Learning lessons has been an implicit purpose of the Rain Forest Pilot Program since its inception, and may well represent its most significant result. The 1992 Trust Fund Resolution—which defines the program's overall objectives, operation and financial arrangements—emphasized the need to establish "...an agile monitoring system that provides rapid feedback to project decision-makers to allow them to make timely adjustments to project design. [In addition,...]...projects must be evaluated continuously to extract and disseminate the lessons that may be applied in subsequent efforts in Brazil and in other programs in tropical rain forests."

Five years later, this text still provides a timely diagnosis of continuing needs within the Pilot Program. All of the program's projects include monitoring, and some—especially the Science Centers and Demonstration Projects—have implemented impressive monitoring systems that provide up-to-date information on project activities, results and impacts. Yet there has been little progress to date linking project-level monitoring into an integrated system that facilitates information exchange between projects. Furthermore, the Pilot Program still largely lacks mechanisms for identifying, analyzing and disseminating strategic lessons derived from its projects to diverse audiences, both within Brazil and worldwide.

With these needs in mind, the Secretariat for the Legal Amazon of the Ministry of the Environment, Water Resources and Legal Amazon (MMA) is currently preparing the Monitoring and Analysis Project, to be coordinated by the new Unit for Integration and Dissemination (UNIDA) within the Secretariat. In contrast to other Pilot Program projects, this one involves the entire program and, to be successful, will require the interest and active participation of all project coordinators. To build this interest and develop a shared vision of the Monitoring and Analysis Project, a workshop brought together all of the Pilot Program's project coordinators, as well as representatives from the donor community and the World Bank in Pirenópolis, Goiás, during June 30-July 1, 1997. This workshop provided a rare opportunity for key program decision-makers to think collectively about their information needs and key lessons that should be generated by the Pilot Program. Two days of intensive discussions produced broad consensus concerning the project's objectives, activities and institutional arrangements.

The overall goal of the Monitoring and Analysis Project is to extract strategic lessons that will guide the Pilot Program and provide insight for other conservation (Continued on page 4)

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$250 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.
DEMONSTRATION PROJECTS

The Demonstration Projects (PD/A) have been playing a very important role in building a widespread constituency for sustainable development in the Amazon. In early April 1997, monitoring of all projects underway for more than three months was started. Weather permitting, supervision of these projects (53) should be completed by July 1997.

Funds for new demonstration projects are nearly exhausted. Movements of the exchange rate against currencies of the donors, and the need for a prudent exchange rate reserve, have resulted in the near depletion of project commitment funds, now that there are 97 projects being financed. During the interim Participants Meeting held in Paris in April 1997, the Brazilian government and the World Bank requested for this project an additional US$10 million annually for two years.

In June 1997, a team of four experts was hired to carry out a thorough evaluation of the project. The reviewers were selected by the Ministry of the Environment, Water Resources and the Legal Amazon (MMA), the World Bank, the German Agency for Technical Cooperation (GTZ) and the Amazon Working Group (GTA-as a representative of the several NGOs involved in executing the projects). The team will study in detail the most important aspects of the project, including an examination of its institutional structure, an identification of possibilities for the integration of PD/A with other projects in the Pilot Program, and on-the-ground monitoring of several PD/A projects.

FIRE AND DEFORESTATION CONTROL

Preparation of the Fire and Deforestation Control Project concept continues apace. The objective of this project is to reduce the rate of illegal deforestation and burning in the Amazon, through support of pilot activities in six strategic areas along the so-called “deforestation belt,” which stretches from the western Amazonian states of Acre and Rondônia through northern Mato Grosso to southern and eastern Pará. Specifically, the project will aim to: (1) complete the development of an integrated system to monitor deforestation, burning and forest degradation; (2) strengthen the capacity at the local level to control illegal activities leading to forest degradation; and (3) disseminate and support the implementation of successful techniques, processes and experiences developed in other projects of the Pilot Program. The preliminary estimate of costs, to be refined during project preparation, is US$20 million.

FOREST RESOURCES MANAGEMENT

The grant agreement between the World Bank and the Brazilian government for the Forest Resources Management Project was signed in April 1997. The Brazilian government is processing the corresponding grant agreements with the British Overseas Development Agency (ODA) and the German Bank for Reconstruction (KfW). The project will become effective once these agreements are signed.

In the meantime, a consultant hired by the German Agency for Technical Cooperation (GTZ) is working with local communities in the Tapajós National Forest to prepare a sustainable use plan for community areas. The new IBAMA head of the Tapajós National Forest in Santarém, Ms. Selma Melgaço, has been actively involved in this work.

There is some concern about the implications for the project of acquisition of local logging companies in the Amazon by international timber companies with poor environmental records. Since the project will finance forest management initiatives by local communities as well as the private sector, the government has taken measures to ensure that each firm funded under the project will comply with existing environmental regulations and promote sound forest management practices.

NATURAL RESOURCES POLICY

Recent reformulation of the Natural Resources Policy Project (NRPP) has resulted in a shift in emphasis from general institutional strengthening activities to greater support for “integrated environmental management subprojects” in selected priority areas of the nine participating states. The primary objective of NRPP, however, remains the same—the decentralization of environmental and natural resource management responsibilities in the Amazon from the federal government to state and local levels.

Under the new design, institutional strengthening is linked to the integrated subprojects, and funding for sub-project implementation will increase from 40% to
Natural Resources Policy  (Cont. from page 2)
75% of total NRPP funds. Thus, institutional strengthening activities originally conceived as individual lines of action, independent of specific local outcomes such as the development of environmental information systems, training of staff for specific functions, acquisition of equipment and vehicles, and environmental education and publicity campaigns, will now be justified only as parts of clearly defined subprojects.

The subprojects are currently being prepared in each state by a working group comprised of federal, state and municipal agencies, with the participation of local stakeholder representatives and NGOs. There are likely to be between one and four subprojects per state. The active involvement of the municipalities in environmental management is being emphasized much more strongly under this reformulation. Following initial preparation, the subprojects are then proposed by the state Working Groups for review by MMA, the World Bank and the co-financing donors. Final approval of the sub-projects will come from the Project Commission. In order to receive sub-project funding, a state must comply with certain conditions related to environmental legislation and the maintenance of consultative and legal institutions. Some of the other original conditions have been removed to simplify project design. In addition, state "Environment Plans", which had first been developed under the project in 1996 are now being revised to provide a sharpened diagnosis of problems and clearer objectives and priorities for environmental policy and planning in each state. Once revised, they will form the basis for approval of proposed subprojects, which are expected to address environmental priorities identified in the plans.

Subprojects selected for funding under NRPP will have clearly defined and verifiable objectives and results, and will integrate zoning, licensing, control, enforcement and environmental monitoring activities. They will also include a wide range of actors, each with clearly defined roles and responsibilities for sub-project implementation. Support for the planning and implementation of alternative sustainable development initiatives in the sub-project areas will be allowed up to a certain limit. A new Operations Manual, currently being prepared by MMA, will detail new rules and the role each participant will play in the newly reformulated project. A review of sub-project proposals by all states is currently underway, and sub-project implementation is expected to start later this year.

In addition to sub-project funding, the reformulated NRPP continues to provide support for (1) state Working Groups in the preparation, coordination and monitoring of subprojects; (2) strengthening of state Environmental Councils through training and workshops; (3) meetings of the permanent inter-state group of state environmental agencies; (4) institutional diagnostic studies and training in some states, to be funded through technical cooperation from the United Kingdom; and (5) review and adjustment of the states' environmental legislation.

PARKS AND RESERVES
A team of consultants led by Dr. Marcio Ayres has been working with the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA) in the preparation of the Parks and Reserves Project. The team has proposed the formation of "ecological corridors," including a variety of protected areas, the zones around them and linkages between the areas, in an effort to encompass a maximum of regional biodiversity. Seven corridors have been proposed (two in the Atlantic forest and five in the Amazon), on the basis of an extensive analysis of existing information. The project itself would focus on only one corridor in the Amazon and one in the Atlantic rain forest, but may also include activities in other corridors.

Two participatory preparation workshops with regional and institutional stakeholders have been held to date to discuss the proposed ecological corridors in the Central Amazon and Northern Atlantic forest regions. Discussion during the workshops focused primarily on the concrete activities that could be undertaken in each ecological corridor, and the results were later incorporated into a revised project proposal, which was then circulated to a wide audience of institutional stakeholders, NGOs, donors (including Germany, the United Kingdom and the European Union) and World Bank staff for review. Comments were collated by both IBAMA and the Bank and formed the basis for two days of discussion among the donors, the Bank and relevant Brazilian government agencies. At this meeting, the project preparation team fielded questions on the concept, viability, technical feasibility and political acceptability of the proposed project. While the Amazon corridor configuration was generally well accepted, the proposed corridor in southern Bahia and Espirito Santo states received some criticism, since many reviewers found it difficult to visualize the proposed area as a viable corridor. Based on this review, the project preparation team is expected to submit a final version of the project proposal by end of July 1997. Total project costs are expected to be about US$45 million.

During the first project preparation workshop in October 1996, it became clear that there were substantial differences in opinion about the appropriate institutional, managerial and financial structure for the corridors. Some participants favored more autonomous coordinating structures in the corridors, while others argued for coordination by IBAMA with appropriate modifications to its structure. In May 1997, the World Bank, donors

(Continued on page 4)
Parks and Reserves  (Cont. from page 3)
and IBAMA agreed on the terms of reference for an in-
depth institutional study which would examine the issue
and recommend a set of alternative institutional and
management options. The study, led by Dr. Tânia
Munhoz, should be completed by the end of August
1997. Project appraisal is expected to take place by the
end of the year, following a review of the results of this
study and the final project proposal.

Given the complexity of the issues involving the
management of the corridors and the many stakeholders
involved, it was suggested that the project be imple-
mented in two phases. During the first year, the project
would concentrate on achieving maximum political and
local support for the corridor concept; putting in place the
institutional arrangements for the long-term
administration of the corridors; and carrying out the
necessary stakeholder analysis and consultations,
including development of indigenous peoples develop-
ment plans. Following the achievement of these
objectives, the second phase of the project would begin,
during which actual investments in conservation sub-
projects would be undertaken by public and private
entities, as well as NGOs and community
organizations.

Monitoring and Analysis  (Cont. from page 1)
and development initiatives in tropical forest regions.
The workshop participants spent most of the first day
identifying key questions that could generate such
lessons. Over one hundred questions were identified,
including issues of relevance to the integration of the
Pilot Program, specific projects within the program, and
the design of future projects and programs. Some of the
questions considered, for example, included:

* How can the exchange of information be improved
within the Pilot Program?
* What are the costs and benefits of sustained manage-
ment of tropical forests, in comparison with conven-
tional logging practices?
* Is there evidence to support the widely held assumption
that the participation of diverse stakeholders contrib-
utes to project success?

To address these and other questions, during the
second day the workshop participants defined three sets of
activities that will be carried out as part of the Monitoring
and Analysis project. First, the project will integrate
existing monitoring of projects to provide critical
information for analysis. To be carried out by UNIDA in
collaboration with ongoing projects (including, eventually, Bilateral Associated Projects), this activity
should result in an efficient system of information
exchange that will provide data for the analysis of key
questions and, at the same time, rapid feedback to project
decision-makers. Second, the project will carry out
strategic studies and analyses involving key questions.
To assure high quality and independence, this activity
will be implemented by researchers and institutions with
demonstrated competence in the issues to be analyzed.
And finally, the project will disseminate the strategic
studies and analyses to diverse target audiences. This
activity, to be carried out by UNIDA, will assure that
critical lessons reach a broad audience, both within Brazil
and worldwide. Possible strategies for dissemination
were discussed at the workshop, including publications,
programs for radio and television, and a homepage on the
Internet.

The consensus reached at the workshop should lead
to rapid preparation of the Monitoring and Analysis
Project by the end of 1997. The Rain Forest Trust Fund
has committed US$2 million to support this project, and
counterpart funding from the Brazilian government is also
expected.

News Brief

International Advisory Group Meeting

The International Advisory Group (IAG) of the Pilot
Program to Conserve the Brazilian Rain Forest is holding
its eighth meeting this month (July 7-18, 1997). During
the first week, the IAG will conduct field visits to the Rio
Negro and Mamirauá, to Tocantins and Roraima, to
Amapa-Belem-Maranhao, and to the Tocantins River
Valley. Meetings during the second week will be held in
Brasilia.

Participants Meeting in October

The Fourth Annual Meeting of the Participants of
the Pilot Program to Conserve the Brazilian Rain Forest
will be held in Manaus, Amazonas on October 28-30,
1997. The Participants Meeting will be preceded by a
one-day event being coordinated by MMA’s Pilot
Program Coordination Unit.

Letters to the Editor:
We Want to Hear From You!

The Rain Forest Pilot Program Update now
includes a “Letters to the Editor” section. Please send us
your comments on previously published articles, the Pilot
Program, environmental topics and other issues. Letters
to the editor should be brief (one to two pages or less)
and may be edited. Send your letters to one of the
newsletter addresses in Brazil or the U.S. listed in the
box on page two. Please be sure to include the following
information: your name, affiliation, address, telephone
number(s) and, when pertinent, fax number and e-mail
address. We look forward to hearing from you!