Implementation of the Pilot Program is firmly under way. Five grant agreements, representing over 60% of the Pilot Program in terms of both the original number of proposed projects and funding levels have been approved and signed. With a strong year behind us, we are even more optimistic about the future. This is due in part to the strong project teams that have been built up in Brazil by the major partners in the Pilot Program (Government of Brazil, the donors and the World Bank). Equally important, however, is the enthusiasm that unites this partnership.

Solid project implementation performance is essential. In the long run, however, the benefits of the Pilot Program will be measured by knowledge learned, not by dollars spent or the number of projects implemented. The true measure of our success will be the extent to which we can use our successes and failures to point the way for the future. It is time to renew our commitment to learning the lessons for the future.

The Search for Sustainable Development

An early lesson is that the concept of sustainable development is more complicated than previously realized. It is not sufficient for a program to be biologically sustainable, or even for it to be both biologically and economically sustainable; it must also be politically sustainable. Projects intended to change the way people use their land must gain the support of those people; that is, the ranchers, loggers, miners and urban populations that inhabit the Amazonian states, and the politicians that represent them. This in turn implies that the program must face the task of providing for the people of the Amazon a life at least as good as they currently enjoy.

This perspective highlights the fact that sustainable development must be "win-win" development. To be politically sustainable, new projects and programs must find alternatives that improve both the environment and the standard of living of the local population.

In the past, it was widely accepted that preventing agricultural development in the Amazon region was in the best interest of both the prospective colonist and the environment — protecting the forest from colonization and the potential colonists from a life of malaria and misery.

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**About the Pilot Program**

The Pilot Program to Conserve the Brazilian Rain Forest supports an integrated set of projects that will contribute to a reduction in the rate of deforestation of Brazil's rain forests in a manner consistent with the sustainable development of the area's natural and human resources, and that will provide lessons for designing future activities. The Pilot Program was launched at the request of the Group of Seven (G-7) industrialized countries and also enjoys financial support from the Commission of the European Communities and the Netherlands. The total volume of financial and technical assistance pledged to the Pilot Program to date, including associated bilateral projects, is about US$290 million. The Pilot Program is coordinated by the World Bank, in accordance with agreements reached by the Pilot Program Participants (the donors and Brazil).

The Pilot Program is designed to address the underlying causes of deforestation in Brazil's rain forests through a three-pronged approach. Projects will help strengthen the capacity of the public sector to set and enforce sound environmental policy; improve management of special protected areas, including parks, extractive reserves, national forests, and indigenous lands; and increase the knowledge base on conservation of the rain forest and sustainable utilization of its resources.
**EXTRACTIVE RESERVES PROJECT**

From September 11-13, 1995, the National Center for the Sustainable Development of Traditional Populations (CNPT/IBAMA) and the World Wildlife Fund (WWF/Brazil) co-sponsored a Seminar on Participatory and Developmental Monitoring in Amapá. The purpose of the meeting was to further delineate the methodology to be used for the environmental monitoring of the Extractive Reserves Project, and to identify appropriate social, economic and ecological indicators with particular attention to the developmental objectives of extractive reserves. Twenty-five representatives of government (CNPT/IBAMA, MMA), the World Bank, extractivist organizations (National Rubber Tappers Council - CNS and local reserve associations), NGOs (Institute for the Study of Population and Nature - ISPN, WWF), the Ford Foundation and academic researchers participated. Logistical support was provided by the Secretariat of Planning of the State of Amapá.

Participants were highly positive about the accomplishments of the seminar. The first half of the seminar focused on sharing experiences and lessons learned about monitoring and evaluation, particularly in the Amazon region. During the second half of the meeting, the participants discussed and helped revise the draft monitoring plan for the project. Great emphasis was placed on participatory methods of monitoring and evaluation. Next steps include further revisions to the plan, preparation of monitoring and evaluation resource and training materials, and a series of meetings of project implementors and beneficiaries for dissemination, further discussion and training.

Other recent project accomplishments include the initiation of the construction of nine community warehouses to be built by local residents in strategic locations throughout the Chico Mendes Extractive Reserve. Furthermore, revolving funds have been established for all six reserve associations participating in the project for the purchase of Brazil nuts, rubber and other non-timber forest products. CNPT/IBAMA also reports that the local associations have developed extractive reserve protection and surveillance plans together with IBAMA. Finally, the Cajari Extractive Reserve completed its Extractive Reserve Utilization Plan.

**INDIGENOUS LANDS PROJECT**

Although signed, the two Grant Agreements (US$2.1 million from the Rain Forest Trust and DM30 million - approximately US$20 million - from Germany through KfW) for the Indigenous Lands Project are not yet effective, so project implementation has not begun. RFT grant effectiveness has been delayed because the required operating agreement between the National Indian Foundation (FUNAI) and the Ministry of the Environment, Water Resources and the Legal Amazon (MMA) has not yet been signed. The German Grant Agreement, signed in April 1995, was initially delayed because the Brazilian Congress had to first approve the related intergovernmental agreement. This bilateral agreement was approved by the Brazilian Congress on September 18, 1995 (Legislative Decree 109) and the German grant is expected to become effective by November 1995.

During the last three months, a number of project preparatory activities have been carried out. The German Agency for Technical Cooperation (GTZ) sponsored two workshops held in Brasília in August and September 1995 to discuss the substance and scope of German technical assistance to FUNAI in general and specifically the Pilot Program Indigenous Lands Project. GTZ is the German Government's technical cooperation agency which often works in conjunction with the German financial agency, KfW. GTZ, with additional resources, will provide technical assistance for the implementation of the Indigenous Lands Project.

The first workshop focused on the role of GTZ in the project's implementation and was attended by Brasília-based and regional FUNAI staff and representatives from MMA. The workshop participants recommended that German technical assistance be used to facilitate the participation of indigenous people and local FUNAI agents in project implementation activities, and to provide general project management support to FUNAI.

Discussions during the second GTZ workshop focused on sustainable development of indigenous areas.

(Continued on page 3)
NATIONAL RESOURCES POLICY PROJECT

A project preparation workshop held in Brasilia on September 11-12, 1995 has significantly advanced the reformulation of the project, which has been renamed the Sustainable Forest Management Project. The 17 participants included representatives of MMA, IBAMA, KfW, GTZ, the World Bank, NGOs and universities. The reformulation of the project involves changes in the focus and scope. The current project concept goes beyond the original focus on national forests and will include components on public policies and support for sustainable management by nongovernmental initiatives throughout the Amazon region. In addition, project preparation is being carried out in a participatory fashion under the coordination of a technical team and a project Consultative Commission. This participatory process includes representatives of local communities, NGOs and different segments of the forestry sector, as well as governmental and international agencies. A second project preparation workshop to be held near Santarém on October 16-21, 1995 will result in a second draft of the project proposal. This second draft will be widely circulated for feedback before a final workshop is held in Brasilia in December 1995. ♦

NATURAL RESOURCES POLICY PROJECT

A seminar to discuss proposed methodologies for the implementation of ecological-economic zoning (ZEE) activities under the Natural Resources Policy Project was held in Brasilia on August 29 - September 1, 1995. More than 60 representatives of federal agencies, Amazon state governments, universities, NGOs and international organizations participated in the three-day event, which was organized by the Ministry of the Environment, Water Resources and the Legal Amazon (MMA) and the Secretariat of Strategic Affairs (SAE) (see box for a list of participating organizations)

Discussions throughout the seminar covered a broad range of issues related to the development of an effective ZEE methodology. The meeting was organized into working groups to discuss (i) objectives of zoning activities in the Amazon; (ii) the delineation of basic territorial units; (iii) the model for integrating ecological and economic processes into the ZEE methodology; (iv) the definition of parameters, indicators and standards for use of the Geographic Information System; and (v) ZEE consolidation, management and regulation. Working papers on these issues were presented by Professors Bertha Becker (Federal University of Rio de Janeiro - UFRJ); Claudio Egler (UFRJ); Antonio Carlos Roberto de Morães (University of São Paulo -USP); Wanderley Messias da Costa (USP); Tereza Cardoso da Silva (IBGE); and Dr. Eneas Brum (IMAGEM).

This seminar was one of the first activities to be conducted under the Natural Resources Policy Project. Participant reaction to the seminar was positive; they praised it as an important opportunity to discuss the ZEE methodology with a broad spectrum of interested parties. As a follow-up to the seminar, Professors Becker and Egler will develop a proposal for a basic methodology for the implementation of state-level ZEE activities in the Legal Amazon under the Integrated Sub-Projects Component of the Natural Resources Policy Project. This proposal will be discussed with representatives of the nine states of the Legal Amazon in order to develop state-specific ZEE methodologies. ♦

Indigenous Lands Project (Cont. from page 2)

Participants included representatives of indigenous groups, NGOs, donors and Brazilia-based and regional FUNAI staff. One conclusion that emerged from the discussions was that technical assistance for the sustainable development of indigenous areas should focus on providing training and capacity building for local indigenous populations and local technicians in order to better identify and support economically and ecologically sustainable income-generating activities. Seminar participants also stressed the importance of inter-institutional collaboration in sustainable development, for which FUNAI would need to disseminate the outcomes of its own activities, and accompany the results of other institutions. Recommendations from the two workshops will be used to draft the technical cooperation agreement to be signed by the Governments of Brazil and Germany. ♦

Natural Resources Policy Project
ZEE Methodologies Seminar Participants

Federal Agencies
- IBAMA - Brazilian Institute for the Environment and Renewable Natural Resources
- INPE - National Institute for Space Research
- IBGE - Brazilian Institute for Geography and Statistics
- SUDAM - Superintendency for Development of the Amazon
- CPRM - Agency for the Research of Mineral Resources
- EMBRAPA - Brazilian Agricultural Research Corporation

Universities
- UFRJ - Federal University of Rio de Janeiro
- USP - University of São Paulo
- NGO's
- GTA - Amazon Working Group
- IPAM - Institute of Man and the Environment in the Amazon
- ISPN - Institute for the Study of Population and Nature
- IPHAE-RO - Institute for Pre-History, Anthropology and Ecology, Rondônia

International and Bilateral Organizations
- GTZ - German Agency for Technical Cooperation
- KfW - German Bank for Reconstruction
- ODA - Overseas Development Administration
- CEC - Commission of European Communities
- FAO - U.N. Food and Agriculture Organization
Reviewing the Challenges (Cont. from page 1)

A systematic review of experience with early settlements indicates a much more ambiguous record: many colonists have made a better life for themselves in the Amazon than they would have elsewhere, and in fact, the majority have remained on their original plots. This record of relative success challenges the view that attempts at agriculture simply leave behind a trail of destruction. Such ambiguities underscore the challenges facing the Pilot Program.

Homage is paid to the term “sustainable development” as if “win-win” solutions were just waiting to be pulled off the shelf. In practice, the local population in the Amazon feels economically threatened by environmental restrictions that would reduce their access to natural resources, and durable “win-win” solutions have not yet been identified.

Getting ahead of the problem by proper land-use planning for areas where the frontier has not yet arrived may be one answer. Other solutions may rely on eco-tourism, or on agrosilvicultural techniques which can outcompete agriculture in frontier areas. Indeed, promising land-use systems based on agroforestry are observed in various parts of the Amazon, but their economic viability is as yet unproved.

A Learning Strategy

The Pilot Program must accept the responsibility to search systematically for durable solutions to the complex issues surrounding sustainable development in the Amazon region. To do so, it must be structured to generate as many ideas and practical initiatives as possible, to ensure that the lessons of the successes and failures are learned, and to feed them into the policy dialogue.

While we hope and expect that our projects will reduce the rate of deforestation and improve the quality of life in the Amazon, we expect a mixed record of successes and failures in terms of results on the ground. Learning the lessons will be a challenge for all of us, particularly since it will require unusual candor concerning our limitations.

We will gain the knowledge only through a systematic learning strategy at the Program level. Such a learning strategy is currently under development within the Secretariat of the Legal Amazon/MMA. It rests on five pillars. These are:

- Strengthen the coordination among individual projects, especially with regard to sharing knowledge and insights among them;
- Ensure that each project has in place a system for objectively monitoring and analyzing its results and for monitoring these results carefully at the Program level. Develop a program to monitor and learn from the results of projects being implemented by other private and public initiatives throughout the Amazon, and disseminate these lessons learned widely;
- Monitor the major physical, demographic and economic trends in the Amazon to better understand the overall context of our project-level insights;
- Use the insights from the above to structure the policy dialogue, and where possible formulate alternative policy scenarios for discussion at the political level; and finally
- Ensure that the learning strategy has the highest level of credibility and objectivity.

Dissemination

Although the Monitoring and Analysis unit in the Secretariat will not be fully operational until next year, we will begin now to put in place the mechanisms for learning the lessons from our efforts as well as those of other environmental institutions. Reports on early lessons will be published in this newsletter, and formal analytical reports will be forthcoming as sufficient data is collected and analyzed.

NEWS BRIEFS

PILOT PROGRAM DISCUSSIONS IN EUROPE

The Brazilian Secretary of the Legal Amazon, Mr. José Seixas Lourenco and Mr. Stephen Ettinger of the World Bank traveled to Europe on September 12-22, 1995 to discuss Pilot Program progress and financing with officials from Germany, France, the United Kingdom (UK) and the European Union (EU). The discussions, which were timed to coincide with Brazilian President Fernando Henrique Cardoso’s trip to Europe, focused on Brazil’s new "Integrated Strategy for the Sustainable Development of the Amazon Region," and the results of the Pilot Program’s Second Participants Meeting, which took place in Belém on July 6-7, 1995. The EU has agreed to provide more funds for the Pilot Program management unit in MMA, and to support the new monitoring and policy unit, while the UK’s ODA has expressed interest in co-funding the Environmental Education Project. Meetings were also held with representatives of potential new donors as part of an effort to broaden the financial base of the Pilot Program.

PILOT PROGRAM REPORT AVAILABLE

The “Report on the Second Meeting of the Participants” is now available in English and Portuguese from the Brasilia headquarters of the World Bank Pilot Program Unit and the Washington, D.C. office (see box on page 2 for contact information).