's support per project.

He highlighted that during the first two years of implementation of the Amazon Fund, intensive work was done to launch the Fund, acquire new knowledge, identify what works, and carry out its first operations.

Mr. Gaspar informed that Minister Izabella Teixeira had told BNDES that the Amazon Fund was to enter a new phase despite the increasingly positive indicators regarding deforestation reduction; that it was necessary to maintain the deforestation decrease rate and that the Amazon Fund should contribute more vigorously to this goal.

The BNDES Director mentioned that, based on the guidance provided by the Minister of the Environment, the Bank pondered and promoted an internal reorganization to improve the Amazon Fund's management throughout this new phase. This internal

restructuring placed the environmental, social, agriculture, and social inclusion divisions under its coordination.

Mr. Elvio Gaspar also mentioned that the Amazon Fund received a donation from a new partner, Petrobras Petróleo Brasileiro S.A..

Considering the Amazon Fund's strategy for this new phase, the BNDES Director mentioned that the Bank achieved a remarkable victory in supporting income generation in social inclusion projects when partnerships with the Brazilian states were established. Concerning the Amazon region, he defended the establishment of income alternatives so that deforestation reduction can be performed without displacing the local population.

Regarding the BNDES's performance, he stressed that the bank is working to become a "green bank." However, Mr. Gaspar stated that this change requires patience and perseverance since changing the production models implemented over 500 years of history is not immediate.

In this context, he exemplified initiatives that have proven to be positive, such as BNDES's new support model for building sports arenas for the World Cup, which establishes that only arenas that prove that the project is subject to analysis by institutions that certify environmental quality will be supported.

The BNDES Director also stated that a new support line for hotel building and renovation related to the World Cup and the Olympics was launched. In this case, entrepreneurs are offered an extended deadline and a more favorable interest rate when their projects present energy efficiency and sustainable construction.

In this respect, Mr. Elvio Gaspar stressed that it is necessary to increase the operating range of the Amazon Fund. He mentioned that BNDES is participating in a work group under the direction of the Ministry of the Environment, whose purpose is to identify structuring projects to be supported by the Amazon Fund.

Regarding the Amazon Fund management, Mr. Gaspar pointed out that the way forward is to build partnerships since the Bank is not able to approve many direct operations of low unit value. Along these lines, he stated that the states and municipalities are the Amazon Fund's natural partners and that an initial agenda to be discussed with them could be environmental regularization and CAR (rural environmental registry), projects for generating work and income, and institutional strengthening of the state and municipal departments of the environment. Mr. Gaspar declared that without the technical and political involvement of the states, the Amazon Fund's new phase maximum performance capacity would not be possible.

The BNDES Director added that the second block of partners is the Federal Government's entities, especially those involved in the oversight and scientific and technological development areas. The third set of partners is non-governmental organizations, which carry out a variety of activities linked to the local population, such as generating work and income and strengthening social movements.

Finally, Mr. Gaspar stated that this is a collective effort and should count on the participation of COFA members so that projects that allow for a change in the Amazon Fund's operating range can be developed and implemented.

1. Discussion and approval of the MTD of the 10th COFA Meeting

Minister of the Environment Ms. Teixeira asked the Committee Members if anyone had any proposals for amendments or improvements regarding the wording of the MTD of the 10th COFA Meeting. Since all agreed, the MTD of the 10th COFA Meeting was unanimously approved.

2. Approval of the Agenda

The agenda was approved with a reversal in the deliberation order of the following agenda items: 2.1 and 2.2; 4 and 5; 6 and 7.

3. Agenda topic 1:

Extension of COFA Chairmanship term of office

Mr. Mauro Pires (MMA) reported that, in the last COFA meeting, it was decided that COFA's Chairmanship term of office would be extended by one year, that is, the current term of office will end in 2011. He stated that this extension was to avoid discontinuity in COFA's activities, given its timing coinciding with the 2010 elections.

Ms. Adriana Ramos (FBOMS) proposed that the new COFA Chairmanship's term of office be two years to avoid another end of term coinciding with an electoral year, also supporting Minister Izabella Teixeira's re-election.

Mr. Vicente Falcão (Mato Grosso) reinforced his support for Minister Izabella Teixeira's re-election.

The members of COFA deliberated and unanimously elected as Chairwoman of COFA the Minister of the Environment, Ms. Izabella Teixeira, with a new two-year term of office starting after the end of the previous term.

Minister Izabella Teixeira thanked the trust placed in her and the Ministry of the Environment, reaffirming her commitment to improving and expanding the Amazon Fund's operating range.

– Decisions and arrangements

- The members of COFA unanimously elected the Ministry of the Environment's representative, Minister Izabella Teixeira, as Chairwoman of COFA for a two-year term ending on October 22, 2013.

4. Agenda Topic 2:

4.1. Presentation of the work of the Committee for Detailing and Structuring Projects – support for sustainable production projects

During this agenda topic, the Chairwoman of COFA, Minister Izabella Teixeira, had to leave the meeting, which was then chaired by her substitute, Mr. Mauro Pires (MMA), who asked Ms. Adriana Ramos (FBOMS) to summarize the conclusions reached by the Committee for Detailing and Structuring Projects – support for sustainable production projects.

Ms. Adriana Ramos reported that the committee held several meetings on the subject and decided to hold a public call for sustainable production projects to serve traditional peoples and communities, indigenous peoples, settlers, and family farmers, the Amazon Fund's priority target audience.

She reported that the committee recommends:

- support for timber and non-timber forest management projects, aquaculture and fishing arrangements, and agroecological and agroforestry systems;
- that the projects can be presented in the individual and agglutinative modalities, being the agglutinative modality the enterprise managed by an entity and composed of a minimum of six and a maximum of 20 subprojects from other entities;
- that up to 30 projects are selected, 20 from the individual modality and ten from the agglutinating modality;
- that the minimum support limit for projects belonging to the individual modality be BRL 250 thousand and the maximum limit be BRL 500 thousand, and that the minimum support limit for projects belonging to the agglutinative modality be BRL 1 million and the maximum limit be BRL 2 million, with the maximum limit for each subproject being BRL 300 thousand; and
- that up to BRL 30 million be allocated for the public call.

Ms. Adriana Ramos also provided other clarifications on the public call proposal, such as the entities that may apply, the selection criteria, the composition of the Project Selection and Classification Committee, and the approach toward administrative expenses associated with the projects.

Mr. Mauro Pires (MMA) proposed that the individual modality be removed from this public call and that, while maintaining all other presented conditions, the proposed values be increased: (i) the value for projects presented by each agglutinating entity should be between BRL 2 million and BRL 10 million; (ii) the maximum value of each subproject should be BRL 500 thousand; (iii) the total amount supported by the public call may range from BRL 30 million to BRL 50 million.

The members of COFA discussed the presented topic and recommended that two other members be added to the Project Selection and Classification Committee provided for in the public call, one appointed by the Forum of Environment Secretaries of the Legal Amazon and the other by the Ministry of Science and Technology. They also requested that the Ministry of the Environment and BNDES present in the next COFA meeting a new proposal to support the individual modality through strategic partners and add support for organic farming to the public call.

The members of COFA agreed that the Project Selection and Classification Committee should promote the necessary adjustments to allow the public call completion, as well as establish its operating and voting system. They also advocated the promotion of other public calls on different topics, such as indigenous populations, indigenous lands, and environmental services.

– Decisions and arrangements

- Approval of the public call for selecting sustainable production projects from the agglutinative modality presented by the Committee for Detailing and Structuring Projects – Support for Sustainable Production Projects.
- It was decided that, while keeping all other presented conditions, the proposed values for the agglutinative modality should be increased: (i) the value for projects presented by each agglutinating entity should be between BRL 2 million and BRL 10 million; (ii) the max. value of each subproject should be BRL 500 thousand; (iii) the total amount supported by the public call may range from BRL 30 million to BRL 50 million.

- The Project Selection and Classification Committee shall promote the necessary adjustments to allow the public call for the agglutinating modality completion, as well as detailing its operating and voting system;
- Inclusion of two more members to the Project Selection and Classification Committee — one appointed by the Forum of Environment Secretaries of the Legal Amazon and the other by the Ministry of Science and Technology;
- For the individual modality, originally foreseen in the proposal presented by the Committee for Detailing and Structuring Projects – Support for Sustainable Productive Projects, it was decided to carry out a specific public call, through strategic partners, to be presented by BNDES at the next COFA meeting.

4.2. Amazon Fund Annual Activity Report and Audit Results

Mr. Mauro Pires (MMA) announced that the 2010 Amazon Fund Annual Activity Report was electronically approved by COFA members on October 17, 2011. He clarified that despite the Report's prior approval, the topic was included on the agenda considering that experts, guests, and observers who did not have access to this document also participated in the COFA meeting.

BNDES representatives mentioned that the Amazon Fund's Annual Activity Report will be translated into English and made available to the Fund's donors and the general public. Along with this report, the corresponding financial and compliance audit advisory opinions were made available to COFA members.

– Decisions and arrangements

- Approval of the 2010 Amazon Fund accountability and the corresponding Amazon Fund Annual Report followed by the advisory opinions of the independent auditors' company Deloitte Touche Tohmatsu Auditores Independentes on its financial statements and the advisory opinion of the audit company UHY Moreira Auditores on the supported projects' compliance with the rules and guidelines of the Fund.

4.3. Proposal for a schedule for the meeting to discuss the 2012 Guidelines and Criteria for the Amazon Fund's operations

Mr. Mauro Pires (MMA) recalled that one of COFA's responsibilities is to establish guidelines and criteria for applying resources from the Amazon Fund.

He proposed that COFA members submit their proposed amendments to these Guidelines to the Amazon Fund Head Office and that a meeting be held at the end of November to consolidate these suggestions, to be attended by all COFA members who are available.

Finally, he proposed that the next COFA meeting be held between 13 and 16 December 2011, when the Guidelines and Criteria for the Application of Amazon Fund Resources will be discussed and approved.

– Decisions and arrangements

- COFA members will forward to the Amazon Fund's Head Office their proposed amendments to the Amazon Fund's Support Guidelines and Criteria, and a preparatory meeting will be held to consolidate these proposals, to be attended by all COFA members who are available at the end of November 2011.
- At the next COFA meeting, to be held between 13 and 16 December 2011, the Guidelines and Criteria for the Application of the Amazon Fund Resources will be discussed and approved.

5. Presentation of Reports Part 1:

5.1. CAR support program

Mr. Mauro Pires (MMA) invited Ms. Nazaré Soares from the Ministry of the Environment to give a presentation on the Rural Environmental Registry (CAR) Support Program. He clarified that this joint initiative of the Ministry of the Environment and BNDES aims to facilitate the organization of projects dealing with CAR within the scope of the Amazon Fund by providing a road map and minimum parameters to be followed.

Ms. Nazaré Soares (MMA) outlined a brief history of CAR work in the Amazon region, noting that this activity has been mostly taking place in the municipalities on the list of priority municipalities for the prevention, monitoring, and control of illegal deforestation and in three municipalities in the state of Acre, which are not on that list.

She also took the opportunity to summarize the evolution of CAR activities in the Amazon region and how these activities have been developing in the states and highlighted that the states of Mato Grosso and Pará are the states where the CAR agenda is at the most advanced process.

Among the positive aspects of joining CAR, Ms. Soares highlighted that it becomes possible to distinguish between legal and illegal deforestation and to identify the person responsible for the property where the deforestation took place; it increases knowledge about private forest remnants; it facilitates the planning of wildlife corridors; it is the first step in the environmental regularization process for rural producers; it allows rural producer's regularity to be proven when dealing with other links of the production chain to which it belongs (slaughterhouses and soybean exporters); it suspends some environmental fines (except for the responsibility of rural producers for the recovery of liabilities); and it grants these producers access to agricultural credit.

Ms. Nazaré Soares (MMA) ended her presentation by highlighting the minimum conditions and the main aspects of the Amazon Fund Program/Ministry of the Environment to support the Rural Environmental Registry.

Ms. Claudia Costa (BNDES) informed that the details on the CAR support program can now be accessed on the Amazon Fund's website and clarified that when a state is the proponent of a CAR project, the 10-municipality limit is not applicable. Mr. Elvio Gaspar (BNDES) also stated that it would be favorable if the states presented projects that included joining CAR in all municipalities in their territory to promote this process.

Mr. Mauro Pires (MMA) concluded by stating that the Ministry of the Environment is analyzing the expansion of the CAR experience to the cerrado biome. He emphasized that the CAR initiative

aims, above all, at the environmental regularization of rural properties, providing production security and guaranteeing the conservation and recovery of forests.

5.2. CTFA report

Initially, **Mr. Mauro Pires (MMA)** reminded COFA that the Amazon Fund Technical Committee (CTFA) is responsible for attesting the Ministry of the Environment's calculations regarding carbon emissions arising from deforestation and the amount of carbon per hectare used in the calculation of these emissions.

He also mentioned that CTFA has been showing interest in expanding its attributions. In this context, Mr. Pires asked Mr. Carlos Nobre (MCTI) to present the CTFA members' advisory opinion on the possible expansion of the technical committee's attributions.

Mr. Carlos Nobre (MCTI) reported that CTFA members unanimously agreed that the CTFA's role is remarkably limited and should be expanded. They believe that this committee could have a role in informing and advising the Amazon Fund's decision-making process.

Mr. Nobre stated that CTFA could become a reference body for a broader understanding of the deforestation issue, the resulting carbon emissions, and the relation between changes in land use and deforestation, among other topics. He also indicated the performance of effectiveness assessments of programs or lines of action within the Amazon Fund as a possible area where CTFA can collaborate.

CTFA members understand that the Committee could also contribute to identifying new areas to be included in the Amazon Fund based on the reflections that arise from scientific and technological advances, including those focused on the economy, humanities, and social sciences.

Mr. Carlos Nobre stressed that if CTFA's attributions are expanded, it will need more members since it currently has only six specialists. Furthermore, he said it would need to rely on the support of a structured department to provide operational support and on the Amazon Funds budget so the Committee can hire studies and technical-scientific consultancy.

Mr. Nobre also declared that the expansion in CTFA's attributions would not double the attributions of the Management and Strategic Studies Center - CGEE since CTFA is a representative body. He emphasized that, with the expansion in the CTFA's attributions, the CGEE would naturally be one of the agencies where the CTFA would seek expertise and commission studies regardless of any direct hiring in the Brazilian or International scientific community.

He concluded by stating that, in this new format, CTFA would be able to provide the best technical-scientific support for COFA's decision-making.

Mr. Mauro Pires (MMA) informed that the proposal to remodel CTFA aims to expand its attributions regardless of the continuity of its current role of attesting to the calculations of the Ministry of the Environment regarding carbon emissions arising from deforestation.

Considering the considerations presented, COFA members decided that the Amazon Fund Technical Committee (CTFA) will present a proposal to expand the Technical Committee's attributions and the number of its members at the next COFA meeting and will previously forward the members of COFA a draft document summarizing its proposal.

– Decisions and arrangements

— Amazon Fund Technical Committee (CTFA) will present a proposal to expand the Technical Committee's attributions and the number of its members at the next COFA meeting and will previously forward the members of COFA a draft document summarizing its proposal.

5.3. 2011 Amazon Fund Portfolio

Ms. Claudia Costa (BNDES) reported on the Amazon Fund's portfolio, presenting statistics (on 15 Oct. 2011) and a overview of the fund's results since the beginning of its operation in mid-2009.

On that occasion, she mentioned a study by the international consulting firm McKinsey & Company, prepared in 2009 specifically for the Amazon Fund, highlighting that the sector framework for similar funds is divided into evolution through three phases: the 1st phase (years one and two) can be characterized as a learning and innovation stage, the 2nd phase (years three to five) as a program expansion and innovation stage, and the 3rd phase (year five onwards), as an establishing success stage.

Ms. Costa informed that for the Amazon Fund's first phase, 20 projects were approved, totaling a support of BRL 234 million in sustainable production activities, environmental agencies institutional development, environmental and land regularization, and science, technology, and innovation (ST&I).

Regarding the distribution of projects by beneficiaries, she mentioned that 10 of those projects deal with third sector entities, five have direct support from state institutions, and the five others deal with municipalities in the region.

Ms. Costa presented charts portraying the evolution of the portfolio's profile, the projects' territorial coverage, the applicants' legal nature, and the amounts requested by state.

She also presented the expected results for when the 20 projects approved by the Amazon Fund were fully implemented, namely:

- 129 municipalities benefited in the Amazon Biome (25% of municipalities), where 29 municipalities are on the list of municipalities where priority actions for the prevention, monitoring, and control of illegal deforestation occur;
- Reforested and recovered area: 4,031 km², equivalent to 62% of the deforested area in the Amazon in 2010;
- Number of recovered springs: 1,202
- Consolidation of 82 federal and state Conservation Units, totaling 420.000 km² (33% of the area of the Federal and state Conservation Units in the Legal Amazon);
- Creation of new Conservation Units, totaling 135 thousand km² (11% increase in the current Federal and state UCs area in the Legal Amazon);
- Physical and operational structuring of 58 Environmental Agencies;
- Training of 3,124 public servants to work in environmental control and monitoring;
- Training of 13,307 small rural producers and people from traditional communities, including indigenous peoples;
- 8,467 technical assistance services provided to rural producers;
- 12,219 families benefited from payments for environmental services ("Bolsa Floresta" [Forest Grant]);

- 7,000 Kayapó indigenous people benefited from socio-environmental projects and 106,000 km² of monitored indigenous lands (10% of indigenous lands in the Legal Amazon);
- BRL 15.8 million allocated to ST&I projects.

Ms. Costa reported that the Amazon Fund team has been working on developing new concepts and forms of action for the Fund, exploring the possibility of establishing strategic partnerships with agglutinating entities and states in the region. She mentioned that along these lines, the Amazon Fund has already defined its support for the Sustainable Amazon Foundation (FAS), the Dema Fund (FASE), and the Kayapó Fund for the Conservation of Indigenous Lands (FUNBIO) projects, all of which include pulverized support, with the last two operations capturing projects through public calls.

Ms. Costa also reported that among the new possible forms of action, the award method and the improved establishment of endowment funds that provide financial sustainability to initiatives that require continued support are being considered.

Finally, she highlighted that the new Amazon Fund's phase also poses the challenge of how it will act internationally in developing monitoring and control systems for deforestation.

6. Presentation of Reports Part 2:

6.1 Modalities of the Amazon Fund's operations in other Brazilian biomes and other countries with Rainforests

Mr. André Odenbreit (MRE) remarked that the Amazon Fund's initial implementation phase was focused on combating deforestation and promoting conservation and sustainable use of the Amazon Biome.

He recalled that the Amazon Fund is authorized to invest up to 20% of its resources in developing deforestation monitoring and control systems in other Brazilian biomes and other tropical countries.

Mr. Odenbreit emphasized that this type of support from the Amazon Fund will require the preparation of highly specific guidelines and criteria given the political sensitivity associated with international projects and the specific difficulties imposed by a cooperation mechanism that is both national and international.

He also mentioned that it would be necessary to define which parties will monitor these projects and how they would do it. Finally, he pointed out that the established solutions should be agile and that the Ministry of the Environment, the Itamaraty, the Brazilian Cooperation Agency (ABC), and BNDES are preparing a guidelines proposal to be presented to COFA at its next meeting.

6.2 PPCDAM and State Deforestation Combat Plans in the Legal Amazon Evaluation Report

Mr. Mauro Pires (MMA) asked Mr. Johaness Eck (Office of the President's Chief of Staff), coordinator of PPCDAM's Executive Committee within the Federal Government, to report on the development of this plan.

Mr. Johaness Eck informed that the Action Plan for Deforestation Prevention and Control in the Legal Amazon has produced positive results in reducing deforestation, but that

to achieve the deforestation reduction target established for 2020, PPCDAM must continue to produce positive results.

In this context, Mr. Eck reported that IPEA, ECLAC, and GIZ had carried out an external evaluation of PPCDAM's results. As part of this evaluation process, a seminar was held to discuss PPCDAM, and the final report should be made available on the Internet.

Mr. Johanness Eck invited COFA members to contribute to the formulation of the PPCDAM's review, which should also receive subsidies from state governments and civil society.

Finally, he mentioned some of the work lines identified for improving PPCAM: the improvement of reports and other monitoring instruments; the strengthening of partnerships with states and municipalities; the preparation of a more elaborate model for the Amazon development with the expansion of actions to promote sustainable production activities and the expansion of CAR implementation.

Mr. Mauro Pires (MMA) highlighted that the PPCDAM's review would cover the period from 2012 to 2015 (3rd phase) and asked COFA state representatives to report on the development of the corresponding state deforestation combat plan.

Mr. Vicente Falcão (state of Mato Grosso) informed that through Decree No. 2943 of 2010, the state of Mato Grosso created its Action Plan for Deforestation and Burning Prevention and Control (PPCDQ) and established an executive committee aiming at monitoring and following up the implementation of the plan's actions and evaluating the projects developed in the state of Mato Grosso to be submitted to the Amazon Fund's consistency with PPCDQ.

He added that the PPCDQ executive committee holds regular meetings every two months and that in the period from 2006 to 2010, there was a reduction of 68.28% in the deforestation rate according to the goals established by Decree No. 2943. Mr. Falcão also pointed out that a complete report on deforestation in the state is being prepared and that it will be published on the State Department of the Environment's website, where various information on the PPCDQ can be accessed.

Mr. Juliano Del Castillo (state of Amapá) reported that, in the state of Amapá, the State Deforestation and Burning Combat Plan (PPCDAP) was concluded in 2010, having established as its general guidelines the integration of monitoring and control instruments with mechanisms of positive incentives for sustainable practices; land management measures; participatory shared management involving partnerships between the three branches of government, civil society organizations, and the private sector; and the sharing of costs in maintaining the environmental services associated with the conservation of the forest and other forms of native vegetation between society and rural populations.

He also informed that due to the change of government in the state, it was considerably difficult to implement PPCDAP, but that negotiations to establish partnerships at the federal and municipal levels that will allow its effective implementation are now being resumed.

Mr. Del Castillo added that a project to be presented to the Amazon Fund prioritizing the timber, açai berry, and Brazil nut production chains and the payment for environmental services is being prepared. He stated that the implementation of this project, alongside other initiatives such as support for the Rural Environmental Registry (CAR), will represent the effective implementation of the PPCDAP in the state of Amapá.

Mr. Divaldo Rezende (state of Tocantins) reported that the state of Tocantins published its Action Plan for Deforestation and Burning Prevention and Control in 2009. He also added that a burning combat program was developed alongside a series of actions that resulted in a reduction of about 67% in burnings.

Mr. Rezende emphasized monitoring, landscape territorial management, forest management, and the promotion of sustainable production practices among the plan's main goals. He also mentioned the emphasis being given to the participatory process through the strengthening of the State Environment Council. Finally, Mr. Rezende spoke about the transition areas between the Cerrado biome and the Amazon rainforest in the state of Tocantins, understanding that the Amazon Fund's support should not be restricted to just a few municipalities in the state.

Mr. Mauro Pires (MMA) highlighted the importance of projects associated with fighting forest burnings, clarifying that the state plans of Mato Grosso and Tocantins, as well as the plans from other states in the region, were prepared with the support of the Ministry of the Environment team, aiming to create a unified framework for these projects.

Ms. Maria de Nazaré Mitschein (state of Pará), referring to the Plan for Prevention, Control and Alternatives to Deforestation in the state of Pará (PPCAD), reported that a proposal for institutional readjustment of the State Department of the Environment (SEMA) and the creation of the Water Management and Climate Change Institute of the state of Pará was presented. She highlighted that one of the foreseen innovations is the creation of an environmental management division in each state department, which will work as the communication entity linking the department and SEMA.

Mr. Rubens Sampaio (state of Pará) added that the state of Pará is in the process of acquiring software to monitor and control deforestation in real-time.

Ms. Simone Montenegro (state of Acre) reported that Acre identified that small properties were responsible for deforestation. As a result, Acre's forest preservation program is joining forces in working with small properties, and more than 3,000 rural producers have been certified by the Environmental Institute of the state of Acre.

Mr. Mauro Pires (MMA) thanked everyone for their presentations and gave the floor to Mr. Carlos Nobre (MCTI).

Based on Johanness Eck's presentation on the PPCDAM's evaluation results, Mr. Carlos Nobre (MCTI) proposed the creation of a working group so that a proposal for the Amazon Fund's action in the science, technology, and innovation area is presented at the next COFA meeting.

It was decided that the MCTI and SPBC representatives, with the collaboration of BNDES and other members that may contribute, will prepare a guidelines and criteria proposal for the Amazon Fund support to the science, technology, and innovation sector, to be presented at the next COFA meeting.

– Decisions and arrangements

- The MCTI and SBPC representatives, with the collaboration of BNDES, MMA, and other members of COFA that may contribute, will prepare a guidelines and criteria proposal for the Amazon Fund support to the science, technology, and innovation sector, to be presented at the next COFA meeting.

6.3. Report on the Seminar on the Amazon Fund held by the Brazilian Forum of NGOs and Social Movements for the Environment and Development

Ms. Adriana Ramos (FBOMS) reported that FBOMS has been promoting meetings and debates among its members to analyze the Amazon Fund and present its recommendations. She informed that a second seminar was held to evaluate the Amazon Fund with the participation of several NGOs, including organizations that have projects approved by the Fund. Ms. Ramos then went on to present some of the considerations on the Fund's progress that should be further discussed by COFA.

She informed that the general view is that the Amazon Fund has a strategic role in the region's sustainable development and that there are positive advantages in its management by BNDES, which represents a synergy challenge with other policies and programs. In addition, the potential to be an international role model, the fact that the Fund should not replace budgetary resources and that it contributes to the implementation of public policies aimed at the region's sustainability were recognized. Ms. Ramos also mentioned that the Fund has the potential to promote synergy between sustainable initiatives and practices and that it strengthens the engagement and participation of various society segments in strategies for the conservation and sustainable use of the Amazon.

She then presented suggestions for improving the Amazon Fund, with emphasis on the following topics:

- Define priority axes in collaborative processes with target audiences already defined as priorities, and adopt the public call method to promote them;
- Prioritize projects that involve more than one organization and that have shared governance;
- Promote COFA seminars with the Amazon Fund team on key topics (e.g., environmental licensing);
- Foster synergy between project performers through regular or thematic *workshops*;
- Systematize the lessons learned in to generate knowledge about the Fund itself;
- Prepare a manual with models, criteria, definitions, information on requirements to be met in the project submission and execution phases, accountability, and deadlines to guide the submission of new projects;
- Strengthen and expand the Amazon Fund's team, considering the multidisciplinary nature of the necessary profiles (anthropologists, biologists, agronomists, forestry engineers, etc.);
- As a short-term palliative measure, employ consultants from these ad hoc areas to interact with teams in project analysis;
- Promote tools to enable collaborative monitoring of project impacts;
- Include in the Bank's operating costs the support for greater participation by society in the Amazon Fund;
- Incorporate the institutional strengthening of society's organizations as a strategy to support actions in this sense to stimulate qualified society projects;
- Improve communication with project proponents in the different stages of processing and execution of proposals so that understandings and decisions about the project are clear and evident;
- Clearly define the valid cases for the using the 20% of resources to be allocated to other biomes and countries.

Ms. Adriana Ramos (FBOMS) also suggested that a proposal for the agenda of a working group that evaluates how to facilitate the access by indigenous communities to the resources of the Amazon Fund be presented at the next COFA meeting. Ms. Maria de Nazaré Mitschein (state of Pará) and Mr. Lucio Flores (COIAB) spoke out in favor of this position, the latter stressing that COIAB has the greatest interest in the discussion involving indigenous peoples.

Mr. Eliziário Toledo (CONTAG) highlighted that one should not rely only on the resources from donations from the Amazon Fund to solve the problem of environmental liabilities of rural properties. He stressed that the issue of farmers' environmental liabilities has become a matter for the police, and that public resources will be needed to solve this problem. Mr. Toledo also stressed that the process of recomposing this environmental liability must be participatory and consider the concerns of the involved communities.

Mr. Mauro Pires (MMA) praised the work presented by FBOMS, emphasizing its creative and purposeful nature; COFA decided that FBOMS will present a proposal for the agenda of a working group to assess how to make the access of indigenous communities to the resources of the Amazon Fund feasible at the Committee's next meeting.

– Decisions and arrangements

— FBOMS will present to COFA a proposal for an agenda to be developed by a working group that assesses how to facilitate the access of indigenous communities to the resources of the Amazon Fund at the Committee's next meeting.

6.4. BNDES criteria for approving projects within the scope of the Amazon Fund

Mr. Elvio Gaspar (BNDES) initially pointed out that everyone agrees that the Amazon Fund needs to change its operation range. He mentioned that the analysis of small individual projects is highly expensive in terms of staff-hours and that there is often a great distance between the small project proponent and BNDES' definitions and requirements.

Mr. Gaspar stated that these connections become more horizontal when the BNDES' interlocutors are the Brazilian states, which also have jurisdiction related to environmental licensing and land regularization. Along these lines, he understands the establishment of strategic partnerships between the states, the Ministry of the Environment, and BNDES as fundamental.

Mr. Gaspar added that the Amazon Fund should also prioritize supporting structuring projects by federal government institutions, such as EMBRAPA, INPE, and others.

Regarding civil society organizations, he stated that they should receive support so they can develop large-scale projects. Among the alternatives for external support to civil society organizations, he mentioned the possibility of employing ad hoc consultants, using international technical cooperation support, strengthening some NGOs to support other organizations, or structuring a project office for the Amazon Fund.

He concluded by emphasizing the importance of the Amazon Fund providing internal and external support to civil society organizations, aiming at strengthening them not only so that they can

identify and structure and implement projects but also so that these organizations have sustainability and survive in the long term alongside the strengthened state bodies, thus ensuring the permanence of the achievements obtained in the fight against deforestation.

7. Arrangements for/Setting the next COFA meeting

– Decisions and arrangements

- The next COFA meeting will be held between 13 and 16 December 2011.

8. Closing Remarks and Conclusion:

Mauro Pires (MMA) thanked everyone for their attendance and the constructive discussion that took place and declared the meeting closed.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA’s Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent / (AA) - Appointed Agent

Ministry of the Environment	Ministry of Foreign Affairs	Ministry of Science and Technology
Izabella Mônica Vieira Teixeira (R) Mauro Oliveira Pires (S)	André Odenbreit Carvalho (R)	Carlos Afonso Nobre (R) Carlos Alfredo Joly (S)
Office of the President’s Chief of Staff	Department of Strategic Affairs of the Presidency of the Republic	Brazilian Development Bank – BNDES
Rodrigo Lofrano Alves dos Santos (R) Leiza Martins Mackay Dubugras (S)	Cibele Fernandes Dias Knoerr (R) Arnaldo Carneiro Filho (S)	Elvio Lima Gaspar (R) Sergio E. Weguelin Vieira (S)
State of Amapá	State of Mato Grosso	State of Pará
Juliano Del Castillo Silva (R) Fabrício de Paula Santos Gomes (S)	Vicente Falcão de Arruda Filho (R)	Maria de N. Imbiriba Mitschein (S)
State of Tocantins	State of Acre	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS
Divaldo José da Costa Rezende (R)	Simone Dantas Montenegro (AA)	Adriana Ramos (R)
Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB	National Confederation of Agricultural Workers – CONTAG	National Forum of Forest Based Activities – FNBF
Lúcio Paiva Flores (R)	Eliziário Noé Boeira Toledo (S)	Ramiro Azambuja da Silva (S)
Brazilian Society for the Progress of Science – SBPC		
Helena Bonciani Nader (R)		

Absent

Ministry of Development, Industry and Foreign Trade
 Ministry of Agriculture, Livestock and Food Supply – MAPA
 Ministry of Agrarian Development
 State of Amazonas
 State of Maranhão
 State of Rondônia
 State of Roraima
 National Confederation of Industry – CNI

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

AMA/DEFAM	Ana Paula Almeida Angela Albernaz Skaf Bernardo von Haehling Braune Cláudia Costa Guilherme Arruda Accioly Marcos Vinicius da Silva Rocha Mariana Guimarães Renata Del Vecchio Gessello Simone Marafon Schneider Telma de Castro Guimarães
AMA/JUAMA	Daniela Baccas
AMA/SUP	Cleber Zambarda
DIR5	Cibele Gonçalves Correa

Office of the President's Chief of Staff	Government of the state of Pará	IBAMA
Johaness Eck	Rubens B. Sampaio	Curt Trennepohl
Secretary of Environment of the state of Amapá	MAPA	Mato Grosso State Government Representation Office - ERMAT
Grayton Toledo	Cláudio da S. Souza	Heitor David Medeiros
Embassy of Germany	KFW	GIZ
Daniel Alker	Juergen Kern Hubert Eisele	Waldemar Wirsig GIZ Christiane Ehringhaus

SFB

Antonio Carlos Hummel

**Ministry of the Environment
(MMA)**Bráulio Dias
Eduardo Assad
Karen Suessore
Carla Lisboa
Alexandre R.
Jofiti Cláudia
Calório
Flávia Duarte Nascimento
Juliana F. Simões
Rogério Magalhães
Rejane Enngs
Nazaré Soares**Embassy of Norway**Inge Nordang
Patrícia Benthein
Kristian Bergkson

TNCFernanda Viana de Carvalho
Ana Cristina Barros



RET 12

Minutes of Topics
and Decisions
(MTD) of the
12th Meeting

Naoum Plaza Hotel

Brasilia
14 December 2011

Agenda

9:00 a.m. Opening

Francisco Gaetani – MMA Executive Secretary
Elvio Gaspar, BNDES Environment Division Director

9:30 a.m. Discussion and approval of the MTD from the 11th Meeting

09:45 a.m. Agenda Topic 1:

Discussion and approval of proposals for the Guidelines and Criteria for application of the Amazon Fund

11:45 a.m. Agenda Topic 2:

Presentation of the agenda of the working group to evaluate the feasibility of access by indigenous communities to the Amazon Fund resources (FBOMS and COIAB)

1:00 p.m. Lunch

2:30 p.m. Presentation of Reports

1. Report on the Plan to Control and Combat Deforestation in the state of Maranhão
2. Report on the BNDES' internal approval for a public call to support small-scale sustainable production projects in the agglutination modality

4:30 p.m. Arrangements for/Setting the next COFA meeting

5:00 p.m. Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

1. Meeting Agenda
2. MTD of the 11th Meeting (Draft)
3. **Agenda Topic 1**
Guidelines and Criteria for the Application of Amazon Fund Resources
 - Instruction Page
 - Summary Tables of Guidelines and Criteria
 - Presentation (PPT) Guidelines and Criteria
4. **Agenda Topic 2**
Agenda of the Working Group to give access to the Fund's resources to Indigenous Communities (FBMOS and COIAB)
 - Instruction Page
5. Portfolio Report – As of November 30, 2011
Newsletter No. 19 – November 2011 News
6. Recommendations Table

The meeting was opened with greetings and salutations to the participants by the Executive Secretary of the Ministry of the Environment, Mr. Francisco Gaetani, and the BNDES Environment Division Director, Mr. Elvio Gaspar.

The BNDES Director reported that the working group for structuring projects, headed by the Ministry of the Environment, has made progress, and mentioned that the Amazon Fund received new large projects that are well underway, such as the job and income generation project presented by the Banco do Brasil Foundation and the monitoring project presented by the National Institute for Space Research (INPE).

He also informed that BNDES has internally approved a public call to support small-scale sustainable production projects in the agglutinative modality.

Mr. Gaspar also took the opportunity to announce that projects of interest to the state of Tocantins related to the generation of jobs and income through the development of sustainable productive activities in that state and its administrative structuring are being structured.

He emphasized that the Amazon Fund should prioritize three to five major topics since the dispersion of efforts could compromise what needs to be achieved, namely, a significant technological revolution to promote sustainable production in the region.

In turn, **Mr. Francisco Gaetani, the Ministry of the Environment Executive Secretary**, said that this is the right time to discuss issues related to the Amazon Fund, considering the results achieved in the fight against deforestation.

He highlighted the success of the agenda to repress illegal deforestation, noting, however, that this agenda shows signs of exhaustion. Following this line of thought and reviving the discussions about the so-called Arco do Fogo and Arco Verde Operations, Mr. Gaetani recalled that there is a problem of temporal inconsistency because, in times of crisis, it is easier to mobilize the various government bodies interested in combating deforestation and developing the region's sustainability. As a result, he emphasized the need to build a long-term development agenda.

Mr. Gaetani also mentioned some facts that must be recapped and kept in perspective in managing the Amazon Fund. He pointed out that Brazil is one of the leading countries in discussions on climate change in the world, given the extent of its environmental assets and the emission reductions achieved. Mr. Gaetani also emphasized that several countries are interested in working together with Brazil on these issues.

He stated that the interventions to combat deforestation and promote sustainable development in the Amazon region must advance to ensure the continuity of the results achieved and the deepening of this virtuous process.

Mr. Gaetani stressed that this advance involves more than an agenda to combat illegal deforestation and should encompass initiatives such as reforestation, low-impact forest management, and payment for environmental services. He also took the opportunity to cite the Environmental Conservation Support Program, called Bolsa Verde, as an example of an initiative to pay for environmental services.

Mr. Gaetani highlighted that the Amazon Fund's partners, whether federal, state, municipal, or foreign governmental institutions or non-governmental organizations, need to build interdependent and anticipatory agendas, that is, agendas that are convergent and proactive. He stressed that the mere availability of financial resources is not enough to achieve the goals related to ending deforestation.

Mr. Gaetani addressed the COFA state caucus by stating that the Ministry of the Environment is committed to working intensively with the states that are part of the Legal Amazon, citing the case of the state of Rondônia and the process of developing environmental compensation. He concluded his speech by congratulating everyone on the 2011 endeavors and expressing his optimism for 2012.

Then, **the representative of the Embassy of Norway, Minister Counselor Inge Nordgang**, informed that the Norwegian government decided to support the Amazon Fund with the sum of NOK 1 billion (approximately BRL 300 million), related to deforestation results achieved in 2010 of less than 7,000 km².

The **BNDES Director** pointed out that, so far, NOK 2.5 billion (approximately BRL 800 million) have already been contracted with the Norwegian government.

1. Discussion and approval of the MTD of the 11th COFA Meeting

Mr. Mauro Pires (MMA) asked the committee members if there would be any proposals to adjust or improve the wording of the MTD of the 11th COFA Meeting. Since all members agreed, the MTD of the 11th COFA Meeting was unanimously approved. The agenda for the meeting was also approved.

2. Approval of the Agenda

The agenda for the 12th meeting was approved with no changes in the order of decisions of the topics.

3. Presentation of the Memorandum of Understanding of the Forum of Environment Secretaries of the Legal Amazon

Then, **Mr. Mauro Pires (MMA)** gave the floor to the representative of the state of Tocantins, Mr. Divaldo Rezende, who reported on the meetings of the Forum of Environment Secretaries of the Legal Amazon held in Cuiabá/MT on July 18-19, and in Belém/PA on November 16-17. As a result of these meetings, the Memorandum of Understanding No. 001/2011, of November 17, 2011, was prepared, the first product of the articulation between the states that are part of the Legal Amazon.

The proposals contained in the Memorandum of Understanding are described below:

- a) reinforce the importance of systematic expansion and articulation with the subnational governments of other Amazonian countries to ensure joint strategic actions, exchange of experiences, and opportunities for raising funds;
- b) include the states that are part of the Legal Amazon in the processes of discussing normative instruments referring to REDD+ mechanisms and other tools for mitigating and adapting to climate change by inviting them to participate with the Federal Government in national and international events;
- c) recognize, within the national REDD+ system, the jurisdiction of states in the registration and enrollment of REDD+ activities and guarantee integration with the national system to avoid double accounting and guarantee security for potential investors and ensure MRV mechanisms, that is, measurement, reporting, and verification shared between the Federal Government and the states;
- d) articulate with the Ministry of the Environment to act as a catalyst body for discussions on issues related to REDD+ within the scope of the Federal Executive Branch;
- e) encourage the participation of government representatives from the states that are part of the Legal Amazon in international discussions on the REDD+ system;
- f) propose a partnership with the Ministry of the Environment to create a virtual database with high-resolution satellite images for the states that are part of the Legal Amazon for remote sensing purposes, which is already being done;
- g) financial support to develop joint studies for states that are part of the Legal Amazon that allow the incorporation of environmental assets in the properties of the states supported by the Amazon Fund, Climate Fund, among others;

- h) include state conservation units in the states that are part of the Legal Amazon in the Federal Government's Bolsa Verde program;
- i) strategic participation of the Amazon Fund for the feasibility of the Brazilian Emissions Reduction Market related to the support for the structuring of state environmental services systems, according to Article 4 of the National Policy on Climate Change;
- j) reactivate taskforce of the states and the Federal Government, namely the Ministry of the Environment, the Ministry of Science, Technology, and Innovation, the Ministry of Foreign Affairs, and other relevant ministries, to develop, in consensus, a proposal aimed at implementing the national system REDD+, strengthening the existing subnational effort and allowing it to influence the international regime;
- k) that the BNDES expand and consolidate the dialogue with the states that are part of the Legal Amazon, aiming at a partnership in CAR projects, state and municipal deforestation combat plan, and institutional strengthening by making technological tools that support the activities of state environmental agencies available;
- l) that the Ministry of the Environment carry out preparatory actions for the consolidation of the national REDD+ system, such as a forest carbon inventory, methodology for benefit apportionment, the definition of baseline methodologies, monitoring, reporting, and carbon verification integrated with national targets; and
- m) that the Federal Government ensure the participation of the states that are part of the Legal Amazon in the development of the Brazilian role in major international conferences, the climate and biodiversity convention, and Rio+20.

Mr. Divaldo Rezende (state of Tocantins) also informed that the Memorandum was signed by the secretaries of the state department of the environment of the states of Acre, Amapá, Amazonas, Maranhão, Mato Grosso, Pará, Rondônia, and Tocantins and the president of the State Foundation for the Environment, Science, and Technology of Roraima.

Ms. Cláudia Costa (BNDES) informed that the German Technical Cooperation Agency (GIZ) carried out a study on environmental licensing at the state level, mapping procedures and identifying some gaps. She informed that this study could serve as a subsidy for the discussions of the Forum of Environment Secretaries of the Legal Amazon and as a starting point for the survey of the needs for improvement in the environmental licensing processes, including regarding the need for environmental licensing of Amazon Fund projects. Finally, she proposed that the results of this study be presented at the next COFA meeting.

Ms. Adriana Ramos (FBOMS) noted that although there is a need to invest in structuring projects with the support of the Amazon Fund, the states and the Federal Government should not be exempted from the actions planned in their budgets.

4. Guidelines and Criteria for the Application of Amazon Fund Resources

Mr. Mauro Pires (MMA) continued the meeting by presenting the suggestions for changing the Guidelines and Criteria for the Application of Amazon Fund Resources. He highlighted that only the Ministry of the Environment and BNDES had previously submitted suggestions for changes. He emphasized that, as there were no COFA meetings in the first half of 2011, the guidelines and criteria being adopted by BNDES are those approved on March 26, 2010.

Mr. Sérgio Weguelin (BNDES) informed that a compliance audit contracted by BNDES identified that the formal approval of the referred guidelines for 2011 had not taken place. As a result, COFA ratified the effectiveness of the Summary Tables of Guidelines and Criteria for the Application of Amazon Fund Resources for 2011, consolidated on March 26, 2010.

Mr. Mauro Pires (MMA) proposed that the guidelines and criteria tables be redesigned, as the columns "Other Biomes" and "Other Countries" generate difficulties in understanding and, therefore, should be removed from the original tables and be included in stand-alone tables to facilitate understanding.

The suggestions for changes in the Summary Tables of Guidelines and Criteria for the Application of Amazon Fund Resources were then discussed.

The first suggestion discussed referred to Table A, "Prioritization Criteria," P1 – Geographical, with a proposal to amend the wording of the first criterion, "Projects carried out in priority municipalities to prevent, monitor, and combat deforestation," to something broader, considering projects in all municipalities of Arc of Deforestation. It was also proposed to maintain the "Projects carried out in municipalities within the area of influence of major Growth Acceleration Program (PAC) works" criterion and to exclude the "Projects carried out in municipalities/regions with greater conservation of forest cover" criterion.

Ms. Nádia Ferreira (Amazonas) expressed her agreement with prioritizing the first two criteria. However, she disagreed with excluding the third one due to deforestation pressures on conservation areas in the state of Amazonas, especially those with PAC works. She emphasized that the state has 98% of intact forest and it would feel excluded if this third criterion were eliminated.

Mr. Grayton Toledo (AP) stated that excluding the third criterion would be harmful to municipalities with large areas of vegetation cover, which have also been under pressure from PAC works.

Mr. Mauro Pires (MMA) clarified that the maintenance of the criterion related to PAC works meets the demands of the states of Amazonas and Amapá representatives.

Ms. Mercedes Bustamante (MCTI) questioned whether there are weights for each of these criteria. At the request of Mr. Mauro Pires (MMA), Ms. Cláudia Costa (BNDES) replied that BNDES check the project's compliance with each of these criteria in the classification phase but that there is no weight for each of them. She recalled that the compliance audit also verifies the Amazon Fund operations' compliance with these criteria. She also informed that prioritization will take place in cases of need for contingency resources, for example.

Mr. Mauro Pires (MMA) emphasized that it is a matter of prioritization and not a matter of exclusion, which will be applied only in a scarce resources scenario. Therefore, Ms. Cláudia Costa (BNDES) proposed that the title of Table A be changed from "Prioritization Criteria" to "Guiding Criteria" since the current scenario is not one of scarcity of resources in the Amazon Fund.

Continuing with the suggestions for amending the Guidelines and Criteria for the Application of Amazon Fund Resources, Table B "Minimum Requirements for Projects" was moved to criterion C2 – Proponents / Executors. It has been proposed that the initial wording: "Project must include consent of all proponents and executors in its presentation" be changed to "Project must include the consent of all partners and co-executors".

Then, also regarding Table B, an amendment to the wording of criterion C13 – Resources Decentralization was proposed. Thus, the initial wording "The amount invested in each of the four operational modalities must not be less than 10% or greater than 40% of the resources

available in the year. The amount disbursed for a single project must not exceed 10% of the total amount available in the Amazon Fund for the year" would exclude the restriction of the disbursement of up to 10% for a single project.

It was explained that such a restriction forces project proponents to split their projects, generating unnecessary expenditures. The INPE monitoring project, which is large and important but which would have problems being approved by BNDES due to its value, was mentioned as an example. Furthermore, eliminating this restriction would meet the structuring projects' demand. Mr. Mauro Pires (MMA) emphasized that the changes to the guidelines will come into force in 2012 and might be reviewed during that year during COFA meetings.

Ms. Claudia Costa (BNDES) also explained that the projects are analyzed considering all the Guidelines and Criteria for the Application of Amazon Fund Resources and that one of them is equity ("Table E – Equity criteria in applying resources") and, therefore, it would not be possible for a project to encompass, for example, 80% of the Amazon Fund's resources, as it would be contradicting this criterion. Following this line of thought, the Committee decided on new wording for item C13, in which reference is made to the equity criterion.

Mr. Divaldo Rezende (Tocantins), on behalf of the states caucus, presented proposals to amend the wording or to include some items in Table A, criterion P2 – Thematic of the COFA Guidelines and Criteria:

a) in "Actions to value the standing forest (conservation and sustainable use of the forest)", he suggested the inclusion of the following: emissions arising from states inventory and forest carbon inventory, environmental assets, region's articulation with the Brazilian market to reduce emissions, methodologies for benefit apportioning and monitoring;

b) in "Actions to promote territorial planning and landholding regularization", he suggested that the Rural Environmental Registry (CAR), the support for the Ecological-Economic Zoning (ZEE), and the support for state plans for climate change and environmental services should be more explicit;

c) in "Actions to structure and integrate environmental control, monitoring, and inspection systems in the Amazon region", he suggested that in item (g), "Support for structuring state agencies responsible for state forest management", the term "forest" be changed to "environmental" and to add "and payment for environmental services / REDD."

Mr. Mauro Pires (MMA) expressed his support for the suggestion to change the term "forest" to "environmental". Regarding the other suggestions for change, he proposed that they be discussed and evaluated by a working group and later submitted to COFA.

Ms. Adriana Ramos (FBOMS) suggested the inclusion of one more guiding criterion for evaluating projects submitted to the Amazon Fund related to governance, prioritizing those with a more participatory governance system.

In this regard, **Mr. Mauro Pires (MMA)** proposed that BNDES, as the entity responsible for COFA's Head Office, be assigned the task of preparing the text establishing the "Guiding Criteria" to be included in Table A, indicating that projects with a range of agents and a shared governance structure should be prioritized.

– Decisions and arrangements

- COFA ratified the effectiveness of the Summary Tables of Guidelines and Criteria for the Application of Amazon Fund Resources for 2011, according to the version consolidated on March 26, 2010.
- The columns "Other Biomes" and "Other Countries" were excluded from the Summary Tables of the Guidelines and Criteria for the Application of Amazon Fund Resources and should be transformed into stand-alone tables.
- Table A's title was changed to "Guiding Criteria", and BNDES, as the entity responsible for COFA's Head Office, be assigned the task of preparing the text establishing the "Guiding Criteria" to be included in that table, indicating that projects with a range of agents and a shared governance structure should be prioritized.
- Also in Table A, criterion P2 – Thematic, in item (g) "Support for structuring state agencies responsible for state forest management", the term "forest" was changed to "environmental".
- Regarding the other suggestions for changes proposed by the state caucus, it was decided that they would be discussed and evaluated by a working group and later submitted to COFA.
- COFA members decided that criterion C2 - Proponents / Executors, from Table B "Minimum Requirements for Projects" will be in force with the following wording: "The project must include the consent of all partners and co-executors".
- Also regarding Table B, criterion C13 – Resources Decentralization will become into force with the following wording: "The amount invested in each of the four operational modalities must not be less than 10% or greater than 40% of the resources available in the year, complying with the equity criterion."
- Once the deliberation on the changes was concluded, the set of "Summary Tables of Guidelines and Criteria for the Application of Amazon Fund Resources" was approved, coming into force as of January 01, 2012.

5. Criteria for applying the 20% of Amazon Fund's resources in other countries or other biomes

Mr. Mauro Pires (MMA) asked the representative of the Ministry of Foreign Affairs (MRE), Mr. André Odenbreit, to report on the conversations regarding the application of 20% of Amazon Fund's resources in other biomes and other countries between the Ministry of Foreign Affairs, the Ministry of the Environment Environment, and BNDES.

Mr. André Odenbreit (MRE) reported that three guiding elements were identified:

- a) although the Amazon Fund's current rules allow projects for monitoring and control actions in other countries, it is understood that these projects should focus only on monitoring actions, given that control actions are close to another nation's governance conditions concerning its forests. Furthermore, focusing on monitoring actions would facilitate their implementation, considering Brazil's notable experience in this area and the existence of many international cooperation opportunities in monitoring;
- b) regarding the project analysis process, it is understood that there should be one more stage when analyzing international projects received by BNDES. Once BNDES received such projects, the Bank would consult the Ministry of Foreign Affairs about the support proposal's

political sensitivity. MRE would then assess possible difficulties or opportunities in the broader framework of Brazilian foreign policy. It would be a subsidy, meaning that a negative assessment by Itamaraty would prevent the project from being further processed at BNDES, but a positive assessment would not be enough to guarantee that the project would be approved, as the entire BNDES approval process would be maintained;

c) regarding the international projects' execution follow-up, it is understood that it would be necessary to involve agencies to work with BNDES, such as the Brazilian Cooperation Agency. This agency has wide experience and could provide substantial assistance to the Amazon Fund in international actions, since BNDES is currently unable to monitor these international projects on-site. However, it was emphasized that this cooperation would not change BNDES' responsibility towards COFA, that is, the BNDES' monitoring obligation would not be transferred to another agency.

After the presentation by Mr. André Odenbreit (MRE) and remarks from COFA members, Mr. Mauro Pires (MMA) proposed that the Ministry of Foreign Affairs (MRE) and the Ministry of the Environment (MMA), together with BNDES, formulate a proposal of guidelines and criteria for the support of the Amazon Fund to international projects, to be considered by COFA.

Mr. Mauro Pires (MMA) took the opportunity to inform that, regarding the monitoring of other Brazilian biomes, the Ministry of the Environment and BNDES aim to boost the use of Amazon Fund's available resources for this purpose (20%) for implementing a permanent national system for monitoring the loss of vegetation cover.

– Decisions and arrangements

— The Ministry of Foreign Affairs (MRE) and the Ministry of the Environment (MMA), together with BNDES, will formulate a proposal to be further evaluated by COFA of guidelines and criteria for the Amazon Fund's support to monitoring projects in other tropical countries.

6. Report on the Deforestation Combat Plan of the state of Maranhão

Then, the **representative of the state of Maranhão, Mr. Carlos Victor Mendes**, presented the State Deforestation and Burning Combat Plan in the state of Maranhão.

Initially, Mr. Mendes pointed out that the State Department for the Environment was restructured and is being reformulated, praising the good working conditions of that department. He pointed out that two laws were passed in the state: the Environmental Compensation Law and the Conservation Units Law.

Mr. Mendes also informed that the state will sign with Petrobras an environmental set-off agreement totaling BRL 120 million, to be paid in ten installments.

The State Burning and Deforestation Supervisor presented the State Deforestation and Burning Combat Plan. Ms. Isabel Camizão stated that this is an enormous challenge, as the state of Maranhão contains, in addition to the Amazon Biome, the cerrado biome, a coastal area, transition areas between these ecotones, and areas of caatinga biome. She reported that the referred plan follows the guidelines of the PPCerrado and the PPCDAM.

Mr. Mendes emphasized that six public consultations were carried out in the municipalities of São Luis and

Imperatriz. He noted that the general objective is to change the way the land is used, not only to avoid illegal deforestation but deforestation in general, through payments for environmental services and REDD mechanisms, thus valuing the standing forest.

Mr. Mendes presented the specific objectives related to the Rural Environmental Registry (CAR), the strengthening of conservation areas and its macro-actions, namely territorial and land planning, environmental quality monitoring, promotion of sustainable activities, and the management of the plan itself.

After the report by the representative of the state of Maranhão, it was announced that the state of Roraima had already held a public consultation in its capital, Boa Vista, for the presentation of the State Deforestation and Burning Combat Plans. Mr. Mauro Pires (MMA) praised the fact that soon all states in the Legal Amazon will have their state deforestation combat plans.

7. Presentation of the agenda of the working group to evaluate the feasibility of access by indigenous communities to the Amazon Fund resources (FBOMS and COIAB)

Ms. Adriana Ramos (FBOMS) informed that the group's objective is to identify and propose opportunities and ways to support projects by indigenous organizations in the Amazon within the scope of the Amazon Fund.

She proposed that the Working Group aim to achieve three outcomes: identification of existing mechanisms and initiatives to be supported by the Amazon Fund, identification of potential partners to act as agglutinating agencies for projects supporting indigenous organizations, and the definition of a specific public call.

Mr. Lúcio Flores (COIAB) informed that COIAB is headquartered in Manaus and operates in all states that are part of the Legal Amazon and in its affiliated organizations (indigenous peoples' organizations).

He highlighted the importance of creating the mentioned Working Group and informed that COIAB intends to summon its advisors to identify partners and evaluate actions and programs that are already underway.

– Decisions and arrangements

— It was decided to establish a Working Group composed of FBOMS, COIAB, BNDES, the state agency in charge of indigenous affairs, and the National Indigenous Peoples Foundation (FUNAI) to identify opportunities and propose ways to support projects by indigenous organizations in the Amazon within the scope of the Amazon Fund. The outcomes obtained by this group must be presented later to the COFA.

8. Amazon Fund Participation in Rio+20

The representative of the state of Tocantins, Mr. Divaldo Rezende, said that during Rio+20 there should be an Amazon Fund specific event, presenting its projects and successful actions, giving visibility to its governance structure, which includes its Steering Committee (COFA), and taking the opportunity to identify potential donors to the Fund.

Mr. Sergio Weguelin (BNDES) informed that given the celebrations of the 60th anniversary of the BNDES's creation, there are several events scheduled for 2012, some of them happening at the same time as Rio+20, but that Amazon Fund specific events will be scheduled.

Mr. André Odenbreit (MRE) requested that the Ministry of Foreign Affairs be invited to collaborate from the beginning in planning the Amazon Fund's participation in Rio+20 so that decisions regarding the Fund's participation are made quicker.

– Decisions and arrangements

- BNDES will plan the participation of the Amazon Fund in Rio+20.

9. Arrangements for/Setting the next COFA meeting

– Decisions and arrangements

- The next regular COFA meetings in 2012 are scheduled for the first half of May and the first half of November.

10. Closing Remarks and Conclusion:

Mr. Mauro Pires (MMA) thanked everyone for their attendance and contributions and declared the meeting closed.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / **(S)** – Substitute / **(A)** – Agent

Ministry of the Environment	Ministry of Foreign Affairs	Ministry of Science, Technology, and Innovation
Francisco Gaetani (representing the Minister of the Environment) Mauro Oliveira Pires (S)	André Odenbreit Carvalho (R)	Mercedes Maria da Cunha Bustamante (A)
Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Agrarian Development	Office of the President's Chief of Staff
João Cláudio da S. Souza (A)	Marco Aurélio Pavarino (R)	Leiza Martins Mackay Dubugras (S)
Department of Strategic Affairs of the Presidency of the Republic	Brazilian Development Bank – BNDES	State of Amapá
Arnaldo Carneiro Filho (S)	Elvio Lima Gaspar (R) Sergio E. Weguelin Vieira (S)	Grayton Tavares Toledo (A)
State of Amazonas	State of Maranhão	State of Rondônia
Nadia Cristina D'Ávila Ferreira (R)	Carlos Victor Guterres Mendes (A)	Nanci Maria Rodrigues da Silva (R)

State of Roraima Luis Emi de Sousa Leitão (S)	State of Mato Grosso Vicente Falcão de Arruda Filho (R)	State of Pará Carlos Monteiro (A)
State of Tocantins Divaldo José da Costa Rezende (R)	State of Acre Eufran Ferreira do Amaral (A)	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS Adriana Ramos (R) Joana Carlos Bezerra (S)
Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB Lúcio Paiva Flores (R)	National Confederation of Agricultural Workers – CONTAG Rosicleia dos Santos (R)	National Forum of Forest Based Activities – FNBF Ramiro Azambuja da Silva (S)
National Confederation of Industry Luciano Emmert		

Absent

Ministry of Development, Industry and Foreign Trade
Brazilian Society for the Progress of Science – SBPC

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

AMA/DEFAM

Angela Albernaz Skaf
Cláudia Costa
Guilherme Arruda Accioly
Marcos Vinicius da Silva
Rocha Mariana Guimarães
Telma de Castro Guimarães
Rubem Studart
Simone Marafon Schneider

AMA/JUAMA

Daniela Baccas

DIR5

Cibele Gonçalves Correa

Ministry of the Environment (MMA)

Rogério Magalhães (CTFA)
Eduardo Mattedi (SISNAMA)

FUNBIO

Rosa Lemos de Sá

SEMA – Maranhão

Isabel Camizão

SEMA – State of Mato Grosso

Heitor David Medeiros

Embassy of Norway

Inge Nordang
Patrícia Benthien

KFW

Miguel Lana

GIZ

Eugênio Pantoja
Waldemar Wirsig
Christiane Ehringhaus



RET 13

Minutes of Topics
and Decisions
(MTD) of the
13th Meeting

**Manhattan Plaza
Hotel**

Brasília
March 14, 2013

Agenda

9:30 a.m. Opening: Minister of the Environment, Izabella Teixeira

10:00 a.m. Approval of the Minutes of Topics and Decisions (MTD) of the 12th Meeting

Presentation of the 2012 Amazon Fund Activity Report

10:15 a.m. Agenda Topic 1:

Information on the application of Amazon Fund's resources and balance of its three and a half years of operation

11:15 a.m. Presentation of Reports

1. Report on the progress of the public call to support small-scale sustainable production projects in the agglutinative modality
2. Report on the progress of the work of the committee established to study alternatives for allowing the indigenous communities access to the resources of the Amazon Fund

12 p.m. *Lunch*

1:00 p.m. Agenda Topic 2:

1. Consideration of the proposal to define the Amazon Fund's focus in the 2013-2014 biennium
2. Possible proposals for adapting the Guidelines and Criteria for the Application of Amazon Fund Resources

3:30 p.m. Arrangements for/Setting the next COFA meeting

4:00 p.m. Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

1. Meeting Agenda

- MTD of the 12th Meeting
- 2012 Activity Report Presentation (PPT)

2. Agenda Topic 1

Information on the application of Amazon Fund's resources and balance of its three and a half years of operation

- Instruction Page
- Application of Resources and Balance Presentation (PPT)
- Project Portfolio Report – as of February 28, 2013

3. Presentation of Reports

1. Report on the progress of the public call to support small-scale sustainable production projects in the agglutinative modality

- Public Call Presentation (PPT)

2. Report on the progress of the work of the committee established to study alternatives for allowing the indigenous communities access to the resources of the Amazon Fund

4. Agenda Topic 2

2.1. Consideration of the proposal to define the Amazon Fund's focus in the 2013-2014 biennium

- Instruction Page
- Draft of the Proposal for the definition of focuses (pdf)

2.2. Possible proposals for adapting the Guidelines and Criteria for the Application of Amazon Fund Resources

- Instruction Page
- Summary Table of Guidelines and Criteria

5. Recommendations Tables

Decree 6527

List of COFA members' data

The meeting was opened with greetings and salutations to the participants by the Minister of the Environment, Ms. Izabella Teixeira, who then reported that the Amazon Fund is going through a new phase of defining its operations' strategic focuses.

She also highlighted the Amazon Fund's inducing role in combating illegal deforestation and in the sustainable development of the Amazon Region and the importance of debating the establishment of the Fund's focus for the 2013-2014 biennium.

Ms. Teixeira then stated that a significant portion of the current deforestation is associated with poverty and is located in settlements and small rural properties. She then said that the Amazon Fund would induce projects that guarantee economic alternatives to deforestation for these populations to remove them from poverty.

Ms. Teixeira also said that the interests of states and municipalities must dialogue with public policies and the new Brazilian forest code. In this respect, she highlighted the importance of the Amazon Fund in helping states and municipalities adapt to the new Brazilian forest code, especially concerning the Rural Environmental Registry (CAR) and the Environmental Recovery Program (PRA).

Furthermore, the Minister highlighted the need to seek innovative methods for the BNDES to operate the Amazon Fund, highlighting the use of public calls, such as the one held to select projects to support sustainable production activities in 2012.

She advocated that the Amazon Fund Steering Committee (COFA) discuss its fundraising strategy so that it indicates the international society's recognition for the efforts and results that Brazil obtained in conserving, preserving, and reducing deforestation in the Amazon region.

Ms. Teixeira recalled that the 2013-2014 biennium will be characterized by climate negotiations and actions that will shape international cooperation after 2015. She stressed that in the context of discussing sustainable development and the Millennium Goals, the Amazon Fund and other funds should take all opportunities to raise funds.

In this respect, the Minister mentioned the need for the Fund to continue acting transparently, demonstrating credibility and adherence to public policies and the priorities established by COFA, monitoring, inspecting, and reporting the results obtained.

Ms. Teixeira added that the Amazon Fund should dialogue with civil society, which is easily engaged and is at the forefront of relevant environmental issues. Thus, she said that the Fund should take advantage of this relationship to build permanent and structuring solutions for the Amazon region, which can be replicated in other biomes and other regions of Brazil and South America.

The Minister concluded her remarks and thanked the participants. She had to leave the meeting at this juncture, and the MMA's Executive Secretary, Mr. Francisco Gaetani, took the floor.

Then, **Mr. Francisco Gaetani (MMA)** opened the floor to the Norwegian Ambassador, Ms. Aud Marit Wiig. The Norwegian Ambassador said that the Amazon region is unique and that the Brazilian efforts to reduce deforestation are impressive. Furthermore, she stated that Norway is proud to participate in these efforts by working with the MMA and BNDES.

Ms. Wiig highlighted the importance of COFA's role in ensuring that all stakeholders are involved in the process of establishing guidelines and guiding criteria for the Amazon Fund. She also said that Norway is pleased that the meeting is being held and that members extremely dedicated to COFA are attending it. She had to leave the meeting at this juncture and wished everyone a good meeting.

Mr. Francisco Gaetani (MMA) took the floor back and proposed an inversion in the agenda topics, which the members of COFA accepted. It was established that the first topic to be addressed would be the consideration of the proposal to define the Amazon Fund's focus in the 2013-2014 biennium and that the other topics would be addressed later.

After this deliberation, he gave the floor to BNDES Director, Mr. Guilherme Lacerda.

Mr. Guilherme Lacerda (BNDES) greeted the members of the three COFA caucuses and thanked the Norwegian Ambassador and the MMA for the partnership established with BNDES. He informed that, given the importance of COFA, the majority of BNDES' Amazon Fund Management Department team was present at the meeting.

Mr. Lacerda stated that, as established by the decree that established the Amazon Fund, BNDES is responsible for carrying out the Fund's actions, while COFA is responsible for formulating policies and the guidelines and criteria that guide these actions.

He reported that extensive knowledge was acquired over the three years of the Fund's operation and that, on behalf of the BNDES team, this involved a series of improvements, the most recent example being the public call for sustainable production projects and quality of the selected projects.

Mr. Lacerda added that the BNDES's role is to report to COFA the positive and negative information concerning the Fund's operation, be open to criticism, explain the difficulties, and solve them objectively and pragmatically.

Furthermore, he defended the need for the Amazon Fund to learn from successful experiences and replicate them. Mr. Lacerda also emphasized the importance of enabling smaller projects that, when combined, are relevant for achieving the Fund's goals in addition to projects in other countries that share the Amazon Biome, highlighting the pioneering spirit of the Amazon Cooperation Treaty Organization (ACTO) project, which was then in the final analysis phase at the BNDES.

Closing his remarks, Mr. Guilherme Lacerda (BNDES) thanked everyone and gave the floor to Mr. Carlos Klink (MMA).

1. Consideration of the proposal to define the Amazon Fund's operation focus in the 2013-2014 biennium

Proceeding with the meeting and considering the approved inversion of the agenda, **Mr. Carlos Klink (MMA)** led the discussion on defining the Amazon Fund's operation focus in the 2013-2014 biennium. The proposal's baseline document had been made available to COFA members.

Mr. Carlos Klink (MMA) explained that the proposed operation focus, which also aims to speed up the Amazon Fund operations, includes three thematic axes of the PPCDAm, namely, monitoring and control, promotion of sustainable production activities, land and territorial planning, and an axis of scientific and technological development. The modalities of structuring projects and public calls will support these axes.

Mr. Klink explained that, for this biennium, the Amazon Fund's support for structuring municipal environmental bodies will be done exclusively through operations with the states. The states will be responsible for gathering municipal demands and, therefore, must make efforts to cover all municipalities in their territory. Thus, the Amazon Fund will work in a more agglutinating perspective, that is, a more structuring perspective.

Mr. Klink then proceeded to present the document's first axis regarding the focuses established for monitoring and control in the Amazon biome. Regarding the focus on "monitoring deforestation, forest degradation, and burnings," Mr. Grayton Tavares (state of Amapá) proposed that this action be expanded, not being restricted to indigenous lands located in areas of high deforestation pressure. The suggestion was then accepted by the participants and included in the document.

Regarding the focus on "promoting the process of environmental regularization of rural possessions and properties through registration in the Rural Environmental Registry (CAR)", Mr. João Talocchi (state of Amazonas) suggested that the wording be changed to make it clear that MMA will be the one to set minimum requirements exclusively for the creation of state CAR systems.

Also, regarding CAR, it was decided that supporting its implementation would happen primarily through operations with the states; however, support through non-governmental organizations would also be possible.

The meeting then assessed the axis of promotion of sustainable production activities.

Regarding the focus of "support for timber forest management", Mr. Sérgio Monforte (CNI) and Ms. Beatriz Carneiro (MDIC) proposed not restricting this support to community timber management, incorporating any sustainable timber forest management activity, which the COFA members approved.

Concerning the focus of "implementation of the Green Settlements Program", it was defined, after Mr. Carlos Sturm's (MDA) suggestion, that priority should be given to projects that contemplated settlements located in municipalities included in the MMA's list of priority municipalities in the fight against deforestation and the settlements with a wider forest cover.

In the focus of "support to valuing the extractive economy", Mr. João Talocchi (state of Amazonas) proposed expanding the areas of action so that the conservation units in municipalities included in the MMA's list of priority municipalities for combating deforestation were incorporated, which COFA members accepted.

Then, because of Mr. João Guadagnin's (MDA) remarks, it was decided to include another focus on this axis to include support for sustainable productive activities in communities mostly comprised of family farmers.

The meeting then discussed the "land and territorial planning" axis.

In that axis, the focus of "support for landholding regularization of public lands" was the only one modified. The support for actions to digitize landholding archives and build or consolidate landholding cartographic bases in the states was included to make the wording clearer.

Subsequently, the “scientific and technological development” axis was analyzed. Mr. Alan Barbiero (state of Tocantins) stated that a specific focus to consider the support for socioeconomic research with participatory methodologies for new standards of sustainable development for the region was necessary. Mr. Francisco Gaetani (MMA) presented the suggestion of creating this focus to the members of COFA, who decided in favor of it.

After this arrangement, the document's following topics were assessed without any proposed amendment. The only exception was the item “Requirement to support states”, in which Ms. Juliana Simões (MMA), considering Minister Izabella Teixeira's guidance, suggested adding that, in the case of projects to combat forest fires or irregular burnings, the military fire brigades should affirm the commitment of prompt use of its troops in environmental emergencies caused by forest fires and burnings when formally requested by the Ministry of the Environment.

After including this last suggestion, COFA approved the proposal to define the Amazon Fund's focus in the 2013-2014 biennium.

– Decisions and arrangements

- The Guidelines and Criteria for the Application of Amazon Fund Resources were changed with the inclusion Fund's focus in the 2013-2014 biennium.

2. Approval of the Minutes of Topics and Decisions (MTD) of the 12th Meeting

There was consensus among COFA members that the meeting should proceed without a lunch break to try to end it early.

Then the MTD was unanimously approved without any suggestion of adjustment or improvement.

3. Presentation of the 2012 Amazon Fund Activity Report

The meeting proceeded to the following topic on the agenda, the presentation of the 2012 Amazon Fund Activity Report. Ms. Cláudia Costa (BNDES) made an introduction saying that the draft report had been distributed to all COFA members and that the proposal would be to establish a deadline for the members of COFA to appreciate the document and make their contributions after the meeting. She then asked Ms. Angela Skaf (BNDES) to present the report.

Ms. Skaf presented the report's content, describing the main activities developed by the Amazon Fund in 2012. The need to quickly approve the report so it could be published within the deadline established with the donors was clarified to the members of COFA. Thus, it was decided that members would have seven working days to make any proposals for amending the report, after which it would be approved.

– Decisions and arrangements

- It was decided that COFA members would have seven working days to make any proposals for amending the 2012 Amazon Fund's Annual Activity Report, which will be considered approved after this deadline.

Then, a report on the public call for the support of sustainable production projects was presented.

4. Report on the progress of the public call to support small-scale sustainable production projects in the agglutinative modality

Mr. Guilherme Accioly (BNDES) reported that the public call to support small-scale sustainable production projects in the agglutinative modality received 97 proposals, of which 18 presented the necessary documentation and received scores greater than or equal to the minimum required.

He added that, as there was a limit for supporting public calls of BRL 50 million, the 8 projects with the highest score were selected, totaling BRL 49 million. The other 10 remaining projects, which totaled BRL 39 million, became part of the reserve pool if any selected projects did not advance.

Mr. Grayton Toledo (state of Amapá) said that, as a member of the public call projects evaluation committee, he was responsible for asking COFA, on behalf of the evaluation committee, to increase the support limit from BRL 50 million to BRL 89 million. After consulting the COFA caucuses, it was recommended that BNDES sort the 18 projects that obtained a score above the minimum score.

– Decisions and arrangements

- COFA recommended that BNDES sort the 18 projects that obtained a score above the minimum score in the Public Call for the Amazon Fund's Sustainable Productive Projects.

5. Information on the application of Amazon Fund's resources and balance of its three and a half years of operation

Proceeding with the meeting, **Ms. Cláudia Costa (BNDES)** made a presentation on information on the application of Amazon Fund's resources and the balance of its three and a half years of operation. She reported that the Amazon Fund approved 36 projects since the beginning of its operation in 2009. Of these 36 projects, 32 had been already contracted, and four had been approved.

Ms. Costa added that the total amount of the 36 projects corresponded to BRL 440 million, and BRL 144 million had already been disbursed for the projects according to their physical-financial schedules.

Furthermore, she informed that the donations contracted by the Amazon Fund corresponded to BRL 1.3 billion, of which BRL 235 million had already been received, following the Fund's financial and tributary planning. Ms. Costa also said that until that moment the donors were the Government of Norway, the Government of Germany through KfW, and Petrobras.

She emphasized that throughout its existence, the Amazon Fund has always followed regulations in line with the public policies on combating deforestation in force and the guidelines established by COFA. Ms. Costa also mentioned the role of CTFA, which is responsible for independently verifying and validating the data on emissions resulting from deforestation, establishing the limits for the Fund's collection of donations.

She reported that the mechanisms to ensure the transparency of the Fund's actions were constantly improving, seeking to meet the demands of donors and society as a whole. Ms. Costa then presented the Amazon Fund project portfolio and the approved projects' profile, highlighting the approval of the "National Forestry Inventory in the Amazon" project, presented by the Brazilian

Forest Service, the first project developed with the Federal Government. She also recalled that some of the projects approved were indirect support for smaller projects, thus giving more capillarity to the Fund.

After the presentation, **Mr. Carlos Klink (MMA)** moved on to the next topic, related to the report on the progress of the work of the committee established to study alternatives for allowing the indigenous communities access to the resources of the Amazon Fund.

6. Report on the progress of the work of the committee established to study alternatives for allowing the indigenous communities access to the resources of the Amazon Fund

Mr. Guilherme Accioly (BNDES) reported on the progress of the committee's work. He informed that it is formed by MMA, FUNAI, COIAB, FBOMS, and BNDES and that four meetings had been held until that moment.

Mr. Accioly stated that the work was still in progress, and some consensus was emerging. Among the consensuses, he highlighted the funding of the National Policy for Territorial and Environmental Management in Indigenous Lands (PNGATI), the need to train members of indigenous organizations, the definition of a mechanism for this training, and the importance of creating an institution that can be responsible for the financial execution of indigenous projects. Furthermore, Mr. Accioly highlighted the possibility of holding a public call along the lines of the one made for sustainable production activities.

Then, the last item on the meeting's agenda was considered.

7. Possible proposals for adapting the Guidelines and Criteria for the Application of Amazon Fund Resources

Ms. Cláudia Costa (BNDES) informed that BNDES had a proposal to amend two guidelines and gave the floor to Ms. Daniela Baccas (BNDES) to present them.

Ms. Daniela Baccas (BNDES) reported that the first change would be to make it possible to pay per diems for public agents working on research activities. The other proposal referred to the resources decentralization rule. This rule stipulated that the Amazon Fund's four operational modalities could not have a share of less than 10% or more than 40% of the allocated resources. Due to the operational difficulties arising from this rule, it was proposed that it be understood as a guideline and not as a restriction.

The COFA caucuses approved the changes to the guidelines and criteria for the application of Amazon Fund's resources and their effectiveness for the 2013-2014 biennium without making proposals for additional changes.

– Decisions and arrangements

— Two additional changes were approved in the Guidelines and Criteria for the Application of Amazon Fund's Resources and the effectiveness of these guidelines for the 2013-2014 biennium. The two additional amendments addressed the possibility of paying per diems for public agents in the case of financing research activities and the guideline for resource decentralization, having established that, in the Fund's activities as a whole, a balance should be sought in the support for all its thematic areas, according to the defined priorities.

8. Arrangements for/Setting the next COFA meeting

Mr. Grayton Toledo (state of Amapá) requested that, at the next COFA meetings, the meeting's draft agenda be forwarded more than ten days in advance so that its members can have time to make contributions.

After this remark, the upcoming meetings were scheduled for August 08, and November 29.

– Decisions and arrangements

- The next regular COFA meetings in 2013 were scheduled for August 08, and November 29.

9. Conclusion

Afterwards, **Mr. Carlos Klink (MMA)** took the floor, thanked everyone for being present, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent / (SA) – Substitute Agent

Ministry of the Environment	Ministry of Development, Industry and Foreign Trade	Ministry of Foreign Affairs
Izabella Mônica Vieira Teixeira (R) Carlos Augusto Klink (S)	Beatriz Martins Carneiro (R)	Felipe Rodrigues Gomes Ferreira (S)
Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Agrarian Development	Ministry of Science, Technology, and Innovation
Adilson Reinaldo Kooski (SA)	João Luiz Guadagnin (R) Carlos Eduardo Portela Sturm (S)	Carlos Afonso Nobre (R)
Office of the President's Chief of Staff	Department of Strategic Affairs of the Presidency of the Republic	Brazilian Development Bank – BNDES
Leíza Martins Mackay Dubugras (R)	Arnaldo Carneiro Filho (R)	Guilherme Narciso de Lacerda (R) Claudia Soares Costa (S)
State of Acre	State of Amapá	State of Amazonas
Eufan Ferreira do Amaral (R)	Grayton Tavares Toledo (R)	João Henrique Talocchi (R)
State of Mato Grosso	State of Rondônia	State of Tocantins
José Esteves de Lacerda Filho (R) Heitor David Medeiros (S)	Nanci Maria Rodrigues da Silva (R)	Alan Kardec Martins Barbiero (R)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB	National Confederation of Industry – CNI
Jorge Pinto da Silva (R) Mauro José Capóssoli Armelin (S)	Lúcio Paiva Flores (R)	Sergio de Freitas Monforte (R)

National Confederation of Agricultural Workers
– CONTAG

Elizário Noé Boeira Toledo (R)

Absent

State of Pará

State of Maranhão

State of Roraima

National Forum of Forest Based Activities – FNBF

Brazilian Society for the Progress of Science – SBPC

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

AMA

Sergio Weguelin
Solon Galhardo

AMA/DEFAM

Cláudia Costa
Guilherme Accioly
Fabio Plotkowski
Angela Skaf
Bernardo Braune
Simone
Schneider Daniel
Rossi

Maurício Furtado
Ana Paula Silva
Rubem Studart
Claudia Nessi
Mariana Guimarães
Thais Furtado

AMA/JUAMA

Daniela Baccas

DIR5

Nabil Kadri

GP

Marisa Maciel

AP/DEART

Luiz Pazos

AF/DEPCO

Anderson Araújo

AF/DEREI

Andréia Queiroz
Gustavo Cianfarani

Ministry of the Environment (MMA)

Francisco Gaetani
Francisco Oliveira
Juliana Simões
Ariel Pares

Embassy of Norway

Aud Marit Wiig
Elisabeth Forseth

CTFA

Christiano Campos
Paulo Moutinho

GIZ

Helmut Eger
Waldemar Wirsig
Christiane Eringhaus

KfW

Hubert Eisele
Daniel Alker

MCTI

Elisangela Souza

TNC

Ana Cristina Barros
Suelma Rosa

Socio-Environmental Institute – ISA

Adriana Ramos

CNI

Luciano Barbosa

Appendix

Guidelines and Criteria for the Application of Resources and Operation Focus for the 2013-2014 Biennium

Item	Projects in the Amazon Biome	Item	Projects in Other Tropical Countries
A	Guiding Criteria	H1-H3	Guiding Criteria
B	Minimum Requirements for Projects	H4-H12	Minimum Requirements for Projects
C	Resource Application Modes	H13-H14	Resource Application Modes
D	Resource Use Restrictions	H15-H17	Resource Use Restrictions
E	Equity Criteria in Applying Resources	H18	Equity Criteria in Applying Resources
F	Resource Application Limitations		
Item	Projects in Other Brazilian Biomes	Item	Amazon Fund's Support Focuses for the 2015-2016 Biennium
G1-G4	Guiding Criteria	I1-I2	General Guidance
G5-G14	Minimum Requirements for Projects	I3-I5	Amazon Biome — Monitoring and Control Axis
G15-G16	Resource Application Modes	I6-I8	Amazon Biome — Promotion of Sustainable Productive Activities Axis
G17-G19	Resource Use Restrictions	I9-I11	Amazon Biome — Land and Territorial Planning Axis
G20	Equity Criteria in Applying Resources	I12-I15	Amazon Biome — Scientific and Technological Development Focus
		I16-I18	Operational Modalities
		I19-I20	Amazon Fund's Support in Other Brazilian Biomes
		I21	Amazon Fund's Support in Other Tropical Countries

Consolidated on: March 14, 2013

Guidelines and Criteria for the Application of Amazon Fund's Resources in the Amazon Biome

Application Area	Application limit for the total resources	Tables
Projects in the Amazon Biome	Unlimited	A – F

A. Guiding Criteria

Code	Criteria
A1	Geographical
A2	Thematic
A3	Stakeholder Diversity and Shared Governance
A4	Targeted Audience:
A5	Relevance
A6	BNDES Application Lines

B. Minimum Requirements for Projects

Code	Criteria
B1	Result indicators
B2	Proponents / Executors
B3	Social Engagement
B4	Consistency with the Amazon Fund's Thematic Areas
B5	Consistency with National and state deforestation combat plans
B6	Consistency with PAS
B7	Contribution to REDD
B8	Resource Additionality
B9	Counterpart Financing
B10	Territorial Base
B11	Advertising and Transparency
B12	Project Sustainability
B13	Resources Decentralization
B14	Benefits of Collective Use
B15	Non-substitution of other funding sources

Resource Application Modalities

Code	Criteria
C1	Direct Application – Investment
C2	Direct Application - Financing
C3	Payment for Environmental Services
C4	Long-Term Continuing Services
C5	Indirect Application

D. Resource Use Restrictions

Code	Criteria
D1	Per Diems
D2	Payment to Individuals
D3	Taxes and Fees

E. Equity Criteria in Applying Resources

Code	Criteria
E1	Equity in Applying Resources by State
E2	Equity by Type of Proponent

F. Resource Application Limitations

Code	Criteria
F1	For-profit projects
F2	For-profit projects to support vulnerable social groups
F3	For-profit projects of Local Production Arrangements (APLs) for collective use
F4	For-profit scientific and technological research projects developed in cooperation between Technological Institutions (ITs) and for-profit entities.

Item	Guiding Criteria
A1 - Geographical	<p>Projects carried out in priority municipalities to prevent, monitor, and combat deforestation (the definition of these municipalities is carried out per Article 2, Decree 6321/2007);</p> <hr/> <p>Projects carried out in municipalities within the area of influence of major Growth Acceleration Program (PAC) works; and</p> <hr/> <p>Projects carried out in municipalities/regions with wider conservation of forest cover.</p>
A2 - Thematic	<p>Actions to value the standing forest (conservation and sustainable use of the forest)</p> <hr/> <p>a) Promotion and increase in the production scale of production chains of timber and non-timber forest products originated from sustainable forest management, including management plans, research, innovation, and scientific and technological dissemination, market development, training and capacity building;</p> <hr/> <p>b) Implementation of payment systems for environmental services associated with the increase and/or maintenance of forest cover and/or forestry and agroforestry systems;</p> <hr/> <p>c) Development and implementation of recovery models for Permanent Preservation Areas (PPAs) and Legal Reserves, with emphasis on economic use; — The economic use of PPAs will only be supported under the terms of the legislation in force.</p> <hr/> <p>d) Consolidation of protected areas, especially Conservation Units for Sustainable Uses and Indigenous Lands;</p> <hr/> <p>Actions to promote territorial planning and landholding regularization</p> <hr/> <p>e) Use of Public Forests with no determined purpose, prioritizing community forests;</p> <hr/> <p>f) Repression of illegal appropriation of public lands, regularization and landholding planning, preferably in areas with greater possession and/or conflict concentration; landholding regularization includes the regularization processes and their monitoring by society</p> <hr/> <p>Actions to structure and integrate environmental control, monitoring, and inspection systems in the Amazon Region</p> <hr/> <p>g) Support for structuring state agencies responsible for state environmental management;</p> <hr/> <p>h) Support for the implementation of municipal environmental monitoring and inspection systems;</p> <hr/> <p>i) Structuring and integration of forest management control systems, environmental licensing of rural properties, and tracking and custody chains of agricultural and forestry products;</p> <hr/> <p>j) Expansion and strengthening of deforestation and forest degradation monitoring systems.</p>
A3 – Stakeholder Diversity and Shared Governance	<p>Projects that involve the cooperation between several parties from the public, private, and third sector, or local communities, with a shared governance structure.</p>
A4 – Targeted Audience	<p>Projects involving direct benefits to traditional communities, settlements, and family farmers.</p>

A5 - Relevance	Projects with greater replicability potential
	Projects with greater potential for impact (e.g. BRL/hectare of protected or sustainably managed forest)
A6 – BNDES Application Lines	Prioritize projects that address the lines (a) sustainable productive activities and (d) scientific and technological development. BNDES must make efforts to apply resources in priority areas, including demand-inducing mechanisms.

Item	Minimum Requirements for Projects
B1 – Result indicators	Projects must include measurable and directly related to the Amazon Fund’s goals result indicators.
B2 – Proponents / Executors	The project must include the consent of all partners and co-executors
B3 – Social Engagement	Projects involving traditional communities and indigenous peoples must present a document that proves the prior consent of these communities or of their representative institutions. The project must clearly show the communities involved in it. Projects related to the attributions of public bodies, or the establishment of public policies do not necessarily require the consent of the beneficiaries.
B4 – Consistency with the Amazon Fund’s Thematic Areas	Project must fit into at least one thematic area of Decree 6527/2008.
B5 – Consistency with National and State Deforestation Combat Plans	The project must clearly indicate it is consistent with the actions provided in the PPCDAm and the corresponding state deforestation combat plan. In the absence of a State Deforestation Combat Plan, the criterion does not apply.
B6 – Consistency with PAS	Project must demonstrate clear consistency with PAS guidelines.
B7 – Contribution to REDD	Project must contribute directly or indirectly to lead to REDD.
B8 – Resource Additionality	Projects must represent additionalities to public budgets allocated to the Amazon Fund's application areas.
B9 – Counterpart Financing	<p>The project must present counterpart financing and/or non-financial contributions, demonstrating additional value to the resources obtained from the Amazon Fund and producing a multiplier effect for the Fund's investments. Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms.</p> <p>In applying this Criterion, the following aspects may be considered:</p> <ul style="list-style-type: none"> • Average budget executed in the previous 2 years in the public budget invested in the proposed action; • Degree of contingency of resources in the public budget for the execution of the action; • Forecast in current government multi-annual plans.

B10 – Territorial Base	Projects must explain their territorial basis of application (state and, where applicable, municipality)
B11 – Advertising and Transparency	Projects must remain available for access via the Internet. BNDES will provide a standardized tool for the integration and dissemination of updated information on the implementation of all projects.
B12 – Project Sustainability	Present strategies to support the results of the post-implementation project.
B13 – Resources Decentralization	A balance should be sought in the support for all its thematic areas, according to the defined priorities.
B14 – Benefits of Collective Use	<p>The results obtained from projects with economic purposes must provide collective or public use, related to,</p> <ul style="list-style-type: none"> • productive infrastructure for collective use; • studies and surveys with results available to the community; • training and qualification opportunity to the community; • technological development with results available to the community, whenever possible; • replicable and practical innovations; • other collective benefits identified in the project evaluation process.
B15 – Non-substitution of other funding sources	Amazon Fund resources cannot replace other available funding sources.

Item	Resource Application Modalities
C1 – Direct Application – Investment	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <p>It includes investments in buildings, equipment, training, and qualification to establish initiatives.</p> <p>Projects may use more than one modality</p>
C2 – Direct Application – Financing	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <p>It includes travel expenses/field missions, individual or legal advice, field materials, communication, etc.</p> <p>Projects may use more than one modality.</p>
C3 – Payment for Environmental Services	Payments made to environmental service providers. Projects may use more than one modality.
C4 – Long-Term Continuing Services	These are services that must be maintained over the long term to obtain long-term results such as monitoring deforestation or forest degradation, forest inventory, etc. Continuing service projects may last up to 10 years and must have a mechanism for continuous monitoring of their implementation and public disclosure of their results. Projects may use more than one modality.

C5 – Indirect Application	Indirect applications through small-project aggregating initiatives, including funds and other forms of organization for implementation of projects.
Item	Resource Use Restrictions
D1 – Per Diems	The payment of per diems to public agents, such as public servants, government employees, or any person who occupies a public function, is forbidden. This restriction does not apply in the case of fundings for research activities.
D2 – Payment to Individuals	Salaries or any type of compensation cannot be directed to civil servants under an exclusive regime working in any of the three spheres of government (the restriction on the payment of study or research grants specifically related to the project does not apply).
D3 – Taxes and Fees	The funds cannot be applied to pay taxes or fees that are not inherent and or an integral part of the financing or investments made by the project (restriction does not apply to taxes related to project activities, such as State Goods and Services Tax included in product prices; social security on paying for services of an individual, etc.)
Item	Equity criteria in applying resources
E1 – Equity in applying resources by state	Avoid concentration of project resources in the same state
E2 – Equity by Type of Proponent	Avoid concentration of resources between types of proponents: public bodies, research institutions, and civil society organizations. In the context of the Amazon Fund, the following are part of the civil society: Non-Governmental Organizations, class representations, companies, and other private institutions.
Item	Resource Application Limitations
F1 – For-profit projects;	<p>Maximum participation of the Amazon Fund:</p> <ul style="list-style-type: none"> • 90% for projects involving micro and small companies, cooperatives, or producer associations with annual gross operating revenue less than or equal to BRL 10.5 million; • 70% for projects involving medium-sized companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 10.5 million and less than or equal to BRL 60 million; • 50% for projects involving large companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 60 million. <p>Note: in the event of activities starting in the calendar year itself, the limits above will be proportional to the number of months in which the legal entity has exercised the referred activity, disregarding the fractions of months. In the case of companies being implemented, the annual sales projection used in the enterprise will be considered, taking into account the total installed capacity. When the company is controlled by another company or belongs to an economic group, the size classification will be based on the consolidated gross operating revenue.</p>
F2 – For-profit projects supporting vulnerable social groups;	Maximum participation of the Amazon Fund, in duly justified cases: 100%. The economic outcomes resulting from projects supporting vulnerable social groups must be allocated to the members of these groups, regardless of the Proponent.

<p>F3 - Projects with economic purposes of Local Production Arrangements (APLs) for collective use</p>	<p>Maximum participation of the Amazon Fund: 90%</p>
<p>F4 – For-profit scientific and technological research projects developed in cooperation between Technological Institutions (ITs) and for-profit entities.</p>	<p>Maximum participation of the Amazon Fund:</p> <ul style="list-style-type: none"> ● 90% for projects involving micro and small companies, cooperatives, or producer associations with annual gross operating revenue less than or equal to BRL 10.5 million; ● 80% for projects involving medium-sized companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 10.5 million and less than or equal to BRL 60 million; ● 70% for projects involving large companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 60 million — see note in item F1 <p>a) The Amazon Fund's financial resources beneficiaries will be Technological Institutions (ITs) and/or Support Institutions (IAs).</p> <p>b) Technological Institution (IT): legal entities governed by internal public law, entities directly or indirectly controlled by the government, or non-profit private entities, whose institutional mission includes but is not limited to carrying out basic or applied research activities of scientific or technological nature, as well as technological development.</p> <p>c) Support Institutions (AI): non-profit institutions created to support research, teaching, and extension projects and institutional, scientific, and technological development of interest to higher education and scientific and technological research institutions and institutions created under Law No. 8958, of December 20, 1994, which have the same purpose.</p> <p>d) Companies and/or other entities with economic purposes having a strategic interest in research will not be direct beneficiaries of the resources. They will be intervening parties in the financing operations and must provide a financial contribution complementing the Amazon Fund's resources.</p> <p>e) Investments made for the benefit of the Technological Institution (IT), with the specific purpose of meeting the project's objectives, are supported.</p> <p>f) Participation in intellectual property and economic results from the exploitation of creations resulting from the project will comply with the provisions of the Innovation Law (Law No. 10973, 02 December 2004). Thus, the involved parties must agree on the intellectual property and participation in the results through an agreement. Those will be assured based on the added value of the knowledge already existing at the beginning of the partnership and the human, financial, and material resources allocated by the contracting parties to the project, as long as provided in the agreement.</p> <p>g) During the analysis stage, BNDES will examine aspects related to intellectual property rights resulting from the research, development, and innovation project to avoid, when relevant, restrictive practices of use and disposal of these rights. In addition to that, BNDES will also examine, during the analysis stage, the criteria for prorating the project's financial results.</p>

G. Guidelines and Criteria for the Application of Amazon Fund's Resources in projects to develop deforestation monitoring and control systems in other Brazilian biomes

Application Area	Application limit for the total resources	Tables
Projects in Other Brazilian Biomes and in Other Tropical Countries	20%	G – H

Item	Guiding Criteria
G1 – Stakeholder Diversity and Shared Governance	Projects that involve the cooperation between several parties from the public, private, and third sector, or local communities, with a shared governance structure.
G2 – Relevance	Projects that develop and implement long-term monitoring methodology for REDD.
G3 – Priority:	Within the scope of supporting other Brazilian biomes, priority shall be given to projects aiming at monitoring systems per biome of permanent nature that contribute to a national scale monitoring and of a system to control deforestation, burnings, and forest fires, according to prevention and control plans.
G4 – Scope	Rural environmental Registry (CAR) projects are considered part of environmental control systems.

Item	Minimum Requirements for Projects
G5 – Result indicators	Projects must include measurable and directly related to the implementation of a monitoring system for deforestation or forest degradation result indicators.
G6 - Proponents / Executors	The project must include the consent of all partners and co-executors
G7 – Social Engagement	The project must have a monitoring body, which must include the participation of government entities and civil society. Projects that involve the development of monitoring systems must have a follow-up instance, necessarily with the participation of government entities and civil society. The project must clearly show the communities involved in it. Projects related to the attributions of public bodies, or the establishment of public policies do not necessarily require the consent of the beneficiaries.
G8 – Contribution to REDD	Project must contribute directly or indirectly to lead to REDD.
G9 – Resource Additionality	Projects must represent additionalities to public budgets allocated to the Amazon Fund's application areas.

G10 – Counterpart Financing	<p>The project must present counterpart financing and/or non-financial contributions, demonstrating additional value to the resources obtained from the Amazon Fund and producing a multiplier effect for the Fund's investments. Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms. In applying this Criterion, the following aspects may be considered:</p> <ul style="list-style-type: none"> • average budget executed in the 2 previous years in the public budget invested in the proposed action; degree of contingency of resources in the public budget for the execution of the action; • and forecast in current government multi-annual plans.
G11 – Territorial Base	Projects must address forest monitoring of at least one full biome.
G12 – Advertising and Transparency	Monitoring systems supported by the Amazon Fund must be based on platforms that allow wide disclosure, transparency, and access to the data produced through the internet. BNDES will provide a standardized tool for the integration and dissemination of updated information on the implementation of all projects.
G13 – Project Sustainability	Demonstration of the project's economic sustainability capacity after its implementation
G14 – Resources Decentralization	A balance should be sought in the support for all its thematic areas, according to the defined priorities.

Item	Resource Application Modalities
G15 – Direct Application – Investment	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <p>It includes investments in buildings, equipment, training, and qualification to establish initiatives.</p> <p>Projects may use more than one modality.</p>
G16 – Direct Application – Financing	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <p>It includes travel expenses/field missions, individual or legal advice, field materials, communication, etc.</p> <p>Projects may use more than one modality.</p>

Item	Resource Use Restrictions
G17 – Per Diems	The payment of per diems to public agents, such as public servants, government employees, or any person who occupies a public function, is forbidden. This restriction does not apply in the case of fundings for research activities.
G18 – Payment to Individuals	Salaries or any type of compensation cannot be directed to civil servants under an exclusive regime working in any of the three spheres of government (the restriction on the payment of study or research grants specifically related to the project does not apply).

G19 – Taxes and Fees	The funds cannot be applied to pay taxes or fees that are not inherent and or an integral part of the financing or investments made by the project (restriction does not apply to taxes related to project activities, such as State Goods and Services Tax included in product prices; social security on paying for services of an individual, etc.)
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Item	Equity criteria in applying resources
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G20 – Equity in applying resources by state	Avoid concentration of project resources in the same biome
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H. Guidelines and Criteria for the Application of Amazon Fund's Resources in projects to develop deforestation monitoring systems in other tropical countries

Application Area	Application limit for the total resources	Tables
Projects in Other Brazilian Biomes and in Other Tropical Countries	20%	G – H

Item	Guiding Criteria
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H1 – Stakeholder Diversity and Shared Governance	Projects that involve the cooperation between several parties from the public, private, and third sector, or local communities, with a shared governance structure. Projects involving regional articulation.
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H2 – Relevance	Countries with wider forest cover.
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H3 – Scope	In other tropical countries, the Amazon Fund support will be limited to projects that contribute to the creation or improvement of forest cover monitoring systems. Forest cover monitoring systems mean the application of techniques that involve the processing (e.g., georeferencing, highlights, and classification) of images of the earth's surface (whether satellite or airborne images) for thematic mapping of vegetation using the information produced (e.g., preparation of maps, spatial and statistical analyses) to support forest management.
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Item	Minimum Requirements for Projects
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H4 – Result indicators	Projects must include measurable and directly related to the implementation of a monitoring system for deforestation or forest degradation result indicators.
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H5 - Proponents / Executors	Projects must be presented by the beneficiary country's central government, multilateral institutions, or even by Brazilian governmental institutions and must have the formal consent, in the last two cases, of the central government of the country that will benefit from the actions to be developed by the project.
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H6 – Social Engagement	The project must have a monitoring body, which must include the participation of government entities and civil society. Projects related to the attributions of public bodies, or the establishment of public policies do not necessarily require the consent of the beneficiaries.
H7 – Contribution to REDD	Project must contribute directly or indirectly to lead to REDD.
H8 – Counterpart Financing	The project must present counterpart financing and/or non-financial contributions, demonstrating additional value to the resources obtained from the Amazon Fund and producing a multiplier effect for the Fund's investments. The following aspects may be considered: average budget executed in the 2 previous years in the public budget invested in the proposed action; degree of contingency of resources in the public budget for the execution of the action; forecast in current government multi-annual plans. Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms.
H9 – Advertising and Transparency	Monitoring systems supported by the Amazon Fund must be based on platforms that allow wide disclosure, transparency, and access to the data produced through the internet.
H10 – Project Sustainability	Demonstration of the project's economic sustainability capacity after its implementation BNDES will provide a standardized tool for the integration and dissemination of updated information on the implementation of all projects.
H11 – Resources Decentralization	A balance should be sought in the support for all its thematic areas, according to the defined priorities.
H12 – Preliminary Stage	BNDES will request, before its project approval process, a formal evaluation by the Ministry of Foreign Affairs (MRE) on the project's priority and impacts on Brazil's external relations as a stage for considering international projects.

Item	Resource Application Modalities
H13 – Direct Application – Investment	Applications carried out directly by project executors, including through third-party contracting.
	It includes investments in buildings, equipment, training, and qualification to establish initiatives.
	Projects may use more than one modality.
H14 – Direct Application – Financing	Applications carried out directly by project executors, including through third-party contracting.
	It includes travel expenses/field missions, individual or legal advice, field materials, communication, etc.
	Projects may use more than one modality.

Item	Resource Use Restrictions
H15 – Per Diems	The payment of per diems to public agents, such as public servants, government employees, or any person who occupies a public function, is forbidden. This restriction does not apply in the case of fundings for research activities.
H16 – Payment to individuals	Salaries or any type of compensation cannot be directed to civil servants under an exclusive regime working in any of the three spheres of government (the restriction on the payment of study or research grants specifically related to the project does not apply).
H17 – Taxes and Fees	The funds cannot be applied to pay taxes or fees that are not inherent and or an integral part of the financing or investments made by the project.

Item	Equity criteria in applying resources
H18 – Equity in applying resources by Country	Avoid concentration of project resources in the same country.

I. Amazon Fund's Support Focuses for the 2015-2016 Biennium

Item	General Guidance
I 1 – Focus for the 2013-2014 Biennium	<p>The following items define the focus of the Amazon Fund's activities for the 2013-2014 biennium and establish additional guidelines and criteria.</p> <p>The support to projects presented by governments must represent additionalities to public budgets allocated to the Amazon Fund's application areas.</p>
I 2 – Requirements to support states	<p>The support for new projects submitted by state governments will be subject to the condition that the interested state being is in the process of implementing CAR in its territory, whether funded by Amazon Fund's resources, its own resources, or resources arising from other sources.</p> <p>Agreements entered between the Amazon Fund and the states should require the states to review their State Deforestation Combat Plans, if they are outdated.</p> <p>The support for projects to combat forest fires or irregular burnings will be subject to the establishment of a commitment, by the military fire brigades / state governments, of prompt use of its troops in environmental emergencies caused by forest fires when formally requested by the Ministry of the Environment (MMA).</p>
I 3 – Research Infrastructure	The Amazon Fund's support for scientific and technological development will include support for the necessary research infrastructure.
I 4 – Project Consolidation or Expansion	Direct support (“over the counter”) is authorized for the second phase of projects previously supported by the Amazon Fund, concluded projects, or projects in the final execution phase, which aims at the continuity and expansion of their results, giving priority to those that meet the defined focuses for the 2013-2014 biennium.

Item	Amazon Biome — Monitoring and Control Axis
I 5 – Environmental Regularization and Rural Environmental Registry (CAR)	<p>Support for strengthening municipal environmental management for implementing CAR and/or decentralizing the environmental licensing of local impact activities legally assigned to it.</p> <p>The support for structuring municipal environmental bodies will be performed exclusively through operations with the states, which will be responsible for gathering these demands, and must make efforts to cover all municipalities in their territory through a project development participatory process.</p>
I 6 – National System for Controlling the Source of Forest Products	Structuring of the national system to control the source of timber, charcoal, and other forest products or by-products and its integration with the Legal Amazon state systems of and SICAR.
I 7 – Environmental Police and Inspection	Strengthening of the Federal and state governments' environmental police and inspection structures, with criteria that ensure joint action.
I 8 – Municipal environmental management	<p>Support for strengthening municipal environmental management for implementing CAR and/or decentralizing the environmental licensing of local impact activities legally assigned to it.</p> <p>The support for structuring municipal environmental bodies will be performed exclusively through operations with the states, which will be responsible for gathering these demands, and must make efforts to cover all municipalities in their territory through a project development participatory process.</p>
I 9 – Forest fires and irregular burnings	Support for actions to combat forest fires and irregular burnings presented by government agencies operating in the Legal Amazon.
I 10 – Monitoring	Support for monitoring deforestation, forest degradation, and burnings in the Amazon Biome, primarily on indigenous lands located in areas of high deforestation pressure.

Item	Amazon Biome — Promotion of Sustainable Productive Activities Axis
I 11 - Green Settlements Program	<p>Implementation of the "Green Settlements Program" (Program for Prevention, Combat and Alternatives to Illegal Deforestation in Amazon Settlements – PPCADI – Amazônia), primarily in:</p> <ul style="list-style-type: none"> • (i) settlements located in municipalities included in the MMA list of priority municipalities for actions to combat deforestation and • (ii) settlements with wider forest cover.
I 12 – Sustainable Forest Management	Support for sustainable timber forest management.

I 13 – Extractive economy	Support for the appreciation of extractive economies in sustainable use conservation units and their buffer zones supporting the national plan for socio-biodiversity, prioritizing
	<ul style="list-style-type: none"> • (i) extractive reserves (RESEX) where high deforestation rates are found; • (ii) conservation units included in the Bolsa Verde [Green Grant] Program; and • (iii) conservation units located in municipalities included in the MMA list of priority municipalities for actions to combat deforestation.
I 14 – Environmental Regularization Programs	Support for the recovery of permanent preservation areas and legal reserves aiming at the implementation of Environmental Regularization Programs - PRAs of rural possessions and properties.
I 15 – Family Farming	Support for sustainable productive activities in communities formed mostly by family farmers.
Item	Amazon Biome – Land and Territorial Planning Axis
I 16 – Landholding Regularization	Support for public lands landholding regularization, prioritizing critical areas under deforestation pressure, prioritizing actions to digitize landholding archives and build or consolidate landholding cartographic bases in the states, and the computerization of property records and state agencies addressing land use.
	The payment of severance damages will not be supported.
I 17 – Indigenous Lands	Support for the preparation and implementation of territorial and environmental management plans for indigenous lands, in line with the National Policy for Territorial and Environmental Management in Indigenous Lands – PNGATI.
I 18 – Protected areas	Support for the establishment and consolidation of protected areas.
Item	Amazon Biome — Scientific and Technological Development Focus
I 19 – New socio-biodiversity products	Support for scientific and technological research aimed at socio-biodiversity product chains, including the development of new products based on the Amazon rainforest biodiversity – pharmaceuticals, phytopharmaceuticals, medicines, cosmetics, and others of interest to the chemical and food industries.
I 20 – Sustainable Productive Activities	Support for scientific and technological research focused on timber forest management, recovery of degraded areas, crop-livestock-forest integration – ILPF, and sustainable fishing and aquaculture.
I 21 – Ecosystem services	Support for the development of methods for measuring carbon stock and storage capacity of the Amazon Rainforest's biomass and for measuring other ecosystem services.
I 22 – Native Silviculture	Support for the development of technologies for native species silviculture, including the production and storage of seeds and seedlings.
I 23 - Deforestation monitoring and control systems	Support for the development of technologies for monitoring and controlling deforestation and for processing images of the earth's surface for the thematic mapping of vegetation as a subsidy for forest management.

I 24 – Standards Sustainable Development	New for	Support for socio-economic research using participatory methods for new standards for the regions' sustainable development.
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Item	Amazon Biome – Operational Modalities
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I 25 – Guidance	The focuses defined in items I 5 to I 24 will be supported exclusively through the direct presentation of structuring projects or projects selected through public calls promoted directly by the Amazon Fund (BNDES) or through partner institutions.
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I 26 – Structuring Project	<p>A structuring project means a project that cumulatively meets the following criteria:</p> <ul style="list-style-type: none"> a) Contributes to the implementation of a public policy. b) Is resolute regarding the problem situation. c) Has a large range of work on the territory (whenever the project actions are developed in the territory).
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The criterion "large range of work in the territory" is met when, for example, the project's actions, in its totality, cover a set of municipalities, settlements or protected areas, a state planning region, the surroundings of PAC works, etc. The definition of the territorial range must be defined according to the project's characteristics and the respective public policies.

Structuring projects may be proposed by (a) federal government agencies, (b) state government agencies, or (c) private non-profit organizations.

Regarding scientific and technological development projects, the structuring projects may be proposed by scientific and technological institutions and/or their supporting foundations and/or civil society organizations that have this purpose defined in their articles of organization or articles of agreement or by federal or state government agencies. In the scientific and technological development sector, initiatives that aim to formulate innovative strategies to combat deforestation may also be supported in the direct modality ("over the counter").

I 27 – Public call	<p>In addition to the calls for projects promoted directly by the Amazon Fund (BNDES), support will be granted to partner institutions so that they promote public calls for projects. The partner institutions must prove their experience, knowledge, and operational capacity to provide quality and range to public calls. Partner institution means the entities of the third sector and the federal and state governments.</p>
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The Amazon Fund will be permanently available to the submission by partner institutions of requests for financial collaboration that seek their support to carry out public calls for projects, focusing on the prioritized actions for the 2013-2014 biennium, according to items I 5 to I 24.

Public calls promoted directly by the Amazon Fund or indirectly supported by it through partner institutions must be disclosed on the Amazon Fund's or the responsible partner institutions' website, as the case may be.

Studies and research in the Amazon Fund's thematic areas, selected by BNDES through public calls, which directly or indirectly, promote the generation of projects that may imply significant public or private investments may also be supported.

Item	Amazon Fund's Support in Other Brazilian Biomes
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I 28 – Environmental Regularization and Rural Environmental Registry (CAR)

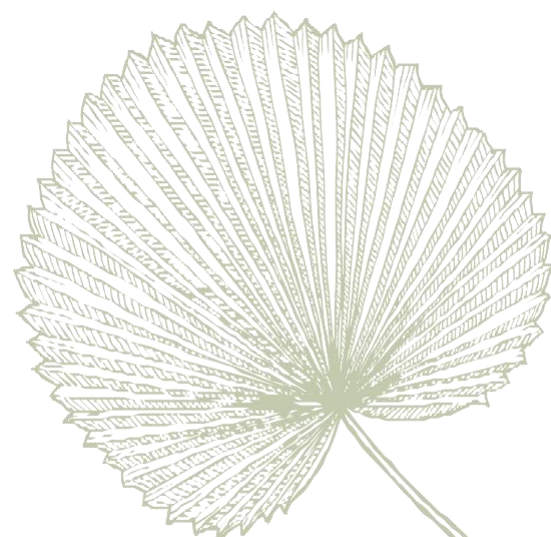
The following will be supported:

- (i) primarily projects proposed by state governments with the presence of cerrado and/or caatinga biomes in their territory, aiming at promoting the process of environmental regularization of rural possessions and properties via the Rural Environmental Registry (CAR) through joining or integrating the Rural Environmental Registry System - SICAR; and
- (ii) the development of monitoring systems for the Environmental Regularization Program (PRA).

Item	Amazon Fund's Support in Other Tropical Countries
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I 29 – Deforestation monitoring systems in other tropical countries

The Amazon Fund's Support continues to be authorized for projects that contribute to the creation or improvement of forest cover monitoring systems in other tropical countries, following the current guidelines and criteria (see items H 1 to H 18).





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14

Minutes of Topics
and Decisions
(MTD) of the
14th Meeting

BNDES

Rio de Janeiro
December 12, 2013

Agenda

9:30 a.m. Opening:

Francisco Gaetani – MMA Executive Secretary MMA
 Guilherme Lacerda – BNDES Environment Division Director

10 a.m. Approval of the Minutes of Topics and Decisions (MTD) of the 13th Meeting

10:15 a.m. Agenda Topic 1:

Amazon Fund Steering Committee Chairmanship Election

10:45 a.m. Agenda Topic 2:

Presentation of the preliminary proposal for a public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands - PGTA's

11:30 a.m. Agenda Topic 3:

Presentation on the Amazon Fund's evolution

12:30 p.m. Arrangements for setting the next COFA meeting

1:00 p.m. Conclusion

1:15 p.m. Lunch

Commencement of Activities

The participants received a folder containing the following supporting material:

1. Meeting Agenda / MTD of the 13th Meeting
2. **Agenda Topic 1**
 Amazon Fund Steering Committee Chairmanship Election
 - Instruction Page
 - Decree 6527/2008
 - Internal Regulations of the COFA
3. **Agenda Topic 2**
 Presentation of the preliminary proposal for a public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands - PGTA's
 - Instruction Page
 - Presentation (PPT) on the public call proposal
4. **Agenda Topic 3**
 Presentation on the Amazon Fund's evolution
 - Instruction Page
 - Presentation (PPT) on the Amazon Fund's five-year balance sheet
5. Recommendations Table
 - List of COFA members' data

The meeting was opened with greetings and salutations to the participants by the Ministry of the Environment Executive Secretary, Mr. Francisco Gaetani, who announced he was representing the Minister of the Environment, Ms. Izabella Teixeira.

He highlighted that it was rewarding to attend a meeting where good projects are discussed, resources are available, and an elaborate governance structure is established. He then gave the floor to the BNDES Director, Mr. Guilherme Lacerda.

Mr. Guilherme Lacerda (BNDES) mentioned that BNDES, as a federal public bank, attributes great importance to environmental issues. He then proceeded to make some remarks on the Amazon Fund's management throughout 2013.

Mr. Lacerda highlighted the BNDES's concern with a transparent management that is also efficient in the analysis, contracting, release, and monitoring process of projects supported by the Amazon Fund. He mentioned that there was an increase in the budget of the public call for sustainable production projects to up to BRL 100 million, which makes it possible for BNDES to analyze and approve 10 further projects, in addition to the eight originally selected. In this context, he informed that BNDES is working on a detailed analysis of these projects, having already approved the first project selected by the public call.

Mr. Lacerda added that, in the first semester, a meeting with representatives of civil society and forest peoples, attended by Minister Izabella Teixeira and the Secretary-General of the Presidency of the Republic, was held in Brasília. At this meeting, participants discussed the Amazon Fund, and several agreements were signed with civil society entities through the Banco do Brasil Foundation, with which the Amazon Fund established a partnership. He highlighted that these resources meet the demand of those social groups that defended the need for the Amazon Fund to cover all kinds of programs, supporting small projects.

Mr. Lacerda reported that, in 2013, a restriction on the receipt of donations by the Amazon Fund, on which taxes could be levied if the funds received were not applied in two years, was overcome. He highlighted that this exemption was only possible thanks to the effective action of the Ministry of the Environment and the sensitivity and support of the Ministry of Finance.

Mr. Lacerda emphasized that, in the second semester, a new agreement was entered into with the Government of Norway, aiming at consolidating previous donation agreements and extending the duration of this cooperation. He reported that, in October, BNDES's representatives, together with representatives of the Brazilian government, participated in seminars in Norway where the Amazon Fund's evolution was presented.

On that occasion, meetings with several members of the Norwegian Government, including the new Minister of the Environment of Norway, and dialogues with lawmakers, non-governmental entities, and the Norwegian press were held. Mr. Lacerda also reported the attendance of Amazon Fund's representatives at COP 19, in Warsaw, alongside the Ministry of the Environment.

He noted that the Amazon Fund currently has a solid, diversified, and dynamic portfolio, comprised of projects that were built with great care. The portfolio consists of 93 projects, of which 47 are currently being supported and 46 are being analyzed by the Fund's team. The total value of this portfolio amounts to approximately BRL 1.5 billion, and the Amazon Fund already has BRL 1.34 billion in assured donations. Mr. Lacerda stated that the situation of available resources is quite adequate, regardless of subsequent discussion on how to guide a new funding process.

He recalled the execution, in 2013, of the agreement with the Brazilian Institute of Municipal Administration – IBAM, aimed at helping most of the 529 municipalities in the Amazon biome in strengthening their environmental management, and the agreement executed with the Federal Government through the Brazilian Forest Service, aiming to implement the Amazon biome's forest inventory.

Mr. Lacerda also mentioned the agreements entered into with the Amazon Cooperation Treaty Organization (ACTO), aiming to contribute to the development of the capacity to monitor

deforestation and land use in other countries where the Amazon biome is present. He noted that several representatives of the embassies of the countries benefiting from the actions of the supported project were present at this event.

When referring to the agreement execution ceremony that aims to support the implementation of the rural environmental registry (CAR) in the state of Acre, Mr. Lacerda mentioned that on that occasion, it was suggested that the Amazon Fund's support for actions in other countries should not be restricted exclusively to projects to monitor and control deforestation.

In this context, he advocated that this possibility should be evaluated within conditions and criteria since the need for actions to combat deforestation does not end where there is a legal boundary.

Mr. Lacerda also informed that all states where the Amazon biome is present have already submitted projects to the Amazon Fund. The only state that had not yet presented a project was the state of Roraima, but after a negotiation made with the government of that state, the Fund received two projects that are already under analysis.

He emphasized the Amazon Fund's support for projects aimed at implementing the rural environmental registry (CAR) and the receiving of important projects that are still in an initial analysis phase, such as the project of the National Public Security Force of the Ministry of Justice and the project presented by the Chico Mendes Institute for Biodiversity Conservation (ICMbio).

Mr. Lacerda informed that the Amazon Fund will complete five years of operation in 2014, with four projects having already received full funding. Finally, he highlighted the importance that BNDES attaches to the rendering of accounts for the activities it performs as the Amazon Fund's manager.

Mr. Francisco Gaetani (MMA) thanked him for the information provided and highlighted that each point mentioned was an achievement, a challenge overcome. Regarding the Amazon Fund's support for other tropical countries, he considered the need to find a way to work beyond national borders more actively, facing issues such as river contamination, the development of production chains for socio-biodiversity products, deforestation, and firefighting in neighboring countries.

In this context, he mentioned the attendance of several partners that work beyond Brazil's borders, such as the German cooperation (GIZ) and WWF-Brazil in the COFA meeting. Mr. Gaetani added that it is necessary to think creatively and alongside state governments of states that have long international borders so that the Amazon Fund can also act across the border, especially because the problems faced do not have this administrative divisibility.

Furthermore, he informed that Minister Izabella Teixeira has been meeting with all the Secretaries of the Environment of the Amazon region to build a new strategy for the country's forestry development and address the need for a more fine-tuned monitoring of deforestation.

Mr. Gaetani emphasized the importance of implementing the rural environmental registry (CAR) and the importance of the Amazon Fund's support for this initiative. He pointed out that there are institutional difficulties in developing capacities at all administrative levels but that this is a historic opportunity to change standards.

Finally, he highlighted the dynamism in the Amazon Fund's management, evidenced by the volume of projects in its portfolio, and congratulated all participants in the process of building the Fund, highlighting it as an achievement to be preserved. Concluding his remarks, Mr. Francisco Gaetani (MMA) closed the first phase of the meeting.

1. Discussion and approval of the MTD of the 13th COFA Meeting

Mr. Francisco Gaetani (MMA) asked the Committee members if there were any proposals to adjust or improve the wording of the MTD of the 13th COFA Meeting. Since all members agreed, the MTD of the 13th COFA Meeting was unanimously approved.

2. Approval of the Agenda

The agenda for the 14th meeting was approved without any change in the order of the topics.

3. Amazon Fund Steering Committee Chairmanship Election

Francisco Gaetani (MMA) nominated the Ministry of the Environment as a candidate for COFA's chairmanship for a new biennium and asked COFA members to express their opinion about this or other possible candidates.

Mr. Justiniano Neto (state of Pará) was in favor of the reappointment of the Ministry of the Environment to COFA's chairmanship, stating that he believed there is a unanimous understanding, within the scope of the state caucus, that the Ministry of the Environment has been conducting the COFA management an appropriate manner.

Mr. Grayton Toledo (state of Amapá) added that Minister Izabella Teixeira has been doing a remarkable job as chairwoman of COFA and that the states fully agree with the reappointment of the Ministry of the Environment's representative to the committee's chairmanship.

Mr. Toledo took the opportunity to highlight that, to better work on flora management, the states and the Brazilian Institute of Environment and Renewable Natural Resources – IBAMA signed a technical cooperation agreement, also emphasizing the importance of continuing the existing negotiations between the states and the Ministry of the Environment.

Mr. José Lacerda (state of Mato Grosso) mentioned that the Ministry of the Environment has been establishing a good dialogue with the states that are part of the Legal Amazon, taking the opportunity to highlight the importance of having unified legislation that deals with the forest-based economy, which provides legal security and creates the conditions for its development and inspection. In turn, Mr. Lacerda ratified his appointment of the Ministry of the Environment's representative to COFA's chairmanship.

Mr. Antônio Carneiro (state of Maranhão) also ratified the reappointment of the Ministry of the Environment's representative to COFA's chairmanship.

Then, the civil society caucus made statements in the following terms:

Mr. Mauro Armelin (FBOMS) was in favor of the reappointment of the Ministry of the Environment's representative to COFA's chairmanship. He took the opportunity to mention that several advances have been achieved in the Amazon region but also that new problems have arisen and need to be faced. He exemplified as a new challenge the timber market in the Amazon region, whose licensing and command and control process is not considering the creativity of those who perform illegal activities, and that there is a need to reassess how the Amazon Fund should be inserted into this context so that this new challenge is also defeated.

Mr. Armelin also emphasized the importance of dialogue with the Norwegian Government, the largest donor to the Amazon Fund, to deepen mutual understanding and for it to continue supporting the Amazon Fund.

Mr. Armelin emphasized that the Amazon Fund must keep seeking new donors so that the lessons learned from its creation and the overcoming of difficulties in its early implementation are not lost. He recommended that the Fund promote an incessant search for new partners to support the development of sustainable production in other tropical countries and deforestation monitoring activities that are currently covered.

Mr. Ramiro Silva (FNBF) ratified his appointment of the Ministry of the Environment's representative to COFA's chairmanship. He highlighted the National Forum for Forest-Based Activities' concern with focusing on development and not just on deforestation control and inspection. He argued that it is necessary to find alternatives so that forestry activities can be economically viable and thus protect Brazilian forests.

Mr. Lucio Flores (COIAB) also ratified his appointment of the Ministry of the Environment's representative to COFA's chairmanship. He said he was confident that, at the COFA meeting, an important step would be taken towards bringing indigenous peoples and the Amazon Fund closer together, highlighting the large percentage of indigenous lands found in the Amazon region.

The other Federal Government's representatives, namely the Ministry of Agrarian Development; the Ministry of Agriculture, Livestock, and Supply; the Ministry of Science, Technology, and Innovation; the Ministry of Development, Industry, and Foreign Trade; and the Ministry of Foreign Affairs also spoke out in favor of appointing the Ministry of the Environment's representative to COFA's chairmanship.

Considering the manifestations of the COFA members, Mr. Francisco Gaetani (MMA) declared elected the Ministry of the Environment's representative for the Amazon Fund Steering Committee's chairmanship, with a two-year term of office effective as of the end of the last term.

– Decisions and arrangements

- The members of COFA unanimously elected the Ministry of the Environment's representative as Chairwoman of COFA for a two-year term ending on October 22, 2015.

4. Presentation of the preliminary proposal for a public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands - PGTAs – PGTAs

Mr. Francisco Gaetani (MMA) asked the representative of the Sustainable Development Promotion Board of the National Indigenous Foundation - FUNAI, Ms. Carolina Comandulli, to present the preliminary proposal for a public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands - PGTAs. He highlighted that the Ministry of the Environment is seeking greater integration with FUNAI through the national policy for managing indigenous lands.

Ms. Carolina Comandulli (FUNAI) initially informed that the proposal to be presented was prepared alongside the Ministry of the Environment, with subsidies collected from the indigenous communities.

She recalled that about 20% of the Legal Amazon is formed by indigenous lands, being a part of the territory that is environmentally well preserved. She also informed that there is a great demand

from the Brazilian indigenous peoples to be beneficiaries of the Amazon Fund's resources.

Ms. Comandulli reported that providing large-scale support for indigenous lands in the Legal Amazon is a great challenge. An assessment of the institutional response capacity of public bodies was carried out to respond to this challenge, which identified limitations to the execution of projects by these agencies on the necessary scale.

In light of this circumstance, efforts were made to find an institutional arrangement that could provide the support that would meet the demands of indigenous communities, promote forest protection in indigenous lands and, above all, facilitate the implementation of the national territorial and environmental management policy of these lands.

Ms. Comandulli noted that the National Policy for Territorial and Environmental Management in Indigenous Lands – PNGATI was prepared alongside indigenous peoples, focusing on the conservation and sustainable use of the natural resources of their lands and aiming at these peoples' autonomy in their territories.

The proposal for a public call focused on preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs) is inserted in this context. She clarified that PGTAs are territorial management tools prepared alongside indigenous peoples, representing the vision of these peoples for the present and future of their lands.

Ms. Comandulli added that these plans are broken down into several components, such as territorial monitoring and protection, productive activities, and environmental management, which strategically facilitate the support for the various components by different stakeholders, whether governmental or non-governmental. She reported that PGTAs are not implemented all at once since they have stages, and that the implementation of a component does not prevent nor depend on the implementation of another component.

Ms. Comandulli mentioned that there are already several territorial and environmental management plans prepared in the country that need to be implemented and that there is still a need to establish new PGTAs. She highlighted that the public call will prioritize the implementation of existing PGTAs, regardless of the support for the preparation of PGTAs.

Thus, Ms. Comandulli reported that it is being proposed that the public call be aimed at selecting proposals to obtain non-reimbursable financial support for developing and implementing PGTAs in indigenous lands located in the Legal Amazon, to be prepared based on the principles and guidelines of PNGATI.

Furthermore, the proposals may be supported if they contribute to development promotion through the sustainable use and management of natural resources, environmental management, and the strengthening of territorial protection, always respecting the ways of life and cultural manifestations of indigenous peoples.

Regarding the scope of the public call, Ms. Comandulli reported that proposals for indigenous lands located in the Legal Amazon will be considered as long as they comply with Article 11 of Decree No. 7747, 05 June 2012, which defines the PNGATI application area.

Ms. Comandulli also informed that legal entities – indigenous, environmental, and socio-environmentalist organizations, and organizations interested in the indigenous causes – legally constituted for at least two years will be able to participate in the public call.

The institutions must prove to have extensive and relevant experience working on projects with indigenous peoples in the Amazon region. Ms. Comandulli also clarified that the proposals presented must be submitted in the agglutinating modality, requiring each entity to submit a single project proposal consisting of subprojects prepared alongside co-executing institutions and that the projects may be presented for a single indigenous land or a group of lands.

Ms. Comandulli stressed that the proposal for a public call should also go through a validation process after going through a detailing stage within the forums and governance bodies involving the participation of indigenous peoples, namely the PNGATI Management Committee and the National Commission of Indigenous Policy.

She also suggested that the support for the project sector aimed exclusively at developing PGTAs should last up to 36 months and that proposals for implementing PGTAs should last up to 60 months.

Regarding the PGTAs project preparation, Ms. Comandulli recommended that these projects should include the following steps: awareness-raising and mobilization; diagnosis and planning of plans; conclusion of pending stages and phases of plans that have already been launched or of existing plans that were updated. On that occasion, she highlighted that FUNAI published a manual with guidelines for preparing PGTAs.

Ms. Comandulli suggested that the projects aiming at implementing PGTAs should carry the most weight in the public call, and the projects should be aligned with the three thematic axes already mentioned, namely: support for economic and productive activities based on the sustainable use of the forest and biodiversity; environmental management, through actions to recover deforested and degraded areas using reforestation with native species and agroforestry systems, fighting fires and deforestation, solid waste management and environmental education, and territorial protection, through strengthening indigenous governance and participation in the prevention and defense of the environment, intellectual property, and genetic heritage.

She emphasized that there are common topics that are necessarily complementary to the three proposed thematic axes, which are the indigenous qualification components, strengthening local indigenous organizations and project proponents, and cultural promotion.

She also advised that the fact that an agglutinating entity is already implementing another project with the Amazon Fund's support should not prevent it from participating in the public call since the number of indigenous, environmental, and socio-environmentalist organizations and organizations interested in the indigenous causes in Brazil that have the expertise to carry out this type of project is limited.

The FUNAI representative suggested that a follow-up commission be set up later on for projects that may be supported by the Amazon Fund within the scope of the public call comprised of representatives from FUNAI, the Ministry of the Environment, BNDES, indigenous organizations, and organizations interested in the indigenous causes, and that a permanent dialogue be established with the PNGATI Management Committee.

Ms. Comandulli also advocated that the agglutinating entities must have a minimal technical staff, regardless of the possibility of expanding their teams, depending on the scale of the project they intend to implement, and that the establishment of partnerships with other entities and the hiring of consultants must also be allowed.

She concluded her remarks by clarifying that the agglutinating entity is the one to decide to act in the indigenous lands that are the subject of its project, working directly with a local implementing team, the local indigenous association, associations interested in the indigenous causes, and indigenous stakeholders.

Mr. Francisco Gaetani (MMA) invited COFA members to express their remarks on the proposed public call.

Mr. Lucio Flores (COIAB) mentioned that the establishment of PNGATI resulted from the dialogue between the indigenous people and the government, which was an important exercise not only for the indigenous people to understand how the government mechanism works but also for the government to listen and understand the thoughts of indigenous peoples. He highlighted that the decree that established the PNGATI was a big step, and now the public call proposal is moving towards implementing this policy.

Mr. Flores recalled that in the first meetings held in Brasília on how the Amazon Fund supported indigenous peoples, it was requested that there be support for the institutional strengthening of indigenous organizations since they work at the front, living daily with the pressures on their territory and with the difficulties of these peoples. He added that indigenous peoples should be trained at several levels, especially in using technological mechanisms to monitor and manage their territories.

Mr. Flores stressed the importance of prioritizing implementing management plans, noting that there are already several PGTA's whose implementation was not achieved. He mentioned that some indigenous peoples indicate plans that were well formulated but that are out of date without being implemented. In this context, he stressed that preparing new plans without a perspective for their implementation should be avoided.

Regarding the agglutinating entities, Mr. Flores proposed that they make small calls to indigenous institutions and local associations. He stressed that thus the risk of not having a broad participation of indigenous peoples would be avoided.

Finally, Mr. Flores recommended that a broad discussion be held with indigenous leaders since the public call will be a large-scale initiative. Such a discussion would serve as an opportunity for these leaders to learn more about the public call's details and gather subsidies that could help in preparing a final proposal.

Mr. Grayton Toledo (state of Amapá) highlighted the importance of supporting indigenous peoples and strengthening their entities. He recommended a rapprochement with state governments since indigenous leaders also seek this government sphere to help combat the pressures approaching their territories.

Mr. Justiniano Neto (state of Pará) added that the Department of the Environment of the state of Pará already has an interesting experience with ethnic zoning with some local entities. He highlighted that he did not identify in the guidelines and criteria for the application of Amazon Fund's resources a restriction to a same entity supporting more than one project, regardless of the necessary compliance of the equity criterion in the application of resources.

Mr. Mauro Armelin (FBOMS) considered meeting the demand for actions in indigenous lands a great challenge since these correspond to about 20% of the Amazon territory. He highlighted as restrictions the limited number of organizations capable of submitting proposals and the topics that will be left out of the public call that also need to be addressed.

Mr. Armelin reinforced the recommendation that the agglutinating entities promote small public calls for indigenous institutions and local associations to address other topics or sub-topics related to the main topic supported by the Amazon Fund.

Ms. Nanci Silva (state of Rondônia) highlighted that the state of Rondônia has an Indigenous Peoples Coordination, which is a space for the indigenous population in the government to develop their own policies. She informed that she is presenting suggestions for the public call, formulated from a seminar on indigenous representation.

Mr. Guilherme Lacerda (BNDES) stated that the delay in meeting indigenous peoples' demands is historical, despite the advances achieved more recently, and highlighted several projects supported by BNDES in favor of these peoples.

He also highlighted the merit of the public call proposal presented, asking COFA to give BNDES, as the manager of the Amazon Fund, a deadline to receive suggestions from states and other entities, consolidate them, and open them up for a discussion with FUNAI and the Ministry of the Environment.

Mr. Lacerda also mentioned the need pointed out by the indigenous peoples representative for the agglutinating entities to promote small public calls, which will also allow the involvement of local indigenous associations.

Mr. Gabriel Visconti (BNDES) was also in favor of carrying out the public call, noting that the BNDES's technical team would have some suggestions regarding its operation because of the experience acquired, including that acquired in the public call for sustainable production projects of the Amazon Fund already carried out.

After these remarks, COFA approved the proposal for a public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands – PGTAs, establishing that FUNAI and BNDES must incorporate the suggestions of interested parties into the proposal. It also decided that the final version of the public call for proposals should be presented prior to its publication to COFA at its next meeting.

– Decisions and arrangements

— COFA approved the proposal for a public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands - PGTAs, establishing that FUNAI and BNDES should incorporate the suggestions of interested parties into the proposal. It also decided that the final version of the public call for proposals should be presented prior to its publication to COFA at its next meeting.

Then, a report on the Amazon Fund's evolution was presented.

5. Presentation on the Amazon Fund's evolution

Mr. Guilherme Lacerda (BNDES) highlighted that BNDES, as the executor of public policies, supports a wide range of actions in the environmental area besides those developed by the Amazon Fund. He mentioned that, on that same day, a seminar on solid waste was taking place at the BNDES facilities, in which a study on this topic prepared by the Federal University of Pernambuco was presented and discussed.

Regarding the Amazon Fund, Mr. Lacerda mentioned that an agreement would also be executed with the Government of the state of Amazonas on that same day. He recalled that an agreement had recently been executed with the state of Acre and reported that an agreement would soon be entered with the state of Amapá, all with the financial support of the Amazon Fund.

Then, **Mr. Gabriel Visconti (BNDES)** began to present the Amazon Fund's evolution. Initially, he addressed the donations received issue, highlighting the exemption from the incidence of the Social Integration Program (PIS)/Program for the Formation of Public Servant's Equity (Pasep) and the Contribution for Financing Social Security (COFINS) on donations to the Amazon Fund with the passing of Law No. 12810, 15 May 2013.

Mr. Visconti mentioned the new donation agreement with the Government of Norway, executed on September 17, 2013, which consolidates the previous agreements, extends the duration of the cooperation until December 2021, provides for the donated resources to be used until the end of 2020, and allows the full transfer of the committed resources.

Mr. Visconti informed that the total amount of donations contracted by the Amazon Fund is BRL 1.34 billion, of which BRL 1.3 billion has already been received. He mentioned the Amazon Fund's participation in the Oslo REDD Exchange and the Fund's participation in an event promoted by the Center for International Climate and Environmental Research in Oslo, Norway.

He highlighted that, in these events, the Amazon Fund was remarkably positively evaluated, being always cited as one of the most representative Funds in the world concerning REDD+.

Mr. Visconti then presented the operations already approved in 2013, the composition of the Amazon Fund's portfolio, the disbursements made, aspects of communication and transparency, and the challenges and perspectives faced by the Fund.

Among the challenges, he highlighted the support for projects aiming to implement the rural environmental registry (CAR), the implementation of the National Policy for Territorial and Environmental Management in Indigenous Lands – PNGATI, the support for other international projects, and the improvement of reporting the results achieved by the projects already supported.

As points for debate within the scope of COFA, Mr. Visconti proposed assessing the possibility of supporting projects in other tropical countries, in addition to monitoring and controlling deforestation in those countries, amending Decree No. 6527/2008 to remove the restriction on the appointment of the same COFA member for more than two terms; and the inclusion of FUNAI as a member of COFA.

Mr. Grayton Toledo (state of Amapá) recalled that the question of reappointing COFA members for more than two terms had already been proposed. Regarding the states' representation, he reported that there is a significant turnover of its members, as the secretaries of the environment rarely remain in office for a long time. Thus, it would be desirable for a secretary to remain in his post longer than he could be reappointed as a member of COFA. Given this, he advocated that the proposed change be implemented as soon as possible.

Mr. Justiniano Netto (state of Pará) highlighted the solid evolution of the Amazon Fund's project portfolio since 2009, highlighting this development as a collective achievement of Brazilian society. He proposed as an agenda topic for the next COFA meeting the holding of a discussion on the dynamics that caused the increase in the deforestation rate in 2013 and on the adequacy of the Amazon Fund's operation focus considering this dynamic.

Mr. Lucio Flores (COIAB) informed that the international support aspect of the Amazon Fund has already aroused the interest of indigenous peoples from other countries, who ask whether there will also be an indigenous component. He was in favor of FUNAI appointing a member for COFA.

Mr. Mauro Armelin (FBOMS) highlighted that the Amazon Fund transcends the nature of a REDD+ fund, being an instrument for promoting development where reducing deforestation is a necessary step.

Mr. Armelin was in favor of the Amazon Fund's international support expansion for categories of projects beyond just the implementation of deforestation monitoring systems. However, he stressed that this change should be accompanied by an active participation of civil society in the design and implementation of these projects.

Regarding the reappointment of COFA members for more than two terms, Mr. Armelin argued that the renewal of representation on the Committee contributes to create new leaderships. He proposed that after a second reappointment as a member of COFA, the immediate reappointment of that member only as an alternate be authorized, which would ensure the renewal and creation of new leaderships without loss of memory.

Mr. Ramiro da Silva (FNBF) proposed that in 2014 an opportunity be created to better understand the results of projects supported by the Amazon Fund and share experiences.

Mr. Francisco Gaetani (MMA) recommended that BNDES prepare a proposal to amend Decree No. 6527/2008 to incorporate the proposed changes, which will be considered at the next COFA meeting. He informed that a seminar to be held next year is being planned to commemorate the Amazon Fund's five years of operation. Finally, he proposed March 20, 2014, and November 20, 2014, as dates for the next COFA meetings.

– Decisions and arrangements

- The next regular COFA meetings in 2014 were scheduled for March 20, and November 20.

6. Report on COP 19

Mr. Felipe Ferreira (MRE) presented a brief report on the 19th Conference of the Parties (COP-19) of the United Nations Framework Convention on Climate Change (UNFCCC), held in Warsaw on November 11-22, 2013.

He highlighted that one of the main results achieved at that conference was the definition of the international architecture for financing REDD+, the so-called "Warsaw Framework for REDD+."

Mr. Ferreira clarified that an economic instrument had been defined under the UNFCCC to encourage developing countries to implement policies and actions to reduce, halt, or reverse deforestation and the loss of forest cover. Developing countries that show proven reductions will be eligible to receive "payments for results" from several international sources.

He clarified that the Green Climate Fund (GCF) will play a key role in channeling financial resources to developing countries implementing REDD+. The GCF's role will be crucial to allow adequacy and predictability in transferring resources to these countries.

Mr. Ferreira informed that the "Warsaw Framework" has seven decisions in all, which conclude the negotiating process on the subject to a large extent. The decisions include a package of internationally recognized methodologies to monitor, report, and verify results, which establishes the conditions for receiving payments and creates tools to increase transparency regarding the results and their respective payments.

He highlighted that the framework launches a new stage for REDD+, focusing on implementing multilaterally agreed rules to obtain payments for results. The result expected is that there will be greater legal certainty and better international coordination to financially support REDD+ activities.

Mr. Francisco Gaetani (MMA) highlighted that this is an important topic for everyone, and that it should be deeply analyzed at a later date. He asked Mr. Guilherme Lacerda (BNDES) to conclude the meeting.

7. Conclusion

Mr. Guilherme Lacerda (BNDES) took the floor, thanked everyone for their attendance and closed the meeting, inviting the participants to participate in the following execution ceremony of the Amazon Fund's non-refundable financing agreement with the state of Amazonas, aiming to support the development of sustainable productive activities by traditional communities and indigenous peoples.

Representatives present

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent / (SA) – Substitute Agent

Ministry of the Environment	Ministry of Development, Industry and Foreign Trade	Ministry of Foreign Affairs
Francisco Gaetani (SA)	Beatriz Martins Carneiro (R)	Felipe Rodrigues Gomes Ferreira (S)
Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Agrarian Development	Ministry of Science, Technology, and Innovation
Erikson Camargo Chadoha (S)	João Luiz Guadagnin (R)	Andréa Ferreira Nunes Portela (S)
Brazilian Development Bank – BNDES	State of Amapá	State of Amazonas
Guilherme Narciso de Lacerda (R) Gabriel Rangel Visconti (S)	Grayton Tavares Toledo (R) Fabrício de Paula Gomes (S)	Kamila Botelho do Amaral (R)
State of Maranhão	State of Mato Grosso	State of Pará
Antonio César Carneiro Souza (RS)	José Esteves de Lacerda Filho (R)	Justiniano Queiroz Netto (S)
State of Rondônia	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
Nanci Maria Rodrigues da Silva (R)	Mauro José Capóssoli Armelin (S)	Lúcio Paiva Flores (R)

National Forum of Forest Based Activities – FNBF

Ramiro Azambuja da Silva (R)

Absent

Office of the President’s Chief of Staff
 Department of Strategic Affairs of the Presidency of the Republic
 State of Acre
 State of Tocantins
 State of Roraima
 National Confederation of Industry – CNI
 National Confederation of Agricultural Workers – CONTAG
 Brazilian Society for the Progress of Science – SBPC

Experts, guests, and observers

(Article 5 of COFA’s Internal Regulations)

BNDES

AMA/DEFAM

Juliana Santiago
 Guilherme Accioly
 Angela Skaf
 Bernardo Braune
 Ana Paula Donato
 Daniel Rossi
 Gabriel Areal
 Ana Paula Silva
 Aline de Melo
 Mariana Guimarães

AMA/JUAMA

Daniela Baccas

DIR5

Nabil Kadri

AP/DEPR

João Paulo Braga

GP

Daniel Sincorá

AF/DEREI

Luiz Muzzi

Ministry of the Environment (MMA)

Francisco Oliveira
 Juliana Simões

Amazonas (SEPROR)

Eron Bezerra
 Sonia Alfaia

Amapá (SEGOV)

Fabricao de Paula

Mato Grosso

Lilian Lisboa

Embassy of Norway

Elisabeth Forseth

FUNAI

Carolina Comandulli

GIZ

Helmut Eger
 Waldemar Wirsig
 Janina Budi
 Eugênio Pantoja

KfW

Hubert Eisele

INDUFOR

Marisa Camargo



RET 15

Minutes of Topics
and Decisions
(MTD) of the
15th Meeting

BNDES

Rio de Janeiro
April 04, 2014

Agenda

- 9:30 a.m.** Opening: Minister of the Environment, Izabella Teixeira
- 10 a.m.** Approval of the Minutes of Topics and Decisions (MTD) of the 14th Meeting
- 10:15 a.m.** Agenda Topic 1:
Approval of the 2013 Amazon Fund's Annual Activity Report
- 10:30 a.m.** Agenda Topic 2:
Amazon Fund' s Activity Report and Current Portfolio
- 11:00 a.m.** Agenda Topic 3:
Public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands – PGTA's
- 11:40 a.m.** Presentation of Reports
1. MRE Report on the Warsaw Framework
 2. Deforestation Data Screening – PRODES 2013 by MMA
- 12:40 p.m.** Decisions
- 1:00 p.m.** Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

1. Meeting Agenda
MTD of the 14th Meeting
2. Agenda Topic 1
Approval of the 2013 Amazon Fund's Annual Activity Report
 - Instruction Page
 - Presentation (PPT) 2013 Amazon Fund's Annual Activity Report
3. Agenda Topic 2
Amazon Fund' s Activity Report and Current Portfolio
 - Instruction Page
 - Presentation (PPT) Amazon Fund's Activity Report and Current Portfolio
 - Project Portfolio Report – as of February 28, 2014
4. Agenda Topic 3
Public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands – PGTA's
 - Instruction Page
 - Presentation (PPT) National Policy for Territorial and Environmental Management in Indigenous Lands – PNGATI
5. Recommendations Table
 - Decree No. 6527/2008
 - List of COFA members

The meeting was opened with greetings and salutations to the participants by BNDES's Director, Mr. Guilherme Lacerda, who then gave the floor to Minister Izabella Teixeira (MMA).

Ms. Izabella Teixeira (MMA) introduced the agenda topics for the meeting, which included the approval of the Amazon Fund's Annual Report and a presentation on the evolution of its project portfolio; she also highlighted the need for COFA not only to ponder on the projects already approved but also on what is expected from the Amazon Fund in the coming years.

Ms. Teixeira mentioned that the annual emissions of greenhouse gases (GHG) avoided by reducing deforestation in the Brazilian Amazon are equivalent to the United Kingdom's total annual emissions, which proves the relevance of the Brazilian effort to reduce deforestation to face the problem of global warming.

Regarding the public call for projects for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs), Ms. Teixeira highlighted that supporting indigenous peoples in the issue of environmental management of their lands and the implementation of income generation models based on the sustainable use of socio-biodiversity products is a joint effort. She emphasized the presence and participation of indigenous representatives in this process and these populations' expectations regarding the approval and prioritization of this public call for projects, which aims to protect these peoples and their natural and cultural wealth.

Ms. Isabella Teixeira (MMA) publicly acknowledged the efforts made by the states that are part of the Legal Amazon to combat deforestation in the region, mentioning the cooperation agreement signed between the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) and local authorities to improve management forest in the biome. She also highlighted the efforts made by the Brazilian government to increase inspection and repression of environmental crimes, noting that, this year, MMA is working with a scenario of sharp reduction in deforestation.

Finally, Ms. Teixeira informed COFA that MMA is being consulted on the possibility of the Amazon Fund supporting solutions to environmental problems in urban areas, especially the restoration of degraded areas, streams, and other more sensitive areas in cities located in the Amazon region. In this context, she mentioned the case of the municipality of Porto Velho, where urban expansion has caused significant deforestation, given that the capital of the state of Rondônia is a municipality with large forest cover. Following these lines, she recommended that this should also be a topic to be debated within COFA.

Mr. Guilherme Lacerda (BNDES) initially noted that the Amazon Fund belongs to the Brazilian government and the Brazilian society and that BNDES, as its manager, has made a remarkable effort to integrate its actions with the Ministry of the Environment, state governments, and other entities that request its resources. He then highlighted the political centrality that the Amazon Fund represents for Brazil and the world due to the significant reduction in deforestation already achieved, mentioning the meetings held with representatives from Norway and Germany on this topic in the first months of 2014.

Mr. Lacerda mentioned that since the last COFA meeting, on 12 December 2013, the Amazon Fund has approved support for nine other projects, among which he highlighted the support for the IBAMA project for the physical and operational structuring of the National Center to Prevent and Combat Forest Fires (Prevfogo).

He emphasized the importance of holding a meeting with all the states that are part of the Legal Amazon to discuss the content of projects to support implementing the Rural Environmental Registry (CAR) to ensure that all projects are integrated with the national CAR policy.

Mr. Lacerda informed COFA that three projects implemented with Amazon Fund resources had completed all stages of the support cycle and that detailed information on their results and impacts were made available on the fund's website.

From an international perspective, he reported that the Amazon Fund team participated in a workshop organized by the government of Indonesia on access to resources from the Green Climate Fund (GCF), which was part of the preparatory events for the 6th Meeting of the GCF Board, held in that country.

Mr. Lacerda also informed that BNDES and MMA are developing a strategy to present the Amazon Fund to other potential donor countries that may want to participate in this initiative, qualifying the fund as one of the most advanced mechanisms and the one that has presented the best results in the fight against deforestation.

He concluded by reporting that a technology transfer project on forest monitoring from the National Institute for Space Research (INPE) to 10 countries in the Congo basin, located in Africa, is under technical discussion. In theory, Brazil will donate the technology, the Food and Agriculture Organization of the United Nations (FAO) will be the implementer, and the Amazon Fund may provide the resources. Mr. Lacerda clarified that this project is part of a larger strategy of the Brazilian government regarding south-south international cooperation.

1. Discussion and approval of the MTD of the 14th COFA Meeting

Ms. Izabella Teixeira (MMA) asked the Committee members if there were any proposals to adjust or improve the wording of the MTD of the 14th COFA Meeting. Since all members agreed, the MTD of the 14th COFA Meeting was unanimously approved.

Then, several COFA members requested the floor to make remarks. It was highlighted that the Committee should provide opportunities for dialogues that foster a more strategic view regarding the Amazon region. Concerning the projects supported by the fund, it was expressed that a qualitative discussion is necessary to allow an assessment of how progress is being achieved, not only concerning deforestation but also in terms of new models and options for sustainable development.

In this context, it was recommended that COFA hold meetings or technical discussions on the results of the projects supported concerning topics of a more strategic nature, such as CAR, projects to support indigenous peoples, and the promotion of chains of socio-biodiversity products. It was also advised that the COFA meetings have a longer duration to allow the discussions to move forward.

Finally, it was considered that the inclusion of the capitals of the states that are part of the Legal Amazon as possible direct Amazon Fund beneficiaries should be evaluated since several of them concentrate a large portion of the population, making actions in the capitals necessary for the implementation of environmental legislation, the reduction of deforestation, and the recovery of urban waterways.

2. Approval of the Agenda

The agenda for the 15th meeting was approved without any change in the order of decisions on the agenda topics.

3. Approval of the 2013 Amazon Fund's Annual Activity Report

Based on the 2013 Amazon Fund's Annual Report draft, according to the material previously sent to all Committee members, the accountability of the Amazon Fund for 2013 was

approved. A period of 10 calendar days was also established for any observations to be forwarded to BNDES.

– Decisions and arrangements

- COFA approved the 2013 Amazon Fund's Annual Report, establishing a period of 10 calendar days for Committee members to submit any observations deemed appropriate to BNDES.

4. Amazon Fund's Activity Report and Current Portfolio

Mr. Gabriel Visconti (BNDES) reported on the Amazon Fund's recent activities and presented data from its current portfolio. He informed that the Fund's total funding amounts to BRL 1.7 billion. On that occasion, he mentioned the recent visit paid in March 2014 to BNDES by a delegation of the Government of Indonesia, which showed great interest in knowing the Fund's governance, operation, and transparency mechanisms.

Regarding the project portfolio, Mr. Visconti reported that four new projects were approved in the first months of 2014, amounting to BRL 86 million in financial support, and that BRL 18 million was disbursed in the same period. He also informed that the consolidated portfolio comprises 54 approved projects amounting to BRL 858 million in support from the Fund, with distribution, in the number of projects, quite equitable between the third sector and the states. Finally, he reported that the accumulated disbursements amount to BRL 240 million.

Then, Mr. Visconti briefly presented the four new projects approved in 2014, namely: "Sustainable Environmental Management of Indigenous Lands in the state of Amazonas", under the responsibility of the Department for Indigenous Peoples of the state of Amazonas, amounting to BRL 16 million in support from the Fund; "Integrated Environmental Socio-Economic Development", under the responsibility of the Department of Environmental Development of the state of Rondônia, amounting to BRL 33 million; "Forest Sentinels", under the responsibility of COOPAVAM – Vale do Amanhecer Farmers Cooperative, amounting to BRL 5 million; and "CAR Bahia", under the responsibility of the Institute for the Environment and Water Resources of the state of Bahia (INEMA), amounting to BRL 32 million.

Mr. Visconti concluded his presentation by addressing the Fund's main challenges and perspectives, highlighting the following: the continued support for CAR implementation; the promotion of the public call for preparing and implementing Plans for Territorial and Environmental Management in indigenous Lands (PGTAs); the conclusion of the analysis and contracting of the projects selected in the public call for sustainable production projects; the increase in the reporting of the results achieved by the projects; the support for new international projects; and the raising of new resources to ensure the sustainability of the Amazon Fund.

5. Public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands - PGTA's

Mr. Jaime Siqueira (FUNAI) initially recalled that COFA had approved at its previous meeting the proposal for a public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands - PGTAs, establishing that FUNAI, MMA, and BNDES should incorporate the suggestions of interested parties into the proposal. At its last meeting, COFA had also decided that the final version of the public call should be presented to him before its publication at the Committee's next meeting.

In this context, Mr. Siqueira began to inform how the details of the public call were presented since then,

emphasizing COIAB's participation in this process. He highlighted the concern of all partners to promote an expansion in the range of support to indigenous peoples and to implement PGTA's already prepared.

He then mentioned the seven guiding axes of the National Policy for Territorial and Environmental Management in Indigenous Lands – PNGATI, namely: (i) territory and natural resources protection; (ii) indigenous governance and participation; (iii) protected areas, conservation units, and indigenous lands; (iv) prevention and recovery of environmental damage; (v) sustainable use of natural resources and indigenous productive initiatives; (vi) intellectual property and genetic heritage; and (vii) training, qualification, exchange, and environmental education.

Mr. Siqueira highlighted that the call foresees that at least 70% of the budget of each project must be applied to implementing PGTA's, representing a response to a historical claim of indigenous populations in the sense of having resources to support the implementation of concrete actions in their lands. Therefore, the selectable proposals should enable the implementation of existing PGTA's, and may also provide support for the elaboration, updating, or completion of PGTA's already implemented.

Regarding the scope of the call, Mr. Siqueira informed that the indigenous lands contemplated with projects are those framed in Article 11 of Decree 7747/2012, which established PNGATI, located in the Amazon biome. Furthermore, he stated that priority will be given to projects that (i) include indigenous lands located in municipalities targeted by the PPCDAm Axis, (ii) projects that include indigenous lands located around large infrastructure projects, and (iii) projects that benefit a great number of indigenous lands.

Regarding participation, Mr. Siqueira clarified that the following legal entities may apply for the public call: indigenous, environmental, and socio-environmentalist organizations, and organizations interested in the indigenous causes, provided they have been legally constituted for at least two (02) years. These institutions must prove to have at least more than 50% (fifty percent) of the base team that will work in the presented project formed by professionals with experience in working with indigenous peoples of Brazil; furthermore, only one project can be presented per proponent.

Regarding the content, he informed that the projects for implementing PGTA's must include (i) support for the development of economic and productive activities based on the sustainable use of the forest and biodiversity; (ii) environmental management, through the recovery of deforested and/or degraded areas using reforestation with native species and agroforestry systems, fighting fires and deforestation, solid waste management, and environmental education, and (iii) territorial protection, through strengthening indigenous governance and participation in the prevention and defense of the environment, intellectual property, and genetic heritage.

The projects must also contain cross-sectional actions for indigenous training and qualification and for strengthening local indigenous organizations and project proponent entities, aiming to ensure the sustainability of these projects in the medium and long term.

Mr. Siqueira concluded by reporting that the projects' implementation period will be up to 42 months, the total value of the call will be up to BRL 70 million, and the unit values per project will vary from BRL 4 million to a maximum of BRL 12 million. He clarified that the proposing entities will not be able to transfer financial resources to local organizations and that the project evaluation and selection committee will be composed of BNDES, FUNAI, MMA, and COIAB representatives.

Mr. Grayton Toledo (state of Amapá) argued that several states in the Amazon have departments directly linked to indigenous peoples, proposing that the states in the region also hold representatives in the committee for evaluating and selecting projects selected by the public call. Mr.

Toledo's proposal was approved by COFA, and it is up to COFA's state representatives to nominate a representative and a substitute representative for the commission.

Mr. Lucio Flores (COIAB) initially congratulated all the technicians from the different entities involved, including COIAB, for the work done to make the public call possible. He highlighted that this call for projects to work in indigenous lands throughout the Amazon is remarkable progress; however, he expressed his concern regarding the third sector organizations' capacity to prepare and implement projects worth a joint value of BRL 70 million that will be made available.

Mr. Flores also considered positive that 70% of the values of each project should be applied in the execution of management plans, which indicates that concrete actions will be implemented in indigenous lands. He concluded by expressing his expectation that the supported projects will contribute to strength indigenous organizations, including COIAB, which actively participated in the establishment of PNGATI, in the discussion of the public call and which will monitor its implementation on site.

Ms. Adriana Ramos (FBOMS) pointed out that the ideal would have been the public call to support mainly indigenous organizations, allowing them to manage resources themselves since the project and financial resource management is an important step in their institutional strengthening process. Nevertheless, she emphasized that the public call was a step forward as it reaffirms a central issue, i.e., the importance of territories for indigenous peoples, recognizing these territories as a fundamental right of these peoples, which is the basis for supporting these communities.

Finally, Ms. Ramos recommended that extensive work be carried out to promote the public call so that all issues related to it are made clear and no problems in understanding by those who will participate in this process happen.

Ms. Izabella Teixeira (MMA) highlighted that the present public call model was prepared according to the requirements imposed by the government's current financial management control systems. She stressed that these control systems end up hindering access to public resources by all deserving entities and projects, favoring civil society partners that already have a stronger institutional development.

Ms. Teixeira highlighted the importance of expanding the group of entities capable of accessing public resources, for which purpose actions to strengthen local indigenous organizations are foreseen in the public call. In this context, she concluded that the public call format is a possible alternative that will probably be successful and could become the path to be followed by other similar initiatives.

After these remarks, COFA approved the disclosure of the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands – PGTAs,

– Decisions and arrangements

- COFA approved the disclosure of the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands – PGTAs. The Committee also decided that COFA's state representatives will be responsible for appointing a representative to integrate the Committee for evaluating and selecting

6. MRE Report on the Warsaw Framework

Mr. Felipe Ferreira (MRE) initially highlighted that there was great progress in international negotiations regarding REDD+ at the last United Nations Climate Change Conference (COP 19), held in 2013 in Warsaw, Poland. He informed that it is expected that the few remaining uncertainties will be resolved at COP 20, which will take place in 2014 in Lima, Peru.

Mr. Ferreira highlighted that at COP 19, the conceptual construction stage of REDD+ in the scope of international negotiations was overcome, and the implementation phase is now beginning. He added that an economic instrument under the United Nations Framework Convention on Climate Change (UNFCCC) to support developing countries implementing climate change adaptation and mitigation actions in the forestry sector now exists.

Mr. Ferreira informed that as of COP 16 (Cancun), there was a collective goal of reducing, halting, or reversing deforestation and forest cover loss in the context of REDD+ and that at COP 19 (Warsaw), the collective goal of channeling resources in an adequate amount to make this happen was established.

He stressed that one of the advances achieved was defining a central role for the Green Climate Fund (GCF), a United Nations fund intended to mobilize resources to support developing countries' actions to reduce deforestation and mitigate global warming impacts.

He then highlighted some aspects of what is being called the "Warsaw Framework for REDD+". The first aspect is the payment for results at the national level and not per project. The second aspect is that this payment will be made after the provision of proof of the results obtained, stating the emissions reduction, measured in tons of CO₂ equivalent, which, as he pointed out, is the model already adopted by the Amazon Fund to define the limits of its funding.

Mr. Ferreira also said that developing countries must present a REDD+ reference level to which their results will be compared to calculate their capitation limit. Regarding institutional structure, he said that there will not be an executive committee or a central body as seen in other mechanisms of the Convention (UNFCCC); thus, it will be necessary that each country establish focal points or national entities for REDD+.

Mr. Ferreira also remarked that the seven decisions that constitute the "Warsaw Framework for REDD+" also establishes technical criteria for monitoring, reporting, and verifying the countries' results and the requirements to be met, so these developing countries receive payments for the results achieved.

He stressed that the results presented by developing countries will undergo a verification process by independent experts within the scope of the Convention and must be published online to ensure transparency throughout the process. Regarding funding, he informed that it can be carried out both bilaterally and multilaterally, and it is expected that a large part of the funding will take place alongside the Green Climate Fund (GCF).

Mr. Ferreira concluded by mentioning that BNDES is expected to be one of the Green Climate Fund (GCF) implementing entities and highlighting the Amazon Fund's privileged situation as a candidate to receive additional REDD+ resources within the scope of this new financial architecture.

7. Deforestation Data Screening – PRODES 2013

Mr. Francisco Oliveira (MMA) initially highlighted the reduction of almost 80% of the area annually deforested in the Brazilian Legal Amazon over the period from 2004 to 2013. He clarified that this reduction in the deforestation rate corresponded to a reduction from 57% to 22% in the share of greenhouse gas (GHG) emissions arising from land and forest use when considering the sector accounting of GHGs in Brazil.

By illustrating the distribution of GHG emissions by sectors, one could see Brazil's total emissions in 2005, amounting to 2.0 billion tons of CO₂ equivalent, and in 2010, amounting to 1.2 billion tons of CO₂ equivalent, which demonstrates the drastic reduction in annual GHG emissions by Brazil.

Mr. Oliveira pointed out that the 2013 final data on the Legal Amazon annual deforestation should be released by the National Institute for Space Research (INPE) in April 2014. After this remark, he presented various information and analyzed various data on deforestation dynamics, highlighting that from 2004 to 2013, the states of Pará and Mato Grosso were the ones that deforested the Amazon biome the most, despite these decreasing rates.

Mr. Oliveira reported that from 2012 to 2013, there was a 28% increase in the deforestation rate and that the highest growth in deforestation by type of land use occurred in agrarian reform settlements, which presented a growth of 24% compared to the average deforestation verified for this type of land use from 2004 to 2013.

As good news, Mr. Oliveira highlighted that the private areas in the states of Mato Grosso and Pará that are already included in the rural environmental registry (CAR) showed a 53% decrease in the deforested area compared to the average from 2004 to 2013.

He presented information on the deforestation dynamics in each state of the Legal Amazon, showing that it behaves differently in the different federative units. Mr. Oliveira exemplified this by showing how, in the state of Acre, deforestation in settlements represented more than half of the measured deforestation, while in the states of Amapá and Tocantins, it represented just over 10% of the measured deforestation in these states in 2013.

Mr. Oliveira mentioned that 68% of the deforested areas in the Legal Amazon are under the responsibility of the states and that 32% are areas under the responsibility of the federal government. Regarding the 52 priority municipalities for actions to combat deforestation, including the municipalities monitoring deforestation, he expressed concern about the fact that most of them showed an increase in deforestation.

Mr. Oliveira also presented information on the 10 municipalities in which the highest deforestation rates occurred in 2013, indicating on which lands of these municipalities deforestation took place, namely: federal plots, settlements, conservation units, registered private areas (CAR), and other categories. By analyzing these data, he demonstrated the great variation in the deforestation distribution by municipalities, highlighting the case of the municipality of Altamira, in which most of the deforestation occurred in federal lands with a determined purpose.

Mr. Oliveira then presented information on the top-10 protected areas, public plots, areas with CAR, free areas, and settlements with the most deforestation in 2013. Regarding the settlements, he mentioned that among the 10 that most deforested, most are old settlements, such as Rio Juma, which was created in 1982.

Mr. Oliveira also presented the results obtained from the Legal Amazon land use and land cover mapping for all deforested areas mapped by PRODES until 2010, which was the subject of the TerraClass project, a joint initiative between INPE and the Brazilian Agricultural Research Corporation (EMBRAPA). He highlighted that 18.2% of the Legal Amazon had been deforested by 2010, with 21% of these areas having some degree of regeneration (secondary vegetation).

Mr. Oliveira reported that from 2008 to 2010, about 16,000 km² ceased to serve as pastures and became secondary vegetation in the Legal Amazon. In that same period, other 7,000 km² of pastures were converted to annual crops. He considered that this is valuable information for pondering the deforestation dynamics and the dynamics of deforested lands occupation and the use given to them.

Then, Mr. Oliveira presented information on the deforestation distribution by the polygon's sizes. He expressed concern about the deforestation growth in polygons equal to or greater than 500 hectares, mentioning that this growth was most evident in the state of Pará.

Finally, Mr. Oliveira reported an intensification of mining activity in the state of Pará around the BR-163 highway, where over three thousand mining sites were identified, and that this activity has contributed to deforestation growth

He then proceeded to analyze recent information on the deforestation dynamics, recalling that information on annual deforestation rates measured by INPE (PRODES) always refers to annual periods from August 1 to July 31 of the following year.

For this analysis, Mr; Oliveira initially referred to data obtained from the DETER System (Real-Time Deforestation Detection System), a monthly survey carried out by INPE to support deforestation inspection and control. He reported that from August 01, 2013, to January 31, 2014, there was an indication of a 19% drop in the deforestation rate, noting, however, that this information is less accurate than that obtained by the PRODES methodology.

Mr. Oliveira concluded by remarking on the deforestation dynamics observed in the states that are part of the Legal Amazon according to DETER data from August 2013 to January 2014 and recommending caution in analyzing predictive data from other deforestation detection systems. He pointed out that these data have shown to be blatantly discrepant compared with the definitive rates calculated annually by INPE's PRODES System, a system whose reliability is internationally recognized.

Then, several COFA members requested the floor to make remarks. It was recommended that the Amazon Fund give priority to supporting projects on settlements and landholding regularization projects, as it was identified that there was a strong incidence of deforestation both in settlements and in public plots with no determined purpose. Regarding the deforestation occurrence in settlements, it was also considered that these areas are probably the ones with the best use from the agricultural production and the generation of economic occupation for the rural population points of view.

8. Conclusion

Mr. Guilherme Lacerda (BNDES) took the floor, thanked everyone for their attendance, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Foreign Affairs	Ministry of Agriculture, Livestock and Food Supply – MAPA
Izabella Mônica Vieira Teixeira (R) Carlos Augusto Klink (S)	Felipe Rodrigues Gomes Ferreira (Nominated Substitute)	Erikson Camargo Chandoha (S)
Ministry of Agrarian Development	Ministry of Science and Technology and Innovation	Office of the President's Chief of Staff
João Luiz Guadagnin (R)	Andréa Ferreira Nunes Portela (S)	Leiza Martins Mackay Dubugras (R)
Department of Strategic Affairs of the Presidency of the Republic	Brazilian Development Bank – BNDES	State of Acre
Natalie Unterstell (S)	Guilherme Narciso de Lacerda (R) Gabriel Rangel Visconti (S)	Carlos Edegard de Deus (R)
State of Amapá	State of Amazonas	State of Mato Grosso
Grayton Tavares Toledo (R)	Valdenor Pontes Cardoso (Nominated Substitute)	Heitor Davi Medeiros (S)
State of Pará	State of Rondônia	State of Tocantins
Justiniano Queiroz Netto (S)	Nanci Maria Rodrigues da Silva (R)	Alexandre Tadeu de Moraes Rodrigues (R)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB	National Confederation of Industry – CNI
Adriana Ramos (Nominated Substitute)	Lúcio Paiva Flores (R)	Mario Augusto de Campos Cardoso (Nominated Substitute)
National Forum of Forest Based Activities - FNBF	National Confederation of Agricultural Workers – CONTAG	Brazilian Society for the Progress of Science – SBPC
Ramiro Azambuja da Silva (R)	Alessandra da Costa Lunas (S)	Ennio Candotti (S)

Absent

Ministry of Development, Industry and Foreign Trade

State of Maranhão

State of Roraima (No appointed representatives)

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

AMA/DEFAM

Juliana Santiago
 Daniel Rossi Soeiro
 Guilherme Accioly
 Bernardo Braune
 Ana Paula Donato
 Pedro Ivo B.
 Guedes Gabriel
 Areal Rodrigo Brito
 Claudia Nessi Zonenschain
 Eduardo Bizzo
 Gil Borba
 Fabio Maciel Plotkowski
 Cleber Zambarda
 Daniel Sato
 Marcelo Martins

AMA/JUAMA

Daniela Baccas
 Mariana Guimarães Lima

AMA/SUP

Isabela Chan

DIR5

Nabil Kadri

AF/DEPCO

Carlos Frederico Rangel Silva
 Anderson Borges Araujo
 Monica Lourdes Marinho

AF/DEPLO

Leandro da Costa Silveira

AF/DEREI

Luiz Cesar Muzzi

AF/DEPR

João Paulo Braga

GIZ

Helmut Eger
 Janina Budi
 Eugênio Pantoja

FUNAI

Jaime Siqueira

Embassy of Norway

Elisabeth Forseth

Ministry of the Environment (MMA)

Francisco Oliveira
 Luiz Antonio Carvalho



RET

16

Minutes of Topics
and Decisions
(MTD) of the
16th Meeting

BNDES

Rio de Janeiro
December 05, 2014

Agenda

- 3:00 p.m.** Opening: Minister of the Environment, Izabella Teixeira
- 3:30 p.m.** Approval of the Minutes of Topics and Decisions (MTD) of the 15th Meeting
- 03:45 p.m.** Agenda Topic
Amazon Fund's Activity Balance and Current Portfolio
- 04:45 p.m.** Presentation of Reports
1. Progress of the public call for preparing and implementing Plans for Territorial and Environmental Management (PGTAs) in Indigenous Lands – BNDES
 2. Deforestation Dynamics in the Amazon Region – Ministry of the Environment
- 5:30 p.m.** Decisions
- 6:00 p.m.** Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

- 1. Meeting Agenda**
MTD of the 15th Meeting
- 2. Agenda Topic**
Amazon Fund's Activity Balance and Current Portfolio
 - Instruction Page
 - Presentation (PPT) Amazon Fund's Activity Balance and Current Portfolio
- 3. Reports**
 - Public call for projects aimed at supporting Plans for Territorial and Environmental Management in Indigenous Lands – PGTAs
 - Presentation (PPT) Public call for projects aimed at supporting Plans for Territorial and Environmental Management in Indigenous Lands – PGTAs
- 4. Decree 6527**
List of COFA members

At the opening of the 16th COFA meeting, a non-refundable financial collaboration agreement was signed between the Amazon Fund and the Banco do Brasil Foundation (FBB), with the attendance of the FBB's president, Mr. José Caetano de Andrade Minchillo. This was the second agreement executed within the FBB —

Amazon Fund partnership and amounts to BRL 20 million, of which BRL 12 million will be provided directly by the Amazon Fund and the remaining BRL 8 million as the FBB counterpart financing.

The meeting was opened with greetings and salutations to the participants by the BNDES Director, Mr. João Carlos Ferraz, who said he had attended meetings in Washington with IMF, the World Bank, and other development banks to discuss the central topics of climate change, deforestation, energy efficiency, and sustainability.

Mr. João Carlos Ferraz (BNDES) reported that there is a recent and explicit recognition by the

international community of the significant role played by development banks. He said that, at the same time, the development banks themselves are assuming an increasing commitment to environmental sustainability.

Regarding the Amazon Fund, Mr. Ferraz stressed that its governance structure enables stakeholders to participate in strategic decision-making processes. He also mentioned the innovative nature of the fund, through which Brazil committed to present a positive global result in reducing deforestation to be eligible to receive more resources. Thus, the donors do not interfere in deciding which projects will be supported.

Finally, Mr. Ferraz highlighted the BNDES's commitment to the Amazon Fund's good management, following COFA guidelines, and complying with determinations of public policies coordinated by Minister Izabella Teixeira (MMA).

Minister Izabella Teixeira (MMA) recalled the Amazon Fund structuring process and stressed that the fund was innovative not only because it was based on payment for results achieved in reducing deforestation but also because it turned a good idea into reality. She also highlighted that Brazil has achieved solid results in reducing deforestation, but donations, except those from the Government of Norway, still take place on a demonstration scale. As an example, she mentioned that by the end of 2014, the Amazon Fund could raise up to USD 16 billion, according to calculations reported by the Amazon Fund Technical Committee (CTFA).

Ms. Teixeira mentioned that many challenges had been overcome over the Amazon Fund's six years of existence: by BNDES, in making bureaucratic procedures less complex, although she stressed that there is still room for improvement; by the Ministry of the Environment, in assembling a team to communicate with the Amazon Fund; and by COFA, in understanding its role in establishing guidelines and criteria for the Fund. She also mentioned that this learning process was marked, above all, by the commitment to the Amazon and the political will to establish the Amazon Fund.

Ms. Izabella Teixeira (MMA) recalled that in recent years there has been an intense debate on the Forest Code and that a remarkable legacy of this new code is the Rural Environmental Registry (CAR), with 139 million hectares on the registry database and 55 million hectares from the National Institute for Land Settlement and Agrarian Reform (INCRA).

In this context, she emphasized that the Amazon Fund plays a strategic role in financing state governments to enable small farmers to join CAR. She also mentioned that CAR creates new market opportunities, such as the environmental reserve quota, and new possibilities for regional development and social inclusion.

Ms. Izabella Teixeira (MMA) highlighted the importance of having a transparent monitoring and evaluation strategy for the Amazon Fund, in which the supported projects are evaluated regarding their results in terms of regional development and deforestation reduction. Thus, it would be possible to increasingly improve the Amazon Fund's mechanisms and choose strategic projects to accelerate the end of illegal deforestation.

She also stated that an important global and national political process regarding climate negotiations is underway. In this sense, Brazil is preparing a formal commitment to be presented in 2015, at COP 21, in Paris.

Then, Ms. Izabella Teixeira (MMA) thanked the Norwegian Government for the new contribution of USD 130 million to the Amazon Fund for the results achieved in reducing deforestation. At this moment, she reported that a more sophisticated technological surveillance of deforestation is being developed, along

with a new family of satellites from the National Institute for Space Research (INPE).

Ms. Teixeira also highlighted the Amazon Fund's support for implementing the National Policy for Territorial and Environmental Management in Indigenous Lands (PNGATI) through the public call for projects to support preparing and implementing Territorial and Environmental Management Plans in Indigenous Lands approved by COFA.

Finally, she recommended that COFA discuss the results of the supported projects, thus helping the Government to requalify public policies and redirect the allocation of resources.

1. Discussion and approval of the MTD of the 15th COFA Meeting

Mr. Francisco Gaetani (MMA) asked the Committee members if there were any proposals to adjust or improve the wording of the MTD of the 15th COFA Meeting. Since all members agreed, the MTD of the 15th COFA Meeting was unanimously approved.

2. Amazon Fund's Activity Balance and Current Portfolio and Presentation the report on the progress of the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs)

Mr. Gabriel Visconti (BNDES) initially mentioned that environmental sustainability and green financing are topics growing in importance in the Brazilian economy and the world, noting that, in this context, the Amazon Fund's size is already quite expressive, especially as it is an initiative with few years of operation.

Then, Mr. Visconti presented the Amazon Fund's annual funding limits already attested by its Technical Committee (CTFA), which authorize the funding of USD 16.2 billion. He reported that up to 2014, BRL 2 billion in donations had been raised (USD 921 million). He also stated that despite Brazil presenting exceptional results in reducing deforestation rates, expanding fundraising is a great challenge.

Regarding the project portfolio, Mr. Visconti reported that 69 projects amounting to BRL 1.04 billion in non-reimbursable financial collaboration are being supported, 30 of them by the third sector, 22 by states, seven by municipalities, six by universities, three by the Federal Government, and one by an international legal entity.

Mr. Visconti mentioned that the portfolio of projects under analysis, which amounts to BRL 200 million, is composed of ten projects and that there are 11 prospective projects (with a request for financial collaboration already formalized in the pre-analysis stage) amounting to BRL 465 million. He highlighted that there had been a favorable evolution in the Amazon Fund's project portfolio composition, with a greater concentration of projects being supported and a reduction in the number of prospective projects and projects under analysis.

Mr. Gabriel Visconti (BNDES) reported that the total amount disbursed to projects by the Amazon Fund is BRL 376 million and that BRL 153 million were disbursed until the beginning of December 2014, which represented a significant growth in disbursements compared to previous years.

He then reported on the progress of the Public Call for Sustainable Productive Projects, which received 97 projects, of which 38 projects passed the document qualification and registry evaluation, and 18 projects were selected for a detailed analysis by the Amazon Fund's technical team. Of the 18 projects selected, ten were approved, amounting to BRL 46 million, three were canceled, and five were under analysis.

Mr. Visconti then presented a report on the public call for projects aimed at supporting Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs) in the Amazon biome, which amounted to BRL 70 million, supporting up to ten projects ranging from the amounts of BRL 4 to 12 million to be submitted until November 21, 2014. He informed twenty proposals that are in the document analysis phase were received, which should then be considered by the Project Selection and Classification Committee established for this public call, comprised of representatives from MMA, National Indigenous Foundation – FUNAI, Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB, and state representatives from COFA and BNDES.

In the context of supporting indigenous peoples, Mr. Visconti pointed out that they are already being supported on an ongoing basis by four projects focused exclusively on this matter, amounting to a total of BRL 66 million in financial collaboration, and eight other projects that partially contemplate the issue, performing actions that will benefit indigenous communities and amount to BRL 14 million.

He also pointed out the support for implementing CAR, a significant instrument for environmental regularization of rural properties, and that this component is already supported by 13 projects amounting to over BRL 200 million.

Mr. Visconti also mentioned the support to INPE amounting to BRL 67 million, aimed at developing studies on land use and cover in the Amazon biome and at the expansion and improvement of environmental monitoring via satellites.

Regarding communication and transparency, Mr. Visconti referred to the various instruments used by the Amazon Fund, such as newsletters, portfolio reports, annual activity reports, its website, and others. He highlighted the importance of showing society what is done with the resources, what type of projects are supported, and what indicators are employed to measure the results achieved. Finally, he pointed out that this process needs to be constantly improved and that the Amazon Fund team regularly incorporates suggestions made by different stakeholders.

Next, he reported the Amazon Fund support distribution according to the four axes of its logical framework, namely: Sustainable Production – BRL 269 million (26%); Monitoring and Control – BRL 495 million (48%); Territorial Planning – BRL 124 million (12%); and Scientific and Technological Development – BRL 151 million (14%).

Then, Mr. Visconti presented information on projects already completed in 2013 and 2014 that were supported by the Amazon Fund, namely: (i) Sementes do Portal (Portal Seeds), from the Ouro Verde Institute; (ii) Olhos d'Água da Amazônia (Amazon Olhos d'Água), from the municipality of Alta Floresta; (iii) Preserve Porto dos Gaúchos (Preserving Porto dos Gaúchos), from the Municipality of Porto dos Gaúchos; (iv) Virada Verde (Going Green), from the Environmental Conservation Institute – The Nature Conservancy of Brazil – TNC Brazil; and (v) Gestão Socioambiental de Municípios do Pará (Socio-Environmental Management in Municipalities in the state of Pará), from the Amazon Institute for Man and the Environment (Imazon). On that occasion, he presented some of the main indicators monitored in each of these projects and the main impacts already achieved.

He concluded by talking about some of the Amazon Fund's challenges and perspectives, emphasizing the following subjects: (i) maintenance of the fundraising effort, increasing the volume raised, and diversifying donors to ensure a clear indication of the availability of resources to the organizations responsible for the preparation and execution of new projects; (ii) maintenance of the support for implementing CAR and, subsequently, large-scale support for implementing projects for recovering degraded areas evidenced by the CAR; (iii) conclusion of the analysis of the five remaining projects of the Public Call for Sustainable Productive Projects; (iv) selection and analysis of projects for the Public Call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs) in the Amazon Biome; (v) continued improvement in communicating the

results achieved by projects supported by the Amazon Fund; and (vi) standardization of operational procedures for implementing new international projects.

3. Presentation of Reports Deforestation Dynamics in the Amazon

Mr. Francisco Oliveira (MMA) initially highlighted the reduction of 82% of the area annually deforested in the Brazilian Legal Amazon from 2004 to 2014. He reported that the reduction in the deforestation rate from 2005 to 2012 corresponded to a reduction from 57% to 15% in the share of greenhouse gas (GHG) emissions arising from land and forest use when considering the sector accounting of the GHGs in Brazil.

Mr. Oliveira mentioned that the 2014 annual deforestation data collected by the Amazon Fund to be presented were preliminary ones but that they should range very little compared to the definitive data to be announced. After this remark, he analyzed the data on the deforestation dynamics, highlighting that, in absolute terms, from 2004 to 2014, the states of Pará and Mato Grosso were the ones that deforested the Amazon biome the most, despite these decreasing rates.

He presented information on the deforestation dynamics in each state of the Legal Amazon, showing that it behaves differently in the different federative units. Mr. Oliveira reported that deforestation increased in the states of Acre and Roraima, but it was offset by the reduction in deforestation in the other states, which culminated in a total drop in the deforestation rate of 18% in 2014 when compared to the same rate in 2013.

He mentioned that most deforestation took place in agrarian reform settlements and public plots with no determined purpose. In this context, he mentioned that there are approximately 55 million hectares of public lands with no determined purpose and that the Ministry of the Environment had recently received 5.4 million hectares (10% of this area). Then, he presented deforestation by territorial categories for each state, noting that deforestation in federal public plots with no determined purpose accounted for 42% of deforestation in the state of Pará, 41% of deforestation in the state of Roraima, and 33% of deforestation in the state of Rondônia.

Mr. Francisco Oliveira (MMA) also informed that there is a very high concentration of deforestation in a small number of municipalities, which reinforces the importance of the priority municipalities policy. As an example, he mentioned the municipality of Novo Progresso, where, last August, a major operation was carried out to arrest those responsible for the illegal appropriation of lands in the region.

Then, Mr. Oliveira explained the deforestation dynamics observed in the states that are part of the Legal Amazon based on data from DETER, the Real Time Deforestation Detection System carried out by INPE and recommended caution in analyzing predictive data from other deforestation detection systems. He pointed out that these data have shown to be discrepant compared with the definitive rates calculated annually by INPE's Prodes System. In this context, he mentioned that a series of new technologies to analyze deforestation are being tested, such as the AWiFS, which makes it possible to see what is happening in areas smaller than 25 hectares.

He then analyzed data from the Terra Class system – which aims to map land use and land cover in deforested areas of the Legal Amazon – to try to understand the dynamics of land use and occupation in the Amazon region. He explained that, basically, three areas are analyzed, namely: annual crops, pasture, and secondary vegetation. He said that, in 2012, approximately 60% of the areas of the Amazon region were occupied by pastures, 23% by secondary vegetation, and 6% by annual crops. Furthermore, comparing these areas' occupation in 2010 and 2008, it was found that agriculture

primarily occupied the pasture areas. On the other hand, part of the areas destined for pastures became secondary vegetation.

Mr. Francisco Oliveira (MMA) also reported on the evolution of soy and protein production in the Amazon, emphasizing that while productivity gains in soybean cultivation have been observed in recent years, the same has not occurred regarding livestock. Also regarding soybeans, he said that the report on mapping and monitoring soybean cultivation in the Amazon Biome showed that 73 municipalities concentrate 98% of the soy cultivated in the Amazon, of which 56 are in the state of Mato Grosso, ten in the state of Pará, and seven in the state of Rondônia. He also highlighted that before the soybean moratorium, these municipalities were responsible for 36% of deforestation in the Amazon region, and after the moratorium, these municipalities halved their participation in deforestation to 18%.

Finally, Mr. Francisco informed that a study that maps the destination of the soybean produced in the Amazon region is being published by the research institute called SEI (Stockholm Environment Institute). Through this analysis, he explained that it is possible to see, for example, that the soybean produced in Mato Grosso goes to China and that the European Union consumes little soybean produced in the Amazon Biome.

Then, the floor was opened for COFA members to debate the topics presented. Regarding completed projects, **Mr. Niro Higuchi (SBPC)** pointed out that it would be more appropriate to refer to reforested areas as areas under recovery process and not as recovered areas since the expression "environmental recovery" covers the soil, biological, physical, and chemical aspects, and the recovery of forest biomass, which is a process that takes several years, and therefore, is beyond the implementation deadlines of projects supported by the Amazon Fund.

Mr. Antoninho Rovaris (CONTAG) addressed the CAR issue, expressing his concern about the low adherence of small farmers to the registry given the great difficulties faced by them in adhering to CAR, either due to the lack of computers and internet access or the low state presence at the municipal level.

In turn, **Mr. Deryck Martins (CNI)** said that the maintenance of the support for the implementing CAR and the support for implementing projects for the recovery of degraded areas evidenced by CAR was considered confirmed. However, he stressed that the recovery of degraded areas should be associated with sustainable production, becoming not only a solution to environmental liabilities but also a source of income for rural producers, which would ensure their continuity. As a second challenge, he highlighted landholding regularization, arguing that environmental regularization without land regularization is a fragile option.

Regarding transparency, **Mr. João Bosco dos Santos (FBOMS)** highlighted that improving the communication of the results achieved is not enough and that it is necessary to deepen social control to ensure that the communities that really need support are actually benefited by the public policies. In this context, he stated that he considered it insufficient to hold a single COFA meeting per year. He also pointed out that the time available for the meetings (half a day) has not been enough for civil society to exercise adequate social control over the Amazon Fund.

Mr. João Paulo Barreto (COIAB) stated that deforestation and the need to register rural properties or recover degraded areas are not part of the indigenous peoples' culture, topics that were widely discussed during the COFA meeting. He also highlighted that, for indigenous peoples, lands are collectively owned, which makes it necessary to have a differentiated assessment of how these peoples should receive support.

Regarding the Amazon Fund's project portfolio, Mr. Barreto highlighted that the support for indigenous peoples has occurred through the state or non-indigenous organizations, which must be reconsidered to ensure the empowerment and independence of these peoples.

Mr. Francisco Gaetani (MMA) said that despite CAR being the responsibility of the states, the Ministry of the Environment has been supplementing it with a strategy of multiple entry points, that is, approaching different stakeholders. Along these lines, he highlighted that one of the MMA's Extraction and Rural Development Department (SEDR) priorities is to develop strategies so that small rural producers can enter CAR, especially those located in areas of difficult access.

In this context, Mr. Gaetani mentioned the heterogeneity of the institutions supported by the Amazon Fund, such as NGOs, city halls, governments, etc., highlighting that this partnership plurality increases the Fund's chances of success in facing challenges such as the one posed by the registry of small rural producers.

Then, he also stated that he considers landholding regularization in the Amazon region to be of crucial importance, understanding that it is a problem that needs to be overcome through adopting new forms of action.

Regarding the access to the Amazon Fund's resources, he highlighted that indigenous peoples and other groups, such as land reform settlers, need differentiated treatment so that the implementation of public policies is aligned with the orientation of social inclusion and universalization of public initiatives.

Mr. Gabriel Visconti (BNDES) added that the Amazon Fund does not support the registration of medium or large properties in CAR, only properties with up to four fiscal modules, that is, fundamentally small family farmers. He considers that continued support for implementing CAR and the process of recovering degraded areas was of a structural nature.

Mr. Visconti also highlighted that the Amazon Fund's main goal is to reduce deforestation through sustainable development and that one of the Fund's major challenges is to expand the sustainable use of forest resources and biodiversity to create an economic base that allows for the preservation of the standing forest.

Mr. João Bosco (FBOMS) stressed that there is a need to create mechanisms to facilitate access to resources for a greater number of local organizations. He mentioned that it is difficult to enroll public calls, and that is why it would be interesting for other transfer institutions, such as the Banco do Brasil Foundation, to act as project multipliers locally.

Mr. Francisco Gaetani (MMA) stated that the Amazon Fund is fully interested in supporting as many institutions as possible to fulfill this role. He also pointed out that there are projects of this nature in the portfolio and that, therefore, the Fund will seek to promote other similar projects. Mr. Gaetani pointed out that this is also true for the Rural Environmental Registry, as it is not enough for it to be a priority, but that it is necessary that CAR projects that support the registration of populations that are less able to do so also be a priority.

Then, **Mr. Gabriel Visconti (BNDES)** mentioned that the MCTI's representative, Ms. Andrea Portela, left some copies of the publication Amazon Face to be distributed to the members of COFA and that, if there is the time at the next meeting, an MCTI representative would make a brief presentation on that project.

4. Conclusion

Mr. Francisco Gaetani (MMA) took the floor, thanked everyone for their attendance, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Development, Industry and Foreign Trade	Ministry of Agriculture, Livestock and Food Supply – MAPA
Izabella Mônica Vieira Teixeira (Minister of the Environment and Chairwoman of COFA)Francisco Gaetani (R)	Beatriz Martins Carneiro (R)	Erikson Camargo Chandoha (S)
Ministry of Science, Technology, and Innovation	Brazilian Development Bank – BNDES	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS
Andréa Ferreira Nunes Portela (S)	Gabriel Rangel Visconti (S)	João Bosco Campos dos Santos (R)
Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB	National Confederation of Industry – CNI	National Confederation of Agricultural Workers – CONTAG
João Paulo Lima Barreto (S)	Deryck Pantoja Martins (S)	Antoninho Rovaris (R)
Brazilian Society for the Progress of Science – SBPC		
Niro Higuchi (R)		

Absent

Ministry of Foreign Affairs
 Ministry of Agrarian Development
 Office of the President's Chief of Staff
 Department of Strategic Affairs of the Presidency of the Republic
 State of Acre
 State of Amapá
 State of Amazonas

State of Maranhão
 State of Mato Grosso
 State of Pará
 State of Rondônia
 State of Roraima
 State of Tocantins
 National Forum of Forest Based Activities – FNBF

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

Ministry of the Environment (MMA)

Francisco Oliveira
Juliana Simões

Banco do Brasil Foundation

José Caetano de Andrade Minchillo

Embassy of Norway

Elisabeth Forseth

KfW

Christian Lauerhass

GIZ

Janina Budi
Heliandro Maia
Bernardo Anache



RET

17

Minutes of Topics
and Decisions
(MTD) of the
17th Meeting

BNDES

Rio de Janeiro
June 25, 2015

Agenda

10:00 a.m. Opening:

Executive Secretary of the Ministry of the Environment, Francisco Gaetani
BNDES Director, Henrique Paim

10:30 a.m. Approval of the Minutes of Topics and Decisions (MTD) of the 16th Meeting

Approval of the 2014 Amazon Fund's Annual Activity Report

11:00 a.m. Agenda Topic 1:

Amazon Fund's Activity Balance and Current Portfolio – BNDES

11:30 a.m. Presentation of Reports:

1. Progress of the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs) – BNDES
2. Presentation on the document sent to the Norwegian government by civil society representatives – FBOMS
3. Report on the official visit of the MMA Executive Secretary and the BNDES Director to Norway – MMA and BNDES

12:30 p.m. Lunch

2:30 p.m. Agenda Topic 2

Approval of the Amazon Fund's Support Focuses for the 2015-2016 Biennium

4:00 p.m. Agenda Topic 3

Discussion of possible strategies to support the private sector, actions in the Cerrado biome, and improvements in the south-south cooperation – MMA

4:15 p.m. Decisions

Scheduling the date for the next COFA meeting

5:00 p.m. Conclusion

Commencement of Activities

The participants received a folder containing the following supporting material:

1. Meeting Agenda

MTD of the 16th Meeting

2. Agenda Topic 1

Amazon Fund's Activity Balance and Current Portfolio

- Instruction Page
- Presentation (PPT) Amazon Fund's Activity Balance and Current Portfolio

3. Agenda Topic 2

Approval of the Amazon Fund's Support Focuses for the 2015-2016 Biennium

4. Agenda Topic 3

Discussion of possible strategies to support the private sector, actions in the Cerrado biome, and improvements in the south-south cooperation – MMA

5. Reports

I. Progress of the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs) – BNDES

II. Presentation on the document sent to the Norwegian government by civil society representatives – FBOMS

- III. Report on the official visit of the MMA Executive Secretary and the BNDES Director to Norway – MMA and BNDES
- 6. Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2013-2014 Biennium
 - I. Internal Regulations of the Amazon Fund Steering Committee
 - II. Decree 6527/2008

Opening of Business

The meeting was opened with greetings and salutations to the participants by the MMA's Executive Secretary, Mr. Francisco Gaetani, who mentioned the importance of scheduling more periodic meetings of the Amazon Fund Steering Committee (COFA).

Then, he gave the floor to the BNDES Environment Division Director, Mr. Henrique Paim, who greeted everyone attending the meeting. Mr. Henrique Paim (BNDES) highlighted that since BNDES supports a set of activities to finance government policies, it must establish a constant dialogue with different government bodies and with civil society and that, in this sense, COFA is a reference for the Bank.

1. Discussion and approval of the MTD of the 16th COFA Meeting

Mr. Francisco Gaetani (MMA) asked the Committee members if there were any proposals to adjust or improve the wording of the MTD of the 16th COFA Meeting. Since all members agreed, the MTD of the 16th COFA Meeting was unanimously approved.

2. Approval of the 2014 Amazon Fund's Annual Activity Report

The 2014 Amazon Fund's Annual Activity Report was approved. **Mr. Francisco Gaetani (MMA)** informed that the draft report had been previously electronically distributed to all COFA members. Therefore, he asked if there would be any remarks or expressions regarding the draft report. Since all agreed, the 2014 Amazon Fund's Annual Activity Report was unanimously approved.

3. Amazon Fund's Activity Balance and Current Portfolio and Presentation the report on the progress of the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs)

Mr. Gabriel Visconti (BNDES) initially mentioned that the Amazon Fund has more than BRL 2 billion in donated resources, the Government of Norway being the leading donor, responsible for about 96% of the donations. He reported that the Fund also has financial support from KfW and technical cooperation from GIZ, besides donations from Petrobras.

Regarding the project portfolio, Mr. Visconti reported that 74 projects amounting to BRL 1.15 billion in non-reimbursable financial collaboration are being supported, 34 of them by the third sector, 21 by states, seven by municipalities, six by universities, three by the Federal Government, and one by an international legal entity. As for the portfolio of under analysis and in perspective projects, he mentioned that there are 20 projects in this phase, amounting to BRL 590 million.

Mr. Gabriel Visconti (BNDES) reported that the total amount disbursed to projects by the Amazon Fund is BRL 440 million and that in recent years, there has been a remarkably large increase, both in the amounts disbursed and amounts approved.

In this context, **Ms. Juliana Santiago (BNDES)** highlighted that COFA's decision to review the Amazon Fund's support modalities, that is, its support for structuring projects and/or its support for projects via public calls launched by BNDES or partner institutions, has been remarkably successful

Mr. Gabriel Visconti (BNDES) then reported on some of the Amazon Fund's results achieved according to its axes of action.

Regarding territorial planning, Mr. Visconti highlighted that there are 94 Conservation Units supported and over 14 million hectares of protected areas with strengthened territorial control. Concerning the sustainable production axis, he highlighted the support to more than 1,200 small-scale subprojects and the revenue obtained from selling natural products by the supported projects, amounting to BRL 26 million. Regarding the monitoring and control axis, he mentioned the training of 3,142 individuals in firefighting and stressed the support for registering 37 million hectares in CAR and strengthening 55 environmental agencies.

Mr. Gabriel Visconti (BNDES) also highlighted the expansion of the Amazon Fund's coverage, which currently encompasses 232 partners, supported through public calls and projects by agglutinating organizations. He emphasized that through this broader network, it is possible to reach the population that most needs the Amazon Fund's support in a more effectively.

Mr. Visconti then mentioned that in 2015, five projects amounting to BRL 115.2 million were approved, namely: National Force (National Force Environmental Operations Company), Alto Juruá (Ashaninka Association from the Amazon River APIWTXA), Value Chains of Non-Timer Forest Products (SOS Amazon Association), Fruits from the Forest (Brazilian Union of Education and Teaching) and Amazon SAR (Amazon Protection System Management and Operational Center — Censipam).

Then, Mr. Visconti discussed the progress of the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs). Initially, he informed that the resources destined for the public call corresponded to BRL 70 million and that the support for each project to be supported could range from BRL 4 and 12 million. Then, he presented the public call timeline, highlighting its approval by COFA in April 2014; the launch of the call in the month following its approval; the holding of training workshops for project proponents, held between June and August 2014; and the closing of applications in November 2014.

Mr. Visconti also reported that 20 proposals were received, and 13 of them were selected in the document qualification and preliminary registration evaluation stage. In this context, he highlighted the remarkable joint work carried out by the Project Selection and Classification Commission, formed by MMA, BNDES, FUNAI, and Coiab teams, which, in meetings held in April 2015, selected eight project proposals, which are currently under analysis at BNDES.

He then listed the institutions responsible for each proposal, namely: Center for Indigenous Work (CTI), Native Amazon Operations (OPAN), Protected Forest Association (AFP), Socio-Environmental Institute (ISA), Institute of Research and Indigenous Education (IEPÉ), Association in Defense of Ethno-environmental Kanindé (KANINDÉ), Pro-Indigenous People Commission of the state of Acre (CPI), Hub for Biodiversity Protection and Sustainable Use of Natural Resources (POLOPROBIO).

Mr. Gabriel Visconti (BNDES) also informed that the Amazon Fund already supports indigenous peoples with

over BRL 88 million through five projects exclusively dedicated to these peoples and through ten other projects, whose actions also include support for these peoples.

Finally, he reported the Amazon Fund's challenges and perspectives, the first one being fundraising. He added that the challenge of increasing fundraising is a recurrent topic, as the project portfolio has significantly grown and a reasonable set of projects are under analysis or in perspective, representing a demand of around BRL 600 million. Thus, he stressed that it is necessary to increase fundraising to ensure the availability of resources for new projects.

Mr. Gabriel Visconti (BNDES) also reported that there is a challenge not only to launch new public calls but also to analyze the projects selected in the public call for preparing and implementing of PGTAs in Indigenous Lands. He mentioned that the Amazon Fund team plans to promote the exchange of experiences among its partners through events to communicate results and deepen the evaluation of the actions it supports.

Then, the floor was opened for COFA members to debate the topics presented. Regarding the Amazônia SAR (Censipam) project, Ms. Elaine Corsini (Mato Grosso) asked whether the deforestation rate generated by Prodes (Inpe) will be changed to incorporate the new data generated by the Censipam project on deforestation in the state of Amapá and other cloud-covered states.

Mr. Francisco Gaetani (MMA) clarified that the Ministry of the Environment (MMA) will act as a catalyst so that the different institutions and initiatives monitoring deforestation talk to each other since the more periodically this monitoring occurs, the more efficient is the fight against deforestation.

Mr. Gabriel Visconti (BNDES) explained that the project will work on dynamically monitoring deforestation and that Prodes (Inpe) provides consolidated deforestation rates. He mentioned that, in any case, it would be interesting, whenever possible, to integrate the data.

Ms. Adriana Ramos (FBOMS) addressed the issue of the public call for preparing and implementing Territorial and Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs), informing that she had two questions to bring to the Committee as a representative of the forum of social organizations, social movements, and NGOs. First, she suggested that COFA deliberate on the possibility of the project that remained in the reserve pool of the south of the state of Amazonas being included in the first round of analysis and contracting projects by BNDES. Then, she asked if it was possible that other proposals similar to those adopted by the public call to be received and analyzed by BNDES before the end of the analysis and contracting of all projects selected by the public call.

Mr. Gabriel Visconti (BNDES) first explained that there is a budget available in the Amazon Fund to cover the project in the reserve pool and that he considers it a merit claim, as the project met the technical issues evaluated by the Project Selection and Classification Committee.

Mr. Visconti also suggested that the Amazon Fund team report on the stage of processing projects selected by the public call at BNDES at the last COFA meeting of 2015. At that moment, it would be evaluated whether it is pertinent to submit proposals similar to those selected by the public call more flexible while other proposals still being processed at BNDES.

Considering the above, the Amazon Fund Steering Committee (COFA) recommended that BNDES should classify the project that remained in the reserve pool in the selected project group.

– Decisions and arrangements

- COFA recommended that BNDES should classify the project that remained in the reserve pool of the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs) in the selected project group.

4. Presentation on the document sent to the Norwegian government by civil society representatives – FBOMS

Ms. Adriana Ramos (FBOMS) informed that on the occasion of the Norwegian delegation visit, the Director of Norway's International Climate and Forest Initiative asked civil society organizations to put in writing the recommendations made during the roundtable on the Amazon Fund, held at the beginning of the year at BNDES, and a lunch organized by the Norwegian Ambassador in Brasília. Civil society contributions were sent to Norway and then to MMA and BNDES.

Ms. Adriana Ramos (FBOMS) reported the key elements of the document, the first being the importance of the Amazon Fund having a clear strategy for the coming years, defined and agreed by its Steering Committee (COFA) to complement government policies. She also mentioned a proposal by civil society to establish a strategy to ensure that the project portfolio is well balanced among the topics and types of beneficiaries, considering especially the importance of Indigenous Lands and Peoples, Conservation Units, and agrarian reform for the conservation of the Amazon rainforest. As a matter of thought, she suggests that an adequate distribution strategy for the Fund's resources could be based on the constitution of sectorial sub-funds.

Ms. Ramos also commented that the document recommends that the Amazon Fund define adequate mechanisms to ensure direct access to its resources by local organizations, thus contributing to the strengthening of the Amazonian civil society role, and highlights that government projects submitted to the Amazon Fund should not replace the obligations of the Brazilian government, as they must be ensured by the allocation of budgetary resources for PPCDAM actions.

Ms. Adriana Ramos (FBOMS) also mentioned that it is necessary to enhance the Fund's action as a learning mechanism based on the knowledge and exchange of experiences of projects being implemented or already implemented. She mentioned that CTFA members demand to play a more active role in the Amazon Fund, and that is why the document suggests that these experts, together with some members of COFA, could form a technical group to monitor the impacts of the application of the Fund's resources or other actions that impact forests.

Ms. Ramos also reported that there is a concern regarding investments beyond the Amazon and stressed that the allocation of 20% of resources to other countries and biomes should meet demands other than just monitoring. Finally, she suggested holding meetings between partners, by topic or by type of project proponent, so that it is possible to extract the projects' experiences, which portray the projects' true impact on the ground.

5. Discussion of possible strategies to support the private sector, actions in the Cerrado biome, and improvements in the south-south cooperation

Mr. Francisco Gaetani (MMA) thanked the civil society for the report and proposed to COFA members that the discussion of possible strategies to support the private sector, actions in the Cerrado biome, and improvements in the south-south cooperation be anticipated. He mentioned that the purpose of introducing these topics is to shed light on priorities that, in part, coincide with the civil society document.

Regarding the support to the private sector, he proposed the creation of a committee for discussing how to integrate the private sector in the construction of a sustainable economy, including topics such as technical assistance, modeling related to socio-biodiversity product chains, and feasibility studies of economic activities of interest to the Amazon Fund.

Along the same lines, Mr. Gaetani proposed that committees be created to assess whether the Amazon Fund's support to other tropical countries should continue to be restricted to the implementation of deforestation monitoring systems and to identify whether the Amazon Fund should support certain areas and types of projects in the Cerrado biome.

Mr. Henrique Paim (BNDES) added that there is a special request from different municipalities in the Amazon for the Amazon Fund to go back to directly supporting the municipalities, proposing the creation of a specific committee to assess this demand.

COFA decided to create four commissions, namely: Committee on Support to the Private Sector, Committee on the South-South Cooperation, Committee on the Cerrado Biome, and Committee on Support to Municipalities, and their composition.

– Decisions and arrangements

- COFA decided to create four commissions, namely: Committee on Support to the Private Sector, Committee on the South-South Cooperation, Committee on the Cerrado Biome, and Committee on Support to Municipalities, composed by the following representations:
 - Committee on Support to the Private Sector: (i) Ministry of the Environment; (ii) National Forum of Forest Based Activities — FNBF; (iii) Coordination of Indigenous Organizations of the Brazilian Amazon — COIAB; (iv) National Confederation of Agricultural Workers — CONTAG; (v) National Confederation of Industry – CNI; (vi) Ministry of Science, Technology, and Innovation; (vii) Ministry of Agrarian Development; (viii) Ministry of Agriculture, Livestock, and Food Supply; (ix) State of Pará; (x) State of Mato Grosso; and (xi) Development Bank — BNDES;
 - Committee on the South-South Cooperation: (i) Ministry of the Environment; (ii) Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS; (iii) Department of Strategic Affairs of the Presidency of the Republic; (iv) Ministry of Foreign Affairs; and (v) National Bank for Economic and Social Development – BNDES;
 - Committee on the Cerrado Biome: (i) Ministry of the Environment; (ii) State of Tocantins; (iii) State of Mato Grosso; (iv) Ministry of Agriculture, Livestock, and Food Supply; (v) Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB; and (vi) National Confederation of Agricultural Workers – CONTAG.
 - Committee on Support to Municipalities: (i) Ministry of the Environment; and (ii) Brazilian Development Bank – BNDES.

6. Report on the official visit of the MMA Executive Secretary and the BNDES Director to Norway – MMA and BNDES

Mr. Francisco Gaetani (MMA) reported the visits to Norway, Germany, and the United Kingdom carried out in the first half of 2015. He emphasized that the Amazon Fund needs to develop a fundraising strategy for the short, medium, and long term, which involves an international fundraising effort. In this context, he reported that MMA and BNDES started negotiations with the Government of Norway and the Government of Germany, and during that period, they were also in the United Kingdom to explore the potential of new donations to the Fund. He stressed that it is necessary to include the private sector in these negotiations, justifying that in the world, there is a tradition of the private sector making donations, thus contributing to overcoming challenges in the environmental area.

Mr. Gaetani (MMA) informed that the Government of Norway was interested in making new donations and asked the Brazilian government to present a structured proposal on this topic. In this context, he informed that the Brazilian government is concluding its strategy on climate change, to be presented at COP-21 in Paris. He recalled that the Brazilian effort developed so far regarding the fight against deforestation was a voluntary effort by the country, although its benefit is global.

Mr. Gaetani emphasized that the Government of Norway showed a clear willingness to continue supporting the Amazon Fund and that the Norwegian government expressed that other donors should be involved. Finally, he mentioned that the Norwegian Minister of Climate and Environment is scheduled to visit in September 2015.

Mr. Gabriel Visconti (BNDES) commented that during the negotiations with the Government of Norway, the priority of expanding the Amazon Fund's support capillarity was expressed to ensure greater access for small organizations to its resources. In this context, he mentioned the ongoing effort dedicated to expanding the base of organizations benefiting from the Fund's support, especially through other partner organizations. He also pointed out that some of the clauses of the agreements executed with agglutinating entities, which may seem an overburden, actually just replicate existing conditions in the Amazon Fund's (BNDES) agreement entered with the government of Norway.

Mr. Francisco Gaetani (MMA) stated that Germany has shown, over the last 30 years, a solid and unequivocal commitment to environmental policy in Brazil, supporting projects from partners in both the public and third sectors. He reported that the negotiations with the German Government have been aimed at expanding its participation in the Amazon Fund, mentioning that Chancellor Angela Merkel will pay a visit in August 2015.

Mr. Francisco Gaetani (MMA) also reported that an event on the Fund is planned this year in London as part of the effort to raise new resources. This event shall increase the Fund's visibility and will represent an opportunity to show its results to the international community.

Mr. Henrique Paim (BNDES) added that during his visit to the Government of Norway and conversation with the Norwegian Minister of Climate and Environment of that country, the dedication and commitment of the Norwegians to the success of the Amazon Fund were clear. He also commented that several of the concerns expressed by the Government of Norway coincide with what is under discussion within the scope of COFA. He informed that BNDES and MMA are strengthening their partnership in seeking new resources for the Amazon Fund and fundraising for the environment area in general, emphasizing the BNDES's operational flexibility for this purpose and the importance of this integrated action between MMA and BNDES.

Mr. Arno Jerke (MAPA) said it was expected that the establishment of the fundraising agenda and the policy for new investments should be prepared at first by BNDES and MMA. However, he stressed that the inclusion of the Ministry of Agriculture, Livestock, and Food Supply (MAPA) in this agenda is recommended due to the impossibility of dealing with sustainability in Brazil without considering the sustainability of agribusiness.

7. Approval of the Amazon Fund's Support Focuses for the 2015-2016 Biennium

Mr. Gabriel Lui (MMA) initially referred to the preparatory meetings held with the three COFA caucuses in which the Amazon Fund's support focuses for the 2015-2016 biennium were discussed. He clarified that the document to be considered already incorporates the changes suggested by the members who attended these preparatory meetings, regardless of new changes being introduced by the members present.

Mr. Lui then commented on some of the positive effects associated with the Amazon Fund's support focuses, established in 2013. On that occasion, among other decisions, operational modalities were established to expand the Amazon Fund's operational range; these changes resulted in a 75% growth in the supported projects portfolio, which in December 2012 was BRL 439 million and increased to BRL 771 million by the end of 2013.

Mr. Lui also reported that in 2014, the good performance was maintained, with the Amazon Fund supported projects portfolio surpassing BRL 1 billion, distributed among 31 projects supported by NGOs, 21 by state governments, seven by municipal governments, six by universities, three by the Federal government, and one by an international entity.

He then made a summary of the proposal. In the context of the general guidelines, he highlighted that the possibility of supporting the second phase of projects previously supported by the Amazon Fund was excluded unless aligned with the focuses established for the new biennium.

Regarding the Amazon Biome, Mr. Lui informed that the proposal for the 2015/2016 biennium maintains the previous axis structure: (i) sustainable productive activities; (ii) environmental monitoring and control; and (iii) land and territorial planning and the common component focused on scientific and technological development, aligning the new focuses with the current challenges faced by the Amazon Fund, concentrating efforts on the most urgent issues to be faced.

In turn, changes were introduced in the "monitoring and control" axis to adapt the focus to the evolution of the implementation of the Rural Environmental Registry and the State Environmental Regularization Programs, foreseeing support to other partners besides the state governments.

Still referring to the same axis and regarding preventing and combating forest fires, Mr. Gabriel Lui (MMA) informed that there is a proposal for supporting government environmental agencies operating in the Legal Amazon or to non-governmental organizations working in partnership with government agencies, primarily in settlements, conservation units, and indigenous lands.

In the "fostering sustainable productive activities" axis, some of the focuses established in the previous biennium were grouped for simplification purposes, and the territorial prioritizations were eliminated, given the relevance of this topic and the complex challenge of building a new economic model that may represent an alternative to deforestation.

Regarding the "land and territorial organization" axis, Mr. Lui reported that the proposal maintains the same wording from the previous biennium. Concerning the "scientific and technological development" component, he explained that an optimization of the focuses is being proposed to ensure that it corresponds to the priorities for the next biennium, including the valorization of biotechnology within the context of the approval of the new legal framework

governing access to genetic heritage.

Regarding the Amazon Fund's support in other Brazilian biomes, Mr. Liu informed that the reinforcement of prioritizing the use of resources for the Caatinga, Cerrado, and Pantanal biomes is being proposed, with the introduction of the obligation of a minimum financial contribution in the case of implementing projects of CAR in other Brazilian biomes.

For projects that include states in which the Cerrado, Caatinga, and Pantanal biomes represent, cumulatively, more than 40% of their territory, financial contributions of at least 10% of the total value of the project must be provided. In other regions not belonging to the Amazon biome, financing contributions of at least 20% of the total value of the project must be made.

As for the Amazon Fund's support for projects in other tropical countries, Mr. Liu explained that it was proposed to maintain, without changes, the support for projects that contribute to the creation or improvement of forest cover monitoring systems in other tropical countries.

Finally, he informed that for the last biennium (2013/2014), it was established that the focuses would be supported exclusively through the direct presentation of structuring projects or projects selected through public calls promoted directly by the Amazon Fund (BNDES) or through partner institutions. Regarding the new biennium, he informed that the maintenance of the current modalities without changes is being proposed.

Ms. Adriana Ramos (FBOMS) mentioned that in the context of approving the Amazon Fund's support focuses, it would be necessary to register the need to provide transparency to the information of the rural environmental registry, also to enable project analysis.

She then expressed her concern about the additionality issue, that is, what innovation would be. Regarding deforestation monitoring systems, Ms. Ramos defended that the Amazon Fund must clearly demonstrate that when financing systems of this nature, the Fund is not financing existing systems, as this could represent a weakness concerning the additionality issue. Finally, in the context of the new legal framework governing access to genetic heritage, she stated that the Amazon Fund should not encourage technological development with a view to creating private intellectual property.

Mr. Antoninho Rovaris (CONTAG) expressed concern about the speed of implementation of the rural environmental registry given the remaining timeframe for its completion, especially given the approximately two million rural properties not yet registered.

Mr. João Luiz Guadagnin (MDA) reported that 650,000 family production units will benefit from their registration in CAR through agreements of the Ministry of Agrarian Development (MDA). He added that there is a partnership effort so that technical assistance and rural extension state companies also participate in the support for registering in the CAR of family rural production units, concluding that it is feasible that the legal deadline for registration of these properties is fulfilled.

Mr. Mario Cardoso (CNI) expressed that it would be interesting for the Brazilian Forest Service (SFB) to attend the next COFA meetings so that the Committee could be informed of how CAR implementation is progressing.

Ms. Elaine Corsini (MT) reported that about 47% of the state of Mato Grosso is classified as Cerrado and Pantanal biomes, and, therefore, the state must present a financial contribution for CAR projects in this portion of its territory, given the proposal of new Amazon Fund's support focuses for the 2015/2016 biennium. She stated that Decree No. 6527, 01 August

2008, should be amended so that the Amazon Fund support prioritizes actions in the entire Legal Amazon and not just in the Amazon biome, as is currently the case.

Subsequently, the proposed Amazon Fund's support focuses for the 2015/2016 biennium were considered approved by COFA.

– Decisions and arrangements

- COFA approved the Amazon Fund's Support Focuses for the 2015-2016 Biennium.

8. Presentation of the Cuiabá Statement: Pact for Forest Valorization and Reducing Emissions arising from Deforestation (REDD+) in the Legal Amazon

Mr. Luis Henrique Piva (Amazonas) thanked the members of COFA for the possibility of presenting the Cuiabá Statement, prepared at the Forum of Governors of the States of the Legal Amazon on May 29, 2015.

Then, **Ms. Elaine Corsini (Mato Grosso)** took the floor and reported that the Forum of Governors is reviving some works already developed in 2009 at the meeting held in Copenhagen and works that have been developed at the state level.

Ms. Corsini highlighted the significant reductions in deforestation rates in the states of the Amazon region, without, however, resources to keep deforestation at the current levels. She also stated that the states are concerned about benefiting those who contribute to the maintenance of forests.

Ms. Corsini clarified that the Cuiabá Statement has not yet been officially delivered to President Dilma Rousseff and that its main message is the establishment of a discussion with the Federal Government so that states and the Federal Government can work together on the approach taken for the Paris meeting (COP 21).

Mr. Luiz Henrique Piva (Amazonas) mentioned that it is crucial that the Federal Government recognize the state governments' role in reducing deforestation and stated that this recognition includes the possibility for state governments to receive resources directly based on the observed deforestation reduction.

He recalled that the states that are part of the Legal Amazon had expressed their views about the national REDD+ strategy in 2012, but that so far, there has been no formal response from the Federal Government in this regard.

Regarding land and forest use, Mr. Piva highlighted that actions aimed at reducing deforestation in the Amazon represent the leading vector for reducing emissions in the National Plan on Climate Change. He also stated that one can note that the land and forest use sector is the only sector that proposes to reduce emissions in absolute terms by 2020.

Given the above, Mr. Luiz Henrique Piva (Amazonas) highlighted the importance of the Forum of Governors of the states of the Legal Amazon to advance in negotiations with the Federal Government regardless of the dialogues with the Legislative Branch so that it recognizes the subnational efforts in reducing emissions from combating deforestation and promoting conservation so that states can be compensated for the results of this reduction.

In this regard, he informed that the Forum requests the Federal Government to:

- I. Follow the stock and flow methodology for allocating reductions in avoided deforestation between the Amazonian states and the Federal Government, proposed by the Forum of Environment Secretaries of the Legal Amazon within the scope of the discussion on the National REDD+ Strategy, submitted to the Office of the President's Chief of Staff and the Ministry of the Environment at a meeting held at the office of the Brazilian President on September 19, 2012;
- II. Urgently define the National REDD+ Strategy in cooperation with the states of the Amazon, a process that has been stalled since 2012;
- III. Support the fundraising of external resources to reduce deforestation and protect the forest by the states of the Amazon;
- IV. Amend Article 1 of Decree No. 6527/2008, which authorizes BNDES to operate the Amazon Fund, replacing the wording 'Amazon biome' with 'Legal Amazon' since the fundraising of financial resources from the Amazon Fund is endorsed by the deforestation reduction monitored by PRODES/INPE achieved in the Legal Amazon and not in the Amazon biome;
- V. Develop support programs and economic, fiscal, and financial incentives for consolidating and maintaining protected areas in the states of the Amazon;
- VI. Create mechanisms to compensate Amazonian states that hold more than 50% of their territory composed of conservation units and indigenous lands.

Mr. Piva concluded by highlighting that the greatest challenge for the states of the Amazon region is to build a sustainable development integrated agenda aimed at a green economy, environmental sanitation, credit, infrastructure and incentives for the industry that contemplates a differentiated production enhancement and a sustainable and inclusive production chain.

Mr. Francisco Gaetani (MMA) thanked Mr. Luiz Henrique Piva (Amazonas) for his contribution and reported that the Federal Government will take a position on the requests as soon as the Cuiabá Statement is formally submitted.

Then, Mr. Francisco Gaetani (MMA) made some remarks, highlighting the Federal Government's solidarity toward all the work being developed by the states of the Amazon region. However, he mentioned that not all states have been committing the same, and the inspection onus has fundamentally fallen on IBAMA — Brazilian Institute of Environment and Renewable Natural Resources.

Mr. Gaetani also mentioned that it is necessary to establish a national position regarding the discussion on the National REDD+ Strategy that pacifies the discussion and results in a country position. Finally, he recalled the significant financial support that the states of the Amazon region currently receive from the Amazon Fund, highlighting the importance of these resources being applied in the proper execution of the contracted projects since the non-use of already committed resources discredits the capture of new resources.

Mr. Alberto Lourenço (SAE) recalled the leading role played by Amazonian states in the process of including avoided deforestation in negotiations within the United Nations Framework Convention on Climate Change (UNFCCC). He also stated that an aspect is not being considered and should be debated, related to the fact that the comparison balance between the deforestation flow and the forest natural regeneration flow may be positive, that is, that today the Amazon is probably gaining forest in flux and not losing forest despite the annual deforestation of around 4,800 km² observed in 2014.

9. Proposal of Guidelines for the Amazon Fund's Support to Rural Environmental Registry

Mr. Gabriel Lui (MMA) reported that within the context of the approval of the Amazon Fund's Support Focuses for the 2015/2016 biennium, COFA members had received a proposal of Guidelines for the Amazon Fund's Support to Rural Environmental Registry, a document which, if approved, would work as a guide to be used by institutions that want to submit rural environmental registry projects to take place both in the Amazon biome and in other Brazilian biomes to the Amazon Fund.

Mr. Lui highlighted the merit of a document of this nature, which would also facilitate the analysis process of these projects. He informed that the referred document was also electronically sent to all COFA members, proposing that a period of ten working days be established for the submission of proposed amendments by the Committee members and further ten working days for the electronic deliberation on the proposal consolidated with the inclusion of COFA members' recommendations; this arrangement was unanimously approved by COFA.

– Decisions and arrangements

— COFA decided that the draft document Guidelines for the Amazon Fund's Support to Rural Environmental Registry be electronically sent to its members, establishing a period of ten working days for the presentation of proposed amendments and further ten working days for the electronic decision on the approval of this document, after its consolidation with the inclusion of possible proposals to amend the draft.

10. Setting the next COFA meeting

The next COFA meeting should be scheduled for late August or early September 2015.

11. Conclusion

Mr. Henrique Paim (BNDES) took the floor, thanked everyone for their attendance, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Agrarian Development	Ministry of Agriculture, Livestock and Food Supply – MAPA
Francisco Gaetani (Executive Secretary of the Ministry of the Environment)	João Luiz Guadagnin (R)	Arno Junior (S)
Ministry of Science, Technology, and Innovation	Department of Strategic Affairs of the Presidency of the Republic	Brazilian Development Bank – BNDES
Jailson Bittencourt de Andrade (R)	Alberto Lourenço (R)	José Henrique Paim Fernandes (R) Gabriel Rangel Visconti (S)
State of Amazonas	State of Maranhão	State of Mato Grosso
Luís Henrique Piva (S)	Marcelo de Araújo Costa Coelho (R)	Elaine Corsini (A)
State of Pará	State of Roraima	State of Tocantins
Maria Gertrudes Alves de Oliveira (A)	Rogério Martins Campos (R)	Luzimeire Ribeiro de M. Carreira (R)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB	National Confederation of Industry – CNI
Adriana Ramos (S)	Kleber Luiz Santos dos Santos (R)	Mário Augusto de C. Cardoso (R)
National Forum of Forest Based Activities – FNBF	National Confederation of Agricultural Workers – CONTAG	
Valdinei Bento dos Santos (R)	Antoninho Rovaris (R)	

Absent

Brazilian Society for the Progress of Science – SBPC
 Ministry of Development, Industry and Foreign Trade
 Ministry of Foreign Affairs
 Ministry of Agriculture, Livestock and Food Supply – MAPA
 Office of the President's Chief of Staff
 State of Acre
 State of Amapá
 State of Rondônia

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

Embassy of Norway Elisabeth Forseth	Embassy of Germany Lena Siciliano Bretas	KfW Christian Lauerhass
Ministry of the Environment (MMA) Raul Oliveira Monique Sacardo Ferreira Gabriel Henrique Lui	GIZ Bernardo Anache Annemieke Alberts Heliandro Maia	COIAB Lucio Flores
Ministry of Science, Technology, and Innovation Andreia Neves	SEMARH/TO Rubens Brito	

Appendix

Guidelines and Criteria for the Application of Resources and Operation Focus for the 2015-2016 Biennium

Item	Projects in the Amazon Biome	Item	Projects in Other Tropical Countries
A	Guiding Criteria	H1-H3	Guiding Criteria
B	Minimum Requirements for Projects	H4-H12	Minimum Requirements for Projects
C	Resource Application Modes	H13-H14	Resource Application Modes
D	Resource Use Restrictions	H15-H17	Resource Use Restrictions
E	Equity Criteria in Applying Resources	H18	Equity Criteria in Applying Resources
F	Resource Application Limitations		
Item	Projects in Other Brazilian Biomes	Item	Amazon Fund's Support Focuses for the 2015-2016 Biennium
G1-G4	Guiding Criteria	I1-I2	General Guidance
G5-G14	Minimum Requirements for Projects	I3-I5	Amazon Biome — Monitoring and Control Axis
G15-G16	Resource Application Modes	I6-I8	Amazon Biome — Promotion of Sustainable Productive Activities Axis
G17-G19	Resource Use Restrictions	I9-I11	Amazon Biome — Land and Territorial Planning Axis
G20	Equity Criteria in Applying Resources	I12-I15	Amazon Biome — Scientific and Technological Development Focus
		I16-I18	Operational Modalities
		I19-I20	Amazon Fund's Support in Other Brazilian Biomes
		I21	Amazon Fund's Support in Other Tropical Countries

Consolidated on: June 25, 2015

Item	Guiding Criteria
A1 - Geographical	<p>Projects carried out in priority municipalities to prevent, monitor, and combat deforestation (the definition of these municipalities is carried out per Article 2, Decree 6321/2007);</p> <hr/> <p>Projects carried out in municipalities within the area of influence of major Growth Acceleration Program (PAC) works; and</p> <hr/> <p>Projects carried out in municipalities/regions with wider conservation of forest cover.</p>
A2 - Thematic	<p>Actions to value the standing forest (conservation and sustainable use of the forest)</p> <hr/> <p>a) Promotion and increase in the production scale of production chains of timber and non-timber forest products originated from sustainable forest management, including management plans, research, innovation, and scientific and technological dissemination, market development, training and capacity building;</p> <hr/> <p>b) Implementation of payment systems for environmental services associated with the increase and/or maintenance of forest cover and/or forestry and agroforestry systems;</p> <hr/> <p>c) Development and implementation of recovery models for Permanent Preservation Areas (PPAs) and Legal Reserves, with emphasis on economic use; — The economic use of PPAs will only be supported under the terms of the legislation in force.</p> <hr/> <p>d) Consolidation of protected areas, especially Conservation Units for Sustainable Uses and Indigenous Lands;</p> <hr/> <p>Actions to promote territorial planning and landholding regularization</p> <hr/> <p>e) Use of Public Forests with no determined purpose, prioritizing community forests;</p> <hr/> <p>f) Repression of illegal appropriation of public lands, regularization and landholding planning, preferably in areas with greater possession and/or conflict concentration; landholding regularization includes the regularization processes and their monitoring by society</p> <hr/> <p>Actions to structure and integrate environmental control, monitoring, and inspection systems in the Amazon Region</p> <hr/> <p>g) Support for structuring state agencies responsible for state environmental management;</p> <hr/> <p>h) Support for the implementation of municipal environmental monitoring and inspection systems;</p> <hr/> <p>i) Structuring and integration of forest management control systems, environmental licensing of rural properties, and tracking and custody chains of agricultural and forestry products;</p> <hr/> <p>j) Expansion and strengthening of deforestation and forest degradation monitoring systems.</p>
A3 – Stakeholder Diversity and Shared Governance	<p>Projects that involve the cooperation between several parties from the public, private, and third sector, or local communities, with a shared governance structure.</p>
A4 – Targeted Audience	<p>Projects involving direct benefits to traditional communities, settlements, and family farmers.</p>
A5 - Relevance	<p>Projects with greater replicability potential</p> <hr/> <p>Projects with greater potential for impact (e.g. BRL/hectare of protected or sustainably managed forest)</p>

A6 – BNDES Application Lines	Prioritize projects that address the lines (a) sustainable productive activities and (d) scientific and technological development. BNDES must make efforts to apply resources in priority areas, including demand-inducing mechanisms.
Item	Minimum Requirements for Projects
B1 – Result indicators	Projects must include measurable and directly related to the Amazon Fund’s goals result indicators.
B2 – Proponents / Executors	The project must include the consent of all partners and co-executors
B3 – Social Engagement	Projects involving traditional communities and indigenous peoples must present a document that proves the prior consent of these communities or of their representative institutions. The project must clearly show the communities involved in it. Projects related to the attributions of public bodies, or the establishment of public policies do not necessarily require the consent of the beneficiaries.
B4 – Consistency with the Amazon Fund’s Thematic Areas	Project must fit into at least one thematic area of Decree 6527/2008.
B5 – Consistency with National and State Deforestation Combat Plans	The project must clearly indicate it is consistent with the actions provided in the PPCDAm and the corresponding state deforestation combat plan. In the absence of a State Deforestation Combat Plan, the criterion does not apply.
B6 – Consistency with PAS	Project must demonstrate clear consistency with PAS guidelines.
B7 – Contribution to REDD	Project must contribute directly or indirectly to lead to REDD.
B8 – Resource Additionality	Projects must represent additionalities to public budgets allocated to the Amazon Fund's application areas. In applying this Criterion, the following aspects may be considered:
	Average budget executed in the previous 2 years in the public budget invested in the proposed action;
	Degree of contingency of resources in the public budget for the execution of the action;
	Forecast in current government multi-annual plans.
B9 – Counterpart Financing	The project must present counterpart financing and/or non-financial contributions, demonstrating additional value to the resources obtained from the Amazon Fund and producing a multiplier effect for the Fund's investments. Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms.
B10 – Territorial Base	Projects must explain their territorial basis of application (state and, where applicable, municipality)
B11 – Advertising and Transparency	Projects must remain available for access via the Internet. BNDES will provide a standardized tool for the integration and dissemination of updated information on the implementation of all projects.

B12 – Project Sustainability	Present strategies to support the results of the post-implementation project.
B13 – Resources Decentralization	A balance should be sought in the support for all its thematic areas, according to the defined priorities.
B14 – Benefits of Collective Use	<p>The results obtained from projects with economic purposes must provide collective or public use, related to,</p> <p>productive infrastructure for collective use;</p> <p>studies and surveys with results available to the community;</p> <p>training and qualification opportunity to the community;</p> <p>technological development with results available to the community, whenever possible;</p> <p>replicable and practical innovations;</p> <p>other collective benefits identified in the project evaluation process.</p>
B15 – Non-substitution of other funding sources	Amazon Fund resources cannot replace other available funding sources.

Item	Resource Application Modalities
C1 – Direct Application – Investment	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <p>It includes investments in buildings, equipment, training, and qualification to establish initiatives.</p> <p>Projects may use more than one modality</p>
C2 – Direct Application – Financing	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <p>It includes travel expenses/field missions, individual or legal advice, field materials, communication, etc.</p> <p>Projects may use more than one modality.</p>
C3 – Payment for Environmental Services	Payments made to environmental service providers. Projects may use more than one modality.
C4 – Long-Term Continuing Services	These are services that must be maintained over the long term to obtain long-term results such as monitoring deforestation or forest degradation, forest inventory, etc. Continuing service projects may last up to 10 years and must have a mechanism for continuous monitoring of their implementation and public disclosure of their results. Projects may use more than one modality.
C5 – Indirect Application	Indirect applications through small-project aggregating initiatives, including funds and other forms of organization for implementation of projects.

Item	Resource Use Restrictions
D1 – Per Diems	The payment of per diems to public agents, such as public servants, government employees, or any person who occupies a public function, is forbidden. This restriction does not apply in the case of fundings for research activities.
D2 – Payment to Individuals	Salaries or any type of compensation cannot be directed to civil servants under an exclusive regime working in any of the three spheres of government (the restriction on the payment of study or research grants specifically related to the project does not apply).
D3 – Taxes and Fees	The funds cannot be applied to pay taxes or fees that are not inherent and or an integral part of the financing or investments made by the project (restriction does not apply to taxes related to project activities, such as State Goods and Services Tax included in product prices; social security on paying for services of an individual, etc.)

Item	Equity criteria in applying resources
E1 – Equity in applying resources by state	Avoid concentration of project resources in the same state
E2 – Equity by Type of Proponent	Avoid concentration of resources between types of proponents: public bodies, research institutions, and civil society organizations. In the context of the Amazon Fund, the following are part of the civil society: Non-Governmental Organizations, class representations, companies, and other private law institutions.

Item	Resource Application Limitations
F1 – For-profit projects;	<p>Maximum participation of the Amazon Fund:</p> <p>90% for projects involving micro and small companies, cooperatives, or producer associations with annual gross operating revenue less than or equal to BRL 10.5 million;</p> <p>70% for projects involving medium-sized companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 10.5 million and less than or equal to BRL 60 million;</p> <p>50% for projects involving large companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 60 million.</p> <p>Note: in the event of activities starting in the calendar year itself, the limits above will be proportional to the number of months in which the legal entity has exercised the referred activity, disregarding the fractions of months. In the case of companies being implemented, the annual sales projection used in the enterprise will be considered, taking into account the total installed capacity. When the company is controlled by another company or belongs to an economic group, the size classification will be based on the consolidated gross operating revenue.</p>
F2 – For-profit projects supporting vulnerable social groups;	Maximum participation of the Amazon Fund, in duly justified cases: 100%. The economic outcomes resulting from projects supporting vulnerable social groups must be allocated to the members of these groups, regardless of the Proponent.

<p>F3 - Projects with economic purposes of Local Production Arrangements (APLs) for collective use</p>	<p>Maximum participation of the Amazon Fund: 90%</p>
<p>F4 – For-profit scientific and technological research projects developed in cooperation between Technological Institutions (ITs) and for-profit entities.</p>	<p>Maximum participation of the Amazon Fund:</p> <hr/> <p>90% for projects involving micro and small companies, cooperatives, or producer associations with annual gross operating revenue less than or equal to BRL 10.5 million;</p> <hr/> <p>80% for projects involving medium-sized companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 10.5 million and less than or equal to BRL 60 million;</p> <hr/> <p>70% for projects involving large companies, cooperatives, or producer associations with annual gross operating revenue greater than BRL 60 million — see note in item F1</p> <hr/> <p>a) The Amazon Fund's financial resources beneficiaries will be Technological Institutions (ITs) and/or Support Institutions (IAs).</p> <hr/> <p>b) Technological Institution (IT): legal entities governed by internal public law, entities directly or indirectly controlled by the government, or non-profit private entities, whose institutional mission includes but is not limited to carrying out basic or applied research activities of scientific or technological nature, as well as technological development.</p> <hr/> <p>c) Support Institutions (AI): non-profit institutions created to support research, teaching, and extension projects and institutional, scientific, and technological development of interest to higher education and scientific and technological research institutions and institutions created under Law No. 8958, of December 20, 1994, which have the same purpose.</p> <hr/> <p>d) Companies and/or other entities with economic purposes having a strategic interest in research will not be direct beneficiaries of the resources. They will be intervening parties in the financing operations and must provide a financial contribution complementing the Amazon Fund's resources.</p> <hr/> <p>e) Investments made for the benefit of the Technological Institution (IT), with the specific purpose of meeting the project's objectives, are supported.</p> <hr/> <p>f) Participation in intellectual property and economic results from the exploitation of creations resulting from the project will comply with the provisions of the Innovation Law (Law No. 10973, 02 December 2004). Thus, the involved parties must agree on the intellectual property and participation in the results through an agreement. Those will be assured based on the added value of the knowledge already existing at the beginning of the partnership and the human, financial, and material resources allocated by the contracting parties to the project, as long as provided in the agreement.</p> <hr/> <p>g) During the analysis stage, BNDES will examine aspects related to intellectual property rights resulting from the research, development, and innovation project to avoid, when relevant, restrictive practices of use and disposal of these rights. In addition to that, BNDES will also examine, during the analysis stage, the criteria for prorating the project's financial results.</p>

G. Guidelines and Criteria for the Application of Amazon Fund's Resources in projects to develop deforestation monitoring and control systems in other Brazilian biomes

Application Area	Application limit for the total resources	Tables
Projects in Other Brazilian Biomes and in Other Tropical Countries	20%	G – H

Item	Guiding Criteria
G1 – Stakeholder Diversity and Shared Governance	Projects that involve the cooperation between several parties from the public, private, and third sector, or local communities, with a shared governance structure.
G2 – Relevance	Projects that develop and implement long-term monitoring methodology for REDD.
G3 – Priority:	Within the scope of supporting other Brazilian biomes, priority shall be given to projects aiming at monitoring systems per biome of permanent nature that contribute to a national scale monitoring and of a system to control deforestation, burnings, and forest fires, according to prevention and control plans.
G4 – Scope	Rural environmental Registry (CAR) projects are considered part of environmental control systems.

Item	Minimum Requirements for Projects
G5 – Result indicators	Projects must include measurable and directly related to the implementation of a monitoring system for deforestation or forest degradation result indicators.
G6 - Proponents / Executors	The project must include the consent of all partners and co-executors
G7 – Social Engagement	The project must have a monitoring body, which must include the participation of government entities and civil society. Projects that involve the development of monitoring systems must have a follow-up instance, necessarily with the participation of government entities and civil society. The project must clearly show the communities involved in it. Projects related to the attributions of public bodies, or the establishment of public policies do not necessarily require the consent of the beneficiaries.
G8 – Contribution to REDD	Project must contribute directly or indirectly to lead to REDD.
G9 – Resource Additionality	Projects must represent additionalities to public budgets allocated to the Amazon Fund's application areas. In applying this Criterion, the following aspects may be considered: average budget executed in the 2 previous years in the public budget invested in the proposed action; degree of contingency of resources in the public budget for the execution of the action; and forecast in current government multi-annual plans.

G10 – Counterpart Financing	The project must present counterpart financing and/or non-financial contributions, demonstrating additional value to the resources obtained from the Amazon Fund and producing a multiplier effect for the Fund's investments. Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms.
G11 – Territorial Base	Projects must address forest monitoring of at least one full biome.
G12 – Advertising and Transparency	Monitoring systems supported by the Amazon Fund must be based on platforms that allow wide disclosure, transparency, and access to the data produced through the internet. BNDES will provide a standardized tool for the integration and dissemination of updated information on the implementation of all projects.
G13 – Project Sustainability	Demonstration of the project's economic sustainability capacity after its implementation
G14 – Resources Decentralization	A balance should be sought in the support for all its thematic areas, according to the defined priorities.

Item	Resource Application Modalities
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G15 – Direct Application – Investment	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <hr/> <p>It includes investments in buildings, equipment, training, and qualification to establish initiatives.</p> <hr/> <p>Projects may use more than one modality.</p>
G16 – Direct Application – Financing	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <hr/> <p>It includes travel expenses/field missions, individual or legal advice, field materials, communication, etc.</p> <hr/> <p>Projects may use more than one modality.</p>

Item	Resource Use Restrictions
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G17 – Per Diems	The payment of per diems to public agents, such as public servants, government employees, or any person who occupies a public function, is forbidden. This restriction does not apply in the case of fundings for research activities.
G18 – Payment to Individuals	Salaries or any type of compensation cannot be directed to civil servants under an exclusive regime working in any of the three spheres of government (the restriction on the payment of study or research grants specifically related to the project does not apply).
G19 – Taxes and Fees	The funds cannot be applied to pay taxes or fees that are not inherent and or an integral part of the financing or investments made by the project (restriction does not apply to taxes related to project activities, such as State Goods and Services Tax included in product prices; social security on paying for services of an individual, etc.)

Item	Equity criteria in applying resources
G20 – Equity in applying resources by state	Avoid concentration of project resources in the same biome

H. Guidelines and Criteria for the Application of Amazon Fund's Resources in projects to develop deforestation monitoring systems in other tropical countries

Application Area	Application limit for the total resources	Tables
Projects in Other Brazilian Biomes and in Other Tropical Countries	20%	G – H

Item	Guiding Criteria
H1 – Stakeholder Diversity and Shared Governance	<p>Projects that involve the cooperation between several parties from the public, private, and third sector, or local communities, with a shared governance structure.</p> <p>Projects involving regional articulation.</p>
H2 – Relevance	Countries with wider forest cover.
H3 – Scope	<p>In other tropical countries, the Amazon Fund support will be limited to projects that contribute to the creation or improvement of forest cover monitoring systems.</p> <p>Forest cover monitoring systems mean the application of techniques that involve the processing (e.g., georeferencing, highlights, and classification) of images of the earth's surface (whether satellite or airborne images) for thematic mapping of vegetation using the information produced (e.g., preparation of maps, spatial and statistical analyses) to support forest management.</p>

Item	Minimum Requirements for Projects
H4 – Result indicators	Projects must include measurable and directly related to the implementation of a monitoring system for deforestation or forest degradation result indicators.
H5 - Proponents / Executors	Projects must be presented by the beneficiary country's central government, multilateral institutions, or even by Brazilian governmental institutions and must have the formal consent, in the last two cases, of the central government of the country that will benefit from the actions to be developed by the project.
H6 – Social Engagement	The project must have a monitoring body, which must include the participation of government entities and civil society. Projects related to the attributions of public bodies, or the establishment of public policies do not necessarily require the consent of the beneficiaries.

H7 – Contribution to REDD	Project must contribute directly or indirectly to lead to REDD.
H8 – Counterpart Financing	The project must present counterpart financing and/or non-financial contributions, demonstrating additional value to the resources obtained from the Amazon Fund and producing a multiplier effect for the Fund's investments. The following aspects may be considered: average budget executed in the 2 previous years in the public budget invested in the proposed action; degree of contingency of resources in the public budget for the execution of the action; forecast in current government multi-annual plans. Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms.
H9 – Advertising and Transparency	Monitoring systems supported by the Amazon Fund must be based on platforms that allow wide disclosure, transparency, and access to the data produced through the internet.
H10 – Project Sustainability	Demonstration of the project's economic sustainability capacity after its implementation BNDES will provide a standardized tool for the integration and dissemination of updated information on the implementation of all projects.
H11 – Resources Decentralization	A balance should be sought in the support for all its thematic areas, according to the defined priorities.
H12 – Preliminary Stage	BNDES will request, before its project approval process, a formal evaluation by the Ministry of Foreign Affairs (MRE) on the project's priority and impacts on Brazil's external relations as a stage for considering international projects.

Item	Resource Application Modalities
H13 – Direct Application – Investment	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <p>It includes investments in buildings, equipment, training, and qualification to establish initiatives.</p> <p>Projects may use more than one modality.</p>
H14 – Direct Application – Financing	<p>Applications carried out directly by project executors, including through third-party contracting.</p> <p>It includes travel expenses/field missions, individual or legal advice, field materials, communication, etc.</p> <p>Projects may use more than one modality.</p>

Item	Resource Use Restrictions
H15 – Per Diems	The payment of per diems to public agents, such as public servants, government employees, or any person who occupies a public function, is forbidden. This restriction does not apply in the case of fundings for research activities.
H16 – Payment to individuals	Salaries or any type of compensation cannot be directed to civil servants under an exclusive regime working in any of the three spheres of government (the restriction on the payment of study or research grants specifically related to the project does not apply).

H17 – Taxes and Fees	The funds cannot be applied to pay taxes or fees that are not inherent and or an integral part of the financing or investments made by the project.
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Item	Equity criteria in applying resources
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H18 – Equity in applying resources by Country	Avoid concentration of project resources in the same country.
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I. Amazon Fund's Support Focuses for the 2015-2016 Biennium

Item	General Guidance
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I 1 – Focus for the 2015-2016 Biennium	The following items define the focus of the Amazon Fund's activities for the 2015-2016 biennium and establish additional guidelines and criteria.
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I 2 – Requirements to support states	<p>The support for new projects submitted by state governments will be subject to the condition that the interested state being is in the process of implementing CAR in its territory, whether funded by Amazon Fund's resources, its own resources, or resources arising from other sources.</p> <p>Agreements entered between the Amazon Fund and the states of the Legal Amazon should require the states to review their State Deforestation Plans (PPCDs), if they are outdated, and require the preparation and disclosure of annual monitoring reports of their PPCDs.</p>
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Item	Amazon Biome — Monitoring and Control Axis
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I 3 – Rural Environmental Registry (CAR) and environmental regularization of rural properties	<p>Promotion of the environmental regularization process through:(i) support for small properties or rural family possessions (up to 4 fiscal modules) entering the Rural Environmental Registry (CAR); (ii) support for the integration of state CAR systems into the Rural Environmental Registry System – SICAR and adaptation of complementary modules for Analysis and Monitoring and the management of the states' Environmental Regularization Programs (PRAs) and Environmental Reserve Quotas (CRAs);(iii) support for developing and implementing PRAs; (iv) support for activities aimed at validating CAR registrations; (v) support for preparation of Plans for the Recovery of Degraded or Altered Areas (PRADAs) of small properties or rural family possessions;(vi) support for activities aimed at validating PRADAs; and (vii) support for structuring and operationalizing the monitoring of the environmental regularity of rural properties.</p>
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The Support for implementing CAR and the environmental regularization of rural properties shall be performed primarily through operations with the states, which may establish partnerships/contracts for executing the necessary actions, respecting the applicable law. However, it will be possible to support CAR projects through other partners in areas not covered in the projects contracted with the states.

I 4 – Forest Fires	Support for actions to prevent and combat forest degradation caused by fires in native vegetation presented by government environmental agencies operating in the Legal Amazon or non-governmental organizations in partnership with government agencies, primarily in settlements, conservation units, and indigenous lands.
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I 5 – Monitoring	Support for monitoring deforestation, forest degradation, and burnings in the Amazon Biome.
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Item	Amazon Biome — Promotion of Sustainable Productive Activities Axis
I 6 – Economic activities for the sustainable use of forests and biodiversity	Structuring, strengthening, and consolidating the production chains of socio-biodiversity and sustainable family agriculture, including enhancing the extractive economy, timber and non-timber forest management, aquaculture and fishing arrangements, agroecological and agroforestry systems, community-based tourism, and technical assistance for sustainable production activities.
I 7 – Green Settlements Program	Implementation of the “Green Settlements Program” (Program for Prevention, Combat and Alternatives to Illegal Deforestation in Amazon Settlements).
I 8 – Restoration of degraded and altered areas	Support for restoring degraded and altered areas of small properties or rural family possessions (up to 4 fiscal modules), prioritizing the implementation of PRADAs.

Item	Amazon Biome – Land and Territorial Planning Axis
I 9 – Landholding Regularization	Support for public lands landholding regularization, prioritizing critical areas under deforestation pressure, prioritizing actions to digitize landholding archives and build or consolidate landholding cartographic bases in the states, and the computerization of property records and state agencies addressing land use. The payment of severance damages will not be supported.
I 10 – Indigenous Lands	Support for the preparation and implementation of territorial and environmental management plans for indigenous lands, in line with the National Policy for Territorial and Environmental Management in Indigenous Lands – PNGATI.
I 11 – Protected areas	Support for the establishment and consolidation of protected areas.

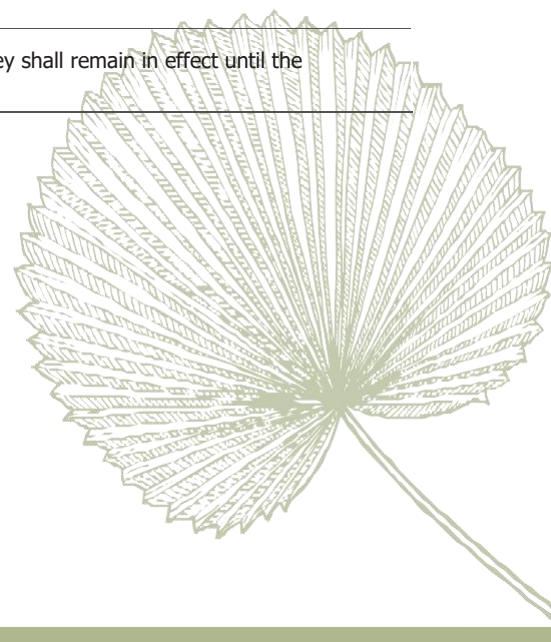
Item	Amazon Biome — Scientific and Technological Development Focus
I 12 – New socio-biodiversity products	Support for scientific and technological research aimed at socio-biodiversity product chains, including the development of new products based on the Amazon rainforest biodiversity – pharmaceuticals, phytopharmaceuticals, medicines, cosmetics, and others of interest to the chemical and food industries.
I 13 – Sustainable Productive Activities	Support for scientific and technological research focused on timber or non-timber forest management, recovery of degraded areas, crop-livestock-forest integration – ILPF, sustainable fishing and aquaculture, water resources conservation and soil conservation.
I 14 - Systems for monitoring and controlling deforestation, forest degradation, and burnings	Support for developing, implementing, and improving systems for monitoring land use and cover and controlling deforestation, forest degradation, and burnings to quantify deforestation to support deforestation combat policies.
I 15 – Research Infrastructure	The Amazon Fund's support for scientific and technological development will include support for the necessary research infrastructure.

Item	Amazon Biome – Operational Modalities
I 16 – Guidance	<p>The focuses defined in items I 3 to I 15 will be supported exclusively through the direct presentation of structuring projects or projects selected through public calls promoted directly by the Amazon Fund (BNDES) or through partner institutions.</p>
I 17 – Structuring Project	<p>A structuring project means a project that cumulatively meets the following criteria:</p> <ul style="list-style-type: none"> a) Contributes to the implementation of a public policy. b) Is resolute regarding the problem situation. c) Has a large range of work on the territory (whenever the project actions are developed in the territory). <p>Structuring projects may be proposed by (a) federal government entities, (b) state government entities, or (c) private non-profit organizations.</p> <p>Regarding scientific and technological development projects, the structuring projects may be proposed by scientific and technological institutions and/or their supporting foundations and/or civil society organizations that have this purpose defined in their articles of organization or articles of agreement or by federal or state government agencies.</p> <p>The criterion "large range of work in the territory" is met when, for example, the project's actions, in its totality, cover a set of municipalities, settlements or protected areas, a state planning region, the surroundings of PAC works, etc. The definition of the territorial range must be defined according to the project's characteristics and the respective public policies.</p>
I 18 – Public call	<p>In addition to the calls for projects promoted directly by the Amazon Fund (BNDES), support will be granted to partner institutions so that they promote public calls for projects. The partner institutions must prove their experience, knowledge, and operational capacity to provide quality and range to public calls. Partner institution means the entities of the third sector and the federal and state governments.</p> <p>The Amazon Fund will be permanently available to the submission by partner institutions of requests for financial collaboration that seek their support to carry out public calls for projects, focusing on the prioritized actions for the 2015-2016 biennium, according to items I 3 to I 15.</p> <p>Public calls promoted directly by the Amazon Fund or indirectly supported by it through partner institutions must be disclosed on the Amazon Fund's or the responsible partner institutions' website, as the case may be.</p>

Item	Amazon Fund's Support in Other Brazilian Biomes
I 19 – Rural Environmental Registry (CAR) and environmental regularization of rural properties	<p>Promotion of the environmental regularization process through:(i) support for small properties or rural family possessions (up to 4 fiscal modules) entering the Rural Environmental Registry (CAR); (ii) support for the integration of state CAR systems into the Rural Environmental Registry System – SICAR and adaptation of complementary modules for Analysis and Monitoring; and(iii) support for activities aimed at validating CAR registrations;</p> <p>Beneficiaries of CAR support projects in other biomes shall provide a financial contribution. For projects that include states in which the Cerrado, Caatinga, and Pantanal biomes represent, cumulatively, more than 40% of their territory, financial contributions of at least 10% of the total value of the project must be provided. In other regions not belonging to the Amazon biome, financing contributions of at least 20% of the total value of the project must be made.</p> <p>The Support for implementing CAR shall be performed primarily through operations with the states, which may establish partnerships/agreements for executing the necessary actions, according to applicable law.</p>
I 20 – Deforestation monitoring systems in Other Brazilian Biomes	<p>Support for projects that contribute to the creation or improvement of forest cover monitoring systems in other Brazilian biomes, following the current guidelines and criteria (see items G 1 to G 20).</p>

Item	Amazon Fund's Support in Other Tropical Countries
I 21 – Deforestation monitoring systems in other tropical countries	<p>Support for projects that contribute to the creation or improvement of forest cover monitoring systems in other tropical countries, following the current guidelines and criteria (see items H 1 to H 18).</p>

Note: if these focuses of action have not been reviewed by December 31, 2016, they shall remain in effect until the immediately subsequent meeting of the Amazon Fund Steering Committee.





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18

Minutes of Topics
and Decisions
(MTD) of the
18th Meeting

BNDES

Rio de Janeiro
August 28, 2015

Agenda

2:00 p.m. Opening:

Executive Secretary of the Ministry of the Environment, Francisco Gaetani

BNDES Director, Henrique Paim

2:30 p.m. Approval of the Minutes of Topics and Decisions (MTD) of the 17th Meeting

2:45 p.m. Agenda Topic:

Arrangements regarding Official Letter No. 167/2015/SECEX/MMA, which requests the review and resizing of Amazon Fund projects

04:15 p.m. Presentation of Reports

1. Report on the progress and arrangements of the four thematic temporary committees (Cerrado, South-South Cooperation, Private Sector, and Municipalities)
2. Rural Environmental Registry (CAR) Balance
3. Brazil's preparation for COP-21 (Paris) and submission of the INDC Brazil
4. Joint statements on climate with China, the USA, and Germany

5:30 p.m. Decisions

6:00 p.m. Conclusion

The participants received a folder containing the following supporting material:

1. Meeting Agenda

MTD of the 17th Meeting

2. Agenda Topic 1

Arrangements regarding Official Letter No. 167/2015/SECEX/MMA, which requests the review and resizing of Amazon Fund projects

- Instruction Page
- Presentation (PPT) on the Amazon Fund

3. Reports

- Report on the progress and arrangements of the four thematic temporary committees (Cerrado, South-South Cooperation, Private Sector, and Municipalities)
- Rural Environmental Registry (CAR) Balance
- Brazil's preparation for COP-21 (Paris) and submission of the INDC Brazil
- Joint statements on climate with China, the USA, and Germany

4. Internal Regulations of the Amazon Fund Steering Committee

- Decree 6527/2008
- Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2015-2016 Biennium

Opening of Business

The meeting was opened with greetings and salutations to the participants by the MMA Executive Secretary, Mr. Francisco Gaetani.

He then gave the floor to the BNDES's Environment Division Superintendent, Mr. Gabriel Visconti,

who also greeted the participants and praised everyone's effort, which made it possible to hold a second COFA meeting within the deadline defined at the 17th meeting.

1. Discussion and approval of the MTD of the 17th COFA Meeting

Mr. Francisco Gaetani (MMA) asked the Committee members if there were any proposals to adjust or improve the wording of the MTD of the 17th COFA Meeting. On that occasion, Mr. Kleber Luiz Santos dos Santos (COIAB) asked whether a report on the progress of the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs) was foreseen for this meeting.

Mr. Gabriel Visconti (BNDES) clarified that the projects within the scope of the public call were not sufficiently advanced in their analysis process to present an adequate balance sheet and that the plan is to present it at the next COFA meeting. Since all members agreed, the MTD of the 17th COFA Meeting was unanimously approved.

2. Arrangements regarding Official Letter No. 167/2015/SECEX/MMA, which requests the review and resizing of Amazon Fund projects

The meeting moved on to the discussion regarding Official Letter No. 167/2015/SECEX/MMA. **Mr. Francisco Gaetani (MMA)** contextualized his motivation for sending the referred Official Letter to Director Henrique Paim (BNDES). He stated that the Amazon Fund is ending the second cycle of its trajectory. The first cycle was about identifying its course and structure with a modest volume of disbursed resources. The second and current cycle has a solid portfolio with a set of applications made, several experiences already in the maturing process, and some projects approaching their conclusion.

However, he said, there are some issues to be addressed, and the Official Letter suggested that BNDES, as the Fund's manager, be aware of these situations. Then, Mr. Francisco Gaetani (MMA) presented a table with the projects' execution status. As an example, he observed that the states and the Federal Government show a more problematic performance. The Amazon Fund's original formulation, he went on, provides for fundraising conditioned to project performance and results achieved. He concluded that there is an issue in the progress of the Federal Government and state projects that is quite worrying, including regarding projects presented by the Ministry of the Environment itself. He explained that these were the leading concerns that motivated submitting to BNDES the Official Letter No. 167/2015/SECEX/MMA, in which Mr. Gaetani proposed to the bank a more detailed evaluation of the project portfolio, some of which had a remarkably low execution, to optimize the use of the Amazon Fund's available resources.

Mr. Francisco Gaetani (MMA) then said that the German government had committed to a substantial increase in its participation in the Amazon Fund, amounting to 100 million euros in the coming years until 2020, and to arrange a loan of a similar amount with BNDES to be applied in the forestry sector. He stated that this means an endorsement of the work developed and a commitment by the German government to the Amazon Fund. He stressed that it also increases the responsibility of using the resources.

Furthermore, Mr. Francisco Gaetani (MMA) said that in the coming weeks, the Minister of the Environment of Norway will pay a visit to BNDES, when she will meet with Minister Izabella Teixeira and will make a field visit to some projects in progress. This increases the responsibility for the adequate allocation and accountability of the Amazon Fund's available resources.

From the resource management point of view, Mr. Francisco Gaetani (MMA) continued by saying that one of the things that most compromises the Amazon Fund's performance is resources allocated but not disbursed nor executed. Mr. Gaetani stated that this is the reason for submitting Official Letter No. 167/2015/SECEX/MMA, and he made himself available to discuss the matter in case there is any doubt or anything to be clarified. He also declared that he trusts the BNDES team to conduct these negotiations on a case-by-case basis, following a professional and careful approach. He stressed that his goal is not to punish anyone or break commitments. Finally, Mr. Francisco Gaetani (MMA) reiterated that the existence of stranded resources in the Amazon Fund is unacceptable and opened the floor for other opinions.

Mr. João Bosco dos Santos (FBOMS) asked which states have stranded resources.

Mr. Gabriel Visconti (BNDES) proposed to make a presentation on the subject, which would also serve to answer the question made by Mr. João Bosco dos Santos (FBOMS) and level everyone's knowledge on the subject. He then presented a survey with information since the establishment of the Amazon Fund when the first consultations were received, showing how many projects were forwarded to the Amazon Fund, how many were actually approved, what the value of the projects submitted to BNDES was, and what the value approved was. Then, he showed that 519 projects were presented to BNDES claiming resources from the Amazon Fund, amounting to more than BRL 9 billion, i.e., a demand over four times greater than the total current cash and cash equivalents, although lower than the fundraising potential.

Mr. Gabriel Visconti (BNDES) also clarified that the BNDES's work process does not start in the Environment Division but in the Planning Division, the department that receives all operations, not only those of the Amazon Fund but of any operation supported directly or indirectly in a non-automatic manner. The flow starts at the Priorities Department, which analyzes each project considering the BNDES's Operational Policies and COFA Guidelines, and forwards them to the Credit and Eligibility Committee, formed by BNDES Superintendents, which decides which operations should proceed to analysis or not. During this first screening, several projects are not approved because they do not comply with the guidelines, the request does not make sense, it does not follow the rules, or it is not part of the biome; in short, there are several reasons why projects presented are not forwarded to the next stage.

In other words, said Mr. Gabriel Visconti (BNDES), a high percentage of the projects presented are eliminated in this first filter. Those that have passed this stage are the 75 projects that are part of the portfolio of projects already approved, including those already contracted and those that are under analysis by the Amazon Fund and the Priorities Department staff. Among these projects are those presented through the public call for preparing and implementing Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs), mentioned by Mr. Kleber Luiz Santos dos Santos (COIAB).

Therefore, the demand for resources presented to BNDES is much higher than the amount approved due to the care that BNDES takes along the project processing flow, which results in the selection of the best projects. Mr. Gabriel Visconti (BNDES) added that the problem lies in the fact that there are also problems implementing some of the 75 projects approved.

Then, Mr. Gabriel Visconti (BNDES) presented the composition of the portfolio of the 75 approved projects, according to the project proponents' nature, emphasizing that this information is permanently available on the Amazon Fund website: the states currently represent approximately 45% of the total approved resources, civil society represents 29%, the Federal Government represents 21%, Universities represent 2%, international projects (only one project, presented by ACTO – Amazon Cooperation Treaty Organization) represent 2%, and Municipalities represent around 1%. He mentioned that these percentages would be different if presented by the number of projects since, for example, the number of projects submitted by the Third Sector is higher than those submitted by the states, as these have a naturally higher average value.

Mr. Gabriel Visconti (BNDES) then presented a table with the average project execution status (measured as the percentage executed compared to the weighted average elapsed term). The Federal Government projects have an execution index of 0.10, the states of 0.31, the Third Sector of 0.60, the Universities of 0.67, the Municipalities of 0.74, and the only international project, from ACTO, of 0.81. He mentioned that, ideally, all projects would have an execution index equal to 1, but that it is not feasible for several reasons.

Mr. Gabriel Visconti (BNDES) then referred to the question previously posed by João Bosco dos Santos (FBOMS), asking which states would have the most implementation problems.

Mr. Gabriel Visconti (BNDES) pondered that it might not be the case to analyze individual cases and situations; otherwise, the meeting would be unproductive. He then proposed that, for the sake of effectiveness, the discussion should focus on the analysis of execution problems in general and the measures to be taken to mitigate them, seeking the achievement of the agreed goals, the defined indicators, and the scope planned for each project. However, he continued, in the case of projects with execution problems, the Amazon Fund team will seek, alongside the project proponents, positive arrangements for the project's outcome and the Fund's result.

Then, Mr. Gabriel Visconti (BNDES) presented a chart showing the evolution of the Amazon Fund's approvals and disbursements since its creation. The chart clearly shows that comparing the 2014/2015 period with the 2013/2014 period, one can see a reduction in the approval and disbursement growth resulting from difficulties in execution, which hinder new approvals and decrease the disbursement volume. He stated that measures to address these difficulties are needed. This is the reason for submitting Official Letter No. 167/2015/SECEX/MMA.

Mr. Gabriel Visconti (BNDES) then listed examples of reasons that lead to delays in project execution: delays in bids; staff demobilization; project discontinuity; projects developed by third parties without conversion by the executing teams; delay in obtaining licenses and/or compliance statements from environmental agencies; difficulties in systematizing accountability; difficulties in obtaining or proving counterpart financing, among others. Therefore, he emphasized that there is a need for the parties involved, BNDES as the manager and the beneficiaries as project executors, to contribute to its solution.

Mr. Gabriel Visconti (BNDES) also pointed out that the solutions are sometimes different. Therefore, he stated that the BNDES team will seek to identify, alongside the beneficiaries, what these problems are and jointly think of solutions, which may take different routes. For example, one may conclude together with the beneficiary that it is better to reduce the project's scope, accelerate its execution, and claim a volume of resources for executing a new project in another stage. Or maybe the beneficiary may also understand that the project is unfeasible, that there is no way to proceed with it, and that it is preferable to terminate it and present a new project. Finally, he said that it is necessary to analyze the projects that have execution problems on a case-by-case basis and seek a pragmatic solution with the agreement between the Amazon Fund team and each beneficiary. As pointed out by Mr. Gaetani – and this is the crucial point – a halted project not executed with the volume of resources made available but not used is of no interest to any of the parties involved: neither the beneficiaries, nor the manager, nor the donors and, above all, nor the most important stakeholder, the final beneficiary.

Thus, continued Mr. Gabriel Visconti (BNDES), BNDES has already forwarded actions complying with Official Letter No. 167/2015/SECEX/MMA. He stated that the bank is carrying out a diagnosis of ongoing projects to assess the possibility, alongside each beneficiary, of speeding up execution or reducing their scope. The goal is to execute projects. Sometimes, it will not be possible to execute it

exactly as originally planned, being necessary to reduce or revise it. The most important is to have some guidance, not to be stuck with a project thinking that the solution will come by itself. Mr. Visconti went on to say that perhaps the main lesson learned from these six years of the Amazon Fund was that there are situations in which some projects may face so many difficulties that it is better to work around them, think of something smaller and executable in a short time frame, thinking of something bigger later, when it has a more consistent structure.

Mr. Gabriel Visconti (BNDES) assured that BNDES will not unilaterally terminate agreements or request the immediate return of funds from projects with low execution. It will seek solutions together with the beneficiaries but counting on everyone's goodwill to understand the situation so that no one is harmed but seeking to get the Amazon Fund back on an upward disbursement and approval trajectory.

Subsequently, Mr. Gabriel Visconti (BNDES) requested the manifestation of other members of COFA.

Mr. Carlos Edegard de Deus (state of Acre) remarked that the state of Acre was the first beneficiary state of the Amazon Fund. He admitted that mistakes were made in executing this first project, but they were gradually corrected and that it is now following a normal course of execution. A second project presented by the state of Acre was approved, the project to implement the Rural Environmental Registry (CAR) in the state, which is being successfully executed.

Mr. de Deus said that what happened was a mutual learning process in which, on the one hand, the Amazon Fund expanded its team to meet its demand, and, on the other hand, the government of the state of Acre improved its procedures, resulting in the adequate execution of the projects currently taking place. As a result, the state of Acre has been requested by other states to guide the execution of CAR implementation projects. He recalled that there are still many resources available in the Amazon Fund and that it is in everyone's interest to adapt procedures to enable the correct use of these resources.

Mr. Niro Higuchi (SBPC) asked how many of the 75 approved projects are facing execution problems, noting that some have already been completed.

Mr. Gabriel Visconti (BNDES) clarified that five projects have already been completed and that not all the other seventy projects approved are facing problems, only a few. He pointed out that the public sector project proponents have a higher proportion of projects facing execution problems, emphasizing that the municipalities' projects have had good execution.

Going on, he commented that, as mentioned by the State Secretary of Acre, Mr. Carlos Edegard de Deus, BNDES also learned something. He highlighted that the Amazon Fund was totally innovative for BNDES as it required a series of procedures regarding governance, communication, and transparency, which today serve as an example for the rest of BNDES. On the other hand, as Mr. Edegard de Deus also mentioned, the beneficiaries also learned something, as seen, for example, by the improvement in the progress of the second project contracted with the state of Acre compared to the first.

In any case, Mr. Visconti emphasized that the trend is towards an improvement in the general execution framework, both resulting from mutual learning and the measures being taken by the BNDES team in collaboration with the beneficiaries. Thus, concluded Mr. Gabriel Visconti (BNDES), the expectation is that by 2016 the problems identified will all be resolved thanks to the collaboration between BNDES, the Ministry of the Environment, and each of the beneficiaries, whether public or from civil society.

Mr. Mário Cardoso (CNI) congratulated the Ministry of the Environment on Official Letter No. 167/2015/SECEX/MMA, commenting that it accurately represented the concerns expressed at the last COFA meeting. He also suggested that the chart that shows the project execution index be presented at all COFA meetings.

Mr. Gabriel Visconti (BNDES) thanked and praised the suggestion, stating that it will be accepted.

Mr. Kleber Santos (COIAB) expressed his agreement on the adequacy of keeping attention to the project execution status. However, he expressed concern about the guidelines provided in Official Letter No. 167/2015/SECEX/MMA re-establish project values in the selection and analysis phases. He recalled several projects whose final beneficiaries are indigenous peoples and communities, especially those submitted through the Public Call for Supporting Territorial and Environmental Management Plans for Indigenous Lands, are currently in these phases. He expressed concern about the expectations generated by the indigenous communities potentially benefiting from these projects.

Mr. Francisco Gaetani (MMA) stated that the remark by Mr. Kleber Santos (COIAB) was highly pertinent, showing concern in anticipating problems, but said that, objectively, the focus of the concern expressed in Official Letter nº 167/2015/SECEX/MMA is not the Third Sector.

Mr. Gaetani said that the Third Sector is performing well and recalled that in every Fund that involves donations, there is an experimentation component, causing learning lessons, experiencing failures, and facing difficulties to be natural. However, he reiterated that the Official Letter's motivation was not the Third Sector but mainly the public sector proponents. He recalled that the Third Sector institutions are already presenting projects within the scope of the second public call for proposals within the scope of the Amazon Fund, and the progress of the first public call has gone smoothly. He stated that the focus of concern is public, federal, and state institutions. He also recalled that the research and development sectors, including universities, are also performing very well.

Mr. Francisco Gaetani (MMA) highlighted that the cases of projects whose beneficiaries are public institutions in which there are received and sterilized resources create a situation that compromises the Amazon Fund management's credibility. Finally, he informed that the Ministry of the Environment intends to work on the research and development topic in closer harmony with bodies of the Ministry of Science and Technology and the Ministry of Agriculture, Livestock, and Food Supply, including within the scope of COFA.

– Decisions and arrangements

- BNDES will take measures agreed with the beneficiaries responsible for executing projects facing execution difficulties to accelerate their implementation or reduce their scope.

3. Reports

a) Report on the progress and arrangements of the four thematic temporary committees (Cerrado, South-South Cooperation, Private Sector, and Municipalities)

Committee on the Cerrado Biome:

Mr. Gabriel Lui (MMA) initially highlighted that the thematic committees' operation is a highly qualified space for discussion. He informed that the Committee on the Cerrado used the PP Cerrado (Action Plan for Deforestation and Burning Prevention and Control in the Cerrado Biome) as the starting point for its debate and a set of guiding questions developed by MMA to organize the discussions.

Considering that the expansion of the Amazon Fund's support in the Cerrado biome is under debate, the first topic discussed by the Commission addressed the actions that should be prioritized within this biome. Mr. Lui mentioned that the first thought the members of the Commission expressed was that the actions supported by the Amazon Fund should be aligned with the 12 macro-objectives of the PP Cerrado.

Regarding the area, that is, what the priority areas to be attended would be, Mr. Lui informed that the Committee had a very productive debate, which addressed a demand that had already been issued by the states of the Amazon region: the expansion of the Amazon Fund's action to the total limit of the Legal Amazon and not just the Amazon biome, as currently provided in Decree No. 6527/2008.

Mr. Lui evaluated that the Committee reached a consensus on expanding the Amazon Fund's support to the entire Legal Amazon, considering that this is the area where deforestation is monitored by the INPE's (National Institute for Space Research) Prodes System and that this is the approach adopted by Brazilian public policies related to the Amazon, which introduced a buffer for protecting the Amazon biome in the Legal Amazon concept. Thus, after approving this change, the portion of the Cerrado biome that is in the Legal Amazon would become subject to unrestricted support from the Amazon Fund, given that the Amazon Fund's support to projects outside the Amazon biome is currently limited to projects for developing systems for monitoring and controlling deforestation.

Still regarding the Cerrado biome's area to be supported beyond the scope of the Legal Amazon, Mr. Gabriel Lui (MMA) added the possibility of defining specific areas in the biannual documents (Amazon Fund's Support Focuses) approved by the Amazon Fund Steering Committee – COFA.

One of the areas the Committee identified as a priority was the region called Matopiba, located in the states of Bahia, Maranhão, Piauí, and Tocantins. Mr. Lui reported that despite the Committee's consensus regarding prioritizing this area to benefit from the Amazon Fund's expanded support, there was no consensus regarding whether this region should be permanently included as an Amazon Fund support subject or temporarily included through a biannual COFA guideline.

Regarding the rest of the Cerrado biome, the Committee discussed the possibility of specific areas being supported based on a specific definition by COFA in the Amazon Fund guidelines (biannual focuses). The Committee also discussed the possibility of proposing an expansion of the 20% limit on Amazon Fund support to projects in other Brazilian biomes, given that this

support would be expanding concerning the Cerrado biome.

After the report, **Mr. João Bosco dos Santos (FBOMS)** expressed the Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS interest in joining the Committee on the Cerrado Biome, highlighting the linkage of several organizations that work in this biome to FBOMS.

Mr. Francisco Gaetani (MMA) mentioned the growing demand for the Amazon Fund's support to projects based outside the Amazon biome and for support within the scope of South-South cooperation, which pressures the 20% limit of the Amazon Fund's resources available for supporting projects based outside the Amazon biome.

Ms. Ana Luiza Peterlini (Mato Grosso) pointed out that expanding the Amazon Fund's activities from the Amazon biome to the Legal Amazon represents demand from the governors of the Amazon region, according to the Cuiabá Statement of May 29, 2015 (Pact for Forest Valorization and Reducing Emissions arising from Deforestation (REDD+) in the Legal Amazon). She added that expanding Amazon Fund's support scope in the Cerrado biome located outside the Legal Amazon will require establishing territorial limits for support within that biome since the Cerrado biome is very extensive, covering areas from the states of Piauí to Paraná.

Committee on the South – South Cooperation

Then, **Ms. Daniela Baccas (BNDES)** reported on the work progress of the Committee on the South-South Cooperation, initially highlighting that the debates surrounded two axes, namely, the Amazon Fund international projects' content and the governance and operationalization of these financial supports.

Regarding content, Ms. Baccas recalled that due to normative restrictions provided in Decree No. 6527/2008 and the guidelines established by COFA, the Amazon Fund's support in other tropical countries is limited to projects that contribute to creating and improving forest cover monitoring systems.

The expansion of this scope was discussed to support other countries in setting the forest emissions reference level for payments for REDD+ results. The Committee on the South-South Cooperation also discussed changing the concept of tropical countries to developing countries or countries with forests since the current concept prevents support for some countries, including those in South America, which perhaps should be supported by the Amazon Fund.

Regarding the Amazon Fund international projects' governance, Ms. Baccas reported that the group has already considered some topics as important to be addressed. The first topic refers to the need for an institutional framework so that the Fund's international projects have a faster and more efficient flow with institutionalized governance.

That would include establishing a responsibility and attribution flow, mainly between the three main stakeholders, namely, BNDES as the financier, MMA as the technical support entity for these projects, and the Itamaraty (Ministry of Foreign Affairs – MRE).

Ms. Baccas added that the essential role played by Itamaraty was highlighted within the scope of the Committee on the South-South Cooperation and that expanding the MRE's attributions and participation in the Fund's international projects should be considered. She reported that the Brazilian Cooperation Agency – ABC also contributed with some subsidies, including the news that there is currently no institutional framework for the South-South cooperation provided by Brazil to other developing countries.

Finally, Ms. Baccas mentioned that the Committee also considered it crucial for the Amazon Fund guidelines to clarify what would be the essential elements for a project to be supported and what requirements would have to be met by a project proponent qualified to execute these projects.

Mr. Arno Jerke (MAPA) remarked that the current number of available resources represents a problem for the Amazon Fund because of the challenges being faced. Given this financial constraint, he considered that perhaps reducing the scope of the Fund's international operations should be evaluated after due diplomatic analysis.

Mr. Francisco Gaetani (MMA) argued that some see the Amazon Fund as an instrument for South-South cooperation and global triangular cooperation. Furthermore, he stated that, to the extent that donors are interested in this perspective, there should not be a constraint on financial resources from donations for this purpose.

Committee on the Private Sector:

Mr. Gabriel Lui (MMA) reported that the committee initially discussed how to increase the private sector participation in the forest economy of native species. Regarding the timber sector, there was a consensus that there is a need to improve the activity's normative and regulatory environment but that it is not necessarily the private sector's responsibility to do so; however, the private sector has the expertise to identify the points and bottlenecks that need to be faced.

Concerning the non-timber sector, the committee discussed promoting sustainable production arrangements and how the private sector should participate in structuring chains of socio-biodiversity products. Mr. Lui mentioned that during this discussion, there were examples such as Coca-Cola promoting the açai berry chain and Walmart promoting the Brazil nut chain, and others.

The committee also discussed the possibility of implementing this support modality through a public call, which is considered an interesting way of sorting demand and ensuring that support is directed to actions deemed as a priority. Mr. Lui also highlighted the understanding that a previous round of conversations with companies should be held to raise the cooperation possibilities.

He mentioned that the business sector would be a partner and not the direct beneficiary of the Amazon Fund's resources despite benefiting from this type of modality. In this context, the committee also discussed the issue of safeguards to be observed in arrangements of this nature.

As a guide for its activities, the committee proposed to learn about previous experiences of partnerships established between traditional populations and the private sector in structuring socio-biodiversity product chains to map the success and failure factors of these experiences.

Mr. Francisco Gaetani (MMA) expressed the understanding that support to the private sector should not be given directly to companies. He took the opportunity to mention that the Brazilian Agricultural Research Corporation – Embrapa and the Funding Authority for Studies and Projects – FINEP develop support work for research where resources are granted in the context of mobilizing additional resources with highly-specific directions. He then suggested that the committee also discuss with Embrapa and FINEP how to support the development of the private sector in the Amazon region in a manner consistent with the objectives of the Amazon Fund to take advantage of the additional capacities of these institutions of excellence.

Mr. Luiz Fernandes Rocha (state of Pará) reported the efforts being made in the state of Pará to prevent the illegal timber trade, highlighting that this action has been developed by the State Department of

the Environment of the state of Pará in integration with the security system agencies. He mentioned that in July and August 2015, three large operations were launched in the state of Pará, where several people responsible for illegal deforestation were arrested.

Mr. Rocha highlighted that this type of operation to repress the illegal timber trade benefits those who work properly and are harmed by those who work illegally. He pointed out that the repression actions resulted from a work that combines monitoring, intelligence, and investigation, prioritizing the punishment of the leading beneficiaries of these illegal activities.

Mr. Rocha referred to the state of Mato Grosso, which also carried out a recent operation to repress this type of illegal activity, highlighting the need to clamp down on illegal timber activities throughout the Amazon.

Finally, he highlighted the efforts that the state of Pará has been developing to improve the speed and transparency of the approval of management plans to value those who work properly and allow the monitoring of the entire timber custody chain.

Mr. Francisco Gaetani (MMA) congratulated the results achieved by the state of Pará in repressing the illegal timber trade, taking the opportunity to emphasize the need to integrate state government databases with federal government data to know how much deforestation is legal and how much is illegal.

Ms. Ana Luiza Peterlini (state of Mato Grosso) reported that in August 2015, a major operation was carried out to repress the illegal timber trade in the state of Mato Grosso. She also said that in early 2015, fraud was detected in SISFLORA, the forest products control system used by the states of Mato Grosso and Pará, which ended up allowing an illegal and virtual insertion of many credits. She exemplified that in January 2015 alone, 150,000m² of irregular credits were inserted.

Ms. Peterlini stressed that it is necessary to invest in improvements in forest management and control the timber production chain, both the Document of Forest Origin (DOF) System and the state's systems, to combat this unfair competition.

Ms. Peterlini highlighted that during Committee on the Private Sector's discussions, she presented her assessment that one of the ways to improve the timber chain control systems is to track them through electronic chips. Furthermore, it is necessary to find a way to encourage the management of small timber producers, which is practically non-existent in the state of Mato Grosso.

Mr. Carlos Edegard de Deus (Acre) informed that a task force was created in the state of Acre, integrating IBAMA – Brazilian Institute of Environment and Renewable Natural Resources, INCRA – National Institute for Land Settlement and Agrarian Reform, and state agencies. He added that as a counterpoint to these command and control actions, management activities are also being encouraged in forest and fish farming areas, small animal breeding, and other sustainable activities in open areas to reduce the advance of forest deforestation.

Mr. Mário Cardoso (CNI) pointed out that the cost of producing timber in the Amazon region is very high, as the difficulties are enormous. He noted that the timber sector complying with the law recommends that enforcement be strengthened with the repression of the illegal timber trade, as this represents unfair competition to those who produce it within the law. Furthermore, he expressed the need to improve the regulatory framework that governs this industry. He summed up his remarks by expressing the understanding that it is necessary to act in these two aspects, facilitating those who work legally and holding those who violate the law accountable with the rigor of the law.

Mr. Rafik Saab (FNBF) expressed his interest in using electronic chips to track timber; however, he considered that this measure would represent another cost for the timber management business. Considering these considerations and the public policy to combat deforestation itself, the question of whether the cost of these electronic chips should not be a counterpart financing by the states, which would provide these chips when granting authorization for timber management, was raised.

Committee on Municipalities:

Ms. Juliana Santiago (BNDES) initially recalled the history of the Amazon Fund's support to municipalities in the Amazon. She mentioned that despite the current portfolio showing a good execution percentage, several projects in municipalities were canceled for various reasons.

Ms. Santiago reported that within the scope of the Committee on Municipalities, it was first discussed what the Amazon Fund support's focus should be, having identified that forest recovery could be a relevant action to be supported through these public entities. Thus, forest restoration of permanent preservation areas (PPAs), degraded areas of small rural properties, and reforestation for protecting water resources and recharging aquifers would be prioritized.

Ms. Santiago mentioned that the second point discussed was which areas should be prioritized, given that there are more than 500 municipalities located in the Amazon biome. A suggested possibility was to support inter-municipal public consortia; however, it was pointed out that this is a relatively new arrangement and, therefore, not yet widespread. Given this and the impossibility of directly supporting all municipalities due to their large number, the alternative of making a public call for projects for this group was considered.

Mr. Francisco Gaetani (MMA) highlighted that the municipalities' universe is quite heterogeneous. He mentioned that regarding basic sanitation, the state of Amazonas, for example, had a very successful experience using consortia. Thus, he suggested to the Committee on Municipalities that it be open to the idea of combining different instruments to support municipalities in the Amazon.

b) Rural Environmental Registry (CAR) Balance

Mr. Raimundo Deusdará (SFB) began his presentation by stating that all the information about CAR he would share could be found on the Brazilian Forest Service (SFB) website.

He clarified that CAR became a nationwide registry with the "New" Forest Code (Law No. 12651/2012), having a declaratory nature and mandatory for all properties and possessions. He highlighted that the new legal framework provides for the suspension of agricultural credit to any and all rural properties that are not registered in CAR as of 2017.

Mr. Deusdará highlighted the main benefits of joining CAR for rural producers, such as the suspension of sanctions and access to environmental regularization programs – PRAs, certification of forest assets, and access to programs involving payment for environmental services; he also mentioned the possibility for environmental agencies to differentiate legal and illegal deforestation, monitor and combat deforestation, use it as a tool to support licensing and for formulating public policies and improving environmental management. Finally, he mentioned that CAR allows companies and customers to choose products and services from rural properties that comply with the Forest Code.

As a concrete example of the CAR's usefulness for formulating public policies and programs, Mr. Deusdará mentioned that launching funds to finance the recovery of springs is being studied and that the complete analysis of this initiative was based on the CAR data. Thus, the loading and recharge areas of reservoirs for human supply that present a greater PPA deficit are being identified through CAR, allowing the definition of critical areas for the recovery of springs.

Mr. Deusdará also highlighted that with CAR, it will be possible to know the real dimension of permanent protected areas (PPAs) and legal reserve areas that will have to be recovered in the country as a whole. He also added that Brazil will now have a diagnosis of how the forests and native vegetation remaining on rural properties and possessions are distributed, i.e., the country will know the size of forest reserves on private properties and possessions.

Mr. Raimundo Deusdará (SFB) then spoke about timber traceability in the federal government's forest concessions. Initially, he recalled that forest concessions are onerous delegations made by the granting authority, establishing the right to practice sustainable forest management for exploiting products and services in a management unit through a bidding process to a legal entity, whether through a consortium or otherwise, that demonstrates the capacity to its performance, at its own risk and for a determined period.

Next, he presented the timber traceability system adopted in public concessions, consisting of a computerized system that controls timber production in forest concessions, from the forest, through the sawmill, until reaching the consumer market, and of the georeferenced control of trees and tracking of sawn timber along the marketing chain.

Mr. Francisco Gaetani (MMA) commented that within the federal government's forest concessions, technology is advancing a lot, and it is now a challenge to make these advances commonplace throughout the Amazon biome.

c) Brazil's preparation for COP-21 (Paris), submission of the INDC Brazil, and Joint statements on climate with China, the USA, and Germany

Mr. Carlos Klink (MMA) initially highlighted that 2015 is a crucial year for negotiations under the United Nations Convention on Climate Change (UNFCCC). He stressed that a new global agreement to cut greenhouse gas (GHG) emissions should be defined at the Conference of the Parties – COP 21, which will take place in Paris.

Mr. Klink emphasized that the challenge is to promote structural changes in development models worldwide and thus limit the increase in the Earth's average temperature to up to 2°C compared to the pre-industrial period.

He reported the extensive internal discussion process for preparing the Nationally Determined Contribution (INDC) to be presented by Brazil in Paris, involving civil society, the academy, and the Brazilian government.

Mr. Klink stressed that this new international agreement should have serious repercussions in the field of forest carbon stock conservation and will also imply profound changes in various economic sectors. He emphasized that it will be necessary to think about Brazilian development for the medium and long term, tracing a route for Brazil to become a low-carbon economy.

He informed that Brazil reduced its GHG emissions by around 40% between 2005 and 2012, which represents a very expressive reduction highly correlated with reducing deforestation. He added that deforestation, which in the past represented approximately

58% of Brazilian emissions, currently accounts for about 16% of the country's total emissions.

Given this noticeable change in the Brazilian emissions profile, Mr. Klink stated that it will be necessary to devote special attention to national plans for low-carbon energy and agriculture so that the country achieves the goals that will be defined

Mr. Carlos Klink (MMA) reported that there was solid evidence of the priority given to forest conservation and restoration, both presented in the joint statement issued during the Prime Minister of the People's Republic of China's official visit to Brazil and in the joint statement by Brazil and the United States on Climate Change put out in Washington, D.C. In this context, he mentioned that Brazil has tens of millions of hectares of degraded pastures that could be better used or restored through forests.

He mentioned that Brazil and the US, recognizing the need to accelerate the use of renewable energy to help move their economies, intend to individually reach a 20% share of renewable sources, besides hydro generation, in their respective electricity matrices by 2030.

In the context of the recent visit to Brazil paid by the Chancellor of the Federal Republic of Germany, Ms. Angela Merkel, Mr. Klink highlighted the importance of the existing partnership between the two countries, reporting that it has been intensifying. He mentioned that Germany declared a commitment to make new donations to the Amazon Fund and expressed its willingness to support other initiatives to reduce GHG emissions with financial resources. Finally, he also highlighted Germany's leading role in proposing a decarbonization process for the global economy by the end of the 21st century.

4. Conclusion

Mr. Francisco Gaetani (MMA) took the floor, thanked everyone for their attendance, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Science, Technology, and Innovation
Francisco Gaetani (Executive Secretary of the Ministry of the Environment)	Arno Junior (S)	Jailson Bittencourt de Andrade (R)
Carlos Augusto Klink (Secretary of Climate Change and Environmental Quality)		
Brazilian Development Bank – BNDES	State of Acre	State of Amazonas
Gabriel Rangel Visconti (S)	Carlos Edegard de Deus (R) Magaly Medeiros (S)	Luís Henrique Piva (S)

State of Mato Grosso Ana Luíza Peterlini de Souza (R)	State of Pará Luiz Fernandes Rocha (R)	State of Tocantins Luzimeire Ribeiro de M. Carreira (R)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS João Bosco dos Santos (R) Adriana Ramos (S)	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB Kleber Luiz Santos dos Santos (R)	National Confederation of Industry – CNI Mário Augusto de C. Cardoso (R)
National Forum of Forest Based Activities – FNBF Rafik Hussein Saab Filho (A)	National Confederation of Agricultural Workers – CONTAG Antoninho Rovaris (R)	Brazilian Society for the Progress of Science – SBPC Niro Higuchi (R)

Absent

Ministry of Development, Industry and Foreign Trade
Ministry of Foreign Affairs
Ministry of Agrarian Development
Office of the President’s Chief of Staff
Department of Strategic Affairs of the Presidency of the Republic
State of Amapá
State of Maranhão
State of Rondônia
State of Roraima

Experts, guests, and observers

(Article 5 of COFA’s Internal Regulations)

BNDES

Juliana Santiago Daniela Baccas Ângela Skaf Bernardo Braune Daniel Soeiro Claudia Nessi Rodrigo Brito André Ferro Gil Borba	Caroline Sardenberg Juliana Alvim Fábio Plotkowski Dílson Pires Márcio Onodera Raphael Stein Mariana Lima Isabela Chan Ana Paula Donato	Renata Gessullo Adriana Nazaré Mariana Bloomfield Aline Brandão Eduardo Sá Ludmila Costa Gabriel Areal
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Embassy of Norway Anahita Yousefi Patrícia Bethlem	Embassy of Germany Lennart Eisenbraeger Joachim Schemel	KfW Christian Lauerhass
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Ministry of the Environment (MMA) Gabriel Henrique Lui Raul Oliveira Mônica Negrão Luciano Oliva	SFB Raimundo Deusdará	GIZ Helmut Eger Annemieke Alberts Heliandro Maia Bernardo Anache Janina Budi
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SEMA Pará Maria Gertrudes Oliveira	Government of the state of Pará Justiniano Netto Felipe Zagalo	MAPA Jefé Leão Ribeiro
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19

Minutes of Topics
and Decisions
(MTD) of the
19th Meeting

BNDES

Rio de Janeiro
December 21, 2015

Agenda

9:30 a.m. Opening:

Executive Secretary of the Ministry of the Environment, Francisco Gaetani

BNDES Director, Henrique Paim

10 a.m. Approval of the Minutes of Topics and Decisions (MTD) from the 18th Meeting

10:30 a.m. Agenda Topic 1:

Progress and arrangements of the Committees (Cerrado, South-South Cooperation, Municipalities, and Private Sector)

11:30 a.m. Presentation of Reports:

1. COP21 Report and Arrangements
2. Establishment of the National Committee and of the National REDD+ Strategy (Decree No. 8576/2015 and MMA Administrative Decree No. 370/2015)
3. Ministry of the Environment: General Affairs

1:00 p.m. Conclusion

The participants received a folder containing the following supporting material:

1. **Meeting Agenda** / MTD of the 18th Meeting
2. **Agenda Topic 1**
Progress and arrangements of the Committees (Cerrado, South-South Cooperation, Municipalities, and Private Sector)
 - Instruction Page
3. **Reports**
 - I. COP 21 Report and Arrangements
 - II. Establishment of the National Committee and of the National REDD+ Strategy (Decree No. 8576/2015 and MMA Administrative Decree No. 370/2015)
 - III. Ministry of the Environment: General Affairs Decree 6527/2008
Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2015-2016 Biennium

Opening of Business

The meeting was opened with greetings and salutations to the participants by the MMA's Executive Secretary, Mr. Francisco Gaetani, who reported that the BNDES Environment Division Director, Mr. Henrique Paim, would arrive shortly for the meeting. He highlighted the importance of holding this meeting to maintain the calendar of ordinary meetings and enable reports on the 21st Conference on Climate Change, held in Paris, which are relevant to the decision-making process of COFA members.

1. Discussion and approval of the MTD of the 18th COFA Meeting

Mr. Francisco Gaetani (MMA) asked the Committee members if there were any proposals to adjust or improve the wording of the MTD of the 18th COFA Meeting. As there was no proposal for amendments, the MTD of the 18th COFA meeting was unanimously approved.

2. Progress and arrangements of the Committees (Cerrado, South-South Cooperation, Municipalities, and Private Sector)

Then, **Mr. Francisco Gaetani (MMA)** addressed the main item on the agenda, the discussion on the status and arrangements of the Committees (Cerrado, South-South Cooperation, Municipalities, and Private Sector). He then gave the floor to the BNDES's Environment Division Superintendent, Mr. Gabriel Visconti.

Mr. Gabriel Visconti (BNDES) reported that the Committee on Municipalities, whose coordination was assigned to BNDES, is evaluating whether it is more appropriate to establish as a beneficiary of the Amazon Fund resources: 1) municipalities consortia; 2) municipalities; or 3) both cases.

Mr. Gabriel Visconti (BNDES) stated that there are conflicting opinions within this commission; if, on the one hand, municipal consortia can make more structuring projects feasible, on the other hand, its legal structure could make it difficult to carry out projects. Therefore, there would be gains and losses in adopting this type of structure. He mentioned that the Amazon Fund has already approved projects directly with municipalities with positive execution rates, albeit with modest average values, contrary to the strategy defined by COFA of seeking projects on a larger scale.

Mr. Visconti mentioned that the type of project to be supported is also being debated within the Committee on Municipalities, whether, for example, the support should be restricted to forest restoration, which would be in line with the Intended Nationally Determined Contribution – iNDC assumed by Brazil, to restore and reforest 12 million hectares of forests by 2030.

Mr. Francisco Gaetani (MMA) asked Mr. Gabriel Visconti (BNDES) to detail the argument against contracting with municipal consortia by the Amazon Fund.

Mr. Gabriel Visconti (BNDES) argued that the BNDES's past experience working with municipal consortia had not always achieved successful results, despite successful cases, stating that operations with individual municipalities had a better general performance.

Mr. Francisco Gaetani (MMA) commented that municipal consortia were successful within the scope of state and municipal plans for basic sanitation in the state of Amazonas. He also considered that, although municipal consortia are subject to more recent legislation of greater complexity, it would be interesting for the Amazon Fund to encourage support through this mechanism.

Mr. Gabriel Visconti (BNDES) stated that the Committee on Municipalities intends to bring a more detailed proposal for the consideration of COFA at its next meeting and that COFA's decision to prioritize operations through municipal consortia or not will be accepted.

Mr. Carlos Edegard de Deus (Acre) recalled that Acre's municipalities have relatively smaller extensions and, therefore, it would be more interesting to operate with municipal consortia, especially concerning forest restoration projects. He mentioned the example of the Acre River basin, with five municipalities, which has an established consortium, and the Committee on the Basin, which would greatly facilitate the implementation of projects.

Mr. Antônio Stroski (state of Amazonas) greeted everyone and recalled that the state of Amazonas has remarkably large municipalities. He also considered that the consortium model could mitigate the problem of a possible lack of technical staff available in some of these municipalities.

Mr. João Bosco Campos dos Santos (FBOMS) agreed that the proposal to act through consortia would be interesting, mainly due to territoriality matters. He also highlighted that there are consortia with good examples of successes throughout Brazil.

Mr. Mário Augusto de Campos Cardoso (CNI) stated that the possibility of operating with individual municipalities is recommended, especially regarding forestry restoration projects, recalling the example of municipalities in the state of Pará with an extension equivalent to some Brazilian states. On the other hand, he stressed that it would be important to take advantage of the Ministry of the Environment's experiences working with municipal consortia, although not formalized as such, but as committees on basins. Finally, he recalled that municipal elections will take place in 2016, which can lead to project execution problems due to changes in municipal administration.

Mr. Marcelo de Araújo Costa Coelho (Maranhão) informed that the state of Maranhão already works through municipal consortia on the issue of solid waste management, with consortia made up of municipalities in the states of Maranhão and Pará. He stated that the consortium structure is important to develop safer work with better results.

Mr. Antônio Stroski (Amazonas) referred to the issue of the 2016 electoral process mentioned by Mr. Mário Augusto de Campos Cardoso (CNI), emphasizing that the consortium structure mitigates the problem since it is an entity that operates within the consortium municipalities.

Mr. João Bosco Campos dos Santos (FBOMS) stated that consortia are legally municipal autonomous agencies.

Mr. Francisco Gaetani (MMA) suggested that the Committee should seek a proposal that prioritizes operations through consortia without prohibiting contracting with individual municipalities since there are municipalities in the Amazon region the size of countries, as mentioned by Mr. Mário Augusto de Campos Cardoso (CNI).

He stressed that he did not believe that new consortia would be created exclusively for submitting projects to the Amazon Fund but that it would be important to strengthen existing and operating consortia. He stated that the Committee on Municipalities should present the project topics to be prioritized, such as forest restoration, mentioned by Mr. Gabriel Visconti (BNDES), at the next COFA meeting.

– Decisions and arrangements

- The Committee on Municipalities will prepare a proposal for consideration by COFA, detailing the topic(s) and beneficiaries (municipal consortia, individual municipalities, or both) to be supported.

Next, **Mr. Gabriel Visconti (BNDES)** asked Ms. Daniela Baccas, Legal Executive Manager of the BNDES's Environment Division, to report on the Committee on the South-South Cooperation.

Ms. Daniela Baccas (BNDES) informed that the Committee on the South-South Cooperation did not meet formally but that debates were held with Itamaraty and representatives of the Norway Government, the Amazon Fund's leading donor. During these debates, it was clarified that the attribution of the international cooperation matter belongs to the Ministry of Foreign Affairs, more precisely to the Brazilian Cooperation Agency (ABC). Thus, the preliminary understanding is that the most appropriate course of action would be to amend Decree No. 6527, which created the Amazon Fund, explaining that this cooperation's operations would be carried out directly by the Ministry of Foreign Affairs through the Brazilian Cooperation Agency. Ms. Daniela Baccas (BNDES) concluded by emphasizing that this understanding is not yet definitive.

Mr. Gabriel Visconti (BNDES) added that the BNDES's responsibilities as the Amazon Fund's manager are significantly different from those of the Brazilian Cooperation Agency (ABC). He also mentioned that the understanding of sending the project to FAO (Food and Agriculture Organization) has been complex and time-consuming. Thus, using ABC's existing structure combined with its expertise in international cooperation could speed up the process. However, he emphasized that, as provided in Decree No. 6527, this cooperation would be limited to countries with tropical rainforests.

Furthermore, Mr. Gabriel Visconti (BNDES) reported that the Norwegian representatives also showed interest in advancing this structure during preliminary negotiations. He also mentioned that the first negotiations with ABC were also positive. He stressed that this is a complex negotiation and that there is no expectation that it will be concluded until the next COFA meeting.

Mr. Gabriel Visconti (BNDES) recalled that so far, the Amazon Fund has only one project with international support, whose beneficiary is the Amazon Cooperation Treaty Organization (ACTO), but that contracting this project was facilitated because ACTO is based in Brasilia. Therefore, he continued, it is important to explore an alternative approach that would involve a possible amendment to Decree No. 6527/2008, with a provision for the ABC to receive resources to carry out the South-South Cooperation.

Mr. Francisco Gaetani (MMA) highlighted that the South-South Cooperation topic belongs to the context of the recent negotiation with Norway and Germany regarding the continuity of support to the Amazon Fund and the deepening of its actions, as so do the Cerrado Biome and the work with the private sector topics. Therefore, it is essential to provide an adequate solution for the South-South Cooperation.

Mr. Francisco Gaetani (MMA) also mentioned that although ABC has the authority mentioned by Mr. Gabriel Visconti (BNDES), in practice, the final Ministries (Ministry of Agriculture, Livestock, and Food Supply, Ministry of the Environment, Ministry of Science, Technology, and Innovation, etc.) that directly engage in the South-South cooperation, but with the intervention of ABC. The initiative, in general, does not come from ABC, as it does not have a large staff.

Thus, Mr. Francisco Gaetani (MMA) stated that nothing prevents BNDES from seeking to establish relationships directly with organizations working in international technical cooperation, as done by several institutions represented in COFA, always with the intervention, knowledge, and supervision of ABC.

Mr. Gabriel Lui (MMA) reported on the other Committees established by COFA, the Committee on the Cerrado Biome, and the Committee on the Private Sector. Regarding the Committee on the Cerrado Biome, he mentioned that three meetings took place, one in Rio de Janeiro and two in Brasília. He said that this committee has representatives from MMA, BNDES, MAPA, the states of Mato Grosso and Tocantins, COIAB, FBOMS, and CONTAG. He also stated that MMA had prepared a guiding document with issues to be discussed at these meetings, with an approach based on priorities from the Action Plan for Deforestation and Burning Prevention and Control in the Cerrado Biome (PPCerrado).

Mr. Lui informed that there was consensus in the Committee on expanding the Amazon Fund's support to the Cerrado biome within the Brazilian legal Amazon. He also commented that discussions had taken place on including other territories to be supported through their prioritization in the biannual Amazon Fund's support focuses defined by COFA, such as, for example, the MATOPIBA region (states of Maranhão, Tocantins, Piauí, and Bahia), although there was no consensus.

Mr. Gabriel Lui (MMA) added that, regarding the support topics for the Cerrado Biome, the issue of monitoring was identified as a bottleneck; however, he stressed that this issue is already being addressed, both in MMA initiatives and in a project presented by the National Institute for Space

Research (INPE) to the Amazon Fund. Within the scope of the Committee on the Cerrado Biome, state representatives also presented the following topics: sustainable forest management, the Rural Environmental Registry (which has already been prioritized), and the promotion of sustainable production activities.

Regarding the Committee on the Private Sector, Mr. Gabriel Lui (MMA) informed that a first exploratory meeting had taken place, in which matters such as the joint financing by the private sector with public institutions were discussed, mentioning the experience in the state of Amazonas where private companies distributed resources within a public arrangement, and the performance of FINEP. He concluded by emphasizing that the Committee on the Private Sector has not been able to make significant progress for now.

Mr. Francisco Gaetani (MMA) argued that there was no need for the Committees to reach a consensus, and any disagreements could be submitted to COFA. He also argued that, in the private sector case, the fundamental goal should be to support it through the National Innovation System, citing, as examples, the CNI's Business Mobilization for Innovation and the National Council of State Research Support Foundations. Then, Mr. Francisco Gaetani (MMA) reiterated that all the members of the Committees must present their contributions so that the next COFA meeting can deliberate on the proposed amendment of Decree No. 6527 to be submitted to the Brazilian President.

Then, **Mr. Gabriel Visconti (BNDES)** presented the Amazon Fund's periodic balance sheet. He informed that the 2015 highlights were the new approvals, the new fundraising, and the Amazon Fund's participation in international events. Regarding approvals, he presented a slide listing those that took place in 2015, emphasizing the Public Call for Sustainable Production Projects' conclusion; the approval of the first three projects within the scope of the Public Call for Support to Territorial and Environmental Management for Indigenous Lands; the support for the Third Sector, such as the Ashaninka people and Imazon projects, and supplementary support to MUSA and RECA; and the approval of two projects by the Federal Union, the National Force, and Censipam. Thus, until mid-December 2015, the Amazon Fund had approved 79 projects, with BRL 1.2 billion in financial support. He mentioned that depending on the project proponent's nature, the states currently represent approximately 44% of the total approved resources, the Third Sector represents 32%, the federal government represents 20%, the international project (ACTO) represents 2%, Municipalities represent 1%, and Universities represents 1%.

Then, Mr. Gabriel Visconti (BNDES) presented a chart with the approvals and disbursements accumulated since the Amazon Fund's establishment, concluding that the Amazon Fund's performance is remarkably successful. He highlighted that in 2014, there was a significant increase in disbursements, and in 2015, disbursements remained at a good level despite the problems highlighted at the last COFA meeting.

Mr. Gabriel Visconti (BNDES) also presented a table showing the projects' execution level according to the beneficiary's legal nature, in which one can see, according to an increasing order of execution level, that the projects with the lowest execution rate are federal government projects, followed by projects from states, the Third Sector, Universities, Municipalities, and finally by ACTO's international project, which presents the best ratio between the executed percentage finance and the weighted average elapsed term. Mr. Gabriel Visconti (BNDES) reported that the Amazon Fund team is working alongside the beneficiaries to reverse the low-performance cases throughout 2016.

Mr. Francisco Gaetani (MMA) mentioned that, given the low performance of projects by federal government agencies, he and Director Henrique Paim (BNDES) scheduled a meeting for next January with those mainly responsible for the following projects: INPE, Brazilian Institute for the Environment and Renewable Natural Resources – IBAMA, Amazon Protection System Management and Operational

Operational Center – CENSIPAM, the Brazilian Forest Service, and the Department of the National Public Security Force for forwarding solutions. Furthermore, he reported that a discussion regarding the additionality of projects was initiated involving MMA and BNDES and that it will be extended to the donors since the Federal Government, and the states face a critical situation regarding the costs related to inspection, which is a strategic issue in the fight against deforestation. He said that he hopes to bring to COFA a more objective proposal concerning this topic regardless of the effort being made to improve the Amazon Fund's performance.

Mr. Gabriel Visconti (BNDES) then talked about fundraising for the Amazon Fund. He mentioned the Norwegian government's new announcement regarding the Brazilian government of additional donations of USD 600 million until 2020, in addition to the USD 1 billion already contracted, and the new support from the German government of EUR 100 million also until 2020, announced last August.

Mr. Gabriel Visconti (BNDES) highlighted that the continuity of support is essential for continuing projects currently in the Amazon Fund's portfolio and supporting new projects. Finally, he stressed that the scarcity of resources should not be an obstacle to the Amazon Fund's performance.

Regarding international events, Mr. Visconti informed that he, Secretary Francisco Gaetani (MMA), and Director Henrique Paim (BNDES) were in Oslo and Germany on missions to get closer to these governments and raise new resources for the Amazon Fund. He highlighted that the visits were essential to start the process of continuing the partnership with the German government and the Norwegian government.

Mr. Visconti also informed that last October, the seminar "Amazon Day" took place in London, which brought together representatives of the Brazilian, German, English, and Norwegian governments, besides the private sector and the Third Sector. Regarding COP21, he informed that a separate stand was set up to disseminate information about the Amazon Fund and the Brazilian success in reducing deforestation. He also reported that a specific Amazon Fund event supported by GIZ was organized at the Global Landscape Forum, which was quite successful, culminating in the participation of **Ms. Juliana Santiago (BNDES)**, Head of the Amazon Fund Management Department, in the international forum closing event. He concluded by mentioning that the Amazon Fund is now recognized as one of the main REDD+ instruments in the world, although there is still a long way to go.

Mr. Mário Augusto de Campos Cardoso (CNI) recalled that in less than six months, until next May, the deadline for completing the Rural Environmental Registry will expire. Thus, for the sake of transparency, he requested that the individual performance indexes of CAR projects supported by the Amazon Fund be presented at the next COFA meeting, allowing for progress in discussing what is being done and exposing the problems to be solved.

Mr. Francisco Gaetani (MMA) agreed that it would be valuable to provide a more detailed account of CAR's evolution status, as has been done in other past meetings, and advised that the report should be carried out at the next COFA meeting. He stressed that the main concern is small producers, who need differentiated support. He also agreed that there is a risk that the implementation deadline will run out with bottlenecks yet to be resolved. He said that it is impossible to predict whether the National Congress will extend the deadline but that the Executive Branch's interest aims at accelerating the CAR implementation.

Mr. Antoninho Rovaris (CONTAG) expressed his concern with CAR, stressing the urgency of adopting measures to ensure its implementation in the short term, recalling that, as mentioned,

the deadline for implementation will expire in May. He stated that he was not sure whether COFA would be the appropriate forum for this discussion but said that since the deadline's extension was established in 2015, the implementation pace has significantly reduced. He commented that producers were experiencing uncertainties regarding a possible further deadline extension and even about canceling the CAR requirement. He also said that the resources made available for the CAR implementation are insufficient. He concluded by recommending that the MMA seek alternatives for properly handling the problem.

Mr. Francisco Gaetani (MMA) thanked Mr. Antoninho Rovaris (CONTAG) for his comment and agreed that there is a dilemma as to whether or not to extend the deadline for implementing CAR. He mentioned that there are several CAR implementation projects supported by the Amazon Fund and other MMA initiatives in this regard. He invited CONTAG to discuss the matter with MMA and other partners in early 2016 to define a strategy aimed at accelerating the CAR implementation. He emphasized that new actions within the scope of the Amazon Fund would not have immediate repercussions; thus, it would be necessary to act on other fronts to see what could be done in an emergency and locate the greatest difficulties.

Mr. Francisco Gaetani (MMA) also highlighted that the Rural Environmental Registry has been demanded by several Brazilian economy agents, which is a good sign, but that the real challenge is the conclusion of its implementation throughout the national territory. He stressed that the Federal Government has been trying to apply CAR from a development perspective and not from a punishment one, but that in some cases, fraud and attempts to circumvent the system have been observed since there is a concern regarding the inspection of vegetation suppression by IBAMA. Finally, he reiterated the invitation to work together to solve these problems.

Mr. Antônio Stroski (Amazonas) referred to the additionality matter and the increase in records of burnings in 2015. He recalled that the 2016 scenario, with the forecast of a more pronounced *El Niño*, is even more pessimistic, especially because of a recent burning increase in small properties. He recalled that the states have been experiencing grave financial difficulties and concluded that there is a need to re-discuss the additionality matter.

Mr. Francisco Gaetani (MMA) declared that he shared the concern with the increase in burnings in a context of scarcity of resources but that the discussion on the additionality matter needs to be carefully handled alongside donors and COFA itself, under penalty of jeopardizing the Amazon Fund's operations credibility.

However, he reaffirmed the significance of combating deforestation and, consequently, the states accessing resources for burning inspection and control for a REDD+ fund, such as the Amazon Fund.

Ms. Elaine Corsini (state of Mato Grosso) recalled that the state of Mato Grosso does not have any CAR implementation project within the Amazon Fund, although it is the state with the largest registered area. She also said that the concern with CAR is not limited to registration and that it is necessary to take care of the validation and subsequent steps, i.e., it is necessary to think about the system in an integrated way, even to avoid duplication of efforts. Finally, Ms. Elaine Corsini (Mato Grosso) asked whether the resources from the new funding would have different application rules compared to those currently in force in the Amazon Fund.

Mr. Francisco Gaetani (MMA) replied that there is an intention to possibly change how the Amazon Fund works, but not as a result of new fundraisings. He clarified that the Committees created by COFA (Cerrado Biome, Municipalities, South-South Cooperation, and Private Sector) should support COFA with suggestions for amending Decree No. 6527, which should be agreed upon with donors. He mentioned that it is possible that among these suggestions,

there may be more details on specific percentages of resource allocation to certain topics, but considering the Amazon Fund's basic features.

Mr. Gabriel Visconti (BNDES) stressed that everyone is committed to improving project performance and attentive to the scarcity of resources context in the states. He also alluded to the suggestion of Mr. Mário Cardoso (CNI) for a detailed report on the execution performance of state projects, arguing that given the nature and periodicity variety of these projects, it might be more interesting to restrict this report to the performance of state projects to implement CAR.

Mr. Antoninho Rovaris (CONTAG) supported this proposal, given the imminence of the deadline for implementing CAR.

Mr. Gabriel Visconti (BNDES) added that all projects are thoroughly presented on the Amazon Fund's website, although there is no comparative presentation between them.

Mr. Francisco Gaetani (MMA) acknowledged that BNDES has tried to reduce deadlines and simplify procedures, which produced positive results. He also considered that the government faces problems in implementing projects at the federal and state levels and that just allocating more resources in the same way they have been allocated will not solve these problems. He added that there is a dilemma between accountability and efficiency and that there is no point in being more efficient in implementation if accountability problems persist. Mr. Francisco Gaetani (MMA) went further by saying that the challenge is to find a way to speed up implementation by state bodies, to create a support jurisdiction without harm to the prominence of the states and the Federal Government. Negotiations with GIZ, Caixa Econômica, and BNDES are taking place to seek advice to support the purchase and contract management, such as preparing public notices, terms of reference, contract management, and monitoring project implementation.

Ms. Magaly Medeiros (state of Acre) mentioned that Acre has two projects in the Amazon Fund. The environmental asset valorization project was one of the first to be approved, and since it was one of the first, it took a long time to be implemented, despite being better than some projects in other states. The CAR project is well-executed and has already consolidated relevant results, being one of the projects presented at the Climate Conference – COP 21. She emphasized that there is a specific dynamic for state projects, which depends on the priorities presented over time to the state administrations. She reported that the state of Acre's CAR project is expected to be completed by May but that it will continue since Acre's CAR does not end with the registration itself and goes beyond Sicar – National Rural Environmental Registry System.

Ms. Medeiros pointed out that the Amazon Fund can contribute a lot to the gradual reach of zero legal deforestation, a commitment made during COP 21. She concluded by placing the state of Acre at their disposal to think together and contribute to new arrangements and mechanisms with a day-to-day perspective aiming at making the Amazon Fund more efficient and contributing to continuous reductions in deforestation in all states.

Mr. Gabriel Lui (MMA) acknowledged that CAR does not end on May 05, 2016, only the Rural Environmental Registry's registration phase; after that, there are all phases of validation and implementation of the Forest Code, which are much broader than that. For this reason, he went on, the next phases of implementing the Forest Code are a priority within the scope of the Fund, as is the consensus reached by MMA, BNDES, and COFA.

3. Reports

a) MMA report on the new National Strategy for REDD+

Ms. Letícia Guimarães (MMA) informed that Brazil's National Strategy for REDD+ (ENREDD+) is part of a process initiated in 2010 led mainly by the states of the Brazilian Amazon. She added that as of 2011, working groups were created with various sectors of society to discuss topics on institutional issues, financial aspects, and action implementation in the territory. One of the main steps in this phase was to recommend creating a specific working group within the Federal Government to prepare the ENREDD+, which took place in early 2012.

Ms. Guimarães also reported that this group worked for two years preparing ENREDD+ alongside the international REDD+ negotiations within the United Nations Framework Convention on Climate Change (UNFCCC). She mentioned that in 2013, the UNFCCC had a significant milestone on the subject: the Warsaw framework for REDD+. She pointed out that, in early 2014, the inter-ministry group forwarded the developed strategy to the Inter-Ministry Committee on Climate Change (CIMC), which decided that the best instrument for its approval would be through a decree. Thus, the draft decree was prepared for the Ministries that make up the CIMC deliberation; before the Paris Conference (UNFCCC COP21), Decree No. 8576/2015 was enacted, giving the Minister of the Environment the authority to approve the administrative decree that effectively establishes ENREDD+.

Ms. Letícia Guimarães (MMA) added that the national strategy's general goal is to contribute to mitigating climate change through ending illegal deforestation, conserving and recovering forest ecosystems, and developing a sustainable low carbon forest economy that produces economic, social, and environmental benefits.

She also reported that ENREDD+ has three specific goals, namely: i) improve monitoring and impact analysis of public policies to achieve REDD+ results; ii) promote convergence between climate change, biodiversity, and forestry policies at the federal, state, and municipal levels; and iii) contribute to mobilizing international resources at a large scale.

Ms. Guimarães also explained that the set of public policies for implementing REDD+ for Brazil remains the same and that ENREDD+ will aggregate and not replace existing policies since the national policy on climate change and the forest code, the major guiding landmarks, are in the strategic level. At the tactical and operational level, there is the National Plan on Climate Change and action plans in the biomes, which continue to be the leading instruments for guiding actions on the ground. Regarding financial instruments, she recalled that the Amazon Fund is the main instrument specifically for REDD+, which does not prevent other funds and other stakeholders from receiving payments for results to increase fundraising actions.

Ms. Guimarães also commented on the governance structure. She mentioned that Brazil had its REDD+ results recognized within the scope of the Warsaw Framework, and its data are included in the UNFCCC records, which makes it possible to raise funds within the convention's formal structure.

Regarding potential funding sources, Ms. Guimarães highlighted that the Green Climate Fund (GCF) is expected to play a central role in disbursing payments for results. Ms. Letícia Guimarães (MMA) also pointed out that, in January 2014, MMA created a technical working group on REDD+ made up of representatives from INPE, the Brazilian Agricultural

Research Corporation – Embrapa, and the National Institute for Amazonian Research – INPA, among others, with the leading role of measuring the deforestation reduction in terms of carbon.

According to Ms. Letícia Guimarães (MMA), the national strategy's main asset is to create a governance structure that enables more effective and institutional participation of the interested parties and allows a coordinated effort to capture and distribute resources.

Next, Ms. Letícia Guimarães (MMA) presented the National Committee for Reducing Greenhouse Gas Emissions from Deforestation and Forest Degradation, Conservation of Forest Carbon Stocks, Sustainable Management of Forests, and Enhancement of Forest Carbon Stocks – REDD+. She reported that the Ministry of the Environment permanently chairs the committee, also acting as its executive secretary. She mentioned the participation of the other members: MRE, MAPA, MDA, Ministry of Finance, MCTI, the Office of the President's Chief of Staff, and Government Department of the Presidency of the Republic, besides two civil society representatives, two state government representatives and one municipal government representative.

Ms. Letícia Guimarães (MMA) highlighted that the implementation of REDD+ by Brazil is based on three axes, the first being the measurement, reporting, and verification of impact, for which Brazil has already submitted its reference level and has already obtained the UNFCCC seal for the results of reducing emissions from deforestation in the Amazon between 2006 and 2010. She added that the results for the years 2010 to 2015 should be presented by the end of the year and that there is a commitment to present an analysis of forest degradation data for the Amazon and deforestation in the Cerrado biome.

Ms. Guimarães informed that the other axes of REDD implementation in Brazil are, respectively, the articulation of public policies and socio-environmental safeguards and the matter of resource fundraising and distribution, criteria, guidelines, and principles that will be defined by the National Commission. Ms. Letícia Guimarães (MMA) pointed out that the Ministry of the Environment's website is up to date with all available information on the REDD+ topic.

Mr. Francisco Gaetani (MMA) reported that both Decree No. 8576/2015 and MMA Administrative Decree No. 370/2015 came out on the Paris COP 21's eve and recalled that the deforestation results will undergo an international audit; he also stated that the states' participation will be subject of a specific discussion to enhance fundraising for both the country and the states. He gave the floor for questions and considerations by COFA representatives.

Mr. Antonio Stroski (Amazonas) began his remarks by posing as spokesperson for the Forum of Environment Secretaries of the Legal Amazon. He expressed his concern with the state representation in the National Committee for REDD+ and informed that the states sent to the Brazilian Association of State Environmental Entities (Abema) a claim of parity regarding state representation in this committee.

Mr. Francisco Gaetani (MMA) said that civil society also manifested itself in a similar way regarding the committee's composition and that the arrangements will be received and analyzed by the Federal Government.

Ms. Elaine Corsini (MT) recalled that, according to the Forest Code, it will be necessary to integrate the existing legislation on REDD+, such as those already existing in the states of Mato Grosso, Acre, and Amazonas, and asked how this integration will take place given the new Federal Decree.

Ms. Letícia Guimarães (MMA) replied that the Federal Government is aware of the existing legislation and that there are some clear points of divergence. One of them, for example, concerns using REDD+ for offsets, i.e., the possibility of using the results of a country to

offset the emissions of another, which the Federal Government has always been against as a matter of environmental integrity and to ensure that the goal of mitigating climate change as a global objective was achieved. She also reported that there are other integration issues and that there is an ongoing idea of creating a specific thematic chamber on the federative pact so that everyone can effectively participate.

Magaly Medeiros (AC) suggested that it would be important to analyze the points that make it possible to enhance the actions of states and the Federal Government, since the ultimate objective is to reduce greenhouse gas emissions and ensure that projects and action plans are implemented.

Ms. Luzimeire Ribeiro (Tocantins) commented that it would be important to consider what states have been doing regarding REDD+ legislation and actions underway. She stated that this is the time to build something that really results in effective and accurate actions in the near future.

Ms. Elaine Corsini (Mato Grosso) recalled that state laws were built based on federal legislation, such as the Forest Code, which deals with REDD+ in its article 41. She added that the states did not do anything that was not provided for in federal legislation, so it is necessary to think about how to integrate these legislations.

Ms. Letícia Guimarães (MMA) recalled that one of ENREDD+'s goals is the integration of different climate, biodiversity, and forest policies at different levels. However, she asked for caution so that all partners are at the table to bring these issues, discuss, and negotiate.

Mr. Francisco Gaetani (MMA) suggested to Ms. Guimarães that she meet with the Brazilian Association of State Environmental Entities (Abema) to advance on these issues and recommended that the states use the Amazon Fund more intensively since it is a well-established and credible instrument.

b) Reports on the UNFCCC COP 21 in Paris

Ms. Letícia Guimarães (MMA) reported that during COP 21, three important decisions on REDD+ were adopted within the scope of the United Nations Framework Convention on Climate Change (UNFCCC), namely: i) summary of safeguards, ii) benefits of non-carbon and iii) alternative approaches to pay for results. By adopting these last decisions, REDD+ as an agenda item for international negotiations is officially over, and there are no further negotiations on REDD+ before the UNFCCC, which leads to implementing the Warsaw Framework for REDD+.

Ms. Guimarães also informed that the adoption of the Paris Agreement was a significant milestone before the UNFCCC, as it represents the end of a term given by the Durban platform and the beginning of a new regime as of 2020, in which all countries have some responsibility, both in terms of mitigation and adaptation, different from what existed before in Kyoto where all responsibility for mitigation targets and financing fell on the so-called Annex 1 countries. She stressed that one of the major goals achieved in the new agreement is the decision to keep the temperature increase below two degrees Celsius compared to the pre-industrial historical levels since, in the past, people spoke of the global emission volume, and this was not associated with temperature matter, which is fundamental when it comes to climate change.

Ms. Letícia Guimarães (MMA) reported that, regarding mitigation, efforts are nationally determined and that Brazil and 180 other countries in the world also presented their corresponding iNDCs. In this context, she explained that developed countries must present iNDCs with absolute goals, and developing countries should, over time, try to set absolute goals. She also informed that Brazil was

the only developing country (except for Gabon, which did not consider forest emissions) to present an absolute target for reducing emissions, which was recognized by the convention as a remarkable step.

Ms. Guimarães highlighted that the Brazilian proposal for a new differentiation between developed and developing countries was incorporated into the agreement by adopting concentric circles with different levels of policies and ambitions where countries would reach the center of the circle with absolute goals over time. She also highlighted the relevant role played by the Minister of the Environment, Ms. Izabella Teixeira, in this negotiation.

Regarding REDD+, Ms. Letícia Guimarães (MMA) mentioned that the agreement has a specific article on this topic (article 5, paragraph 2) that encourages implementing actions to reduce emissions from deforestation and forest degradation, in particular through payouts for results. She emphasized that this was an impressive victory since few countries are already prepared to receive these payments.

Ms. Letícia Guimarães (MMA) also reported that another key issue included in the agreement is an adaptation to climate change, stating that in Paris, the global goal of achieving greater resilience through national adaptation plans was recognized. Furthermore, she said that an opportunity is foreseen to analyze the reports from all countries to understand which efforts have already been implemented and how they have contributed to the goal of keeping the temperature increase at acceptable levels, given that this reflection will be used as a subsidy to analyze what else can be done.

Then, Ms. Letícia Guimarães (MMA) reported that developed countries must provide financial resources for climate issues, and other countries are encouraged to make voluntary contributions. She recalled that the South-South cooperation, established in the Brazilian INDC, is one of the instruments through which countries like Brazil can comply with the requirement of voluntarily helping other countries that are in a more vulnerable situation.

Ms. Guimarães also informed that a solid transparency structure was created with methods and criteria for disseminating information on the results of the commitments assumed by each of the countries. She stressed that Brazil will face many other demands regarding result transparency and resource use.

Completing her report, Ms. Letícia Guimarães (MMA) presented the legal and institutional aspects governed by the agreement. She reported that there is a transparent and non-punitive compliance mechanism that will monitor how each country determines its target. She pointed out that every five years, new goals will be presented and that the tendency is for these goals to be more ambitious.

Ms. Guimarães stressed that the new agreement comes into force when 55 countries that account for at least 55% of total emissions have signed it. Finally, regarding the Amazon Fund as an instrument for receiving payments for results, she ratified that the Paris Agreement reinforces the importance of providing payment for results in an adequate and predictable manner. Paragraph 55 on funding also states that the 100 million by 2020 target, which was previously voluntary, is now in the agreement, which is a major step forward.

Then, **Mr. Gabriel Visconti (BNDES)** reported his participation in COP 21 as BNDES's Environment Division Superintendent. He informed that he attended several events on topics such as energy and forests and that the three main subjects present in all the discussions were financing, technology, and private sector engagement. As an example, he reported his participation in a major event on forests at the LPAA (Lima-Paris Action Agenda), attended by Minister Izabella Teixeira and the former director

of INPE – National Institute for Space Research, Mr. Gilberto Câmara.

Mr. Visconti highlighted that Brazil was highly praised in several forums and that even with all the difficulties the country faces, the environmental agenda still stands out positively. He also mentioned that Brazilian negotiators were praised for their high technical capacity.

Ms. Magaly Medeiros (state of Acre) reported that the state of Acre promoted an event during COP 21 called “Acre Day,” which was attended by Secretary Carlos Klink (MMA) and all the states that are part of the legal Amazon. During the meeting, a commitment was made to zero illegal deforestation by 2020, if possible by 2018, within the term of the current governor, Mr. Tião Viana.

Ms. Medeiros also reported that deforestation was reduced by 10% from August 2014 to 2015 as a result of implementing the Rural Environmental Registry in the state and by establishing a task force integrating the efforts of the Chico Mendes Institute for Biodiversity Conservation (CMBio), IBAMA, the state of Acre, and civil society. She concluded by asking for clarification on the issue of financing strategies to combat deforestation, specifically on access to the Green Climate Fund (GCF).

Mr. Francisco Gaetani (MMA) replied that several Brazilian institutions seek accreditation in GCF, including BNDES, which have not yet been successful in this process. He reported that there is, within GCF, a discussion on prioritizing loans versus donations. He suggested inviting a representative of the Ministry of Finance to the next COFA meeting to make a presentation on the issues related to GCF.

Ms. Luzimeire Carreira (state of Tocantins) reported that the state of Tocantins has a forestry policy about to be approved by the Assembly, including creating a fund focused on forest restoration and that GCF could be an important source to finance this activity. She reported that the state attended a panel at COP 21 where the experience of the state of Tocantins in building small dams in the state's southeast, which has been suffering from drought, was reported. Finally, Ms. Luzimeire Carreira (Tocantins) highlighted the engagement of the Legal Amazon governors at COP 21, which brings an optimistic and promising scenario to strengthen the environmental agenda.

Ms. Elaine Corsini (state of Mato Grosso) began her report by reporting that despite the state of Mato Grosso working since the beginning of the year on inspection, including in partnership with the MMA, there has been an increase in deforestation in the state. She informed that in the state of Mato Grosso, there was a dissociation between deforestation and production through a strategy called “Mato Grosso – produce, conserve, and include,” which includes the private sector, NGOs, and the five government departments.

Ms. Corsini also informed that during COP 21, Governor Pedro Taques presented goals for 2030: i) recovering six million hectares of low-yield open areas, three million hectares of high-productivity agriculture areas, 2.5 million hectares of livestock areas, and 500 thousand hectares of planted forest areas, and ii) expanding forest management from 2.8 million hectares to six million hectares. She also said that another goal agreed with the Federal Government foresees the end of illegal deforestation by 2020 and the preservation of one million hectares of areas subject to deforestation. Targets were also established for restoring legal reserve areas representing 1.9 million hectares in the state and restoring permanent preservation areas (PPA) representing one million hectares, i.e., a total of 2.9 million hectares to be recovered, as well as maintaining 60% of the state's area with native vegetation in its three biomes.

Ms. Elaine Corsini (MT) also mentioned the intention to conclude and validate CAR, the Environmental Regularization Program – PRA, and the recomposition and compensation by 2018, and stressed that the governor emphasized the private sector's partnership to achieve these goals.

Ms. Leticia Guimarães (MMA) provided additional information about GCF. She said that the Warsaw decision places GCF in a leading role in the payment for results in REDD+ and that the issue was considered urgent at COP 21. She stressed that the articulation with the Amazon Fund will be fundamental, as there are few practical experiences on how to effectively transfer resources aimed at payouts for results to other countries.

Ms. Guimarães further clarified that 50% of the GCF resources are destined for mitigation and 50% for adaptation and that at least half of the 50% destined for adaptation goes to less capable countries and small islands. Regarding payment for results, she reported that Brazil has a greater chance of raising funds as it is the only country that has its results recognized by UNFCCC. Finally, she reported that the Brazilian public institutions applying for accreditation are BNDES and Caixa Econômica Federal.

Ms. Magaly Medeiros (Acre) said it is opportune to have a closer dialogue with the Ministry of Finance as some representatives from other countries have already accessed GCF resources, such as the German development bank KfW. She also highlighted that it would be relevant to have a plan to raise funds for both mitigation and adaptation.

Mr. Antonio Stroski (state of Amazonas) reported that the governor of the state of Amazonas honored the events held in other states and scheduled several meetings during COP 21. He also informed that the governor's priorities are fish farming and state forest concessions.

Ms. Maria Gertrudes Oliveira (state of Pará) reported that, during COP 21, the state of Pará presented a transparency website where georeferencing information, management plans, and monitoring of timber sales in the state are available.

Mr. Rafik Saab (FNB) commented on commitments to zero deforestation by 2020. He said more incentives for planting native species in degraded areas with government assistance are necessary and that the private sector lacked a greater commitment from the government to the forest-based sector. He stated that zero-deforestation will only be achieved if the private sector works together with governments.

Mr. Francisco Gaetani (MMA) made some final remarks. He stated that MMA is interested in working constructively with all states. He highlighted that there is a very high international monitoring level in the Amazon region.

He praised the states' and MMA's institutional maturity observed over the years and highlighted the very positive moment of the Amazon Fund.

Mr. Henrique Paim (BNDES) thanked everyone for attending and congratulated MMA on the positive result achieved at COP 21. He reported that the first cycle of donations made by the government of Norway to the Amazon Fund has been completed and that there are prospects for new donations from both Norway and Germany, which means a remarkable recognition of the results achieved by the Amazon Fund.

Finally, Mr. Paim highlighted that the set of challenges related to executing projects supported by the Amazon Fund would be overcome with the support of MMA and the participation of the other partners and stated that he counts on the support of COFA in the Amazon Fund's new stage to begging with a new cycle of donations.

4. Conclusion

Mr. Francisco Gaetani (MMA) took the floor, thanked everyone for their attendance, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Brazilian Development Bank – BNDES	State of Acre
Francisco Gaetani (Executive Secretary of the Ministry of the Environment)	José Henrique Paim (R) Gabriel Rangel Visconti (S)	Magaly Medeiros (S)
State of Amazonas	State of Maranhão	State of Mato Grosso
Antonio Ademir Stroski (R)	Marcelo de Araújo Costa Coelho (R)	Elaine Corsini (A)
State of Pará	State of Tocantins	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS
Luiz Fernandes Rocha (R)	Luzimeire Ribeiro de M. Carreira (R)	João Bosco dos Santos (R)
National Confederation of Industry – CNI	National Forum of Forest Based Activities - FNBF	National Confederation of Agricultural Workers – CONTAG
Mário Augusto de Campos Cardoso (R)	Rafik Hussein Saab Filho (A)	Antoninho Rovaris (R)

Absent

Ministry of Development, Industry and Foreign Trade

Ministry of Foreign Affairs

Ministry of Agriculture, Livestock and Food Supply – MAPA

Ministry of Agrarian Development

Ministry of Science, Technology, and Innovation

Office of the President's Chief of Staff

State of Amapá

State of Rondônia

State of Roraima

Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB

Brazilian Society for the Progress of Science – SBPC

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

Daniela Baccas
 Ângela Skaf
 Bernardo Braune
 Daniel Soeiro
 Claudia Nessi
 Rodrigo Brito

André Ferro
 Marcelo Martins
 Caroline
 Sardenberg Juliana
 Alvim
 Fábio Plotkowski
 Márcio Onodera

Ana Paula Silva
 Adriana Nazaré
 Eduardo Bizzo
 Eduardo Sá
 Gabriel Areal

Embassy of Norway

Anahita Yousefi

KfW

Carsten Sandhop

Ministry of the Environment (MMA)

Gabriel Henrique Lui
 Leticia Guimarães

GIZ

Annemieke Alberts
 Heliandro Maia
 Bernardo Anache



RET 20

Minutes of Topics
and Decisions
(MTD) of the
20th Meeting

**Manhattan Plaza
Hotel**

Brasília
April 29, 2016

Agenda

9:30 a.m. Opening:

Executive Secretary of the Ministry of the Environment, Carlos Klink

BNDES Director, Henrique Paim

10 a.m. Approval of the Minutes of Topics and Decisions (MTD) of the 19th Meeting

10:30 a.m. Agenda Topic 1:

Approval of the 2015 Amazon Fund's Annual Activity Report

11:00 a.m. Agenda Topic 2:

Presentation of data and analysis of the 2015 deforestation rate

12:00 p.m. Presentation of Reports:

Launch of the National Strategy for REDD+ (ENREDD+) and 1st Meeting of the National Commission for REDD+ (CONAREDD+)

12:30 p.m. Other Matters

1:00 p.m. Conclusion

The participants received a folder containing the following supporting material:

1. Meeting Agenda
MTD of the 19th Meeting
2. **Agenda Topic 1**
Approval of the 2015 Amazon Fund's Annual Activity Report
 - Instruction Page and PPT
3. **Agenda Topic 2**
Presentation of data and analysis of the 2015 deforestation rate
 - Instruction Page
4. **Reports**
 - I. Launch of the National Strategy for REDD+ (ENREDD+) and 1st Meeting of the National Commission for REDD+ (CONAREDD+)
 - II. Internal Regulations of the Amazon Fund Steering Committee
 - III. Decree 6527/2008
 - IV. Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2015-2016 Biennium

Opening of Business

The meeting was opened with greetings and salutations to the participants by MMA's Executive Secretary, Mr. Carlos Klink, who then opened the floor to Minister of the Environment, Ms. Izabella Teixeira.

Minister Izabella Teixeira (MMA) initially highlighted that the international-level discussion to combat the effects of climate change and reduce greenhouse gas (GHG) emissions is political, involving a strong commitment by countries to ratify the Paris Agreement later this year. She mentioned that the Paris Agreement ratification will come into force after at least 55 countries, which together represent at least 55% of the global total of GHG emissions, have presented their ratified commitments.

Ms. Teixeira pointed out that the most representative countries in terms of emissions are making a great effort to ratify the Paris Agreement as soon as possible. In this context, she mentioned as a first political reading that, in the case of the United States, a process that does not pass through the United States Congress, known as certification, is being considered, which would even be a new figure in international law. Regarding China, she estimated that this country should present its ratification of the Paris Agreement in 2016, perhaps before September. In turn, she mentioned that the European Union is deeply engaged in making the Paris Agreement come into force at the next Conference of the Parties (COP 22), which will take place in Marrakesh.

Ms. Teixeira mentioned that several issues unfold from the Paris Agreement and that the next two or three Conferences of the Parties will probably focus on establishing rules and regulations to make the agreement operational, i.e., they will be less political conferences and will focus more on carbon diplomacy, governance systems, and monitoring and evaluation instruments.

Regarding the Paris Agreement ratification by Brazil, Ms. Teixeira informed that the Brazilian President intends to forward it in the coming days for consideration by the National Congress. She mentioned that she had already talked with several lawmakers about the importance of prioritizing the ratification of this agreement and that Brazil should become part of the first group of countries that ratified the agreement and jointly fulfilled the conditions for its validity.

Ms. Teixeira highlighted the relevance of the role played by Brazil in the climate change matter, the existence of the Amazon Fund itself due to the Brazilian government and society's commitment to this issue, and the need for the country to prepare for implementing its Intended Nationally Determined Contribution – iNDC, which she highlighted it is now Brazil's Nationally Determined Contribution (NDC).

She argued that implementing Brazil's NDC will require from the government, the productive sectors, and society in general new arrangements, new financing lines, access to new technologies, and the forwarding of several issues that have already been discussed with all the stakeholders that contributed to preparing the Brazilian proposal.

Ms. Isabella Teixeira (MMA) then mentioned that Brazil has opted for an economy-wide approach, i.e., the country will have to be prepared so that all sectors of its economy and all public policies know how to deal with the climate change and carbon accounting matters, even if they do not have significant emissions from the point of view of general carbon accounting in the country.

She then commented that deforestation has been reducing its share of total GHG emissions in Brazil; she said that, in 2005, the land and forestry use sector accounted for 57% of GHG emissions, while in more recent measurements, this number has been reduced to 15%. In this context, Ms. Teixeira reported that financial resources have already been secured so that the Ministry of Science, Technology, and Innovation carry out a new inventory, which will capture the deforestation reduction in the Amazon in recent years. Considering these considerations, she concluded that the trend is for emissions arising from deforestation to continue to have a reduced share in Brazil's GHG emissions profile.

Ms. Teixeira mentioned that Brazil accounts for 2.5% of global emissions and that the country needs to be prepared for the new institutional and legal structures associated with this topic. She exemplified that if Brazil decides that after the Paris Agreement, it will have a carbon market, it will have to create a specific law or regulation that ensures the conditions for investments in Brazil. However, if the country opts for carbon taxation, this decision will lead to a legal framework discussion. As an example, she mentioned that if Brazil chooses to establish green building requirements in Brazilian civil construction, it will be necessary to establish national rules and measurement systems, which will press a great demand on Brazilian scientific institutions.

Ms. Teixeira highlighted that Brazil is internationally recognized for its credibility in terms of GHG emissions. She mentioned that Brazil's NDC was prepared based on mathematical models and supported by sector planning and science. She also stated that the country will face a great challenge, even representing a challenge in measuring factors such as biodiversity loss and forest fragmentation, making it necessary to increase dialogue with science for decision-making. In this context, she mentioned the attendance of Dr. Thelma Krug, Director of the Department of Policies to Combat Deforestation – DPCD of the MMA and vice-president of the Intergovernmental Panel on Climate Change (IPCC), with whom she participated in a debate in Paris with several other researchers and experts from the IPCC to show Brazil's view on these issues.

Ms. Teixeira mentioned the launch of the National Climate Change Adaptation Plan (NAP), prepared by the federal government in collaboration with civil society, the private sector, and state governments, which aims to promote the reduction of national vulnerability to climate change and manage the risks associated with this phenomenon.

She reported that a meeting with FEBRABAN – Brazilian Federation of Banks for a balance on implementing the new Brazilian forest code (Law No. 12651, 25 May 2012) was held. She stressed the importance of implementing the forest code and its instruments and the need to find ways to finance forest restoration with native species.

Ms. Teixeira considered it important to highlight that by implementing the Rural Environmental Registry (CAR), it was observed that there are more native vegetation areas under the domain of private owners than in the national system of nature conservation units, i.e., more biodiversity assets were identified under the private domain than under the public domain.

On that occasion, Ms. Teixeira mentioned that establishing a connection between the Convention on Biological Diversity (CBD) and the United Nations Framework Convention on Climate Change (UNFCCC) is an ambitious agenda from the international policy point of view. She informed that Brazil defends this change in the CBD scale so it can be in the same political alignment as UNFCCC.

Ms. Teixeira highlighted that instruments are needed to ensure that native vegetation is not removed, as part of it can be legally removed. In this context, she highlighted the need for discussing the payment of environmental services (PES) and other economic instruments, such as environmental reserve credits (CRAs), which are certificates representing vegetation cover that may be used to fulfill the legal reserve obligation on another property.

Ms. Teixeira reported that the Ministry of the Environment has been developing an agenda for implementing Brazil's NDC. From a technological point of view, she recalled that low-carbon agriculture should incorporate many innovations that will represent assets in the country's development agenda. Regarding energy, she mentioned the role of new renewable energy sources, especially those of solar, wind, and biomass origin.

Still addressing this topic, Ms. Teixeira mentioned the role of bilateral dynamics between countries for technology transfer and fundraising for their development models regardless of the multilateral nature of climate negotiations. She also addressed other strategic topics, such as the discussion on second-generation biofuels and the debate on technologies associated with electric cars and public transport.

Ms. Teixeira mentioned that all these issues will require a review of Brazil's climate governance, noting that Brazil has assumed a voluntary national commitment to reduce its projected emissions by 2020 by legally passing its National Policy on Climate Change. She reported that once the Paris Agreement is ratified, the country will have a new legal framework for complying with obligations.

Ms. Teixeira highlighted that it is up to the Brazilian government to lead this debate, arguing that perhaps it would be more coherent from a governance point of view to have the Ministry of Planning, Budget, and Management coordinate the implementation of this process as part of the Brazilian development agenda. She added that this topic had ceased to be an accessory part and had become the central topic of the country's development options agenda.

Ms. Teixeira mentioned that the TerraClass project of INPE – National Institute for Space Research, identified about 22 million hectares of secondary forest under the natural regeneration process in the Amazon, which shows the potential of Brazil to become a carbon sink, i.e., stop emitting to capture carbon. However, she stressed that these areas need to be monitored to know if this vegetation will remain; know who the owners are, whether private or the public owners; decide whether protection areas should be created in these territories to ensure that the regeneration of these forests actually takes place.

Regarding Brazilian agriculture, Ms. Teixeira referred to CAR and the National Forestry Inventory – IFN, which is being conducted to produce information on forests throughout the Brazilian territory. She reported that it will be possible to account for existing carbon stocks in rural establishments, which could represent carbon assets with monetization potential, from these processes. She added that one of the challenges will be to plant and produce food with the ambition the world wants without increasing the deforested area.

Ms. Isabella Teixeira (MMA) highlighted that Brazil's NDC posed the challenge of achieving zero illegal deforestation in the Brazilian Amazon by 2030. She stressed that this goal could be reached sooner, mentioning that the states of Mato Grosso and Acre have plans to end illegal deforestation in their territories by 2020.

Ms. Teixeira informed that during the Paris COP-21, a commitment was signed with the government of Norway for a new donation to the Amazon Fund amounting to approximately USD 600 million, besides the commitment of the government of Germany for a new donation to be made during the visit from Chancellor Angela Merkel to Brazil of 100 million euros.

She mentioned that the Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAM) is being revised, and the instruments for monitoring and controlling deforestation, including DETER – Real Time Deforestation Detection System, are being improved.

Ms. Isabella Teixeira (MMA) noted that with the creation of the Permanent Office for Integrated Management for Protecting the Environment (GGI), there was an improvement in monitoring, inspection, and preventive and repressive actions by public agencies concerning crimes and environmental infractions in the Legal Amazon. In this context, she mentioned that Ibama – Brazilian Institute for the Environment and Renewable Natural Resources started to contribute to the Brazilian intelligence system, acting in coordination with the forces that protect Brazilian territory, as there are other illicit acts associated with environmental crime.

Ms. Teixeira mentioned the consolidation of the partnership established with the International Criminal Police Organization – Interpol and the fact that the Ministry of the Environment has always prioritized actions to inspect and combat deforestation in resource allocation.

She added that despite these efforts, the deforestation rate in the Legal Amazon in recent years has ranged between 4,600 km² and 5,800 km², and it is necessary to break with this pattern to reach, in 2020, the 3,925 km² of maximum annual deforestation target established by the National Policy on Climate Change.

She mentioned the joint responsibility of the National Environment System (Sisnama) members for achieving this goal, highlighting the role that needs to be fully performed by all state governments in inspecting environmental infractions, according to the responsibilities set forth in Complementary Law No. 140, 08 December 2011.

Ms. Teixeira also highlighted the importance of the state governments of the Legal Amazon to disclose the authorizations for suppressing vegetation so that it is possible to separate what is legal deforestation from what is illegal deforestation in inspection actions. She argued that this measure will make it possible to qualify inspection actions, making them more incisive in preventing and repressing deforestation.

Then, when commenting that environmental institutions must have financial resources to fulfill their duties, Ms. Teixeira informed that Ibama's collection had tripled in the last six years and that the Chico Mendes Institute for Biodiversity Conservation (ICMbio) has been collecting more than its budget expenses. She recalled that a portion of the revenue obtained by Ibama with the Environmental Control and Inspection Fee (TCFA) was transferred to the states so that they perform environmental inspection activities.

Ms. Isabella Teixeira (MMA) emphasized that it is essential to containing environmental crime, recommending that COFA discuss the deforestation dynamics and how to structure and coordinate inspections to prevent and curb its occurrence.

She mentioned that the Rural Environmental Registry is a powerful ally in this process, especially in the Amazon region, which has the best performance in the country in terms of CAR enrollment. She reported that the registration is allowing a much more precise view of the territory and that it has even contributed to correcting other public databases.

In this context, Ms. Teixeira informed that work is being carried out to consolidate CAR data in partnership with the FBDS – Brazilian Foundation for Sustainable Development, which will identify, among others, priority areas for forest restoration and connectivity areas for establishing wildlife corridors. She informed that the forecast is that in 2017, this survey will be completed for 4,100 municipalities and available for consultation at Sicar – National Rural Environmental Registry System.

Ms. Teixeira expressed concern about the fundraising drop and Brazil's budgetary and financial situation, which has led to successive contingencies in public bodies' budgets. She informed that there had been expense cuts at the Ministry of the Environment and that, due to these difficulties, she considered it relevant to evaluate within the scope of COFA the exemption, on an exceptional basis, from complying with the additionality rule of the Amazon Fund's support resources to public bodies in the case of projects that aim to continue or improve environmental inspection and deforestation control.

Ms. Teixeira highlighted the temporary nature of this proposition so that the deforestation monitoring and inspection are not harmed since this measure does not represent a substitution of resources but rather ensures that effectively essential actions are not discontinued due to the grave macroeconomic problems known by all, which could jeopardize the entire surveillance strategy in the Amazon region.

Ms. Isabella Teixeira (MMA) concluded by asking COFA members to be sensitive to this issue so that the Amazon Fund's goal, i.e., ending deforestation, can be achieved in the coming years.

1. Discussion and approval of the MTD of the 19th COFA Meeting

Mr. Carlos Klink (MMA) asked the Committee members if there were any proposals to adjust the wording of the MTD of the 19th COFA Meeting. As there was no proposal for amendments, the MTD of the 19th COFA meeting was unanimously approved.

2. Discussion and approval of the new operation focus for the 2015/2016 biennium

Mr. Carlos Klink gave the floor to the BNDES's Environment Division Director, Mr. Henrique Paim, who praised Brazil's participation led by the Ministry of the Environment in the Paris Agreement. He highlighted the Ministry's consistent work to advance environmental policies and reduce deforestation in recent years.

Mr. Henrique Paim (BNDES) stated that the bank has strongly supported the country's commitments established in its iNDC and cited as examples the Amazon Fund's management, the launch of a public notice for the ecological restoration of the Atlantic Forest, support for renewable energy, and the financing of low carbon agriculture.

Regarding the Amazon Fund, Mr. Henrique Paim (BNDES) reported the need to accelerate project implementation and rethink the inspection matter in the current fiscal restriction scenario in which the country finds itself.

Mr. Carlos Klink (MMA) thanked Mr. Henrique Paim (BNDES) for his words and proposed a reversal of the meeting's agenda to present a suggestion for a new operation focus for the 2015/2016 biennium. As all participants agreed with the arrangement, the floor was given to Ms. Daniela Baccas (BNDES).

Ms. Daniela Baccas (BNDES) informed that the Ministry of the Environment, together with BNDES, prepared a proposal for a new Amazon Fund's operation focus for the 2015/2016 biennium to exceptionally waive the additionality of resources condition referred in item B8 of the Guidelines and Criteria for the Application of Amazon Fund Resources.

According to the new operation focus, the Amazon Fund could support projects that aim to continue or improve environmental inspection and deforestation control to be presented by federal or state public bodies or institutions, with the legal authority to carry out inspection actions within the scope of SISNAMA. To this end, Ms. Baccas reported that a technical justification formally presented by the Ministry of the Environment and a statement from the proposing body/institution would be required, in the sense that there is no source of available resources for the requested financial support. The technical justification and statement mentioned would be mandatory documents and would be attached to the proposal to be formally filed with BNDES.

Afterwards, **Mr. Carlos Klink (MMA)** gave the floor for possible remarks by COFA members.

Mr. Mario Cardoso (CNI) expressed concern about opening the possibility for the states and the federal government to finance their current public expenditures with Amazon Fund resources, despite being aware of the relevance of inspection actions for maintaining forestry activities, the biodiversity, the conservation of ecosystem services, and to combat illegal activities in the region. However, he acknowledged that Brazil is facing a grave economic crisis and that there are difficulties in maintaining inspection costs. He stressed the significance of an emergency solution not becoming a rule and that, in addition to inspection, emphasis should be given to promoting activities, especially forest-based ones, by the Federal Government and the states.

Mr. Carlos Klink (MMA) stressed that this proposal has an emergency nature and, therefore, is being approved within the scope of the Amazon Fund's support focuses for the biennium. He asked the other members of COFA if there were further comments regarding the proposal presented. Since no considerations were presented, the members of COFA unanimously approved the proposal.

Mr. Klink then gave the floor to **Ms. Marilene Ramos, president of Ibama**, who highlighted the importance of approving this matter for the states and Ibama itself. She also stated that Ibama is putting in its best efforts to maintain its inspection activities and combat deforestation and illegal logging.

Dr. Thelma Krug (MMA) added that deforestation control cannot be based only on inspection and control but must be fundamentally based on promoting sustainable activities. She stressed that only in this way will deforestation be controlled in a structuring way.

Mr. Antonio Stroski (state of Amazonas) reported that the state of Amazonas is facing a critical situation as the state's economy is currently based in the Manaus Free Trade Zone. He also recalled that an increase in temperatures in the Amazon due to the *El Niño* phenomenon is forecast.

Mr. Rubens Brito (state of Tocantins) agreed with Ms. Izabella Teixeira (MMA) that states face the challenge of providing transparency to vegetation suppression authorizations. He reported that 91% of the state of Tocantins belongs to the Cerrado biome and that it is puzzling to detect deforestation in this biome. He also stated that the state's goal is to eliminate illegal deforestation, but this would require obtaining support to improve technological tools besides investing in technical training, acquiring satellite images, and building cartographic bases. Mr. Rubens Brito (state of Tocantins) also asked whether the new focus approved by COFA would only cover the Amazon Biome or the Legal Amazon.

Ms. Juliana Santiago (BNDES) informed that the new approved focus covers only the Amazon Biome; however, if Decree No. 6527/2008 is amended to include Amazon Fund's support to the entire Legal Amazon, this change would naturally be included in the operation focus.

Dr. Thelma Krug (MMA) clarified that the program for environmental monitoring of Brazilian biomes is underway, and that this year's focus is the Cerrado biome. She also informed that by the end of 2016, a consistent historical series of deforestation for this biome should be established and updated every two years.

Mr. Rubens Brito (state of Tocantins) requested that the state of Tocantins participate in the REDD working group created by the Ministry of the Environment on REDD that studies the emission reference level for the Cerrado biome.

Ms. Magali Medeiros (state of Acre) stressed the importance of the zero illegal deforestation statement signed by the states of Acre and Mato Grosso. She highlighted the need for states to articulate with MMA to achieve their goals and congratulated COFA members for approving the new Amazon Fund's support focus aimed at environmental inspection and deforestation control.

– Decisions and arrangements

- COFA approved a new Amazon Fund's support focus for the 2015/2016 biennium in the following terms: "projects that aim to continue or improve environmental inspection and deforestation control presented by state or federal public agencies or institutions"

with the legal authority to perform inspection actions, within the scope of the National Environment System – SISNAMA, may be exceptionally exempted from the minimum request of additional resources mentioned in item B8. To this end, a technical justification formally presented by the Ministry of the Environment and a statement from the proposing body/institution would be required, in the sense that there is no source of available resources for the requested financial support. The technical justification and statement above are mandatory documents and must be attached to the proposal to be formally filed with BNDES.”

3. Approval of the 2015 Amazon Fund's Annual Activity Report

The 2015 Amazon Fund's Annual Activity Report was approved. **Mr. Carlos Klink (MMA)** informed that the draft report had been previously electronically distributed to all COFA members and gave the floor to Ms. Juliana Santiago (BNDES) to present the referred report.

Ms. Juliana Santiago (BNDES) explained that the Amazon Fund Activity Report is structured in two parts; the first part covers the introduction, the Amazon Fund's goals, data on governance and donations, operational performance, and information on monitoring and evaluation. The second part deals specifically with supported projects.

Ms. Santiago informed that the Amazon Fund ended 2015 with 80 supported projects, amounting to BRL 1.2 billion. She then reported on some highlights of the year, including the announcement of new donations by the Federal Republic of Germany, amounting to 100 million euros, and by the Government of Norway, amounting to USD 600 million.

Ms. Santiago pointed out that the Amazon Fund has already concluded ten projects, five concluded in 2015, and that the report has a specific chapter for reporting on these projects, which includes, among other information, the project's context, its intervention logic, the activities performed, result and impact results, lessons learned, and reports on the results' sustainability.

Furthermore, **Ms. Juliana Santiago (BNDES)** reported that the report has a chapter on monitoring and evaluation that, besides presenting the Amazon Fund's Logical Table with its four components (sustainable productive activities, monitoring and control, territorial planning, and scientific and technological development), relates the projects' contribution to each of these components. She mentioned as an example the Instituto Floresta Tropical project, completed in 2015, which contributed to the sustainable production component through training staff in sustainable management techniques, and the scientific and technological development component through awareness-raising actions and applied research on the topic. She explained that, similarly, each Amazon Fund project contributes to one or more components of the Amazon Fund.

Ms. Santiago added that this chapter also presents a set of result and impact indicators, to which the supported projects contribute individually, and a range of regional indicators aiming at measuring the evolution of the Amazon Fund's general objective: "reducing deforestation alongside sustainable development."

Mr. Carlos Klink (MMA) thanked the presentation and proceeded to approve the Activity Report. Since all agreed, the 2015 Amazon Fund's Annual Activity Report was unanimously approved.

Mr. Mario Cardoso (CNI) expressed concern about the low execution performance of some projects supported by the Amazon Fund, especially those carried out by the public sector. He highlighted the need to observe the financial sustainability of the supported projects, especially those focused on sustainable production activities.

Ms. Juliana Santiago (BNDES) informed that, in early June, the Amazon Fund will promote a workshop for exchanging experiences between sustainable production activities projects and that one of the topics to be discussed is production chain sustainability.

4. Presentation of data and analysis of the 2015 deforestation rate

Mr. Gabriel Lui (MMA) informed that in the analysis of deforestation data, the period corresponding to the PPCDAm 3rd phase, between 2012 and 2015, would be prioritized. He reported that MMA monitored the 194 actions foreseen in the PPCDAm 3rd phase and that the respective balance report is being concluded, which will serve as a basis for establishing the PPCDAm 4th phase.

Mr. Lui then recalled that the goal established by the National Policy on Climate Change is to reach maximum annual deforestation of 3,925 km² in the Legal Amazon by 2020 and that the latest data collected by PRODES for 2015 was 5,831 km² (preliminary data) of deforestation.

He also mentioned a recent meeting held in Brasília with the member countries of the Amazon Cooperation Treaty Organization (ACTO), where it was found that these countries are more advanced than Brazil regarding the distinction between legal and illegal deforestation. In this context, he reinforced the need to differentiate how much of the 5,831 km² of deforestation detected in 2015 is related to legal or illegal deforestation.

Regarding the 2015 deforestation rate, Mr. Lui reported that an increase in deforestation was found, concentrated in three states, namely: Amazonas, Mato Grosso, and Rondônia, unlike previous years, in which the deforestation increase was more evenly distributed across the Amazon region.

Mr. Lui reported that the resumption of large deforestation polygons had been identified in the last three years, which would probably indicate a perception of reduced risk of illegally deforesting. Given this, he expressed that a necessary first response would be to strengthen inspection and repression actions against environmental infractions.

Regarding the distribution of deforestation by land categories, Mr. Lui reported a relatively constant pattern in recent years. He added that in 2015, deforestation was divided into the following land categories: 37.5% in private properties and other areas with no defined land use category; 26.5% in settlements; 24.5% in public plots with no determined purpose; 1% in indigenous lands; and 10.5% in conservation units.

Then, Mr. Lui presented an analysis of the deforestation occurrence throughout the states of the Legal Amazon and its distribution by land categories from 2012 to 2015, stressing that its occurrence is also correlated with the stage of landholding regularization of the lands in its territory. As an example, he mentioned the state of Mato Grosso, which has a better-defined landholding situation, and that, in this period, 72% of deforestation occurred in private properties (and other areas with non-defined land use category).

Mr. Gabriel Lui (MMA) then presented a series of deforestation trends in indigenous lands, conservation units, settlements, federal plots, and municipalities from the juxtaposition of data

from the areas that suffered the most from deforestation from 2012 to 2015, which allowed to verify which areas are suffering the most anthropic pressure.

To assist in prioritizing inspection actions, he also presented an analysis of the categories in which the deforested and remaining forest areas are compared.

Mr. Lui concluded by highlighting that analyzing the deforestation dynamics is intended to support decision-making and inspection processes, emphasizing that it is essential to continue monitoring and repressing illegal deforestation.

Mr. Mario Cardoso (CNI) pointed out that despite the undeniable merit of the inspection and repression of environmental infractions, they must be perceived as one of the pillars of a broader strategy since inspection alone represents a high cost not only for the government but also for society as a whole.

Mr. Vilson Machado (state of Rondônia) mentioned the difficulties faced by the state of Rondônia regarding the transport of the goods seized from offenders, which often leads to their appointment as trustees. He mentioned that the state of Rondônia is negotiating with several bodies to solve the transporting seized goods challenge and is preparing a bill of law to speed up the disposal of seized goods process to remove the capital from environmental offenders.

5. Reports

Launch of the National Strategy for REDD+ (ENREDD+) and 1st Meeting of the National Commission for REDD+ (CONAREDD+)

Ms. Letícia Guimarães (MMA) reported that on April 06, 2016, the Ministry of the Environment officially launched Brazil's National Strategy for REDD+ (ENREDD+). She mentioned that ENREDD+ is the result of several years of discussions and deliberations and that it was effectively approved in time for COP 21, held in Paris; thus, Brazil's results in reducing emissions from deforestation in the Amazon biome were effectively recognized by the United Nations Framework Convention on Climate Change (UNFCCC) and inserted in the Lima REDD+ Information Hub, the record of these results before the convention.

Ms. Guimarães clarified that the practical result is that Brazil is ready before the convention to capture new payments based on results, including through the Green Climate Fund. She remarked that the National Committee for REDD+ (CONAREDD+) had its first meeting on April 07, 2015; on that occasion, it approved its internal regulations and, therefore, became fully operational. She stated that the CONAREDD+ members are being consulted to schedule a new meeting to address already present demands related to the payments for results matter, which must be deliberated by this national committee. Finally, she recommended that the website <http://redd.mma.gov.br/> be consulted for more information.

6. Conclusion

Mr. Carlos Klink (MMA) took the floor, thanked everyone for their attendance, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Foreign Affairs	Ministry of Science, Technology, and Innovation
Carlos Augusto Klink (R)	Luiz de Andrade Filho (A)	Andrea Ferreira Portela Nunes (S)
Ministry of Development, Industry and Foreign Trade	Brazilian Development Bank – BNDES	State of Acre
Demetrio Toledo	José Henrique Paim (R) Gabriel Rangel Visconti (S)	Magaly Medeiros (S)
State of Amazonas	State of Maranhão	State of Pará
Antonio Ademir Stroski (R)	Sérgio Veloso (A)	Maria Gertrudes Oliveira (A)
State of Rondônia	State of Roraima	State of Tocantins
Wilson de Salles Machado (R)	Rogério Martins Campos (R)	Rubens Pereira Brito (S)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	National Confederation of Industry – CNI	National Forum of Forest Based Activities - FNBF
João Bosco Campos dos Santos (R) Adriana Ramos (S)	Mário Augusto de Campos Cardoso (R)	Adelaide Oliveira (A)

Absent

Ministry of Agriculture, Livestock and Food Supply – MAPA

Ministry of Agrarian Development

Office of the President's Chief of Staff

State of Amapá

State of Mato Grosso

Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB

National Confederation of Agricultural Workers – CONTAG

Brazilian Society for the Progress of Science – SBPC

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

Embassy of Norway	Embassy of Germany	KfW
Priscilla Santos	Lena S. Bretas	Christian Lauerhass
Ministry of the Environment (MMA)	IBAMA	CONTAG
Izabella Teixeira Thelma Krug Gabriel Lui Letícia Guimarães Monique Ferreira Lucas Tolentino	Marilene Ramos Ana Paula Vasconcellos da Silva	Elizario Toledo
GIZ	BNDES	
Helmut Eger Anselm Duchrow Heliandro Maia Bernardo Anache Monica Roper Janina Budi	Juliana Santiago Daniela Baccas Nabil Moura Kadri Guilherme Accioly Bernardo Braune Leandro da Costa Silveira Julio S. Guimar	



RET 21

Minutes of Topics
and Decisions
(MTD) of the **21st
Meeting**

BNDES

Rio de Janeiro
December 02, 2016

Agenda

9:30 a.m. Opening

Mr. Everton Lucero, Sec. of Climate Change and Environmental Quality, Min. of the Environment

Ms. Marilene Ramos, BNDES's Public and Socio-Environmental Management Division Director

10 a.m. Approval of the Minutes of Topics and Decisions (MTD) of the 20th Meeting

10:30 a.m. Agenda Topic 1:

Amazon Fund's Activity Balance and Current Portfolio – BNDES (morning)

11:00 a.m. Presentation of Reports:

1. Report on the 22nd Conference of the Parties to the Framework Convention on Climate Change (COP 22)
2. First year of Brazil's National Strategy for REDD+ (ENREDD+)
3. 2016 Annual meeting with Amazon Fund donors
4. Workshop "Amazon Fund: challenges and perspectives", held on October 07, 2016
5. Amendments introduced by Decree No. 8773/2016 to Decree No. 6527/2008, which provides for the Amazon Fund
6. Presentation of the "INDICAR" Platform

1:00 p.m. Lunch

3:00 p.m. Agenda Topic 2:

1. Presentation of the 4th phase of the Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAm)
2. Discussion on COFA guidelines for the 2017 – 2018 biennium.

4:30 p.m. Decisions

Scheduling the date for the next COFA meeting

5:00 p.m. Conclusion and Closing Coffee-Break

Opening of Business

The participants received a folder containing the following supporting material:

1. Meeting Agenda

- MTD of the 20th meeting of the Amazon Fund Steering Committee

2. Agenda Topic 1

Amazon Fund's Activity Balance and Current Portfolio

- Presentation (PPT)

3. Agenda Topic 2

- Presentation of the 4th phase of the Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAm)

4. Reports

- 22nd Conference of the Parties to the Framework Convention on Climate Change (COP 22)
- First year of Brazil's National Strategy for REDD+ (ENREDD+)
- 2016 Annual meeting with Amazon Fund donors
- Workshop "Amazon Fund: challenges and perspectives", October 07, 2016
- Amendments introduced by Decree No. 8773/2016 to Decree No. 6527/2008, which provides for the Amazon Fund
- Presentation of the "INDICAR" Platform

5. Reports

- Internal Regulations of the Amazon Fund Steering Committee
- Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2015-2016 Biennium

The meeting was opened with greetings and salutations to the participants by the Climate Change and Environmental Quality Secretary of the Ministry of the Environment (MMA), **Mr. Everton Lucero**, who reported that 2016 preliminary data on deforestation in the Legal Amazon had been published, which reveal an increase of 29% in the deforested area, reaching a total of 7989 km².

In this context, he stressed his concern with the resumption of a deforestation increase in the region and stressed the need to use all available means and instruments to ensure the reduction of this rate. He mentioned that this data will guide the meeting debates and the Amazon Fund's performance as a central instrument of the MMA's policy in fighting deforestation.

On the other hand, Mr. Lucero pointed out the opportunity to prepare for this fight by updating existing policies and instruments, the main one being PPCDAm, whose new phase, jointly developed with several government sectors and agencies, will be published soon. He stated that it is relevant to consider the PPCDAm's new guidelines, new objectives, and expected results as a valid and essential input for the COFA guidelines and the Amazon Fund operation.

Mr. Lucero said that the Minister of the Environment, Mr. Sarney Filho, believes that the latest deforestation rates resulted from a period that combined political and economic crisis; the states – which are responsible for inspection, especially in private areas – are facing financial difficulties, which ended up leading to a feeling of absence of the public sector in the inspection.

In this context, Mr. Lucero clarified that inspection bodies experienced a budgetary contingency, which would also have contributed to the increase in deforestation. He informed that there has already been a reallocation of the federal agencies' budget, which will impact the reduction of deforestation rates, especially concerning MMA – which is prepared to do whatever is necessary regarding command, control, and inspection –, the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama), the Chico Mendes Institute for Biodiversity Conservation (ICMBio), and the Brazilian Forest Service (SFB).

Mr. Lucero reported that MMA is simultaneously engaged in other initiatives, such as disclosing data from the Rural Environmental Registry (CAR), a demand from civil society for more transparency. He pointed out that the only data remaining in the reserved module refer to individuals and depend on a legal assessment regarding the feasibility of making them public. He then reported that the data from the new module and the website are now available for public consultation and that there is a more reserved module shared with the states to assist in the inspection process. Mr. Lucero stated that MMA understands CAR as an essential instrument of the Forest Code for combating deforestation. He highlighted that the first phase, considered completed, consisted of uploading data, reaching 99% of rural properties and possessions. He reported that the new phase will require using this database for the application of existing policies and regulations as a relevant support tool and recalled that, as the register is dynamic, it will always be subject to updates.

Afterwards, Mr. Everton Lucero (MMA) gave the floor to the BNDES's Public, Social, and Environmental Management Division (AGS) Director, Ms. Marilene Ramos.

Ms. Marilene Ramos (BNDES) welcomed the participants and reiterated her commitment to making the Amazon Fund an effective mechanism to assist sustainable development in the Amazon region, reduce deforestation, generate employment and income, and support local communities, states, municipalities, and federal agencies. She announced that the BNDES's President, Ms. Maria Silvia Bastos Marques, has given special attention to the Fund, which holds a relevant space in the

institution's agenda. She announced the maintenance of the entire team, recognizing its good work in transparently managing resources, seeking effectiveness, and helping beneficiaries better structure their projects, and said that BNDES discussed its action on the subject with many sectors.

Ms. Ramos reported that she is seeking collaboration with the Ministry of the Environment to align strategies to make the Amazon Fund more effective. She mentioned her expectations regarding the PPCDAm's new phase and the consequent review by COFA of the guidelines and criteria for the application of Amazon Fund resources.

Ms. Marilene Ramos (BNDES) announced the donors' consent to extend the deadline for using Fund resources from 2020 to 2030, which will provide more ease for advancing and approving long-term projects. She reported that Norway announced the transfer of a further BRL 360 million still in 2016.

Ms. Ramos commented that in October of this year, the annual meeting with donors was held in Oslo, Norway. She informed that on that occasion, the Minister of Climate and Environment of Norway, Mr. Vidar Helgesen, questioned the increase in deforestation but expressed a solidary and confident stance towards the performed work and highlighted the demand for the Amazon Fund support to the private sector. Ms. Marilene Ramos (BNDES) expressed that this is a topic to be discussed and reported that BNDES and the Ministry of the Environment intend to prepare a proposal for the Fund's operation alongside the private sector in the first half of 2017.

Ms. Ramos expressed her concern about the speed of applying the already provided resources and the problems presented by the beneficiaries in rendering their accounts, but mainly about the lack of managerial capacity within public bodies. She informed that one of the measures to be adopted would be to provide managerial support to each public agency beneficiary of the Amazon Fund through international organizations or to reserve a small percentage of the project budget to be destined for hiring managerial support.

Ms. Ramos emphasized the BNDES's strategy to seek to expand the range of partner entities with capillarity since the institution has a limited staff.

She also considered it relevant to highlight the role played by the Amazon Fund in indigenous lands through the support to the National Policy for Territorial and Environmental Management in Indigenous Lands – PNGATI and reported the importance of expanding the Fund's activities in conservation units (UCs) and rural settlements. Finally, Ms. Ramos noted that BNDES considers it essential to increase the number of projects, aiming at being more effective and faster, promoting a decrease in deforestation, generating work and income, and providing adequate living conditions for the local population.

Mr. Everton Lucero (MMA) proposed a reversal of the meeting's agenda: the Agenda Topic 2 (presentation of the PPCDAm 4th phase) would be presented right after Agenda Topic 1 (before the presentation of reports). Since all participants agreed, the change to the agenda was approved.

1. Discussion and approval of the MTD of the 20th COFA Meeting

Mr. Everton Lucero (MMA) asked the Committee members if there were any proposals to adjust or improve the wording of the MTD of the 20th COFA Meeting. As there was no proposal for amendments, the MTD of the 20th COFA meeting was unanimously approved.

2. Amazon Fund's Activity Balance and Current Portfolio – BNDES

Mr. Gabriel Visconti (BNDES) initially mentioned that the Amazon Fund represented a learning experience for both BNDES and its beneficiaries. He recalled the trajectory of the Fund's creation in 2008, moving on to the execution of the first donation agreement with Norway in 2009, and with

Germany, in 2010, the year of the Amazon Fund website's creation, all the way to 2011, when Petrobras started donating resources to the Fund. He reported that the Amazon Fund's creation gave rise to the creation of the BNDES's environment division, the current public, social, and environmental management division (AGS).

Mr. Visconti highlighted the holding of Amazon Day in London in 2015 and the holding of a seminar on the Amazon Fund in Oslo this year. He reported his intention to re-hold Amazon Day in Berlin in 2017. He also mentioned the Fund's participation in the Global Landscapes Forum (GLF) at the 21st Conference of the Parties (COP-21), emphasizing the presentation by the head of the Amazon Fund department, **Ms. Juliana Santiago (BNDES)**, later invited to participate in the event's closing.

Mr. Visconti reported that in 2016, the Amazon Fund achieved 85 projects and BRL 1.4 billion in financial support to projects, with total fundraising of BRL 2.8 billion, mostly from Norway, but with KfW and Petrobras playing a relevant role. He also mentioned the USD 600 million committed by Norway and the € 100 million committed by Germany, representing recognition of this partnership's success, which regarding Norway, was extended not only in financial value terms but also in terms of deadlines, with a ten-year extension of the agreement. He also stressed the importance of technical cooperation with GIZ.

Mr. Gabriel Visconti (BNDES) then reported on the Amazon Fund's results achieved according to its axes of action. He highlighted that the largest volume and number of projects are concentrated in the monitoring and control and sustainable production activities axes regardless of the support that is also relevant to the territorial planning and scientific and technological development axes.

Mr. Visconti stressed that support for sustainable production activities allows for greater capillarity of the Amazon Fund, reaching small institutions and traditional populations. He mentioned the five projects with agglutinating organizations that allow another 248 institutions to benefit from Fund resources and that, through the public call for sustainable production projects, 95 institutions ended up benefiting from the 13 selected projects. In total, 343 partner institutions were indirectly supported through agglutinating entities.

Mr. Visconti continued by reporting some results obtained from the support for sustainable production activities, noting that 72,000 individuals have already been directly benefited by the projects supported by the Fund. Regarding the effectiveness indicators of this support, he mentioned that the supported projects generated BRL 40 million in revenue in two years from the sale of socio-biodiversity products and that extractive activities covered nine million hectares of managed forest. He clarified that these data derive from the projects' logical tables, which allow aggregating partial or final data.

Regarding the monitoring and control axis, Mr. Gabriel Visconti (BNDES) emphasized the Rural Environmental Registry (CAR) as a highlight in terms of public policies supported by the Amazon Fund. He informed that CAR is present in 14 supported projects, amounting to BRL 236 million, and mentioned that four new projects are under analysis. He stated that the numbers are favorable but that there are still some states with non-negligible percentages to be covered regarding the number of properties and area. He emphasized that the trend is for a greater number of projects to be approved by the end of the legal deadline set for registering all properties in the country.

Mr. Visconti also stated that the support for indigenous peoples is another relevant aspect of the Fund, with BRL 156 million allocated to indigenous peoples and BRL 11 million allocated to projects under analysis within the PNGATI Public Call, which aims to support the implementation of territorial and environmental management plans for indigenous lands. He informed that approximately 55% of indigenous lands in the Amazon are covered by some Amazon Fund project.

Mr. Gabriel Visconti (BNDES) then discussed the project approvals in 2016. He reported the approval of three projects in the scope of the PNGATI public call: Socio-environmental Institute (ISA), Center for Indigenous Work (CTI), and International Institute of Education in Brazil (IEB); he also reported the approval of two projects with states: CAR Ceará and Paraná. He mentioned the approval of a project with the third sector: Sustainable Amazon Foundation (FAS) and the expected approval of two other projects. Regarding the federal government, he mentioned the monitoring project recently approved with Ibama.

Regarding the external perception of the Amazon Fund, Mr. Gabriel Visconti (BNDES) reported the *ex-post* evaluation carried out by KfW in 2016, which highlights the motivation and dedication of the Fund's technical team and the high standard achieved in presenting its information, monitoring process, and transparency.

He also mentioned a Financial Times article on Norway's support to several countries, in which Brazil stands out as a positive example, and a Norwegian evaluation report on the Amazon Fund in which good management, governance, transparency, and communication, and an active society, governments, and states participation are observed.

Regarding faced challenges, Mr. Visconti emphasized the need to support projects in rural settlements experiencing illegal activities that produce deforestation in the surroundings of the BR-163 highway, the expansion of shared management initiatives for UCs given the restrictions on the hiring of public servants by the public sector, and the assistance for the country to reach the goal established in its NDC of reforesting 12 million hectares of forests by 2030. As a proposal, he mentioned the importance of public calls carried out through strategic partners in the topics above.

Ms. Marilene Ramos (BNDES) seconded the public call proposal and declared that the private sector can be involved in restoration, especially in economic forestry.

Regarding indigenous populations, **Mr. Gabriel Visconti (BNDES)** informed his intention to directly expand this support, noting that today, there is only one successful and satisfactory execution project in this model, held by the Ashaninka. He mentioned his intention to intensify the dialogue with the Coordination of Indigenous Organizations of the Brazilian Amazon (Coiab) and with the entities represented in the PNGATI Management Committee, and to dialogue with the Ford Foundation, The Nature Conservancy (TNC), and other stakeholders regarding the design project that allows for direct support to indigenous organizations.

Ms. Marilene Ramos (BNDES) added that support for indigenous peoples was discussed at the seminar on the Amazon Fund in Oslo and defended greater flexibility in the project execution by indigenous associations. Mr. André Ferro (BNDES) reported that BNDES has been discussing the expansion of this support with indigenous entities and with the National Indigenous Foundation (**FUNAI**) and mentioned that in the last two days, a training workshop was held by the agency aimed at the Fund's staff and that the knowledge acquired should support this action.

Mr. Gabriel Visconti (BNDES) emphasized the importance of the MMA and FUNAI participation in supporting indigenous people. He also mentioned the challenge of coordinating interstate projects with the participation of public and private entities, including the logistical support for inspection actions challenge. He informed that Director Marilene Ramos (BNDES) has been negotiating with the Norwegian Ambassador, Minister José Sarney Filho, and other members of MMA on this matter.

Mr. Rogério Campos (state of Roraima) highlighted the need for investments to fight forest fires before disasters, such as those experienced by the state of Roraima this year, happen.

Gabriel Visconti (BNDES) stated that Ibama, MMA, and BNDES are working on a structured plan that will rely on the Amazon Fund resources to articulate a joint action aimed at environmental monitoring and inspection. Finally, he highlighted the challenge of engaging the private sector in structuring a sustainable forest-based economy (timber and non-timber).

Ms. Marilene Ramos (BNDES) remarked that, in this context, she has already spoken with the Minister of Mines and Energy, Mr. Fernando Bezerra Coelho Filho, about the possibility of installing wood-fired thermal plants near transmission lines in the Amazon. She explained that, as there is a need to restore 12 million hectares in areas that are not permanent preservation areas (PPA), legal reserves, or similar, the thermal would be perfectly balanced from an environmental point of view, being positive in terms of carbon capture and being able to function as a reservoir to equalize energy production. She also informed that a specific auction would be held in which the Ministry of Mines and Energy would buy the generated energy, which would enter the base of the system. For this end, the Amazon Fund resources could be used in a revolving fund.

Mr. Gabriel Visconti (BNDES) also said that there are ideas for structuring risk-sharing funds to offer the private sector some guarantee to introduce traditional populations into its production chain via training, technical improvements, and a series of market instruments. He reported the intention to hold a workshop with key stakeholders to formulate proposals for the Amazon Fund to work with the private sector due to the difficulty of using non-reimbursable resources with this segment.

Ms. Marilene Ramos (BNDES) mentioned that the proposal includes evaluating the feasibility of carrying out reimbursable operations in these cases with Amazon Fund resources and with other financing sources from BNDES.

Mr. Marcelo Creão (state of Amapá) warned that the proposal could replace cattle with forests for energy generation and, thus, indirectly stimulate new deforestation. He stated that the states could envision some pilot projects along the lines laid out by Ms. Marilene Ramos (BNDES) but that a review of the federative pact would be necessary so that the ICMS for this generation remains in the generating states and not in those consuming the generated electricity. In other words, it is necessary to think of a sustainability model with paybacks for the states.

Mr. Mário Augusto Cardoso (CNI) addressed the issue of managerial support for the state project execution, noting that BNDES must act to strengthen and train those who face this difficulty, which dates back to the Protection of Brazilian Rainforests program (PPG7).

He continued by highlighting that BRL 240 million was allocated to support projects related to CAR and that it is necessary to assess what this represents in terms of the registered area.

Regarding the commitment to restore and reforest 12 million hectares of forests, Mr. Cardoso emphasized the significance of differentiating restoration from reforestation. He stated that today, there are 7.8 million hectares of eucalyptus and pine forests in the country and that industry to absorb this raw material has already been established. The surplus of eucalyptus exceeds one million hectares with no destination. Thus, he emphasized the importance of demand, not planting.

Mr. Cardoso cited the National Plan for Native Vegetation Recovery (PLANAVEG) – whose decree has not yet been published – which presents, in terms of scale, an expectation of a restoration planting of 390,000 hectares in its first five years. He recalled that the NDC refers to a period of more than 13 years (2017 to 2030), and it is difficult to achieve this planting level in the established time. Thus, he stated that it was necessary to review the scales and strategies.

Mr. Mário Augusto Cardoso (CNI) stated that there are several possibilities in the energy generation field but that there are also difficulties. He underlined that it would be beneficial to have BNDES included in this discussion. He reported that MMA was urged to participate more in these debate forums together with the Ministry of Agriculture, where the issue of planted forests is centered, and that CNI is establishing a partnership between the industry and the ministry to match the forest production issue with the industry demand for raw materials to avoid forest surpluses, which discredits the planting of forest for any purpose.

Mr. Justiniano Netto (state of Pará) highlighted the importance of observing the results panel, in which the leading indicator is the deforestation rate, in the context of the Fund's activity balance and reflection on the guidelines for 2017. He pointed out that, given the Prodes's preliminary rate, the time is now a matter of urgency. He noted that the state of Pará accounts for almost 40% of deforestation in the Amazon, being the state that most deforests, presenting twice the deforestation rate of the second place. He mentioned that the states of Pará, Mato Grosso, Rondônia, and Amazonas were responsible for more than 80% of annual deforestation in 2016 and that there is a new deforestation dynamic in the region that the Amazon Fund must observe.

Mr. Netto recalled that December marks the halfway point of next year's deforestation calendar, which started in August, and that the data are not encouraging. He mentioned that the improvement for the 2017 scenario requires immediate action, underlining the extreme importance of inspection, command, and control. Finally, he suggested that strengthening and calls for projects aiming at environmental regularization, inspection, command, and control should be included as guidelines.

Ms. Marilene Ramos (BNDES) reported that the Amazon Fund's support to Ibama totals BRL 55 million, which is available for logistical support for field operations throughout the Amazon.

Mr. Everton Lucero (MMA) added that the Ministry of Environment has reallocated resources and hopes that the actions will be more effective in terms of inspection results. He agreed that the new deforestation data reinforce that a permanent inspection is essential and that, for the foreseeable future, combat deforestation should remain the effort central focus..

Mr. Mário Nicácio (Coiab) recalled that PNGATI covers indigenous lands outside the Legal Amazon, which also face pressure from deforestation and require a regimental approach from the Fund's donors, providing actions and resources. He reported that the last meeting of the PNGATI management committee was attended by BNDES representative, Ms. Juliana Santiago, who highlighted the importance of direct support to indigenous peoples, especially in the Amazon.

Mr. Nicácio announced the creation of the PNGATI Integrated Implementation Plan (PII PNGATI) for the period between 2016 and 2019 in an integrated manner by government institutions, indigenous organizations, and organizations interested in the indigenous causes. He emphasized the need for direct support to indigenous organizations, paying attention to difficulties they face, especially regarding project implementation time, logistics, and communication. He highlighted that the time of indigenous peoples is different and that this factor must be taken into account.

Mr. Nicácio continued informing that Coiab has been discussing a project format to be presented to the Amazon Fund, in articulation with the TNC and the Ford Foundation, which contemplates the diversity of the Amazonian states to facilitate access to resources.

He ratified the importance of prevention in fighting deforestation, highlighting the existence of other problems such as the impacts of the construction of hydroelectric plants and roads that affect not only the territories but the indigenous peoples' social life and deforestation.

Mr. Nicácio reported that civil society, Socio-environmental Institute (ISA), Amazon Environmental Research Institute (IPAM), and Native Amazon Operation (OPAN) were preparing a joint letter with propositions on the managerial strengthening of Coiab and the strengthening of dialogue in the Amazon.

He concluded by emphasizing the role played by FUNAI in inspecting indigenous territories and the need to guarantee resources for the body, which must be observed by the President's Chief of Staff, other members of the Committee, and donors. He recalled that the demarcation of indigenous lands is essential for the preservation of water, the maintenance of forests, and the balance of the climate.

Mr. Everton Lucero (MMA) recorded that FUNAI is participating for the first time as a full member of COFA precisely to expand efforts in favor of the topics exposed by the Coiab representative, which are very dear to the Amazon Fund and the Brazilian environmental policy.

3. Presentation of the 4th phase of the Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAm)

Mr. Raul Oliveira (MMA) began his presentation by underlining that the plan's leading indicator is deforestation rates and that the analyzes carried out by the Department of Policies to Combat Deforestation (DPCD) help guide its strategy. He mentioned that the National Policy on Climate Change's (PNMC) goal is to reduce the annual deforestation rate in the Amazon by 80% by 2020 compared to the average observed from 1996 to 2005, representing an annual rate of 3925 km².

Mr. Oliveira Reported that since PPCDAm's 1st phase, significant reductions in deforestation rates were observed, but he recognized the current stagnation period, although the last four years have been marked by the lowest rates, excluding the one referring to 2016. He underlined that Prodes's preliminary rate points to a significant upward trend, demanding that efforts be intensified. He recalled the importance of amending the decree that authorized the creation of the Amazon Fund to cover actions throughout the entire Legal Amazon, which includes a part of the Brazilian Cerrado. He emphasized that data from a new series by INPE, currently being prepared, also show a deforestation stagnation in the Cerrado Biome, with rates close to the target, which represents a great challenge for the PPCerrado to promote further reductions in deforestation in this biome.

Mr. Oliveira went on to mention the National Policy on Climate Change, the National Strategy for REDD+ (ENREDD+), the Brazilian NDC, the Forest Code, and Supplementary Law 140 as the PPCDAm guiding principles regarding the strategic dimension of combating deforestation.

He highlighted the great relevance of the shared forest management and explained that a composition of efforts that goes beyond the environmental area is necessary because it encompasses different policies and programs, with the involvement of several government divisions and sectors (such as the private sector, organized civil society, and the other government branches, such as the Legislative and the Judicial branches). He emphasized that combating deforestation is complex, as it is associated with the country's own development model.

Regarding the tactical-operational dimension, Mr. Oliveira (MMA) mentioned the Brazilian Biomes Environmental Monitoring Program (PMABB), the PPCDAm, and the PPCerrado, the latter with the following axes: monitoring and control, land and territorial planning, and promotion of sustainable productive activities

and normative and economic instruments. He mentioned that the fourth mentioned axis somehow existed in the previous plans, but he pointed out that the MMA proposed to convert it into an axis because it understands that some normative and economic instruments have a strong potential to contribute to reducing deforestation. He reported that MMA had held the first seminar to discuss the PPCDAm's 4th phase with researchers, civil society organizations, and other government bodies, and that contributions for the main topics included in this axis (rules, credit and non-credit instruments, and other incentive initiatives) were collected.

Mr. Everton Lucero (MMA) stated that the previous discussion on creating a sustainable forest-based economy and how to involve the private sector falls in the establishment of the normative and economic instruments axis.

Mr. Raul Oliveira (MMA) added that implementing the plans is a complex process that involves the Brazilian General Budget and several issues that are not restricted to inspection actions.

He presented data on deforestation in the Amazon region, stating that there was no significant change in the area known as Arco de Fogo [Fire Arc] in 2014 and 2015, despite the presence of other areas with an expressive appearance in Prodes, generally those close to major infrastructure works and highways. He informed that the MMA analyzed the deforestation occurrence from 2012 to 2015 according to the main landholding categories: agrarian reform settlements, federal public plots, indigenous lands, and nature conservation units. He mentioned that the contribution of indigenous lands, in absolute terms, is small compared to other categories.

Mr. Oliveira pointed out that deforestation in conservation units is basically concentrated in the UCs located along the BR-163 highway. He drew attention to the need for an integrated approach to the regions when it comes to the support to settlements and UCs. He reported that this is one of the issues raised by the PPCDAm, exemplifying that ICMBio considers combating deforestation a priority in the ten UCs with the highest deforestation rates, which account for almost 70% of deforestation in conservation units. However, he said that 20,000 families are making a living out of illegal mining in the region, and it is necessary to think about their fate. He mentioned that another priority region is the so-called Tri-Border Area – between the states of Amazonas, Acre, and Rondônia –, and noted that although the final rate of deforestation was higher than expected, the areas where it is occurring are not new, and neither are its vectors: livestock, timber exploitation, and mining.

Mr. Raul Oliveira (MMA) reported that the ten municipalities with the highest deforestation rate, according to the preliminary version of the 2016 Prodes, represented 35% of deforestation in the Amazon. He informed that in the last four years, eight of these municipalities had consecutive increases in deforestation and clarified that the difficulty in stopping it represents the discussions faced by the plan's stakeholders, as there is not just one cause for it. He reported that the PPCDAm's logical model presents more than 110 causes that lead to deforestation, which explains the challenge of giving focus to the plan.

In the Cerrado biome, he informed that the focus is the Matopiba region – states of Maranhão, Tocantins, Piauí, and Bahia – where, in 2014 and 2015, most deforestation was concentrated, but also in the state of Mato Grosso, where more than 1500 km² of Cerrado was deforested between 2015 and 2016.

Regarding the contribution of each land category within the scope of the PPCDAm's third phase balance, Mr. Oliveira pointed out that from 2012 to 2015, out of the total deforested in the Amazon, 36% occurred in private/free areas (some of them could be state plots); 27% in settlements; 26% in federal public plots; 9% in conservation units; and 2% in indigenous lands. He stressed that the UCs, when added to the indigenous lands, make up almost 45% of the entire Amazon, while the settlements make up 7%.

Mr. Everton Lucero (MMA) reinforced the importance of tackling the deforestation issue in the settlements.

Mr. Raul Oliveira (MMA) stated that, over the years, the states of Pará and Mato Grosso stand out in the contribution of each state to deforestation and that the state of Amazonas has been progressively increasing its contribution, despite its size and large forest remnant, making it necessary to assess what is happening in the state. He reported that between 2014-2015, the increase in deforestation rates was especially concentrated in the states of Amazonas, Pará, and Rondônia. In 2015-2016, he reported that almost all states showed an increase in the deforestation rate, except for the states of Mato Grosso and Amapá (he highlighted the problem of cloud cover in the state of Amapá, which may represent a change in the consolidated data), and added that some states had consecutive increases, as is the case of the states of Amazonas, Pará, and Tocantins.

Within the scope of the PPCDAm institutional and political arrangement, Mr. Oliveira informed that its highest political instance is the Standing Inter-Ministry Working Group, according to the Decree of July 03, 2003, formed by 15 ministries. He reported that the group was coordinated by the President's Chief of Staff for ten years, and then the coordination was passed to the Ministry of the Environment in 2013. He stressed that although the President's Chief of Staff is no longer officially part of the group, its participation in the coordinating all the ministries involved is essential.

Mr. Everton Lucero (MMA) recalled that this is the group that will be summoned to validate the PPCDAm and PPCerrado.

Mr. Raul Oliveira (MMA) then described that the Executive Committee is below the Standing Inter-Ministry Working Group is, which is also formed by these ministries and a few more, in addition to other entities. The Executive Committee is the Plans' Executive Department is managed by the MMA's Department of Policies to Combat Deforestation. He announced that creating working groups is planned for each of the axes. He considered that there was a need for greater interaction with the other Federative entities, especially the states, the organized civil society, and the productive sector. Mr. Oliveira informed that MMA is the coordinator of the committee composed of the Ministry of Finance (MF); the Ministry of Social and Agrarian Development (MDSA); the Ministry of National Integration (MI); the Ministry of Agriculture, Livestock, and Food Supply (MAPA); the Institutional Security Office of the Brazilian Presidency (GSI/PR); the Ministry of Science, Technology, and Innovation (MCTI); the Ministry of Industry, Foreign Trade and Services (Mdic); and the Ministry of Planning (MP), bodies common to the plans for the Amazon and Cerrado biomes, according to the decree. He added that the Ministry of Defense (MD) is added to the first plan, and the Ministry of Mines and Energy (MME) and the Ministry of Justice and Citizenship (MJ) to the second. He also informed that policymakers are often permanent guests: Ibama, INPE – National Institute of Space Research, ICMBio, FUNAI, the Federal Police, SFB, the President's Chief of Staff, the Brazilian Agricultural Research Corporation (Embrapa), the National Supply Company (Conab), and the National Institute for Land Settlement and Agrarian Reform (Incra).

Regarding the challenges of preventing and controlling deforestation, Mr. Oliveira mentioned that legal reserves can be seen as a burden but that the purpose of Law No. 12651/2012 is to promote sustainable management with an approach to conserving the ecosystem services provided. In the Legal Amazon, the minimum percentage is 80%. Regarding the expansion of the Amazon Fund's support to the Cerrado in the Legal Amazon, the scenario is different, as the legal reserve minimum percentage is 35%, and the possibility for alternative land use is 65%. In this case, the challenge is to try to create some additionality in which economic and regulatory instruments will play a fundamental role in promoting the forest-based economy.

Mr. Raul Oliveira (MMA) stated that the preparation of action plans is complex and that the review takes almost the whole year. He informed that on October 5 and 6, MMA held a technical-scientific seminar on data on deforestation in the Amazon with a very rich discussion between researchers, civil society, state and federal agencies, and roundtables for each land category.

Mr. Oliveira reported that some issues had been raised, such as the re-concentration of land in the settlements.. Regarding federal public lands, which are responsible for 27% of deforestation, he informed that there are still almost 60 million hectares with no defined destination. With the creation of the Technical Chamber for the Destination and Regularization of Federal Public Lands in the Legal Amazon, 97% of this liability was consulted together with state and federal agencies, and a large part has already been allocated. In other words, out of the 60 million hectares, seven million have already been earmarked for creating UCs or forest concessions. Two million have already been effectively created. One part was earmarked for the resolution of conflicts in indigenous lands, another for settlements, and another for the municipalities to do the land titling.. The anthropized part remains with the Terra Legal Program to verify the titling requirements and for the state land agencies. However, 34 million hectares under the management of the Terra Legal Program are currently unallocated. This is one of the issues that PPCDAm will address.

Regarding the PPCDAm operational plan's goals, which refer to the central idea that fighting deforestation is not restricted to inspection, Mr. Raul Oliveira (MMA) listed: promoting land regulation; territorial planning with the strengthening of protected areas; accountability for environmental crimes and infractions; implementing shared forest management; preventing and fighting forest fires; improving and strengthening vegetation cover monitoring; promoting sustainable forest management; promoting the agricultural production systems sustainability; and implementing regulatory and economic instruments.

Concerning the priority lines of action, Mr. Oliveira reported the innovation of making the Federal Government's governance level visible to solve the problem, categorizing it into high, medium, or low levels, and identifying which bodies should act to influence the preparation and review of state plans and the resource application guidance.

Regarding the expected results for 2020 at the operational level, Mr. Raul Oliveira (MMA) listed, within the scope of the promoting land regularization goal: the destination of the federal public lands' liabilities and the designation of rural and urban lands that remain under the management of the Terra Legal Program. To promote territorial planning and strengthen protected areas, he mentioned: the increase in the protected area by conservation units effectively managed, indigenous lands in full possession of indigenous peoples, the improvement in the environmental management of indigenous lands, and the establishment of guidelines for land use and occupation on a sustainable basis through federal and state ecological-economic zoning (ZEE) initiatives.

To promote accountability for environmental infractions and crimes, Mr. Raul Oliveira (MMA) mentioned: strengthening punishment and applying repressive measures for illicit environmental actions in indigenous lands and conservation units and reducing the forest area degraded by illegal logging. To implement shared forest management, he mentioned: states most active in forest management and implementing the Rural Environmental Registry. To prevent and combat the occurrence of forest fires: reducing areas affected by fires.

To improve and strengthen the vegetation cover monitoring, Mr. Oliveira mentioned: maintaining the current real-time deforestation detection and mapping systems (DETER A and B); improving the real-time deforestation and forest degradation detection and mapping systems (DETER C), and the real-time deforestation detection and mapping radar system (SIPAM-SAR) to detect deforestation below the clouds and alert environmental agencies; satellite monitoring of embargoed areas; implementing the current area estimation system with a resolution of approximately 30 meters; improving the system for daily and monthly estimation of the burned area with a resolution of approximately 1 km and the satellite monitoring of flora burnings in near real-time. To promote sustainable forest management, he mentioned: increasing timber production through sustainable forest management – good indicators are needed to confirm the

hypothesis that the more areas under management, the greater the reduction in illegal logging – and strengthening the socio-biodiversity production chain with forest valuation. To promote the sustainability of agricultural production systems: reduce the expansion of agricultural and livestock activities in natural vegetation areas and encourage the adoption of sustainable agriculture practices.

Regarding the normative and economic instruments for controlling illegal deforestation axis, Mr. Oliveira mentioned: establishing economic instruments that encourage forest conservation, preparing/reviewing normative acts and sectoral pacts and agreements for the compliance/legality of production chains associated with deforestation. He underlined that since this is a new axis, novelties should arise over time.

Mr. Everton Lucero (MMA) reported that the PPCDAm depends on a ministerial level validation, and its political preparation and endorsement by both the government and society are relevant.

Ms. Magaly Medeiros (state of Acre) stated that at the last COFA meeting, concern with the Triple Border region was expressed since the region demands permanent monitoring, control and integrated actions between states and the federal government. She stated that the decision to allocate resources to Ibama was essential to contain the deforestation rate and that, despite the agency's integrated action with the states in all Amazon regions, the results are still worrying.

Ms. Medeiros reported that CAR will be a significant tool to act effectively in inspection and control and that the state of Acre's analysis module is almost concluded. She recalled that most of the Amazon Fund's resources were allocated for monitoring and control, as shown in the data presented by Mr. Gabriel Visconti (BNDES), but she stressed that this axis alone does not guarantee a change in deforestation rates. She stated that she considers the economic instruments axis essential to encourage activities that act correctly, distinguishing illegal deforestation from sustainable economic initiatives.

Mr. Antônio de Andrade (state of Amazonas) mentioned that the project approval period is quite long. He suggested a thorough analysis of projects where inconsistencies are incorporated to speed up the process between the agencies and BNDES. He stated that, according to the PPCDAM's presentation, the 9% deforested area in the UCs is a significant figure since the zone should have zero deforestation and an authorized remainder.

Mr. de Andrade reported that the state indicators show an upward curve in deforestation, demonstrating the demand for efficient and integrated actions involving the municipalities. He declared optimism regarding the BNDES' support for the forest fire fighting agenda, a relevant variable for the state of Amazonas. He also pointed out that another important point is to look at forest restoration as a chain. He then ratified the need for integrated actions in the Triple Frontier.

Mr. de Andrade reported that today, the deforestation vector in the state of Amazonas is in the south part of the state, where seven municipalities are responsible for 67% of deforestation. He mentioned that drug trafficking is a new component of this chain that demands a strategic fight and that the command and control agenda is fundamental. He also mentioned the importance of strengthening Ibama's regional office in the state of Amazonas.

Mr. André Baby (state of Mato Grosso) stated that command and control fulfill their role, but it is not enough. He reported that the state of Mato Grosso registered a 19% drop in deforestation, contrary to what INPE indicated, which reported 11,000 km more than what was calculated by SEMA-MT, with a reduction of 12% compared to last year. He claimed that this difference could be explained because INPE applies a specific treatment for 365 days, while the state calculates it only for the deforestation period.

Mr. Baby also reported on the recent holding of a seminar together with the Action Plan for Deforestation Prevention and Control in the state of Mato Grosso– PPCDMT and a presentation to the press, civil society, and the productive sector on the actions planned in the state for the 2017–2018 biennium, and that they will be incorporated in the plan's edition to be launched in the next two months of 2017.

He announced the launch of an integrated environmental operations center in the Colniza municipality, which will serve as support for SEMA-MT and will have the massive presence of the environmental police, besides the invitation that will be made to the National Force, the Federal Police, and Ibama. He stated that this is the most symbolic action for which the state will seek support in managing and combating deforestation and in economic financing.

Mr. André Baby (Mato Grosso) commented on the budget destined for IBAMA and the National Center to Prevent and Combat Forest Fires– Prevfogo for 2017 and said that Minister Sarney committed to assist the state face the federal agencies' scarcity of resources. He reported that, unlike the state of Pará, deforestation actions are highly focused on polygons that represent difficulties in carrying inspections and that integration with the federal government is of paramount importance. He reported that 68% of deforestation happens within the rural environmental registry areas and that the state is already acting with these landowners and land agencies.

Mr. Baby also highlighted that the state of Mato Grosso launched the Produce, Conserve and Include (PCI) program in partnership with IPAM, in which the state government acts energetically toward command and control but also aims to provide alternatives to citizens, small producers, or any other offender. A governance committee composed of members from the civil society and the productive and business sectors has basically been thinking about actions based on the goals presented by the state at COP-21, some linked to an agreement made with MMA, and the main one aims at reducing illegal deforestation to zero by 2020.

Mr. Baby cited the BNDES' support for the Environmental Emergency Battalion to combat burnings, a central issue for the deforestation rate that requires the federal agencies' support. He stated that the state of Mato Grosso gives due importance to the Amazon Fund, which has helped in its environmental management. Finally, he mentioned that the state is preparing a proposal with the state of Pará for a more macro-action in the regional sense.

Ms. Adelaide Oliveira (FNBF) raised a doubt regarding the legal and illegal deforestation percentage in the PPDCAm's presentation. She cited the problem of simplifying the process for legal deforestation, stating that today, it is much simpler to approve deforestation than a sustainable forest management plan. She explained that the increase in deforestation is linked to the absence of inspections since there are locations very far from major centers. She also requested the inclusion of the private sector in the debate on deforestation.

Mr. Everton Lucero (MMA) stated that MMA does not know how much of the rate corresponds to illegal deforestation and authorized suppression of vegetation because the states are the ones who authorize legal suppression.

Mr. André Baby (state of Mato Grosso) commented that only 5% of the total deforestation in the state for the year was authorized.

Ms. Adelaide Oliveira (FNBF) requested the transfer of information by the states.

Mr. João Bosco (FBOMS) expressed his concern about the water issue, especially in the Araguaia region.

Ms. Adriana Ramos (FBOMS) stated that when the Cerrado becomes the focus of the Amazon Fund, the water issue will be fundamental. She declared that the deforestation rate must be the PPCDam's guide and that its result is not surprising for those in the field. The big difference, she continued, is the increase in deforestation during an economic crisis, which normally represents a period when deforestation recedes due to the investment demand. She also corroborated that in this emergency situation, command and control become fundamental. However, she expressed that PPCDam is not enough, and, in this sense, she highlighted the fragility of the plan when it is no longer coordinated by the Office of the President's Chief of Staff, given the need to discuss greater-impact actions not only from the promoting sustainable activities perspective but also in the credit restriction to greater-impact activities – one of the most effective measures when Brazil has achieved deforestation reduction.

Ms. Adriana Ramos highlighted that the government responsibility as a whole, including BNDES, becomes greater because data show that deforestation has grown in regions where infrastructure works are being carried out and concluded by saying that the absence of a new infrastructure axis is surprising as it is not a priority on the plan.

Ms. Ramos went on to say that the recognition of the issue of land concentration in the settlements was positive. She mentioned that, despite the deforestation maintenance in the same municipalities, the map presented by MMA shows the extrapolation of the "Arc of Deforestation" to Calha Norte. She emphasized that introducing a fourth normative axis in the PPCDam is fundamental; however, she underlined the importance of the Chief of Staff's participation, especially in the dialogue with the Legislative Branch.

Ms. Adriana Ramos reported that the plan correctly establishes the area allocation as a priority but highlighted that political issues could negatively interfere. She stated that one of the great advantages of the plan's previous management model was the responsibility balance between different ministries and the ability to summon those most associated with investments that promote and contribute to deforestation.

Ms. Ramos suggested that territorial planning be a priority for the Amazon Fund. She also mentioned that the Fund needs to review the criteria for supporting CAR projects to increase the requirement that the registry function effectively as a control and monitoring system, and it is not enough to just support the CAR structuring. She stated that the Fund's proposal for structuring an office to support states, for example, was interesting, although it is similar to the PPG7's natural resources support subprogram.

Finally, regarding the issue of promoting sustainable production activities, Ms. Ramos declared that the Amazon Fund already has good experiences and that the very proposal to focus on forest restoration can encourage the restoration of the native forests' production chain, which is a necessity.

4. Discussion on COFA guidelines for the 2017 – 2018 biennium.

The COFA guidelines for the next biennium and the topics discussed in the first part of the meeting were:: the PPCDam's 4th phase and the Amazon Fund's activities.

Mr. Juan Scalia (FUNAI) thanked BNDES for its efforts to meet the indigenous movement's and FUNAI's demands to have a permanent seat on the Committee. He congratulated the BNDES's team for its involvement in the indigenous cause and highlighted the Amazon Fund's role as an implementing agent of the indigenous causes policy. Regarding the CAR validation phase, Mr. Scalia expressed concern about canceling the overlapping indigenous lands, such as the Uru-Eu-Wau-Wau Indigenous Land. He stressed that FUNAI is available to collaborate with state governments on the subject, which will be extremely relevant in the coming years. Mr. Scalia mentioned the budgetary composition of the various COFA bodies, with joint action between

the federal and state governments within the scope of indigenous environmental policies. He also stated that FUNAI provides parliamentary advice, essential for the 2017 Annual Budget Law.

Based on Mr. Mario Nicacio's (Coiab) speech, he recommended a new interpretation of Article 1, paragraph 1 of Decree 6527, 01 August 2008, which says: "Up to twenty percent of the Amazon Fund's resources may be used to develop deforestation monitoring and control systems in other Brazilian biomes and other tropical countries." He clarified that these systems should be thought of not only within the scope of remote monitoring but as a participatory monitoring and control system in areas such as, for instance, the state of Maranhão and river springs, such as the Araguaia River. He highlighted that protecting the Amazon goes beyond the institutional missions of each agency and that joint work must be prioritized when it comes to monitoring and inspection.

Mr. Juan Scalia (FUNAI) suggested expanding the concept of shared management given the possibility of double or even triple allocation of public lands, as in the case of overlaps between indigenous lands and conservation units. He stated that the Minister of the Environment, Mr. José Sarney Filho, has been showing interest in regulating this type of situation. He pointed out the need not to backtrack on the Paris agreement and that anticipating goals and targets would be an interesting strategy. He reported FUNAI's interest in working on reforestation, regeneration, and recovery of indigenous lands, a significant axis of PNGATI and which represents a liability for the agency, as the demarcation process usually involves already consolidated farms.

Mr. Scalia highlighted the role played by the Brazilian Attorney General's Office and the Federal Prosecution Offices in fighting organized crime, as in the case of diamond mining in the Cinta-Larga people's lands. He then suggested an approximation with other government branches as a strategy and ratified the importance of the role played by the Federal Prosecution Office.

Mr. Juan Scalia emphasized the direct support to indigenous associations as a historical demand, with the creation of advisory services and the implementation of innovative management models. Furthermore, he highlighted the importance of the production chain on demand's reverse analysis, carried out by Mr. Mário Cardoso (CNI), which can be used in the cases of the pirarucu fish and Brazil nut.

Ms. Luzimeire Carreira (state of Tocantins) suggested differentiated support for the Cerrado biome, especially for the Matopiba region, as a proposal for the 2017 – 2018 guidelines. She stressed the importance of creating economic instruments aimed at a low carbon economy. She also reinforced the need to strengthen municipal management as a strategy to improve command and control actions.

Mr. Adalberto Val (SBPC) stated that much of COFA's reasoning for reducing deforestation revolves around command and control actions, requiring an integrated and broad action with new paradigms that involve traditional populations, the ones responsible for maintaining the forest standing. He stressed that social inclusion, income generation, information socialization, and education, in particular, are fundamental.

Mr. Val reinforced the importance of the millennium development goals that demand a downscale, i.e., working with micro-regions and even sub-micro-regions, respecting their environmental and cultural diversity. He requested greater participation from universities and research institutes in generating the information necessary for more effective actions in the region. He also stressed that it is necessary to think about socio-biodiversity chains (fish, essential oils, and Brazil nut).

Mr. Marcelo Creão (state of Amapá) informed that the state is completing an education project that will adapt the school calendar to the cultural aspects of the Amazonian communities. He also said that

there will possibly be an increase in deforestation rates in the state of Amapá. He congratulated the government of the state of Amazonas for the effective discussion on an environmental economic matrix and suggested an integrated strategy agreed with other secretaries to think about how to take the benefit of this public policy to farmers, quilombolas, mineral extraction workers, fishers, and indigenous peoples, presenting a differentiated strategy for 2017-2018.

Mr. Creão commented on the proposal for creating a national or Amazonian program for acquiring seedlings, seeds, and plants, which was submitted to the Federal Government's Extraction and Sustainable Rural Development Department, in which the states would register interested parties, and BNDES would transfer resources directly to participants via the Amazon Fund.

Ms. Magaly Medeiros (state of Acre) ratified Mr. Marcelo Creão's (state of Amapá) words and added that it is important to think about economic instruments that enable the encouragement of producers who work in recovering degraded areas. She suggested presenting to BNDES an integrated program for the Amazon region in which the proposal of the Water Producer Program could be expanded to the states.

Mr. Mario Cardoso (CNI) stated that in the current scarcity of resources scenario, it is necessary to make good use of resources by public entities, mainly by the government. He noted the need to improve institutional articulation between state and federal agencies.

Mr. Cardoso declared that society must know how much deforestation is illegal. In illegal cases, police action is necessary, but in legal cases, he stated that instruments such as CRA (the environmental reserve quota), the payment for environmental services (PES), and others that encourage forest conservation should be used.

Mr. Justiniano Netto (state of Pará) praised the new phase of PPCDAm. He stated that command and control actions are not the solutions to deforestation and that structuring actions aimed at research and sustainable development are crucial. He justified the urgency tone regarding the reality of the state of Pará, where the increase in criminal deforestation was identified, which demands a more rigid inspection action in conjunction with other current policies.

Mr. Netto expressed interest in the MMA's agenda regarding a meeting with the states and immediate measures for allocating federal public plots in the short term. Furthermore, he requested information on the validity of the National Forest Products Origin Control System (Sinaflor). Finally, he expressed concern with the coordination transfer of PPCDAm from the President's Chief of Staff to MMA.

In response to Mr. Justiniano Netto (state of Pará), **Mr. Everton Lucero (MMA)** stated that given the complexity of the land issue in the Amazon region, there is a mobilization that is beyond the ministry's jurisdiction regarding the land regularization axis. He emphasized that not all axes need to return to an authority such as the President's Chief of Staff, but he highlighted the fact that Inkra is linked to the President's Chief of Staff, which plays an important role in supporting the land regularization axis. Regarding the states' participation in the PPCDAm's governance, he stated that MMA is open to identifying the best way to carry out this dialogue and is studying the possibility for the states of the region to participate as guests in the specific working groups that correspond to the plan's axes. Regarding federal public plots, he reported that this is an issue of the PPCDAm's 4th phase and that effective management is an expected result of the promoting landholding regularization goal to be achieved by 2020.

Mr. Raul Oliveira (MMA) added that the Forum of Environment Secretaries of the Legal Amazon is the ideal space for this integration of efforts between the states and that the biannual meetings are an articulation instrument in which the challenges and perspectives of their state plans and demands to the federal government and vice versa can be presented.

Regarding Sinaflor, Mr. Oliveira informed that lines of action are being prepared and that promoting its interoperability with state systems is a priority. Concerning the allocation of federal lands, he reported that at the beginning of PPCDAm, there were 60 million non-intended hectares and that great progress had been made after the conclusion of the consultation on the allocation of 97% of these areas. He said that the next step is to send it to the Federal Government's Heritage Department and later to the body to which this area was destined, which will create the management conditions. He also highlighted the mapping of state areas and territorial planning as a line of action.

Mr. Paulo Moutinho (IPAM) stated that the Amazon Fund's and PPCDAm's results need to be further jointly explored. He formally proposed to COFA to carry out a synthesis process of the projects' results that meets the demands of MMA and PPCDAm through publications or seminars and an ad hoc evaluation process of the mentioned results.

Ms. Fabiana Souza (Office of the President's Chief of Staff) remarked that with the government change, it is common for non-approved processes and analyses not completed to return to their original bodies to verify the maintenance of administrative, judicial, and legal conditions. She highlighted the serious settlement issue in Brazil, in which Incra manages around 8,000 units with beneficiaries who do not have a domain title or concession of real use right (CDRU). She reported that a to-be approved provisional presidential decree will allow the designation of all these lots in the medium term, facilitating the production sustainability in these settlements. She also questioned how the Amazon Fund intends to plan with respect to the sustainable development goals (SDGs), noting the importance of observing them. Regarding the COFA composition, she emphasized the need for representatives from the Special Department for Family Farming and Agrarian Development (SEAD) and the Office of the President's Chief of Staff. Finally, she stated that it was important for MMA to continue coordinating the plan and for the President's Chief of Staff to be an official participant.

Mr. Everton Lucero (MMA) thanked Ms. Fabiana Souza (President's Chief of Staff) for her words and suggested continuing the discussion in Brasília, exploring what would be the best way of articulating with the President's Chief of Staff given the new phases of PPCDAm and PPCerrado. He also informed that the state of Amazonas's administration expressed to MMA the interest that BNDES and the Amazon Fund know more about the state's reality and that holding an upcoming COFA meeting in the state could represent a possible approximation.

Mr. Adalberto Val (SBPC) suggested a specific debate on the subchapter "Amazon" within the scope of the United Nations (UN) Global Sustainable Development Solutions Network, in which he coordinates the scientific part.

Mr. Everton Lucero (MMA) stressed that from the MMA's perspective, to advance in the fight against deforestation, it is necessary to bring together and reconcile the command and control agendas with that of sustainable development. He highlighted that sustainable development means offering minimum subsistence conditions and dignified life for the populations who live in the forest, from the forest, and for the forest. He informed that Brazil has already committed itself to the 2030 Agenda for Sustainable Development, even with an established internal coordination mechanism; therefore, the country has a lot to add in the approximation with the Amazon Fund's agenda.

Mr. Lucero said that MMA created an internal group to prepare the national policy for combating forest fires and for integrated fire management, which is drafting a bill that will establish such policy, instruments, goals, and a whole series of norms, and which will involve different federal and private entities. He also highlighted that this is a relevant topic and that it will be discussed with society in due course.

– Decisions and arrangements

— COFA decided that BNDES and MMA will work on preparing the draft of a guideline for the next biennium using the inputs collected at this meeting, based on the presentations made by BNDES and MMA and on all remarks and suggestions presented. The draft will be forwarded to all members before the next meeting of the Committee for the presentation of amendments and consolidation.

— At this meeting, it was decided without opposition that current guidelines will remain valid until the next meeting or until the new guidelines are approved.

5. Reports

a) “Indicar” Platform

Ms. Ana Carolina Crisostomo (IPAM) reported that the “Indicar” platform is an initiative that IPAM has been developing together with four states of the Legal Amazon (states of Acre, Amazonas, Mato Grosso, and Pará). She explained that this is an impact monitoring tool that seeks to identify the results of policies adopted as priorities within the scope of deforestation control plans, instead of looking at what is not being carried out, by using fees, a more objective indicator and that was prepared in partnership with the states. She added that the plans are composed of three thematic axes: monitoring and control, landholding regularization and planning, and promotion of sustainable production activities, and that the platform seeks to bring the most objective result of policies within each of these axes.

Ms. Crisostomo reported that the platform began to be made in 2013 and that it is now available for online access. She reported that the initial version is an experimental one and that, therefore, it is open to receiving suggestions and contributions for improvement. She announced that for the platform's next phase, new protocols for collecting and systematizing information would be considered. Ms. Crisostomo defended the platform's expansion to other states and reported that dialogue was already established with the states of Tocantins and Amapá. She warned that the more the states participate in this initiative, the more the impact monitoring process matures, and the historical problem of lack of information tends to be overcome. Finally, she stressed that the information must be organized so it can be used, making it possible later to improve policies innovatively.

Ms. Adriana Ramos (FBOMS) requested MMA access to the justification documents presented by MMA to BNDES as required in item I3 of the 2015-16 biennium focuses (an exception to the requirement of additionality of resources in the Amazon biome). She also reinforced Mr. Juan Scalias's (FUNAI) suggestion to consider PNGATI from the perspective of the command and control axis as well.

Mr. Mário Nicacio (COIAB) appealed for the PNGATI's implementation to be prioritized.

Mr. Gabriel Visconti (BNDES) informed that all proposals will be analyzed so that they can be incorporated into the current guidelines, reviewed, and rectified, intending to prepare the first document. Regarding the proposal made by Mr. Juan Scalia (FUNAI), he stated that it will be internally examined to verify if only a reinterpretation is possible or if the decree would have to be amended.

b) 22nd Conference of the Parties on Climate Change (COP 22)

Mr. Everton Lucero (MMA) informed that a regulating procedure on the Paris Agreement was established, which should last two years, and which will cover various aspects such as technology transfer, training, adaptation, markets, and financing, among others. He expressed his concern regarding the procedure's continuity given the United States elections; however, he stressed that there was a consensus on defending its irreversibility and that, following a political perspective, this was the most important signal of COP22: the multilateral process centered on the Framework Convention, the Kyoto Protocol, and the Paris Agreement is irreversible.

Mr. Lucero emphasized that the Brazilian delegation contributed to this stance by understanding that the Paris Agreement offers the country an opportunity to deepen sustainable development and create a low-carbon economy in the long term. Finally, he stressed that this is the MMA's orientation in all dialogues it participates in, whether within the government or society.

In the context of COP 22, Mr. Everton Lucero (MMA) reported on the event "The Amazon Fund as a financial instrument for REDD+: fostering sustainable development in tropical forests," held on November 12 and promoted by the Amazon Fund/BNDES, which was attended by several partners and members of the Brazilian delegation. He reported that the Fund also attended the presentation on the National Strategy for REDD+, promoted by MMA; the event "Advances and perspectives for the implementation of subnational REDD+ programs in the Brazilian Amazon," promoted by the Sustainable Amazon Foundation; and was the subject of an exhibition at the Global Landscape Forum.

Mr. Everton Lucero (MMA) added that the Amazon Fund and MMA attended the event organized by Norway, held on November 13, to discuss policies to combat deforestation with other forest cover countries and other donors.

Ms. Gabriela Guimarães (FUNAI) commented that FUNAI promoted an event in Espaço Brasil [Brazil Area], held on November 17, which was attended by officials from the agency and by indigenous leaders to discuss PNGATI, indigenous initiatives for environmental and territorial management, and contributions to climate balance. She reported that on that occasion, data comparing deforestation inside and outside indigenous lands and the initiatives adopted by the indigenous people (protection, surveillance, and fire fighting) were presented.

Mr. Mário Nicacio (COIAB) reinforced the importance of indigenous participation in international forums and stated that experiences in fire management, PNGATI, and sustainability could be an instrument of exchange with other countries.

c) 2016 Annual meeting with Amazon Fund donors

Ms. Angela Skaf (BNDES) announced the holding of the Amazon Fund's annual meeting with donors in Oslo, which was attended by delegations from BNDES, MMA, and representatives from Norway and Germany. She also mentioned the holding of the event "The Amazon Fund: Combining conservation and development in the Brazilian rainforest," which was attended by civil society and state and federal government representatives and beneficiaries of the Amazon Fund.

Mr. Everton Lucero (MMA) commented that the meeting, which was the first held outside Brazil, was successful and that the report on activities presented by BNDES was praised by donors. He also stated that it was a moment of renewed cooperation with Germany and Norway when it comes to the continuity of the Amazon Fund.

d) First year of Brazil's National Strategy for REDD+ (ENREDD+)

Mr. Everton Lucero (MMA) informed that during ENREDD+'s first year, consultative and thematic chambers related to the following were created: the federative pact; safeguards and fundraising; and distribution of non-reimbursable resources; the first two count on the participation of BNDES, the states, and civil society. He also reported that the Inter-Ministry Working Group on REDD+ (GT REDD+) prepared the first forest reference emission level (FREL) from the Cerrado biome, which will be forwarded to the United Nations Framework Convention on Climate Change.

Mr. Lucero reported that the National Committee for REDD+ (CONAREDD) has been working on operationalizing fundraising decentralization and on approving a resolution on general guiding principles for decentralized fundraising. He stated that CONAREDD is the body that will define the criteria that will enable direct funding, especially by subnational entities, within certain percentages and following the established rules.

Finally, Mr. Lucero reported that a demand had been sent to the Minister of the Environment, Mr. José Sarney Filho, to review CONAREDD's composition, aiming at expanding state and civil society participation, especially in the private sector, and that the first revision draft of the decree is being evaluated.

e) Workshop "Amazon Fund: challenges and perspectives"

Mr. Everton Lucero (MMA) reported that the workshop "Amazon Fund – Challenges and Perspectives" was held at BNDES on October 07, 2016, attended by BNDES's president, Ms. Maria Silvia Bastos Marques, and that the event contributed to formulating challenges and proposals that will enrich COFA's guidelines for the next biennium.

f) Amendments introduced by Decree No. 8773/2016 to Decree No. 6527/2008, which provides for the Amazon Fund

Ms. Daniela Baccas (BNDES) informed that the main change was the expansion of the Amazon Fund's operation area, from the Amazon biome to the Legal Amazon, to carry out non-reimbursable applications to prevent, monitor, and combat deforestation and to promote conservation and sustainable use of natural resources.

She stated the understanding that the change in the Amazon Fund's scope of action, introduced by virtue of Decree No. 8773, 11 May 2016, should now be considered regarding the "Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2015-2016 Biennium." She clarified that, thus, where one reads Amazon biome in these guidelines, one must henceforth read the Legal Amazon.

Ms. Baccas added that due to ENREDD+, conceived at the national level through Decree No. 8576/2015, it was established that the Amazon Fund must comply with these guidelines.

Thus, in addition to the PPCDAm, there is this other component, which is still under discussion. However, once the guidelines are already established, it will be up to the Amazon Fund to observe them.

When consulted by its chairmanship, COFA members did not object to this understanding.

Ms. Daniela Baccas (BNDES) reported that there was a ban on renewing the appointment of COFA representatives more than once in a row. But now, this restriction no longer applies, and the same representative can be successively reappointed.

Regarding ENREDD+, she pointed out that Decree No. 8773/2016 – which amended Decree No. 6527/2008 – already established that the Amazon Fund, through BNDES, is eligible for funding under ENREDD+, preserving its characteristics.

She also communicated a change in the Committee's composition. The Ministry of Justice, through FUNAI, will have a representative in COFA and the Department of Strategic Affairs (SAE) has been extinguished.

– Decisions and arrangements

- COFA recognized the change in the Amazon Fund's scope of action from the Amazon biome to the Legal Amazon in the "Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2015-2016 biennium", in line with what was established by the Decree No. 6527, 01 August 2008, new wording provided by Decree No. 8773, 11 May 2016.

6. Decisions

Mr. Everton Lucero (MMA) registered the suggestion that next year, one of the meetings should be held in the Legal Amazon region, highlighting the interest of the state of Amazonas and Mato Grosso in hosting the COFA meeting.

Mr. Joao Bosco (FBOMS) suggested that the water issue should be included in the guidelines for the next biennium. **Mr. Everton Lucero (MMA)** commented that he supports the inclusion of said topic.

The next COFA meeting should be scheduled for the second half of March 2017.

7. Conclusion

Mr. Everton Lucero (MMA) took the floor, thanked everyone for their attendance, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Science, Technology, Innovation, and Communications	Ministry of Agriculture, Livestock and Food Supply – MAPA
Everton Frask Lucero (S)	Andrea Ferreira Portela Nunes (S)	Edson J. Leite (A)
Ministry of Justice – National Indigenous Foundation	Office of the President's Chief of Staff	Brazilian Development Bank – BNDES
Juan Felipe Negret Scalia (R)	Fabiana Cardoso Martins de Souza (R)	Marilene Ramos (R) Gabriel Rangel Visconti (S)
State of Acre	State of Amazonas	State of Mato Grosso
Carlos Edegard de Deus (S)	Antônio Luiz Menezes de Andrade (A)	André Luis Torres Baby (R)
State of Pará	State of Roraima	State of Tocantins
Justiniano de Queiroz Netto (S) Maria Gertrudes Oliveira (A)	Rogério Martins Campos (R)	Luzimeire Ribeiro de M. Carreira (R)
State of Amapá	Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
Marcelo Ivan Pantoja Creão (R)	João Bosco Campos dos Santos (R) Adriana Ramos (S)	Mario Nicacio (S)
National Confederation of Industry – CNI	National Forum of Forest Based Activities - FNBF	National Confederation of Agricultural Workers – CONTAG
Mário Augusto de Campos Cardoso (R)	Adelaide de Fátima G. de Oliveira (A)	Antoninho Rovaris (R)
Brazilian Society for the Progress of Science – SBPC		
Adalberto Luis Val (R)		

Absent

Ministry of Development, Industry, and Foreign Trade

Ministry of Foreign Affairs

State of Maranhão

State of Rondônia

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

Embassy of Norway Priscilla Santos	Ministry of the Environment (MMA) Raul Xavier de Oliveira	GIZ Helmut Eger Janina Budi
BNDES Ana Paula Silva André Ferro Angela Skaf Claudia Nessi Fabio Plotkowski Daniela Baccas Nabil Moura Kadri Bernardo Braune Pauliane V. Oliveira	FUNAI Gabriella Guimarães Fernando Vianna	IPAM Ana Carolina Crisotomo
PETROBRAS Christiano P. de Campos	SEMAS/PA Maria Gertrudes Oliveira	SEMAS/MT Railda Assis dos Santos



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22

Minutes of Topics
and Decisions
(MTD) of the
22nd Meeting

BNDES

Rio de Janeiro
May 09, 2017

Agenda

10:00 a.m. Opening

Mr. Everton Lucero, Climate Change and Forests Secretary at the Ministry of the Environment

Ms. Marilene Ramos, BNDES's Public and Social and Environmental Management Division Director

10:30 a.m. Approval of the Minutes of Topics and Decisions (MTD) of the 21st Meeting

10:40 a.m. Agenda Topic 1

Approval of the 2016 Amazon Fund's Annual Activity Report

11:00 a.m. Agenda Topic 2

Approval of the Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium

1:30 p.m. Lunch

2:30 p.m. Agenda Topic 3

Approval of thematic public calls for the 2017/2018 biennium: consolidation of socio-biodiversity production chains; operations in agrarian reform settlements; vegetation recovery in deforested areas; and support to municipalities.

3:00 p.m. Reports

Outcomes of field and deforestation combat inspections by the states and possible formats for the support from the Amazon Fund

Presentation of the National Forest Products Origin Control System – Sinaflor

4:30 p.m. Decisions

Scheduling the date for the next COFA meeting

5:00 p.m. Conclusion

Opening of Business

The participants received a folder containing the following supporting material:

1. Meeting Agenda

MTD of the 21st meeting of the Amazon Fund Steering Committee

2. Agenda Topic 1

- Approval of the 2016 Amazon Fund's Annual Activity Report

3. Agenda Topic 2

- Approval of the Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium

4. Agenda Topic 3

- Approval of thematic public calls for the 2017/2018 biennium: consolidation of socio-biodiversity production chains; operations in agrarian reform settlements; vegetation recovery in deforested areas; and support to municipalities.

5. Agenda Topic 3

- Internal Regulations of the Amazon Fund Steering Committee
- Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2015-2016 Biennium

The meeting was opened with greetings and salutations to the participants by the Climate Change and Forests Secretary of the Ministry of the Environment (MMA), **Mr. Everton Lucero**, who proposed a reversal of the agenda to initiate the meeting with the debate on the guidelines and criteria for the application of Amazon Fund resources and operation focus for the 2017/2018 biennium.

Mr. Lucero emphasized the MMA's interest in continuing to work in articulation with the states, civil society, and all sectors represented by the Amazon Fund Steering Committee (COFA). He informed that Minister Sarney Filho has been giving priority attention to reversing the deforestation increase observed in the last two years, including by visiting Amazonian states. He communicated that MMA expects an indication of a clearer deforestation reversal this year.

In this context, Mr. Lucero stated that the Amazon Fund is an essential instrument to support these efforts, with COFA being the ideal space for aligning prospects towards zero illegal deforestation by 2030, as established in Brazil's NDC (Nationally Determined Contribution), which above all, requires coordination and resources. He emphasized the need for political alignment at all Federation levels, including municipalities. He reported that the Minister determined that the existing funds, including the Amazon Fund, must bring results at the local level, i.e., within the scope of the municipalities.

Mr. Everton Lucero (MMA) declared the 22nd COFA meeting open and then gave the floor to BNDES's Director, Ms. Marilene Ramos.

Ms. Marilene Ramos (BNDES) greeted the participants and expressed her concern about the pace and impact of the projects, stressing the significance of developing new strategies to overcome specific difficulties. She cited Constitutional Amendment Bill (PEC) 241 as an example, which sets a spending ceiling on public expenditures and makes it difficult to transfer non-reimbursable resources, as is the case of the Amazon Fund, to federal agencies so that they can play and strengthen their role in combating deforestation. She thanked the German Agency for International Cooperation (GIZ) for its technical support to the Amazon Fund borrowers.

Ms. Ramos recalled the meeting with donors in Oslo, which was reported at the last COFA meeting, in which they expressed concern about the deforestation spike.

She announced the BNDES's approval of special conditions for financing renewable electricity generation projects in isolated areas of the Amazon region in partnership with Amazonas Energia electricity utility company. The projects to be financed may use up to 15% of resources from the National Climate Change Fund ("Climate Fund"), with a 1% annual rate, and complement the financing up to 80% with a long-term interest rate. She believes this is an opportunity that can be replicated in other states.

Ms. Marilene Ramos (BNDES) communicated that BNDES is studying the creation of the "Amazon Fund with reimbursable resources" and that the matter was the subject of a first dialogue during the Norwegian Minister of the Environment's visit to BNDES, in March, as a way of financing the private sector.

1. Approval of the Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium

Mr. Everton Lucero (MMA) referred to the preparatory meetings held with the three COFA caucuses in which the document on the guidelines and criteria for the application of Amazon Fund resources and operation focus for the 2017/2018 biennium was previously discussed, and COFA was responsible for approving it.

Ms. Juliana Santiago (BNDES) informed that the new guidelines were distributed to all members present with highlighted parts corresponding to changes compared to the previous version for the 2015/2016 biennium.

She pointed out that at the beginning of the document, the wording of criterion A1 was amended to describe the Amazon Fund's thematic areas established in Decree No. 6527. She explained that the thematic areas represent a great umbrella when it comes to what the Amazon Fund can support and that the priorities for the Amazon Fund's support are determined by the operation focuses for the 2017-2018 biennium.

Regarding the geographic criterion A2, Ms. Santiago reported the removal of the reference to works of the Growth Acceleration Program (PAC): "projects carried out in municipalities within the area of influence of large Growth Acceleration Program (PAC) works" for "projects carried out in municipalities under the area of influence of large infrastructure works." She also announced the inclusion of the wording "projects carried out in priority areas for the conservation of biodiversity or the improvement of the conservation status of endangered fauna and flora species" so that priority can also be defined for areas with rich socio-biodiversity.

Mr. Mário Cardoso (CNI) commented that regarding threatened species, listing them and not the place where they are found makes prioritization difficult.

Mr. Raul Oliveira (MMA) stated that MMA's Biodiversity Department has committed to making these areas available as hotspots. He warned that this is a guiding criterion, not an exclusivity one and that projects that can collaborate in implementing action plans for protecting endangered species must consider these available areas. He mentioned that this is the same logic as the one applied in the National Policy for Territorial and Environmental Management of Indigenous Lands – PNGATI model, in which only projects that followed the guidelines of a Plans for Territorial and Environmental Management – PGTA were accepted. He reported that lists and coverage areas will be made available.

Mr. Mário Cardoso (CNI) questioned these species distribution, and Mr. Everton Lucero (MMA) clarified that the geographic criterion is one of the guiding criteria, which is not restrictive.

Mr. Everton Lucero (MMA) then stated that since there is no restriction on this language, it would be possible to move on to the minimum conditions for the project (group B criteria).

Ms. Juliana Santiago (BNDES) pointed out that in this group, the first amendment of the previous guidelines was in clause B3, which stated that "projects related to the attributions of public bodies or the establishment of public policies do not necessarily require the consent of the beneficiaries." The BNDES's legal department warned that the legislation does not provide for such flexibility. She informed that FUNAI had been consulted and ratified this understanding. Even in FUNAI projects in indigenous lands, for example, the consent of representatives of the affected lands is required. Therefore, this paragraph was removed from the criterion B3 wording.

Then, Ms. Santiago informed the inclusion of a reference to the National Native Vegetation Recovery Policy – PROVEG in criterion B5: "the project must demonstrate clear consistency with the actions foreseen in the Plan for the Prevention and Control of Deforestation in the Legal Amazon (PPCDAm), in the State Deforestation Combat Plans and, when applicable, in the National Native Vegetation Recovery Policy – PROVEG," which allows incorporating the possibility for the Amazon Fund to support the implementation of actions to restore degraded areas in the Amazon.

She also communicated the amendment of criterion B6, consistency with the National Strategy for REDD+ (ENREDD+), instead of the Sustainable Amazon Plan (PAS), as in the previous version: "the project must demonstrate clear consistency with the National Strategy for Reducing Greenhouse Gas Emissions from Deforestation and Forest Degradation, Conservation of Forest Carbon Stocks, Sustainable Management of Forests, and Enhancement of Forest Carbon Stocks – ENREDD+." She highlighted that PPCDAm took the leading role as a guiding policy

for implementing actions to prevent and combat deforestation. At the same time, ENREDD+ was created, and its compliance was incorporated into the Amazon Fund decree.

Ms. Juliana Santiago (BNDES) noted the amendment of criterion B7 wording, which deals with additional funds, to clarify the understanding of what should be considered an additional fund to public budgets. Regarding the previous version, she informed the replacement of the wording on the analysis of the "degree of the contingency of resources in the public budget for the execution of the action" for "changes in the institution's or responsible body's budget compared to the budget change of the federative entity to which it is linked or integrated (concerning the previous year)." Ms. Santiago pointed out that the clause's new wording allows assessing the increase or decrease of the comparative budget and the contextualization and analysis of the general budget change of the federative entity to which it belongs. She stated that the consideration of the budget forecast for the actions in the Government Multi-annual Plan of proposing bodies was maintained according to the contractual requirement. She clarified that the Amazon Fund's donors are concerned about not replacing sources and that the Amazon Fund's resources are additional resources to investments so it can have a greater scale and support projects that would not have been previously supported because the budget was already committed to current actions.

Ms. Juliana Santiago (BNDES) reported that in criterion B10, publicity and transparency, the reference that BNDES would make available the standardized tool for the integration and dissemination of updated information and implementation of all projects was excluded because many beneficiaries already have their own websites to handle the disclosure of the projects. She also reported the inclusion of details of all supported projects with their respective logical tables, actions, and execution and implementation monitoring on the Amazon Fund's website.

Ms. Santiago also mentioned the change made in criterion B13, results of projects with economic purposes, in which the wording "productive infrastructure for collective use" was replaced by "productive infrastructure, services, and inputs for collective use," regardless of the individual appropriation of benefits by the Amazon Fund's target audience, which are traditional communities and rural properties with up to four fiscal modules.

Marcelo Creão (state of Amapá) requested clarification on the government multi-annual plans' consideration in terms of access to Amazon Fund resources.

Mr. Gabriel Visconti (BNDES) clarified that the important thing is the proportionality between the budget decreases of the department applying for resources for the Amazon Fund and the state budget.

Mr. Everton Lucero (MMA) reported that this specific criterion was already included in the previous guidelines and explained that the novelty in the referred criterion wording concerns the budget variation. He emphasized that analyzing the budget change of the entity requesting support from the Amazon Fund concerning the state budget favors the states, as it seeks to ensure that, in cases where there was a resource decrease similar to that which occurred in other state budgets, it is found that there is no substitution of resources, i.e., that the Amazon Fund resources correspond to additional resources.

Mr. Marcelo Creão (state of Amapá) stated that this criterion significantly covers the departments of the environment, even driving a budget increase. He expressed the Forum of Governors of the Legal Amazon's wish to work on this topic to also encourage the review of government multi-annual plans and the increase in the departments' budgets, aiming at accessibility to the Amazon Fund.

Ms. Marilene Ramos (BNDES) clarified that this matter will apply to new projects and not to those in progress.

Mr. Antônio Andrade (state of Amazonas) questioned the impact of new agendas arising from the Environmental Regularization Program – PRA on the government multi-annual plans.

Ms. Juliana Santiago (BNDES) explained that PRA is an innovation, as was the Rural Environmental Registry, which had its implementation substantially supported by the Amazon Fund as a new public policy established by the Forest Code and understood by COFA as a priority initiative to support. If the understanding is the same for the restoration action, it will also be a support initiative.

Ms. Adriana Ramos (FBOMS) noted that there is nothing new in the additionality clause, but there are novelties in the BNDES's analysis. She explained that the clause's previous wording was generic and subjective. She stressed that it is necessary to prevent the Fund from financing what is supposed to be the government budget's responsibility.

Mr. Marcelo Coelho (state of Maranhão) expressed his concern with the parameter set for the decision to support or not a project having the government multi-annual plan as a reference.

Ms. Juliana Santiago (BNDES) warned that the additionality condition is not an option but a contractual obligation established by the Amazon Fund's donors.

Mr. Luiz Fernandes (state of Pará) mentioned the importance of an updated budget analysis of each state. Given the country's economic context, he stated that he believed that all states and the federal government had experienced a budget reduction, which had nothing to do with the possibility of accessing Fund resources. Regarding item B8, counterpart financing, he stated that the states could make financial contributions.

Mr. Marcelo Creão (state of Amapá) highlighted the need to analyze the criteria placed concerning this obligation. He indicated that the previous wording dealt with the degree of the contingency of resources in the federal government budget and explained that this is a decree that the governor defines at the beginning of the year and that can be loosened. He added that the proposal for the new wording deals with the degree of decrease of the state agency. He questioned the ability of municipalities to access resources due to these requirements.

Mr. Everton Lucero (MMA) stressed that the criteria that may be considered are guidelines for analyzing projects and apply to the three federation levels: municipal, state, and federal government. He reinforced the understanding of the additionality of resources criterion as reinforcement so that if the departments applying for projects with the Amazon Fund experience a budget reduction, there is no impediment in requesting these resources by comparison with the budget of the corresponding federative entity. He highlighted that he objectively wanted to avoid replacing the budget with resources from the Fund, as explained above.

Mr. Everton Lucero (MMA) suggested adding the term "direct" to the expression "government budgets". The wording of item B7, after the BNDES's legal department statement, gained the following wording: "projects must comply with the principle of additionality to direct government budgets destined to the Amazon Fund's application areas."

Ms. Juliana Santiago (BNDES) continued to analyze the changes to the document. She reported the removal of criterion C4, long-term continuing services, and communicated the amendment of criterion D2, payment to individuals, with the proposal for a new wording: "Salaries or any type of compensation cannot be directed to public agents, such as civil servants, public servants, or any person who is exercising a public function on an exclusive work regime in any of the three spheres of government (the restriction on the payment of study or research grants specifically related to the project does not apply)".

Mr. Marcelo Creão (state of Amapá) suggested the exclusion of the term “exclusive work regime” since there are public agents who do not work under this regime.

Mr. Luiz Fernandes (state of Pará) proposed using the term “public servant” only.

Mr. Everton Lucero (MMA) then recapitulated the proposal: “Salaries or any type of compensation cannot be directed to public agents, such as civil and public servants,” excluding the excerpt “or any person who is exercising a public function on an exclusive work regime” and keeping the section “in any of the three spheres of government.”

Mr. Luiz Fernandes (state of Pará) proposed the following wording: “or any person exercising a public function.” **Mr. Everton Lucero (MMA)** noted that this wording raises an interpretation issue concerning the definition of the person who is exercising a public function. He evaluated that the scope is being expanded beyond public and civil servants, reaching anyone exercising a public function.

Mr. Luiz Fernandes (state of Pará) stated that the proposal for the current new wording leaves the question open and suggested excluding the term “public servants.”

Mr. Everton Lucero (MMA) claimed that the suggestion is basically to refer to public agents such as civil and public servants and that this already represents a restriction on paying salaries. He stated that the bond issue is already included when talking about public agents such as public and civil servants. If the goal is to add workers other than public and civil servants, he considered it relevant to describe the government bond regime, even if the term exclusive work is too strict.

Mr. Juan Scalia (FUNAI) reported that it was important to eliminate the term “any” and perhaps emphasize the bond with the payroll.

Mr. Adalberto Val (SBPC) expressed his concern about the text in parenthesis since the payment limitation to civil servants is presented, and then it provides for the subsequent opening for payment study grants.

Mr. Everton Lucero (MMA) claimed that the wording seeks to explicitly state that a school grant is not a salary and can be paid when related to the project, regardless of salary. He explained that whoever receives a school grant will not be restricted from receiving it through a project.

Ms. Daniela Baccas (BNDES) recalled that the Budget Guidelines Law allows this exception for research grants, so there was always the possibility of payment to grantees, even if they are civil servants. She said that the Constitution does not allow payments to public servants and agents who already have their payroll assigned to another public entity. She concluded that regardless of the wording, the prohibition arises from the constitution and the Budget Guidelines Law.

Mr. Luiz Fernandes (state of Pará) argued that everyone who performs a public function is compensated by law. He mentioned that exclusive commitment makes it impossible to hold another position, although there are servants who can independently have another job.

Mr. Everton Lucero (MMA) stated that he understands that the concern refers specifically to the exclusive work regime. He asked Ms. Daniela Baccas if this exclusion would harmonize the wording.

Ms. Daniela Baccas (BNDES) stated that she did not see any problem in removing the expression.

Mr. Everton Lucero (MMA) consulted the members if it would be possible to accept the suggestion of secretary Luiz Fernandes to remove only the expression “in an exclusive regime” and keep the rest until “or any person who is exercising a public function in any of the three spheres of government,” also keeping what is in parentheses. Since no objection was presented, the matter was concluded.

Ms. Juliana Santiago (BNDES) reported that there was no change in group E. As for group F, “resource application limitations,” she reported a technical change in the definition of micro, small, medium, and large companies, aiming at an alignment of values in terms of gross operating income.

Mr. Everton Lucero (MMA) started the discussion on item G “Guidelines and Criteria for the Application of Amazon Fund's Resources in projects to develop deforestation monitoring and control systems in other Brazilian biomes.”

Ms. Adriana Ramos (ISA) requested clarification regarding the public notice published and later suspended by the Ministry of the Environment for contracting additional services for monitoring deforestation. She stated that questioning the legitimacy of the National Institute for Space Research's (Inpe) work is worrying for the Amazon Fund, which was based on the 30 years of work of the Project for Deforestation Satellite Monitoring the Legal Amazon (Prodes), and that its history is marked by the dialogue with Inpe's new initiatives to deal with the new challenges and monitoring needs.

Mr. Adalberto Val (SBPC) complemented the matter by reporting that both SBPC and the Brazilian Academy of Sciences (ABC) sent files to the President and the Minister of the Environment because they understand that this public notice represents a devaluation of Inpe, an institution of great importance for Brazil.

MR. Everton Lucero (MMA) understood that the discussion would not be relevant to the Committee and reported on a clarification note issued jointly with the Ministry of Science, Technology, Innovations, and Communications on May 5, in which both ministries make public the understanding that the auction was intended to meet the MMA's demands linked to other entities, without conflict of interest between MMA and MCTIC nor overlapping services, to optimize the work. Inpe, he continued, has been carrying out excellent work since 1998 in monitoring deforestation in the Legal Amazon, with broad and well-deserved national and international recognition, and will continue to do so. He reported that the agreement by MMA was only intended to increase the efficiency and capacity of environmental management, helping execute and evaluate public environmental policies with greater transparency and standardization of procedures.

Ms. Andrea Portela (MCTIC) highlighted the need to improve communication between agencies and between agencies and the country to ensure transparency for the country and donors.

Mr. Luiz Fernandes (state of Pará) commented that the state of Pará recently opened the Environmental Monitoring Center (Cimam) with its own resources. He reported a discussion on the methodology used, mainly by Inpe, within the Forum of Environment Secretaries of the Legal Amazon.

Mr. Raul Oliveira (MMA) resumed the discussion on criterion G, reporting that the new proposal for the wording of item G4 “scope” includes, in addition to CAR, the integration of state forest management data to Sinaflor as part of the environmental control systems. Regarding the minimum conditions for projects, item G7, social engagement, he reported that the section “projects related to the attributions of public bodies, or the establishment of public policies do not

necessarily require the consent of the beneficiaries” was removed. He reported that the wording “BNDES will provide a standardized tool for the integration and dissemination of updated information on the implementation of all projects” was also deleted in item G12, advertising and transparency.

Ms. Andrea Portela (MCTIC) questioned whether the addition made to item G4 intends to try to bring a scope of support around the states' environmental control systems.

Mr. Raul Oliveira (MMA) stated that the intention was to add an element that involved integration with forest control systems, specifically Sinaflor, arising from a legal obligation provided for in article 35 of the Forest Code. He explained that the integration of the system of all environmental agencies will occur regardless of specific initiatives or customizations. It is the same logic applied to CAR, he said. At Sinaflor, he explained, the production chain itself is not limited to the Amazon; it extends to other states and, as the system is already being implemented, an opportunity for support beyond the Legal Amazon was envisioned.

Ms. Juliana Santiago (BNDES) recalled that item G3, scale, establishes that within the scope of support outside the Legal Amazon in Brazil, priority shall be given to projects aiming at monitoring systems per biome of permanent nature that contribute to a national scale monitoring and of a system to control deforestation, burnings, and forest fires, according to prevention and control plans. She reported that the complement determines that CAR is a control system, like Sinaflor.

Mr. Juan Scalia (FUNAI) suggested a broader reading of the monitoring definition. He highlighted that there is an established concept of monitoring deforestation, usually performed via satellite, but it is possible to evolve to other types of control. He mentioned the protocol established by ICMBio and Ibama for monitoring biodiversity for large enterprises. He stated that the general protocols of some autonomous agencies, which are now shared with the states, feed the production of common data and other types of important indicators for understanding the Amazon biome and others, even water resources and in other states outside the Amazon region. He questioned the decision made at the last meeting on the possibility of including in the ad referendum text the study of other monitoring forms as a work to be carried out in this biennium.

Mr. Everton Lucero (MMA) added that the point raised by the FUNAI representative is the question of how to interpret what a monitoring system is – whether it is computerized or a system that involves traditional communities. He considered that this is an interpretation matter that does not fit the criteria definition because the idea of scale refers to monitoring systems in line with what the decree establishes as a biome and which will have priorities, i.e., they will not be exclusive. In the scope, he continued, two types considered as part of the environmental system were mentioned, CAR and Sinaflor, just to make it explicit, without excluding any other system.

Mr. Jair Schmitt (MMA) reported that this issue had already been raised in previous discussions, and there is a predisposition on the part of the involved stakeholders to build a design on monitoring, even including their own legal understanding.

Mr. Luiz Fernandes (state of Pará) commented that this integration is as fundamental as the environmental, rural, and national registries and Sinaflor, considering it relevant to think about integrating these data.

Ms. Andrea Portela (MCTIC) formally registered MCTIC's interest in participating in the discussion on monitoring systems.

Mr. Everton Lucero (MMA), as recommended by the SBPC representative, reported that item G18, payment to individuals, was also amended to harmonize with item D2, in which the expression “in exclusive work regime” was excluded.

Ms. Juliana Santiago (BNDES) pointed out that in table H, which establishes guidelines and criteria for the Amazon Fund's support in other tropical countries, item H3, scope, previously destined to minimum condition items, was reallocated to the guiding criteria. She also reported that the understanding of this criterion was expanded to include: "the preparation of action plans to reduce deforestation; the development of measurement platforms, reporting, and verification of data on forest cover; and the organization, management, and availability of information on the forest suppression process, such as management plans, authorizations, licenses, marketing and transport guides, and other forest control documents." The support for the creation and improvement of traceability systems for forest products was also included (definition of methods and procedures, development of a database and information management systems).

He highlighted that in item H7, conversely, the definition of additionality replicates the one previously discussed in item B7: "the following aspects may be considered: average direct budget executed in the two previous years in the public budget invested in the proposed action; changes on the budget of the responsible institution or body compared with the budget of the federative entity to which it is linked or integrated (compared to the previous year); and forecast in the current government multi-annual plans. Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms".

Mr. Everton Lucero (MMA) highlighted the need to amend item H15, removing the "exclusive work regime" to harmonize with the items previously discussed.

Ms. Juliana Santiago (BNDES) started a debate on the focuses for the 2017-2018 biennium, listed in Table I. She reported that in item I1, the following sentence was included: "Should no revision of these focuses have occurred by December 31, 2018, the focuses herein defined will remain in effect until the immediately subsequent meeting of the Amazon Fund Steering Committee or until the new guidelines are approved."

In item I2, conditions for supporting the states, Ms. Santiago reported the inclusion of the wording: "... giving priority to new projects submitted by states that are integrated into the National Forest Products Origin Control System – SINAFLOR, in compliance with article 35 of Law No. 12651/2012", after the excerpt "whether funded by Amazon Fund's resources, its own resources, or resources arising from other sources."

Mr. Marcelo Coelho (state of Maranhão) suggested replacing "integration" with "adhesion" to SINAFLOR in item I2 to make the states suitable for the support conditions.

Ms. Luzimeire Ribeiro (state of Tocantins) expressed her agreement with the concern raised by the state of Maranhão representative about prioritizing the states that will be integrated into Sinaflor. She argued that this integration is beyond state governance. She also suggested framing forest restoration as a focus for this biennium as a priority.

Mr. Everton Lucero (MMA) communicated that an attempt was made to address this concern by emphasizing that the states integrated into SINAFLOR will not be prioritized as an absolute condition to value those that have made the most progress in integrating the system. He then suggested adding the sentence "or being integrated into Sinaflor" right after the "giving priority to new projects submitted by states that are integrated" to address the states' demand regarding the term so it can be done throughout this year.

Ms. Juliana Santiago (BNDES) then read the final wording of item I2: "The support for new projects submitted by state governments will be subject to the condition that the interested state being is in the process of implementing CAR in its territory, whether funded by Amazon Fund's resources, its own resources, or resources arising from other sources, giving priority to new projects submitted by states that are integrated or being integrated into the National System for Controlling the Source

and Forest Products – SINAFLOR, in compliance with article 35 of Law No. 12651/2012. Agreements entered between the Amazon Fund and the states of the Legal Amazon should require the states to review their State Deforestation Combat Plans (PPCDs), if they are outdated, and require the preparation and disclosure of annual monitoring reports of their PPCDs.”

Ms. Juliana Santiago (BNDES) then moved on to item I3, exceptionality to the condition of additionality of resources in the Legal Amazon. She reminded everyone that COFA decided to include this criterion in 2016 and communicated that the proposal for the 2017-2018 biennium is that the wording remains the same, with some adjustments at the end: “projects that aim to continue or improve environmental inspection and deforestation control presented by state or federal public agencies or institutions with the legal authority to perform inspection actions, within the scope of the National Environment System – SISNAMA, may be exceptionally exempted from the minimum request of additionality of resources mentioned in item B7. To this end, it will be necessary to formally consult the Ministry of the Environment and to present a statement from the proposing body/institution, in the sense that there is no source of available resources for the requested financial support. The technical justification and statement are mandatory documents and must be attached to the proposal to be formally filed with BNDES, which will verify, for purposes of classification, the project's adherence to the condition in the scope of the donation agreements to the Amazon Fund.”

Mr. Luiz Fernandes (state of Pará) questioned whether the technical justification that must be formally presented to the Ministry of the Environment, present in item I3, is intended only for state governments or also for the federal government. He questioned whether a statement from the state confirming the prior consultation with the Ministry would not suffice. He also suggested including a reference to the MMA's response, “or did not respond within a specific term, within x days.”

Mr. Marcelo Creão (state of Amapá) questioned the purpose of the consultation with the Ministry of the Environment and of the statement of the proposing organ/institution in the sense that there is no source of available resources for the requested financial support in item I3.

Mr. Rogério Campos (state of Roraima) expressed his concern about the subjectivity of the analysis of the necessary documentation.

Mr. Everton Lucero (MMA) recalled that this item was included in the previous guidelines. He stated that the suggested deadline does not match the document, being an unnecessary detail at this guidelines level. He also stated that given the MMA's relevant role in conducting and coordinating Sisnama, complying with its federative jurisdiction, this consultation/statement is necessary and that, therefore, any change in the wording must be minimal. He also reported that the MMA's statement was already a consensual requirement aiming to constitute an integrated and complementary inspection process between the Ministry and the IBAMA and state actions. He stressed that it is imperative to be certain that there is a need for implementing national policies within the National Environment System, and besides this, to ensure that a justification that there are no resources sources available for the state to undertake the action be presented.

Mr. Gabriel Visconti (BNDES) emphasized that this statement is only necessary for exceptional cases in which the projects are subject to the additionality exception and not for a traditional project. He added that only in the case of considering a project exceptional will the Ministry of the Environment carry out an assessment and forward it to the BNDES.

Mr. Luiz Fernandes (state of Pará) registered his disagreement regarding this obligation since it may hinder the project.

Mr. Jair Schmitt (MMA) stated that it is necessary to create practical and immediate solutions to contain the advance of deforestation, and exceptionality has to be characterized to some extent,

being important not only the project proponent's statement but mainly the responsibility of this verification by the MMA, as the policy coordinator, also meeting its obligations with the Amazon Fund. He emphasized the contractual responsibility issue regarding donors and the role played by the Ministry and that the expectation is not to use exceptionality since there is a whole design for project solutions so that progress can be normally achieved.

Ms. Juliana Santiago (BNDES) clarified that in item I7 of that same document, regarding the monitoring and control axis, the inspection and fight against environmental crimes and infractions are a priority for the Amazon Fund's support. In this sense, she continued, it was established that the Amazon Fund can support inspection, investigation, and combat actions against environmental crimes. She reported that if the project is an additional one, there is no need to consult the Ministry.

Ms. Juliana Santiago (BNDES) then moved on to the criteria related to operational modalities (items I4, I5, and I6). She explained that these items were now introduced earlier in the document because of their importance. Regarding item I4, she informed the change in the wording for science and technology projects: "the focuses defined herein will be supported through the direct presentation of structuring projects or projects selected through public calls promoted directly by the Amazon Fund (BNDES) or through partner institutions. The support for scientific and technological development projects will be exclusively carried through the so-called public modality (promoted directly by the Amazon Fund/BNDES or through partner institutions) or through structuring projects that aim to subsidize the formulation or implementation of public policies, according to criteria to be defined by COFA. The Amazon Fund Steering Committee (COFA) may define guiding criteria to induce the presentation of projects adhering to the biennium's operation focuses, which establish aspects such as target audience, minimum scope, supportable items, deadlines, and other conditions."

Ms. Santiago communicated that, in item 5, the definition of structuring project remains the same and that it may be proposed by (a) federal government entities; (b) state government entities; (c) private non-profit organizations; and (d) companies.

Ms. Andrea Portela (MCTIC) requested clarification on the public call for scientific and technological development projects and structuring projects aimed at the formulation and implementation of public policies.

Ms. Juliana Santiago (BNDES) commented that the call for projects aims to outline which projects are relevant for the implementation of a public policy. She clarified that the science and technology modality usually takes place through public calls, an actual mobilization of institutions resulting from the maturing of the intention – which existed in the previous focuses – of directing projects to objective deliveries that offer inputs for implementing deforestation combat policies. She stressed that public calls do not need to be made by the Amazon Fund but may be carried out by a partner institution; thus, the MCTI, for instance, would be a candidate. She invited the MCTIC to engage in the process of defining priorities for this axis within the scope of the Amazon Fund's operation.

Mr. Everton Lucero (MMA) questioned whether the wording of item I4, regarding the formal procedure to justify the choice of proposing institutions in the case of science and technology, research, and development projects, would not limit or bring an unjustifiable bureaucratic and operational burden in a guidance document.

Ms. Daniela Baccas (BNDES) claimed that in projects for conducting studies and producing products and services to subsidize a public policy implemented and executed by public institutions, the public agency is responsible for this demand. She clarified that, within the scope of the public sector legislation, there are formal and normative procedures that guide and establish how the public entity

will choose who will deliver the study, product, or service, according to Law No. 8666. She reported that, given the large number of administrative procedures that could be chosen, these were not listed in the text so that there would be no restriction.

Ms. Andrea Portela (MCTIC) stated that the structuring projects wording will cause damage because the formal procedure for choosing an institution, especially in the Amazon region, is very complicated and, given the scope of a structuring project, it will hardly be carried out by a single institution but by a consortium of institutions in which the leading institution is a traditional one. She suggested modifying the wording to allow institutions with recognized competence and tradition and which have technical staff and teams working in the Amazon region to submit their proposals, including in the form of consortia, without a formal procedure.

Mr. Marcelo Creão (state of Amapá) recalled the existence of formal procedures for projects and emphasized that this wording creates another step for research institutions in the Amazon to follow. He reported that the state could select the project proponent.

Mr. Antônio Andrade (state of Amazonas) questioned whether the state could present the project directly through an agency such as the state of Amazonas Research Support Foundation (Fapeam), a spontaneous demand in which this institution would not compete with the National Institute for Amazonian Research – INPA or the Museu da Amazônia – Musa, for example, in a public call.

Ms. Andrea Portela (MCTIC) stated that the wording “public and relevant bodies interested in products and services” does not restrict the Ministry of the Environment because it is not up to this Ministry to designate an institution.

Mr. Everton Lucero (MMA) proposed the text “relevant public bodies interested,” not just the Ministry of the Environment.

Mr. José Antônio Marcondes (MRE) questioned whether it is possible to make a public call without having an already allocated resource without it representing a deviation from the public bidding rule.

Ms. Andrea Portela (MCTIC) agreed with the question raised and stated that it is a solution not to restrict the statement to the Ministry of the Environment but to the body interested in the study.

Mr. Gabriel Visconti (BNDES) suggested that a posterior meeting be held to develop specific criteria for structuring scientific and technological development projects.

Mr. Everton Lucero (MMA) announced that there will be a process to develop criteria for structuring projects focused on scientific and technological development. The Ministry of Science, Technology, Innovations, and Communications (MCTIC), represented by Ms. Andrea Nunes, showed interest in participating in the meeting. The wording of item I4 became: “The support for scientific and technological development projects will be exclusively carried through the so-called public modality (promoted directly by the Amazon Fund/BNDES or through partner institutions) or through structuring projects that aim to subsidize the formulation or implementation of public policies, according to criteria to be defined by COFA.”

Then, the discussion on the focuses of the monitoring and control axis (criteria I7 to I10) took place.

Ms. Juliana Santiago (BNDES) reported that item I7, inspection and fight against environmental crimes and infractions, was included with the following wording: “promotion of inspection, investigation, and fight against environmental crimes and infractions, including support to (i) increase the capacity for environmental inspection,

investigation, and combat of federal and state governments; (ii) integrate state intelligence and inspection systems with federal systems; (iii) integrate inspection actions involving state environmental agencies, IBAMA, FUNAI, and ICMBio; (iv) integrate computerization of state forest management data to SINAFLO, including authorizations for vegetation suppression and management plans; and (v) the destination of seized goods."

Ms. Juliana Santiago (BNDES) reported a small insertion in item I8, implementation and effectiveness of the Rural Environmental Registry (CAR) and environmental regularization, suggested by the COFA caucuses at the previous meeting to specify indigenous and quilombola lands, already supported by the Amazon Fund: "Promotion of the environmental regularization process through: (i) support for small properties or rural family possessions (up to 4 fiscal modules), indigenous, and quilombola lands entering the Rural Environmental Registry (CAR)."

Mr. Juan Scalia (FUNAI) mentioned the inclusion of support for CAR registration in indigenous and quilombola lands in the wording of item I8. He pointed out that in the case of the former, there is a normative instruction that defines that the lands are automatically registered. He then suggested deleting both and adding them to environmental recovery programs.

Ms. Adriana Ramos (FBOMS) clarified that in the case of quilombola territories, there are both government and community initiatives to carry out their registration. She recalled that nothing prevents an indigenous association from requesting land registration of an area that is not yet in the formal recognition process since CAR is self-declaratory. She stated that it would not be necessary to remove what would be in a broader scope in the text.

Ms. Adriana Ramos (FBOMS) suggested that the PNGATI – National Policy for Territorial and Environmental Management in Indigenous Lands be included within the existing sub-items or in an extra sub-item within the Fund's guidelines. She pointed out that in PNGATI's axis 1, territorial protection of indigenous lands, item A highlights the environmental promotion, protection, inspection, surveillance, and monitoring of indigenous lands and their limits and that, therefore, this point should be highlighted as a priority.

Ms. Juliana Santiago (BNDES) proceeded to item I9, preventing and combating the occurrence of forest fires. She explained that the following paragraph was added: "to promote the integration of information on burning authorizations issued by the states with the National Fire Information System – Sisfogo through the support for systems integration."

Mr. Jair Schmitt (MMA) asked if it would be allowed to hire firefighters or if they would be considered public agents.

Ms. Daniela Baccas (BNDES) clarified that it depends on the legal regime for hiring firefighters. If the hiring is under a civil servant regime, it would be characterized as a public budget responsibility, generating conflict for the Fund's support and making its hiring unfeasible.

Mr. Marcelo Creão (state of Amapá) suggested outsourcing hiring as an alternative solution.

Ms. Daniela Baccas (BNDES) stated that it would not be necessary since the hiring regimes are defined by the administrative and legal procedures of the public body itself. She argued that it is a regulation matter pertinent to the specific public entity, not needing to be defined in the guidelines.

Based on the explanation given by the BNDES legal officer, **Mr. Everton Lucero (MMA)** concluded that there is no impediment to support as long as the appropriate hiring method is adopted. It was then defined that the wording of item I9 would be maintained.

Ms. Andrea Portela (MCTIC) suggested including in item I10, improvement and strengthening of vegetation cover monitoring, the following excerpt: “from the dynamics of land use change”.

The discussion on the focuses for promoting sustainable production activities axis took place (criteria I11 to I18). **Ms. Juliana Santiago (BNDES)** presented the wording of item I11, which deals with economic activities for the sustainable use of the forest and biodiversity: “structuring, strengthening, and consolidating the production chains of socio-biodiversity and sustainable family agriculture, including enhancing the extractive economy, timber and non-timber forest management, aquaculture and fishing arrangements, agroecological and agroforestry systems, community-based tourism, sustainable livestock, and technical assistance for these activities”.

She reported that in item I12, Bolsa Verde Program and payments for environmental services, the following wording was added: “strengthening of the Environmental Conservation Support Program – Bolsa Verde and incentives for community-based environmental and ecosystem services”.

Mr. Antônio Andrade (state of Amazonas) mentioned that the state of Amazonas runs the Bolsa Floresta [Forest Grant] and questioned how public policies related to social, infrastructure, and income generation aspects would be covered in this axis.

Mr. Everton Lucero (MMA) clarified that when addressing incentives for community-based environmental and ecosystem services, the initiatives mentioned by the representative of the state of Amazonas are generically contemplated.

Ms. Juliana Santiago (BNDES) added that the Amazon Fund is the main funder of the Bolsa Floresta [Forest Grant] program.

The discussion on the focuses moved to the land and territorial planning axis (criteria I14 to I18). **Ms. Adriana Ramos (FBOMS)** expressed her concern about the nominal mention of the Terra Legal Program in item I14, considering the substantive changes that it has undergone and that may mischaracterize its focus on sustainability and the prevalence of public interest. On the other hand, she highlighted that excluding this mention will not prevent the Amazon Fund from supporting it.

Since no objection to the suggestion of Adriana Ramos (FBOMS) was presented, Mr. Everton Lucero (MMA) excluded the section “Strengthening the Terra Legal Program” from item I14.

Ms. Juliana Santiago (BNDES) announced the inclusion of item I15, territorial planning, with the following wording: “support for preparing, reviewing, and detailing the ecological-economic zoning (ZEE), contemplating training actions for government and society managers and technicians, and support for formulating action plans that provide for the ZEE application in other public policy instruments, such as the Multi-annual Plan, Environmental Regularization Programs, environmental licensing, granting of rural credit, and granting of rights to use water resources.”

Mr. Jair Schmitt (MMA) questioned whether item I16, which specifically mentions indigenous lands and PNGATI, would not address the issue previously raised by the FBOMS representative. **Mr. Adriana Ramos (FBOMS)** stated that this highlight is part of the territorial land planning axis, and PNGATI has a specific focus on protection and surveillance. Thus, she claimed that the idea is to consider the issue in the monitoring axis.

Mr. Everton Lucero (MMA) suggested changing the end of the wording of item I16, making explicit mention, even regarding the protection and surveillance of indigenous lands. Therefore, the wording was amended with the following text: “Support for the preparation and implementation of territorial and environmental management plans for indigenous lands,

in line with the National Policy for Territorial and Environmental Management in Indigenous Lands – PNGATI, including concerning the protection and surveillance of indigenous lands”.

Ms. Juliana Santiago (BNDES) reported that in item I17, the definition of protected areas was extended, and the following was included: “support for the formation of wildlife corridors, connecting public and private lands, through, among others: (i) creating conservation units; (ii) improving the environmental and territorial management of protected areas, including permanent preservation areas (PPAs), legal reserves, and restricted use areas; (iii) recovering degraded areas, observing the provisions of item I13; and (iv) formalizing agreements for the maintenance of the wildlife corridors”; the following paragraph was also added: “support for the recovery and maintenance of priority areas for managing conservation units in buffer zones, provided that the support will be limited to small properties or rural family possessions (up to 4 fiscal modules).”

Mr. Juan Scalia (FUNAI) suggested an adjustment to the terminology used in item I17, replacing “support for the creation and consolidation of protected areas, conservation units, and indigenous lands” with “support for the creation, recognition, and consolidation of protected areas (conservation units and indigenous lands).

Mr. Antônio Andrade (state of Amazonas) commented that there is a gap regarding the support from municipal protected areas.

Ms. Juliana Santiago (BNDES) clarified that a single municipality project often does not meet the structuring criterion, but a larger state project, which includes municipal projects, tends to meet this criterion.

She then reported the inclusion of item I18, settlements, with the following wording: “support for environmental and land tenure regularization of settlements, including the implementation of the “Green Settlements Program” (Program for Prevention, Combat and Alternatives to Illegal Deforestation in Amazon Settlements)”.

Ms. Juliana Santiago (BNDES) noted that with the inclusion of the 4th axis of PPCDAM's new phase, support, and stimulus to economic instruments, the focus “scientific and technological development” is now called “science, innovation, and economic instruments”. She then moved on to the discussion on the science, innovation, and economic instruments axis (criteria I19 to I24).

She participated in the amendment of item I20 wording, sustainable production activities, with the inclusion of the following parentheses: “(including the choice of species, seed management, and methods to optimize recovery)” after “recovery of degraded areas.”

Ms. Santiago continued by informing that item I22, studies, projections, and simulations, was added with the following wording “support for studies, projections, and simulations related to land use and cover that aim to support the preparation and implementation deforestation combat policies and aiming at reducing greenhouse gas emissions resulting from deforestation, according to criteria to be defined by COFA.”

Item I23, community financing, was also included: “support for the structuring and contribution of financial resources in community revolving funds or similar instruments to enable the expansion of value chains in forest management, socio-biodiversity, and agroecology.” Item I24, promotion of the public procurement policy, was also included on that occasion: “support for the expansion of the public procurement policy of products originating from forest management, socio-biodiversity, and agroecology, aiming to give them support and greater scale.”

Ms. Andrea Portela (MCTIC) requested clarification on item I23, community funding, asking about direct support for funds managed by communities. She asked whether these projects should meet specific criteria, which are not generic to all axes, so they can be accepted.

Ms. Juliana Santiago (BNDES) explained that the referred possibility of support was created from a diagnosis that there was an interest in promoting revolving funds to finance production and advance resources for future delivery production. She pointed out that there is still no project in progress within these frameworks and that the objective is to promote them and establish the necessary requirements for such.

Ms. Adriana Ramos (FBOMS) stated that this topic deserves a proposal for guidelines to be defined.

Mr. Everton Lucero (MMA) announced the discussion of the next group regarding the Amazon Fund's support in Brazilian regions outside the Legal Amazon (criteria I25 to I27).

Ms. Juliana Santiago (BNDES) reported that in item I26, deforestation monitoring systems, the sentence "in other Brazilian biomes" was replaced by "in regions beyond the Legal Amazon." The following paragraph was also included: "to promote the integrated computerization of state forest management data to the National Forest Products Origin Control System – Sinaflor, including authorizations for the vegetation suppression and management plans."

Ms. Adriana Ramos (FBOMS) suggested including an item on protection and surveillance of indigenous lands for the other biomes in item I26, deforestation monitoring systems.

Mr. Everton Lucero (MMA) supported the suggestion based on the idea of a broader concept of monitoring systems and considering the suggestion previously made by the FUNAI representative. He decided, jointly with the members of COFA, that support for the protection and surveillance of indigenous lands could be included in item I26.

Ms. Juliana Santiago (BNDES) proceeded with the discussion on the document reporting a small amendment of item I27 wording, deforestation monitoring systems in other tropical countries, including the controlling deforestation in other tropical countries issue. She then reported the final wording proposal: "support for projects that contribute to the creation or improvement of forest cover monitoring systems and deforestation monitoring systems in other tropical countries, following the current guidelines and criteria (see items H 1 to H 17)."

Next, the consolidation of the Amazon Fund's "Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium" was considered approved by COFA with the amendments introduced by the Committee members at this meeting.

– Decisions and arrangements

- COFA approved the "Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium".

2. Approval of the Minutes of Topics and Decisions (MTD) of the 21st Meeting

Mr. Everton Lucero (MMA) asked the Committee members if there were any proposals to adjust the wording of the MTD of the 21st COFA Meeting. As there was no proposal for amendments, the MTD of the 21st COFA meeting was unanimously approved.

3. Approval of the 2016 Amazon Fund's Annual Activity Report

The discussion moved on to the approval of the 2016 Amazon Fund's Annual Activity Report. **Mr. Everton Lucero (MMA)** informed that the draft report had been previously electronically distributed to all COFA members and gave the floor to Ms. Angela Skaf (BNDES) to present the referred report.

Ms. Angela Skaf (BNDES) mentioned the two-part structuring of the report: the first part encompasses governance structure, fundraising, monitoring and evaluation, and communication, and the second specifically addresses supported projects, covering completed projects, projects approved in the current year, and projects under implementation approved by 2015.

She recorded the two Amazon Fund Steering Committee (COFA) meetings held in 2016. She recalled that at the first meeting, a new Amazon Fund support focus was approved: the exceptional exemption of the additionality of resources condition; and that at the second meeting, COFA members recognized the change in the area covered by the Fund: from the Amazon Biome to the Legal Amazon. Furthermore, she highlighted that the Amazon Fund Technical Committee (CTFA), which meets annually, approved at the 2016 meeting the limit value of USD 2.5 billion for funding the Amazon Fund for the 2015 forest year.

Ms. Skaf stressed that the Amazon Fund is committed to information transparency and that documents such as CTFA and COFA minutes, technical notes, and donation certificates are available on the Fund's website.

She informed that in 2016, eight new projects were approved, amounting to BRL 196 million, and BRL 134 million were disbursed. She highlighted that the total amount of support from the Amazon Fund totaled BRL 1.396 billion, and the total disbursed to projects totaled BRL 652 million over the years. She reported that the Amazon Fund's portfolio has 86 projects approved, of which 12 were completed.

Ms. Angela Skaf (BNDES) also pointed out that in 2016, donations were made from Norway and Petrobras, the main donation made by Norway, amounting to BRL 330 million.

She explained that for each completed Amazon Fund project, the BNDES team prepares an evaluation report on the project's results based on the beneficiaries' reports and the monitoring reports of the bank's technical team. This evaluation includes all deliverables, indicators, result sustainability, and lessons learned.

Ms. Angela Skaf (BNDES) highlighted the monitoring and evaluation chapter, stating that it is the activity report's most dynamic chapter because it summarizes the results and deliverables of all ongoing and completed projects. She mentioned the Amazon Fund's logical table and its four components: sustainable production, monitoring and control, territorial planning, and scientific and technological development. She stressed that the name of this last axis will undergo a change for the next report, including economic instruments.

Ms. Skaf (BNDES) reinforced that for every project supported by the Amazon Fund, a logical table is set up together with the beneficiary, in which indicators and targets are stipulated, which

are later aggregated for the preparation of this chapter. Furthermore, she communicated that results and impacts are being consolidated, bringing together both product and service indicators and impact indicators.

Mr. Everton Lucero (MMA) thanked the presentation and proceeded to approve the Activity Report.

Mr. Mário Cardoso (CNI) noted the need to review the indicators so that they relate to the goals to which they refer.

Ms. Milena Medeiros (President's Chief of Staff) drew attention to the low percentage of disbursements from the Amazon Fund over the years.

Mr. Everton Lucero (MMA) clarified that this is a recurring topic at COFA meetings and that there is a constant concern regarding the projects' execution level and ways to improve resource use.

Ms. Angela Skaf (BNDES) clarified that the range of the indicators is dynamic. She emphasized that the indicators change over time according to the focuses prioritized for the biennium. She cited as examples the CAR and the PNGATI indicators, which were created as required by government policies in force.

Furthermore, Ms. Skaf shared that BNDES is working with the Ministry of the Environment and GIZ to structure an effectiveness evaluation for the Amazon Fund.

She also added that effectiveness assessments of completed projects (ex post assessments) are being carried out and can be found on the Fund's website.

Since all agreed, the 2016 Amazon Fund's Annual Activity Report was unanimously approved.

– Decisions and arrangements

- COFA approved the 2016 Amazon Fund's Activity Report.

4. Approval of thematic public calls for the 2017/2018 biennium: consolidation of socio-biodiversity production chains; operations in agrarian reform settlements; vegetation recovery in deforested areas; and support to municipalities.

Ms. Juliana Santiago (BNDES) stated that the total donations from the Amazon Fund so far amount to BRL 2.9 billion and that 88 projects are being supported, totaling BRL 1.4 billion.

She explained that focus was given to the promotion of sustainable production projects that had capillarity, engaged other agglutinating institutions and that, through them, it was possible to reach approximately 350 partner institutions, which would represent a total of more than 100,000 benefited people, slightly more than BRL 90 million in income generation in three years of project implementation, and nine million hectares of managed forests.

Ms. Juliana Santiago (BNDES) pointed out that CAR remains a support priority for the last biennium, with the Fund supporting 14 projects, and reported that three more projects are under review.

She stated that public calls are a significant inducer of promising projects in relevant thematic areas. She explained that public calls provide legitimacy, visibility, and transparency in selecting projects and that the successful implementation of projects is proven after the project selection and approval process.

Ms. Santiago emphasized the challenge of engaging the private sector in preventing and combating deforestation, combining the efforts, commitments, and socio-environmental responsibility of these institutions with the efforts and investments made by the public sector, especially by the Amazon Fund. Then, she gave the floor to Mr. André Ferro (BNDES).

Mr. André Ferro (BNDES) presented the first public call for consolidating production chains. He explained that efforts are being concentrated on this call, which covers the largest budget amount and the largest number of projects to be supported. He reported that the draft of the second public call for settlement and agrarian reform is ready, but it will still take some steps until it is submitted to the BNDES's board. He mentioned that the third call referring to vegetation recovery in deforested areas is still under study.

Mr. Ferro highlighted that the call for consolidating production chains is directly linked to the Amazon Fund's goal of maintaining the economic attractiveness of the forest standing. He reinforced that the public call's emphasis was given to the sustainable productive activities axis, essential within the policy to combat deforestation.

Mr. André Ferro (BNDES) pointed out the following as challenges: constructing an integrated strategy for the productive chains in the territories, creating a flow and sustainability for the chain; strengthening the social and productive organization of the local population; and expanding access to financial and credit instruments to give autonomy to the population.

He stated that around BRL 390 million were allocated to support this axis of the Fund, and such resources were applied in 50 projects that have some sustainable productive activity (APS) action, with 38 projects performing predominant APS actions. He recalled that the first public call for this type of project was carried out in 2012, selecting 18 projects, of which 13 were supported, totaling BRL 65 million.

Mr. Ferro explained that the 2017 call was designed based on the Amazon Fund/BNDES team's experience in sustainable production activities projects, which sought to stimulate a vision of a value chain focusing on trade, as this was identified as one of the bottlenecks for the sustainability chain. Besides, the call aims to support structuring projects, ensure that the Fund's resources reach its target audience, and encourage the private sector involvement.

Following those lines, he explained that the public call's target audiences are traditional peoples and communities, indigenous peoples, agrarian reform settlers, small-scale fishers, family fish farmers, and family farmers. He noted that the call will follow the agglutinative model, i.e., through selecting a key institution that will coordinate the work between the institutions of the regional arrangement.

He also communicated that the proposal must include at least three agglomerated entities, and the proposed activities must promote direct benefits to the target audience.

Mr. André Ferro (BNDES) expressed that the call's total value will be up to BRL 150 million, and the cost of the projects may range from 10 to 30 million Brazilian reais (up to 10 projects may be supported and forwarded to the BNDES' classification and analysis). He highlighted that the execution period will be up to 48 months and warned that BNDES will only receive other proposals with the same support subject six months after the bank has qualified the selected proposals.

He concluded by reporting that the selection process will consist of four stages: the initial document qualification and preliminary registry evaluation phase, carried out by BNDES; the proposal's classification and selection phase for analysis by a joint committee composed of participants from BNDES and other entities; the qualification phase, carried out by the BNDES's Eligibility, Credit, and Capital Markets Committee (CEC); and the projects' technical and legal analysis phase, carried out by the Amazon Fund Management Department.

Ms. Juliana Santiago (BNDES) requested authorization from COFA so that BNDES can advance in detailing and proposing the proposal model to support thematic public calls for the 2017/2018 biennium, notably on the topics: "socio-biodiversity production chains, settlements, vegetation recovery, and municipalities."

Mr. Everton Lucero (MMA) recorded that MMA believes that this authorization is relevant for preparing a public notice that enables a specific public call for support to municipalities.

Ms. Magaly Medeiros (state of Acre) reinforced that the states' contribution to all public calls is highly important, as they contribute from planning to selection.

Mr. Marcelo Creão (state of Amapá) stated that many organizations and municipalities are not in a position to access the public notices for public calls, suggesting that the states, through the departments of the environment, support in a more significant way the launching of public calls.

Ms. Adriana Ramos (FBOMS) congratulated the Fund's team for preparing the public call proposal for consolidating sustainable production activities, highlighting the discussion work with organizations that already implement projects in a lessons learned strategy. She warned about the need for states to engage the licensing issue for the productive activities of the Amazon Fund's projects.

Mr. Mário Cardoso (CNI) declared that he agreed with the induced demand from the private sector due to the importance of working the chain as a whole. He made the CNI dissemination channel available to disclose the process. Regarding the support to municipalities, he recommended rescuing previous experiences and maintaining coordination of the process among all municipalities.

Ms. Andrea Portela (MCTIC) questioned the methodology used by BNDES to propose the promotion action and whether the allocation of resources for this public call would contemplate the action that causes the greatest possible impact.

Mr. Juan Scalia (FUNAI) questioned the scope of the public notice for socio-biodiversity chains. He made FUNAI available for any project that may affect indigenous lands or their surroundings. He stated that indigenous peoples and FUNAI had shown interest in contributing to the major recovery goals, specifically regarding the public call for recovering degraded areas.

Mr. André Ferro (BNDES) commented that all collaborations are welcome. He clarified that, as it is a public call, the entire Legal Amazon territory is covered without territorial delimitation for acting.

As for the impact, Mr. Ferro pointed out that the pieces of information from the Amazon Fund portfolio were the elements initially used. He stated that over 38 projects are directly linked to the APS axis and that the Fund is accumulating extensive experience regarding the bottlenecks in this type of project. Furthermore, he explained that the executors of these projects are permanent stakeholders and that they participated in the experience exchange workshop of the first BNDES call.

He concluded by stating that at this moment, the Amazon Fund/BNDES team has the knowledge degree necessary to advance to another call.

Mr. André Ferro (BNDES) communicated that the Amazon Fund did not want to restrict the public notice, which would apply to a broader scope of socio-biodiversity chains. He informed that the idea is to support all the chains that are in the thematic focus of the guidelines approved by COFA.

Mr. Everton Lucero (MMA) submitted to COFA's approval the proposal to grant BNDES the authority to carry out four thematic public calls for the 2017/2018 biennium, notably on the topics: "socio-biodiversity production chains, settlements, vegetation recovery, and municipalities." The suggestion was approved by COFA.

– Decisions and arrangements

- COFA decided to grant BNDES the authority to carry out four thematic public calls for the 2017/2018 biennium.

Ms. Juliana Santiago (BNDES) supported the suggestion of having one or more representatives of the Forum of Environment Secretaries as spokespersons for the other secretaries and reinforced the importance of confidentiality, as it is a public call.

Mr. Luiz Fernandes (state of Pará) requested that the report regarding the results of field inspections and combating deforestation by the states be addressed at the next meeting due to the short time. He offered Belém as the venue for the next COFA meeting.

Ms. Claudia Nessi (BNDES) reported the beginning of a round of negotiations with Amazon Fund stakeholders to try to find alternative paths and new ways of acting that allow the expansion of the Fund's operation range, bringing more agility and effectiveness to the process within the scope of the potential of action with the private sector. She highlighted that some of the work's guiding principles had been defined: the importance of increasing the Amazon Fund's operation range observing the principle of multiple uses of the forest.

She also communicated the proposal to prepare designs in which the Amazon Fund's resources are paired with those of the private sector, bringing the latter closer to the Amazon Fund in line with all the regulations and guidelines discussed at COFA. She stressed the importance of adhering to the Brazilian environmental policy. She highlighted the possibility of diversifying the access channels to the Amazon Fund, with the recovery of degraded areas being one of the target areas of this type of action, but certainly not the only one. She also explained that the Amazon Fund/BNDES team had designed some alternatives whose feasibility is under analysis, citing as an example the possibility of combining non-reimbursable resources from the Amazon Fund with structured private capital operations. She explained that this could be done, for example, by structuring a fund with non-reimbursable resources from the Amazon Fund to invest in densifying the socio-biodiversity value chain of local communities and other Amazon Fund target audiences combined with private resources from Brazilian Participation Funds in impact businesses.

5. Presentation of the National Forest Products Origin Control System – Sinaflor

Mr. André Sócrates (IBAMA) started the presentation on Sinaflor by announcing its legal provision in article 35 of Law No. 12651, which provides that IBAMA must develop a national system to control

the sources of timber, charcoal, and other forest products and by-products. He reported that it is an information integration system, mandatory for the states, whose implementation stage has already begun. He mentioned that Normative Instruction No. 21 of 2014 establishes all its regulations.

Mr. Sócrates stated that implementing digital certification in forest origin documents was an important advance from a security point of view and that with this, it was possible to reduce fraud by around 80%.

He informed that Sinaflor integrates other forest control systems of the Brazilian Institute for the Environment and Renewable Natural Resources – Ibama, a solution to launch several functionalities in a single system. He also recorded that it is a system integrated with the CAR, allowing the existence of a centralized database in which all states integrate their data, thus allowing for environmental and forestry management.

Mr. André Sócrates (IBAMA) reported that currently, the state forest control operates within a physical process in which the authorizing process is inserted with its technical documents and technical analysis, and from these processes, the authorizations for exploitation and forest credit are born. He pointed out that there is great difficulty in obtaining data and information on areas authorized to exploit forest areas since, to generate the desired data, each of the processes must be accessed within the environmental agency to which it belongs.

He explained that when the individual receives authorization for logging (through a paper document), their registration is done manually within the Document of Forest Origin – DOF system, which increases the risk of human errors associated with the process and human errors replicated over the whole chain.

Sinaflor, Mr. Sócrates continued, is based on the premise of four macro-processes: integration with CAR; presentation of technical projects; analysis by the environmental agency; and transparency. Regarding the integration with CAR, he showed that it is possible to log into Sinaflor and automatically obtain information on rural properties linked to the Individual Taxpayer Number (CPF) registered in the CAR database.

As for the technical project, he stated that this macro-process adds greater responsibility to technicians and allows entrepreneurs to follow the process and take responsibility for the information forwarded to the environmental agency. He also clarified that data from the exploitation plan for the relevant forestry activity will be registered in Sinaflor, which provides a description of the exploitation modality and information on forest roads and storage yards.

Mr. André Sócrates (IBAMA) detailed the process stating that a standard forest inventory table will be made available to be filled in by the technical officer and forwarded to the environmental agency. From that point on, the system will gather all this information and record it in its database. Thus, it will be possible to centralize the information on all permits issued in Brazil, plus information on forest inventory, wood stock, species currently considered endangered, assessments on these species, and the stock of these species in forests.

He reported that the analysis module will be online and open, allowing the environmental agency to develop its specific analysis, and so will the inspection module, in which the state may manage the content in the way it deems most compatible with its inspection process.

Once analyzed by the environmental agency, the permit will be issued and linked to the DOF system, making it possible to follow the entire legal timber flow, from the origin to its final destination. From the transparency point of view, Mr. Sócrates highlighted that Sinaflor can generate control reports and export data to Excel.

Finally, Mr. André Sócrates (IBAMA) presented the advantages of Sinaflor, highlighting the control of the entire production chain from origin to destination with greater security in the credits availability and generation of management reports to support inspection.

Mr. Rogério Campos (state of Roraima) commented that the implementation of Sinaflor is being positively carried out in the state of Roraima but that the issue of digital signature is still being resolved.

Mr. Marcelo Creão (state of Amapá) commented that Sinaflor will help bring significant indicators to assess the achievement of the Amazon Fund's goals, an issue previously raised by the CNI representative.

Ms. Adelaide Oliveira (FNBFB) commented that the Sinaflor program is a great bet to reduce illegal deforestation, increase transparency, and speed up procedures.

Mr. Mário Cardoso (CNI) expressed CNI's expectations regarding transparency, agility, and simplification of procedures and regarding the security for the buyer as to the origin of raw materials. He noted that there must be a concern regarding the coordination of these data with the National Forest Inventory, which is being built by the Brazilian Forest Service, to use Sinaflor data to generate a list of endangered species.

Mr. Adalberto Val (SBPC) recommended that, within the scope of the Amazon Fund, the adoption of more modern technologies, such as molecular tools from cellular biology and the implantation of chips to keep the forest standing, should be considered.

Mr. André Sócrates (IBAMA) reported that IBAMA believes it is not a problem to leave the digital certification pending until the end of the year, thus reducing the obstacles to implementing the system in the states. Regarding the internet issue, he announced that a technical cooperation agreement had already been discussed with the Brazilian Agricultural Research Corporation – Embrapa to use a system called Planejo as an optional offline tool. Regarding new modules, he explained that Ibama's strategy is to put Sinaflor into operation and, from that point on, to evolve and develop improvements.

6. Setting the next COFA meeting

The next COFA meeting should be scheduled for the second half of August in the states of Belém, Pará.

7. Conclusion

Mr. Gabriel Visconti (BNDES) stated that the 22nd COFA meeting was very productive. Regarding the public calls, he pointed out that BNDES will certainly need the support of COFA and MMA. He thanked everyone for their attendance and the Amazon Fund/BNDES team for organizing the meeting.

Mr. Everton Lucero (MMA) took the floor, thanked everyone for their attendance, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Foreign Affairs	Ministry of Science, Technology, Innovation, and Communications
Everton Frask Lucero (S)	José Antonio M. de Carvalho (R)	Andrea Ferreira Portela Nunes (S)
Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Justice – National Indigenous Foundation	Office of the President's Chief of Staff
Pedro Alves Corrêa Neto (S)	Juan Felipe Negret Scalia (R)	Milena Souto Maior de Medeiros (S)
Brazilian Development Bank – BNDES	State of Acre	State of Amapá
Marilene Ramos (R) Gabriel Rangel Visconti (S)	Magaly Medeiros (S)	Marcelo Ivan Pantoja Creão (R)
State of Amazonas	State of Maranhão	State of Mato Grosso
Antônio Luiz Menezes de Andrade (S)	Marcelo de Araújo Costa Coelho (R)	Railda Assis dos Santos (S)
State of Pará	State of Rondônia	State of Roraima
Luis Fernandes da Rocha (R)	Vilson de Salles Machado (R)	Rogério Martins Campos (R)
State of Tocantins	National Confederation of Industry – CNI	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
Luzimeire Ribeiro de Moura Carreira (R)	Mário Augusto de Campos Cardoso (R)	Kleber Luiz Santos dos Santos (R)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	National Forum of Forest Based Activities – FNBF	Brazilian Society for the Progress of Science – SBPC
Adriana Ramos (S)	Adelaide de Fátima G. de Oliveira (A)	Adalberto Luis Val (R)

Absent

Ministry of Development, Industry, and Foreign Trade National Confederation of Agricultural Workers – CONTAG

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

BNDES

Juliana Santiago
Ana Paula Silva
André Ferro
Angela Skaf
Claudia Nessi
Eduardo Bizzo
Fabio Plotkowski
Daniela Baccas
Nabil Moura Kadri

Bernardo Braune
Juliana Alvim
Ana Paula Donato
Cleber Zambarda
Márcio Onodera
Julio Salarini
Patrícia Levitan
Vivian Costa
Mariana Lima

Maria Julia Pinho
Gabriel Areal
Adriana Nazaré
Fernanda Garavini
Pauliane Oliveira
Ludmila Silva Elisa
Andrade Daniel
Otero

Ministry of the Environment (MMA)

Raul Xavier de Oliveira
Jair Schmitt
Gabriel Lui
Welles de Abreu

Embassy of Germany

Triebel Simon

Embassy of Norway

Priscilla Santos
Gunhild Oland Santos-Nedreliid

KfW

Christian Lauerhass

GIZ

Anselm Duchrow
Helmut Eger
Bernardo Anache
Janina Budi
Heliandro Maia

FUNAI

Renildo Santos

IBAMA

Ana Beatriz Oliveira
André Sócrates

FEMARH/RR

Flávia Alves

SEMAS/CEBMAP

Sandro Sanches

RET 23

Minutes of Topics
and Decisions
(MTD) of the
23rd Meeting

Princesa Louçã Hotel

Belém
October 20, 2017

Agenda

9:00 a.m. Opening

Mr. Everton Lucero, Climate Change and Forests Secretary at the Ministry of the Environment

Ms. Marilene Ramos, BNDES's Public and Social and Environmental Management Division Director

9:30 a.m. Approval of the Minutes of Topics and Decisions (MTD) of the 22nd Meeting

9:40 a.m. Reports

1. Amazon Fund's Activity Balance and Current Portfolio
2. Preparation of the public call for vegetation recovery in the Legal Amazon
3. Confirmation of the calculation of carbon emissions arising from deforestation in 2016

10:20 a.m. Agenda Topic 1

Definition of criteria to support state environmental inspection projects

10:50 a.m. Agenda Topic 2

Discussion on possible criteria for supporting forest concession projects

11:10 a.m. Agenda Topic 3

Discussion on possible criteria to support structuring projects focused on scientific and technological development

11:40 a.m. Agenda Topic 4

Discussion on expanding the Amazon Fund's operation area to cover the support for vegetation recovery projects in regions outside the Legal Amazon

12:10 p.m. Lunch

01:10 p.m. Agenda Topic 5

Environmental conservation program: proposal to amend focus I3 (exception to the requirement of additionality of resources in the Legal Amazon)

01:40 p.m. Decisions

Scheduling the date for the next COFA meeting

02:00 p.m. Conclusion

Opening of Business

The participants received a folder containing the following supporting material:

1. Meeting Agenda
 - MTD of the 22nd meeting of the Amazon Fund Steering Committee
 - Presentation of the Amazon Fund
2. **Agenda Topic 1**
Definition of criteria to support state environmental inspection projects
- Agenda Topic 2**
Possible criteria for supporting forest concession projects
- Agenda Topic 3**
Possible criteria to support structuring projects focused on scientific and technological development
- Agenda Topic 4**
Expanding the Amazon Fund's operation area to cover the support for vegetation recovery projects in regions outside the Legal Amazon

Agenda Topic 5:

Environmental conservation program: proposal to amend focus I3 (exception to the requirement of additionality of resources in the Legal Amazon)

3.

- Internal Regulations of the Amazon Fund Steering Committee
- Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium

The meeting was opened with greetings to the participants by the Climate Change and Forests Secretary of the Ministry of the Environment (MMA), **Mr. Everton Lucero**, who then mentioned the disclosure of the preliminary deforestation rate in the Legal Amazon, established at 6,624 km², measured by the National Institute for Space Research (INPE) (between August 2016 and July 2017). He emphasized the 16% drop in this rate compared to the previous year and stressed that this is a collective result arising from the articulation of several institutions at the federal, state, and municipal levels.

Mr. Lucero stated that the Amazon Fund support has been essential, especially regarding inspection, command, and control activities. He thanked BNDES and all those who participated in implementing the Fund in line with the policies for preventing and controlling deforestation in the Amazon. He recalled that Brazil has a long way to go since, according to the policy in force, the deforestation rate must be substantially reduced by 2020 and, in the context brought about by the Paris Agreement, this goal must be even more ambitious: to reach zero illegal deforestation by 2030.

He declared the 23rd meeting of the Amazon Fund Steering Committee (COFA) open and, next, gave the floor to the BNDES's director, Ms. Marilene Ramos.

Ms. Marilene Ramos (BNDES) celebrated the deforestation reduction, a symbol of the sensible decision taken by COFA, together with donors, to make the additionality rule more flexible, allowing and welcoming inspection projects, such as that of the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama). She stated that it is appropriate to discuss the criteria for this type of support in the states so that they can act in a more organized and structured way when carrying out inspection actions, together with IBAMA, the Chico Mendes Institute for Biodiversity Conservation (ICMBio), the National Public Security Force, and other federal agencies. She also mentioned the Amazon Fund as the main instrument for the sustainable development of the Amazon region.

Ms. Ramos stressed that a relevant business trade fair in the Amazon, whose discussions have already started with the Ministry of Industry, Foreign Trade, and Services (MDIC), is part of the 2018 planning. She reported that the public call for consolidating and strengthening sustainable and inclusive value chains is already underway. She also referred to the 23rd session of the Conference of the Parties (COP 23) and the meeting with the Amazon Fund's donors scheduled for November in Bonn, Germany, as a relevant occasion to present the good results in reducing deforestation. Finally, she mentioned the meeting with the governors of the Amazon region, held in the state of Acre, whose agenda covers ways to help neighboring countries to find ways to address issues such as monitoring and combating deforestation, logging, and illegal mining.

Mr. Luiz Fernandes (state of Pará) welcomed everyone on behalf of the state of Pará's governor and thanked them for their fulfilled commitment to hold the COFA meeting in a state of the Amazon region. He stated that INPE's data on the reduction in the deforestation rate and the data released by Imazon – Institute of People and the Environment of the Amazon demonstrate the importance of integrated work between federal agencies, states, and municipalities. He invited everyone to visit the Integrated Environmental Monitoring Center (Cimam).

1. Approval of the Minutes of Topics and Decisions (MTD) of the 22nd Meeting

Mr. Everton Lucero (MMA) asked the Committee members if there were any proposals to adjust the wording of the MTD of the 22nd COFA Meeting. As there was no proposal for amendments, the MTD of the 22nd COFA meeting was unanimously approved.

2. Amazon Fund's Activity Balance, Amazon Fund's Current Portfolio, and Presentation of Reports

Ms. Juliana Santiago (BNDES) reported on the Amazon Fund's annual activity balance sheet and portfolio, stating that the volume of work was relatively significant due to the portfolio expansion and the consequent demand for analysis and monitoring of projects. She pointed out that during negotiations with Amazonian partners and institutions, she stressed the relevance of the Amazon Fund's performance in complementing public policies. She also highlighted the significance of COFA and its ability to diagnose Amazon's needs as an instrument for guiding the Fund's performance to make it even more effective.

Ms. Santiago informed that the Amazon Fund is currently supporting 89 projects, amounting to BRL 1.5 billion and a total of BRL 2.9 billion raised in donations. She highlighted that at the 21st Conference of the Parties (COP-21), Norway announced a commitment to contribute up to USD 500 million by 2020, and Germany, on the occasion of the Chancellor Angela Merkel's visit, announced that it would contribute up to 100 million euros by 2020. Regarding the Fund's operation axes, **Ms. Juliana Santiago (BNDES)** informed that there were no changes. She presented the project distribution for each of the axes and concluded that the monitoring and control axis is the most significant regarding values and that, regarding the number of projects, there is an emphasis on the sustainable production axis.

Ms. Santiago also announced the opening of the public call for consolidating and strengthening sustainable and inclusive value chains, amounting to BRL 150 million for up to ten projects with a cost between BRL 10 million and BRL 30 million, aiming at supporting local productive arrangements to consolidate or strengthen community enterprises that keep the forest standing and promote financial sustainability and biodiversity conservation.

Ms. Juliana Santiago (BNDES) announced the preparation of a public call for recovering vegetation cover to be launched at the end of the year, amounting to up to BRL 200 million, for ecological restoration projects, which aim to increase the native-species forest cover in the Legal Amazon, strengthening the technical and management structure of the production chain, and environmental regularization of rural properties.

Regarding the Amazon Fund's participation in COP-23, she highlighted the event "Amazon Bonn," in which the panel "Impacts and challenges of the Amazon Fund" and the event "The Amazon Fund: contributing to achieving Brazilian goals" in the Espaço Brasil, will take place.

Ms. Juliana Santiago (BNDES) reported, among other recommendations, an audit and accounting evidence on the Amazon Fund by the Federal Court of Audits (TCU) as the results of the Parliamentary Committee of Investigation (CPI) of the National Indigenous Foundation (**FUNAI**) and the National Institute for Land Settlement and Agrarian Reform (Incra), which aimed at verifying compliance in the resource management by BNDES, focusing on governance, operational management, and the Fund's legal framework. She communicated that the procedure is currently under consideration and approval by the Minister and announced the possibility that some members of COFA can be consulted.

Ms. Santiago reported that the Amazon Fund team is developing partnership models with the private sector in actions to prevent and combat deforestation and in strengthening the sustainable forest economy, emphasizing: the combination of non-reimbursable resources

from the Fund with existing rural financing channels, structured private capital operations, and the customization of BNDES financial products for use by the Amazon Fund. She highlighted the guiding principles of this partnership: adequacy to the Amazon Fund's normative and institutional arrangements; compliance with the Brazilian environmental policy, with emphasis on the new axis of the Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAm), which encourages innovative financial arrangements and instruments to strengthen the forest economy; exploring synergy with private sector stakeholders; targeting multiple forest use models instead of activities involving monoculture; and diversification of access channels to the Amazon Fund.

Ms. Juliana Santiago (BNDES) informed that, at first, some concepts will be tested as a strategy for developing the initiative through pilot projects/initiatives and that there are currently two initiatives under negotiation: a pilot project for promoting sustainable livestock associated with the restoration of degraded areas with the promotion of socio-environmental entrepreneurship with a third sector institution, and a pilot initiative within a project to be presented by a third sector organization that is a Fund's beneficiary, where the organization would issue and operate a benefit-card for forest restoration for degraded areas of small landowners.

She emphasized the proposal's consistency with the Amazon Fund's focus and that, in the medium and long term, the development of financial mechanisms and products is still at an early stage since it foresees the potential for even a possible change in the Amazon Fund's operation focus.

Ms. Santiago listed three paths under study: the structuring of a financial mechanism to support the recovery and conservation of the forest associated with low-carbon agricultural production, in partnership with an international institution and traditional institutions that work in rural credit, focusing on rural properties of up to four fiscal modules; the structuring of a financial instrument capitalized with market resources, such as, for example, a Brazilian Participation Fund (FIP) in relevant businesses that operate with non-reimbursable resources from the Amazon Fund to be invested directly in the beneficiary communities; and the development of a financial product such as, for example, an Amazon Fund card that would work as a benefit "voucher" through which the producer could purchase pre-defined products/services from registered suppliers for the restoration of degraded areas.

Ms. Juliana Santiago (BNDES) highlighted the improvement in the execution of public sector projects within the scope of collaborative actions between the Amazon Fund/BNDES and the German Agency for International Cooperation (GIZ), which aim to identify bottlenecks and diagnose the reasons that influence project execution in a pace slower than agreed. She informed that the initiative's structure foresees a preliminary articulation and mobilization mission; a participative workshop in which a diagnosis and a pact of actions to be taken for the full execution of the project are discussed and prepared; the adoption of solution measures, including the eventual hiring of consultants by GIZ to advise public entities in implementing projects; and, finally, its monitoring.

Ms. Juliana Santiago (BNDES) communicated that the projects are already showing results and that the main measures taken considering the perception of what the management of a project should be, searching strategies for creating management units and incorporating them into the executing institution, were: project planning and execution deadlines through the adoption of instruments to equate deadlines and obtain expected results; the elaboration of flows and processes in the context of executing organizational diagnoses; the definition of adequate models for structuring management units regarding the execution structure; and the training for preparing the Terms of Reference (ToR) for bids, quotation and pricing, analysis and approval of products and services, accountability and monitoring, and evaluation.

Ms. Juliana Santiago (BNDES) reported that, regarding the beneficiaries' perception, the first two stages provided an incentive for managers to improve and overcome obstacles and risks; BNDES visits in the first stages contributed to improving the relationship between the teams and to making an effort to readjust proposals, also contributing to performance improvements; the exchange during the workshops provided greater synergy between the projects' stakeholders; greater clarity on the importance of monitoring expected results, focusing on greater project effectiveness, and that knowledge about their logical table, an extremely relevant instrument for monitoring the Amazon Fund and its results and indicators, is no longer restricted to the project's coordinator.

Ms. Marilene Ramos (BNDES) reinforced her gratitude to GIZ but considered the need for public entities to work alone in executing projects after collaborative actions, one solution being the inclusion of an outsourced management team in ongoing projects, even including resource reallocations.

Mr. Luiz Fernandes (Pará) mentioned the need to accelerate the resource release dynamics to settle the failures in executing projects and improve communication with the states regarding the resource release and the approval of projects for integration with policies and ongoing state programs to join forces.

Ms. Railda Santos (Mato Grosso) highlighted the importance of communication between the project's executing agency and the Amazon Fund/BNDES as a solution measure.

Mr. Mário Cardoso (CNI) praised the vision change regarding the private sector within the Amazon Fund. He cited GIZ's expertise regarding project execution but highlighted the need to make progress in sustainability and the impact of actions towards project implementation strategies, maintaining all the articulation carried out by it. He stressed that it is imperative to think about sustainable production within the context of the Amazon business environment in terms of logistics, infrastructure, consumer market, and training workforce.

Mr. Carlos Augusto Silva (Contag) highlighted the need for BNDES to disclose the projects supported by the Amazon Fund to representatives of councils in the region. He considered that regarding public calls and public notices, rural communities, indigenous peoples, quilombolas, family farmers, fishers, and Amazonian populations should be the Fund's priority beneficiaries. He considered that regarding public calls and public notices, rural communities, indigenous peoples, quilombolas, family farmers, fishers, and Amazonian populations should be the Fund's priority beneficiaries.

Mr. Adalberto Val (SBPC) emphasized that scientific information already produced with the support of the federal and state governments via research support foundations must be incorporated into the projects that will be contracted, given the considerable existing information volume that can, among other things, assist in ecological restoration projects, for example. He cited a project by the State of Amazonas Research Support Foundation (FAPEAM) and the National Council for Scientific and Technological Development (CNPq) that simulates environmental conditions in 2100 to analyze the impact of the changes predicted by the Intergovernmental Panel on Climate Change (IPCC) on Amazonian biodiversity. He pointed out that these results are extremely relevant for structuring future production chains and can be used, above all, by the several Amazonian stakeholders through a solution platform.

Mr. Geraldo Bento (FNBF) congratulated the Ministry of the Environment for the 16% reduction in deforestation, an important index for the timber sector, responsible for the state of Amazonas's image to the world in terms of deforestation. He reported that the forest-based sector of native wood in the state of Amazonas is losing strength and competitiveness due to several restrictions imposed. He requested the inclusion of the productive sector in the Amazon Fund's public notices so that it can apply for innovation projects in forest management, one of the sustainability pillars

of forest preservation in the state of Amazonas, with qualification and training of entrepreneurs and producers.

Mr. Everton Lucero (MMA) emphasized the Amazon Fund's total transparency regarding resource allocation, noting that all information is available on the Fund's website and that even ideas in the design phase, as seen in the presentation by representative Juliana Santiago, are presented to collect remarks and responses from COFA.

Ms. Juliana Santiago (BNDES) commented that within the scope of the partnership with the states, the challenge is to establish a dialogue that does not create more stages for approving projects. She reported that there is a significant opportunity to move forward in the issue of licensing low-impact projects, which are in high demand on the part of beneficiaries. She reported that the Fund's team will survey the projects that face this type of obstacle and that they will personally contact the state secretaries to request priority in the licensing process since the projects affect traditional communities.

Mr. Luiz Fernandes (state of Pará) presented the system that promotes the simplified low-impact environmental licensing regime, the Simples Ambiental of the state of Pará, which is electronically issued, and made it available to other states. He also informed that, in some cases, the only persistent problem is the grant, but that the system is virtually ready.

Mr. Everton Lucero (MMA) requested information on the progress of the preparation of the two public notices approved at the previous COFA meeting to support municipalities and settlements. Regarding the private sector participation, he informed that it is currently in the design phase and that no action will be taken without the knowledge and agreement of COFA, especially concerning its general guidelines.

3. Preparation of the public call for vegetation recovery in the Legal Amazon

Mr. Fábio Plotkowski reported that the public call aims to select projects for the recovery of vegetation cover to receive non-reimbursable financial support from the Amazon Fund, contributing to the technical and managerial structuring of the sector's production chain and the environmental regularization of rural properties, providing economic, social, and environmental benefits.

The target audience is areas located in the Legal Amazon and classified into the following categories: areas in nature conservation units under public ownership or domain; legal reserve areas and permanent preservation areas in agrarian reform settlements or quilombola territories; areas on indigenous lands; and legal reserve areas and permanent preservation areas in small properties or rural possessions with up to four fiscal modules.

Mr. Plotkowski communicated that the total value of the public call is up to BRL 200 million for a total of up to five projects, with a reserve pool of further five projects, a minimum area to be recovered, by project, of three thousand hectares with the participation of civil associations, cooperatives, and private law foundations. He disclosed the public call stages and selection criteria and indicated that the proposal for forming the selection committee would be two nominees from MMA, two nominees from the Brazilian Forest Service (SFB), two nominees from the states within the scope of COFA, two nominees selected by the civil society caucus, one nominee from the Brazilian Society for the Progress of Science (SBPC), and two nominees selected by BNDES; Mr. Plotkowski also announced the planned schedule.

Ms. Juliana Simões (MMA) suggested that the public call establish focus areas based on the available diagnosis for monitoring degraded areas, such as TerraClass, which would also facilitate monitoring project results.

Ms. Luzimeire Carreira (Tocantins) praised holding a COFA meeting in the Amazon region. Regarding the public call, she questioned how the projects would be induced to recover strategic areas and whether only five projects would be selected.

Ms. Juliana Santiago (BNDES) clarified that the strategic areas are addressed in the sub-criteria that will qualify the projects to be selected. Regarding the number of projects, she reported that projects would have higher classifications when they present arrangements that involve other organizations and arrangements with the public and private sectors. The established number fits the wish to support larger projects. She stressed that the project's reserve pool is a way to address a possible resource surplus and the possibility of expanding the public call.

Mr. Jair Schmitt (MMA) commented that the figure is also associated with a project transaction cost logic that aims at their efficiency. Regarding the selection criteria, he continued, the intention is that there is no spraying in the Amazon to preserve the project's desired impact, and, for that, elements such as the sub-criteria that have weight and scores were placed.

He highlighted two criteria: the connection of native vegetation fragments, which is extremely important in the case of priority areas for conservation, and the recovery of vegetation cover in areas within the limits of priority municipalities for the fight against deforestation and those with controlled deforestation (municipalities that managed to leave the list of priority municipalities).

Mr. Schmitt justified that this is a way of generating policies and incentives for them to recover their vegetation and stimulate the local economy and the forest economy with its characteristics. He alluded to the National Native Vegetation Recovery Policy (PROVEG), which establishes the National Native Vegetation Recovery Plan (PLANAVEG), which serves as a reference for the public call, envisioned as a way of implementing this Plan and as a learning environment that will guide other initiatives within the scope of the Amazon Fund to promote vegetation recovery in the Amazon and Cerrado biomes.

Mr. Everton Lucero (MMA) commented that the report fulfilled its objective of providing transparency to the process of preparing the public call in question.

Mr. Fábio Plotkowski and **Ms. Juliana Santiago (BNDES)** suggested changing the wording of focus I 13 – recomposition of degraded and altered areas regarding the “family rural possessions” for the purpose of legal certainty for the public notice and to avoid future questioning.

Mr. Everton Lucero (MMA) put the amendment of the text under deliberation and communicated, after the contribution of the members of the Amazon Fund Steering Committee, the new wording of item I 13 - re-composition of degraded and altered areas: “support for the implementation of the National Native Vegetation Recovery Policy – PROVEG, especially regarding the restoration of degraded and altered areas of: (i) small properties or rural possessions of up to 4 fiscal modules, prioritizing the implementation of PRADAs, and (ii) nature conservation units, indigenous lands, and traditional communities lands”.

Mr. Jair Schmitt (MMA) announced the holding of the 10th Meeting of the Amazon Fund Technical Committee – CTFA, which, based on the methodology adopted by MMA to calculate the effective reduction of carbon emissions arising from deforestation (ED), confirmed the amount of USD 60,152,400.00 as a limit for fundraising by the Amazon Fund from August 2015 to July 2016.

– Decisions and arrangements

COFA approved the new wording of item I 13 of the “Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium”, as follows: “ I 13 – Re-composition of degraded and altered areas - Support for the implementation of the National Native Vegetation Recovery Policy – PROVEG, especially regarding the restoration of degraded and altered areas of: (i) small properties or rural possessions of up to 4 fiscal modules, prioritizing the implementation of PRADAs, and (ii) nature conservation units, indigenous lands, and traditional communities lands”.

4.

Definition of criteria to support state environmental inspection projects

Mr. Jair Schmitt (MMA) recalled that the last COFA meeting decided to focus on projects concentrating on inspection, investigation, and fight against environmental crimes and infractions aiming at establishing short and medium-term measures to advance in reducing deforestation. One of the ways, he continued, would be project induction to strengthen the states in the environmental inspection through specific guiding criteria, which had their general lines prepared and marked out in discussions in three moments: during the meetings of the Environmental Inspection Technical Chamber, linked to the PPCDam's Executive Committee and in the Coordination Standing Committee on Deforestation (CPCD).

Mr. Schmitt pointed out that the guiding criterion focuses on financially supporting the states to strengthen and expand inspection, investigation, and fight against environmental crimes and infractions, aiming to prevent and combat deforestation and forest degradation in the Amazon Rainforest in the states that comprise the Legal Amazon. He presented the minimum requirements for this support; the eligible project proponents; the activities supported in the institutional strengthening and inspection actions and investigation and fight against environmental crimes and infractions components; the amounts and deadlines; eligible and non-eligible items for funding; and the counterpart financing. He also submitted the proposal for the guiding criteria to the Committee's consideration, noting that most of the deforestation that currently takes place is under state environmental agencies' jurisdiction.

Mr. Everton Lucero (MMA) complemented the report stating that the initiative is in line with Minister Sarney Filho's determination to strengthen the partnership with the states aiming to induce the presentation of projects already through certain guidelines and criteria – such as those presented – with minimum indicators, spending ceilings, etc., which should, when applied, facilitate access to the Fund's resources by states for the specific purpose of strengthening their actions and state environmental inspection entities.

Ms. Marilene Ramos (BNDES) congratulated the MMA team on the proposal and reported that she expects all states to present proposals. She mentioned that the second phase of some projects is already under analysis, in the case of Ibama, with PROFISC 2. She emphasized that the criteria wording allows the states to use the same modality regarding project logistics with IBAMA. She also commented on the importance of the Amazon Fund team's efforts to make such projects happen with the collaboration of COFA and the donors to overcome certain restrictions and deliver results.

Luiz Fernandes (Pará) commented on the value of the projects regarding their high cost, especially when it comes to the destination of the seized goods, an inspection problem, and an innovative topic brought up by COFA. He also raised the possibility of leasing vehicles due to the maintenance cost of the acquired ones. He mentioned the need for technological integration

between states to level their inspection and investigation capacity as a key factor for results.

Mr. Adalberto Val (SBPC) stressed the importance of not differentiating between states but projects. He mentioned the need for monitoring networks within the Amazon region by integrating monitoring systems and making heavy investments in intelligence systems that guarantee the efficiency of the established networks. He also questioned the non-financing of some items, such as purchasing satellite images.

Ms. Luzimeire Carreira (Tocantins) suggested that the federal government be responsible for the technological integration of the states, strengthening inspection as a whole, and the systematization of actions to prevent and combat burnings.

Mr. Marcelo Dutra (Amazonas) corroborated the idea of integrating monitoring systems through a support base promoted by the federal government, respecting the particularities of each state and strengthening intelligence and access to information.

Mr. Mário Cardoso (CNI) also stressed the need to integrate monitoring and intelligence systems, citing the distinction between legal and illegal deforestation as an example of information the states' have that need to be integrated. He expressed concern about the duration of the exceptionality granted for inspection actions, an emergency issue, that use Amazon Fund resources for the 2017-2018 biennium.

Mr. Everton Lucero (MMA) emphasized forest recovery, the promotion of timber production in forest concession areas, and sustainable production chains as elements of a whole that surpasses inspection, which continues to be and will be an extremely important element, at least for the foreseeable future, which will ensure the reduction of illegal actions that makes sustainable business in the region unfeasible.

He pointed out that states can, at any time, submit projects directly to the Amazon Fund on matters of their interest and that the intention is not to standardize but to establish guiding criteria for states to present inspection projects that allow faster approval of resources. However, he continued, federative jurisdiction must be respected, and specific projects, such as those mentioned, may also complement the situation diversity in the states, not only regarding the geographical aspect but also in terms of capacity, structure, and available resources. Mr. Lucero concluded by stating that these criteria are only intended to guide and not create obstacles for the states, providing future opportunities to discuss relevant topics such as burnings.

Mr. Jair Schmitt (MMA) stated that the values are, in fact, a reference even for the management of the Fund's resources. He reported that there is a project at the federal level for the creation of a computerized inspection system for the entire environmental inspection process that could also be used by the states. He also reported that this project foresees a component of analysis technology solutions, such as data mining and Big Data, to identify environmental infractions and support the decision-making process.

Mr. Schmitt clarified that any state can present projects at any time and that the guiding criteria aim to delimit the focus in the short term. He informed that today, in Brazil, there are several vegetation cover monitoring systems and that the federative entities, due to their particularities, also have their own technological solutions; he also mentioned that there was a concern not to address this issue in the public notice because it represents a more complex discussion and not to create an obstacle within this short-term scope.

Mr. Schmitt also mentioned another element that would represent the next step: the creation of a governance environment that integrates the Amazonian environmental inspection institutions where the inspection bodies have the technical role of, among others, sharing means, defining strategies, and jointly planning their actions. Finally, he stated that coercion does not solve all problems of non-compliance with environmental rules but that it needs to be well-executed since it is a short-term solution.

Mr. Mário Cardoso (CNI) expressed his concern about the deadline of projects with inspection actions, which is the case of Ibama, that exceed the 2017-2018 biennium, mischaracterizing the exceptionality approved for a given moment.

Mr. Luiz Fernandes (state of Pará) alluded to the importance of images for monitoring and inspection actions and for the rural environmental register. He shared the experience of the automated inspection and monitoring systems in the state of Pará and proposed their extension to other Amazonian states in partnership with the federal government, which would assume the integration of what is common to all states, being the particularities of each state the subject of individual projects. He reported that the State Department of the Environment of Pará's (SEMA/PA) website contains all the necessary information regarding deforestation.

Mr. Everton Lucero (MMA) noted that the general and guiding criteria do not prevent the existing experiences of each state from being considered and may even be the channel for their incorporation when designing projects. He indicated that the exceptionality clause concerns the budgetary supplementation of public bodies, that it requires a justification, and that only occurs under certain circumstances, complying with objective criteria. He said that inspection as a whole is not an exceptionality, being a PPCDam's central axis that requires concrete actions that, in this case, are supplements to what is currently possible in the context of the existing structure, whether in the states or the federal government.

Ms. Marilene Ramos (BNDES) suggested holding a workshop with the attendance of MMA, IBAMA, states, and technical support to help them prepare projects to avoid waste and take advantage of successful experiences.

Mr. Everton Lucero (MMA) proposed the approval of guidelines for the Amazon Fund support to inspection actions and combating environmental crimes and infractions by the states of the Legal Amazon as an arrangement, according to the draft distributed and with the changes in item 7 "project values and deadlines", sub-items 7.1 and 7.2., replacing the word "maximum" by "indicative" and removing the indication of the states, consequently removing item 2.

Mr. Luiz Fernandes (Pará) suggested removing sub-item 9.9, "purchase of satellite images", as non-eligible items.

Mr. Everton Lucero (MMA) asked COFA members about the state of Pará's proposal to delete sub-item 9.9, "purchase of satellite images," and about the proposed amendment to item 7. Since no one presented objections, the new draft was approved. He added the suggestion of holding a workshop with the states for dissemination and guidance regarding applying the formulated criteria as an arrangement.

– Decisions and arrangements

— COFA approved the document “Guidelines for the Amazon Fund support to inspection actions and combating environmental crimes and infractions by the states of the Legal Amazon,” which shall guide the Amazon Fund's financial support to state projects to strengthen and expand inspection, investigation, and the fight against environmental crimes and infractions, aiming to prevent and fight deforestation and forest degradation in the Amazon region.

5. Discussion on possible criteria for supporting forest concession projects

Mr. Marcos Vinicius Alves (SFB) informed that his presentation seeks to provide an overview of forest concessions and, at the same time, bring COFA's attention to a topic of great relevance and public interest: the Brazilian public forests, especially those located in the Amazon region.

He mentioned figures related to the distribution of forests around the world, the forest cover of the Amazon biome, and the correspondence between deforestation rate and log production in the Legal Amazon. He reported that the expressive decrease in deforestation rates and log production in the Amazon is concomitant, over time, with the significant change in the production profile in which Amazon origin log loses more and more space compared to planted forests, a clear sign of the loss of value of the Amazon rainforest compared to other forms that directly and indirectly compete with the rainforest.

Mr. Alves highlighted the forests' role in promoting local development, constituting a life quality and social stability factor. Regarding the forest management law issue, he claimed the need for a regulation capable of providing strong governance instruments and, consequently, the search for these governance instruments to contribute to the fight against the illegal appropriation of public lands, deforestation – mainly in non-intended public forests –, linked to the possibility of adding value to the forest and its conservation, strengthening the management of public assets.

He also highlighted the issue of strengthening the management of public forest assets as a guiding aspect for a possible decision by COFA. He also cited figures related to job creation and investment in resources that demonstrate the capacity of a management operation, mainly under concession, as an instrument and strategy for forest conservation.

Regarding illegal actions, he informed that numbers reveal that, at least from an estimative point of view, the current illegal log production in the Amazon represents around 80%.

Mr. Marcos Vinicius Alves (SFB) highlighted as main challenges: expanding areas under concessions, i.e., increasing participation in national and international trade of forest goods and services; promoting the recovery of forest residues, especially for energy use; improving infrastructure and logistics; and reducing transaction and compliance costs.

Regarding future perspectives, he communicated the target of 6.8 million hectares under concession in 2022; the production of 3.5 million cubic meters per year; supply 30% of the national market with federal concessions; maintaining and expanding the transparency level in bidding processes and contract execution. He requested that COFA, given the urgency, take a position to authorize MMA, SFB, and BNDES itself to work on the set of guidelines so that forest concessions have the support of the Amazon Fund.

Mr. Mário Cardoso (CNI) highlighted forest concessions' role in the national forest conservation strategy, reinforcing the importance of forest management as the most effective instrument. He said that the tropical log has been losing ground and that something must be done to quickly reverse this. He also emphasized the need to analyze the energy generation issue within the scope of concessions and management plans in a more systematic way.

Mr. Marcelo Creão (state of Amapá) reported that the Legal Amazon state secretaries of the environment filed a request with CONAMA to review CONAMA's Resolution No. 474/2016, which reduced the log conversion rate from 45% to 35%. He expressed his understanding that there are already logging companies operating in the Amazon with technologies that allow a 50% utilization of the timber. He also said that it would be important to review these indexes because entrepreneurs are not able to get the document to travel with the produced timber.

Mr. Geraldo Bento (FNBF) reinforced the relevance of wood waste for energy purposes. He emphasized the importance of training and qualifying forestry workers.

Mr. Carlos Augusto Silva (Contag) commented that there is ample scientific, academic, and empirical knowledge originating from both universities and social subjects in the Amazon that a purely market-oriented vision of logging should be avoided since the standing forest has a key economic value for the region.

Mr. Justiniano Netto (state of Pará) said that the state of Pará considers forest concessions an important instrument to strengthen the forest economy, so much so that Ideflor-bio, the state's forestry institute, has been granting concessions for some time. He suggested that the Amazon Fund further study this topic with the Brazilian Forest Service and state agencies to present a public notice or specific support line later to COFA. Mr. Netto acknowledged that today, concessions are already eligible for Fund support, but it would be relevant to find a way to strengthen whether existing or future forest concessions with specific conditions for the Amazon Fund support.

After considerations by other COFA members regarding the best way to address the issue, **Mr. Everton Lucero (MMA)** proposed that COFA authorize BNDES, MMA, and SFB, in consultation with interested states, to jointly elaborate guiding criteria for strengthening the management of public forest heritage be forwarded for a remote intersectional deliberation to be carried out by electronic means. The arrangement proposal was approved by all participants.

– Decisions and arrangements

- COFA authorized MMA, BNDES, and SFB – Brazilian Forest Service to jointly prepare guiding criteria for strengthening the management of public forest assets, consulting the interested states, allowing the remote deliberation of the matter by COFA members to be carried out by electronic means.

6. Discussion on possible criteria to support structuring projects focused on scientific and technological development

Mr. Everton Lucero (MMA) introduced the third topic on the agenda, dealing with the possibility of creating criteria to support structuring projects focused on scientific and technological development, since in the previous COFA meeting, there was an orientation that it would be up to BNDES, together with MMA, prepare a proposal in this regard.

He informed that BNDES and MMA started to work on these criteria, but since the topic was considerably vast, it was not possible to present a mature proposal for the Committee's consideration. Therefore, the item is still in process. At the next meeting, the institutions hope to have some more concrete proposals regarding these guiding criteria to be defined by COFA. After consideration by some COFA members, it was agreed that these criteria would be considered when this topic was more advanced.

7. Discussion on expanding the Amazon Fund's operation area to cover the support for vegetation recovery projects in regions outside the Legal Amazon

Mr. Everton Lucero (MMA) moved on to the next agenda topic, the discussion on expanding the Amazon Fund's operation area to cover the support for vegetation recovery projects in regions outside the legal Amazon. Afterwards, the floor was given to the BNDES representative.

Mr. Gabriel Visconti (BNDES) started by recalling that there have been previous discussions about what can be supported within the established 20%, which even led to the possibility of supporting rural environmental registry projects outside the Legal Amazon. He reported that several institutions, state governments, and countries have been asking about the expansion of the uses of these resources and that considering the goals committed in Paris, more specifically the recovery of the vegetation of 12 million hectares, BNDES started a dialogue with MMA to support projects aimed at this goal. In the BNDES's and the ministry's understanding, this would not compromise the use of the 80% destined for the Legal Amazon nor the support for monitoring and control in other biomes within the established 20%.

Ms. Juliana Santiago (BNDES) reported that the current availability of resources within the established 20% would amount to 744 million reais and that of this amount, approximately 102 million reais would already be committed. From a conservative point of view, if the projects under analysis by the Amazon Fund, which total BRL 41 million, were considered, about BRL 600 million would be available for investments outside the Legal Amazon. She also said that the Fund's donors and potential donors always questioning the fund resources status and that the more the Amazon Fund commits resources to priorities aligned with the national environmental policy, the more it enhances the capture of new resources.

Ms. Juliana Santiago (BNDES) added that there is a procedural protocol that involves the amendment to the Amazon Fund decree and its approval by international donors of the Amazon Fund to implement this initiative. But before that, following the commitment to transparency, the topic was brought to COFA to check if this idea was well perceived.

Mr. Marcelo Creão (Amapá) asked how the application of resources in restoration projects would contribute to mitigating deforestation within the Amazon.

Mr. Luiz Fernandes (Pará) asked if there would be a percentage for monitoring actions and another for recovery actions, and if forest recovery would only be outside the Legal Amazon but within the country or if it would encompass other countries.

Mr. Adalberto Val (SBPC) considered that if the idea is to invest resources outside the Amazon, it will make more sense to invest in biomes that interface with the Amazon to create a buffer zone for the Amazon biome. He said he understood that the 20% of resources to invest in other biomes should be kept in monitoring actions and, at most, in investments in interface biomes.

Mr. Everton Lucero (MMA) mentioned that the 20% is a limit already established for using resources from the Amazon Fund in other biomes and other countries to develop deforestation monitoring and control systems. He argued that the present discussion, which considers the importance of forest recovery, aims to assess the opportunity to extend to other Brazilian biomes the possibility of the Amazon Fund also acting in the recovery of native vegetation, besides the current monitoring support. He pointed out that, from the Ministry of the Environment's point of view, the recovery issue is a matter that will require a lot of attention in fulfilling the national goals assumed under the Paris agreement.

Mr. Everton Lucero (MMA) clarified that the Paris agreement was designed in a way that countries could, according to their capabilities and priorities, decide what will be done, internally allocating efforts to mitigate and adapt to climate change. Therefore, the measures listed in the annex to the NDC are not international commitments, just an indication, and one of them is the recovery of 12 million hectares. In this context, he highlighted that the goal of the topic under discussion would be to support actions that help Brazil to meet this specific vegetation recovery goal.

Mr. Everton Lucero (MMA) said that it would be necessary to consider the forest recovery potential of each biome and that the next biome to be considered in the expansion of the Brazilian reference level to receive REDD+ resources is the Cerrado. So the question that arises is whether to expect any specific regulatory advance on payments to the Cerrado biome or whether to start investing in recovery right away, which takes time.

Ms. Juliana Santiago (BNDES) highlighted that there is an agreement that the Cerrado is an extremely relevant area and that it works as a protective barrier for the Amazon. She said that if the referred expansion were approved, a public call could be made in the Cerrado, incorporating guiding and selection criteria in this public call that prioritize sensitive areas, environmentally relevant areas, and wildlife corridors. Further, if COFA deems it appropriate, the Atlantic Forest could be included in a new public call.

Mr. Gabriel Visconti (BNDES) answered the question asked by Secretary Luiz Fernandes (state of Pará), clarifying that there is no pre-division in using the established 20% limit. He also clarified that the criteria for a possible public call would be defined by COFA.

Ms. Juliana Santiago (BNDES) clarified that COFA could not yet define these criteria because, firstly, it is necessary to amend the decree and the Amazon Fund donors need to be heard.

Ms. Marilene Ramos (BNDES) drew attention to the resource application issue, stressing that the Amazon Fund has good availability of resources, so there is no possibility of putting resources for projects in the Legal Amazon at risk. The referred expansion would benefit an important topic, for which there are still few resources available in Brazil. She said that care should be taken not to place too many limitations that might hinder the application of resources.

Ms. Railda Santos (Mato Grosso) expressed the state's support for the proposal.

Mr. Adalberto Val (SBPC) said he found the possibility of expanding investments in the biomes that form the belt around the Amazon, such as the Caatinga biome, the Pantanal biome, and the Cerrado biome, justifiable and desirable. Furthermore, he drew attention to the Brazilian government's commitment to the Sustainable Development Goals (SDGs) by 2030 and that it could inductively contribute to this. He also brought up the issue of the quality of biomes in the regional surroundings that are not Brazilian. He used the Brazilian Amazonian rivers that originate outside Brazilian territory as an example. They spring from these forested Amazon regions located outside Brazil, so it would be important to guarantee the environmental integrity of these environments.

Mr. Everton Lucero (MMA) ended the discussion on this topic, as the goal was to collect the different opinions of COFA members on the subject. He then called the agenda topic 5, the presentation of the environmental conservation program to be made by the MMA's Secretary of the Extraction and Rural Development Department (SEDR), Ms. Juliana Simões.

8. Environmental conservation program: proposal to amend focus I3 (exception to the requirement of additionality of resources in the Legal Amazon)

Ms. Juliana Simões (MMA) began the presentation of the program to support environmental conservation, a proposal that MMA was planning to submit to the Amazon Fund. She said that the program's central idea is to support payment for socially inclusive environmental services for extraction workers from conservation units, agrarian reform settlers, and ribeirinho peoples who live in Brazilian areas.

She reported that since 2011 MMA has had a program called Bolsa Verde, an income transfer program with environmental requirements that can be characterized as a payment program for environmental services (PES). She showed maps and charts that demonstrate the program's positive impact on vegetation cover in the areas in which it has operated.

Ms. Juliana Simões (MMA) also cited a study by the Brazilian Center for Monitoring and Early Warnings of Natural Disasters (Cemaden) – an agency linked to the Ministry of Science, Technology, Innovations, and Communications (MCTIC) – and by the Norwegian Institute of Science on the impacts of the Bolsa Verde. The referred study analyzed two groups, one in conservation units and the other in agrarian reform settlements, and in these two groups, deforestation dropped by 30% over time. Another interesting conclusion achieved by the research is the indication that if the number of families assisted by payment programs for environmental services is increased by 10%, forest protection in these areas increases by 8.6%. Another important aspect observed in the program was that, from regeneration monitoring, the recovery of 50,902 hectares was observed.

Ms. Juliana Simões (MMA) reported that in 2015, 74,522 families were assisted by the program and that in 2016, 14,000 families left the program because of an increase in their income, i.e., because they were overcoming the situation of extreme poverty in which they found themselves.

She informed that the program had 400 million investments between 2011 and 2017. She clarified that the project idea to be sent to the Amazon Fund is to requalify the Bolsa Verde program, transforming it from an income transfer project with environmental conditionality to a stricto sensu PES program.

She explained that the objective of the requalified program will be to contribute to deforestation reduction in the Amazon region through a strategy of payment for environmental services, productive and social inclusion, training, strengthening of social and

productive activities in conservation units, in agrarian reform settlements, and with the ribeirinhos and fishers who inhabit Brazil's heritage areas.

Ms. Simões also detailed that the program will have four components; the first component is the program's requalification so that it becomes a de facto program of payments for environmental services. She pointed out that in the current form, the Bolsa Verde program transfers 300 reais to families every three months, but with the requalification, a cost versus opportunity ratio will be made for these families so that there is a specific incentive value for the territories covered.

Component two will be the payment of the incentive itself to the families, i.e., the economic incentive for them as they are preserving ecosystem services. Component three provides for the productive inclusion of families through socio-biodiversity production chains. The last component will provide for environmental, socio-economic, and biodiversity monitoring and the impact assessment of the program.

Ms. Juliana Simões (MMA) informed that the forecast is to serve around 60 thousand families in the next three years, as follows: (i) 25,700 families in 61 protected areas, (ii) around 29,000 families in settlements, and (iii) 5,373 ribeirinho families, covering almost 14 million hectares of forests assisted by the program.

She mentioned that for a territory to enter the program, it must have at least 80% of its area conserved. Regarding management, Ms. Simões informed that MMA would have difficulties executing the project due to the Federal Government's spending ceiling; thus, a chosen implementing agency would be the project proponent before BNDES, and the Ministry of the Environment would be its general coordinator.

Mr. Marcelo Coelho (state of Maranhão) asked Ms. Juliana Simões if the state of Maranhão has areas included in the Bolsa Verde program.

Ms. Luis Fernandes (state of Pará) asked about the provision of a socio-economic monitoring system for the program, as the state of Pará is working on it and would be interested in knowing the system.

Ms. Juliana Simões (MMA) said that the Bolsa Verde program assists about 4,000 families in the state of Maranhão, but its reformulation would increase the number of assisted families. In 2018, the Bolsa Verde program was discontinued. With the reformulation proposal, it becomes a PES program and no longer an income transfer program.

After debating the possibility of expanding the coverage area of this program to state conservation units, **Mr. Everton Lucero (MMA)** considered its relevance in the lives of thousands of families and its proven effectiveness in reducing deforestation, and that it would be necessary to make a specific amendment of item I3 of the "Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium" to avoid any legal questioning regarding the Amazon Fund support to payment programs for environmental services.

Given the above, COFA approved the exceptionality of the requirement for the additionality of resources in the Legal Amazon for projects related to the Bolsa Verde program and payments for environmental services.

– Decisions and arrangements

— COFA approved the new wording of item I 3 of the “Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium”, as follows: “I 3 - Exceptionality to the requirement for the additionality of resources in the Legal Amazon - Projects that aim to continue or improve environmental inspection and deforestation control presented by state or federal public agencies or institutions with the legal authority to perform inspection actions, within the scope of the National Environment System – SISNAMA and projects related to item I 12, may be exceptionally exempted from the minimum request of additionality of resources mentioned in item B7. To this end, it will be necessary to formally consult the Ministry of the Environment and to present a statement from the proposing body/institution, in the sense that there is no source of available resources for the requested financial support. The technical justification and statement are mandatory documents and must be attached to the proposal to be formally filed with BNDES, which will verify, for purposes of classification, the project's adherence to the condition in the scope of the donation agreements to the Amazon Fund.”

9. Setting the next COFA meeting

The next COFA meeting should be scheduled for April or May at a location to be defined.

10. Conclusion

Mr. Everton Lucero (MMA) thanked everyone for their attendance and collaboration and the hospitality of the government of the state of Pará, especially of Secretary Luiz Fernandes da Rocha and his team, and closed the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Science, Technology, Innovation, and Communications	Ministry of Agriculture, Livestock and Food Supply – MAPA
Everton Frask Lucero (S)	Fábio Larotonda (S)	Pedro Alves Corrêa Neto (S)
Office of the President's Chief of Staff	Brazilian Development Bank – BNDES	State of Amapá
Fabiana Cardoso Martins de Souza (R)	Marilene Ramos (R) Gabriel Rangel Visconti (S)	Marcelo Ivan Pantoja Creão (R)
State of Amazonas	State of Maranhão	State of Mato Grosso
Marcelo José de Lima Dutra (R)	Marcelo de Araújo Costa Coelho (R)	Railda Assis dos Santos (S)
State of Pará	State of Rondônia	State of Tocantins
Luis Fernandes da Rocha (R) Justiniano de Queiroz Netto (S)	Francisco de Sales O. dos Santos (S)	Luzimeire Ribeiro de M. Carreira (R)
National Confederation of Industry – CNI	National Confederation of Agricultural Workers – CONTAG	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
Mário Augusto de Campos Cardoso (R) Adelaide de Fátima G. de Oliveira (S)	Carlos Augusto Santos Silva (S)	Puyr Tembê (A)
National Forum of Forest Based Activities – FNBF	Brazilian Society for the Progress of Science – SBPC	
Geraldo Bento (R)	Adalberto Luis Val (R)	

Absent

Ministry of Industry, Foreign Trade, and Services

Ministry of Foreign Affairs

Ministry of Justice – National Indigenous

Foundation

State of Acre

State of Roraima

Brazilian Forum of NGOs and Social Movements for the Environment and

Development – FBOMS

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

Ministry of the Environment (MMA) Raul Xavier de Oliveira Jair Schmitt Juliana Simões	Embassy of Germany Triebel Simon	Embassy of Norway Priscilla Santos
KfW Christian Lauerhass	GIZ Anselm Duchrow Helmut Eger Heliandro Maia	BNDES Juliana Santiago Angela Skaf Fabio Plotkowski Patricia Levitan Vivian Costa Mariana Lima
SEMAS/PA Adriana O. Maqués Benedite da Silva	SEMAS Maria Gertrudes	NEPMV Ayamy Migiyama
SFB Marcus Vinícius da S. Alves	Military Fire Brigade Civil Defense Service Thiago S. de Carvalho	

Annex I - Guidelines for the Amazon Fund support to inspection actions and combating environmental crimes and infractions by the states of the Legal Amazon

1. INTENDED GOAL

1.1. Financially supporting the states to strengthen and expand inspection, investigation, and fight against environmental crimes and infractions, aiming to prevent and combat deforestation and forest degradation in the Amazon Rainforest.

2. TARGET AREA

2.1. Areas of the states that make up the Legal Amazon.

3. SUPPORT MODALITY

3.1 Non-reimbursable financial collaboration with Amazon Fund resources.

4. MINIMUM REQUIREMENTS

4.1. The project proposal to be submitted shall demonstrate the general strategy of the environmental inspection actions to combat deforestation and forest degradation. The proposal shall present the main issues faced by the state regarding environmental inspection – problem situation – and shall relate to the project goals, identifying the expected direct and indirect effects of the project intervention to face the problem situation.

4.2. The proposal shall relate the products and services to the respective activities to be developed through the project implementation and aim at achieving its goals. Products and services mean the results obtained at the end of a series of activities that comprise the project.

4.3. The proposal shall present the project's implementation and management strategy, presenting, for example, how the monitoring of activities and the implementation of products/services, the work fronts integration, and the control of project expenses will be performed to guarantee that the products and services are delivered, and the goals are achieved. If more than one institution participates in the project, the proposal shall present how the governance and participation of each of the institutions in the planned activities will be.

4.4. The project shall be a structuring one, cumulatively demonstrating compliance with the following criteria:

- a) Contribute to the implementation of a public policy;
- b) Be resolute regarding the problem situation (item 4.2); and
- c) Have an influence range in the territory.

4.5. The proposal shall demonstrate the project activities' effective contributions to achieving the expected results within the Monitoring and Control axis (goals 3 and 4) of the Action Plan for Deforestation Prevention and Control in the Legal Amazon – PPCDAm¹ and the State Deforestation Combat Plans – PPCD, both aimed at repressing violations against the flora.

1. The full document of the PPCDAm's 4th phase is available at combataodesmatamento.mma.gov.br.

Axis 2 Monitoring and control

Goal 3 - Promote accountability for environmental crimes and infractions

Expected Outcomes by 2020	Priorities
3.1 Increase the punishment for environmental crimes and infractions	3.1.1. Prioritize the inspection of critical deforestation areas 3.1.2. Supervise production chains associated with deforestation 3.1.3. Supervise deforestation financing 3.1.4. Promote civil liability through Public Interest Civil Actions 3.1.5. Conduct criminal and administrative investigations in an integrated manner
3.2. Increase the enforcement of repressive measures against illicit environmental actions in indigenous lands and conservation units	3.2.1. Supervise indigenous lands 3.2.2. Supervise conservation units and federal public lands
3.3. Reduce forest areas degraded by illegal logging	3.3.1. Supervise forest exploitation

Goal 4 - Promote accountability for environmental crimes and infractions

Expected Outcomes by 2020	Priorities
4.1. States involved in forest management and integrated into Sinaflor	4.1.1. Promote the integration of data on vegetation suppression and authorizations for Sustainable Management Plans in the National Forest Products Origin Control System (Sinaflor) 4.1.2. Promote the inter-operability of state forest control systems with Sinaflor 4.1.3. Broadly disseminate information about forest exploitation
4.2. Implementation and effectiveness of the Rural Environmental Registry	4.2.1. Improve and make available the CAR analysis and monitoring modules

Lines of action to be prioritized by state stakeholders

1. Increase the inspection authority of State Environmental Agencies
2. Improve inspection and monitoring (audits) of State Management Plans in the surroundings of indigenous lands and conservation units
3. Increase the strictness of licensing activities in the surroundings of indigenous lands and conservation units
4. Computerize, systematize, and make available to Sinaflor the state forest management data in compliance with art. 35 of Law No. 12651/2012
5. Register and integrate state databases to Sicar
6. Monitor and supervise illegal deforestation through CAR

4.6. The project shall comply with the Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focuses for the Biennium in force, established by the Amazon Fund Steering Committee, emphasizing the conditions of support to the states (Item I2)².

2. I 2 – Requirements to support states

4.7. The state shall present in the project:

- a) The number of civil servants who work in the environmental inspection;
- b) The agency's and the state's general budget foreseen for the environmental inspection actions in the last four years;
- c) The number of administrative processes in the last four years;
- d) The number of fines applied (actual fines) in the last four years;
- e) The number of embargoes carried out (terms) in the last four years;
- f) The number of embargoed areas (hectares) in the last four years;
- g) The number of seizures carried out (terms) in the last four years;
- h) The amount of wood seized (cubic meters) in the last four years; and
- i) The number of vehicles seized (trucks and tractors) in the last four years.

4.8. The project shall adopt at least the following execution and result indicators related to the environmental inspection of infractions against flora:

- a) Number of administrative processes;
- b) Number of fines levied (actual fines);
- c) Number of embargoes carried out (terms);
- d) Number of embargoed areas (hectares);
- e) Number of seizures carried out (terms);
- f) Amount of seized wood (cubic meters);
- g) Number of vehicles seized (trucks and tractors);
- h) Number of environmental inspection actions carried out;
- i) Number of servers/day in environmental inspection actions;
- j) Process Efficiency Index: $IEP = C / I \cdot M / I \cdot P / I$, where I = number of lawsuits filed; C = number of projects rendered final; M = number of processes with retained notices of environmental violations; P = number of cases with fines paid.

4.9. The state shall integrate forums and collective bodies appointed by the Ministry of the Environment – MMA that deal with the fight against deforestation.

The support for new projects submitted by state governments will be subject to the condition that the interested state being is in the process of implementing CAR in its territory, whether funded by Amazon Fund's resources, its own resources, or resources arising from other sources, giving priority to new projects submitted by states that are integrated or being integrated into the National Forest Products Origin Control System – Sinaflor, complying with Article 35 of Law No. 12651/2012.

Agreements entered between the Amazon Fund and the states of the Legal Amazon should require the states to review their State Deforestation Combat Plans (PPCDs), if they are outdated, and require the preparation and disclosure of annual monitoring reports of their PPCDs.

4.10. The states shall make the areas authorized for carrying out vegetation suppression actions for alternative use of the soil, exploitation of forests, and use of fire when the project is proposed to the Amazon Fund available on the internet.

5. PROJECT PROPONENTS

5.1 Projects shall be presented by the states of the Legal Amazon through state environmental agencies or entities that have the legal jurisdiction to exercise environmental inspection.

5.2 The proposing state shall be responsible for managing and implementing the project.

6. SUPPORTABLE ACTIVITIES

6.1. Projects shall comply with the relevant legislation and may include activities within the following products and services:

a) Institutional strengthening component: only the following essential items for promoting inspection actions, investigation actions, and actions to combat environmental crimes and infractions will be supported:

Product 1 - computerized systems:

(i) Development of state intelligence and inspection systems and integration with federal systems;

(ii) Computerization of state forest management data and integration with Sinaflor, including data on authorizations for vegetation suppression and management plans.

Product 2 - trained public agents:

(i) Training state public agents who work in environmental inspection.

Product 3 - infrastructure and equipment:

(i) The state shall present proof of the infrastructure's and supported equipment's cost and maintenance capacity, when applicable;

(ii) Provision of information technology systems, hardware, support, and Internet services;

(iii) Purchase of vehicles, vessels, equipment (including personal protective equipment), and furniture, as long as they are directly related to the project activities;

(iv) Construction and renovation of facilities aimed at carrying out environmental inspection actions, such as operational bases and control posts.

b) Inspection, investigation, and fight against environmental crimes and infractions component: the contracting and/or acquisition of consultancy and provision of specialized services, inputs, materials, equipment, and logistics for the following products will be supported:

Product 1 - prevention and combat of deforestation and forest degradation (forest exploitation and use of fire).

Product 2 - environmental inspection operations, in the field or remotely, based on deforestation alerts generated by vegetation cover monitoring systems.

Product 3 - monitoring and inspection of sustainable forest management plans, especially in state conservation units for sustainable use and in the surroundings of indigenous lands and conservation units.

Product 4 - investigation of infractions related to the main productive chains associated with deforestation.

Product 5 - analysis of information for identifying and characterizing environmental infractions.

Product 6 - investigation of environmental infractions related to the illegal trade of public lands.

Product 7 - monitoring and inspection of embargoed areas, activities, and enterprises.

Product 8 - instruction, analysis, and trials of administrative proceedings for environmental violations.

Product 9 - enforcement of administrative sanctions imposed as a result of environmental violations and measures to repair environmental damage.

Product 10 - seizure and disposal of goods and products related to environmental infractions.

Product 11 - integration of forest control systems and data from the state to the National Forest Products Origin Control System (Sinaflor).

7. PROJECT COSTS AND DEADLINES

7.1. The indicative amount to be financed for each of the states of the Legal Amazon is BRL 20 million

7.2. The presentation of a counterpart financing or resources from other financing sources and increases in the body's effective staff in charge of environmental inspection activities shall be considered the project's merit.

7.3. The presentation of interstate and inter-federative environmental inspection arrangements shall be considered a merit.

7.4. Projects shall have a maximum execution period of three years.

8. ELIGIBLE ITEMS FOR FUNDING

8.1. Consultancy and Provision of Specialized Services (CPSE), such as training, preparation of studies and diagnoses, technical assistance services, transport and storage of seized goods and products, vehicle rental, among others.

8.2. Civil Constructions and Installations (OCI), which covers the acquisition of goods and services for building and renovating facilities provided in the project, including related services, such as basic design, architectural design, architectural advice, engineering services, among others.

8.3. Machinery, Equipment, and Other Goods (M&EQ), which covers machinery, vehicles, vessels, and equipment, including expenses related to delivery and maintenance, such as freight, taxes, and insurance. It also includes the purchase of permanent goods/assets, such as furniture, computer equipment, electronics, softwares, among others.

8.4. Inputs (INS), such as the acquisition of field tools, personal protection equipment (PPE), among others, including related expenses, such as freight and taxes, which are subject to the restrictions provided in items 9.5 and 9.6.

8.5. Logistics (LOG), which covers travel expenses, accommodation, food, groceries, fuel, lubricants, among others.

9. NON-ELIGIBLE ITEMS FOR FUNDING

9.1. Payment of per diems, salaries, or any type of compensation to public agents, such as civil servants, public servants, or any person who exercising a public function in any of the three branches of the government.

9.2. Expenses with outsourced services and consultancy provided by the project proponent's employees or directors or by civil servants, public servants, or any person exercising a public function.

9.3. Land and real estate acquisition.

9.4. Payment of debts

9.5. Payment of taxes or fees that are not inherent and or an integral part of the financing or investments made by the project. This restriction does not apply to taxes related to project activities, such as ICMS included in product prices, labor charges, social security fees on paying individuals' services, etc.

9.6. Fines, interest for late payments, late fees and taxes, and penalties of any kind.

9.7. Activities related to the project proponent's institutional communication.

9.8. Institutional activities trips not related to the project.

9.9. Acquisition of arms.

9.10. Acquisition of animals.

10. COUNTERPART FINANCING

10.1. The project proponent shall present counterpart financing and/or non-financial contributions, demonstrating additional value to the resources obtained from the Amazon Fund and producing a multiplier effect for the Fund's investments. Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms.

10.2. The proposing state public entity shall ensure the creation or maintenance of qualified technical staff for planning, operationalization, monitoring, and evaluation compatible with the needs and demands of environmental inspection.

10.3. The proposing state public agency or entity must form a team to implement the project and be responsible for the formation of a stable team that will continue the environmental inspection actions after executing the supported project.



RET 24

Minutes of Topics
and Decisions
(MTD) of the
24th Meeting

Hotel Meliá Brasil 21

Brasília
June 04, 2018

Agenda

2:00 p.m. Opening

Mr. Thiago de Araújo Mendes, Climate Change and Forests Secretary at the Ministry of the Environment

Mr. Marcos Ferrari, BNDES's Public and Social and Environmental Management Division Director

2:30 p.m. Approval of the Minutes of Topics and Decisions (MTD) of the 23rd Meeting

2:40 a.m. Agenda Topic 1

Approval of the 2017 Amazon Fund's Annual Activity Report

3:00 p.m. Agenda Topic 2

Deliberation on guiding criteria for supporting projects in agrarian reform settlements

3:30 p.m. Coffee break

4:00 p.m. Agenda Topic 3

Deliberation on guiding criteria to support the preparation, review, detailing, and implementation of ecological-economic zoning (ZEE)

4:30 p.m. Reports

Amazon Fund's Activity Balance and Current Portfolio

Rapporteur for the Public Call 'Consolidating and strengthening sustainable and inclusive value chains'

Rapporteur for the Public Call 'Recovery of forest cover' Collaborative action to improve project execution with the public sector – Amazon Fund/German Agency for International Cooperation (GIZ)

5:40 p.m. Decisions

Scheduling the date for the next COFA meeting

6:00 p.m. Conclusion

Opening of Business

The participants received a folder containing the following supporting material:

1. Meeting Agenda

MTD of the 23rd meeting of the Amazon Fund Steering Committee

2. Agenda Topic 1

- 2017 Amazon Fund Annual Activity Report

3. Agenda Topic 2

- Deliberation on guiding criteria for supporting projects in agrarian reform settlements

4. Agenda Topic 3

- Deliberation on guiding criteria to support the preparation, review, detailing, and implementation of ecological-economic zoning (ZEE)

5. Reports

- Presentation of the Amazon Fund
- Rapporteur for the Public Call 'Consolidating and strengthening sustainable and inclusive value chains'
- Rapporteur for the Public Call on 'Recovery of Forest Cover'

6.

- Internal Regulations of the Amazon Fund Steering Committee
- Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium

The meeting was opened with greetings to the participants by the Climate Change and Forests Secretary at the Ministry of the Environment (MMA), **Mr. Thiago Mendes**, who stated that the Amazon Fund is a fundamental part of achieving the Ministry's strategic objectives. He emphasized that the Fund is a relevant financial instrument beyond Brazil, playing a fundamental role in building a forest economy associated with strengthening greenhouse gas removals and, above all, for the sustainable development of the Amazon and other supportable biomes.

He declared the 24th meeting of the Amazon Fund Steering Committee (COFA) open and, next, gave the floor to the BNDES's director, Mr. Marcos Ferrari.

Mr. Marcos Ferrari (BNDES) thanked the attendance of the members of each caucus of the Committee and recalled that he has been following the environmental agenda at the Department of Economic Affairs and Planning of the Ministry of Planning regarding the goals of the Government Multi-annual Plan. He also thanked the donor representatives for attending. He informed that the Amazon Fund is currently supporting 97 projects, amounting to BRL 1.7 billion and a total of BRL 3.1 billion raised in donations. He reported on the celebration of the Amazon Fund's 10th anniversary, to be held in Oslo in the last week of the month, and highlighted that the Fund is a benchmark in actions related to the environment, both in raising donations and in selecting projects that can effectively provide paybacks for society. He also reaffirmed the importance of the Steering Committee, which has served as an inspiration for other initiatives.

Mr. Ferrari reiterated that public policies, by definition, are not static but dynamic actions and that the Fund's success provided subsidies for evaluating and preparing proposals to improve existing instruments and the Fund's performance, in line with the fundamental measures for society. He stressed the BNDES's interest in getting closer to its public aiming at valuing regional/local issues to better meet their demands.

Ms. Juliana Santiago (BNDES) recalled that the last Committee meeting was held in Belém and that choosing Brasília is justified by the centrality regarding location and travel budget.

Then each of the Committee members introduced themselves.

Ms. Juliana Santiago (BNDES) requested the inclusion of an extra item on the agenda, the change on the possible Amazon Fund support beneficiaries in the Guidelines and Criteria for the Application of Resources and Operation Focuses for the 2017/2018 Biennium regarding operational modalities (item I4), which provides for the possibility of objective support to multilateral organizations, as this is one of the solutions proposed by some public agents for implementing their public policy projects.

1. Approval of the Minutes of Topics and Decisions (MTD) of the 23rd Meeting

Mr. Thiago Mendes (MMA) asked the Committee members if there were any proposals to adjust the wording of the MTD of the 23rd COFA Meeting. As there was no proposal for amendments, the MTD of the 23rd COFA meeting was unanimously approved.

2. Approval of the 2017 Amazon Fund's Annual Activity Report

Mr. Marcos Ferrari (BNDES) suggested that the report be published using a card with a QR Code, which would lead to a gain regarding costs and the environment.

Mr. Daniel Soeiro (BNDES) reported that the draft of the 2017 Amazon Fund's Annual Activity Report had been previously electronically distributed to all COFA members. He announced that the final formatted version will be made available on the Fund's website after its approval by this Committee, complying with the contractual obligation towards donors. He then described its structure: governance, fundraising, and communication; operational performance; monitoring and evaluation of results; completed projects; projects approved in 2017; and projects in progress. In the governance chapter, he highlighted the two ordinary sessions of COFA, held in 2017, and the deliberations of the Amazon Fund Technical Committee (CTFA).

Mr. Soeiro reported a total of BRL 273 million in donations and the approval of 12 projects amounting to BRL 234 million, totaling BRL 223 million disbursed in the referred year. Regarding monitoring and evaluation, he stressed that a specific chapter covers the topic by presenting indicators aggregated in different tables and analyses. As for the projects completed in the year, he informed that the report presents a compilation of information on each project, such as details of the results' sustainability, indicators of results and impacts, and lessons learned.

Mr. Juan Scalia (FUNAI) suggested further detailing the critical analysis of the "monitoring and evaluation" chapter, such as the correlation between projects with chains experiencing a drop in production, such as rubber and babassu nut, compared to the increase in other chains of products, such as açai berry and Brazil nut. He highlighted the indicators as the main instrument to measure project effectiveness.

Mário Cardoso (CNI) ratified the question raised by the FUNAI representative, recalling that COFA has already discussed the indicators review. He recalled that BNDES had informed that the German Agency for International Cooperation (GIZ) was starting work in this direction. He mentioned the case of rubber, which is produced outside the Amazon biome, in the Cerrado biome, despite being within the Legal Amazon. He reaffirmed the importance of this type of consideration in the report.

Mr. Jair Schmitt (MMA) mentioned that the remark regarding the authorizations for vegetation suppression is fundamental but that this information is not consolidated. He recalled that the MMA recently asked the states of the Amazon region to consolidate this information. Despite the low participation of the states in the meeting, he reinforced the appeal for systematizing this information and, consequently, disseminating it in a more intelligible and transparent way.

Ms. Juliana Santiago (BNDES) stressed that the indicators are not exhaustive and that several of them are monitored, some of which are common to a certain selected axis. She also reported that the Amazon Fund is looking for improvements, such as identifying the baseline of some project indicators since the execution stage of some projects makes it impossible to measure the starting point. She concluded by stating that the COFA's recommendations are well received by BNDES, which hopes to be able to incorporate improvements in the preparation of the 2018 report.

Mr. José Antônio Marcondes (MRE) suggested that the next report should clarify the connection between projects and public policies for the preservation and sustainable use of the Amazon Rainforest. He stressed that it is not just deforestation but the impact of the resources used and the consequent result of reducing deforestation. He declared that he was sure that the BNDES President, Mr. Dyogo Oliveira, is also very careful regarding the performance evaluation and the compatibility of the bank's performance with national public policies.

Mr. Juan Scalia (FUNAI) asked whether a meeting of the Amazon Fund Technical Committee (CTFA) was or will be held this year and whether there were minutes of it.

Ms. Juliana Santiago (BNDES) reported that all the minutes are available on the Amazon Fund's website. She recalled that the report's second chapter, which deals with governance, presents highlights related to the committees' performance.

Mr. Juan Scalia (FUNAI) suggested including the CTFA in the debate on indicators.

Ms. Juliana Santiago (BNDES) clarified that CTFA certifies the emissions avoided in previous years based on data from the National Institute for Space Activities (INPE) and the additional calculation carried out by MMA, legitimizing Brazil to raise funds for future investments, one of them through the Amazon Fund. The goal, she continued, is not to certify results arising from the reduction of deforestation in Amazon Fund projects because the negotiations' logic is to pay for results achieved. She informed that the report tries, as far as possible, to link some project results to the impact on the area that experienced deforestation reduction. She indicated that, for example, some science and technology projects and the improvement of satellite or radar monitoring systems present a challenge due to the extensive territorial dimension and that, despite the investment and improvement of the systems, the direct link of the supported projects to the results of deforestation it's not sufficiently objective.

Ms. Juliana Santiago (BNDES) commented that the cooperation with GIZ is also an innovative work and that the discussion on the reference framework for the mid-term evaluation of the Amazon Fund Program's effectiveness is currently in progress. She mentioned the work carried out to improve the monitoring of the results of state firefighters' projects, which addresses the identification of heat hotspots, fires fought, the number of people trained by the project, corporation strengthening in terms of equipment, i.e., indicators that measure the project results and, indirectly, its contribution to deforestation reduction. She made the BNDES available to coordinate a technical meeting based on the 2017 report to work on improving indicators.

Mr. José Antônio Marcondes (MRE) stated that it is important to be clear about the Amazon Fund's basic principles to avoid possible confusion regarding its purpose and resources. He suggested the development of an executive summary of the report.

Mr. Jair Schmitt (MMA) ratified the arrangement for refining indicators, considering the technical and scientific limitations, including the impact of public policies, since some projects have a crystal clear impact and others are more complex, such as monitoring. He clarified that monitoring does not reduce deforestation per se but generates information for decision-making. He considered that the cause and effect link should not lead to a deviation from the Amazon Fund's logic regarding donations, warning that these are affected by the results in deforestation reduction achieved throughout the Amazon region and not just those directly related to the projects.

Mr. Thiago Mendes (MMA) thanked the interventions and invited the representatives to deliberate on the topic. He recapitulated the series of suggestions, from the space for a specific debate on the indicator analysis to the proposal to identify information associated with the authorization of legal suppression by the states. He stressed that the indicators are not exhaustive and that the report is not intended to be extremely extensive, and, as a result, he endorsed the suggestion to create an executive summary for the next activity report.

Since all agreed, the 2017 Amazon Fund's Annual Activity Report was approved.

– Decisions and arrangements

- COFA approved the 2017 Amazon Fund's Activity Report.

3. Deliberation on guiding criteria for supporting projects in agrarian reform settlements

Ms. Juliana Santiago (BNDES) recalled that the priority in supporting settlements was defined at the 22nd COFA Meeting and that MMA and BNDES were responsible for leading a process of identifying the best ways to encourage this support, among them, the elaboration of a public call. However, in conversations with civil society stakeholders and the National Institute for Land Settlement and Agrarian Reform (Incra), it was found that the most effective strategy to promote projects in settlements would be through the definition of strategic guidelines.

Mr. Eduardo Bizzo (BNDES) clarified that the guidelines consist of refinement in terms of priority topics, rules, assumptions, preconditions, supportable activities, and products and services. He mentioned that there are already two strategic guidelines in force for the following topics: rural environmental registry (CAR) and inspection and fight against environmental crimes and infractions by the states of the Legal Amazon. He mentioned that one of the advantages of the guidelines is that it induces the submission of new projects on topics relevant to the Amazon Fund support. Furthermore, he said that they serve as a reference for the BNDES's analysis as projects undergo the merit assessment phase, which increases the comparability between projects and ultimately reduces their period of analysis. He cited the case of the guidelines for the Amazon Fund support to CAR, which is considered a success in terms of the number of projects presented and approved.

Mr. Bizzo (BNDES) reported that from 2004 to 2015, the settlements were the land title category that most contributed to the total deforestation and that the causes and challenges for this correlation have different natures.

He commented that the change in the relative share is also due, in large part, to the reduction in the deforestation share in areas with more than 100 hectares, which, as a rule, come as a result of PPCDAm and the improvement of detection systems, which subsidize inspection operations. He reported that in PPCDAm, settlements are critical areas and, therefore, represent a priority for implementing lines of action and a priority topic in the Guidelines and Criteria for the Application of Resources and Operation Focuses for the 2017/2018 Biennium, according to the wording of item I 18, "the support for environmental and land tenure regularization of settlements, including the implementation of the 'Green Settlements Program' is considered as a priority." He stressed that settlements are also among the priority target audience of the Amazon Fund. He highlighted that the document, which is based on environmental regularization, sustainable production, and land management, was written in partnership with MMA and validated by the Department of Family Agriculture and Agrarian Development (Sead), INCRA, and third-sector representatives.

Ms. Fernanda Garavini (BNDES) reported that the target audience is the beneficiaries of agrarian reform in settlements located in the Legal Amazon and that the employed support modality is a non-reimbursable financial collaboration with resources from the Amazon Fund in both operational modalities: projects structuring and/or providing for public calls to be made with an execution period of up to 48 months. She communicated that project proponents may be federal government entities, state governments entities, and private non-profit organizations, such as civil associations, cooperatives, and foundations governed by private law that comply with the following conditions: formal cooperation with the land institute(s) responsible for eligible settlements for support and previous experience in working with settlers or family farmers in the Legal Amazon and in providing for public calls, proving their experience, knowledge, and operational capacity.

Ms. Garavini reported that the proposal must present as minimum conditions the main issues faced regarding settlements, the problem situation, and the interventions foreseen in the project that must be observed, and present the guidelines contained in the document, the Amazon Fund's Guidelines and Criteria, established by COFA. Regarding the supportable activities, she listed support for registration and analysis in CAR and the implementation of the Plan for the Recovery of Degraded Areas (PRAD), within the scope of environmental regularization; support services for landholding regularization, legal infrastructure, training of facilitating agents, and support for allocating public lands, noting that severance damages, within the scope of landholding regularization, will not be supported; and payments for environmental services (PES) and financial sustainability studies prioritizing greater conservation and/or located in priority areas for preserving biodiversity/endangered species, within the context of valuing environmental assets.

Regarding sustainable production activities, she continued, support can be given to activities for structuring, strengthening, and consolidating production chains for socio-biodiversity and sustainable family farming, productive diagnosis of settlements, technical assistance for sustainable production activities and technological dissemination of sustainable production systems; supporting the access to public procurement policies; structuring and supporting origin assurance systems; and structuring and providing financial resources in community revolving funds or similar financial instruments, operated by non-profit civil society organizations. Concerning the recovery of environmental liabilities with income generation and food security, primarily in settlements with greater deforested areas, the following activities are supportable: recovery of vegetation cover in Legal Reserves (RL) areas and Permanent Preservation Areas (PPAs); support for structuring, strengthening, and consolidating the production chain for seedlings and native seeds; and carrying out studies to model programs for the acquisition of seeds and native seedlings.

Ms. Fernanda Garavini (BNDES) also reported on the item "common supportable activities", which covers all costs associated with the public call for projects, project management, monitoring and evaluation of results and impacts, as it is in line with the previously discussed performance report, the development of computerized state and national systems, and the institutional strengthening of the project proponent, organizations of settlers and land agencies, and training.

Mr. Eduardo Bizzo (BNDES) clarified that the eligible items are applicable for all projects within the Amazon Fund, and the restrictions are the same.

Ms. Fernanda Garavini (BNDES) reported that project proponents must submit a counterpart financing with no established minimum percentage demonstrating it is a supplementary and/or additional financing to the requested support. She stressed that this counterpart financing can be financial resources directly invested in the project or by providing infrastructure, personnel, or other items to be evaluated in the technical and legal analysis stage.

Ms. Adriana Ramos (FBOMS) stated that the guidelines are adequate but questioned the requirement for cooperation with land agencies regarding sustainable productive activities in settlements and the definition of cooperation adopted. She stressed the fragility of many land agencies and the undermining, through political control, of the capacity to implement settlements as a strategy to weaken agrarian reform. She expressed her agreement in the land regularization context, but when it comes to sustainable, productive activities, she fears that unnecessary political impasses will be placed before projects that could be developed in partnership with local associations, limiting the action of other public or private agents in the field for the benefit of communities. As for the associations, claiming that she was aware that it is a general rule, Ms. Ramos contested the prohibition of expenses with

services and consultancy provided by directors since it is in line with the history of cooperatives and community associations, as established in the Civil Code. She cited the case of the state of Mato Grosso, where settlements are under pressure from soy production. She also stated that it is important to observe the Amazon Fund's focus and that it is necessary to strengthen strategies that play a role in conserving forests and combating deforestation.

Ms. Juliana Santiago (BNDES) emphasized that sustainable production activities are a priority focus of the Amazon Fund, being the so-called inductors of structuring more robust projects with a greater territorial range. She stressed that the guidelines do not aim exclusively to promote sustainable productive activity projects but projects in settlements that combine activities to address priority issues in settlements, including the consolidation of the territory occupation. Thus, formal cooperation, she continued, is more linked to other supportable activities and is even a way of inducing the project not to limit itself to supporting sustainable productive activities in settlements since, in this case, it is not necessary to observe these strategic guidelines. She warned that the goal is to engage land agencies to give strength to the projects, consequently strengthening them in the context of environmental and land regularization of settlements. She also reported that the prohibition of expenses with outsourced services aims to avoid conflicts of interest and that the Fund fully supports the expenses with personnel under the exclusive work regime. When not, she continued, support is provided through prorated dedication. She underlined the prohibition of any kind of compensation to public agents.

Ms. Adriana Ramos (FBOMS) suggested that the document highlight the cases provided for in the Civil Code so that during the project analysis phase, the employee's relevance or ambiguous situations are considered. She stated that the present wording creates a limitation that does not exist in the legislation.

Mr. Thiago Mendes (MMA) stated that the wording does not address the payment of salary in case directors work on the project, being completely compatible with the Civil Code provisions. He stated that an absolute veto would not be ideal, but rather the request for additional clarification on how to characterize this issue to resolve any doubts regarding the proposal.

Mr. Jair Schmitt (MMA) reported that the link to land agencies is inevitable to eliminate the possibility of project failure. He remarked that deforestation in settlements accounts for 20 to 30% of the total annual deforestation in the Amazon Rainforest, a chronic case that refers to the need for land and environmental regularization. This regularization is an instrument that allows the release of areas and the consequent viability of any sustainable productive activity. He stressed the importance of the concept of green settlements in supporting environmental and landholding regularization and its relationship with sustainable production.

Mr. José Antônio Marcondes (MRE) stated that the BNDES representative's mention of the deforestation causes highlighted the fact that many settlements still do not benefit from other public policies or financing, such as the National Program to Strengthen Family Agriculture (Pronaf), for example. He questioned the existence of conceptual confusion in distinguishing between settlements and family agriculture. He agreed with the relevance of landholding regularization even as a precondition for the action of other public policies. He commented that in the wording, there is an incompatibility between item 10.2 "specialized technical services" and 11.4 "expenses with outsourced services and consultancy provided by employees or directors of the project proponent or by civil servants, public servants, or any person exercising a public function" regarding the characterization of the specialized technical service and whether it is provided by third parties. Regarding the public calls launched in 2017, he expressed concern about the response obtained and how the target audience will be accessed because, although there is a line of action regarding the organization of entities or co-operativization, it is necessary to assess the representativeness of settlers and who will speak on their behalf and to know if the resources are covering everything, which effectively makes a difference.

He also showed interest in knowing the mechanism for transferring environmental liabilities in the case of agrarian reform settlers and the consequent impediment to land regularization.

Mr. Marcos Ferrari (BNDES) expressed concern regarding the absence of the states.

Ms. Juliana Santiago (BNDES) reported that deciding on the settlement issue is a decision for the Committee to make. She recalled that COFA's regulation establishes the minimum quorum for deliberations and that the meeting had reached it. She stated that the document on settlements was shared with the advance notice required by the regulations and pointed out that BNDES already had a mandate from COFA to develop a proposal to promote these activities. Ms. Santiago also emphasized that the topic is a historical priority demand of the Committee and that it would be interesting to move forward with the deliberation. Regarding the question asked by the MRE representative, she pointed out that the wording of item 11.4 is intended to objectively prohibit conflict of interests.

Mr. Jair Schmitt (MMA) clarified that when settlers receive a lot, they can whether be aware of their legal obligations and work on it as planned, abandon it for various reasons, or another person can occupy the abandoned lot (who may or may not regularize it), and it is important to consider all these variables. He suggested as an arrangement the legal assessment of item 11.4, "Expenses with outsourced services and consultancy provided by the project proponent's employees or directors or by civil servants, public servants, or any person exercising a public function" to make possible adjustments to the terms used on non-eligible items for funding.

Mr. Eduardo Bizzo (BNDES) suggested maintaining the wording of the item with due clarification.

Mr. José Antônio Marcondes (MRE) suggested a footnote that highlights the purpose of item 11.4 and communicated that this does not eliminate the possibility provided in items 10.1 or 10.2, which deal with financeable items.

Mr. Jair Schmitt (MMA) suggested adding at the end of item 7.1, "formally cooperating with the land institute(s) responsible eligible settlements for support" the passage "except when the project is exclusively dedicated to supporting activities related to items 9.2 and 9.3."

– Decisions and arrangements

- COFA approved the insertion of a footnote related to item 11.4 of the Guidelines for Supporting Projects in Agrarian Reform Settlements, stating that it does not eliminate the possibility of the provision of item 10.1 of that document.
- The Committee also approved the rewording of item 7.1 of the document "Guidelines for Supporting Projects in Agrarian Reform Settlements" to clarify that formal cooperation with land institute(s) is not necessary when the project supports activities related to items 9.2 and 9.3. Cooperation will only be necessary when there is support for the activities provided in item 9.1.

4. Deliberation on guiding criteria to support the preparation, review, detailing, and implementation of ecological-economic zoning (ZEE)

Ms. Juliana Santiago (BNDES) reported that the members of the Committee did not receive the draft document on guiding criteria to support the preparation, review, detailing, and implementation of ecological-economic zoning (ZEE) because MMA and BNDES did not have time to complete the proposal, which is in the final stage of review. She reported that MMA will present the main lines and goals of support, which will be substantially included in the final document, and that the proposal is for the Committee to deliberate on it later. **Mr. Mário Cardoso (CNI)** questioned the deliberation on the criteria without submitting the draft to the Committee members. He expressed his concern about the quorum of states at the meeting.

Mr. Hamilton Pereira (Rondônia) questioned how the new regulations would be adapted to those already existing by the states.

Ms. Fabiana Martins (President's Chief of Staff) suggested the deliberation of the guidelines via extraordinary consultation after the presentation of the general topics.

Mr. Jair Schmitt (MMA) stated that this balances the proposal because the guiding criterion is intended to provide an opportunity inducing projects aimed at ZEEs, which are structuring policies for controlling deforestation in the Amazon, i.e., fundamental instruments of Brazilian environmental policy in which the states are the leading stakeholders. He reiterated that the criteria also simplify the analysis process by BNDES. He emphasized the importance of speeding up deliberations to enable the advancement of structuring measures to combat deforestation.

Mr. Marcos Ferrari (BNDES) proposed that the approval be conditioned to the online vote of the states; however, he also expressed concern about the time, highlighting the importance of the speed of approval of the guidelines.

Ms. Maria Gertrudes (Pará) stated that the proposal made by the President's Chief of Staff representative serves the states. She suggested that the deliberation be taken to the Forum of Environment Secretaries of the Legal Amazon, whose meeting is scheduled for the first semester.

Mr. Mário Nicácio (COIAB) reinforced the importance of the MMA's presentation to increase negotiation transparency, considering the imposition of zoning by the federal government.

Mr. José Antônio Marcondes (MRE) claimed that the absence of states makes it difficult to develop considerations on issues related to them. He recommended an online remote deliberation on the topic after the presentation by MMA, allowing the supplementation of documents by BNDES. He also corroborated the request for speed. He reiterated the need for prior submission of the documents relevant to the meeting.

Mr. Jair Schmitt (MMA) clarified that criteria and rules for financing projects for the preparation, review, and implementation of ZEEs will be discussed and that COFA is not responsible for defining the ZEEs' rules, which are at the state level with a legal normative flow. He stressed the goal of inducing projects and that there are states in an advanced stage and others less so.

Mr. Thiago Mendes (MMA) suggested a deliberation based on MMA's formal presentation. He stated that he understands that it is everyone's goal not to postpone it so as not to jeopardize the approval of new projects. He highlighted the importance of guiding submissions and not avoiding submitting new proposals. The floor was then given to Mr. Salomar Mafaldo, from MMA, to make the presentation.

Mr. Salomar Mafaldo (MMA) began his presentation on the ZEE program, nationally coordinated by MMA, explaining that it is an instrument provided for in the National Environmental Policy, based on the following pillars: territorial planning on a sustainable basis; strategic, decentralized, and participatory planning; integrated information about the territory on a geographic basis; knowledge of space according to its potentials and limitations; design and spatialization of public policies; mobilization, articulation, and training of public and private agents to promote a rational occupation of the territory; and the sustainable use of natural resources. He emphasized that the MMA understands ZEE as a territorial intelligence instrument that makes Brazil a reference in the South American context.

Regarding the legal aspects, Mr. Mafaldo highlighted that Federal Law No. 6938/1981 stipulates environmental zoning as a National Environmental Policy instrument and that Decree No. 4297/2002, which regulates it, in its article 1, determines that ZEE will comply with the established minimum criteria. He stressed that, based on Article 6 of the referred Decree, ZEE will play different roles according to three different scales: 1:1,000,000, whose purpose is to define strategic indications for the use of the territory and the definition of areas for detailing, the macroZEE; 1:250,000, to define state or regional territorial management and ordering indicators, such as definitions of legal reserve percentages or rural property and 1:100,000, for ZEEs whose purpose is to define operational management and territorial planning indicators, such as municipal master plans, local territorial environmental management plans and use of Permanent Preservation Areas (APP). He announced that environmental zoning for municipalities (ZAM) was under discussion to assist, complement, qualify, and improve municipal master plans. He also reported that referred Article 6 says that the federal public government is responsible for preparing and executing national and regional ZEEs when it has as its subject Brazilian biomes or territories covered by priority plans and projects established by the Brazilian Federal Government.

Mr. Salomar Mafaldo (MMA) reported that the EEZ federal management model is based on two coordinations: the Ecological-Economic Zoning Steering Committee (CCZEE), a collective political body composed of federal government agencies and currently with 12 representatives, and ZEE Brazil Consortium, a technical support body for preparing the macro-ZEEs, which provides technical assistance to the states, besides preparing the methodological line and exchanging information with them. He stated that the macro-ZEE Brazil primarily guides the preparation and implementation of federal public policies, and the macro-regional ZEEs primarily guide the preparation and implementation of macro-regional public policies. He also reported that the states are responsible for the state ZEEs and prioritize the preparation and implementation of state public policies and that the Municipal Master Plans (PDMs) work at the local scale.

As for the methodology for preparing ZEEs, he reported that it was composed of four stages: (i) planning, through structuring management authorities and defining structuring topics and issues; (ii) diagnosis through an integrated analysis of the territory's current situation and its vulnerabilities and potentialities; (iii) prognosis, through preparing prospective scenarios and defining management guidelines; and (iv) implementation, through defining action plans, monitoring and evaluation indicators, and communication and training strategies. He stated that ZEE is included in planning and budgeting instruments such as the Government Multi-annual Plan, the Budget Guidelines Law (LDO), and the Annual Budget Law (LOA), contributing to tax incentives through fostering less developed regions, besides the Climatic Risk Agricultural Zoning (ZARC) and the agricultural credit, which provide greater security to rural producers and reduce their risks. Furthermore, he continued, they can also contribute to the environmental licensing and granting of the use of water processes and serve as support for CAR and environmental regularization programs by guiding environmental and productive conservation and recovery actions.

Mr. Salomar Mafaldo (MMA) reported that the Federal macroZEE for the Legal Amazon was concluded in 2010 and that it is the largest ecological-economic zoning initiative in the country performed in the last 25 years, the result of an interactive geospatial system that has all the information regarding both the Legal Amazon macroZEE and state ZEE initiatives. He reported that the São Francisco River Basin macroZEE is in progress, currently at the stage of defining the management maps and their respective action guidelines. He listed the completed state ZEEs and those in progress within the Legal Amazon. As for the COIAB representative's question regarding the state of Roraima's ZEE, he clarified that the Federal Prosecution Service (MPF) asked the state government for greater inclusion and participation of traditional peoples and communities in preparing the process.

Mr. Mafaldo stated that the referred ZEE is foreseen in the 2016-2019 Multi-Annual Plan within the 2029 Program – Regional and Territorial Development, goal 0789, which aims to increase from 60% to 75% of the Brazilian territory, following guidelines for use and occupation with a sustainable basis. He explained that according to Decree No. 6527/2008, item V, Ecological-Economic Zoning, territorial planning and landholding regularization represent areas covered for the application of resources from the Amazon Fund. He highlighted land planning as the thematic axis of the Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAm) and the promotion of the preparation of state ZEEs in the 2016-2020 Operation Plan, which is also within the scope of the PPCDAm.

Mr. Mafaldo announced that, within the context of the highlights presented in the referred document, the suggestion for four stakeholders to apply as Amazon Fund's support project proponents: state governments; federal bodies that make up the ZEE Brazil Consortium; private non-profit organizations; and higher education institutions. He stressed that it will only be possible to submit a project within the scope of the Amazon Fund with the seal, approval, and interest of the states that form the Legal Amazon. He explained that to determine what the supportable activities are, MMA decomposed the projects into the four ZEE stages provided for in its guidelines.

Mr. Mafaldo highlighted that the document deals with the planning stage and the preparation of a natural resources diagnosis; a socio-economic and institutional legal diagnosis; an analysis of the current situation and its fragility; the survey of the territory's natural potential; the prospective scenarios; the proposal for territorial management; and operational action plans. He reported that the document encompasses the promotion of debates, discussions within the scope of the territory's situation, the development of indicators, the carrying out of activities to collect primary information, and, finally, the structuring of laboratories aimed at developing geographic databases (BDGs) and geoinformation.

Mr. Salomar Mafaldo (MMA) emphasized that previous ZEE experiences, especially in the states that form the Legal Amazon, provided information to state environmental agencies on the environmental quality of their territories, the training process, and the structuring of laboratories. He highlighted the holding of courses and training for managers and technicians of civil society in the application of products generated by the ZEE as a possible action. Regarding the figures for support, he reported that MMA suggested the maximum amount of BRL 5 million per project with a 36-month deadline.

Mr. Mário Nicácio (COIAB) explained that the request made by indigenous peoples to the government of the state of Roraima is based on Convention 169 of the International Labor Organization (ILO). He opposed the overlapping of ZEEs on indigenous lands. He cited the National Policy for Territorial and Environmental Management in Indigenous Lands (PNGATI), which in Article 2 defines ethno-mapping and ethno-zoning as tools for territorial and environmental management of indigenous lands. He also asked for clarification regarding the definition of the participation of stakeholders such as FUNAI, MPF, and indigenous peoples themselves, who did not find themselves included in the context of the ZEE. He reported that the Federal Government attributed the management and implementation of actions to Brazil

and not to the states and that this impasse reached MPF, which demanded, through a legal document, that consultations be carried out, which have not been carried out yet. He also highlighted the need for a broad discussion on the document presented by MMA and a specific clause to be discussed with indigenous peoples.

Mr. Salomar Mafaldo (MMA) reported that MMA requested clarification regarding the MPF's follow-up documentation of state of Roraima's EEZ preparation process and that he warned about the need to include community peoples in the discussion stages. He stated that Brazil currently coordinates the preparation of macro-ZEEs, while the states are responsible for state ZEEs. He emphasized that following the same logic of the institutional arrangement at the federal level, the states also have to compose their state coordinations and workgroups that support the preparation and execution of the preparation process of their state ZEEs.

Mr. Mário Nicácio (COIAB) expressed doubts about the overlapping of the state of Roraima's ZEE on indigenous lands.

Mr. Jair Schmitt (MMA) clarified that the guiding criterion must include the guarantees and safeguards; however, it must consider that the objective of this guiding criterion is to encourage ZEEs. He pointed out that COFA has no jurisdiction to judge the implementation of a specific ZEE.

Mr. Fábio Abreu (MMA) stressed that the issue related to traditional peoples and communities is very delicate and important. He reported that in 2009, the Federal Court of Audits (TCU) carried out an operational analysis of the ZEE Brazil Program, recommending that the zoning should not establish guidelines that cover internal limits in areas with their own planning and ordering instruments, such as indigenous lands and conservation units. He commented that the state of Roraima team announced that it was aligning itself to meet the MPF's recommendations. He emphasized that a zoning implemented without permission would hardly be recognized by the CCZEE at the national level.

Ms. Adriana Ramos (FBOMS) asked MMA to explain the strategy to make zoning gain political force as an effective instrument in combating deforestation.

Mr. Fábio Abreu (MMA) suggested replacing, in the scope of the document's "project proponents" item, the term "higher education institutions" with "scientific and technological institutions," as it is more comprehensive.

Mr. Mário Cardoso (CNI) pointed out the expressive use of resources for non-applied ZEEs as a public policy instrument and that it would not be desirable for this scenario to be repeated with the Amazon Fund resources. He recalled that ZEE is a technical and political instrument and that the bottleneck for all approval of ZEEs is in the political component. He also stressed that it is important to resume the discussion on the ZEE's importance within the Ministry before allocating Amazon Fund resources.

Mr. Juan Scalia (FUNAI) suggested mentioning other public policies and related territorial planning instruments in the document.

Mr. Salomar Mafaldo (MMA) commented that regarding the effectiveness and implementation of ZEEs, it is necessary to make a critique within the scope of a Federal Government public policy. He clarified that MMA is the process coordinator and encourages other departments to assume their sectoral roles and that it cannot be held unilaterally responsible for successes or failures. He also corroborated that the legal frameworks of Federal Decree No. 4297/2002 should be revised to update, modernize, and give a new breath of life to the instrument in question.

Mr. Jair Schmitt (MMA) proposed an arrangement to submit the document version of the ZEE guiding criteria to COFA members so that they can appreciate the proposal and make considerations and adjustments, which will be consolidated so that the document can be later submitted to electronic voting. He recalled that ZEE is already based on the guiding criteria for the biennium as a focal project, although it does not have specifically defined criteria. He clarified that the goal is to facilitate control, improve the quality of projects, and make the BNDES examination safer and more efficient. He emphasized that the PPCDAm, the basis for many of the COFA guidelines, signals the promotion and elaboration of state ZEEs as a line of action.

– Decisions and arrangements

— COFA approved submitting the document version of the guiding criteria to support the preparation, review, detailing, and implementation of the ecological-economic zoning (ZEE) to COFA members so that they can examine the proposal and make their considerations and adjustments that will be consolidated for subsequent submission to electronic voting.

5. Amendment to the Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium

Mr. Jair Schmitt (MMA) suggested including multilateral institutions in the list of entities that can propose structuring projects to the Amazon Fund, addressed in item I5, "structuring projects", in the session on operational modalities of the Amazon Fund support focuses for the 2017-2018 biennium, which is currently worded as follows: "A structuring project means a project that cumulatively meets the following criteria: a) contributes to the implementation of a public policy; b) is resolute regarding the problem situation; c) has a large range of work on the territory (whenever the project actions are developed in the territory). Structuring projects may be proposed by (a) federal government entities, (b) state government entities, (c) private non-profit organizations, or (d) companies." The new text wording would include the item "e) multilateral institutions" as a facilitation mechanism for structuring projects that would enable greater agility in submitting projects and implementing public policies.

Ms. Adriana Ramos (FBOMS) stated that the change is positive but noted that multilateral institutions have specific characteristics that may require some particular observations regarding transparency, public accountability, and project execution.

Mr. Jair Schmitt (MMA) stated that there would be no objection from MMA to including a caveat clause related to the FBOMS representative's remark.

Ms. Juliana Santiago (BNDES) pointed out that the Amazon Fund's management rules apply to all projects, regardless of the project proponent, who must comply with them. Thus, she stated that including a specific clause in this item was not relevant. She also clarified that the purpose of including the project proponent is to authorize BNDES to analyze claims arising from multilateral institutions in cooperation with public entities, but that this does not exempt the beneficiary from the accountability requirements.

Ms. Fabiana Martins (President's Chief of Staff) questioned whether multilateral institutions comprise financial institutions, such as the World Bank. She stated that these institutions have their own contracting rules and questioned whether there was ever a demand from a multilateral organization to cooperate in any Amazon Fund project and what that experience was like.

Ms. Juliana Santiago (BNDES) mentioned a possible South-South cooperation project with the Congo Basin, which would be implemented by the Food and Agriculture Organization of the United Nations (FAO), made unfeasible for reasons related to accountability and transparency. She also mentioned a project to implement the Payment for Environmental Services Program (PES), considered of interest to MMA, which started discussions between the United Nations Development Programme (UNDP), as the proposing institution, and BNDES, focusing mainly on contractual accountability and institutional policy requirements. Ms. Santiago also highlighted the importance of trying to build mechanisms of accountability, periodic reports, documentary evidence, and reporting of results. She stressed that the contractual instrument is an obligation established for all the Fund's beneficiaries. She also recalled the experience with the Amazon Cooperation Treaty Organization (ACTO) project, in which it was possible to achieve good terms and in which the beneficiary, although a multilateral institution, complies with all accountability, disclosure, and transparency requirements.

Mr. Jair Schmitt (MMA) informed that the essential discussion of this item is not associated with any additional action and that the goal is to expand the opportunity range for institutions that can submit projects to the Fund.

He asked COFA members about adding item "(e) multilateral institutions" to possible proponents for structuring projects to the Amazon Fund. Since no objections were presented, the change in the 2017-2018 COFA guidelines and criteria was approved.

– Decisions and arrangements

— COFA approved the new wording of item I 5 of the document "Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2018-2018 Biennium", as follows: "A structuring project means a project that cumulatively meets the following criteria:

a) Contributes to the implementation of a public policy. b) Is resolute regarding the problem situation. c) Has a large range of work on the territory (whenever the project actions are developed in the territory). Structuring projects may be proposed by (a) federal government entities, (b) state government entities, (c) private non-profit organizations; or (d) companies, (e) multilateral institutions."

6. Amazon Fund's Activity Balance, Amazon Fund's Current Portfolio, and Presentation of Reports

Ms. Juliana Santiago (BNDES) reported that the Amazon Fund currently supports 97 projects, amounting to BRL 1.7 billion. She added that the total volume of funds remains the same as on December 31, 2017, i.e., BRL 3.1 billion, with 93.3% of the funds donated by Norway, 6.2% by Germany, and 0.5% by Petrobras. She also reported on the projects approved in 2018: "Profisc 1 – B," from the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama); "Indigenous Experiences on Territorial and Environmental Management in the state of Acre," by the Pro-Indigenous People Commission of the state of Acre (CPI-Acre); "Land Regularization," from the state of Mato Grosso – Office of Articulation and Regional Development (GDR/MT); and "Tapajós Active Forest," from the Center for Advanced Studies on Social and Environmental Promotion (CEAPS).

Regarding public calls, Ms. Santiago announced that the so-called "Consolidation and Strengthening of Sustainable and Inclusive Value Chains" was underway, in which up to BRL 150 million will be allocated to support local productive arrangements to consolidate or strengthen community enterprises that maintain the standing forest and favor opportunities for

financial sustainability and biodiversity conservation. Ms. Juliana Santiago (BNDES) also reported that the registration deadline has ended and that 80 proposals were received, 36 of which were qualified in the 1st phase (documental qualification and preliminary registration evaluation). She also said that the Classification Committee meeting took place on July 12-13, 2018 and that the release of the classification result is scheduled for July 31, 2018. She also listed all members of the Classification Committee.

She reported that the registrations for the public call "Vegetation Cover Recovery" are open and that, as requested by MMA, the deadline for receiving the proposals has been extended to August 10, 2018. She communicated that the release of the proposal qualification results is scheduled for October 2018, and the release of the classification result is scheduled for January 2019. She also stressed the importance of electronically defining the representative nominations for the Classification Committee, composed of two appointments from the Ministry of the Environment (MMA), the Brazilian Forest Service (SFB), state representatives, and the COFA civil society caucus, one nominated by the Brazilian Society for the Progress of Science (SBPC) and two appointed by BNDES.

Ms. Juliana Santiago (BNDES) reported on the Oslo Tropical Forest, an event that will take place in Norway and will mobilize various government leaders, organized civil society, and several institutions on the forest environmental topic. She informed that the Amazon Fund, alongside Norway and MMA, decided to take advantage of this agenda and the mobilization of relevant stakeholders to organize an event to celebrate the Fund's 10th anniversary, to be held in advance on June 26. She stressed that the goal is to share the results achieved by the Amazon Fund and report its challenges, among them, how to scale sustainable and inclusive value chain projects and the partnership with the private sector.

Ms. Juliana Santiago (BNDES) reported that the final report of the Senate's Parliamentary Committee of Investigation (CPI), established to investigate FUNAI and INCRA, requested the TCU to carry out an audit and accounting evidence on the Amazon Fund. She pointed out that its goal is to assess compliance in the resource management by BNDES, focusing on the Amazon Fund's governance, operational management, and legal framework. She reported meetings held, extensive examination of documents, and field visits by TCU auditors between February and May 2018 and that TCU is preparing an audit report.

Mr. Juan Scalia (FUNAI) made FUNAI available to collaborate in the audit process and reported that Ibama's Normative Instruction No. 15 exempts a series of infrastructures from licensing in indigenous lands.

7. Setting the next COFA meeting

The next COFA meeting should be scheduled for the first half of November this year, at a location to be defined.

8. Conclusion

Mr. Jair Schmitt (MMA) thanked everyone for their attendance and collaboration, closing the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / (S) – Substitute / (A) – Agent

Ministry of the Environment	Ministry of Industry, Foreign Trade, and Services	Ministry of Foreign Affairs
Thiago de Araújo Mendes (R) Jair Schmitt (S)	Antônio José Juliani (A)	José Antônio M. de Carvalho (R)
Ministry of Agriculture, Livestock and Food Supply – MAPA	Ministry of Science, Technology, Innovation, and Communications	Ministry of Justice – National Indigenous Foundation
Pedro Alves Corrêa Neto (S)	Fábio Donato Soares Larotonda (S)	Juan Felipe Negret Scalia
Office of the President's Chief of Staff	Brazilian Development Bank – BNDES	State of Pará
Fabiana Cardoso Martins de Souza (R)	Marcos Ferrari (R)	Maria Gertrudes Oliveira (S)
State of Rondônia	National Confederation of Industry – CNI	Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB
Hamilton Santiago Pereira (R)	Mário Augusto de C. Cardoso (R)	Mário Nicacio (S)
Brazilian Forum of NGOs and Social Movements for the Environment and Development – FBOMS	National Forum of Forest Based Activities – FNBF	
Adriana de C. B. Ramos Barreto (S)	Maria Terezinha de Farias (A)	

Absent

State of Acre
 State of Amapá
 State of Amazonas
 State of Maranhão
 State of Mato Grosso
 State of Roraima
 State of Tocantins
 National Confederation of Agricultural Workers – CONTAG
 Brazilian Society for the Progress of Science – SBPC

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

<p>Ministry of the Environment (MMA) Raul Xavier de Oliveira Vana Tércia Freitas Gabriel Lui Salomar Mafaldo Fábio Abreu</p>	<p>Embassy of Germany Simon Triebel</p>	<p>Embassy of Norway Kristian Bengtson Gunhild Oland Santos-Nedrelid Rafael Volochen</p>
<p>KfW Christian Lauerhass Carsten Sandhop</p>	<p>GIZ Anselm Duchrow Bernardo Mansur Anache</p>	<p>BNDES Juliana Santiago Daniel Soeiro Fernanda Garavini Patricia Levitan Vivian Costa Rafael Feijó Nabil Kadri</p>
<p>MRE Reinaldo Salgado</p>	<p>FUNAI Paulo Ibituruna</p>	<p>State Chamber of Deputies of Rondônia Lourdes Maria Soares Silva</p>

Guidelines for supporting projects in Agrarian Reform Settlements

1. INTENDED GOAL

Guiding financial support to projects aimed at environmental and land regularization and the promotion of sustainable productive activities in agrarian reform settlements in the Legal Amazon to:

- I. Reduce deforestation rates in settlements using incentives for production models that do not rely on replacing native vegetation;
- II. Promote landholding, inhibiting illegal appropriation of lands and disorderly occupation of the forest;
- III. Foster economically viable, environmentally sustainable, and socially fair agricultural development in the settlements.

2. TARGET AUDIENCE

The proposals and activities supported shall promote direct benefits to beneficiaries of agrarian reform in settlements located in the Legal Amazon.

3. TARGET AREA

The Legal Amazon.

4. SUPPORT MODALITY

Non-reimbursable financial collaboration with Amazon Fund resources.

5. MINIMUM REQUIREMENTS

5.1. The proposal shall present the main issues faced regarding settlements – problem situations – and the interventions foreseen in the project, justifying how each intervention will contribute to resolving the main problems.

5.2. The proposal shall relate the products and services to the respective activities to be developed through the project implementation and aim at achieving its goals. Products and services mean the results obtained at the end of a series of activities that comprise the project.

5.3. Besides complying with the guidelines contained in this document, the Amazon Fund Guidelines and Criteria, established by the Amazon Fund Steering Committee, shall be observed.

6. OPERATIONAL MODALITIES

Structuring projects ¹ and/or projects that provide for public calls for proposals by the proposing entity may be supported under the terms defined in the "FOCUS FOR THE AMAZON FUND SUPPORT FOR THE 2017-2018 BIENNIUM."

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1. A structuring project means a project that cumulatively meets the following criteria:
 - a. Contributes to the implementation of a public policy.
 - b. Is resolute regarding the problem situation.
 - c. Has a large range of work on the territory (whenever the project actions are developed in the territory).

7. PARTICIPATION

Proposals may only be submitted by (a) federal government entities, (b) state government entities, and (c) non-profit private organizations, such as civil associations, cooperatives, and private foundations.

The proposing entity must simultaneously meet the following criteria:

7.1. If the proposal includes the eligible activity for support "9.1. Environmental and Land Regularization", they shall establish formal cooperation with the land institute(s) responsible for eligible settlements for support;

7.2. Prove previous experience in working with settlers or family farmers in the Legal Amazon;

7.3. If the proposal provides for public calls, the proposing entity must prove its experience, knowledge, and operational capacity to provide quality and range to the projects supported within the scope of public calls. In this case, the proposing entity shall be responsible for managing, implementing, and monitoring the projects supported by the public calls made by it.

8. TIME FRAME

The time frame for implementing projects should be up to 48 months, from the contracting with BNDES until the end of its execution.

9. SUPPORTABLE ACTIVITIES

Projects may include the following activities:

9.1. Environmental and Land Regularization

a) Environmental Regularization:

Support for the registration of settlement lots in the Rural Environmental Registry (CAR) and planning and execution of environmental regularization actions, such as support for restoring degraded and altered areas of small properties or rural family possessions (up to 4 fiscal modules)², prioritizing the implementation of Plans for the Recovery of Degraded Areas (PRADs); Support for the analysis of rural environmental records in SICAR;

Regarding the support for the Rural Environmental Registry, the Guidelines for the Amazon Fund's Support to Rural Environmental Registry (http://www.fundoamazonia.gov.br/export/sites/default/pt/.galleries/documentos/docs-apresentacao-projetos/Criterios_Orientadores_CAR.pdf) and Normative Instruction No. 02, May 06, 2014, of the Ministry of the Environment, especially regarding arts. 52 to 57, shall be observed.

b) Land regularization:

Carrying out support services for landholding regularization, such as lot georeferencing, registration and updating of the list of beneficiaries in federal and state land registries, digitization of land collections, support for the integration between national and state systems of identification of rural properties;

Structuring and/or adapting the legal infrastructure to carry out registration and landholding regularization of settlers; Training of facilitating agents, such as cooperatives, unions, and associations.

². Except in the case of Environmentally Differentiated Settlements, PAF, PDS, and PAE, in which areas of collective use with dimensions greater than 4 fiscal modules are considered.

Support for allocating public lands, strengthening the Terra Legal Program and carrying out joint efforts for land regularization. The payment of severance damages will not be supported;

9.2. Valuation of Environmental Assets and Productive Activities

a) Valuation of Environmental Assets:

Compensation to settlers for environmental conservation activities directly linked to the project, according to previously established indicators (PES - Payments for Environmental Services)

Carrying out financial sustainability studies and capturing new financing sources for the payment for environmental services;

Support shall be given primarily to settlements with greater forest cover preservation or located in priority areas aiming at preserving biodiversity or improving the preservation status of endangered fauna and flora species. Activities related to the sustainable use of natural resources will be positive indicators for implementing associated PES initiatives.

b) Sustainable Production Activities:

Structuring, strengthening and consolidating the production chains of socio-biodiversity and sustainable family farming, including:

b.1) Valuing the extractive economy, timber and non-timber forest management, aquaculture and fishing arrangements, agroecological and agroforestry systems, and community-based tourism;

b.2) Productive diagnosis of the settlements, development plans for settlements, updating the Study on Income Generation Capacity – ECGR of settlements;

b.3) Mapping and integration of forest-based production and business chains;

b.4) Technical assistance for sustainable production activities and technological diffusion of sustainable production systems;

a. This item must be mandatory in proposals that include the component

b.5) Support for access to public procurement policies;

b.6) Structuring and supporting systems of origin assurance;

b.7) Structuring and allocation of financial resources in community revolving funds or similar instruments operated by non-profit civil society organizations to enable the expansion of socio-biodiversity value chains.

9.3. Recovery of Environmental Liabilities with Income Generation and Food Security

a) Vegetation Cover Recovery:

Vegetation cover recovery in Legal Reserve areas and Permanent Preservation Areas in Agrarian Reform Settlements. Among the activities are the support for structuring, strengthening, and consolidating the production chain of seedlings and native seeds. It may also include carrying out studies to model programs for acquiring native seeds and seedlings. Support shall be given primarily to settlements with a larger deforested area.

9.4. Cross-Section Topics

- a) Public call for projects (in cases where the project presented includes making public calls);
 - a.1) Governance, monitoring, and management of the projects' public calls;
 - a.2) Resources for executing the projects selected in the public calls;
 - a.3) Project support services (ATER, specialized technicians, etc.).
- b) Project management;
- c) Monitoring and evaluation of results and impacts;
- d) Development of computerized systems;
- e) Institutional strengthening of the settlers' social organizations, the bodies responsible for land management, and the proposing institution, including the strengthening of their physical structure, mobilization, training for administrative and legal management, and accounting and legal advice;
- f) Training, such as in sustainable technologies, environmental regulation, and environmental monitoring;
- g) Others.

10. ELIGIBLE ITEMS FOR FUNDING

- 10.1. In-house staff;
- 10.2. Specialized technical services;
- 10.3. Support services;
- 10.4. Construction works;
- 10.5. National machinery and equipment;
- 10.6. Imported Machinery and Equipment;
- 10.7. Furniture and Fixtures
- 10.8. Softwares;
- 10.9. Inputs;
- 10.10. Trips;
- 10.11. Administrative Expenses;
- 10.12. Others;

The guidelines contained for the Electronic Prior Consultation available on the BNDES's website: <https://web.bndes.gov.br/ConsultaEletronica/fundoamazonia/#Projeto/ItensO>, shall be observed to structure the budget.

11. NON-ELIGIBLE ITEMS FOR FUNDING

- 11.1. Payment of severance damages;
- 11.2. Payment of administration fees to the project proponent;
- 11.3. Payment of per diems, salaries, or any type of compensation to public agents, such as civil servants, public servants, or any person who exercising a public function in any of the three spheres of government;
- 11.4. Expenses with outsourced services and consultancy provided by the project proponent's employees or directors or by civil servants, public servants, or any person exercising a public function³;
- 11.5. Real estate acquisition (land and buildings);
- 11.6. Payment of debts;
- 11.7. Payment of taxes or fees that are not inherent and or an integral part of the financing and/or investments made by the project (this restriction does not apply to taxes related to project activities, such as state goods and services tax included in product prices; taxes and contributions on paying for services of an individual, etc.)
- 11.8. Fines, interest for late payments, late fees and taxes, and penalties of any kind;
- 11.9. Acquisition of arms; and
- 11.10. Acquisition of animals, expect for proposals involving aquaculture, beekeeping, and meliponiculture activities.

COUNTERPART FINANCING

Project proponents shall submit a counterpart financing with no established minimum percentage demonstrating it is a supplementary and/or additional financing to the requested support. The counterpart financing can be financial resources directly invested in the project or by providing infrastructure, personnel, or other items to be evaluated in the technical and legal analysis stage.

3. According to item "10.1," payments for the beneficiary institutions' in-house staff are eligible for support through salaries and professional charges allocated to the project with Amazon Fund resources, strictly following the respective applicable legislation.



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Minutes of Topics
and Decisions
(MTD) of the
25th Meeting

**Ministry of the
Environment**

Brasília
November 09, 2018

Agenda

9:00 a.m. Opening

Mr. Thiago de Araújo Mendes, Climate Change and Forests Secretary at the Ministry of the Environment

Mr. Marcos Ferrari, BNDES's Public and Social and Environmental Management Division Director

9:30 a.m. Approval of the Minutes of Topics and Decisions (MTD) of the 24th meeting

9:40 am Agenda Topic 1

Deliberation on Guiding Criteria to Support the Military Fire Brigade of the states of the Legal Amazon for the Prevention and Combat of Forest Fires and Unauthorized Burnings

10:40 a.m. Agenda Topic 2

Deliberation on guiding criteria for the preparation, review, detailing, and implementation of ecological-economic zoning (ZEE)

11:30 a.m. Agenda Topic 3

Deliberation on the expansion of resources for the Public Call 'Consolidating and strengthening sustainable and inclusive value chains'

11:50 a.m. Agenda Topic 4

Inclusion of a support focus on the Science, Innovation, and Economic Instruments axis (economic instruments and impact businesses)

12:10 p.m. Reports

Amazon Fund's Activity Balance and Current Portfolio Rapporteur for the Public Call on 'Recovery of Forest Cover'

Presentation of the Integrated Environmental Monitoring Center's (CIMAM/SEMAS)

Technical Note

12:50 p.m. Decisions

Scheduling the date for the next COFA meeting

1:00 p.m. Conclusion

Opening of Business

1. Meeting Agenda

MTD of the 24th meeting of the Amazon Fund Steering Committee

2. Agenda Topic 1

- Deliberation on Guiding Criteria to Support the Military Fire Brigade of the states of the Legal Amazon for the Prevention and Combat of Forest Fires and Unauthorized Burnings

3. Agenda Topic 2

- Deliberation on guiding criteria for the preparation, review, detailing, and implementation of ecological-economic zoning (ZEE)

4. Agenda Topic 3

- Deliberation on the Guiding Criteria for the Public Call 'Consolidating and strengthening sustainable and inclusive value chains'

5. Agenda Topic 4

- Inclusion of a support focus on the Science, Innovation, and Economic Instruments axis (economic instruments and impact businesses)

6. Reports

- Amazon Fund's Activity Balance and Current Portfolio
- Rapporteur for the Public Call on 'Recovery of Forest Cover'
- Presentation of the Integrated Environmental Monitoring Center's (CIMAM/SEMAS) Technical Note

7.

- Internal Regulations of the Amazon Fund Steering Committee
- Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focus for the 2017-2018 Biennium

Opening of Business

The meeting was opened with greetings and salutations to the participants by the Climate Change and Forests Secretary at the Ministry of the Environment (MMA), **Mr. Thiago Mendes**, who informed that the calculated prevented emissions in 2017 account for 57,920,940 tons of CO₂, according to the deforestation mapped by the PRODES Project, which performs satellite monitoring of clear-cutting deforestation in the Legal Amazon. He informed that the Amazon Fund Technical Committee (CTFA) validated at its 11th Meeting the amount of USD 289,604,700.00 as the Amazon Fund's fund limit from August 2016 to July 2017, a highly expressive result and a positive sign for the continuity of the processes linked to the Fund.

Mr. Mendes also reported that the deforestation reduction achieved in 2017 anticipated the voluntary goals of reducing greenhouse gas emissions in the Amazon by 2020 according to voluntary international commitments made by Brazil (Nationally Appropriate Mitigation Actions – NAMAS). In other words, the international NAMA linked to the Amazon, which was to reduce 564 million CO₂ equivalent (tonCO₂eq) by 2020, was anticipated since, according to the results achieved in 2017, a reduction of 610 million tons was reached. This result, he continued, accredits Brazil to signal a sustainable advance regarding the Nationally Determined Contribution's (NDC) goals. He reported that the results of Reducing Emissions from Deforestation and Forest Degradation (REDD+) will be published in the REDD+ Technical Annex, to be sent in early 2019, along with the Biennial Update Report (BUR), to be submitted to the Framework Convention on United Nations on Climate Change (UNFCCC).

Mr. Thiago Mendes (MMA) also communicated that the preparation of the national forest reference emission level (FREL) is at an advanced stage, expected to be completed between 2019 and 2020. He clarified that the National FREL will incorporate, besides the logic of combating deforestation, the recovery, restoration, and reforestation agenda, which is relevant to the Amazon Fund and to Brazil. He highlighted the importance of governance instruments linked to the National Native Vegetation Recovery Policy (PROVEG) and the National Native Vegetation Recovery Plan (PLANAVEG), whose implementation began this year.

Mr. Mendes also reported that MMA is working to accelerate the production of national data to cover the NDC provision that deals with revegetation, reforestation, and restoration. He stressed the great challenge Brazil faces in carrying out the indicative action of expanding the reforestation, revegetation, and forest restoration area by twelve million hectares, which is fundamental for the Brazilian forest economy.

1. Approval of the Minutes of Topics and Decisions (MTD) of the 24th Meeting

Mr. Thiago Mendes (MMA) asked the Committee members if there were any proposals to adjust the wording of the MTD of the 24th COFA Meeting. As there was no proposal for amendments, the MTD of the 24th COFA meeting was unanimously approved.

2. Deliberation on Guiding Criteria to Support the Military Fire Brigade of the states of the Legal Amazon for the Prevention and Combat of Forest Fires and Unauthorized Burnings

Ms. Daniela Baccas (BNDES) mentioned the first phase of support to firefighters within the scope of the Amazon Fund, which presented good results and indicators. She reported that given the request for a new support phase, it was found during conversations with representatives of the Military Fire Brigades of the states and MMA that it is necessary to establish some criteria to standardize the demands in line with the institutional development and strengthening of the Military Fire Brigades for fighting fires and with activities related to the prevention of fire outbreaks and fire management. She also mentioned the importance of institutional cooperation between the Military Fire Brigades of the states and federal agencies, such as the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama) and the Chico Mendes Institute for Biodiversity Conservation (ICMbio), in activities related to fire prevention and fire fighting.

Mr. André Baby (state of Mato Grosso) reported on the MMA's program Environmental Agenda in Public Administration (A3P) award, received by the state of Mato Grosso for the work carried out in a public/private partnership in the federal government's rural settlements to mitigate the impacts of forest fires. He highlighted the establishment of the 1st Battalion for Environmental Emergencies in the Amazon, located in Sorriso town, which will strengthen firefighters as a whole in the Amazon. He cited the bill of law for the creation of the Environmental Emergencies Committee. As for distributing Amazon Fund resources, he stressed that the difference magnitude between the states and their particularities needs to be observed. He mentioned the good results achieved by the states regarding command and control and in fighting forest fires.

Mário Nicácio (COIAB) highlighted, in item 4.3, which deals with activities in Conservation Units, Indigenous Lands, Agrarian Reform Settlements, and federal public lands, the importance of integrating environmental agencies and entities with the states and strengthening existing initiatives. He reported that the Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB supports the initiative in combating climate change in the Amazon, which puts indigenous peoples and traditional communities at risk.

In this context, he stressed the merit of the National Policy for Territorial and Environmental Management in Indigenous Lands (PNGATI) and the preparation of Plans for Territorial and Environmental Management in Indigenous Lands (PGTAs), which hold several proposed initiatives and actions for managing fire, either in the traditional way or in the integration with the state and several bodies that already have these instruments and human resources to contribute to indigenous peoples in their territories and in their surroundings.

Mr. Adalberto Val (SBPC) stated that the integration with the people of the forest is essential, being the brigades one of the strategies for the first actions in different places not covered in the document. He assessed the promotion, through this action, of the use of new technologies for preventing and acting against fires as essential. He mentioned as an extremely necessary subsequent work the restoration of biodiversity, in which seed banks play a significant role. He questioned what would be the state's counterpart financing in this process.

Mr. Ennio Candotti (SBPC) corroborated the importance of collaborating with firefighters in repair or intervention actions but questioned the lack of resources to do so. He ratified the importance of negotiation and the counterpart financing of the states.

Ms. Cristina Fischer (Amazonas) mentioned the issue of project costs and deadlines regarding the states' execution capacity. She also emphasized the strategic importance of direct support to the military brigade in the states directly acting and executing the Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAm).

Colonel Barroso (state of Mato Grosso), executive secretary of the State Fire Management Committee of Mato Grosso, cited the importance of specialized units of military fire brigades to fight fires in rural areas of the states, the focus of the Amazon Fund. He stressed the resource insufficiency matter and clarified that the states will cover the expenses to keep the units running in the long term, the operations, and the payroll costs, with a counterpart financing four or five times greater than that of the Amazon Fund.

Mr. André Baby (Mato Grosso) reported that the state invested five times as much as requested from the Fund in 2012. He listed innovation and intervention instruments in terms of forest fires in the Amazon, but he stressed that the fight is still extremely focused on operational and instrumental purposes.

Mr. Ennio Candotti (SBPC) raised the possibility of creating a center, supported by the Fund, to coordinate fire prevention activities in the Amazon to aggregate experiences.

Mr. Jair Schmitt (MMA) stated the significance of policies aimed at preventing and controlling forest fires, a topic for which the Ministry of the Environment, together with other stakeholders, prepared the proposal "National Policy for Integrated Fire Management", in 2016, aligned with the new Forest Code, which is to be submitted to the National Congress. This proposal, he continued, presents a modern approach that goes beyond the eliminating fire, also aiming at its management and reducing, in such a way, the environmental, social, and economic damages, respecting and valuing traditional peoples and communities that have in their modus vivendi the use of fire with even major contributions to reducing greenhouse gas emissions. He clarified that the proposal is part of the design of an inter-federative governance arrangement through creating the National Committee for Integrated Fire Management (COMIF), with several representatives seeking to guide technical elements to coordinate and establish standards regarding fire management. He also mentioned the relevance of establishing preventive measures to avoid burnings or to manage fire consciously, among other practices. He stated that the advancement of this policy will support a broader and more strategic approach by Brazil, not just the Amazon, to the fire agenda.

Mr. Schmitt reported that the requirement for this policy is the existence of a formal articulation instrument between state entities and the federal government and that the formulation of this policy addresses the treatment of the fire agenda in terms of science, technology, and research for developing new solutions. He reported that, in 2019, Brazil will host the 7th International Wildland Fire Conference, the most important event on fires in the world, which is part of the logic of giving visibility and relevance to the agenda. He stated that the present proposal will define and provide security, through more specific rules, for accessing resources and that, for MMA, there are three fundamental aspects for its approval: a better governance environment among the federative entities, envisioning the coordination of actions; strengthening structures and preventive measures, which are not limited to responding to fires; and approaching fire prevention from a management perspective.

Mr. Leonardo Cintra (state of Tocantins) reported on the work of the state of Tocantins regarding reducing the number of fires.

Mr. Rubens Brito (Tocantins) mentioned the debate with MMA on the prerequisites for the states. He communicated the development of an expanded project in the state of Tocantins to cover three axes: forest restoration, command and control, and prevention and combat of forest fires.

Mr. Adalberto Val (SBPC) emphasized the importance of universities and research institutes in producing new information necessary for prevention and command and control actions. He emphasized the importance of integrating the regional command and control centers with the various Military Fire Brigades in the region for the first actions. Given the singularities of the biomes in question, he stated that it is relevant for these regional centers to associate a solution platform for specific cases for each of the thousands of different ecosystems within the Amazon.

Mr. Thales Belo (Pará) highlighted the importance of strengthening municipal environmental management. He informed that of the 144 municipalities in the state of Pará, 121 carry out environmental management actions and already receive data not only on burnings but also on hotspots through the action of the Integrated Monitoring Center. He stated the need for an instrument that ensures the states' and the fire brigades' integration in municipal actions and the capillarization of the project's scope.

Mr. Carlos Edegard (Acre) congratulated MMA for formatting the policy. He confirmed the importance of advancing the innovation and governance and legal framework perspective of the fire management policy, which can bring new resource contributions to such grave issues. He communicated the progress made in the Deforestation and Burning Combat Plan – PPCDQ in the state of Acre, in which forest fires and burnings were added.

Ms. Daniela Baccas (BNDES) reported that the counterparts are registered in item 10 of the guiding criteria, being subject to the BNDES/Amazon Fund analysis team's evaluation. She clarified that the cost and the deadline were set to speed up the projects' progress and for an assessment by the state itself of what should be carried out in the referred period regardless of other future projects. She also stated that adequate dimensioning within the implementation capabilities in a given period makes the project analysis and implementation easier, avoiding interferences in the execution.

Mr. André Baby (Mato Grosso) confirmed the particularity and differences regarding the states' dimensions in terms of the resource balance. He highlighted the costs of fighting forest fires. He also stated that the debate on the strategic, tactical, and operational aspects is significant to address the proposals that deal with the emergency needs of the Brazilian Amazon in the fire agenda. He announced the update of the Action Plan for Deforestation and Forest Fire Prevention and Control (PPCDIF) of the state of Mato Grosso.

Mr. Jair Schmitt (MMA) supported the issue raised by the SBPC representatives regarding articulation, integration, and governance on the subject. He stressed the importance of state environmental agencies. He emphasized that the proposal is to establish an inter-federative governance authority among the leading entities involved, not just firefighters, to coordinate better the actions of prevention and control of forest fires in the Legal Amazon. He reported that this authority could take place at two levels: at the inter-federal level, involving federal and state governments, in which these actions are coordinated, and at within each state, at a coordination level with nine states and municipalities. He stressed that this governance authority would be considered an effective requirement in examining possible projects. The counterpart financing and support, he continued, already established as a guideline, aims to make the support of the project and future gains more understandable and objective. He informed that, regarding impact results, the goal is that they are

clearly shown in the indicators, allowing effective measurement. He stated that the guiding criterion seeks to use the best technology in prevention or control to generate the best possible result.

Mr. Ennio Candotti (SBPC) stated that the military fire brigade is not the only institution that must be mobilized to fight fires. He stressed the importance of allocating resources to accelerate scientific advancement in this area, and that firefighters may be operators of these advanced technologies.

Ms. Daniela Baccas (BNDES) noted that the points raised by the MMA representative, Mr. Jair Schmitt, are included in the wording of the assessed document.

Mr. Adalberto Val (SBPC) stated that the counterpart financing is strictly related to the project's term, and it is essential to think about a commitment not from the government but from the state to the maintenance of the new structure provided by the project. He commented that the technology issue, presented in item 6, seems too timid for the dimensions of a strong program that involves technology and information in what is intended with projects of this type. He expressed his concern regarding the cost issue because new technologies have a high initial cost, stressing that the investment is worthwhile given Amazon's value.

Ms. Daniela Baccas (BNDES) stated that the sustainability of post-project actions is included in item 7.3, which is not exactly about the counterpart, but about the importance of assessing the financial capacity, even to ensure the maintenance of investments made by the project. She questioned whether there would be any specific suggestions for using it in technology to be included and suggested that this issue be a matter for further discussion within the scope of COFA, with the involvement of universities and technology centers.

Mr. Tiago Mendes (MMA) clarified that all the points are covered in the wording presented before the meeting and put the approval of guiding criteria to support the Military Fire Brigades of the states of the Legal Amazon for preventing and combating forest fires and unauthorized burnings as an arrangement proposal. The arrangement proposal was approved by all participants.

– Decisions and arrangements

— COFA approved the Guiding Criteria to Support the Military Fire Brigade of the states of the Legal Amazon for the prevention and combat of forest fires and unauthorized burnings, according to the document attached to the minutes.

3. Deliberation on guiding criteria for the preparation, review, detailing, and implementation of ecological-economic zoning (ZEE)

Ms. Daniela Baccas (BNDES) reported that this topic was already the subject of debate at the last COFA meeting and recalled the prior submission of the related document with the necessary advance for the agenda and that no suggestions were received.

Mr. Elaine Coelho (MMA) spoke about the creation context and goals of the ZEE, an instrument for strategic management of territories, coordinated by the Ecological-Economic Zoning Steering Committee (CCZEE) and the ZEE Brazil Consortium, a collective technical body composed of the municipalities linked to the ministries that make up the CCZEE.

She mentioned the challenge regarding land planning, which lies more in the scope of the municipalities than the state, and that the state must understand its territory's dynamics and use the tools under its competence to make the best use of the land under its governance. She also stated that the great benefit that ZEE can provide is the knowledge of the territory dynamics, enabling awareness regarding how to use the resources of that territorial portion in a rational manner. She mentioned the importance of maintaining ecosystem functions in the territories.

Mr. Jair Schmitt (MMA) highlighted that Brazil's strategy to control and reduce deforestation generated results for the payment and resource contribution to the Amazon Fund and continually pointed out territorial planning issues and other essential mechanisms to equate conservation, production, economic development, and social aspects.

Mr. Schmitt stated that since the first PPCDAm versions, the need to invest in land use planning in the Amazon was signaled to facilitate deforestation control. He reported that land and territorial planning is an axis foreseen in the PPCDAm and in the state deforestation combat plans. He also recalled that the Forest Code provides for this instrument and that the Brazilian NDC highlighted the importance of strengthening the implementation of the Code.

Mr. Jair Schmitt (MMA) informed that the goal is to induce policies in the states that aim at territorial planning and that the present document proposes criteria for the states to be able to raise funds to implement policies that aim, above all, to equate economic development with the environmental agenda. He stressed that these criteria are in line with others, such as those for preventing and combating forest fires and unauthorized burnings, dealt with earlier. He noted that ecological-economic zoning, territorial planning, and landholding regularization are provided in Article 1 of Decree No. 6527, which established the Amazon Fund.

Mr. Carlos Edegard (state of Acre) reported on the ZEE experience in the state of Acre, reaffirming the importance of this instrument as a benchmark for sustainable and economic environmental policies over the last 10 years, which even allowed the approval of the REDD+ project.

Mr. Marcelo Coelho (state of Maranhão) expressed concern about the support value regarding the fire brigades and ZEE in the context of the crisis experienced by the states. He questioned whether the cost of the projects is predicted on a technical basis of financial evaluation or stipulated by BNDES, in this case, so that the bank can study a way to make more resources available. He highlighted the importance of ZEE for maintaining sustainability in the states.

Mr. André Baby (Mato Grosso) highlighted the importance of ZEE as a systematic planning instrument for sustainable development. He recommended the study of aspects related to territoriality for technical and financial support to ZEE, also placing the risk arising from the political component. He suggested that MMA helps states think in terms of investment and political-institutional relationships.

Ms. Christina Fischer (Amazonas) questioned the pre-established spending ceiling for support.

Ms. Magali Medeiros (AC) highlighted the relevance of this instrument for attracting new contributions and financial resources and unifying the cartographic base of all the states of the Legal Amazon, relying upon the official base of the Brazilian Institute of Geography and Statistics (IBGE). She highlighted its relevance to the state of Acre and made the state available to collaborate with this governance authority.

Ms. Daniela Baccas (BNDES) noted that the support value is based on the MMA's expertise in other ecological zonings. As for the risks, she communicated that the document emphasizes the

zoning effectively approved by the environmental agency, not just diagnoses and planning, showing concern with the instrument's implementation. It is a commitment of the states, she continued, representing the basis of public policies for the continuity of integrated environmental actions and the purposes of ecological-economic zoning.

Ms. Elaine Coelho (MMA) stressed that Decree 4297, which regulates ZEE, requires its approval by the State Legislative Assemblies. She stressed the importance of the participation of all sectors in the preparation of ZEE, among other things, to facilitate state support and the corresponding approval. She also mentioned that ZEE, as an intelligence tool for the territory, can even point out the activities and the most vulnerable regions to fires and that it provides in its specific action plan the solutions following the fire and the prevention.

Mr. Jair Schmitt (MMA) reported that the cost indicator emerged as a result of identifying some experiences and considering the particularity of each state and the importance of its zoning. He stated that the political risk was also considered and that the product requires minimum materiality to be equated with the state environmental agency. He highlighted the great relevance of safeguards in the construction process of the ecological-economic zoning, especially regarding the source of the resources, since the international safeguards framework affects the use of resources not only within the scope of the Amazon Fund but in the context of the Brazilian leading role on the REDD+ agenda.

Ms. Elaine Coelho (MMA) pointed out that the methodology for preparing ZEEs requires carrying out a socio-economic, physical, biotic, and jurisdictional diagnosis. She reported that the legislation and methodological guidelines expressly determine which are the leading indicators that must be taken into account, and it is up to each state, based on its specificity, to decide the elements that must be considered in detail.

Mr. Rodrigo Paranhos (FUNAI) confirmed the relevance of ZEEs but stressed the need for a more active interface in its preparation, not only in the institutional sense but mainly in its applicability. He suggested including support for PGTAs in the wording of item 7.4, supportable activities. He also recommended, in the context of project proponents, not only state governments and private non-profit organizations but consortia based on topics such as conservation units, extractive reserves, or indigenous lands.

Mr. André Baby (Mato Grosso) questioned the possibility of changing item 8.1, projects' costs and deadlines, excluding "up to" from the wording "the amount of support from the Amazon Fund for each project presented may be up to BRL 5 million." Given the particularities of the states, he highlighted the need for mapping work, remote sensing, and processing, measures that increase the cost of projects and that can be met if the value is not strictly set.

Mr. Ennio Candotti (SBPC) stated that territorial proportionality must be reflected in the document.

Mr. Carlos Edegard (state of Acre) corroborated the concern regarding costs, exemplifying the phase of reviewing and updating ZEE in the state of Acre, in which the cost is higher than that indicated in the document. He highlighted the need for a reference number for the Amazon Fund and suggested increasing the value in case of reasonable justification. He reported on the carrying out of ethnozoning, a specific study that has the cultural aspect as a determining axis and that allowed the breakdown of the Management Plans in Indigenous Lands (PGTIs), plans set prior to the PGTAs, important instruments to subsidize support for indigenous lands.

Ms. Daniela Baccas (BNDES) suggested that the wording be "up to BRL 10 million," and the indications of quotation, cost, and size references should be informed by the states.

Mr. Ennio Candotti (SBPC) advised against establishing a value without a more careful study since these are realities that require different investments. He cited the sampling of the Amazon Rainforest, which is below the minimum required for any type of zoning, representing a topic that impacts the use of ZEE.

Ms. Elaine Coelho (MMA) stated that the socio-economic diagnosis of ZEE presents information related to indigenous lands, conservation units, and their management plans. She highlighted the significant difference between the observation of the content of the existing PGTAs and the preparation of these plans within the scope of the ZEE guidelines. As for the consortia, she reported that when preparing an ecological-economic zoning, there is an institutional arrangement in which all institutions relevant to the process are invited to participate. She added that states can invite other institutions they deem necessary. She also reported that the ZEE Brazil consortium, one of the collective coordination bodies of the ZEE Brazil Program, has the legal attribution of providing technical support to the states and is composed of several agencies and autonomous agencies.

Mr. Rodrigo Paranhos (FUNAI) stated that a PGTA are the translation of the Indigenous peoples' view on the territory and that ethnozoning is a tool, as well as others. In the case of an evaluation of a territory mostly characterized by indigenous lands, these elements are essential. Regarding the consortium, he stated that co-responsibility with other entities is positive for the states.

Mr. Adalberto Val (SBPC) questioned the absence of the cultural issue in items 7.4 and 7.5, which should be considered in the territory's situation analysis along with the physical, biological, socio-economic, and legal aspects. He contested the expression "physical-biotic means," suggesting the division of the physical environment and the biological aspect.

Mr. Rubens Brito (Tocantins) stated that the territorial approach of the Rural Environmental Registry at the property level could constitute a barrier for the ZEE to be, in fact, a territorial management instrument. He emphasized the essentially technical nature of ZEEs, drawing attention to its transformation when it is approved by the state legislative assemblies, which may acquire another format. He also stressed that any barrier instrument for the use and occupation of lands that opposes the rural environment becomes an obsolete document, recommending the *pari passu* monitoring of the development of the zoning instrument in such a way that it effectively becomes a policy of use and occupation of lands and a landscape organizer.

Mr. Ennio Candotti (SBPC) suggested adding not only the cultural issue but also the preparation of cartography to the document.

Mr. Jair Schmitt (MMA) took up the suggestion made by the FUNAI representative regarding item 7.4, which reads: "preparation of the legal-institutional diagnosis, covering the institutional areas – defined by Indigenous Lands, Conservation Units, among others –, and the main plans, programs, policies, and projects that have the states as a coverage area, being able, when possible, to take advantage of the synergies for preparing specific instruments of territorial planning, PGTAs, ethno-mapping, management plan, among others."

Mr. Jair Schmitt (MMA) suggested that the wording not cover all the details. He asked the Ministry's technical area, responsible for the proposal, if there would be any objections to including the term cultural in item 7.5.

Ms. Elaine Coelho (MMA) said she had no objection. She recalled that the legislation itself demands that traditional peoples and communities be covered.

Mr. Jair Schmitt (MMA) confirmed the amendment proposed by the SBPC representative, replacing the term "physical-biotic means" with "physical, biological aspects" and so on.

Ms. Daniela Baccas (BNDES) reported the new wording of item 5.6: "Do not cover areas overlapping territorial sections in which other ZEE initiatives are being contracted or executed, except for the cases in which the intended support aims to ensure the execution of process steps (planning, diagnosis, prognosis, or implementation subsidies) aiming at completing the initiative already underway. To this end, project proponents must provide documentary evidence of the steps already carried out when presenting the project and a statement from the Ministry of the Environment" and item 6.2: "private non-profit organizations. Third sector organizations, such as civil associations and foundations governed by private law, that aim to implement the ZEE strategy established by the states, except for typical state activities. To this end, the applicant institutions must have formalized a partnership with the relevant public institution, complying with the provisions of Law No. 13019/20143. Furthermore, criterion 6.1 must be observed regarding the institutional arrangement."

Mr. Tiago Mendes (MMA) asked the members about the approval of the criteria.

– Decisions and arrangements

- COFA approved the guiding criteria for the preparation, review, detailing, and implementation of ecological-economic zoning (ZEE), amending the wording of items 5.6, 6.2, 7.4, 7.5, and 8.1, according to the document attached to the minutes.

4. Deliberation on the expansion of resources for the Public Call 'Consolidating and strengthening sustainable and inclusive value chains'

Ms. Daniela Baccas (BNDES) reported that after completing the project selection within the scope of the Public Call "Consolidating and strengthening sustainable and inclusive value chains," an institution requested a budget expansion to incorporate all the proposals classified in the reserve pool.

Mr. Ennio Candotti (SBPC) stated that a resource expansion is important; however, he suggested that COFA have greater participation in the results evaluation system because it is a high investment made with symbolically important results but financially or economically unsustainable.

Mr. Carlos Edegard (Acre) considered the proposal to expand resources relevant. He corroborated the suggestion of COFA's participation in the results evaluation system. He also noted the enormous relevance of this public notice as it allows resources to honor initiatives that keep the forest standing, providing income and working conditions for communities that live off the forest, given the volume of resources used to finance large-scale agriculture. He mentioned the issue of livestock farming in the state of Acre.

Ms. Adelaide Oliveira (CNI) affirmed the relevance of this resource but expressed concern about the recovery of areas given the budget of bodies such as Ibama or ICMBio and about the maintenance of small landowners on their properties and their productiveness without deforestation or burnings. She stressed the importance of an evaluation mechanism that prevents

available resources from being directed to one activity only, such as recovery. She also highlighted the great value of sustainable production in the Amazon.

Mr. Adalberto Val (SBPC) highlighted the merit of value chains; however, he noted the matter of their structuring due to the historical fragmentation of chains in the Amazon. He mentioned the Sustainable Development Solutions Network (SDSN), an initiative of the United Nations – UN for all Amazonian countries, which aims to promote sustainable solutions and the possibility of their expansion to other areas in the Amazon.

Mr. Ennio Candotti (SBPC) expressed concern about the sustainability assessment parameters with the possibility of discarding important experiences that are not sustainable from an economic point of view but which, nevertheless, are important from a cultural or of establishing communities in the territories' point of view, fundamental to larger political and environmental goals.

Mr. Rodrigo Paranhos (FUNAI) recommended the inclusion of an indicator of an arrangement suggestion on the topic in the folder of materials related to the meeting.

Mr. Tiago Mendes (MMA) suggested recording, for the next meetings, the debate on results and indicators so that this monitoring and the project execution can be presented.

Mr. Jair Schmitt (MMA) reported that the total non-refundable financial resources of the Public Call will be increased. He stated that the sustainability of productive activities presupposes some common bases, such as promoting a sustainable economy focused on forests, despite the constant reflection on the term.

Concerning the operational scope of the Amazon Fund, Mr. Schmitt highlighted the constant improvement work on monitoring and evaluating project effectiveness, a complex task given the diversity of projects and activities with relative impacts. He highlighted the role of BNDES as a resource manager and the effort demanded in the development of public calls, with its expansion being a way to reduce transaction costs of administrative processes and, above all, to obtain more efficiency and effectiveness in the resource application. He recalled that the National Strategy for REDD+ (ENREDD+) is included in the public policy impact matrix.

Ms. Daniela Baccas (BNDES) reported that the referred projects will advance to an evaluation phase by the BNDES/Amazon Fund, which does not mean their approval by this Committee. She highlighted the support of the German Agency for International Cooperation (GIZ) regarding indicators, with the allocation of a team to address the topic to provide better indicators and evaluation, including mid-term ones, of the Amazon Fund and specific topics of supported projects.

– Decisions and arrangements

- COFA approved the resource expansion for the Public Call “Consolidation and strengthening of sustainable and inclusive value chains” so that the budget can cover projects eligible for support included in the reserve pool.

5. Inclusion of a support focus on the Science, Innovation, and Economic Instruments axis (economic instruments and impact businesses)

Ms. Daniela Baccas (BNDES) reported that this point has already been the subject of some presentations at COFA to promote greater engagement of the private sector also in the sustainability actions

of the Amazon region. She communicated the need for a larger range of value chain initiatives supported by the Amazon Fund, which already have significant indicators.

Ms. Baccas also stated that the proposed addition to the guidelines and criteria for the application of resources will allow a greater range of action arrangements, with the possibility of combining resources from the private sector to leverage even more actions supported by the Fund. She emphasized that the private sector resources are supplementary ones and that the Amazon Fund resources are included in the support to traditional populations and indigenous peoples, the target audience of the Amazon Fund.

Ms. Cláudia Zonenschain (BNDES) stated that the proposal deals with the combination of non-reimbursable resources from the Amazon Fund, which will be used according to applicable guidelines, and private resources, contributing to greater sustainability in the region through the promotion of conservation and sustainable use of the forest.

She communicated the existence of business opportunities with socio-economic impact in the Amazon that can be associated with the Amazon Fund's activities, leveraging them, and that this type of investment is beyond the Fund's resources as it involves a volume and expertise in accessing markets and some competencies characteristic of the private sector.

Ms. Zonenschain highlighted that the idea is to involve a type of investor that is not limited to the risk-return perception but whose proposal is to generate an explicit positive socio-environmental impact, which is measured, reported, and adds value to activities, impacting local communities. The proposal, she continued, is to create synergy between initiatives that are already taking place in a given territory.

She clarified that the third sector entity benefiting from the Amazon Fund resources would formulate a proposal in partnership with a private fund manager, who works with impact investors, and the support of the Amazon Fund would be contracted with the non-governmental organization implementing the project to be used on behalf of the target audience in supportable activities.

Ms. Zonenschain emphasized that this type of support will be divided into a support phase for prospecting these sustainable business opportunities, making connections in the territory, and using resources from the co-participating manager, which will result in a portfolio of investment opportunities. She stressed that the Amazon Fund resources would be used as the moment the implementing partner establishes this portfolio of investment opportunities and the fund manager has raised a minimum volume of private impact financial resources.

In the Amazon Fund support phase, she continued, the resources will be used in a similar way to the one currently carried out, aimed at communities. She highlighted that private investments must be in line with the Amazon Fund's goals, being part of the proposal's evaluation and being another step to increase its range of action and impact and, at the same time, to increase the financial sustainability of investments in progress.

Mr. Thales Belo (state of Pará) mentioned that the proposal is in line with the state policy that established a fund ecosystem with the public/private contribution.

Mr. Ennio Candotti (SBPC) expressed concern about the possible inexistence of companies that meet the profile outlined in the proposal and that the risk would be absorbed by investors in the Amazon as long as it is non-refundable, which would complicate financing for industries whose objective is the commercialization/ implementation of market programs.

Regarding the science axis, Mr. Candotti underlined that scientific research is fundamental to bringing new ideas and products. He mentioned the interest of the Inter-American Development Bank (IDB) in investing in bio-businesses in the Amazon, in addition to the interest of the Coordination for the Improvement of Higher Education Personnel (CAPES) in investing in a participatory fund with the Amazon Fund. He highlighted the need for solid institutions to collaborate in implementing these meritorious projects.

Ms. Adelaide Oliveira (CNI) congratulated the initiative. She mentioned the institution's concern regarding incentives and the creation of mechanisms to strengthen entrepreneurs who work with communities linked to the forest. She expressed CNI's interest in scheduling a meeting with the Amazon Fund team to discuss the proposal thoroughly.

Ms. Daniela Baccas (BNDES) stated that the proposal, based on existing prospects, allows for various arrangements, from innovation ecosystems, with the engagement of companies, to other forms not described in it. She made BNDES available for conversations and participation in forums and reported on the dialogue with some private investment funds that have an impact-business bias.

Ms. Baccas also referred to the specificity of the third sector, which provides adequate agility for this type of action regardless of other arrangements. She stressed that the implementer is not the fund manager but the third sector entity. She commented that for BNDES, the idea of having resources associated with other funds and organizations, even other banks, of an international and public nature is positive and that the bank is aware of this possibility.

Mr. Pedro Neto (Mapa) highlighted the importance of productive chaining and cited the work carried out at the Ministry of Agriculture with the so-called "small chains." He stated that the proposal is an excellent indicator coming from the Amazon Fund due to the financing possibility it allows. He reported that the initiative has the full support of the Ministry.

Mr. Carlos Silva (Contag) expressed concern, fearing that the proposal would contradict the Amazon Fund's strategic role. He mentioned funding instruments available in the government's strategic actions for the Amazon, which are necessary to ensure the consolidation of important chains for this sector of society.

Mr. Jair Schmitt (MMA) recalled that the guidelines and criteria for the next biennium should be discussed at the next COFA meeting. He emphasized that the proposed adjustment creates an environment of opportunity and attraction of private resources that allows for greater sustainability, feasibility, and, above all, impact and results of projects financed by the Amazon Fund. He also stressed that the proposal does not change the rules already established by COFA.

Mr. Adalberto Val (SBPC) suggested a broader scope so that the new wording would not focus only on national private resources but on all kinds of resources.

Mr. Ennio Candotti (SBPC) highlighted that the success of the applied projects transforms the scale of production and its geographical position.

Ms. Daniela Baccas (BNDES) corroborated the idea of expanding the wording. She stressed that the proposal deals with the incorporation of impact businesses and other impact actions and not just private resources, but resources from other sources, whatever they may be. She stated that there are international organizations allocating resources to this type of impact business, as the Amazon is a priority region for the world. As for the challenges, she recalled the track record in managing the Fund and other initiatives and progress in dialogue to maximize results. She also pointed out that the proposed wording allows managers to have a prospect of structuring

projects that can provide this type of support to the Fund, combined to better leverage development impacts in the region.

Mr. Bernardino Santos (state of Amapá) stated that the state of Amapá still has 97% of preserved areas and 72% of environmental preservation areas without receiving anything for all this wealth, thus being necessary to change this paradigm so that they can be compensated for these assets. He asked who would endorse the private resources' partnerships.

Ms. Cláudia Zonenschain (BNDES) informed that the investment risk, which does not result from resources from the Amazon Fund, belongs to the investor who will calculate it. She stated that the Amazon Fund resources will continue to be invested in the non-reimbursable modality for its target audience and that the risk of this supplementary investment falls entirely on the investor.

– Decisions and arrangements

— COFA approved the addition of support focus on the Science, Innovation, and Economic Instruments axis (economic instruments and impact businesses), item "I25 – Economic instruments and impact businesses", in the document of Guidelines and Criteria for the Application of Resources and Operation Focuses for the 2017-2018 biennium, with the following wording: "support for the development of an impact business ecosystem and other impact actions in the Legal Amazon and support for economic instruments that allow combining the Amazon Fund resources with private resources or resources arising from other sources".

6. Presentation of the Integrated Environmental Monitoring Center's (CIMAM/SEMAS) Technical Note

Thales Belo (state of Pará) informed that the Technical Note was produced by the Integrated Environmental Monitoring Center (CIMAM/SEMAS) due to inconsistencies in the data disclosed by the Legal Amazon Deforestation Report – SAD, published by the Institute of People and the Environment of the Amazon – Imazon, who concluded that the state of Pará was responsible for 37% of deforestation in the Legal Amazon and 95% of the degraded area.

He reported that the data review found the duplication of polygons published in the same way and that Imazon recognized the flaw. He highlighted that the data published through PRODES overestimated deforestation in the state, contributing to the general data, especially for the Legal Amazon. He also reported that the images used by the state offered management limitations and that CIMAM was created to use technology as a management, transparency, and knowledge production tool, carrying out the daily and systematic collection of satellite images with a spatial resolution with more details and higher precision in identifying objects.

Mr. Belo communicated the development of an online, public platform with satellite images that automatically alerts possibly degraded areas in a study of land use and occupation. He shared the sending of an official letter to the Amazon Fund requesting the use of resources from the "Green Municipalities Program" project to develop the platform for the state as a whole. He also emphasized that the project supported by the Fund aims to strengthen institutional support for the environmental regularization of rural properties and the strengthening of municipal environmental management. He reported the proposal to create a virtual reality room for planning, risk analysis, effective actions, and 3D monitoring to support environmental management in the state of Pará.

Mr. Tiago Mendes (MMA) reinforced, within the scope of Administrative Decree No. 373, 19 September 2018, the need to comply with the deadline for receiving state information on the

authorized suppression of native vegetation. He highlighted that this procedure is essential for the joint dissemination with PRODES, featuring specific information linked to the expectations of the Brazilian NDC.

7. Amazon Fund's Activity Balance and Current Portfolio and Rapporteur for the Public Call on 'Recovery of Forest Cover'

Ms. Daniela Baccas (BNDES) highlighted that the numbers and news regarding the Amazon Fund made it reach a benchmarking level compared to other existing environmental funds. She reported that the Fund supports 102 projects, amounting to BRL 1.9 billion and that donations from Norway, Germany, and Petrobras add up to BRL 3.1 billion. In terms of performance, she reported a significant mark of BRL 1 billion in disbursements. She highlighted the approval of 10 projects this year and that all of them are detailed on the Fund's website.

Regarding the public call for "Consolidation and strengthening of sustainable and inclusive value chains," Ms. Baccas reported that 80 projects were submitted and that 36 passed the 1st phase. She said that six projects were selected by the Committee formed by representatives of MMA, BNDES, and those appointed by COFA, which are being analyzed by the BNDES. She stressed that the five remaining projects will be submitted for analysis after COFA's approval today.

As for the public call "Vegetation Cover Recovery", Ms. Baccas informed that 30 projects were received, which are in the first qualification phase in which a checklist is carried out according to the public notice. For the next phase, the selection phase, she pointed out the expectation for the nominations of state and civil society representatives, one being nominated by SBPC, to compose the project selection committee so that it is possible to advance the schedule and forward a prognosis to the project proponents. She highlighted that this selection is relevant for both the Brazilian goals and the Amazon Fund.

Mr. Raul Oliveira (MMA) suggested that the states appoint technicians because the selection requires the analysis of extensive documents, and sometimes, COFA representatives do not normally have this time. He went on by saying that it also guarantees the maintenance of the nominees given the change in the management of state bodies, avoiding the performance of a new public call and its consequent delay.

Ms. Daniela Baccas (BNDES) agreed with the MMA representative's suggestion, considering relevant the continuity and effective participation of representatives in the committee and the maintenance of this mixed characteristic, which is both beneficial and participative, for the Fund's projects. She said that the Amazon Fund underwent a thorough evaluation by the Federal Court of Audits (TCU), which covered everything from its legal composition to financial arrangements, monitoring, controls, etc.

Ms. Baccas also reported that the feedback received regarding the Fund's management was positive and that small recommendations for improvement were made. She pointed out the visit of a parliamentary committee from Norway, the leading donor when it comes to values, in September of this year, being a delegation that evaluates the management of the use of Norwegian government resources in Brazil and, in this specific case, the Amazon Fund. She reported on the follow-up visits to some projects in which the delegation could verify the performance and effective contribution of the Fund's support in various communities in the field. She said she expected good reports from this committee and the evaluation of lawmakers.

Ms. Ângela Skaf (BNDES) communicated the possibility of the Amazon Fund participating in the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 24) in Katowice, Poland.

Mr. Jair Schmitt (MMA) communicated that the agreement with donors runs until 2020 and that there will be a dialogue later to think about the future, whether concerning the Amazon Fund as the leading fundraising instrument for results in reducing deforestation, but, above all, to the REDD+ strategy, aiming at better results.

He stated that the Fund's strengthening and operation or any payment for results depends on the collective effort to reduce deforestation and degradation. Considering the new administrations at the federal and state levels, he invited all participants to coordinate and further expand the deforestation containment. He highlighted some important signs that should be considered in this international negotiation process, conducted by the Ministry of the Environment and the Ministry of Foreign Affairs, such as the level of forest emissions at the national level with the preparation of the National FREL, which shows that Brazil is complying with its commitments.

Mr. Schmitt reported that the Cerrado FREL has already been evaluated, and the reduction results would probably be delivered in the February or March Biennial Update Report, with an expectation that they will be evaluated by the end of 2019 with the definition of the results' volume that Brazil will be able to receive. He communicated that regarding the National FREL, the REDD+ technical group is working to make it possible to also aim for a FREL baseline, with a shorter and more recent period compared to the current one, from 1996 to 2015, with the most recent results to bring the deforestation reality connected to Brazilian policies.

Mr. Jair Schmitt mentioned the Tropical Forests Forum, organized by Norway in Oslo, in which Brazil played an expressive role, and the Amazon Fund celebrated its 10th anniversary in a side event. He highlighted that the Minister's participation in some important sessions shows recognition of this effort by Brazil and that dialogues had been initiated thinking about the Amazon Fund's future. Finally, he emphasized the challenge of seeking to reduce deforestation and forest degradation in all Brazilian biomes.

8. Scheduling the date for the next COFA meeting

The next COFA meeting should be scheduled between April and May 2019, at a location to be defined.

9. Conclusion

Mr. André Baby (Mato Grosso) stated that the opportunity for Amazonian states to access resources has been fundamental for the conduct and progress of public policies. He thanked the donors and the sensitivity of the Amazon Fund Steering Committee, given the transition process in some states and the work done in recent years.

Mr. Carlos Edegard (Acre) confirmed the importance of the Amazon Fund, which effectively contributes to Brazil with repercussions for the world. He wished success to those who are still working on the Committee and thanked everyone for the work done. He invited the participants to the next meeting of the Forum of Governors of the Amazon, which will be attended by the newly elected governors, and to the meeting of the Forum of Environment Secretaries of the Amazon.

Mr. Tiago Mendes (MMA) thanked everyone for participating. He stated that not only the efforts of the internal teams, both from BNDES and MMA, but also from all members of COFA are permanent. He recalled the Amazon Fund's power, which counts on the availability of resources, operational structure, and a robust portfolio, which surpassed the 100-project mark.

He emphasized that there are few international funds with this capacity and a high level of disbursement that are also widely represented. He stated that the 2017 results accredit the Amazon

Fund to possibly raise an additional USD 290 million to what has already been raised, a prominent opportunity for federal, state, and municipal government agencies facing difficult fiscal scenarios. He also stressed the importance of the decisions taken at the present meeting regarding forest fires in the production chains and the ecological-economic zoning scenario.

Ms. Daniela Baccas (BNDES) also thanked the Ministry of the Environment for the close partnership and all the support provided by the Amazon Fund team for holding the meeting.

Mr. Thiago Mendes (MMA) thanked everyone for their attendance and collaboration, closing the meeting.

Representatives present:

COFA members and their substitutes appointed by the directors of bodies and entities and assigned by the President of BNDES in accordance with Art. 2, paragraph 1 of COFA's Internal Regulations.

Codes: (R) – Representative / **(S)** – Substitute / **(A)** – Agent

Ministry of the Environment	Ministry of Industry, Foreign Trade, and Services	Ministry of Agriculture, Livestock and Food Supply – MAPA
Thiago de Araújo Mendes (R) Jair Schmitt (S)	Klenize Chagas Fávero (A)	Pedro Alves Corrêa Neto (S)
Ministry of Science, Technology, Innovation, and Communications	Ministry of Justice – National Indigenous Foundation	Brazilian Development Bank – BNDES
Fábio Donato Soares Larotonda (S)	Rodrigo Paranhos Faleiro (R)	Marcos Ferrari (R) Daniela Baccas (A)
State of Acre	State of Amapá	State of Amazonas
Carlos Edegard de Deus (R)	Bernardino Nogueira dos Santos (R)	Christina Fischer (A)
State of Maranhão	State of Mato Grosso	State of Pará
Marcelo de Araújo Costa Coelho (R)	André Luis Torre Baby (R)	Thales Samuel Matos Belo (R)
State of Tocantins	National Confederation of Industry – CNI	National Confederation of Agricultural Workers – CONTAG
Leonardo Tette Cintra (R)	Adelaide de Fátima G. de Oliveira (S)	Carlos Augusto Santos Silva (S)
Coordination of Indigenous Organizations of the Brazilian Amazon – COIAB	National Forum of Forest Based Activities – FNBF	Brazilian Society for the Progress of Science – SBPC
Mário Nicacio (S)	Geraldo Bento (R)	Adalberto Luis Val (R)

Absent

Office of the President's Chief of Staff
 Ministry of Foreign Affairs State of
 Rondônia
 State of Roraima
 Brazilian Forum of NGOs and Social Movements for the Environment and Development –
 FBOMS

Experts, guests, and observers

(Article 5 of COFA's Internal Regulations)

Ministry of the Environment (MMA) Raul Xavier de Oliveira Gabriel Lui Elaine Coelho	Embassy of Germany Simon Triebel	Embassy of Norway Gunhild Oland Santos-Nedrelid Priscila Santos
BNDES Ângela Skaf Claudia Zonenschain Vivian Costa	FUNAI Paulo Ibituruna	FNBF Maria Terezinha de Faria
Environment and Water Resources Department Rubens Pereira Brito Suene Moras	SBPC Ennio Candotti	

Support Guidelines from the Amazon Fund to the Military Fire Brigades of the states of the Legal Amazon for the Prevention and Combat of Forest Fires and Unauthorized Burnings

1. INTENDED GOAL

1.1. Financial support to states in the Legal Amazon through projects by their Military Fire Departments to strengthen and expand actions to prevent and combat fires and unauthorized burnings, aiming to prevent and combat deforestation and forest degradation in the Legal Amazon.

2. TARGET AREA

2.1. The Legal Amazon.

3. SUPPORT MODALITY

3.1 Non-reimbursable financial collaboration with Amazon Fund resources.

4. MINIMUM REQUIREMENTS

4.1. The proposal shall present the main challenges faced by the state regarding preventing and fighting forest fires and unauthorized burnings ("problem situation"), including a recent history of which areas are most affected¹ and the identification of the most common causes. The proposal shall relate the products and services to the respective activities to be developed through the project implementation and aim at achieving its goals. Products and services mean the results obtained at the end of a series of activities that comprise the project.

4.2. The proposal must present an objective strategy to achieve the reduction of the occurrence of forest fires and burnings through preventive and combat actions. The projects must indicate the institutional articulation with the other stakeholders involved in the prevention and combat of forest fires and unauthorized burnings as well as contemplate interventions to prevent forest fires and unauthorized burnings, such as the dissemination of alternative techniques to the use of fire, techniques to replace the use of fire in rural areas, when applicable, and controlled burning techniques, aiming at the implementation of integrated fire management in Conservation Units, Indigenous Lands, Agrarian Reform Settlements, private areas, among others, with their geographical location.

4.3. Should the project foresee activities in Conservation Units, Indigenous Lands, Agrarian Reform Settlements, and federal public lands, whose action jurisdiction belongs to federal environmental agencies and entities, it shall be followed by a letter of consent, or a partnership instrument issued by the respective competent body or entity.

4.4. The guidelines presented in this document, the Amazon Fund Guidelines and Criteria, established by the Amazon Fund Steering Committee, the BNDES's operational policies, REDD+ safeguards, and any public policies related to the actions to be implemented shall be observed.

1. Such as nature conservation units, indigenous lands, agrarian reform settlements, or private areas, among others, with their geographic location.

4.5. The project proponent shall present in the project:

- a. The total number of employees in the Military Fire Brigade's in-house staff;
- b. The number of employees of the Military Fire Brigade working in the prevention and combat of forest fires and unauthorized burnings, such as environmental groups;
- c. The general budget of the Military Fire Brigade executed in the last four years, exclusively with actions to prevent and fight forest fires;
- d. The existence (or not) of instruments that formalize cooperation between the Military Fire Brigade; and
 - I. other Military Fire Brigades of the Legal Amazon;
 - II. federal entities in charge of fighting forest fires and unauthorized burnings;
 - III. state environmental agencies and other institutions involved in preventing and fighting forest fires and unauthorized burnings.

If there is no legal instrument related to items (ii) and (iii), they shall be added before the project is approved. Regarding item (i), project proponents shall present how they intend to establish integration with other states, and the need or not of establishing a formal partnership will be evaluated.

- e. The participation (or not) of the Military Fire Brigade in a committee for the management and governance of joint actions to combat forest fires and unauthorized burnings; Information on the following indicators shall be presented:
 - I. number of hotspots in the project actions' implementation areas (average number of hotspots in the 5 (five) years prior to the implementation of project actions);
 - II. number of hotspots found by the Military Fire Brigade in these areas (previous year);
 - III. number of forest fires or unauthorized burnings fought by the Military Fire Brigade in these areas (previous year) and the expected targets for these indicators at the end of the project implementation.
 - IV. present, if available in official state or federal government systems, information on areas affected by forest fires in the project's area of operation and the expected targets for this indicator (reduction of areas affected by fires) at the end of the project.
- f. An indicator related to the actions to be implemented by the project aimed at preventing forest fires and unauthorized burnings must be presented, aiming to measure the degree of diffusion of techniques ² for preventing forest or rural fires.
- g. The following shall also be informed by the Military Fire Brigade:

2. The number of farmers qualified in controlled burning techniques and forest fire prevention, the number of people trained in alternative techniques to the use of fire, the number of training events, the number of educational booklets effectively distributed, etc., may be measured, for example.

- I. the number of operations to fight forest fires or unauthorized burnings carried out in partnership with federal agencies in the previous year;
- II. the number of operations to fight forest fires or unauthorized burnings carried out in partnership with other Military Fire Brigades in the previous year;
- III. the number of actions to support environmental inspection carried out by other competent state and federal bodies in the previous year.

5. PROJECT PROPONENTS

5.1. The projects shall be presented by the states of the Legal Amazon through their Military Fire Brigades, and they shall be implemented and managed under their responsibility.

6. SUPPORTABLE ACTIVITIES

Projects shall comply with the relevant legislation and shall provide for activities **in the following two** components (1 and 2), justifying how they interrelate:

1. Institutional strengthening component: only the following essential items for preventing and fighting forest fires and unauthorized burnings will be supported:

Product 1.1 - Computerized systems:

- I. Development of state systems for the prevention and monitoring of forest fires and unauthorized burnings;
- II. Integration of information on controlled burning authorizations issued by the states with the National Fire Information System – Sisfogo through the support for systems integration;
- III. Integration of other relevant systems such as those relating to personnel management and firefighting response.

Product 1.2 - Trained public agents:

- I. Training of state public agents who work in preventing and fighting forest fires and unauthorized burnings and agents who work in integrated fire management.

Product 1.3 - infrastructure and equipment:

- I. Provision of information technology systems, hardware, software, support, and Internet services;
- II. Purchase or leasing of vehicles, vessels, tank trailers, forest tank trucks, aircraft, equipment (including personal protective equipment), and furniture, as long as they are directly related to the project activities;
- III. Construction and renovation of facilities aimed at carrying out actions to prevent and combat forest fires and unauthorized burnings, such as operational bases.

2. Prevention, combat, monitoring, and inspection component: support shall be given to hiring consultancy and the provision of specialized services, the acquisition or lease of machinery and equipment, and the acquisition of inputs and logistics expenses for the products listed below:

Product 2.1 - Prevention and combat of forest fires and unauthorized burnings

- I. Training farmers in controlled burning techniques and forest fire prevention and in alternative techniques to the use of fire; preparation of educational booklets or other media for disseminating alternative techniques to the use of fire and formation of civil fire prevention and fighting brigades.
- II. Training for the integrated fire management in Conservation Units, Indigenous Lands, Agrarian Reform Settlements, and private areas, among others, when applicable, through the use of prescribed burnings during the rainy season until the beginning of the dry season, aiming at ensuring the conservation and sustainable use of ecosystems.
- III. Execution of missions to verify hotspots and combat forest fires and unauthorized burnings, including joint actions with the Military Fire Brigades and other stakeholders involved in preventing and combating forest fires and unauthorized burnings, such as the Brazilian Institute for the Environment and Renewable Natural Resources - Ibama and the Chico Mendes Institute for Biodiversity Conservation - ICMBio and state environmental agencies.

Product 2.2 - Monitoring of forest fires, unauthorized burnings, and environmental infractions and support for environmental inspection operations

- I. Monitoring and inspection of burning or integrated fire management plans, especially in the surroundings of Conservation Units and Indigenous Lands.
- II. Analysis of information for identifying and characterizing forest fires and unauthorized burnings.
- III. Execution of actions to monitor environmental infractions and to support environmental inspection carried out by other competent state and federal bodies.
- IV. Establishment of administrative sanctioning processes for accountability for environmental infractions related to forest fires and unauthorized burnings.

7. PROJECT COSTS AND DEADLINES

7.1. The amount to be financed with non-reimbursable resources for each state of the Legal Amazon is up to BRL 35 million, subject to an execution capacity analysis, implementation history of Military Fire Brigade's projects, and the proportionality of the occurrence of forest fires in the states that make up the Legal Amazon.

7.2. The institutional and budgetary capacity of the Military Fire Brigade to face the items requested in the project shall be considered.

7.3. The financial capacity of the Military Fire Brigade must be proven to ensure the maintenance of equipment and sustainability of the actions supported by the project.

7.4. Projects shall have a maximum execution period of three (3) years.

8. ELIGIBLE ITEMS FOR FUNDING

8.1. Specialized technical and support services;

8.2. Construction works;

8.3. National and Imported Machinery and Equipment, provided there is no similar National product;

8.4. Furniture and Fixtures

8.5. Softwares;

8.6. Inputs; and

8.7. Tickets.

The guidelines contained for the Electronic Prior Consultation shall be observed to structure the budget. The request for financial support to the Amazon Fund is made by sending an Electronic Prior Consultation through the link: <https://web.bndes.gov.br/ConsultaEletronica/fundoamazonia/>

9. NON-ELIGIBLE ITEMS FOR FUNDING

9.1. Payment of per diems, salaries, or any type of compensation to public agents, such as civil servants, public servants, or any person who exercising a public function in any of the three branches of the government.

9.2. Expenses with outsourced services and consultancy provided by the project proponent's employees or directors or by civil servants, public servants, or any person exercising a public function.

9.3. Land and real estate acquisition.

9.4. Payment of debts

9.5. Payment of taxes or fees that are not inherent and or an integral part of the financing or investments made by the project. This restriction does not apply to taxes related to project activities, such as ICMS included in product prices, labor charges, social security fees on paying individuals' services, etc.

9.6. Fines, interest for late payments, late fees and taxes, and penalties of any kind.

9.7. Activities related to the project proponent's institutional communication.

9.8. Institutional activities trips not related to the project.

9.9. Acquisition of arms.

9.10. Acquisition of animals.

10. COUNTERPART FINANCING

10.1. The project proponent shall present counterpart financing and/or non-financial contributions, demonstrating additional value to the resources obtained from the Amazon Fund and producing a multiplier effect for the Fund's investments to ensure the forest fire reduction effectiveness. Counterpart financing can be financial resources directly invested in the project or by the provision of infrastructure, personnel, or other indirect forms.

10.2. The proposing state must ensure the establishment or maintenance of qualified technical staff in the Military Fire Brigade for the planning, operation, management, monitoring, and evaluation of the project's actions that are compatible with the needs and demands of preventing and combating forest fires and non-authorized burnings in their area of operation.

10.3. The proposing state shall form a team to implement the project and be responsible for the formation of a stable team that will continue the forest fire and unauthorized burnings after executing the supported project.

Guiding criteria to support the preparation, review, detailing, and implementation of ecological-economic zoning (ZEE)

1. BACKGROUND

The ecological-economic zoning (ZEE) is a territorial planning instrument provided in the National Environmental Policy (Law No. 6938/1981) and ruled by Decree No. 4297/2002. Its purpose is to promote the rational use of natural resources in the different environments of the national territory, having as a guideline the sustainability principle. Thus, ZEE ensures a balance between economic development and the preservation of the services provided by Brazilian ecosystems.

Considering its preparation methodological flow, as stated in the document entitled "Methodological Guidelines for the National Territory ZEE" of 2006 and in the criteria established in Decree No. 4297/2002, ZEE comprises four stages: planning, diagnosis, prognosis, and implementation subsidies. It initially starts with the mobilization of resources, the structuring of institutional arrangements, and the identification of the main problems related to the occupation and use of the territory. Then, the corresponding integrated diagnosis of the physical-biotic, socio-economic, and legal-institutional environments is carried out in addition to the establishment of exploratory scenarios for the proposition of legal and programmatic guidelines for each identified territorial unit. It is worth mentioning that the guidelines are accompanied by an action plan and communication and training measures that contribute to implementing the instrument. In this sense, it becomes a guiding and integrating instrument of the territorial planning process, crosscutting the set of sectoral policies.

Regarding the Federal Government's jurisdiction, ZEE is coordinated and prepared by two collective bodies, the National Territory Ecological-Economic Zoning Steering Committee (CCZEE) and the Permanent Working Group for the Executing ZEE (ZEE Brazil Consortium), as stated in the Decree of December 28, 2001.

The CCZEE, initially established by Decree No. 99540/1990 and later restructured by the Decree of December 28, 2001, has the following attributions:

- I. plan, coordinate, monitor, and evaluate the execution of the ZEE works; and
- II. articulate with the states, supporting them in executing their respective ZEE works, making their work compatible with those carried out by the Federal Government. Currently, CCZEE is composed of 12 ministries complying with Law No. 13341/2016 and is coordinated by the Ministry of the Environment.

In turn, the ZEE Brazil Consortium's leading purpose is to provide technical assistance to CCZEE. The responsibilities of this collective technical body are:

- I. carry out ZEE works under the responsibility of the Federal Government;
- II. serve as a technical advisory body to CCZEE;
- III. prepare the methodological line of ZEEs at the national level;
- IV. guide the preparation of the ZEE's term of reference at the national level;
- V. coordinate technical and methodological exchanges with the states to prepare and monitor their respective ZEEs; and
- VI. provide technical assistance to the Brazilian states. Currently, this collective body is comprised of 15 institutions with the most varied technical knowledge.

Further information on both collective bodies that make up the so-called ZEE Brazil Program can be accessed on the MMA's website: <http://www.mma.gov.br/gestao-territorial/zoneamentoterritorial>

In addition to executing ZEE projects under the responsibility of the Federal Government and following the National Environment System (Sisnama), the ZEE Brazil Program, over more than 25 years of operation, supports several states in their ecological-economic zoning. This occurs both in the technical and financial aspects since the instrument is executed in a shared way between the federal government, states, and municipalities, as recommended by Supplementary Law No. 140/2011. /Thus, at the same time that the preparation of the Ecological-Economic Macro-zoning (MacroZEE) of the Legal Amazon, established by Decree No. 7378/2010, which coordinates the development of the MacroZEE of the São Francisco River Basin, was concluded, the Ministry of the Environment (MMA) has sought to strengthen institutional, technical, and financial cooperation with the states to enable the execution of their ZEE initiatives and guarantee the respective approximation with the institutions that are part of the ZEE Brazil Program. Finally, the detailed situation of ZEEs in the Brazilian states can be accessed on the MMA's website.

<http://www.mma.gov.br/gestao-territorial/zoneamento-territorial/zee-nosestados>. /Given the above and considering the MMA's role in coordinating both collective bodies responsible for ZEEs at the federal level, the financial support of the Amazon Fund – which was established by Decree No. 6527/2008 and which has ZEEs as one of its support strategic areas (Article 1, item V) – aims to guarantee the necessary operational means to the states and institutions of the legal Amazon in executing the shared task of managing and organizing the Brazilian territory, considering the sustainability principle.

2. INTENDED GOAL

Financial support to projects for preparing, reviewing, detailing, and implementing their respective ecological-economic zoning processes in the Legal Amazon.

3. TARGET AREA

The Legal Amazon, comprising, at least, the complete ecological-economic zoning of a state.

4. SUPPORT MODALITY

Non-reimbursable financial collaboration with Amazon Fund resources.

5. MINIMUM REQUIREMENTS

5.1. The project proposal to be submitted shall list its goals identifying the expected direct and indirect effects of its intervention;

5.2. The proposal shall relate the products and services to the respective activities to be developed through the project implementation and aim at achieving its goals. Products and services mean the results obtained at the end of a series of activities that comprise the project.

5.3. The proposal shall present the project's implementation and management strategy, presenting, for example, how the monitoring of activities and the implementation of products/services, the work fronts integration, and the control of project expenses will be performed to guarantee that the products and services are delivered, and the goals are achieved. If more than one institution participates in the project, the proposal shall present how the governance and participation of each of the institutions in the planned activities will be.

5.4. The project shall comply with the Guidelines and Criteria for the Application of Amazon Fund Resources and Operation Focuses for the Biennium in force, established by the Amazon Fund Steering Committee;

5.5. The Project must consider compliance with the safeguards to be observed in implementing actions for Reducing Emissions arising from Deforestation and Forest Degradation -REDD+3³ ;

3. Available at <http://www.fundoamazonia.gov.br/pt/monitoramento-eavaliacao/safeguards-de-redd/>

5.6. Do not cover areas overlapping territorial sections in which other ZEE initiatives are being contracted or executed⁴, except for the cases in which the intended support aims to ensure the execution of process steps (planning, diagnosis, prognosis, or implementation subsidies) aiming at completing the initiative already underway. To this end, project proponents must provide documentary evidence of the steps already carried out when presenting the project and a statement from the Ministry of the Environment.

5.7. The applicant institution shall have a Cooperation Agreement (AC) with the Ministry of the Environment (MMA) to formalize the due monitoring of the respective projects through CCZEE and the ZEE Brasil Consortium.

5.8. The project proposal must observe the Methodological Guidelines for Ecological-Economic Zoning in Brazil, published by the Ministry of the Environment in 2006, and the minimum criteria provided in Decree No. 4297/2002, seeking to ensure the project's synergy with the provisions provided in Law No. 12651/2012;

5.9. The project proposal should observe the integration with the existing ZEEs, both at the federal level – especially the MacroZEE for the Legal Amazon – and at the state level, seeking due harmonization between the different initiatives;

5.10. Information, sensitization, mobilization, and consultation of the various stakeholders and sectors, whose representation is strategic in managing the territory covered by ZEE, with the structuring of a specific institutional arrangement for this purpose;

5.11. The project proposal shall establish an operative action plan for each of the action guidelines that might be defined in the ZEE process to strengthen the instrument's implementation;

5.12. The project shall include the dissemination of information regarding state ZEEs in clear, appropriate, and accessible language to all, in physical or electronic media, observing Law No. 12527/2011.

6. PROJECT PROPONENTS

Projects can be presented by the following institutions:

6.1. State Governments: projects presented by the state government, primarily by the state agency that legally has attributions to coordinate the ZEE agenda. According to Article 9 of Decree No. 4297/2002, the state shall have a specific institutional arrangement aimed at ensuring decentralized management of the ZEE preparation and implementation process through the establishment of a state coordination committee for the instrument, with a deliberative and participatory character and a technical working group with a multidisciplinary team. Furthermore, the coordination committee above shall count on the effective participation of stakeholders and strategic sectors of the state, both from the public sphere and civil society, duly designated and appointed.

6.2 Private non-profit organizations. Third sector organizations, such as civil associations and foundations governed by private law, that aim to implement the ZEE strategy established by the states, except for typical state activities. To this end, the applicant institutions must have formalized a partnership with the relevant public institution, complying with the provisions of Law No. 13019/2014⁵. Furthermore, criterion 6.1 must be observed regarding the institutional arrangement.

4. Management table for monitoring ongoing ZEE initiatives available at:
<http://www.mma.gov.br/gestao-territorial/zoneamento-territorial/zee-nos-estados.html>

5. Establishes the legal framework for partnerships between government and civil society organizations.

7. SUPPORTABLE ACTIVITIES

Projects shall comply with the relevant legislation and may provide for activities within the following products and services, with items 7.14 and 7.15 being a mandatory delivery at the end of the project, with due validation by the competent environmental agency.

- 7.1.** Support for the ZEE planning stage through the execution of activities related to the identification of the goals and problems that motivated preparing the zoning, the sensitization and mobilization of the stakeholders, and institutional arrangements to be involved in ZEE and the mapping of information that should be used during the process;
- 7.2.** Preparation of natural resources diagnosis with the respective identification of the units of the environmental systems, contemplating, among other aspects, the geomorphology, geology, climatology, pedology, hydrology, and vegetation cover of the territory;
- 7.3.** Preparation of socioeconomic diagnosis with the trends of occupation and articulation. Relevant elements of this diagnosis are the urban network and the various existing and planned logistics modalities (roads, railways, energy infrastructure, ports, and airports), accompanied by the mapping of the different networks drawn up by the main economic agents that operate in the territory, especially the agricultural, logging, mining, and steelmaking segments, which articulate the urban system and the appropriation of land and subsoil. The living conditions of the population shall be addressed by indicators that include at least the health, education, labor market, basic sanitation, and demographic dynamics statuses;
- 7.4.** Preparation of the legal-institutional diagnosis, covering the institutional areas – defined by Indigenous Lands, Conservation Units, among others –, and the main plans, programs, policies, and projects that have the states as a coverage area, being able, when possible, to take advantage of the synergies for preparing specific instruments of territorial planning, PGTAs, ethno-mapping, management plan, among others;
- 7.5.** Preparation of the analysis of the territory's current status, contemplating in an integrated and critical way the physical, biological, socio-economic, cultural, and legal-institutional aspects that consider the description of the territory occupation trend and the consequent pressure on natural resources and the ecosystem conservation status;
- 7.6.** Survey the existing natural potential in the territory, defined by the services provided by the ecosystems, including, among other aspects, the agricultural suitability of soils, water provision, erosion control, metallic and non-metallic mineral resources, timber and non-timber potential, the potential for generating renewable energy, sites for ecotourism and recreation, etc.;
- 7.7.** Analysis of potential natural fragility, defined by indicators of biodiversity loss (including through the analysis of the recent vegetation suppression dynamics for alternative land use), soil loss through erosion, compromising the quantity and quality of surface and underground water resources, the risks of floods, inundations, and droughts, due to the expansion of degraded areas, etc.;
- 7.8.** Preparation of prospective scenarios, identifying future behavior trends of the main vectors that condition the occupation of the territory in question, considering the trends of land use, economic and population flows, location of infrastructures and the dissemination of information, the deforestation dynamics, and the needs for preserving and conserving ecosystems and their goods and services;
- 7.9.** Conducting discussions and debates about the current situation of the territory, the prospective scenarios, the proposal for managing the territory, and the action plan with public bodies and representative segments of civil society to adapt and legitimize the resulting products;

7.10. Development of indicators and a proposal for a monitoring and evaluation system for the implementation of ZEE, considering both environmental quality parameters and the guidelines defined in the management proposal and in the zoning action plan itself;

7.11. Carry out activities to collect primary information to promote detailing of priority areas defined in ZEE initiatives already prepared;

7.12. Structure laboratories to expand institutional capacity and make available on the Internet the systematized Geographic Data Bank (BDG) with the geoinformation used and generated during the preparation of the ZEE, following, where applicable, the standards established by the National Spatial Data Infrastructure (INDE);

7.13. Holding training courses with public and civil society managers and technicians in the application of products generated by the ZEE;

7.14. Definition of a territorial management proposal containing the delimitation of intervention zones and sub-areas according to the correlation of the products generated by the analysis of the territory's current status and by the prospective scenarios, to which general and specific action guidelines must be associated to be considered by public and private stakeholders, according to the specificities of each zone and sub-area;

7.15. Preparation of an operative action plan containing the plans, programs, policies, and projects that contribute to enabling the activities identified as appropriate for each zone and sub-area, identifying the bodies responsible for such actions and their respective sources of funds. This identification shall also be able to address possible gaps and inconsistencies in existing plans, programs, policies, and projects, proposing supplementary actions that contribute to making the activities identified as appropriate for each zone and sub-area viable. This action plan shall also include a proposal for strategies and mechanisms for integrating the ZEE with other instruments that contribute to guiding the occupation and use of the territory process, such as but not limited to, environmental licensing, the granting of rights to use water resources, environmental regularization programs, incentive lines, and tax benefits, and financing funds;

8. PROJECT COSTS AND DEADLINES

8.1. The amount of support from the Amazon Fund for each project presented may be up to BRL 10 million.

8.2. The projects to be presented must have a maximum execution period of up to 36 months.

9. ELIGIBLE ITEMS FOR FUNDING

9.1. In-house Human Resources (HR);

9.2. Consultancy and Provision of Specialized Services (CPSE);

9.3. Support services (SA);

9.4. Machinery, equipment and other assets (M&EQ);

9.5. Inputs (INS);

9.6. Logistics (LOG);

9.7. Administrative expenses directly associated with the project, only in the case of third sector proponents. Up to 10% of the total project value may be used to cover administrative costs of maintenance and operation of the entity. These costs must be proven and will be part of the accountability. The inclusion of administration, management, or

similar fees is forbidden.

To structure the budget, the guidelines of the "GUIDE FOR PREPARING A BUDGET", which are available on the Amazon Fund's website(http://www.fundoamazonia.gov.br/export/sites/default/pt/galleries/documentos/chamada_publica/Chamada_Publica_RCV_Guia_de_elaboracao_de_orcamento.docx) shall be observed.

10. NON-ELIGIBLE ITEMS FOR FUNDING

- 10.1. Payment of severance damages;
- 10.2. Payment of administration fees to the project proponent;
- 10.3. Payment of per diems, salaries, or any type of compensation to public agents, such as civil servants, public servants, or any person who exercising a public function in any of the three spheres of government;
- 10.4. Expenses with outsourced services and consultancy provided by the project proponent's employees or directors or by civil servants, public servants, or any person exercising a public function;
- 10.5. Real estate acquisition (land and buildings);
- 10.6. Payment of debts;
- 10.7. Payment of taxes or fees that are not inherent and or an integral part of the financing and/or investments made by the project (this restriction does not apply to taxes related to project activities, such as state goods and services tax included in product prices; taxes and contributions on paying for services of an individual, etc.)
- 10.8. Fines, interest for late payments, late fees and taxes, and penalties of any kind;
- 10.9. Acquisition of arms;

11. COUNTERPART FINANCING

The project proponent shall submit a counterpart financing in the form of financial resources directly invested in the project and/or by the provision of infrastructure, personnel, or other indirect forms. Furthermore, the project proponent shall adopt measures to ensure the creation or maintenance of qualified technical staff to meet the demands inherent to the ZEE processes, constituting, within the scope of the state body that holds the legal attributions to coordinate the ZEE agenda, a multidisciplinary team that will give continuity to the actions of the agenda after the execution of the supported project.

12. SUBMISSION OF PROPOSALS

A maximum of one proposal for each state of the Legal Amazon will be considered.

