

PP-G7

PILOT PROGRAMME
TO CONSERVE THE BRAZILIAN RAINFOREST

INSTITUTO SOCIOAMBIENTAL

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**REPORT OF THE
INTERNATIONAL ADVISORY GROUP
(IAG)**

EIGHTH MEETING

Brazil, 7-18 July 1997

PART I

GENERAL COMMENTS

INTRODUCTION AND HIGHLIGHTS

The International Advisory Group (IAG) of the G7 Pilot Programme to Conserve the Brazilian Rainforest (PP-G7) was set up as an independent body to monitor and provide guidance to participants - donor governments, the World Bank, European Union and the Brazilian Government - on the design and execution of the Programme. The IAG met for the eighth time in Brazil during 7-18 July, including a week of field trips followed by meetings in Brasília. Before considering progress on individual sub-components, we would like to highlight the following general points.

1. Overall progress

Since its last meeting (2-6 December 1996), there has been continued and steady progress towards attainment of Pilot Programme objectives. Consistent with its pilot nature, the PP-G7 continues to develop new models and methods for conserving biological and social diversity while encouraging forms of non-destructive, sustainable development. The IAG notes with satisfaction the clearer definition of roles and the consolidation of constructive working relationships between the Ministry of the Environment (MMA) and the World Bank.

2. Partnerships

Partnerships between the State and civil society continue to play a central role in sustaining numerous initiatives. In particular, the steadily expanding organisation and mobilisation of community groups in conjunction with non-governmental organisations (NGOs) is proving vital in facilitating the implementation of major components such as Indigenous Reserves, Extractive Reserves and Demonstration Projects (PD/A). The development of Integrated Environmental Management projects under the Natural Resources Policy also demonstrates the growing engagement of state governments and municipalities. In many instances, however, local institutions, municipal and state authorities have not provided the necessary support for project initiatives, and this is an area which needs to be strengthened.

Furthermore, in order to avoid the rapid expansion of predatory logging in Amazonia, it is essential to develop and apply a participatory model of sustainable forest management such as that planned in the Tapajós National Forest through the PP-G7 Forest Management Project. In this regard, the current conflict in Tapajós between IBAMA and local communities over the ITTO project gives rise to serious concerns about possible implementation delays.

3. Participation and capacity-building

Project execution has generated demands from participants at local level for enhanced capacity-building to meet the growing need for specific skills in the areas of environmental and financial management, administration and product marketing. Assumptions made about inherent local abilities in these fields and resulting provisions within the Pilot Programme (for example, in the Extractive Reserves and Demonstration Projects) have often proved to be too optimistic given the scale of the problems faced. The issue of strengthening technical and managerial capacity at both local project and broader programme levels needs to be seriously addressed in order to maximise potential sustainability.

4. Internal and external cross-linkages

Results at project level underline the need to strengthen links amongst the various sub-components of the Pilot Programme in order to enhance their complementarity. This might include, for example, concentrating PD/A projects in areas designated for integrated environmental management as well as focusing Directed Research on the practical problems of promoting conservation and development. It is noteworthy that the Ministry of the Environment (MMA) has addressed this issue in its summary report to the IAG and that this matter will receive attention in the activities of the Monitoring and Analysis Unit (AMA).

There is a significant pool of untapped institutional support which could be harnessed to facilitate implementation of the Pilot Programme. For example, EMBRAPA could provide technical support in forest management and agroforestry systems, state extension agencies could assist and SEBRAE might supply vocational training in key areas of project management skills.

5. Policy articulation

Serious consideration also needs to be given to the question of articulation between the PP-G7 and emerging regional development policy initiatives such as the National Integrated Policy for Amazonia and Agenda 21 for Amazonia and the various fiscal and other policy instruments such as PRODEX and PRONAF. Incentives such as tax exemptions, price support and guaranteed markets for non-timber forest products or NTFPs (such as the subsidies for rubber currently being discussed in the Brazilian Congress) should also be prioritised in order to provide a favourable context for the achievement of sustainable development objectives.

A major regional development issue which needs to be addressed is the compatibility of the Pilot Programme with the 'Brazil on the Move' (*Brasil em Ação*) plans based on the concentration of public and private investment within 'axes of integration and development'. Potential complementarities and contradictions should be borne in mind during implementation of the Pilot Programme and activities focused on areas where it is likely to have most impact.

6. Biotechnology

The IAG would like to draw attention to the matter of biotechnology, an issue which has so far been neglected in the Pilot Programme. Following ratification of the Biodiversity Convention and growing concerns within Brazil and Amazonia about national control over biological diversity and intellectual property rights, thought should be given as to how the Programme could best address this complex subject.

7. Associated Bilateral Projects

For some time the IAG has pressed for the systematic inclusion within the Pilot Programme of relevant bilateral projects whose aims are consistent with those of the PP-G7. It notes, however, that this process has been extremely slow due to shortcomings on the part of both parties. Donors have not forwarded adequate information on such projects in a timely fashion, while the PP-G7 Coordinating Commission within the MMA has itself not responded quickly enough nor established contact with relevant Brazilian government agencies.

8. Deforestation Data

The IAG expresses its disappointment with the delay in releasing detailed INPE data on deforestation for 1995 and 1996. This key information is vital for project and programme planning within the PP-G7 as well as for the credibility of Amazon forest and development policy.

PART II

PROGRESS WITH PILOT PROGRAMME SUB-COMPONENTS

A. PROJECTS UNDER IMPLEMENTATION

1. Science Centres and Directed Research

Much progress has been achieved over the past year. This has been confirmed by the recent (June 1997) independent evaluation of the International Scientific Advisory Group, which included a member of the IAG. We believe that this evaluation will contribute greatly to making further progress and necessary adjustments in this Subprogramme, and we have considered its analysis, along with our own observations in what follows.

Science Centres

With about 65% of the total budget disbursed as of July 1997, major advances have been observed in implementing the infrastructural improvements at INPA and at the Museu Goeldi which are now nearing completion. On the more difficult institutional issues, improved networking and collaboration with relevant stakeholders in the Region is improving as is the effort to get external input to the process of establishing a prioritised research agenda. This has progressed further at the Museu Goeldi, as INPA began the effort more recently. We also wish to commend the progress made in training and human resource development and in the dissemination of scientific and institutional information in both Centres. INPA is also making a more proactive extension and technology transfer effort aimed at municipal and state organisations. Less progress, however, has been realised in: efforts to implement modernised staff evaluation procedures linked to a system of rewards; the hiring of staff to fill critical gaps; improving institutional partnerships in general and with each other especially; and in the development of much increased fund raising capacity necessary to compete successfully for national and international sources of support.

Recommendation

1. We recommend that special attention be paid to these institutional issues and we look forward to seeing additional progress documented in the mid-term evaluation.

Directed Research

Continued progress has been made in solving serious problems with the disbursement of funds (40% to date) and we hope that reforms made in arrangements with FINEP for the second round of research will be sufficient. We also observed that constraints on broader participation and eligibility, such as arbitrary limitations on salary support, have been removed. We are pleased that the funds from the EU (US\$ 5.7 million) for the second Request for Proposals have been officially secured and we hope that

it will be out soon. The IAG has not as yet received a copy, although one was requested in our last report. We draw attention to the fact that, now that many other Programme components are well into implementation, it is both feasible and desirable to define a research agenda more closely focused on the needs of the Pilot Programme components and their increased complementarity.

Recommendations

1. The Secretariat, the Bank and the Ministry should review the research requirements that are emerging from the implementation of other projects to better target the call for proposals (edital) to the new research demands generated by the implementation of projects, as well as to more innovative proposals.
2. We suggest that a workshop be held to address the internal integration of the PPD, as well as a number of implementation issues concerning sustainability and institutional capacity and performance.
3. We also note the need for greater flexibility in Amazonian research institutions in recruiting some of the younger scientific talents, a number of whom have received advanced training.
4. As a general observation relating both to research and to institutional development of scientific capacity in the Amazon, we note that Brazil, as the nation with the largest fraction of global biodiversity, has an enormous interest in developing strong biotechnology science and industry, one of the five priority areas of the CNPq. While the investments necessary are beyond the scope of the Pilot Programme, much can be done to make Programme efforts compatible with such an initiative; for example, by linking data-bases such as those of the three major herbaria (INPA, Museu Goeldi and EMBRAPA) in the region.
5. In the face of a scarcity of funds for forestry research, the Ministries of Environment and of Science & Technology should consider setting up a special fund for this purpose, for example, through taxation of timber products and exports.

2. Demonstration Projects (PD/A)

Demand for support continues to massively outstrip the supply of funds under the PD/A. In two years, 460 applications have been received, of which 97 have been approved (79 in Amazonia and 18 in the Atlantic Rainforest), at a cost of US\$13 million. With funds at mid-1997 almost exhausted, there has been a fresh injection from Germany (DM15 million) and France (F10 million) totalling some US\$10 million. The Environmental Education component will publish the first call for project applications in August 1997, for which the EC has approved Ecu5 million and the United States US\$2.25 million. The Atlantic Rainforest Network (RMA) has expressed concern at the relatively small number of projects approved for this region.

An evaluation of the PD/A was undertaken during July 1997 which will feed into this year's mid-term review. Although it is early to reach firm conclusions on project performance, promising strides have been made in terms of developing new models which attempt to diversify and increase production (of NTFPs, for example) to improve livelihoods while conserving natural resources. However, it is evident that problems exist which need to be speedily addressed in order to maximise the potential for project sustainability. These range from strengthening local project management skills (economic, financial and administrative) to exploring market outlets for new products. Local demand for training in these areas has exceeded the capacity of the Technical Secretariat and the GTA/GAPEP to respond adequately, principally because such levels of support were never envisaged in the project design.

Recommendations

1. Consideration should be given to mobilising additional financial support for the Atlantic Rainforest.
2. Mechanisms be explored for increasing the level of technical and managerial support to PD/A-funded projects. This should involve enhancing the capacity of the Technical Secretariat and possibly decentralising such service provision to local level.
3. In this regard, federal and state organisations such as EMBRAPA, INPA and SEBRAE, as well as municipalities, should become more involved in providing technical assistance, training and other support.
4. It is essential that the PD/A Technical Secretariat receive adequate support within the Pilot Programme in keeping with the growing demand upon its services and the expansion of the programme. Towards this end: (i) to preserve high quality technical leadership, staffing continuity should be guaranteed, and (ii) the programme should be assured sufficient office space, technical support and computer networking facilities, both internal and on the internet.

3. Extractive Reserves (RESEX)

Progress on the implementation of management plans in the four federal extractive reserves funded by the Pilot Programme (Chico Mendes, Alto Juruá, Rio Ouro Preto and Rio Cajari) has proceeded steadily through the efforts of the CNPT-IBAMA and local associations. Despite early problems and subsequent local reorganisation, advances have been made in strengthening administrative capacity, vigilance and economic diversification through sub-projects such as Brazil nut and heart-of-palm production. There have, however, been delays in the demarcation and legalisation of all four reserves.

The IAG notes with satisfaction the bill currently under discussion in the Brazilian Congress which, if successful, will guarantee higher rubber prices and other forms of much needed economic support for *seringueiros*. It is essential, however, that technical assistance and training in key areas such as accounting and project management be sustained for the still embryonic Resex associations. An evaluation of the Resex will inform the World Bank/EC mid-term review to be undertaken in August 1997.

Recommendations

1. Institutional, administrative and accounting problems within the Resex associations should be addressed as soon as possible to facilitate the timely transfer of funds and eligibility for access to special credit lines such as PRODEX.
2. Avenues should be explored for increasing the level of technical support and training to Resex associations from relevant institutions such as EMBRAPA and SEBRAE.
3. Cross fertilisation of experiences should be encouraged between federal Extractive Reserves (IBAMA) and Extractive Resettlement Projects (INCRA).
4. An issue to be addressed concerns populations of rubber tappers and Brazil nut gatherers living on the margins of the Chico Mendes and other Extractive Reserves. IBAMA and INCRA should consider how to incorporate these groups and their lands into the Resex.

4. Indigenous Lands

The IAG noted with satisfaction that significant progress has been made during the first half of 1997 in project execution. Since the start of the project until the end of 1997 FUNAI will have completed or begun work on approximately 24 identifications and 47 demarcations. In the project 19.2 million ha of indigenous lands are demarcated or are in the process of demarcation. Of a total of 81 areas to be demarcated, only 58 can be realised because of lack of funding. The IAG appreciates the activities to improve methods for identification and delimitation of indigenous lands by reviewing and revising the identification manuals and the environmental assessment methodology.

Despite initial concerns over Decree 1775/96 and Portaria 14/96, there are no decisive negative consequences to be observed, with the exception of a considerable delay in the demarcation process during 1996. At this moment there seems to be a consolidation in the implementation of the project. New indigenous lands under the project entering the contestation period will have to be closely monitored.

FUNAI is experimenting with new forms of partnerships in the demarcation process, for example between FUNAI, FOIRN (Federation of indigenous organisations of Rio Negro), ISA (Socio-Environmental Institute), Technical Co-operation through GTZ and UNDP and a private Company demarcating five contiguous indigenous areas in the Rio Negro region. After 20 years of fighting an area of 108.111 km² is now being demarcated with 30.000 indigenous inhabitants of the Tukano, Arwak and Maku groups. Apparently there is no more conflict and the indigenous population seems to be highly satisfied with the regularization of their land and has high expectations for livelihood support.

After a period of concentration on the technical aspects of demarcation and a lack of systematic information on the part of civil society, the project has gained momentum in terms of improving indigenous participation in the demarcation process, in the involvement of indigenous organisations and specialised NGOs as well as in new partnerships at all levels.

After demarcation and effective protection of indigenous lands, identification and implementation of adequate procedures and means for indigenous sustainable development in the demarcated areas with the active participation of communities will be one of the most important tasks within the Pilot Programme.

The IAG remains concerned with the yet unresolved organisational restructuring of FUNAI. Revising the project priority list and the completion of the demarcation specifications study are further concerns as well as the considerable delay in all monitoring and evaluation activities.

The results of the Indigenous Lands project are of central importance for the Pilot Programme and will play a key role in discussions on sustainable development and Agenda 21 for Amazonia, and have important implications for the preparation of a Phase II.

Recommendations

1. New funds should be made available in order to allow the demarcation of all 81 areas originally included in the project.
2. FUNAI should maintain the current pace of demarcation and accelerate completion of manuals.
3. An intensive study should be undertaken of sustainable economic and social development potential for indigenous populations.

5. Natural Resources Policy

This project has been through a major overhaul since the last IAG mission and the recommendations we made in our last report have been acted upon. The IAG expresses its satisfaction with those changes, described in a substantial report and made operational in a revised and simplified Operations Manual. The project is now much clearer and the visits made in the nine states by the MMA and World Bank staff have clearly facilitated a consensus over aims and methods. The principle of building institutional strengthening into integrated projects has been accepted, the choice of the regions where they should be carried on has been made, a first draft of those PGAI (*Projeto de gestão ambiental integrada*) was presented during a general meeting held in Brasília in late June. One of the most promising developments is the growing role, in each of the states, of the working group (*grupo de trabalho*), a very useful focal point for all stakeholders in the project at state level.

Financial commitments are so far very limited, due mainly to this recent reformulation. This should not be seen as a lack of activity, as the conditions are now ripe for the launch of important initiatives, which have a good chance of success. The projects we have seen in the field trips or read about in Brasília tackle the main problems of each of the states, whether in the most critical areas (as, for example, in Paragominas) or those where the imminent arrival of the frontier requires urgent action to minimise environmental damage (as in Itaituba).

In order to further improve and streamline the project, we feel that an attempt should be made to reduce existing confusion in the use of terminology. The aims and methods of zoning, the most innovative part of the project, have now been made clear, through an important methodological effort, but for the other components the limits between monitoring and control are not clear, not to mention surveillance, licensing, enforcement, etc. We feel that an effort should be made to clarify the use of those terms and concentrate on the main functions, namely defining widely agreed rules for a proper use of natural resources (zoning), building a system to check on developments (monitoring) and enforcing regulations (control). Indicators should be devised to be used as benchmarks for the fulfilment of those objectives, the rate of deforestation being one of the most obvious.

The IAG regrets that its recommendation regarding competitiveness has been somewhat watered down. States have almost a year (until June 1998) to design projects using their fixed 'share' of US\$7 million, with competitive tender applying only to surpluses, if any. We hope that this procedure will not lead to the setting up of hastily mounted projects in order to take advantage of this rule to earmark funds otherwise lost.

Recommendations

1. The role and responsibilities of working groups should be enhanced, as they represent a major opportunity for achieving consensus and co-ordination among stakeholders in the PGAs. If necessary their composition could be periodically revised according to the needs of the moment (for example, by involving INCRA in the running of the project if and when land tenure is an issue).
2. Common technical standards should be defined to ensure compatibility and exchanges of information amongst the different projects.
3. An effort should be made to clarify the distinction between monitoring / control / enforcement. This could lead to a partial rewriting of the Operations Manual, as we feel that this effort could save time and avoid future conflicts. Co-operation with the Fire and Deforestation Control project should be sought.

4. **Projects should be closely analysed to make sure they have a real chance of success and are not designed simply to secure funds for the running of the normal activities of the state environment agencies. As the aim of this programme is to experiment with innovative management of natural resources, the strengthening of the agencies is obviously a necessary step forward, but only insofar as they gear their efforts towards this objective.**

B. PROJECTS UNDER PREPARATION

1. Management of Forest Resources

On the basis of the approved project document, a grant agreement between the Bank and the GOB was signed in April 1997. The corresponding grant agreements with KfW, GTZ, and DFID (ex-ODA) were submitted to the GOB for final approval in June 1997. The approval process is expected to take approximately 3 months. Thereafter the project can become operational. Timely approval is desirable in order to avoid losing an entire field season.

The need for this kind of project was confirmed by field visits and meetings. Approximately 80 % of the timber produced in Amazonia is extracted on an illegal, or at least irregular, basis. Of the management plans, 70 % do not comply with regulations or are falsified. Enforcement is minimal and not effective. Less than 7% of fines are paid. Examples of sustainable forest management, or reduced impact harvesting, are scarce.

As far as the components 1 (*Strategic Analysis of Public Policy and Incentive Systems*), 2 (*Pilot Monitoring and Control Program for Logging Activities*) and 3 (*Promising Initiatives of Forest Resources Management*) are concerned, little has changed since the last IAG meeting in December 1996. The various activities planned will be started upon the release of funds.

Concerning component 4 (*Participatory Management and Conservation of the Tapajós National Forest*) the situation is as follows. Three months ago a new Head of Flona took office at IBAMA in Santarém, and is aware of the various problems in connection with the implementation of this component of the project. The consulting agency IMAFLORA completed a study on zoning and land use in the Flona. One of the resulting maps shows the location and possible extension of the areas to be used by one small town (municipality) and 15 communities. The area where the ITTO project will be implemented is indicated, but not the location and size of existing private properties.

However, there are certain problems:

(1) The IMAFLORA survey gave grounds to the communities to reinforce their claims for land tenure (property and/or use). They do not agree with IBAMA on the outcome of the study and will not cooperate with the project until these differences are resolved.

(2) The proposal to exclude the areas of the small town of Aveiro and the 15 communities from the Flona is being discussed by Congress. If approved, participatory forest management by the communities will also be excluded from the Flona and be separated from the industrial activities inside the Flona. This is contrary to the original idea of the project.

(3) The area of 5,000 ha reserved for the ITTO project, of which IBAMA is the executing agency, has an overlap of approximately 1,300 ha with the areas claimed by two of the 15 communities. There has been a serious lack of communication between IBAMA and the communities on the subject of the ITTO project.

(4) The approach by IBAMA to forest management in the Flona does not seem to be integrated. The various components such as participatory management by the communities, management by commercial companies and protection areas, should be considered in relation to each other.

(5) The IAG is seriously concerned about the current situation in the Flona, considering that, whilst receiving letters from the local populations indicating their strong opposition to the ITTO project, it learned from the newspapers that the bidding process had already started.

Recommendations

1. The problems of land property and/or use (communities, villages, ITTO project and private properties) be dealt with and solved as soon as possible, in a really participatory way. Without full consent of all parties involved, the entire component 4 of the Forest Management Project is in jeopardy;
2. A single integrated participatory forest management plan for the entire Flona should be developed, with areas for management by communities, commercial enterprises (including the ITTO area) and protection purposes; such recommendation was reiterated in previous IAG reports and is not being fulfilled, simply leaving the responsibility of coordination to the local manager (as mentioned in the MMA Activity report from July, 1997).
3. While contracting private companies to execute specific forest management operations such as timber extraction IBAMA should make sure that sustainability requirements concerning the entire management cycle are met.
4. Increased attention should be paid to its previous recommendations on this subject, in particular with respect to the need for integration with government proposals for the Amazon forestry policy and the elaboration of new proposals for Flonas in the Amazon.
5. IBAMA should not proceed with the implementation of the ITTO project before having reached a satisfactory agreement with the affected local populations.

2. Floodplains Natural Resource Management

Presentation of the final project draft to IBAMA/MMA/WB is planned for August 1997 and appraisal to take place at the end of September, 1997.

During the preparatory process it was agreed that all functions and both aquatic and non-aquatic resources of floodplains should be considered in order to promote conservation of floodplain ecosystems. The floodplains cover large distances and natural conditions vary enormously. Pressure to use the floodplains for other purposes than conservation and sustainable use also vary per region.

In the draft project proposal three major components are distinguished: *Strategic Studies* (interface with Directed Research), *Promising Initiatives* (interface with RESEX and PD/A) and *Monitoring, Control and Enforcement* (interface with other monitoring activities).

On the basis of research results and local knowledge a very interesting instrument has been developed in the IARA/IBAMA project and the Projeto Varzea. The so called "Fishing Agreement" (*Acordo de Pesca*) regulates the fishing per community and per fishing area, in most cases one or more lakes. Such agreements between members of a community can be registered at the municipality and have a certain legal status, be it limited to the communal area. They enable the community members to enforce their own rules among themselves and prevent intrusion by outsiders. There are examples that, on the basis of such agreements, riverside communities are improving their standard of living and are able to produce small quantities of fish, fruits, vegetables and other products for the market. However there are difficulties in marketing.

Recommendations

1. The objectives, priorities and outcomes of the project, should be well defined, taking into account the extensive area of floodplain and their varying conditions, while providing indicators for measuring results.
2. The results of the IARA-IBAMA and VARZEA projects, and especially the idea of the Fishing Agreement should feed into this project.
3. The project should promote the greatest possible diversification of sustainable income generating activities, to avoid genetic erosion of floodplain plant species.
4. Experts from the SHIFT programme who have substantial experience in this field should be involved in project preparation.
5. Priority areas for project execution should be identified, taking into account existing regional development programmes.

3. Parks and Reserves

Biodiversity protection is critical to the development of a sustainable biotechnology inside and outside of Brazil. Yet genetic resources continue to be lost at an alarming rate, not only in terms of species loss, but also in terms of loss of genotype quality. In order to reduce the negative impact of this tendency, there is a need for viable conservation units which can serve as both genetic banks and biodiversity libraries through the preservation of animals, plants, and organisms, as well as important ecological and evolutionary processes.

Current efforts to identify priority ecoregions or corridors for biodiversity protection in the Amazon have a solid scientific basis and are built on previous efforts, such as Workshop 90 in Manaus. Priority investment in these could conserve over 75% of the Region's biodiversity in some 30% of its area. However, this would not be sufficient to maintain the hydrological cycle necessary for sustainable development. For that it is necessary to maintain an Amazon wide matrix of woody vegetation which includes the development corridors through activities such as sustainable agroforestry. It is therefore important to integrate development and conservation corridor plans as well as present and future zoning/land-use planning efforts to ensure compatibility. The result should be a mosaic of land uses compatible with both conservation and sustainable development. Conservation units outside the corridors will still be required to maximise available biodiversity.

Recommendations

1. The sharing of experience with the Meso-American corridor (Paseo Pantera) is a positive step and should be continued and strengthened.
2. Indigenous areas contain important biodiversity elements deserving of special recognition and designation.
3. The Mata Atlantica would more appropriately include a greater number of smaller than the two currently envisaged.
4. Integration of the plans for axes (*eixos*) for development and conservation corridors is essential.

5. Conservation corridors should consist of a mosaic of conservation and other land use categories in order to address the needs of different situations
6. Consideration of means to encourage the participatory process (by NGOs, government entities, etc.) should not delay strengthening management of existing conservation units nor the creation of new ones under circumstances of urgency.
7. Priority setting in the Mata Atlantica by considering a) degree of threat and b) viability of implementation as well as biodiversity richness is also applicable in the Amazon.

4. Fires and Deforestation Control

As the concept of this project is still under preparation, the IAG can only at this stage make a few remarks to help guide reflections on the best way to help control fire and deforestation. The idea to set up a project dealing with deforestation and burning is certainly an appealing one, and should be well accepted by the donors and public opinion. The project however overlaps somewhat with existing projects, such as SPRN, one component of the Forest Resources Management project and an activity of the Monitoring and Analysis project. Great care should be taken to avoid duplication of efforts inside and outside PP-G7. The sharing of responsibilities between the project and, on one hand, INPE (providing the images), and IBAMA and/or the Amazonian states on the other, carrying on the field action, should be made clearer.

At present, the project lacks clarity on institutional linkages and partnerships and the means of interaction amongst the various participants, as well as on how the information collected will be utilised.

Recommendations

1. An in-depth study of the possible institutional placement and partnerships of the project should be carried out prior to any investment. It may appear that the best way to implement the control of fires and deforestation is not to create a new project but to help the state agencies to make a better and quicker use of INPE or future SIVAM data.
2. If the project is to be continued, pilot areas where it will be tested must be amongst the ones chosen by the states to implement the local projects of the SPRN component, as they are the ones they consider critical and/or of strategic importance.

5. Monitoring, Analysis and Dissemination Unit (AMA)

Producing high quality data and analysis of the results of the Pilot Programme and of the positive and negative lessons being learned is central to the success of this effort. Substantial progress has been made in project development and through the creation of a Unit for Integration and Dissemination (UNIDA) within the Ministry of Environment to coordinate this effort and to promote the integration of various components. To maintain both the fact and the appearance of objectivity, studies will be carried out by independent research institutions with the collaboration of the World Bank.

A very productive workshop was held in July 1997 which produced a shared vision of the project and how it would function, including a preliminary identification of important questions to be addressed, linkages of both the monitoring efforts and strategic studies with the rest of the Programme as well as to important efforts outside the PPG-7 and to the new 'nucleus' within the MMA to support policy development for the Amazon. Two additional workshops will soon produce more detailed operational guidance regarding monitoring as well as broader consultation with stakeholders. The IAG has been

asked to participate in the discussion over the choice and review of strategic studies and will make every effort to be supportive.

Recommendations

1. The concept paper produced as a result of the recent seminar held in Pirenópolis should be circulated to all members of the IAG.
2. It is important that the MMA maintain a strong and continuing presence during the design and execution of this component.
3. Strategic studies should bear in mind the changing dynamics of regional development as well as the new demands and needs which emerge.

TRANSITION TO PHASE II

During the course of its meeting, the IAG was given a presentation by the World Bank and the MMA of a tentative Phase II proposal for discussion at the Manaus donors' meeting in October 1997. The proposal contained some interesting ideas, for example, integrating the Pilot Programme within the new regional planning strategy for Amazonia, and diversifying financing mechanisms to include loans and private investments. The IAG looks forward to receiving more detailed proposals which will be prepared for the Manaus meeting in October. In the interim, we offer a few additional comments of a general nature.

On balance, the IAG feels that progress to date and its increasingly important catalytic role justify consideration of how best to proceed towards a second phase of the Pilot Programme given that existing funds have already been allocated. Furthermore, a new challenge for the PP-G7 is presented by the government's new development strategy for Amazonia as expressed in the 'National Integrated Policy', 'Agenda 21' and the notion of 'Integrated Development Axes' within the 'Brazil on the Move' programme (*Brasil em Ação*), which envisages the concentration of infrastructural and social investments in seven major areas. These initiatives will require an extension and consolidation of the Pilot Programme's catalytic effect.

In accordance with Programme objectives of protecting biodiversity, limiting deforestation and promoting sustainable development, the PP-G7 could make three major contributions within the macro-zoning process; (1) consolidating the diffusion of project methodologies, 2) designing and implementing innovative models for protecting biodiversity on a large scale, as in the proposed ecological corridors, and (3) encouraging and monitoring diversified forms of project funding for environmentally friendly activities along development axes, including in urban centres. The mid-term reviews currently underway should take into account these new directions when considering the future of the Pilot Programme.

CONCLUDING REMARKS

The IAG would like to express its gratitude to the World Bank and to the Brazilian government, and especially to their technical staff, for the quality of the presentations made during the meeting, for the documents prepared and for the well prepared field trips. Some suggestions for improving the work of the IAG had been made during our last meeting, and most have been followed. Most presentations of individual projects have this time focused on more recent achievements, while documents have been thoroughly prepared and dispatched in good time to IAG members. We welcome the report prepared by the *Secretaria da Amazonia*, produced for the first time for this meeting, and especially the effort in establishing the interfaces between projects.

However, we would like to underline the following requests:-

- **Members of the IAG should be informed about – and if deemed necessary participate in – strategic events (seminars, workshops) related with PPG7 activities. A system for supplying a steady stream of information about those meetings and other events affecting PPG7 should be devised, such as an e-mailed newsletter or diffusion list, Internet www home page, etc.**
- **We would like to be promptly informed about changes in higher level staffing both at the Bank and the Ministries relevant to the programme.**
- **The Portuguese translation of the IAG report should be sent to IAG members and the relevant Brazilian organisations and institutions as soon as possible.**

The IAG elected Anthony Hall as its new chairperson, Gerd Kohlhepp having decided not to stand for a fifth one-year mandate. Bertha K. Becker was re-elected vice-chairperson. The IAG wishes to express its gratitude to Gerd Kohlhepp for the dedication and tactful authority he displayed in the difficult task of establishing the role of the IAG.

The next meeting of the IAG has been tentatively scheduled for the week of 8-12 December 1997 in Brasilia.