Pilot Program Participants meet for first time

The first meeting of the Pilot Program Participants took place in Brussels on March 23, 1994, hosted by the European Commission. Representatives of Brazil, Canada, the European Union, France, Germany, Italy, Japan, the Netherlands, the United Kingdom and the United States attended the day-long meeting, which was chaired by Mr. Rainer B. Steckhan, Director of the LA1 (Brazil, Peru, and Venezuela) Department of the World Bank. After an initial welcome from Mr. Jurgen Henningsen, of the European Commission, Mr. Steckhan and Mr. Sergio Silva do Amaral, the Executive Secretary of the Brazilian Ministry of the Environment and the Legal Amazon (MMA), each made opening remarks. Mr. Steckhan emphasized the importance of the Pilot Program and the timeliness of the Participants’ Meeting to review progress to date and to identify any steps that could be taken to facilitate program implementation. Mr. Amaral stressed the commitment of the Brazilian government to the Pilot Program, and he summarized the recommendations of the Brazilian Coordinating Commission for accelerating the pace of program implementation. The Participants then heard presentations by Mr. Robert Kaplan of the World Bank on the status of program implementation, and by Mr. Gerd Kuhlhepp, Chairman of the International Advisory Group (IAG), on the IAG’s views and recommendations regarding the Pilot Program.

The opening remarks and presentations provided ample material for discussion by the Participants. Speakers emphasized the importance which they continued to give to the Pilot Program as a practical example of international cooperation around a global environmental issue. They commended Mr. Amaral for the leadership that MMA is providing in Brazil and expressed appreciation for his frank discussion of difficulties on all sides in implementing the program. They also thanked the World Bank for ensuring high standards of quality for the program and for coordinating donor participation in this innovative initiative. The donors endorsed steps announced both by Brazil and the World Bank to streamline internal procedures and for the Bank to station an experienced operations officer in the field (he arrived in Brasilia last month). It was felt that the steps announced would enable several Pilot Program projects, including Demonstration Projects and the Science Centers and Directed Research Projects, to begin shortly. Finally, the Participants expressed their

(continued on page 3)

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. The Pilot Program was launched at the request of the Group of Seven (G-7) industrialized countries, but 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 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 reserves; and increase the knowledge base on conservation of the rain forest and sustainable utilization of its resources.
Project Updates

Natural Resources Policy projects

Preparation of the State Environmental Entities (OEMAs) project continued in January and February with visits by officials of the Ministry of Environment and the Legal Amazon (MMA) to the nine Amazon states. The purpose of the visits was to assist each state environmental entity in preparation of a proposal for activities to be funded by the project in that state. MMA officials compiled the nine state proposals into a single project proposal, which was sent to the World Bank in March and subsequently distributed to the donors. A World Bank delegation will visit Brazil to discuss this draft proposal from April 10-29. Donors have been invited to join these discussions. In addition to discussion of the proposal, the delegation will also travel to the states of Mato Grosso, Rondônia, and Acre to continue a series of visits to all nine states to meet with state government officials and other interested groups and individuals. These visits began in December with the states of Amazonas, Pará, Maranhão, and Amapá and will be completed in July with visits to Roraima and Tocantins.

For the other three Natural Resources Policy projects—Ecological and Economic Zoning, Environmental Monitoring and Surveillance, and Environmental Enforcement and Control—pre-investment studies are underway to gather information needed to continue project preparation. Results of these studies will be incorporated into draft project proposals and discussed in public meetings. Revised project proposals incorporating public comments will be presented to the Bank in July 1994 and distributed to the donors.

Demonstration Projects

A second strategic planning workshop for the Amazon Working Group (GTA) has been scheduled to take place April 7-11, 1994 in Brasilia. The workshop will follow up on an organizational analysis and strategic planning workshop for GTA held in August of last year in Manaus. Both workshops have been funded as pre-investment activities, in order to provide information necessary to the development of the component of the Demonstration Projects aimed at reinforcing NGO cooperation on environmental issues in the Amazon. The second workshop is expected to be attended by some 20 GTA members representing regional offices and the national leadership, as well as several advisors and a representative of the Demonstration Projects administrative unit (Technical Secretariat). It will be facilitated by the World Wildlife Fund, as was the previous workshop.

In accordance with a decision taken at the Participants' Meeting in March, negotiations of the grant agreement will go forward for the funds from the Rain Forest Trust Fund and one of the co-financiers, the European Union, while the second co-financier, Germany, resolves an outstanding funding issue.

Science Centers and Directed Research

For the Science Centers component of the project, a strategic planning exercise to define research priorities and mission statements which has been underway at INPA and MPEG since March 1993, financed as a pre-investment activity for the project. The exercise was concluded by INPA with a workshop held in January 1994. The wrap-up workshop for MPEG will be scheduled shortly.

One result of the strategic planning at INPA is an innovative proposal for restructuring of the institution. INPA currently has thirteen research departments, organized in the traditional fashion by discipline (agronomy, ecology, silviculture, sociology, and so forth). The structure proposed in the final report of the strategic planning exercise would create six research programs:

- Biodiversity and environmental conditions of the Amazon basin
- Neotropical biology and ecology
- Management and use of natural resources of the Amazon forest
- Systems of rural production
- Human populations and the Amazon environment
- Climatology and water resources

Each of these six programs would have a coordinating unit, whose responsibilities would include identifying key research problems and questions; identifying areas of research that are relevant to their solution; developing funding sources; coordinating research projects; and disseminating results. Each research program would focus on human needs in the region and would promote the development of innovative technology and multi-disciplinary, multi-institutional efforts. This approach would include identification of the major beneficiaries and users of research and orientation of programs to their needs.
Negotiations of the grant agreement for the Science Centers and Directed Research Project will be scheduled following resolution by the Brazilian government of several issues regarding transfer of funds from the World Bank and the donors to the implementing agencies.

**Indigenous Reserves**

The Indigenous Reserves project is scheduled for appraisal from April 5-15, 1994. Negotiations for the project are expected in June.

**National Forests and Extractive Reserves**

Due to discrepancies in the preparation schedules of the two sub-projects, it was decided to separate this project into two projects: (i) Extractive Reserves, and (ii) National Forests. The Extractive Reserves project is scheduled for appraisal from April 18-29, 1994. The National Forests project continues under preparation, with appraisal expected in August 1994.

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**IAG meets, issues report**

The International Advisory Group (IAG) met in Brasilia February 21-25 to update its report on the progress of the Pilot Program. The report finds that "significant progress has been made," but adds that program implementation has been "slower than originally hoped." Characterizing the Pilot Program as "highly complex and innovative," the report identifies several key issues that are causing delays and states that the IAG's main concern is to focus attention on resolving these issues in order to accelerate program execution.

The IAG report notes that project design did not effectively begin until December 1992, when the Brazilian Coordinating Commission authorized preparation of the first four projects, and that progress to date must be measured within that context. It goes on to analyze the roles of each of the Participants (donors, Brazil, and the World Bank), and to give recommendations for speeding up project processing and implementation. The report counsels the Government of Brazil to "play a stronger leadership role in the planning, management, and coordination of the Pilot Program," and notes that some progress has recently been made in that direction. It calls upon the government to exercise its leadership to foster the Pilot Program's "effective integration into development policy-making." It also stresses the importance of staff continuity. With regard to the role of the World Bank, the IAG recommends that the Bank consider ways to adapt further its procedures to the needs of the Pilot Program, without sacrificing project quality or monitoring of the proper use of funds. The report also expresses the IAG's concern that in order to ensure accountability to the donors, the Bank has been "overly rigid in terms of design and approval procedures." It advises the donors to "urge the Bank to take more risks and adopt a more experimental approach in what is clearly a "pilot" effort." The report also concludes that uncertainty regarding project funding has slowed preparation of projects in the past and strongly recommends that donors guarantee funding in order to avoid such delays, and that they make their own funding procedures more flexible. Finally, the report recommends that the donors extend the time frame of the program to five years instead of the original three years.

Turning to the question of overall program strategy, the report states that the IAG remains concerned "about the strategic integration of the various components of the Pilot Program with each other and with other public and private initiatives in the region," and urges greater attention to this issue. It concludes that the impact of the program would be greater "if there were a more clearly defined development strategy and comprehensive zoning policy for the Brazilian Amazon."

The report of the IAG's second meeting was presented by IAG chair Gerd Kohlhepp to the Participants' Meeting in Brussels in late March (see page 1). The next IAG meeting has been tentatively scheduled for August 29 to September 2, 1994.

**Participants meet (continued from page 1)**

appreciation for the opportunity to come together to discuss the program, and they asked Brazil and the World Bank to maintain the momentum that has propelled the program forward over the last year.

Several additional meetings were held in Brussels in conjunction with the Participants' Meeting. On March 23, following the Participants' Meeting, most of the Pilot Program Participants and the World Bank met with representatives of Friends of the Earth International and the European Working Group on the Amazon to exchange ideas on the Pilot Program and on Amazon conservation and sustainable development more broadly. On March 24, the European Commission hosted an informational meeting for representatives of European states interested in the Program. Austria, Belgium, Portugal and Sweden sent representatives.
In recent years, efforts to conserve Brazil's natural resources have begun to include increasing participation by state environmental institutions. The 1988 Constitution calls for a strong role for Brazil's 27 states in the protection of the environment and natural resources, and every state in Brazil has responded by broadening the mandate of its environmental institutions. In the more developed Center-South, this has meant strengthening existing institutions. Many of these agencies are now strong, innovative, and effective, and environmental protection has improved substantially in their respective states. In the North, in contrast, many states established their environmental agencies only recently, and these often lack the resources and experience needed to become effective.

Being closer to the challenges and better acquainted with local issues, the environmental agencies of the nine states in the legal Amazon have a key role to play in the protection of the Amazon environment. However, they face some formidable challenges. Their area of operations is enormous: the state of Mato Grosso alone, for instance, is as large as France and Italy combined. Economic activities and the associated environmental problems are scattered across these vast and sometimes nearly inaccessible tracts of land. Meanwhile, the state environmental agencies lack trained personnel and equipment and often operate in isolation from the rest of the state government. More seriously, Amazon states often lack the institutional and policy framework necessary for environmental agencies to operate effectively. This framework includes environmental protection laws and the means to enforce them through the court system, councils and commissions to set norms and standards in a participatory manner, and specialized environmental law enforcement units.

Aware of the benefits of a healthy environment and the wise use of natural resources to their citizens and economy, Amazon states have begun to show increasing commitment to strengthening their environmental institutions. The state of Maranhão, for instance, has established a "forest battalion" within its state police to protect forests and reserves and is promoting municipal participation in environmental protection through the creation of municipal environmental defense councils (CONDEMAS). Mato Grosso has recently increased staffing in its state environmental agency and is training public prosecutors to improve handling of environmental cases. Amazonas is testing natural resources management models in a pilot area encompassing the basin of the Uatumã river, the site of the Balbina hydroelectric dam.

Despite these efforts, however, most state environmental institutions are small and inexperienced organizations. They are generally understaffed, underfunded, and underequipped to meet their extensive responsibilities. Their institutional priorities are still being defined, and their relationship with more established agencies is that of a "junior partner." For these reasons, most state environmental agencies rely upon IBAMA, the federal environmental agency, for guidance and support. Furthermore, as the states still lack fully developed policy and legal frameworks for environmental protection, the state environmental agencies are often limited to assisting in the implementation of federal policies. While this is a valuable role, it does not take full advantage of the potential of the state agencies. To fulfill their potential, state environmental institutions must be able to respond to local constituencies and to take the lead in finding innovative solutions to the specific environmental problems of their respective states.

The Pilot Program to Conserve the Brazilian Rain Forest will support efforts to strengthen the state environmental institutions throughout the Amazon region through the State Environmental Entities project. The project will support activities such as the development of effective natural resources policies, improvement of environmental monitoring capacity, and the establishment of State Environmental Councils, as well as activities targeted at specific environmental problems within each state. Strong state environmental institutions, supported by effective policies and legitimized by public participation, are one of the best guarantees of a sustainable future for the Amazon rain forest and its inhabitants.

Umbrella Agreement signed

On February 25, the Umbrella Agreement became official when it was signed by representatives of the World Bank and the government of Brazil. The agreement, which was approved by the Brazilian Senate in August, states the general terms and conditions of financial assistance to be provided for projects carried out under the Pilot Program. Signature of the agreement simplifies project approval procedures by eliminating the need for separate Senate approval of each grant from the RFF or a donor.