

## Ex Post-Evaluation Brief

### Brazil: Integrated Natural Forest Management I and II ("ProManejo")



<b>Programme/Client</b>	199665811* Integrated Forest Management I 200066332 Integrated Forest Management II	
<b>Programme executing agency</b>	Brazilian Ministry for the Environment (MMA) Brazilian Environment Institute (IBAMA)	
<b>Year of sample/ex post evaluation report:</b> 2012/2013		
	<b>Appraisal (planned)</b>	<b>Ex post-evaluation (actual)</b>
<b>Investment costs (total)</b>	19.20 million	20.39 million
<b>Counterpart contribution (company)</b>	1.53 million	0.46 million
<b>Co-financing</b>		7.20 million
<b>Funding, of which budget funds (BMZ)</b>	17.67 million 17.67 million	12.73 million 12.73 million **

\* random sample; \*\* amounts actually used

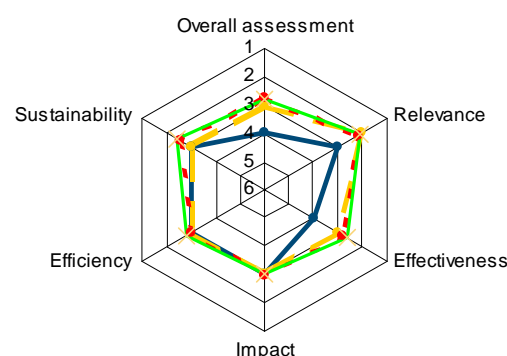
**Project description:** The project is part of the international pilot programme to preserve the tropical forests in Brazil (PPG7) and was conducted from 1997 to 2007 by the Brazilian Ministry for the Environment MMA and the Environmental Authority IBAMA. The measures implemented included (i) sector studies, (ii) pilot projects with enterprises and local communities, (iii) the development and introduction of control and monitoring instruments, (iv) the promotion of integrated forest and resource management in the state-owned Tapajós forest and (v) project coordination. The project was conducted in cooperation with GIZ; the latter provided specialist and administrative support for the FC measures, among other things. The total costs amounted to approx. EUR 20.4 million, of which around EUR 12.7 million was financed from FC with co-finance being provided in the form of a TC contribution of approx. EUR 3.6 million, funds from DFID (approx. EUR 1.8 million), the *Rain Forest Trust Fund* managed by the World Bank (around EUR 1.8 million) and the Brazilian government (approx. EUR 0.5 million).

**Objectives: (Phases I and II):** Overall objective: Contribution to the development of approaches for reduced deforestation, with the consolidation of the international forest certification system and the establishment of sustainable forestry in the sectoral regulatory framework (added ex-post) as indicators. **Programme objective:** Development and appropriate application of sustainable forms of management to selected natural forest areas in the Amazon Region, with the following indicators: a) number of forest users applying sustainable forms of forest use; b) number of forest management plans approved officially; c) extent of natural forest areas under sustainable management as well as (only Phase II) d) number of timber companies certified in accordance with internationally recognised standards and e) extent of expertise in sustainable forest management created and/or strengthened.

**Overall rating: Phase I: 4**  
**Phase II: 3**

The objectives were only achieved to a limited extent, not least due to the very ambitious set of objectives. Positive effect result primarily from the experience with the pilot projects, which today are still of major relevance for the Brazilian forest sector. One critical factor remains the issue of value chains for products from sustainably managed natural forests. The project paid too little attention to this aspect. **Points of note:** The experience gained under ProManejo are considered highly valuable by almost all partners interviewed. According to information received, the pilot character, in particular, played a key role, with negative experience also being of considerable importance.

#### Rating by DAC criteria



—●— Project 1  
—●— Project 2  
- - -●- - - Average rating for sector (from 2007)  
- - -X- - - Average rating for region (from 2007)

## **FRAMEWORK CONDITIONS**

The Integrated Natural Forest Management projects (*Projeto de Apoio ao Manejo Florestal Sustentável na Amazonia - ProManejo*) in Phases I and II were conducted between 1997 and the end of 2007. In 1997 the concept of sustainable forest management was largely unknown in Brazil (with the exception of the vanguard federal state of Acre) and only took root due to a number of pilot programmes under the PPG7 (pilot programme for the protection of the Amazonian rain forest co-financed by various donors). The undoubtedly most outstanding contribution made by ProManejo was to look for successful models for sustainable natural forest management using quasi-pilot approaches and thus to have significantly influenced the Brazilian concept of forest management on the basis of both positive and negative experiences.

In institutional terms, the establishment of the Brazilian Forest Service SFB on 03.03.2006 with the passing of the law on the management of public forests can be considered a major breakthrough. SFB is part of the Brazilian Ministry for the Environment MMA, with the former programme manager for ProManejo at IBAMA as Director.

Contrary to assessment at appraisal, the final inspection (2010) rated Brazil's institutional set-up in the forestry sector as non-critical. However, this positive picture was not confirmed by the mission. The impression was that the forestry authorities are understaffed, some of their procedures being far too bureaucratic and lengthy (also too technically demanding for the target group), resulting in a major operational risk. Cumbersome procedures can partly be explained by complicated land ownership and land use regulations, which have at best been partially solved.

In summary, the forest sector does not enjoy high priority in the Brazilian political landscape compared to opposing economic interests. During the project period, some key milestones were reached in terms of improved framework conditions (e.g. laws, legal directives, etc.). Nonetheless, it remains easier and – as a rule – more economically attractive to engage in illegal logging than in sustainable forest management.

From an economic viewpoint, sustainable forest management can compete economically only in selected cases: usually – and in terms of pricing, the market does not reward the additional operating costs entailed. As an example, timber obtained illegally or subsequently “re-labelled” as legal fetches the same price as timber from sustainable forest management. In some cases, attempts are being made to support sustainable forest users by offering government subsidies (e.g. *Bolsa Verde*). Overall, however, the picture is rather gloomy from an economic aspect. In this connection a closer look at marketing aspects and/or potential, including the entire value chain, seems to be of huge importance.

## **EVALUATION SUMMARY**

**Overall rating:** In summary, the project in its first phase is assessed as no longer satisfactory and in its second phase as satisfactory. This evaluation is based on the one hand on fairly meagre concrete results - especially in the first phase; on the other, on the information gained on the effectiveness and prospects of success of various pilot approaches to the management of natural forests and its influence on sectoral development as a whole. This means that the two projects are to be deemed a necessary but so far insufficient condition for contributing to the preservation of the Brazilian rainforest in the Amazon Region. More positive results in the second phase can ultimately be attributed to a change of concept following completion of the first phase. It is important to underline the "laboratory effect" of the pilot projects at a time when the concept of sustainable forest management was scarcely known in Brazil.

**Overall rating: Phase I – 4; Phase II – 3**

**Relevance:** In retrospect, the programme approach addresses a persistent core problem: reducing the decline of tropical rainforests and creating adequate incentives for their conservation. The intervention was embedded in an overarching development process by the partner country (PPG7), and conducted with coordination by and with various donors. It also complies with the development policy objectives of BMZ, which makes it fundamentally highly relevant.

With regard to the design, today the intervention logic, especially of Phase I seems clearly overambitious: the intended contribution towards developing approaches to reduced deforestation could hardly be achieved with the limited budget available and the activities actually performed. Substantial constraints were experienced with pilot projects on small-scale and/or municipal natural forest management in Phase I. As a result, Phase II emphasised the creation of training capacity and the systematic development and teaching of relevant content to a much greater degree. Accordingly, the relevance of Phase I receives the subrating "satisfactory", while that of Phase II is regarded as "good". **Subrating: Phase I – 3; Phase II – 2**

**Effectiveness:** Whilst planning documents of different actors in ProManejo defined various indicators on the programme objectives, they failed to quantify them, as can be seen from the following overview of indicators for Phase I and Phase II. Rating the achievement of programme objectives therefore constitutes a significant challenge:

<u>Objective indicators</u>	<u>Situation at ex post evaluation</u>
Extent of areas under sustainable forest management (Ph. I + II)	No meaningful data available. According to a study by the independent research institute Imazon (2010), 1,213 initiatives exist that , involve 5,459 families sustainable municipal forest management on a land area of 851,403 ha in the federal states of Amazonas, Para, Acre, Amapa, Maranhao and Rondonia.
Number of forest users applying forest-conserving forms of use (Ph. I + II)	

Number of management plans approved as faultless (Ph. I + II)	9 of the 17 communities supported under ProManejo have a management plan approved by the authorities
Number of timber companies certified according to internationally recognised standards (Ph. II)	As at the end of September 2010, Brazil had 7.66 million ha of correspondingly certified areas, with approx. 3.56 million ha (i.e. around 1% of the area) in the Amazon Region. A total of 707 products were certified. Unfortunately no data disaggregated by region are available.
Extent of the expertise for sustainable forest management created or strengthened (Ph. II) <sup>1</sup>	<p>→ The training plans and guidelines, etc. developed via the project are still used and/or form the basis for further capacity development.</p> <p>→ According to information received, the 18,000 persons sponsored in 46 basic and advanced training courses during programme implementation of ProManejo are largely employed in the sector, with demand for such courses continuing.</p>

Detailed description of the individual components and discussion:

- Component I - Sector studies: The objective of this component - exclusively financed by DFID – was to analyse the underlying political and institutional conditions and incentive systems for forest management in the Amazon Region; on that basis, recommendations were to be derived as to how these might be changed in favour of sustainable forms of management.
- Component II – “Promising initiatives”: The objective of this component was to support approaches by enterprises and local communities to sustainable forest management on a pilot basis and acquire experience on the feasibility of those approaches. In Phase II a new focus was placed on basic and advanced training programmes.

\* The programmes supported the creation and dissemination of knowledge of sustainable forest management as well as the establishment of training centres in sustainable forest management. However, that potential created was neither used to the full nor further extended after the end of the programme. This is demonstrated, e.g., by the low number of management plans for community forests and their low level of application.

\*,In particular, largely unsettled land rights, limited access to support from forestry specialists and the administratively complex regulations proved to be main bottlenecks. Furthermore, the marketing of wood products from (usually small-scale) municipal production represents a major challenge, as economies of scale are difficult to achieve. Nonetheless, timber from small-scale/ community-run companies is becoming an important legal source of raw material for medium-sized and large wood-processing companies.

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<sup>1</sup> The indicator originally used, i.e. "Number of forest engineers, forest workers and administrators of timber companies and/or small sawmills trained" has merely an *output* character and has been adjusted.

\* Overall, the wood-processing industry has only adapted to a very limited extent to the requirements of sustainable forest management: for instance, there is little training for entrepreneurs, and the market share of illegal timber remains high. Estimates provided by the *Instituto Floresta Tropical*/ IFT predict a short-term shortfall of 6000 specialists trained in sustainable forest management; depending on the scenario trend, demand could increase to 11-26,000 persons.

In retrospect, the training projects stepped up in the second phase proved to be the most successful and long-lasting – in contrast to the pilot attempts at site-based forest management schemes, which at best had a limited effect. A large number of the training projects initiated under ProManejo still exist and continue to train specialists.

- Component III – Monitoring and control instruments: The introduction of integrated monitoring and control instruments was intended to counteract the widespread illegal logging. The centrepiece was the development of a satellite-based control system for large and medium-sized entrepreneurs (SIRMAT/SISMAT). Although the system itself was never used, it formed the basis for demand-based further development by an alternative provider. In addition, an Internet-supported source-based control system was developed for small companies and local communities (DOF); on the one hand, it led to a breakthrough, but also resulted in new challenges on the other: for instance, DOF requires Internet access – which is not readily available everywhere; besides, the system incompatible with comparable systems in the neighbouring states of Pará and Mato Grosso.

- Component IV – The objective of this component was the model-based development of sustainable forest and resource management in the state-owned forest (*Floresta Nacional*/ FLONA) Tapajós in West-Pará – with the cooperative COOMFLONA as the executing agency and operator. In summary, consolidated and largely sustainable resource continues to be practised in Tapajós; however, this will continue to depend to a considerable degree on the capacity of COOMFLONA, which still serves as an example. The management plan created in the project today still forms the basis for the communities' rights in the management of FLONA. The organisations strengthened by ProManejo (14 community associations, 3 inter-community (“umbrella”) associations, 1 federation of the 3 umbrella associations and 1 large cooperative COOMFLONA) are currently active and are implementing projects for sustainable resource use in the Tapajós FLONA. The management plan for Tapajós served as a model for comparable plans in other FLONAs. However, the organisational development approaches applied in the Tapajós FLONA today appear to be more suitable for more intensively used forest areas (so-called "RESEX areas") than for other, generally sparsely populated FLONAs.

In summary, a wide variety of - positive and negative - experiences in sustainable forest management practices was acquired under ProManejo, and a lot of individuals were provided with technical and practical skills on sustainable forest management. For almost half

of the initiatives supported by ProManejo, either no management plan was approved or problems arose in management. This shows clearly that - despite positive experiences gathered, significant challenges remain for consolidating sustainable forest management, above all for small producers,. A key factor in this regard is sufficiently systematic and long-term support by the responsible public-sector agencies; such support is offered in the state of Acre, but hardly, if at all, in other federal states. Overall we give the subrating "no longer satisfactory" for the effectiveness of the first phase, but "satisfactory" for the second phase.

**Sub-rating: Phase I – 4; Phase II – 3**

**Efficiency:** An audit by the Brazilian Court of Auditors gave no indication of any misuse of funds; overall, less money was needed in both phases than had been originally planned and allocated. The largest part of the FC contribution (almost EUR 10 million) was spent on “promising measures” (Component II); smaller amounts went to the Tapajos FLONA (Component IV, with expenditure deemed to be relatively high by the responsible authority ICM-Bio), and to monitoring and control instruments (III). Taking into account the initiatives' pilot character, production efficiency can still be assessed as good.

Regarding allocative efficiency, the a.m. insufficient economic viability and lack of attractiveness of sustainable forest management must be taken into account. As seen today, an analysis of marketing potential(s) and/or the entire value chain process was inadequately considered in the project planning and implementation. To sum up: allocative efficiency can just about be described as satisfactory. **Sub-rating (both phases): 3**

**Overarching developmental impact:** The indicator chosen by PP, the "Consolidation of the international forest certification system", can be deemed *ex-post* to have been largely fulfilled – with approx. 3.56 million ha of forest, or around 1% of the Amazon Region, having been certified according to the national certification system FSC and CERFLOR. With hindsight, however, this aspect constitutes only one dimension of the intervention spectrum of ProManejo, especially as the overall objective was based on "forest conservation". Since 1988 the deforestation rates in the Amazon Region have been monitored by satellite recording, with a significant overall decline ly in recent years (2011/12: 4,656 km<sup>2</sup>, 2003/04: 28,000 km<sup>2</sup>). Nevertheless, vast areas are still being logged, although recent trends point towards increasingly “fragmented” deforestation instead of large-scale logging in order to avoid monitoring from the air. The actual figure could therefore vary by ten percent. Regarding attribution, it is unclear at best how this development relates to measures financed under ProManejo.

As an additional *ex post* indicator, the "Incorporation of the sustainable forest management concept in sector-based regulatory frameworks (laws, ordinances)" has been chosen. This aspect is evident above all in the area of the reform of federal legislation and the restructuring of the institutional set-up for the forest sector. The structural impact of by ProManejo, especially in terms of "increased awareness" for the concept of sustainable forest man-

agement and its contribution to improved framework conditions count, in our view, among the main achievements of the programme.

Overall, we rate the developmental effects as still satisfactory. **Sub-rating (both phases): 3**

**Sustainability:** The initiatives in Components II and IV contributed to the creation of pilot models for municipal sustainable forest management in both phases; in that respect, the meanwhile consolidated use of resources in the Tapajós FLONA should be highlighted; however, it is doubtful whether this approach can be replicated in view of its high establishment costs<sup>2</sup>. ProManejo mainly supported these initiatives in the initial phase. After the end of the programme, those initiatives that are still operative continued to receive technical support from other sources. This leads one to conclude that a) the time span of ProManejo was too short to effectively establish sustainable forest management initiatives over the long term and b) further-reaching and continuing technical support after the end of the project was a basic prerequisite for the survival of the pilot projects that are still active.

The largely unsettled land-rights situation, the complexity of the technical requirements and the lack of specialist forestry and technical support have so far made it difficult to replicate these model-based approaches on a wide scale.

As the training component in Phase II could not have been so successful without the learning experience gained during Phase I, we classify the sustainability of both phases as satisfactory. **Sub-rating (both phases): 3**

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<sup>2</sup> ICMBio, the authority responsible for state-owned forests, stated that it was not able to provide anything like comparable funding for such projects.

## Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being relevance, effectiveness, efficiency and overarching developmental impact. The ratings are also used to arrive at a final assessment of a project's overall developmental efficacy. The scale is as follows:

1	Very good result that clearly exceeds expectations
2	Good result, fully in line with expectations and without any significant shortcomings
3	Satisfactory result – project falls short of expectations but the positive results dominate
4	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
5	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
6	The project has no impact or the situation has actually deteriorated

Ratings 1-3 denote a positive or successful assessment while ratings 4-6 denote a not positive or unsuccessful assessment

### **Sustainability is evaluated according to the following four-point scale:**

Sustainability level 1 (very good sustainability) The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The overall rating on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Ratings 1-3 of the overall rating denote a "successful" project while ratings 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (rating 3).