

**Summary Record
of the Negotiations on Cooperation for Sustainable Development between the Government
of the Federative Republic of Brazil and the Government of the Federal Republic of
Germany
held in Brasilia on 17 – 18 August 2015**

Introduction

Negotiations on cooperation for sustainable development between the Government of Brazil and the Government of the Federal Republic of Germany were held in Brasília on 17 and 18 August 2015. The delegation of the Federative Republic of Brazil was headed by Ambassador João Almino, Director of the Brazilian Cooperation Agency (ABC). The delegation of the Federal Republic of Germany was headed by Paul Garaycochea, Head of the South America Division in the Federal Ministry for Economic Cooperation and Development (BMZ). Lists of the two delegations are attached as Annex II.

Within the German government, the Federal Ministry for Economic Cooperation and Development (BMZ) is responsible for development cooperation. The BMZ is therefore the political point of contact for all Financial Cooperation and Technical Cooperation projects and programmes and all other projects and programmes mentioned in this document.

The negotiations took place in an open atmosphere of constructive cooperation. Based on the results of the Technical Consultations held on November 5-6, 2014 in Brasília the delegations reached agreement on the allocation of the funds available. The results of the negotiations are recorded below:

1. General context for development cooperation and political dialogue

1.1. General Context

The German side underlined that Brazil is an important strategic partner with whom Germany cooperates closely to meet global challenges especially in the so-called “year for development 2015” with the UN Summit for the Adoption of the Post-2015 Development Agenda (2030 Agenda) in New York and the UN Climate Change Conference in Paris ahead. The German side stated that the new 2030 agenda for sustainable development to be signed in September and its goals are a milestone and proof of all the countries’ efforts to achieve sustainable development

Brazil in that process which was due to their long and successful history of bilateral cooperation. Germany stated that after signing the agenda it would be crucial to fill it with life. Germany underlined that climate change, poverty reduction and sustainable development are significant challenges that need to be tackled together by all countries but also by the private sector and civil society. The German delegation stressed that Brazil's ambitious national policies on climate and environment protection are crucial for the success of the cooperation for sustainable development. Germany considers Brazil as a role model for developing countries. The German side would welcome the continuation of a strategic dialogue and continued exchange on this topic. In this context, the Brazilian side recalled that Brasilia will host from March 17 to 23, 2018, the next World Water Forum.

The Governmental Negotiations on Cooperation for Sustainable Development are indeed one of the most relevant and concrete aspects of the strategic partnership between Brazil and Germany. The Brazilian side expressed its satisfaction hosting the 2015 round prior to the high-level policy consultation meeting between their Heads of States and Cabinet. In this sense the event was also an opportunity to strengthen the long-term cooperation relationship with a view to fostering the achievement of the global development Agenda goals. The Brazilian side highlighted that sharing of principles, values and experiences is a natural way of improving public policies and searching for innovative solutions to the challenges that remain ahead. Also, the Brazilian side noted that cooperation in its contemporary setting is no longer a single stream action nor a vertical flow. Under this understanding it shall improve even more the quality of the initiatives when jointly discussed, negotiated and executed. The Brazilian side furthermore highlighted the importance of German technical and financial cooperation in achieving ambitious energy and environmental goals in Brazil at federal, state and municipal levels. Brazil recognized the importance of the dialogue and the exchange of knowledge derived from the bilateral cooperation throughout the past decades. This partnership enabled Brazilian institutions to acquire cutting-edge know-how reverted into better environmental and energy efficiency practices.

The German side highlighted the unique opportunity to have these negotiations as building block of the first high-level consultations of Heads of State and both cabinets. The signing of the Protocol within these consultations reflects the strategic importance of the Cooperation for Sustainable Development. The notion of horizontal partnership and confidence is key for the understanding of this cooperation. This is particular important in times of set-backs and challenges.

Both sides agreed to elaborate a joint cooperation strategy that includes the cooperation in the priority areas, under the coordination of ABC and BMZ.

1.2. Legal framework and preconditions for Technical and Financial Cooperation

Both sides appreciated the agreement reached on the text of the supplementary agreements for technical cooperation and the signature of a first agreement on August 13, 2015.

The remaining agreements regarding commitments from preceding years shall now be signed in the upcoming month.

Both sides welcomed the revitalization of discussions on a Framework Agreement on Financial Cooperation. Both sides stressed that the implementation of future projects would benefit from the conclusion of the negotiations and the entry into force of the Framework Agreement on Financial Cooperation. The German side highlighted the importance of the fast track mechanism through the exchange of notes for the commitments made in 2014 and beyond

until the ratification of the Framework Agreement on Financial Cooperation. Both sides reiterated the will to finalize the Agreement in a short term perspective. Therefore, Brazil repeated the invitation to host a German delegation in Brazil as soon as possible.

Given the agreed mode of financial cooperation between Brazil and Germany most projects demand a state guarantee. The Brazilian side stated that it is currently reviewing the technical procedure for the concession of Federal guarantee to all projects funded by bilateral and multilateral sources, so as to avoid further delays in the implementation of projects. Once the criteria are approved, which is expected to occur soon, the Federal Chamber of External Financing (COFIEF) will resume the concession of Federal guarantees.

2. Dialogue on priority areas of bilateral development cooperation; commitments

2.1. *Financial commitments and reprogrammed funds*

The Government of the Federal Republic of Germany undertakes to provide the Government of Brazil with a new amount of € 551.5 million for bilateral Technical and Financial Cooperation. This comprises € 525 million for Financial Cooperation projects/programmes and € 26.5 million for Technical Cooperation projects/programmes. A table showing the commitments is attached as Annex I.

2.2 *Priority area “Renewable Energy and Energy Efficiency”*

2.2.1 General Issues

Both sides welcomed the contributions of the Cooperation for the development of new and innovative solutions in the field of renewable energies and energy efficiency. Both sides acknowledged the bilateral meetings held under the “Agreement on Energy with a focus on Renewable Energy and Energy Efficiency” as forum for the exchange on policy issues. The Brazilian side proposed to promote greater convergence between that bilateral political dialogue and the financial and technical cooperation. The German side welcomed the Brazilian proposal. Both sides highlighted the recent workshop on Energy Efficiency held in Sao Paulo in December 2014 and agreed that the results of the joint study undertaken by Wuppertal Institute and UFRJ and will be presented both in Germany and Brazil in the second half of 2015.

Both sides expressed satisfaction with the progress of the technical and financial cooperation for sustainable development in the energy sector, which has already yielded tangible results in various projects, in particular in solar and wind energies and in energy efficiency.

2.2.2 Ongoing Projects

Project no. 2010.6649.7 - up to € 90 million reduced interest-rate loan

Both sides agreed on reprogramming the funds of this programme originally intended to finance photovoltaic power plants on the rooftops of World Cup soccer stadiums for a new programme for renewable energy and energy efficiency (see 2.3.3.).

Biogas Program (DKTI)

Project nos. 2011.9784.7, 2011.9783.9 – up to € 150 million reduced interest-rate loan (FC), € 10 million – (TC)

FC: Promotion of Biogas-Technology (DKTI)

Both sides agreed to expand the scope of the potential borrowers beyond sanitation utilities to also include Brazilian public development banks, such as BNDES.

TC: Promotion of Climate Friendly Biogas Technologies (MCidades)

The Ministry of Cities has requested the expansion of the project scope to include sewage sludge management. For this reason additional funding is also requested. The German side will analyze additional commitment within the upcoming DKTI planning sessions.

Renewable Energies and Energy Efficiency (Open Programme 4E) (ELETROBRAS) – FC

Project no. 2010.66448.9 - up to € 200 million reduced interest-rate loan

Both sides welcomed the progress achieved in preparation of the first phase of the programme and expressed their determination to facilitate the signature of the loan agreements for the wind park complex Sant'Ana de Livramento in 2015 and the PV Plant São Domingos in early 2016. Eletrobras/Eletrosul informed that they are encountering difficulties in obtaining a state guarantee, which is a prerequisite for signing the loan agreements between KfW and Eletrobras.

Solarprogram for Energy Generation - Solar Northeast (CHESF) – FC

Project no. 2014.6841.2 – up to € 225 million reduced interest-rate loan

Concentrated Solar Power (CSP) (CHESF) – FC

Project no. 2011.9781.3 – up to € 75 million reduced interest-rate loan

Both sides highlighted the progress in the preparation of the project and the efforts of all involved partners to realize innovative solar projects in North East Brazil. The German side highlighted that the loan agreement for the Concentrated Solar Power (CSP) Programme (2011) has to be signed by the end of 2017 and will focus on the financing of a first 90 MW Solar PV plant. Both sides agreed that preparations, e.g. studies for an eventual CSP-plant will continue under the 2014 commitment.

Energy Efficiency Programme (CAIXA) - FC

Project no. 2012.6676.6 – up to € 150 million reduced interest-rate loan, Project no. 2013.7000.6 - € 4.5 million grant

Both sides reiterated their commitment to the strategic cooperation in the field of energy efficiency financing. However, due to recent developments on the international market there have been considerable delays. Both sides expressed flexibility to adapt the scope of the programme to the needs of CAIXA and the existing demand for energy efficiency financing to enable the signing of the contracts at the beginning of 2016, at the latest.

Sustainable development / Urban Mobility – Climate Protection Programme with BNDES - FC

Project no. 2012.6678.5 – up to € 300 million reduced interest-rate loan

Both sides welcomed the cooperation with BNDES in the area of sustainable urban development. Both sides appreciated the signing of a loan agreement on August 17, 2015 by KfW and BNDES. The operation will contribute to the implementation of climate friendly urban transportation systems in Brazilian cities and have substantial impacts on the reduction of GHG. Both sides appreciated the cooperation of BNDES and KfW in the development of a climate tool to measure and monitor climate effects of the Bank's investments.

Municipal Environmental Protection Program (2013.6687.1) – FC

Embasa and the Municipality of Jundiai reiterated their interest in further participating in this Program and mentioned the on-going project preparation activities.

2.2.3 New Projects

Climate-friendly Power Transmission (CEMIG) – FC

Project no. 2015.6715.5 – new commitment: up to € 150 million reduced interest-rate loan

Both sides recognize the importance of efficient and sustainable electricity transmission systems for low carbon energy security. In response to a request of CEMIG this programme aims at reducing energy losses and reinforcing the existing electricity transmission system. The German side is ready to contribute with a reduced interest loan of up to € 150 million.

Pro Climate Programme for Renewable Energies and Energy Efficiency (BNDES) - FC

Project No. 2015.6797.3 - new commitment: up to € 265 million (reduced interest-rate loan)

With the new program Germany will support renewable energy technologies and energy efficiency measures in an open program. Its focus shall be on activities that are climate-friendly, innovative and nascent in Brazil. Both sides welcome the technical exchange on social and environmental standards as well as CO2 mitigation potentials. The German side is ready to contribute with a reduced interest-rate loan of up to € 265 million.

Future Energy Systems (MME) – TC

Project no 2015.2126.9 - new commitment: € 4.5 million.

Both sides highlighted the importance of the technical cooperation program “Profree - Renewable Energy and Energy Efficiency Program” (*Project no. 2012.2478.1*), led by EPE. The program will end on 31.12.2015. Both sides agreed to continue technical cooperation with a focus on energy planning, regulation as well as dissemination and capacity building under the coordination of MME. The German side agreed to fund this project with € 4.5 million. Remaining funds of the project 2012.2478.1 will be added to the new commitment.

Energy Efficient Propulsion in Urban Areas (MDIC) TC (DKTI)

Project no. 2015.2127.7 - new commitment: € 5 million

Both sides acknowledged the importance of climate friendly and energy-efficient propulsion technologies in urban transport for the mitigation of greenhouse gas emissions. Responding to a request of MDIC, the German side agreed to fund this project with € 5 million. Project structure and concrete goals and indicators will be determined in an appraisal mission.

Energy Efficiency for Sustainable Urban Development (MCidades) – TC

Project no. 2015.2128.5 - new commitment: € 4.0 million

Both sides highlighted the high potential for the reduction of CO2 Emissions in metropolitan regions and cities. In line with the envisaged GER-BRA Partnership on Urbanization both sides agreed to continue to deepen the cooperation in the field of sustainable urban development. Both sides welcomed the signature of the supplementary agreement for two technical cooperation projects contributed during the government negotiations in 2013, namely: **Energy Efficiency in Urban Water Supply** (*Project no. 2013.2079.5 - € 2.5 million*) and **Energy Efficiency in Urban Transport** (*Project no. 2013.2078.7 - € 2.0 million*). Implementation will begin shortly. The German side stressed the importance of concluding the Supplementary Adjustment on these two projects as soon as possible. Initial activities regarding energy efficiency measures in “Minha Casa Minha Vida” Program are presently being supported by the Study and Expert Funds. Both sides agreed to the integration of the energy efficiency projects, namely: Project no. 2013.2079.5 and Project no. 2013.2078.7 – both with Ministry of Cities - as well as the above mentioned new project on Energy Efficiency in Social Housing (*Project no. 2015.2128.5*) into one single program “Energy Efficiency for Sustainable Urban Development”. The German side agreed to fund the project with further € 4.0 million. The appraisal mission will take place before the end of the year.

2.2.4 New Proposals

The Brazilian side presented the following cooperation requests:

- German experience in smart grid (**MME**) - TC/FC

MME has requested cooperation to increase the knowledge about the German public policies implemented for development of smart grid and its results. This request will be evaluated within the new program “Future Energy Systems”.

- Operation of large size electrical systems with integration of intermittent source (**MME**) – TC/FC

MME has requested cooperation to support the development of studies and indicators to monitor, evaluate and subsidize operational guidelines to ensure the continuity of the energy supply. This request will be analyzed within the new program “Future Energy Systems”.

- Dissemination of renewable energies and energy efficiency in cities (**SEDEIS/RJ**) – TC/FC

SEDEIS/RJ has requested a new phase of cooperation following the conclusion of the project "Rio Capital Energia". This request will be analyzed within the new program "Future Energy Systems", more specifically in the dissemination component.

- Brasilia Solar Program, (**SEMA/GDF**) – TC/FC

This request will be analyzed within the new program "Future Energy Systems" (TC), more specifically in the dissemination component.

- Photovoltaic energy in industry and trade (**MDIC**) – TC

The German side informed that this request will be treated in the IKI session.

- Energy Efficiency in Public Buildings (**ESAF**) – TC

This request will be analyzed within the new program "Future Energy Systems" (TC), more specifically in the dissemination component.

- Landfill biogas generation and utilization in the state of Ceará (**ARCE**) – TC/FC

This request will be analyzed within the new program "Future Energy Systems" (TC), more specifically in the dissemination component.

- Inova Clima – Innovation in Renewable Energy and Energy Efficiency (**FINEP**) – FC

Both sides agreed on following up on a request by FINEP for cooperation to foster innovation for technologies which have a positive impact on climate change, such as investments in renewable energies, energy efficiency and sewage treatment. The request will be analyzed in the next round of consultations including possible technical cooperation.

2.3. Priority area "Protection and Sustainable Management of the Tropical Forest"

2.3.1 General Issues

The German side acknowledged Brazil's endeavours made in terms of reducing deforestation. It welcomed the continuous efforts of the Brazilian Government to implement the instruments of the new Forest Code. In particular the introduction of the Rural Environmental Register (CAR), which, together with the proposed National Policy on the Restoration of Degraded Land (PLANAVERG), provides economic incentives and compensation mechanisms for (small) landowners and thus a solid basis for preserving the forest, to recover degraded areas and to combat even more rigorously illegal deforestation in future.

The German contribution has been crucial for the management of protected areas and for the environmental rural land register, two important focuses of the cooperation today. In this respect, strategic programmes like CAR and, furthermore, ARPA were highlighted as flagship projects, especially in the context of this year's climate summit COP21 in Paris and the upcoming 2030 Agenda.

The Brazilian delegation expressed its commitments to indigenous people's rights and, in this regard, its satisfaction with the continuous cooperation with Germany in support of public policies that benefit indigenous population, including the protection of indigenous lands.

The second biggest Brazilian biome, the Cerrado, is a priority for the Brazilian government, as well as the Atlantic Forest and the Caatinga. The elaboration of the joint cooperation strategy can help establish the framework to support the current country needs. Germany underlined the importance of setting strategic priorities. Therefore, it emphasized its willingness to support the Brazilian Government in the implementation and further development of the Amazon Fund and the National Policy on the Restoration of Degraded Land

(PLANAVEG). The Brazilian side assured to continuously look for new opportunities in which future loans could be engaged.

In the same line, Germany welcomed the realization of the forest conference held on 19th of August 2015 in Brasília and expressed its gratitude for the organization. The conference served as a milestone for the future cooperation strategy.

Both sides decided to review the strategic, policy-based approach of the cooperation in the forest sector, looking for priority fields of intervention and to further strengthen the coherence and a systemic vision among the on-going and future projects.

2.3.2 Ongoing Projects

Transition Fund ARPA for LIFE (MMA) - FC

Project no. 2013.6712.7 (2005.6601.8) - € 31.7 million grant (plus € 20 million grant)

The German side acknowledged the relevance of the Fund and increased its contribution in 2014 by € 15 million to a total of € 31.7 million (or rather a total of € 51.7 million counting the funds of FAP) in order to support the long-term financing of 60 million ha protected areas in the Amazon Region, as stated in the MoU of the Donors in May 2014. The Financial Agreement was signed on 19 August 2015 to the amount of € 31.7 million. The Brazilian side renewed its commitment to increase the counterpart contribution as agreed until total take over by Brazilian funds from 2039 onwards.

Environmental Land Registration (CAR) (MMA) - FC

Project no. 2011.6614.9, 2015.6714.8 - € 23 million grant, new commitment: € 10 million grant

The German side committed an increase of its contribution for CAR by € 10 million to a total of € 33 million given its importance in the implementation of the new Forest Code from 2012. A first Financial Agreement to the amount of € 23 million was signed on 19 August 2015.

Land and Environmental Management (CAR) (MMA) - TC

Project no. 2015.2130.1 - € 2 million, new commitment: € 3.5 million

On request of MMA, both sides agreed on the necessity to extend the duration and increase funding of the current project in order to enhance ongoing activities and to address issues of better integration of environmental regulation in strategies of integrated territorial development. The German side agreed to increase funding by an additional amount of € 3.5 million. The project duration will be extended until 03/2020. The new scope of the project will be jointly assessed.

Prevention and Control of Deforestation in Acre – (SEMA/AC) - FC

Project no. 2009.6562.4 - € 10 million grant

The German side welcomed the initiative of Acre to build a centre for the environmental units at its own expense. Yet, therefore, the project concept has to be revised. Both

sides expressed their ongoing determination to develop a valuable project concept and start the project by beginning of the year 2016.

Protection and Management of Indigenous Lands (FUNAI) - FC

Project no. 2009.6561.6 - € 8 million grant, Project no. 2013.6510.5 - € 10 million loan

There has been progress in preparations for the grant based project. Negotiations of contracts with FUNAI are envisaged for the second semester 2015. Both sides declared that they are committed to signing the € 8 million grant contract as soon as possible, in the perspective of launching the project in the beginning of 2016.

The Brazilian side confirmed that the political constraints for FUNAI regarding the loan are still there. Both sides agreed that the loan funds will be reprogrammed to another partner institution. Until the next government consultations in 2016, the German and Brazilian side will mutually agree on the reallocation of the loan funds.

Protection and Management of Indigenous Lands (FUNAI) – TC

Project no. 2013.2077.9 – € 2 million

Both sides agreed to discuss in detail FUNAI's new proposal for the project. Within this new proposal, the Brazilian side proposed the extension from 2 to 3 years and the increase of funds to the amount of € 4 million in order to include other indigenous lands.

Amazon Fund (BNDES) - FC

Project no. 2008.6683.0, 2010.5202.6 - € 21 million grant, new commitment (announced): € 9.92 million grant

Both sides highly welcomed the progress achieved in the implementation of the Amazon Fund. The Brazilian side stressed that by 2016 new funds would be needed. They emphasised the valuable contribution by Germany in terms of funds as well as expertise. The German side confirmed its continued commitment to the goals of the Fund. The verbal note for the announced new commitment of € 9.92 million grant will be transmitted to the Brazilian side subsequently.

Amazon Fund for Forest Conservation and Climate Protection (BNDES) - TC

Project no. 2015.2132.7 – € 4.2 million, new commitment: € 1.5 million

Both sides agreed on the necessity to increase funding of the current project in order to strengthen results-based monitoring, evaluations as well as fundraising and capacity building of project applicants and implementers. The German side committed additional € 1.5 million. Within the co-financing agreement signed on 19 of August 2015, Norway (NORAD) committed € 3.45 million to the ongoing technical cooperation in order to enhance donor harmonization and effectiveness of this programme. The BMZ will represent the donors in accordance with this arrangement. The implementation of the Arrangement of Delegated Cooperation is commissioned to GIZ.

Prevention and Control of Deforestation in the State of Pará – (SEMA/PA) - FC

Project no. 2011.6626.3 - € 12.5 million grant

The German side welcomed the efforts by the Government of Pará to develop a valuable project concept. Both sides envisage a Memorandum of Understanding by the end of 2015. In case this goal will be missed, the funds shall be reprogrammed.

Protection of the Atlantic Coastal Forest in Minas Gerais II – (SEMA/MG) - FC

Project no. 2007.6641.0 - € 8 million grant

The German side expressed its satisfaction regarding the recent political commitment of the Government of Minas Gerais to progress with the project. Nevertheless, improvement of financial implementation of the project is needed until the end of 2015 to avoid the premature termination of the project in 2016.

Forest Protection in the State of Amazonas (SEMA/AM) - FC

Project no. 2008.6682.2 - € 10.5 million grant

Both sides agreed that the political commitment of the Government of the State of Amazonas showed improvements in the last months. However, the German side still expressed its concerns regarding project implementation and informed that with continued low performance in 2015 it would consider the premature termination of the project in 2016.

Sustainable Economic Development in Amazonia focusing on Socio-Biodiversity – (MDA) – TC

Project no. 2013.2454.0 – € 1 million

Green Markets and Sustainable Consumption (MDA) – TC

Project no. 2015.2131.9 - new commitment: € 4.5 million

Both sides agreed on the necessity to extend the duration and increase funding of the current project. This will allow for a more comprehensive support of the various programmes promoting sustainable economic activities, with a focus on strengthening market access for Amazonian smallholders and sustainable consumption. The German side agreed to increase funding by additional € 4.5 million. Project duration will be extended until 03/2020. The new scope of the project will be jointly assessed.

Land Tenure Regulation (MDA) – TC

Project no. 2013.2453.2 - € 2.5 million

Land Tenure Regulation – Terra Legal (MDA) – TC

Project no. 2015.2133.5 - new commitment: € 3.5 million

Both sides agreed on the necessity to extend the duration and increase funding of the current project in order to enhance ongoing activities and to address issues of land tenure governance beyond the scope of the actual phase. The German side agreed to increase funding by additional amount of € 3.5 million. The project duration will be extended until 03/2020. The new project scope will be jointly assessed.

2.3.3 New Projects

Reforestation/Restoration of Degraded Areas - FC

Project no. 2015.6713.0 – new commitment: up to € 100 million reduced interest-rate loan

Both sides expressed their interest in working together on the topic of reforestation/restoration in support of the National Restoration Plan. The German side expressed its readiness to contribute up to € 100 million in form of a reduced interest-rate loan. The Brazilian side confirmed the commitment of BNDES to become the programme partner. MMA will be the political partner.

2.3.4 New Proposals

The German side took note of the following proposals and added that some of them might be subject to further discussions.

- Capacity building and institutional strengthening on access and benefit sharing of products generated from the use of genetic resource, **MMA** – CT/CF
 - Enhancement of the IBAMA system for detection and control of recent deforestation in the Amazon, **MMA/IBAMA** - CT
- Capacity Building for operation and monitoring of the National System of Origin and Control and Forest Products – SINAFLOR, **MMA/IBAMA** - CT/CF
- Estimate of greenhouse gases emission by forest degradation in the Amazon and Cerrado Biomes, **INPE** – CT/CF
- Improvement of the Brazilian Operational Program of Vegetation Fires Monitoring through a fire enabled infrared sensor onboard a satellite, **INPE** – CT/CF
- Project to expand the recovered Permanent Preservation Areas(APP) and Legal Reserves (RL) in the context of rural properties, in compliance with the expected guidelines of the Brazilian Forest Code (CFB) - Law No. 12651 OF 25 MAY 2012, **MAPA** – CT/CF
- Project for the adoption of best practices and organic certification of non-timber forest products from extraction **MAPA** – CT/CF
- Project of Brazilian agriculture in the global context of climate changes, with focus on sustainable production systems, **MAPA** – CT/CF
- Cerrado Recovery and Center of Cerrado Excellency and Study, **SEMA/GDF** – CT/CF
 - Prevention and preparation for extreme events: implementation of the adaptation to climate change plan of Acre, **SEMA/AC**
- Strengthening environmental management focused on the implementation of the Rural Environmental Registry - CAR and the Environmental Adjustment Program – PRA, **SEMA/AC**

2.4 *Cooperation outside the priority areas*

Programme of Trilateral Cooperation –TC

Project no. 2013.2082.9 – € 1 million

Both sides confirmed commitment to Trilateral Cooperation. The supplementary agreement for the new programme is presently being prepared for signature. Development and implementation of the envisaged human capacity development initiatives in Brazil will begin shortly. A new Triangular Project will be presented to the Regional Fund in November 2015.

New cooperation requests

- Healthy and sustainable Brazil: an education strategy for healthy and sustainable consumption (MDS) - TC

The German side took note of this proposal and added that it might be subject to further discussions.

- Urban development (MCidades)

The Ministry of Cities expressed its interest in increasing the cooperation in urban development. The German side stated that this matter is part of the long standing partnership and of strategic importance in the future cooperation as being reflected in the Brazilian-German Urbanization Partnership.

3. Other instruments and contributions available as part of German development cooperation

The Brazilian side highlighted the importance of previous coordination with the Brazilian Government in order to inform the Brazilian partner institutions of regional and global projects, thus assuring the alignment with public policies and development needs as well as to define their level of involvement.

3.1 Regional/ Global Initiatives

The German side informed the Brazilian side about ongoing regional and global initiatives, for which Brazil is eligible to participate.

Regional Program (BMZ/DGIS) “Strengthening the Amazon Cooperation Treaty Organization – ACTO” – TC and “Sustainable Financing of Nature Conservation in the Amazon Basin - ACTO – FC

These regional programmes support ACTO and its regional and national organisational units in the eight Member States to effectively fulfil its mandate. Key issues are the sustainable development of the Amazon region, preservation of the forests and biodiversity and the involvement of the indigenous population, along with knowledge management, the exchange of experience between the Member States and the strengthening of ACTO's institutional capacity.

Environmental Auditing (TCU) - TC

This regional project targeting capacity development, innovative auditing methods to strengthen environmental and sustainable development policies and the exchange of

experiences among participating countries in Latin America will be extended up to 5 years. The new project proposal will build on the successful TCU, OLACEFS and INTOSAI initiatives. The initial funding of € 3 million will be assigned in 2015 and further funding can be considered in 2016.

Sector Program ‘Sports for Development’ – TC

This global program offers support to the development of new training concepts targeted at NGO networks and public projects promoting sports as an instrument to increase social skills of the youth in disadvantaged areas in Brazil. Alignment with the national agenda is ensured by the Ministry of Sports.

Alliance for Financial Integrity – AfIn - TC

This global project focusing on compliance and financial integrity within the private sector supports the exchange of experiences among the participating countries (India, Ghana and Brazil). CGU will be informed to ensure the alignment with the national agenda in Brazil.

Global Alliances for Social Protection – (MDS) – TC

This global project intends to use the dialogue and lessons learned between Global Development Partners and other interested countries like Chile, Peru and China to discuss, refine and pilot solutions for the organization of social protection systems. The Ministry of Social Development and Fight against Hunger will analyze this proposal and will ensure alignment with the national agenda.

Project for the Servicing Sector – Brazilian HCFC Phase Out Management Plan (HPMP) – (MMA) – TC

Both sides expressed their interest to continue testing and outreach activities in the refrigeration servicing sector for better HCFH containment as well as safe and efficient use of new ozone and climate friendly technologies in the framework of the Montreal Protocol. The Brazilian side will submit the proposal for Stage II (2016-2020) of the Brazilian HPMP to the Executive Committee (ExCom) to the Multilateral Fund of the Montreal Protocol in November 2015 with a detailed funding request for the Project for the Servicing Sector.

3.2 KfW promotional loans

As a way of complementing the existing set of financing instruments used in Financial Cooperation, mentioned above, KfW may conduct, on behalf of the BMZ, other projects/programmes that merit support from a development point of view. These are conducted by KfW in its own name, on its own account using KfW funding. In order to sign these project/programme contracts the Brazilian Government is required to confirm certain preconditions.

4. Declarations and final clauses

4.1 Provisions for project/programme implementation

Both delegations agreed that all the contributions envisaged by the German side and recorded in the present document can only be made when

- the Government of the Federal Republic of Germany has taken a positive decision once project/programme appraisals have been carried out by KfW, GIZ and/or any other organisation commissioned with implementing the project or programme,
- overall financing for the project/programme has been secured,
- the agreements under international law to be concluded (intergovernmental agreements and project/programme agreements), the financing and loan agreements and the implementation agreements with KfW/GIZ and, if applicable, any other implementing organisations have entered into force.

4.2 Terms for Financial Cooperation

New Financial Cooperation commitments shall be made available at the following terms:

- up to € 515 million as reduced interest-rate loans for the three project(s)/programme(s) mentioned in paras 2.2.3 (Climate-friendly Power Transmission and Pro Climate Programme for Renewable Energies and Energy Efficiency) and 2.3.3 (Reforestation/Restoration of Degraded Areas). The lending terms will be determined separately for each project/programme in the loan agreements with KfW.
- up to € 10 million as a financial contribution for the programme mentioned in para 2.3.2 (Environmental Land Registration (CAR)), provided that it can be ascertained that the programme in question is concerned with environmental protection and therefore meets the special prerequisites for support in the form of a financial contribution. If the decision is otherwise positive but it cannot be ascertained that the programme meets the aforementioned criteria, then a loan shall be provided for the programme with a maturity of 30 years and a grace period of 10 years, at 2 per cent interest per year.

4.3 Preparation of Financial Cooperation projects and programmes

Both sides agreed that in order to prepare and support the Financial Cooperation projects and programmes agreed upon during the present government negotiations, they shall conduct studies, produce expert opinions and deploy experts as the need arises. Such activities shall be coordinated between KfW and the relevant line authority. The funds for such efforts shall be made available by the Government of the Federal Republic of Germany in addition to the bilateral Financial Cooperation commitments mentioned. Both sides shall report on the implementation and outcome of such activities at the next government consultations and/or negotiations.

4.4 Sunset and project/programme replacement clause; residual funds from earlier projects/programmes

The German side draws particular attention to the fact that the commitments made under Financial Cooperation and Technical Cooperation will lapse if within seven years of the year in which the commitment was made no implementation arrangement, i.e. in the case of Financial Cooperation a loan or financing agreement and in the case of Technical Cooperation an implementation agreement, has been concluded. Thus, commitments made during the 2015 negotiations are subject to a 31 December 2022 deadline. For the project/programme Pro Climate Programme for Renewable Energies and Energy Efficiency in para 2.2.3 this deadline is 31 December 2017 and for the project/programme Climate-friendly Power Transmission in para 2.2.3 this deadline is 31 December 2018.

Should one or more of the projects/programmes mentioned not be implemented, it/they may be replaced in mutual agreement between the two governments by another project/programme or projects/programmes. The projects and programmes (loans cf. para 4.2) cannot be replaced by others.

Any balance that remains after the performance of all services under a contract for a Technical Cooperation project shall be transferred to the Study and Expert Fund without the need for a specific agreement to that effect. In case it occurs, the German side will inform the Brazilian side.

4.5 Governance and transparency

As stated in previous governmental negotiations, both delegations agreed that their cooperation projects and programmes shall be selected and designed according to development criteria.

Along those lines, both governments intend to cooperate closely in order to ensure transparency, accountability and probity in the use of public resources, so as to assure good governance, positive impact on economic and social development, and open and transparent competition, on the basis of price and quality, in support of sustainable development.

Transparency and accountability are vital to achieving development results and aid effectiveness as enshrined in international declarations. Both delegations therefore agree that information on the agreed goals, programmes, activities and results of development spending and on the conditions attached to the disbursement of funds may be published by both sides.

5. Next government negotiations

The next negotiations on cooperation for sustainable development between the Government of Brazil and the Government of the Federal Republic of Germany are scheduled to take place in Germany in 2017.

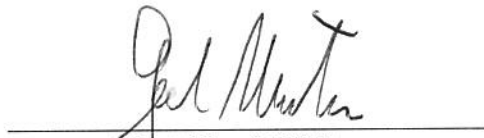
Done at Brasília on August 20, 2015

FOR THE GOVERNMENT OF
THE FEDERATIVE REPUBLIC OF BRAZIL

A handwritten signature in black ink, appearing to read 'Mauro Vieira', written over a horizontal line.

Mauro Vieira
Minister of External Relations

FOR THE GOVERNMENT OF THE
FEDERAL REPUBLIC OF GERMANY

A handwritten signature in black ink, appearing to read 'Gerd Müller', written over a horizontal line.

Dr. Gerd Müller
Minister for Economic Cooperation and
Development

Project/Program	FC / TC	BMZ project number	New commitment €	Total	Replenishment Yes/ No	Continuation Yes/ No	FC instrument	FC loan conditions
Priority Area Renewable Energy/Energy Efficiency								
ProKlima Programm für Erneuerbare Energie und Energieeffizienz (BNDES) <i>Pro Climate Programme for Renewable Energies and Energy Efficiency (BNDES)</i>	FC	2015.6797.3	Up to 265 million	Up to 265 million	No	No	Reduced interest-rate loan	The credit conditions will be determined in the loan agreement with KfW.
Klimafreundliche Stromübertragung (CEMIG) <i>Climate-friendly Power Transmission (CEMIG)</i>	FC	2015.6715.5	Up to 150 million	Up to 150 million	No	No	Reduced interest-rate loan	The credit conditions will be determined in the loan agreement with KfW.
Sub-total FC			Up to 415 million	Up to 415 million				
Energieeffizienz nachhaltige Stadtentwicklung	TC	2015.2128.5	4 million	4 million	No	No		

Project/Program	FC / TC	BMZ project number	New commitment €	Total	Replenishment Yes/ No	Continuation Yes/ No	FC instrument	FC loan conditions
<i>Energy Efficiency for Sustainable Urban Development</i>								
Energiesysteme der Zukunft – <i>Future Energy Systems</i>	TC	2015.2126.9	4.5 million	4.5 million	No	No		
Energieeffiziente Antriebssysteme im urbanen Kontext <i>Efficient Propulsion in Urban Areas</i>	TC	2015.2127.7	5 million	5 million	No	No		
Sub-total TC			13,5 million	13,5 million				
<u><i>Sub-total Priority Area Renewable Energy/Energy Efficiency</i></u>			<u><i>428,5 million</i></u>	<u><i>428,5 million</i></u>				
Priority Area: Protection and Sustainable Management of the Tropical Forest								
Ländliches Umweltregister (CAR) III <i>Environmental Land Registration (CAR) III</i>	FC	2015.6714.8	10 million	10 million	No	Yes		

Project/Program	FC / TC	BMZ project number	New commitment €	Total	Replenishment Yes/ No	Continuation Yes/ No	FC instrument	FC loan conditions
Wiederaufforstung/Wiederherstellung degradierter Flächen <i>Reforestation/Restoration of Degraded Areas</i>	FC	2015.6713.0	Up to 100 million	Up to 100 million	No	No	Reduced interest-rate loan	The credit conditions will be determined in the loan agreement with KfW.
Sub-total FC			Up to 110 million	Up to 110 million				
Amazonien-Fonds für Wald- und Klimaschutz <i>Amazon Fund for Forest Conservation and Climate Protection</i>	TC	2015.2132.7	1.5 million	1.5 million	No	Yes		
Bodenrecht und -ordnung <i>Land Tenure Regulation-Terra Legal</i>	TC	2015.2133.5	3.5 million	3.5 million	No	Yes		
CAR - Ländliches Umweltregister in Amazonien <i>Land and Environmental Management (CAR)</i>	TC	2015.2130.1	3.5 million	3.5 million	No	Yes		
Grüne Märkte und nachhaltiger Konsum <i>Green Markets and Sustainable Consumption</i>	TC	2015.2131.9	4.5 million	4.5 million	No	Yes		

Project/Program	FC / TC	BMZ project number	New commitment €	Total	Replenishment Yes/ No	Continuation Yes/ No	FC instrument	FC loan conditions
Sub-total TC			13 million	13 million				
<u>Sum total Priority Area Protection and Sustainable Management of the Tropical Forest</u>			<u>123 million</u>	<u>123 million</u>				
Sum total commitment 2015			551,5 million	551,5 million				

Annex II

Negotiations on German Brazilian Cooperation for Sustainable Development

August 17th – 18th 2015 - Brasília

Members of Brazilian Delegation

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	Mr. Antonio Ademir Stroski	Secretary, Amazonas State Environment Secretariat - SEMA
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Negotiations on German Brazilian Cooperation for Sustainable Development

August 17th – 18th 2015 - Brasília

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