

1. Project Data:		Date Posted : 09/24/2007		
PROJ ID : P006567		Appraisal	Actual	
<b>Project Name :</b> Rf Indigenous Lands Project	<b>Project Costs (US\$M):</b>	20.9	17.4	
<b>Country:</b> Brazil	<b>Loan/Credit (US\$M):</b>	2.1	1.9	
<b>Sector Board :</b> RDV	<b>Cofinancing (US\$M):</b>	16.6	15.5	
<b>Sector(s):</b> Central government administration (71%) Other social services (24%) Agricultural extension and research (5%)				
<b>Theme(s):</b> Indigenous peoples (29% - P) Rural services and infrastructure (29% - P) Other environment and natural resources management (28% - P) Personal and property rights (14% - S)				
<b>L/C Number:</b>				
	<b>Board Approval Date :</b>		07/06/1995	
<b>Partners involved :</b> UNDP, KfW	<b>Closing Date :</b>	12/31/2000	12/31/2005	
<b>Evaluator:</b>	<b>Panel Reviewer :</b>	<b>Group Manager :</b>	<b>Group:</b>	
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## 2. Project Objectives and Components:

### a. Objectives:

Improve the conservation of natural resources in selected indigenous areas and increase the well-being of indigenous areas and increase the well-being of indigenous peoples in such areas through : (1) regularization of indigenous lands in the legal Amazon; and (ii) improving the protection of indigenous populations and areas .

### b. Were the project objectives/key associated outcome targets revised during implementation?

No

### c. Components (or Key Conditions in the case of DPLs, as appropriate):

**Component 1: Regularization of Indigenous Lands (US\$16.6 million at Appraisal and Actual ):** supported the identification, demarcation, and regularization of selected indigenous lands in seven out of nine states in the Legal Amazon. Subcomponents included: (i) identification of an estimated 42 lands; (ii) demarcation and regularization of an estimated 81 lands; and (iii) development and implementation of environmental diagnostics for to-be demarcated lands.

**Component 2: Surveillance and Protection of Indigenous Areas (US\$1.6 million at Appraisal and Actual** as reported in the PAD and ICR): supported the development and implementation of community-based activities to protect their lands while securing their subsistence and conserving the natural resource base. Examples of the types of activities that were supported included: (i) establishing strategically located control bases (agricultural fields, fishing or hunting camps); (ii) intensifying the use of traditional areas for hunting or collecting forest products; and (iii) decreasing travel to populated border areas to diminish exposure to diseases and other threats.

**Component 3: Capacity-Building and Studies (US\$1.6 million at Appraisal and Actual** as reported in the PAD and ICR): supported activities to strengthen the protection of indigenous populations and regularization and improved conditions for the management of indigenous lands by means of training and studies. Subcomponents included: (i) implementation and training for Geographic Information Systems (GIS) to improve the regularization and monitoring activities of indigenous lands; (ii) training in indigenous issues for FUNAI field staff and representatives of pertinent governmental agencies, NGOs and indigenous people; and (iii) studies, including those to: (a) test a methodology for a rapid environmental diagnostic of the natural resources in indigenous areas; (b) test and evaluate alternative methods of demarcation, such as the planting of marker species along boundaries; (c) clarify legal and policy issues with respect to indigenous rights and natural resource use and management; and (d) provide resettlement recommendations for good faith non-indigenous people from indigenous areas.

**Component 4: Support to Project Management (US\$1.1 million at Appraisal and Actual** as reported in the PAD and ICR): supported: (i) project management; (ii) monitoring and evaluation; and (iii) the project advisory commission.

The components were adjusted during supervision missions and agreed upon by the clients and donor representatives in Aide-Memoires. None of the alterations affected the project's original objectives. The components were adjusted as follows:

**Component 1: Regularization of Indigenous Lands:** Due to the "open design" of the project and funding availability, the number of indigenous lands included under the project increased annually. In addition, because the regulatory Decree for regularizing indigenous lands was changed during the first year (Decree 1775 replaced Decree 22 in January 1996), the project not only supported studies to improve identification and demarcation procedures but also piloted the testing of new procedures and methods in the field.

**Component 2: Surveillance and Protection of Indigenous Areas:** A manual of more detailed procedures for developing and implementing protection activities with indigenous communities and organizations was developed and applied. In addition, GTZ supported special evaluation activities for assessing the impact of protection activities supported under the project, including an evaluation workshop with representatives from 50 indigenous lands.

**Component 3: Capacity-Building and Studies:** Topics for studies were further refined to include: (i) improved procedures for identification of indigenous lands; (ii) the development of a methodology for rapid environmental surveys during identifications; and (iii) a tracer study of the effects on non-indigenous people relocated from indigenous lands. In 1998, after the Mid-Term Review (MTR) and by request of indigenous stakeholders, the types and quantities of training available to indigenous people were expanded to increase their participation in project implementation and the management of their lands. In addition, an operational manual accessing training resources and training modules on selected topics were developed for field training.

**Component 4: Support to Project Management :** At the recommendation of project stakeholders and the Government of Brazil (GOB), the project advisory commission became a project deliberative commission. An additional subcomponent was added to support dissemination activities including newsletters, publications and videos.

#### **d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:**

This is a US\$2.1 million grant for an indigenous lands project which is a part of the Pilot Program to Conserve the Brazilian Rainforest. The project closed five years after its originally proposed closing date, due to the fact that project design chose to work and continue to work within the institutional constraints posed by a weak implementing agency, in order to allow the project to influence the implementing agency's work program over time, with an increased emphasis on capacity building and training of the implementing agency staff. Actual costs were reported to be identical to appraised costs in the ICR, however, the cost tables in Annex 3 indicate that appraised costs were only US\$16.59 million and actual costs were US\$17.4 million.

### **3. Relevance of Objectives & Design:**

The project objectives are highly relevant. The Indigenous Lands Project is part of the Pilot Program to conserve the Brazilian Rain Forest (PPG7), which is funded by a group of seven countries and administered by the World Bank. The project facilitates the implementation of one of the objectives of the PPG 7, to improve the management of

special protected areas by regularizing a significant portion of indigenous lands in the Amazon . The project is in line with the sustainability pillar of the 2004-2007 CAS with the key objective of "more sustainable management of land, forests, and biodiversity" and facilitates the CAS indicator of regularizing the share of land that is under indigenous lands (CAS target was 12 percent of the total land area of Brazil or 100 million hectares by 2007).

Project design is highly relevant since the project was based on lessons learned from prior World Bank project components that focused on helping indigenous peoples in the Amazon that may have been affected by other Bank financed projects. The project design is based on the lesson that the most durable benefit of these projects accrued from demarcation and regularization of indigenous lands .

#### **4. Achievement of Objectives (Efficacy):**

This was a substantially efficacious project . The project objective was to improve the conservation of natural resources in selected indigenous areas and increase the well-being of indigenous areas and increase the well-being of indigenous peoples in such areas through : (1) regularization of indigenous lands in the legal Amazon; and (ii) improving the protection of indigenous populations and areas .

The project improved the conservation of natural resources in selected indigenous areas through the regularization of indigenous lands in the legal Amazon . The project identified sixty indigenous lands across 11 million hectares (compared to the original target of forty-two) and demarcated ninety-two lands across 38 million hectares (compared to the original target of eight-one). Of these ninety-two lands across 37 million hectares, eighty-seven lands received Presidential decrees and fifty-nine (32 million hectares) were fully registered in local and federal registries . The project supported thirty-one protection sub-projects in sixty indigenous lands with an estimated impact on 45,000 persons. Activities included: (i) new territorial occupation strategies; (ii) sign posting campaigns; (iii) the dissemination of information about the land and its borders to indigenous and neighboring non-indigenous populations; (iv) map and GPS training; and (v) radios-in-the-villages activities (the radios greatly improved communication among indigenous people and also to the outside including to FUNAI . Indigenous people have reported how the radios have helped with everything from planning meetings to informing about illegal invaders ). Other protection activities supported by the PPTAL included planning strategic locations for agricultural plots, support houses or even new villages near boundaries or in more vulnerable areas of the indigenous land .

The project also helped to improved conservation of natural resources in selected indigenous areas by supporting five key studies and a sixth set of studies that (i) helped to develop and test the methodology for rapid environmental diagnostics during identifications as required by Decree 1775; that (ii) supported the revision and testing of the identification manuals of FUNAI; that (iii) proposed alternatives to physical demarcation using new methods of using GIS, critical area placement of signing and planting of perennials on borders; (iv) that examined land tenure and the implications of compensation and/or resettlement of non-indigenous populations from indigenous lands; (v) that supported a tracer study on the impact of compensation and/or resettlement on these same populations and that (vi) supported the development of a methodology for ethno-ecological assessments of indigenous lands . Yet the recommendations of the studies (particularly those related to land tenure and the implications for compensation and/or resettlement of non-indigenous populations) "received less attention because a large portion of responsibility for these actions rests with INCRA rather than FUNAI" (p.20). According to the ICR, a proposed interagency workshop to follow up did not occur .

Although there is less information on how the project supported increased the well-being of indigenous areas and increased the well-being of indigenous peoples in these areas, the project contributed to institutional and community strengthening by means of targeted trainings. The training subcomponent, initially focused on FUNAI staff, shifted after the MTR more to indigenous people as the target audience. Forty-five trainings were carried out in 60 indigenous lands financed by the project while GTZ supported additional trainings. Training for indigenous people encompassed two themes: (i) Indigenous Rights and Land Regularization and (ii) Indigenous Involvement in Demarcation, Protection and Surveillance. Trainings were frequently carried out in collaboration with indigenous NGOs. FUNAI staff were supposed to benefit from training in similar topics which were unfortunately not completed. However, despite the fact that project staff committed to conduct a careful analysis and evaluation of the training program, this was not done .

The project helped to support the development of a sophisticated geo-referenced database (GIS) on the indigenous lands in the project, which has been expanded to include all indigenous lands in Brazil .

#### **5. Efficiency (not applicable to DPLs):**

The efficiency of the project was less than substantial partly due to delays . As discussed in the ICR, the project implementation of the land regularization process has experienced "problems, challenges and delays" caused by: (i)

securing the right experts to work on identifications; (ii) getting teams into the field in a timely manner; (iii) delays in report delivery and subsequent evaluations; (iv) innumerable problems with contracting due to complex Brazilian rules which occasionally change; and (v) the perpetual problem of organizing work in remote locations and timing it with seasonal conditions, among others. The five year extension of the project, due to the above mentioned delays, resulted in higher administrative and supervision costs that would have been expended in a five year project.

The efficiency of the project was also somewhat hampered when local regional conflicts intervened, such as was the case in an area of Rondônia where neighboring ranchers utilized scare tactics to stop the work of an identification team. In addition, as more participatory methodologies have been tested, the project reported that these sometimes require more field time than traditional methods, and hence higher costs.

On the other hand, the project also supported studies that made identification and demarcation procedures more efficient, both in technical and participatory terms, including developing the methodology tested and adopted by FUNAI for rapid environmental diagnostics during identifications. The project commissioned a study on demarcation alternatives which, after testing, created cost savings for the project budget.

**a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :**

	Rate Available?	Point Value	Coverage/Scope*
Appraisal		%	%
ICR estimate		%	%

\* Refers to percent of total project cost for which ERR/FRR was calculated.

**6. Outcome:**

The outcome of the project is rated **Satisfactory**. This highly relevant project whose design is based on the implementation of indigenous peoples components in prior Bank projects implemented in Brazil played a vital role in legalizing and protecting nearly 20 percent of the Amazon region as indigenous lands. The implementation of the project experienced periodic slowdowns and delays, which affected cost-effectiveness. However, some of the sunk costs associated with helping FUNAI develop methodologies for testing rapid environmental diagnostics during identifications may lead to greater efficiencies in the future.

**a. Outcome Rating :** Satisfactory

**7. Rationale for Risk to Development Outcome Rating:**

Risk to Development Outcome is rated moderate, suggesting somewhat greater risk than identified by the ICR's low risk rating.

The Bank had originally expected to work with FUNAI to develop a follow-on project on biodiversity conservation and indigenous lands which would be partly supported by the GEF. A project is under preparation, however the government of Brazil has opted to use UNDP as the implementing agency for the new operation. The German government has continued its financial and technical support to the PPTAL (after the World Bank closing date) for at least two additional years. Although the project helped to modernize FUNAI by helping to improve the methods and standards in FUNAI's land regularization work and helped to mainstream participatory approaches (altering the way FUNAI works with indigenous people), as the ICR indicated, the project's impact on FUNAI should not be overstated. It remains a problematic institution facing many challenges in the future. According to the ICR, the FUNAI Land Department which, while one of the best departments in FUNAI, still suffers from some of the institutional weaknesses of the agency; falling victim to bureaucratic, budgetary and contracting problems and even temporarily losing 80 per cent of its staff during one year.

The project supported thirty-one protection sub-projects in sixty indigenous lands with an estimated impact on 45,000 persons. According to the ICR, the sustainability of project-supported protection activities was a central focus of an evaluation workshop on the subprojects which included indigenous representatives from 50 areas. There was considerable consensus that many activities could be continued and maintained by the indigenous communities. However, there was concern that governmental agencies are not fulfilling their enforcement and police functions, which remains a future challenge. In particular, the interagency relationship between FUNAI and INCRA requires increased strengthening.

**a. Risk to Development Outcome Rating** : Moderate

**8. Assessment of Bank Performance:**

Quality-at-Entry is rated Satisfactory . Lessons learned from the implementation of prior World Bank projects with indigenous peoples components were incorporated into project design . The main institutional weaknesses related to FUNAI were identified . The project addressed them by supporting a separate PIU, specialized consultants, specialized studies in addition to piloting new methods and procedures, capacity -building and community-based protection activities .

Bank supervision efforts were Satisfactory . The Bank identified the fact that a key element in achieving the projects objectives even though the institutional modalities for that participation were not well developed at that time. This project was closely supervised : the project received 19 supervision missions over 10 years. A total of 201 staff weeks were expended on supervision . Bank staff participation in this project remained consistent throughout the ten years of implementation . The Task Manager at Appraisal was the same at closing . According to the ICR, Aide-Memoires and supervision reports (590s/PSRs/ISRs) indicate that Bank project staff provided a high level of technical expertise and input throughout the supervision period, particularly in terms of incorporating indigenous participation and ensuring high quality outputs of studies . The supervision team also played a key role in identifying and negotiating institutional changes which occurred during the life of the project, in particular, finding operational solutions to problems such as delays in the regularization process . According to the ICR, the project benefited from a thorough and highly participatory MTR (October 1998) which among its agreements included expanding the project's work program to include additional indigenous lands in the Legal Amazon . The MTR helped establish achievable targets for identifications and demarcations within the context of the preparation of annual work plans . Technical cooperation with the German Government which financed 79% of the total project costs was a particularly important element of project supervision . The ICR indicates that project relations with the KFW and GTZs were excellent .

**a. Ensuring Quality -at-Entry**:Satisfactory

**b. Quality of Supervision** :Satisfactory

**c. Overall Bank Performance** :Satisfactory

**9. Assessment of Borrower Performance:**

Despite the political sensitivities of indigenous issues, the Cardoso government and later the Lula government issued large numbers of Presidential Decrees needed to finalize the regularization of many of the indigenous lands identified and/or demarcated under the project. Government commitment was demonstrated by its adoption of Decree 1775 in January 1996 which regulates indigenous land regularization . This decree introduced administrative procedures for contesting indigenous land allocations (in addition to already existing judicial procedure) by parties (such as states, municipalities and private citizens ) making counter-claims. Decree 1775 also called for environmental diagnostics and improved procedures, so it provided the project with a unique opportunity to contribute to both the development and testing of new methods and procedures for identification and demarcation that were later mainstreamed into FUNAI . Additionally, according to the ICR, the governmental decision to convert the project advisory commission into a deliberative body demonstrated increased awareness of the importance of having indigenous representation in project oversight and within FUNAI itself .

Despite numerous turnovers of FUNAI Presidents, the overall weakness of the institution and intermittent implementation delays, the ICR rated FUNAI as having performed satisfactorily because over the life of the project it delivered high quality results . This review concurs with the satisfactory rating assigned by the ICR for the implementing agency . By the project's closing date, the original targets for identification and demarcation were exceeded, and indigenous participation had been more mainstreamed . FUNAI also demonstrated repeatedly good will toward resolving both internal and external problems . While the project PIU was consistently satisfactory, other departments at FUNAI also improved during the project, most notably DAF . Not only did FUNAI perform well on the project, but it also adopted many new and improved procedures and standards .

**a. Government Performance** :Satisfactory

**b. Implementing Agency Performance** :Satisfactory

**c. Overall Borrower Performance** :Satisfactory

#### **10. M&E Design, Implementation, & Utilization:**

**M&E Design is rated High** . An M&E Plan was prepared for the project in 1995 which included formally agreed monitoring and performance indicators: (1) Completion of the regularization activities programmed under the project (identifying 42 lands and demarcating 92 lands which totaled approximately 32 million hectares); (2) Adherence to the proposed (and annually revised) project priority list for indigenous areas to be regularized; (3) Degree of indigenous participation in the processes of indigenous land identification and demarcation; and (4) Degree of indigenous participation in the formulation and successful implementation of surveillance and protection activities . After the project MTR, the performance indicators were revised to add : (i) indigenous communities strengthened; (ii) key stakeholders trained and informed; and (iii) project management carried out effectively and efficiently . Physical and financial indicators were also agreed, and annual targets were established via the priority list and the annual operating plan.

**M&E Implementation is rated Substantial** . The project developed a detailed database on indigenous lands that facilitated planning, implementation, monitoring and reporting . Biannual project reports were developed to provide precise tracking information and concise analysis . According to the ICR, these greatly facilitated project supervision, oversight by the project advisory commission and dissemination to broader publics . Baseline data on a sample of indigenous lands was collected during the first year . According to the ICR, independent evaluations were carried out at mid-term and prior to the Closing Date, both of which were discussed by stakeholders with a good representation of project beneficiaries in workshops . In the second half of the project, the database for project monitoring was further developed and refined while FUNAI began to adopt the system more broadly for the institution . The PIU also worked on: (i) design and implementation of evaluation workshops on impact indicators (specifically participation in regularization and protection activities); (ii) analysis of impacts of capacity-building activities linked to surveillance and protection plans (not fully completed); and (iii) a tracking study to analyze the impact of project and non -project compensation and resettlement on the non -indigenous people relocated from indigenous lands .

**M&E Utilization is rated Modest** . According to the ICR, while the project monitoring system was excellent, evaluation was somewhat less successful . Foremost, this resulted from the repeated discussions and revisions of the impact indicators by the project team . In addition, the MTR and another external evaluations carried out in the context of the Pilot Program suffered from problems due to a lack of understanding of indigenous land regularization in Brazil . While the ICR indicates that information on project performance is strong, it could have been stronger if the project had more systematically processed evaluation data rather than continually revising and refining indicators . Following the Bank's adoption of the Implementation Status Results and Report (ISR), the Task Team identified the PDO Indicator in the system as: Completion of indigenous land regularization activities programmed under the project and the Intermediate Outcome Indicator as: Degree of indigenous participation in land regularization and protection activities.

**a. M&E Quality Rating** : Substantial

#### **11. Other Issues (Safeguards, Fiduciary, Unintended Positive and Negative Impacts):**

The project triggered OP 4.01 (EA), OD 4.20 (Indigenous Peoples), and OD 4.30 (Involuntary Resettlement). The project was rated a "B" against OP 4.01; the ICR indicates that adverse environmental impacts were mitigated by adding new rapid environmental assessments during identification; piloting lower -impact physical demarcation techniques; and evaluating proposed protection activities in terms of their low impact and environmental sustainability. The project triggered OD 4.20 because the project itself was an Indigenous Peoples Development plan. According to the ICR, OD 4.30 was complied with since the compensation and/or resettlement principles formally agreed on followed the spirit of the Bank's policy . However a Project Performance Assessment has been recommended in part because the ICR indicates that the "number of people relocated during the project was relatively small", however it does not detail or provide annexed information on how many people were relocated, the nature of their compensation etc. The Bank is expected to adhere to the letter of its operational policies, within reason. This adherence should have been clearly articulated in the ICR . The project financed a "tracer study" to evaluate the impacts of relocation which, according to the ICR, found that FUNAI had complied with its obligations in terms of compensation and assistance. Although the study further made specific recommendations in terms of improving collaboration between FUNAI and the Agrarian Reform Institute (INCRA), this did not occur.

<b>12. Ratings:</b>	<b>ICR</b>	<b>IEG Review</b>	<b>Reason for Disagreement / Comments</b>
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Risk to Development Outcome:</b>	Negligible to Low	Moderate	Institutional weaknesses and lack of inter-agency cooperation (FUNAI and INCRA) coupled with insufficient information provided to date on the risk to development outcomes of the subprojects resulted in a higher risk rating than was assigned in the ICR.
<b>Bank Performance :</b>	Satisfactory	Satisfactory	
<b>Borrower Performance :</b>	Satisfactory	Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**NOTES:**

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate .

**13. Lessons:**

As articulated in the ICR, the following lessons have emerged from the Bank's work in regularizing indigenous lands in Brazil:

While land regularization does not resolve multiple threats and challenges for indigenous people in Latin America, security of land tenure is a necessary precondition if indigenous people are to make their own decisions about their lifestyles and possible future changes based on their ability to maintain their culture via traditional livelihoods and cultures.

While there are many pressing issues that face indigenous people in Latin America, a project to benefit indigenous people stands a better chance of success and lasting impact if it : (1) focuses on one or two sets of critical activities - in this case improved access and control over land and natural resources via land regularization - rather than trying to do everything; (2) incorporates a strong commitment to grassroots empowerment and social accountability through participatory processes that are essential both because of the weak government agencies responsible for indigenous issues and the need to counterbalance paternalistic treatment of traditionally excluded populations; (3) ensures that indigenous beneficiaries are actively involved in project implementation so that they assume ownership which contributes to sustainability; (4) compensates for the government agency capacity limitations by actively encouraging a diversity of partnerships with governmental and civil society organizations including indigenous and indigenous NGOs; and (5) ensures social accountability and transparency by establishing active and empowered advisory and oversight commissions .

When working with diverse indigenous groups, it is critical to work with and strengthen indigenous organizations, respecting the culturally-defined decision-making mechanisms of each ethnic group. When working with indigenous people, project personnel need to respect the processes of indigenous development, adapting the project to the needs and concerns that arise from communities themselves without imposing pre-established packages, timing or modalities of work that are foreign to the communities .

Great care and ingenuity need to be applied when trying to work with and strengthen the usually weak Latin American government agencies responsible for indigenous people. A great deal can be accomplished toward modernizing these institutions by focusing on pragmatic and operational improvements, specifically by developing, testing and helping incorporate and mainstream new technical and participatory standards .

**14. Assessment Recommended?**     Yes     No

**Why?** An assessment is recommended as input into the upcoming Safeguards study . There is no discussion in the ICR as to how the Bank supported compensation and /or resettlement for non-indigenous peoples. While a tracer study was conducted by FUNAI to evaluate these impacts, and while the study may be available in the portal, further review of this issue would need to be conducted through an independent assessment .

#### **15. Comments on Quality of ICR:**

The ICR is comprehensive and realistically relays the program's achievements as well as its reasons for delay . The ICR systematically reported on the three safeguards triggered by the project . Impressively, the ICR briefly described how the adverse environmental impacts were assessed and mitigated . However, more comprehensive information could have been brought into the annexes on the issues of non -indigenous peoples. The Basic Information on page 5 seems out-of-date. (Page 5 of the ICR reports the last DO rating as satisfactory . Project costs as reported between the ICR text and the annexes also require revision .

**a.Quality of ICR Rating :** Satisfactory