

FY 93-94  
MODIFIED PROGRAM OBJECTIVES DOCUMENT  
AND  
ACTION PLAN  
AID/BRAZIL

April 1992

Agency for International Development  
Washington, D.C. 20523

April 17, 1992

MEMORANDUM

TO: See Distribution (attached)

FROM: LAC/DR, Peter Bloom *CT for*  
LAC/DPP, Eric Zallman *ERZ jr.*

SUBJECT: Review of Brazil Program Objectives Document/Action  
Plan for FY 1993-1994

Attached for your review and comment is the Brazil Program Objectives Document (POD)/Action Plan for FY 1993-1994. Additional copies may be obtained from LAC/DR/PSS, Room NS.

Please provide all POD issues to Karen Anderson, LAC/DPP, Room 2243 NS, Extension 7-5525, and Action Plan/Program Implementation issues to Olivier Carduner, LAC/DR/SA, Room 2252 NS, Extension 7-9146, in writing no later than COB May 8, 1992. Preliminary issues papers will be distributed on May 11.

The Action Plan/POD Review, chaired by AA/LAC, James Michel, will be held on Friday, May 15, 1992 at 10:30 a.m. The combined POD/AP/Implementation issues meeting, jointly chaired by Eric Zallman and Peter Bloom, will be held on Tuesday, May 12, at 2:00 p.m. All meetings will be held in Room 2248 NS.

Issues Due	May 8, 1992 by COB
POD/AP/Implementation Issues Meeting	May 12, 1992, at 2:00 p.m.
Action Plan/POD Review	May 15, 1992, at 10:30 a.m.



UNITED STATES AGENCY FOR INTERNACIONAL DEVELOPMENT  
AGÊNCIA NORTE-AMERICANA PARA O DESENVOLVIMENTO INTERNACIONAL  
OFFICE OF THE AID REPRESENTATIVE  
USAID/BRASÍLIA

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April 7, 1992

Ambassador James Michel  
AA/LAC  
Agency for International Development  
Washington, D.C.

Dear Ambassador Michel,

I am hereby submitting to you AID/Brazil's first ModPod/Action Plan. Debating and selecting our Strategic Objectives, program outputs and indicators with the excellent assistance of Karen Anderson and consultant Paul Weatherly was a very useful exercise for me and my staff. It helped us build on and clarify the new multi-year strategies which we are also hereby submitting for Family Planning and AIDS and our much more focused GCC Strategy.

This document flows from a great deal of work this office has carried out over the past 7 months which included:

- a major Internal Control Review in October
- an Energy Efficiency program team in November
- our first Global Climate Change Coordination meeting with all our grantees in December to ensure better grantee/USAID collaboration and to plan future GCC strategy
- design of a new AIDS strategy in January
- design of a new Family Planning strategy in February
- selection of our Strategic Objectives with Karen in March
- Jim Elliott's TDY in March to help us assess the potential for a new Economic Policy Liberalization and Private Sector Development activity.

During this time we have also benefitted from visits from yourself, Administrator Roskens, Aaron Williams, Peter Bloom and Elena Brineman, all of which have helped us redefine and focus our program.

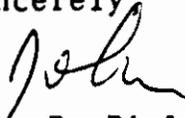
Given our management and funding constraints, several hard decisions are reflected in this document:

- no new additional new starts in Democratic Initiatives/AOJ
- no energy component of our GCC program
- a modest gradual beginning of our Economic Policy/Private Sector program
- a phase out of Family Planning assistance to Brazil over 7 years via a new strategy, politically acceptable in Brazil, focusing on quality and sustainability
- a phase out of Drug Awareness activities except for training over 2 years

I believe our small AID/Brazil staff can carry out the programs proposed in this document with the level of administrative control desired by the Agency, with a low risk of financial or other vulnerability.

Our ModPod/Action Plan objectives are fully consistent with the Embassy's 1992-95 Mission Program Plan. This document has been reviewed and approved by Ambassador Melton.

Sincerely,



John D. Pielemeier  
AID Representative

## memorandum

DATE: April 14, 1992

REPLY TO  
ATTN OF: John D. Pielemeyer, AID Representative/Brazil

SUBJECT: Project Appraisal Reports: AID/Brazil

TO: LAC/DR, Peter Bloom

1. Attached are the project appraisal reports which we understand are to be reviewed as part of the Action Plan process. Preparing and reviewing PARS is always a useful exercise for field missions and was very much overdue in Brazil. The last PARS were prepared a year ago under Howard's supervision to accompany last year's Action Plan. Therefore these reports cover CY 1991. We'll do ours semi-annually from now on.
2. There are several difficulties in preparing PARS for activities funded via Central and Regional projects that I have noted in preparing those documents.
  - a. Expenditure data which we have available from the MACS reports is very dated. We've updated this data through Feb. 28, 1992, in many cases, through recent contacts with regionally/funded contractors and grantees. Expenditure data for centrally/funded activities, especially R+D/Pop, is often not even disaggregated on a country-by-country basis and has been almost impossible to get or use. Expenditure projections are equally difficult to get, and given the above, are pretty useless anyway. Our estimates for the next period of accrued expenditures is Jan-June 30, 1992 - a six month period.
  - b. There is no LOP data available to us for most centrally and regionally-funded projects. The exception is LAC/GCC grants, but even there the initial "lop" for a grant was normally only 1-2 years.
  - c. Evaluation/Audits: We don't have information available on past or future evaluation/audits for worldwide programs such as AIDSCOM, AIDSTECH, DRUGCOM and the R+D/Pop projects. However, we are now scheduling evaluations for these programs as part of future sector-wide program evaluations in Brazil.

- d. EOPS: Must centrally and regionally funded projects don't seem to have EOPS. Their reporting to us has been on the input-output level. Therefore in some cases, we have inserted our sector levels program EOPS into that section of the PAR to show (for better or worse) whether their past work contributed to our sector (and now strategic) objectives.
- e. Outputs: Even here our data in some cases is less than ideal. I think we'll have more meaningful data in our next set of reports. Over the past 7 months we have established new strategies for AIDS and family planning and have tightened up our Global Climate Change Strategy. With this now (hopefully) under our belts, we can spend more time on refining the program/project evaluation and monitoring process.

Encl. Project Appraisal Reports

**USAID/Brazil  
FY 1993-94 ACTION PLAN  
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**FY 93-94**  
**MODIFIED PROGRAM OBJECTIVES DOCUMENT**  
**AND**  
**ACTION PLAN**  
**AID/BRAZIL**

**April 1992**

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**SECTION I: SELECTION OF AND RATIONALE FOR MDC STRATEGIC OBJECTIVES****A. Overview of Environment for Development**

Brazil is a land of largely unexploited potential, comprising half the population and land area of South America. Economic development has been hampered by inward-looking economic policies, highly skewed income distribution, ecologically inappropriate use of the natural resource base, growing social problems (high rates of population growth, an AIDS pandemic, legions of street children and increasing drug consumption), and inadequately developed democratic institutions and processes.

The administration of President Fernando Collor, the first democratically elected President in 26 years, is trying to address all of these constraints, with some success. During the past two years Brazil has made impressive strides in economic policy reform and structural adjustment, especially in liberalizing foreign trade, dismantling domestic price controls and deregulation. Quantitative restrictions have been largely removed, the "law of similars" abolished and average and maximum tariffs have been lowered and will be lowered further. On the other hand, much remains to be done in deregulation and trade liberalization and success has so far largely eluded efforts to achieve macroeconomic stabilization and balance in the public finances, as evidenced by the high rate of inflation (20-25%/month). Brazil has successfully negotiated an IMF Standby Agreement, a Paris Club rescheduling of official debt and is close to a London Club rescheduling of commercial debt - a set of accomplishments few observers expected Brazil could accomplish only a year ago.

Environmental policies, particularly those affecting the Amazon, have been reversed, although not without considerable controversy. Colonization and road building projects have been scaled back or abandoned, price and credit subsidies for Amazon agriculture and livestock production reduced or eliminated, agricultural tax exemptions curtailed, and environmental impact studies mandated prior to commencement of all major public and private investments.

This democratically elected government has recognized the severity of the country's social problems, although under IMF fiscal constraints, it has very limited financial resources to deal with them. Family planning is increasingly accepted within the context of women's reproductive health. A new energetic AIDS coordinator has been appointed in the Ministry of Health, and the President has encouraged public and private efforts to address the plight of street children and improve the country's juvenile justice system. Unfortunately the federal government has not, however, given significant attention to the growing problems of drug use in Brazil.

After decades of military rule, democracy remains popular in Brazil, despite its coincidence with economic recession. Brazilians are now asserting their rights under their new Constitution, but are only gradually learning that they must participate actively through local government bodies, NGOs and nontraditional interest groups if the democratic system is to meet their needs and political corruption reduced.

#### Role of the AID Program in Brazil:

As a resource agency AID plays an integral role in the development and achievement of USG objectives in Brazil and our programs fit firmly into the 1992-96 Mission Program Plan. These objectives also are fully compatible with LAC Bureau objectives and sub-objectives.

Over the past 8 months AID/Brazil has moved away from a "target of opportunity" approach to programming resources and worked hard to prepare new or consolidated strategies for our three strategic objectives:

- Reduction of deforestation in the Amazon;
- Improved women's reproductive health in target areas; and
- Reduced incidence of sexually transmitted HIV infection in target geographic areas.

We are now more confident that our limited resources are concentrated on specific targets where, working with local institutions and other donors, we can have a measurable impact.

At the same time, we have initiated what we hope will be a growing program to support Economic Policy Liberalization and Private Sector Development - a program which we hope to present in a strategic objective framework as it evolves and resources are made available to support it. We also are now designing our first Administration of Justice project in Brazil focusing on improving Juvenile Justice for Street children in Rio de Janeiro. However, because of funding and management limitations we are not proposing any additional AOJ or Democratic Initiatives (DI) projects for Brazil during this Action Plan Period. We will, however, provide increased training resources for DI/AOJ.

Due to management and funding constraints, we have terminated programs in Child Survival, Disaster Assistance and our management support for the DOD Excess Property programs and will phase out of DrugCom activities over the next two years.

**SECTION I - SELECTION OF AND RATIONALE FOR MDC STRATEGIC OBJECTIVES****B. Strategic Objective:****1. Deforestation reduced in the Brazilian Amazon****a. Narrative****1. Rationale for the Strategic Objective**

AID/Brazil's first strategic objective is designed in response to Agency and LAC Bureau priorities which set Brazil and Mexico as the two Latin American countries which (because of the current and future volume of their emissions of greenhouse gases, especially carbon dioxide (CO<sub>2</sub>)), are of key importance in any global effort to moderate global warming.

In global terms, the major sources of net CO<sub>2</sub> emissions are the burning of forest land and fossil fuels. The primary global strategies of choice to reduce these sources are: protection of existing forests from clearing via burning and the increase of the efficiency of the use of fossil fuels in the electric power sector and in transportation. In Brazil, the focus is on slowing deforestation because deforestation accounts for as much as 85% of Brazil's current CO<sub>2</sub> emissions.

Two features of the current forest situation in Brazil serve to determine strategy and priorities for AID/Brazil's efforts. One is the relative lack of development of a forest products industry and the other is the widespread practice of colonists in the Amazon of burning forest to clear land for settlement. The success of any effort to reduce the net emissions of CO<sub>2</sub> must deal with both areas of needed action, one of which is long term, i.e. the development of a sustainable forest management for products satisfying both domestic and overseas demand, and one of which is more short term, i.e. a change in the behavior of colonists.

AID/Brazil has approved a strategy and a set of activities aimed at influencing change in the forest situation in directions which not only slow deforestation but work to change the mix of pressures which on the one hand add up to motivate people to clear and burn forests and on the other hand might work together to encourage people to become stewards of forests.

AID/Brazil's efforts are relatively small compared with G-7, World Bank activity and other donor activities. Therefore, AID/Brazil concentrates its work on dealing with constraints for which it and U.S. institutions have a comparative advantage. AID's collaborators have a long history of cooperative work with local

Brazilian NGOs and government agencies--especially in the Amazon area. No other donor has direct access to such experience. Further there is a geographical concentration--on two states in the Amazon basin, i.e. Acre, Pará, where 90% of the activities will take place, with smaller activities in Amazonas, and Amapá.

## 2. Program Outputs and Program Activities

AID/Brazil has identified three program outputs (POs) which support the strategic objective (SO): 1) Environmentally viable alternatives to deforestation identified and promoted; 2) Policies supporting environmentally sound use of forests established and implemented; 3) An environmental constituency established in local communities.

### a. Program Output #1: Environmentally viable alternatives to deforestation identified and promoted.

AID/Brazil has a comparative advantage in its access to the U.S. scientific community's knowledge and experience in neotropical forests. The concept of this output is to take full advantage of this resource by applying it directly to field research and pilot projects designed to find and prove models which will allow for sustainable management of the tropical forest and income sufficient to keep local communities engaged in the sustainable management practice.

The following suboutputs reflect current understanding of the pressures leading to permanent deforestation. They span a spectrum of current land conditions found in the Amazon region from untouched to totally devastated. In essence the suboutputs and the activities constitute a continuum--of problems and of solutions:

Suboutput #1: Improved systems for natural forest management identified and promoted.

- o Write model plans for protected areas and buffer zones.
- o Identify new forest products, processing, and markets.

Suboutput #2: Systems which stabilize shifting cultivation identified and promoted.

- o Support applied farming systems research on stable agroforestry systems.
- o Disseminate information on alternatives to fire in agriculture.

Suboutput #3: Systems which make degraded lands more productive identified and promoted.

- o Explore market driven models for mixed forestry systems.
- b. Program Output #2: Policies supporting environmentally sound use of forests established and implemented.

Because success in the other POs depends on having the right policy framework, the policy PO is focused on identifying and dealing with policy constraints affecting those areas. In addition, the limited nature of AID/Brazil's resources compared with other donors who have policy agendas, has also led AID/Brazil to concentrate on informing the policy dialogue, rather than taking a high profile role. The sub-program outputs are:

Suboutput #1: Implementation of the Environmental Impact Assessment (EIA) process supported at both the national and local level.

- o Train NGOs to participate in the EIA process as well as staff of state agencies in EIA preparation and evaluation.
- o Help two state governments (Pará, Acre) to identify EIA criteria.

Suboutput #2: Timber policy review process started and informed.

- o Provide results of applied research on viable models found in Brazil and other countries.

Suboutput #3: Development policies reviewed from environmental perspective.

- o Train Brazilian researchers and government officials in environmental sciences.
- o Hold workshops on natural resource economics and key policy issues.
- o Develop proposals for improved legal basis of extractive reserves.

- c. Program Output #3: An environmental constituency established in local communities.

Building a local constituency will require efforts to work with local peoples and grassroots or community organizations to build their understanding of the value of forests. It is crucial to the success of these efforts that there be close linkages with the activities of the first PO--to the enhancement of both.

Suboutput #1: Local institutions made more effective.

- o Provide training.
- o Support networking.
- o Support pilot projects.

Suboutput #2: Local society made more environmentally aware.

- o Provide formal education.
- o Provide informal education.

### 3. Projects Supporting the Strategic Objective

The principal source of support for this strategic objective will come from the LAC Bureau's GCC Initiative through agreements with the World Wildlife Fund and the University of Florida, the U.S. Environmental Protection Agency, the Environmental Law Institute, the GENESYS Project, and the USDA Forest Service. In addition, the R&D Bureau will sponsor some activities through Woods Hole Research Center, the Smithsonian Institution, and WWF. Training will continue to be provided through AID/Brazil's contract with the State University of New York (SUNY). Funding to meet these objectives has been requested at \$2.735 million in FY92, \$2.95 million in FY93 and \$3.11 million in FY94. The program is managed in Brazil by two AID/Brazil PSC Environmental Advisors.

### 4. Program Indicators

During the strategic planning exercise, AID/Brazil identified indicators to measure achievement of the strategic objective and program outputs. Since the strategic objective is beyond the "manageable interests" of AID/Brazil's scope of effort, AID/Brazil is not accountable for progress toward this objective. The program output indicators are chosen to be as compatible as possible with recommended Agency wide indicators in the natural resource area.

**a. Strategic Objective: Deforestation reduced in the Brazilian Amazon.**

**Indicator:** Change in forest cover and land use in two Amazonian states: Acre and Pará.

**b. Program Output: Environmentally viable alternatives to deforestation identified and promoted.**

**Indicator:** 1) Progress in the Research and Development program.

**c. Program Output: Policies supporting environmentally sound use of forests established and implemented.**

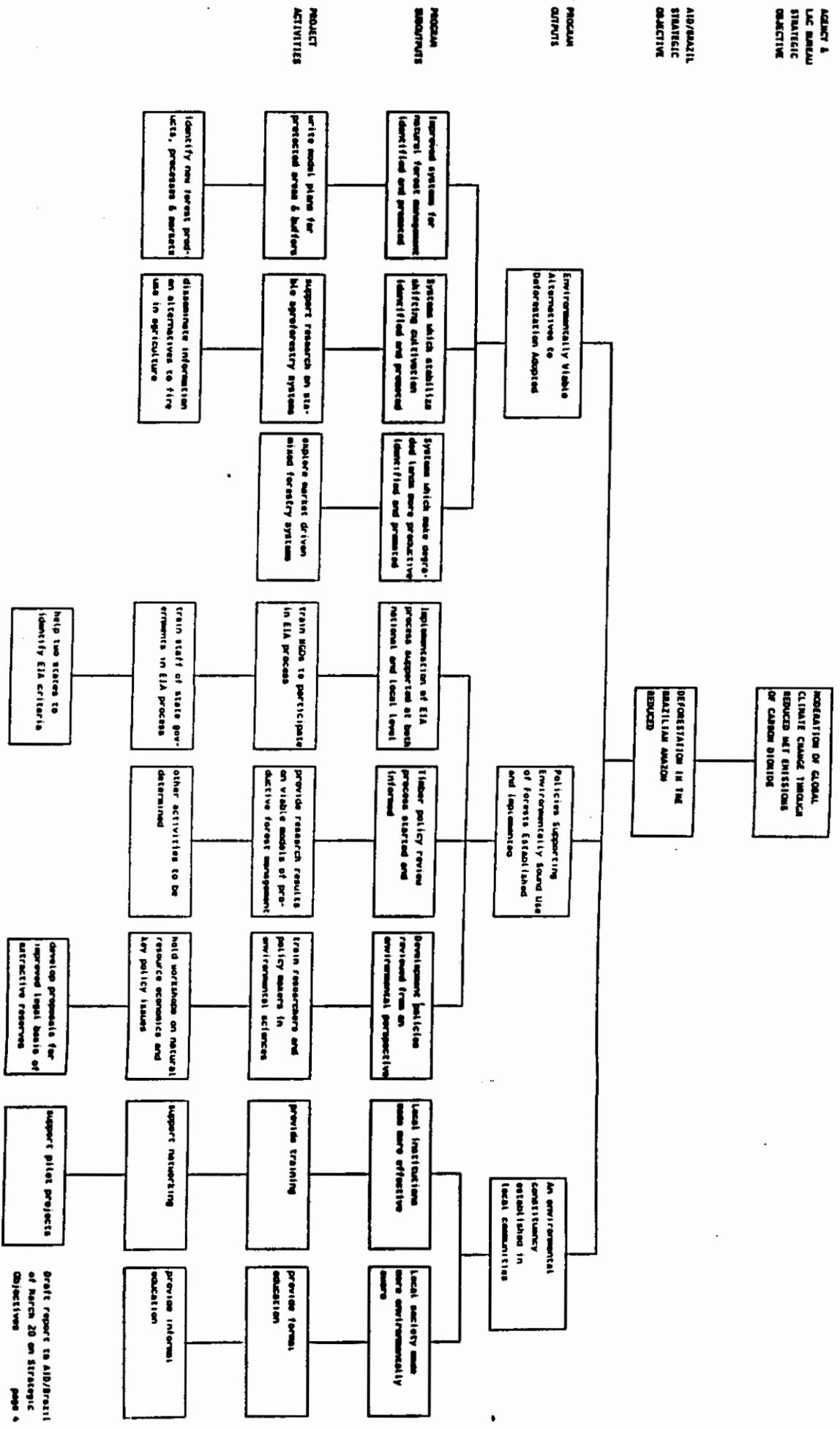
- Indicators:**
- 1) Progress in identifying and overcoming constraints to implementing alternatives to deforestation by local communities.
  - 2) Number of policy makers and resource managers trained.

**d. Program Output: An environmental constituency established in local communities.**

- Indicators:**
- 1) Number of participating local organizations and the effectiveness of their activities.
  - 2) Number of workshops and participants, disaggregated by gender and ethnicity (DGE), per year.
  - 3) Number of local NGO leaders, DGE, trained.

Baseline data will be established over the next 6 months by the new LAC GCC Evaluation contractor.

AID-BRAZIL  
STRATEGIC OBJECTIVE:  
GLOBAL CLIMATE CHANGE



AGENCY & LAC BUREAU STRATEGIC OBJECTIVE

AID/BRAZIL STRATEGIC OBJECTIVE

PROGRAM OUTPUTS

PROGRAM SUBOUTPUTS

PRODUCT ACTIVITIES



Table 2.1: STRATEGIC OBJECTIVE PROGRAM OVERVIEW

Country: BRAZIL

Strategic Objective: Deforestation reduced in the Brazilian Amazon

Program Outputs	Activities	Source of Support	
		Title	No.
1) Environmentally viable alternatives to deforestation identified and promoted.	Write model plans for protected areas and buffer zones.	WWF	
	Identify new forest products, processing techniques and markets	Cultural Survival (PRE Loan)	
	Support farming systems research on agroforestry systems	Univ. of Florida, Woods Hole	
	Disseminate information on alternatives to fire in agriculture	Univ. of Florida, WWF, Forest Serv. Woods Hole	
	Explore market driven models for mixed forestry systems	WWF, Univ. of Florida, Forest Service	
2) Policies supporting environmentally sound use of forests established and implemented.	Train NGOs to participate in EIA process	WWF, EPA, Forest Service	
	Help Para and Acre governments to identify EIA criteria	WWF	
	Provide results of viable timber models	WWF, Forest Service	
	Train researchers and government officials in environmental sciences	WWF	
	Hold workshops on natural resource economics		
	Develop proposals for improved legal basis of extractive reserves	ELI	
3) An environmental constituency established in local communities	Provide training	SUNY, Woods Hole, ELI	
	Support networking	WWF, GENESYS	
	Support pilot projects	WWF, Univ. of Florida, Woods Hole	
	Provide formal education	Smithsonian, Univ. of Florida	
	Provide informal education	GENESYS	

**SECTION I - SELECTION OF AND RATIONALE FOR MDC STRATEGIC OBJECTIVES****B.2. Women's Reproductive Health Improved in Target Areas****a. Narrative****1. Rationale for the Strategic Objective**

USAID/Brazil has incorporated Family Planning as part of the LAC Bureau's overall Strategy Objective I, part C: Support the achievement of broadly-based, sustainable economic growth by encouraging increased economic opportunities for the disadvantaged. Improving women's reproductive health in target areas through better access to quality family planning contributes to improved economic opportunities for the disadvantaged by: 1) improving women's health and productivity; 2) improving a family's ability to have the number of children they are economically and socially able to support; and 3) reducing the social costs for health care and social services to women who have high-risk births, abortions or unwanted children (many of whom are abandoned early in life) due to lack of access to family planning.

A.I.D. has supported family planning programs in Brazil for over 20 years. Due to Congressional restrictions on bilateral assistance to Brazil, and the fact that the NGO sector has been the leading force in family planning, A.I.D.'s recent assistance has been provided through U.S. cooperating agencies to a large number of Brazilian NGOs.

While overall contraceptive prevalence in Brazil is relatively high (66% overall in 1986; 54% modern methods), there still exists a strong need to improve the quality and sustainability of family planning delivery systems. AID/Brazil has prepared and submitted to AID/W a new family planning strategy which aims to successfully complete A.I.D.'s assistance to the sector by the year 2000. The new strategy significantly narrows and focuses AID/Brazil's efforts on a few target geographic zones (two or three Northeast States) and on a few key constraints: 1) poor quality of family planning services/options, indicated by the limited range of family planning methods available and incorrect, hence, often ineffective use of contraceptive methods; and 2) the lack of sustainable systems (public, NGO, and commercial) to assure broad-based access to family planning services, especially in the Northeast part of the country.

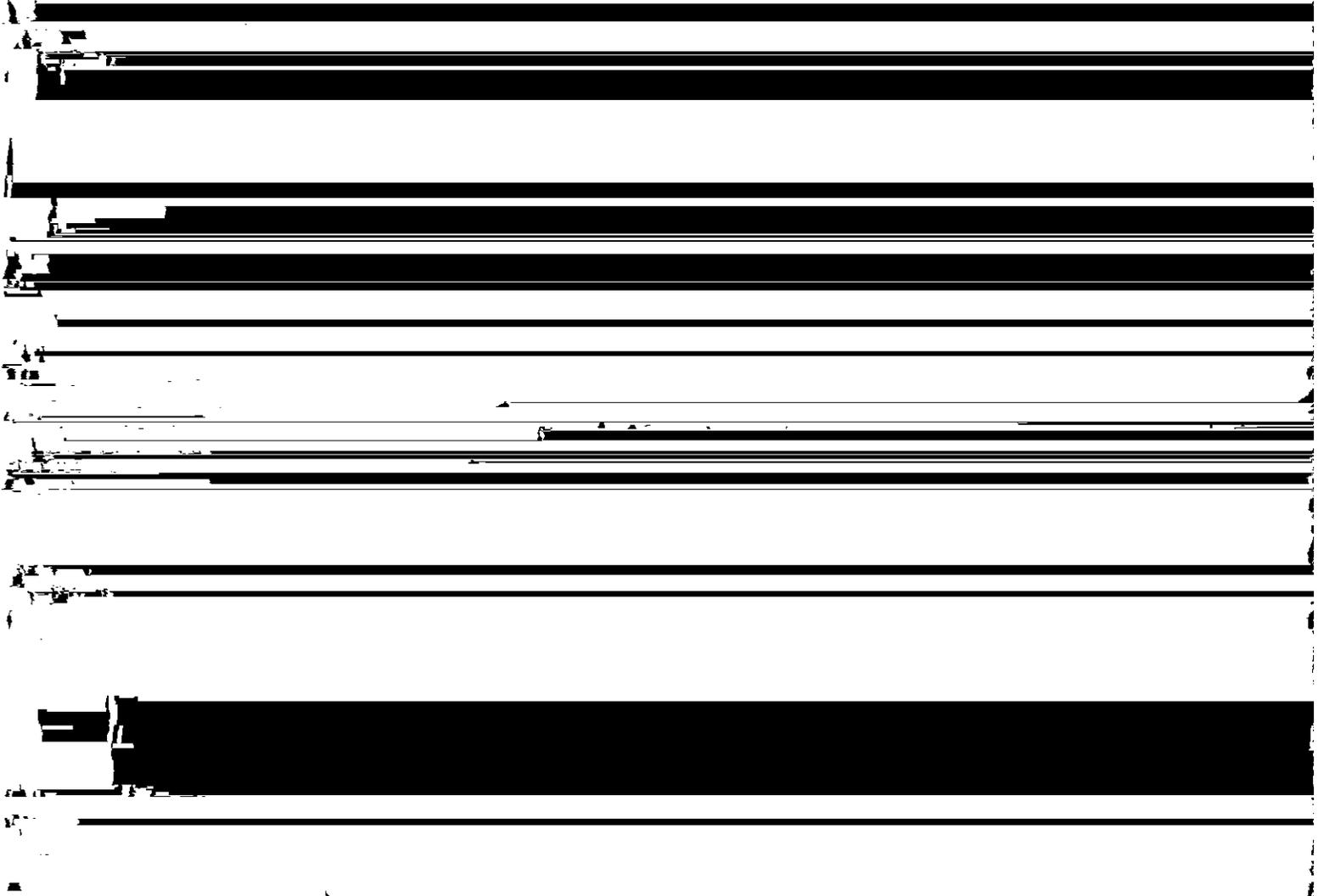
A.I.D.'s objective for this sector is improved women's reproductive health in areas targeted by its family planning strategy. AID/Brazil expects to achieve this objective through two major outputs: improvement of the quality of family planning delivery systems, and improvement of the sustainability of those systems in the target areas. This strategy is displayed graphically in the attached Objective Tree.

To achieve its objective of a successful completion of A.I.D. support to this area, AID/Brazil will move away from direct service delivery. Instead of focusing mainly on NGO service delivery and institutional sustainability, a broader perspective will be taken, working to improve the overall quality and sustainability of family planning delivery systems in target areas via integrated women's health services in the public (state/municipal government) sector and with HMOs and other private sector health service providers.

AID/Brazil will also encourage greater availability of low-cost contraceptives through the private sector (domestic production and imports) and will gradually phase-out AID-funded commodities over the strategy period.

2. Program Outputs and Program Activities

AID/Brazil's activities in the family planning area are supported through projects of the R&D Bureau's Office of Population. R&D/Population funds will continue to be the source of support for



Program Output C: Family Planning integrated into women's health services

Program Output D: Supportive policies, norms and regulations regarding family planning in place

The program will strive to achieve sustainability through the following activities:

- o supporting linkages of the public and PVO sectors for family planning service delivery;
- o providing incentives to the private sector to incorporate family planning in private health services;
- o helping to define diversified roles and funding sources for family planning NGOs;
- o technical assistance and training to improve public sector management of family planning services in target states (including needs assessment, planning, budgeting, and evaluation);
- o policy dialogue, using research studies and analyses; and
- o participation in donor program coordination.

c. Projects Supporting the Strategic Objective

The Implementation Plan for this program will detail specific project activities to be supported during the next seven years. This document will include an Evaluation Plan and set specific activity output goals which will serve as the basis for determining annual funding levels and continuation of each activity. The number of Cooperating Agencies working on this program will be reduced by one-half to two-thirds and the CAs will receive AID funds only for coordinated activities that support the Strategic Objectives.

d. Program Indicators

During the strategic planning exercise, AID/Brazil identified indicators for measurement of achievement of its family planning objective and principal outputs. These will be further developed and baseline data for these indicators will be established over the next six months with the assistance of the R&D/Pop Evaluation Project.

A. Objective: Women's reproductive health in target areas improved.

Indicators: 1) maternal mortality, and 2) number and rate of abortion complications treated at sentinel hospitals.

**Sub-Objective 1:** Improved quality of family planning delivery systems.

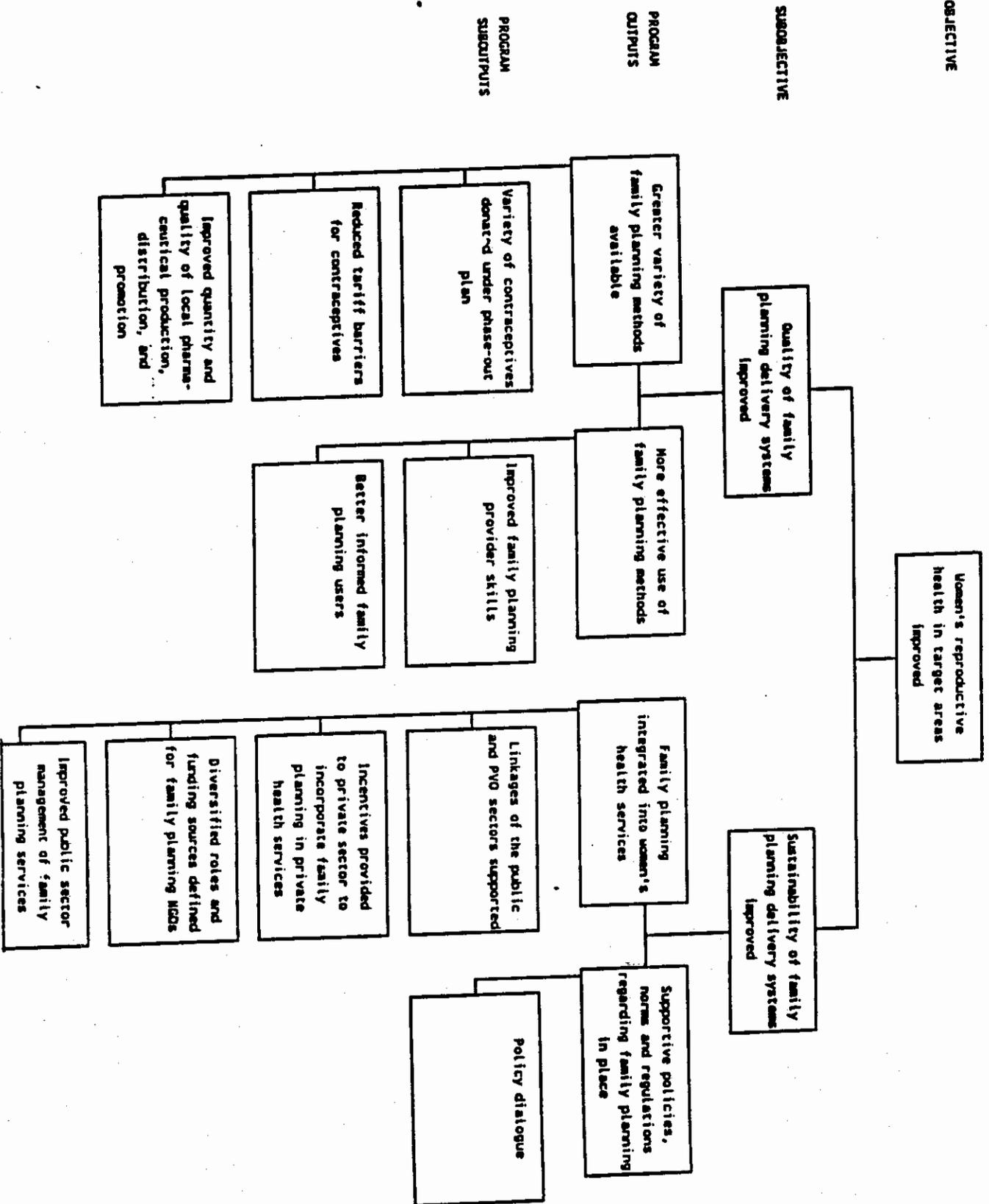
**Indicators:** a) contraceptive prevalence, by method (indicates variety); b) annual percentage of pregnant women among users, by method (failure rate which indicates effectiveness of use); and c) unmet demand.

**Sub-Objective 2:** Improved sustainability of family planning delivery systems.

**Indicators:** a) public and NGO providers have plans and budgets to fund family planning services without USG inputs by the year 2000, and b) family planning services offered as a routine part of privately funded health care without USG inputs by the year 2000.

**FAMILY PLANNING  
OBJECTIVE TREE**

SECTION I - B (2.b.)





**Table 2.2: STRATEGIC OBJECTIVE PROGRAM OVERVIEW**

Country: BRAZIL

Strategic Objective: Women's Reproductive Health Improved in Target Areas

Sub-Objective #1: Improved Quality of Family Planning Delivery Systems

Program Outputs	Activities	R&D/Pop Central Funds	Source of Support Title	No.
A) Greater variety of Family Planning Methods Available	1) Policy dialogue to reduce tariff barriers to contraceptive supplies and raw materials -- encouraging price and quality competition in the marketplace.			
	2) Provide incentives to local pharmaceutical companies to improve the quantity and quality of production			
B) More effective use of family planning methods	3) Training to improve family planning provider skills, both in reproductive health technology and in counselling and communications.			
	4) Development and dissemination of information, education, and communications materials to increase effective use of family planning methods.			



**SECTION I - B. Strategic Objectives****3. REDUCED INCIDENCE OF SEXUALLY TRANSMITTED HIV INFECTION  
IN TARGET GEOGRAPHIC AREAS****a. Narrative****1. Rationale for the Strategic Objective**

AID/Brazil's third strategic objective is designed to alleviate one of the most urgent problems confronting Brazil today, the rapid increase in infection with Human Immunodeficiency Virus (HIV), which causes Acquired Immunodeficiency Syndrome (AIDS). Brazil is currently ranked as having the fourth highest reported prevalence of AIDS in the world, with 21,000 reported cases and an estimated 700,000 people infected with HIV. Due to under-reporting, actual numbers of those infected may be two to three times greater. The AIDS epidemic poses a particular threat to development efforts because it principally strikes young, working-age populations, who are just beginning to be economically productive. Brazil has been designated an AIDS priority country by A.I.D.'s Bureau for Latin America and the Caribbean and R&D/Health.

The AIDS problem in Brazil is complicated by the size of the country, the large population, and its ethnic diversity. Because of these factors and the limited resources AID has to address this problem, target geographic areas and target populations have been carefully selected in order to have the maximum impact on sexual transmission of AIDS within resource constraints. The program will work in the states of Sao Paulo, Rio de Janeiro, and possibly in one major city in the Northeast, areas where HIV incidence is greatest. Target populations include men whose work removes them from their normal social structures (e.g., migrant factory workers, military personnel, long-distance truck drivers), persons with STDs, commercial sex workers, and men who have sex with men. These are the groups at the very highest risk for sexual transmission, and through whom the epidemic threatens the general population.

Constraints to reducing the incidence of sexually-transmitted HIV infection in Brazil include difficulties in production, importation, and distribution of condoms; existing sexual behaviors and attitudes; and a lack of treatment and prevention programs for other sexually transmitted diseases (STDs). The raw materials for condoms, and condoms themselves, have import duties which increase prices, reducing competition in price and quality, ultimately making them less available to the target populations. There are federal and state taxes on condoms which also increase prices. Distribution systems are not adequate, especially to reach the populations which are now at the highest risk. Condoms are not

commonly used by the populations most at risk, either for family planning, to avoid other STDs, or to prevent AIDS. The populations at risk often know the facts about AIDS transmission, but do not perceive themselves to be personally at risk, and therefore are not motivated to use condoms; limit partners; or recognize, seek treatment, nor comply with treatment of STDs. An additional constraint to behavior change is that there are new cohorts, each larger than the year before (due to previous rapid population growth), becoming sexually active, all of whom need information and motivation to avoid sexual transmission of HIV. In addition, current STD prevention and treatment programs in target areas are not adequate to reach the target populations. The program AID/Brazil plans will address these constraints.

A.I.D. has supported program for HIV/AIDS prevention in Brazil since 1987, with limited funding due to the country's MDC status. The R&D (formerly S&T) Health Office-funded AIDSTECH and AIDSCOM projects have worked in Brazil since 1988. The two projects supported a broad range of small NGO activities primarily in the states of Sao Paulo, Rio de Janeiro and Ceara.

AID/Brazil is currently launching a new five-year strategy for reducing the incidence of HIV, which draws on directions indicated by the previous A.I.D.-funded activities. The strategy is depicted in the attached objective tree. The strategy will focus resources on the geographic areas and populations at most risk, as detailed above.

This objective corresponds to the LAC Bureau objective III.C. Respond to epidemics that threaten the region.

## **2. Program Outputs and Program Activities**

AID/Brazil has identified two program outputs that will support the strategic objective: 1) Reduced risky sexual behaviors among target populations; and 2) Reduced incidence of sexually transmitted diseases (STDs) other than HIV in target areas. Lessons derived from A.I.D.'s previous activities indicate that interventions to produce behavioral change, linked to STD treatment services, will be critical in reducing HIV transmission. The two program outputs are supported by a number of sub-outputs and three principal program activities: a) dialogue for policy and regulatory reform; b) institution-strengthening activities; and c) research and evaluation on behavior change for target populations. More specific program activities are describe below.

a. Program Output#1: Reduced risky sexual behaviors among target populations

Reducing risky sexual behaviors will require efforts to increase condom use, reduce the number of sexual partners, and reduce the incidence of STDs among target populations. Program activities supporting this output will include interventions to 1) increase condom availability; and 2) improve information, education, and communications regarding sexual behavior provided to target populations. Specific program activities include the following:

Increasing condom distribution, promotion, and networks. Policy dialogue with federal and state authorities concerning tariffs and domestic taxes affecting condoms and raw materials for their production, as well as regulations affecting condom distribution, and other policy issues will be addressed as they arise. Developing new approaches to information, education, and communication (IE&C) interventions, through three pilot activities. These pilot activities will target HIV/AIDS prevention in schools, improve media reporting on AIDS, and involve the Catholic Church and other religious organizations in addressing partner reduction and AIDS - related social issues. Operations research and evaluation on behavior changes for the target populations.

b. Program Output #2: Reduced incidence of sexually transmitted diseases (STDs) other than HIV in target areas.

A strong relationship has been established between the presence of STDs such as syphilis and gonorrhea and the transmission of HIV. For this reason, AID/Brazil's strategy identifies reduced incidence of STDs as the second principal output required for achieving its strategic objective. The sub-output supporting this program output is improved management of STDs other than HIV in target areas. Activities supporting this output emphasize strengthening local capacity for controlling the spread of STDs through prevention and treatment programs. Specific activities supporting the program output include the following:

Communication and counseling for people with STDs and their partners, through prevention education and counseling at STD clinics, and through outreach programs.

Policy dialogue with state departments of health in encouraging a higher funding priority accorded to STD prevention and treatment.

In service training for STD clinics and pharmacists. Depending on availability of staff and funding, the program may also support financing of STD drugs and materials.

**c. Projects Supporting the Strategic Objective**

The principal source of support for this strategic objective will come from AIDSCAP, R&D Health's cooperative agreement with Family Health International. AIDSCAP's program in Brazil will be initiated in Spring 1992 from its Sao Paulo office, staffed by a Resident Advisor and a small management staff. Annual funding for activities supporting this objective is estimated at \$2.0 million, exclusive of commodities, to be provided via LAC/ITT (1.2 million) and R&D/H/AIDS (800,000).

AID/Brazil also plans to use \$75,000 annually in LAC/MDC, training funds for AIDS-related training managed by the Missions' Training contractor - SUNY/Albany and \$100,000 annually in LAC/ITT funds for seminars and workshops coordinated by the Partners of the Americas. The program will be sponsored by the new USDH Health and Population Officer and managed by an experienced FSN AIDS project officer.

**d. Program indicators**

During the strategic planning exercise, AID/Brazil identified indicators to measure achievement of the strategic objective and program outputs. The indicators are drawn from Agency-wide indicators that have been developed for AIDS programs. Plans for developing baselines and ongoing monitoring were also initiated during this exercise.

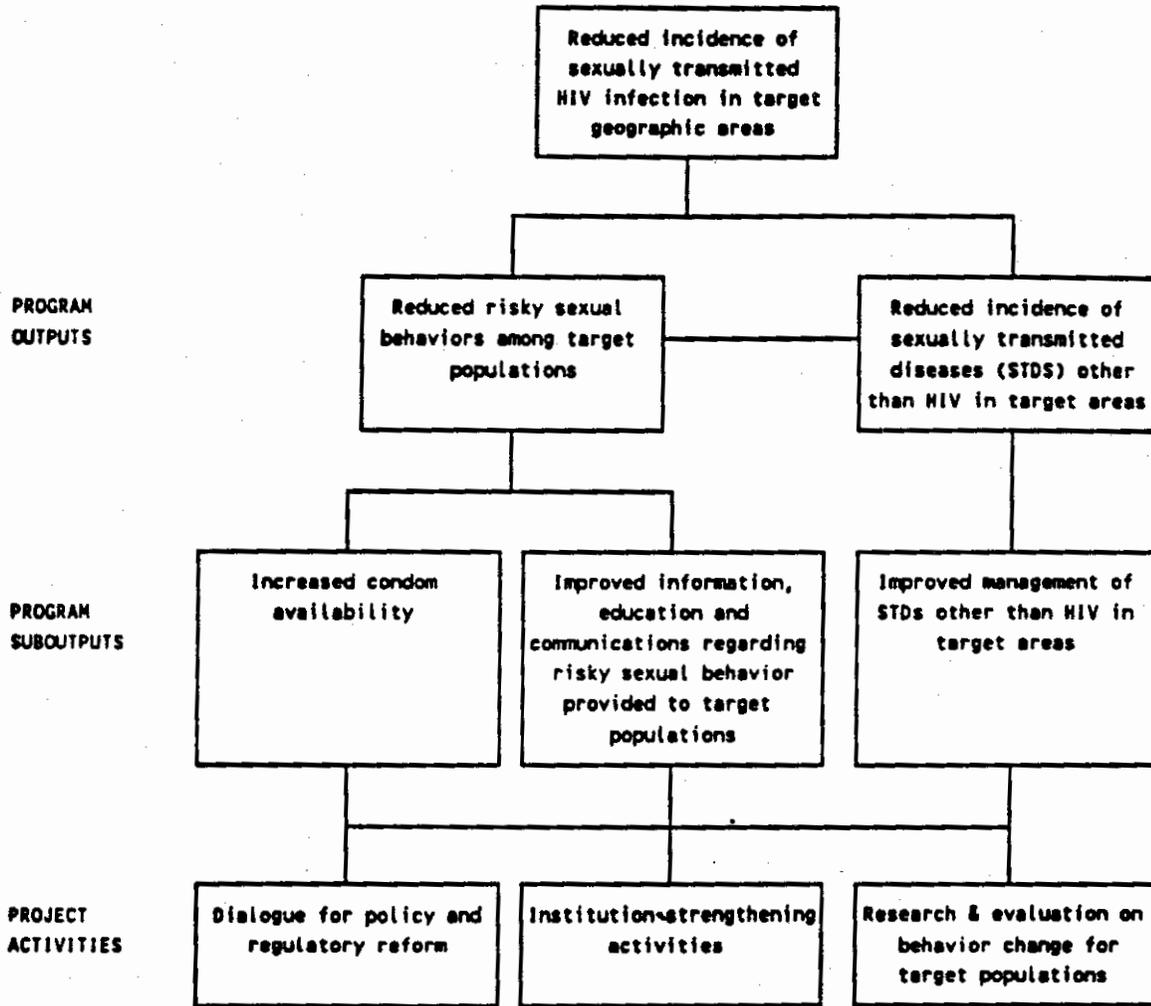
a. Strategic Objective: Reduced incidence of sexually transmitted HIV infection in target geographic areas. Indicator: HIV prevalence among women aged 15-24 years attending antenatal clinics in target areas.

b. Program Output: Reduced risky sexual behaviors among target populations Indicators: 1) Condom use 2) STD incidence 3) STD prevalence over time (females) 4) Number of partners reported.

c. Program Output: Reduced incidence of sexually transmitted diseases (STDs) other than HIV in target areas Indicators 1) STD incidence (males) 2) STD prevalence over time (females).

Baseline data for these indicators will be established by FHI/AIDSCAP during the next six months.

### AID/BRAZIL STRATEGIC OBJECTIVE AIDS



brazil.aid  
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3/11/92





**SECTION I - B.4. - OTHER ACTIVITIES**

Over the past two years, AID/Brazil has reduced sectors of AID involvement. Programs were terminated in Child Survival and Disaster Assistance and we no longer have management responsibility for Embassy-approved DOD excess property activities. As described in Section III we also plan to end AID funding for drug awareness over the next two years, except for a modest amount of training.

The AIDREP has carefully weighed the management and financial implications of proposals from local entities and AID/W to move into new program areas. Specifically, we feel we do not have the manpower to manage a new Energy program under GCC and that we should concentrate our limited GCC funds on a strong and growing GCC environment program. Also, despite the availability of regional LAC funds for cholera, we have encouraged applicants for aid to turn first to well-funded PAHO and GOB/MOH programs, given our staffing constraints.

On the other hand we hope to initiate or continue activities at a modest scale in two areas which are not described as Strategic Objectives in this document: Economic Policy Liberalization/Private Sector Development; and Democratic Initiatives.

**Economic Policy Liberalization:** LAC Economist Dr. James Elliott has just completed an initial assessment of Brazilian interest in AID-funded training and other assistance to support their economic restructuring objectives. Brazilian interest from public and private entities was overwhelmingly positive. Based on Embassy and LAC priorities we plan to select 4-5 major areas (e.g. external trade, privatization) where we would focus the very modest resources we can now devote to this new program area. \$53,000 in FY91 funds has been located to initiate the program. We are requesting additional resources for FY92 (\$153,000); FY93 (\$293,000) and FY94 (\$381,000) to provide broader support for our objectives. The program will be managed by the AIDREP with strong support from members of the Embassy ECON staff. If sufficient resources are available we would hope to describe this area as a Strategic Objective in a future Action Plan.

**Democratic Initiatives:** In last year's Action Plan the bureau approved in principle a new AOJ program in Juvenile Justice. That program, which will have separate DA and ESF funded components, is presently being designed to support pilot activities in the state of Rio de Janeiro. We anticipate a modest 2-year DA funded program (\$100,000 in both FYs 92 and 93) and a somewhat larger, although yet undesignated, ESF funded program funded by ARA and implemented by ICITAP. The DA program will be managed by the AIDREP with the assistance of the POL section human rights officer. The ESF program will be managed by POL.

The regionally-funded AIFLD program in Brazil is expected to continue at present levels (\$400,000) through FY94. This program, which supports LAC's Democratic Initiatives objectives, is centered in Sao Paulo and is managed on a day-to-day basis by the Labor Attache in the U.S. Consulate in Sao Paulo.

## SECTION II - PROGRAM PERFORMANCE

### A. GLOBAL CLIMATE CHANGE

AID Global Climate Change Program activities in Brazil were initiated in 1990 and were further consolidated in 1991. Program actions of WWF and the University of Florida were expanded while several new activities were initiated by new grantees: USDA/Forest Service, EPA, Environmental Law Institute, and GENESYS (Women in Development). R&D Bureau support to the GCC Program continued under Biodiversity Support Program grants to WWF, Woods Hole Research Center, and the Smithsonian Institution. In addition, the Bureau for Private Enterprise loaned \$2.5 million to Cultural Survival Enterprises for creation of international markets for non-timber rainforest products and establishment of a trading network. Training activities to support the GCC program are carried out under the coordination of SUNY/Albany.

AID/Brazil organized and conducted the first coordination meeting of the GCC Program grantees in Brasilia in December 1991. The agenda included: 1) summaries of progress to date of individual GCC grantees; 2) discussions on environmental impact assessment support actions and responsibilities; 3) approaches and channels for policy dialogue; 4) linkage between research, extension and demonstration projects and perspectives for future research support; and 5) training coordination and priorities for use of GCC training funds. The coordination meeting was a great success and served to: 1) further consolidate scattered individual grantee actions while focusing on the comparative advantage of each; 2) establish communication links amongst grantees; and 3) define more clearly program strategic objectives and program outputs.

Recent GCC Program progress and impacts, successes and shortfalls can be summarized as follows by program output area:

#### A) Environmentally viable alternatives to deforestation adopted.

\* The impact of GCC Program-supported activities was evident during the October 1991 World Bank Technical Mission to Brazil to negotiate details of the G-7 Pilot Program to Conserve the Brazilian Rain Forest. Discussions on the rehabilitation of degraded lands highlighted GCC-supported Woods Hole Research Center work as the leading effort in this area, in fact, the only development assistance agency-supported activity on degraded land restoration under way in the Amazon. It was also evident that GCC Program support to state level environmental agencies for establishing environmental criteria was seen as a precedent for possible complementary G-7 support.

\* Membership in the PESACRE group doubled in 1991; research strategies were defined; coordination of research proposal selection was streamlined; and 9 collaborative research projects were initiated.

\* Growing out of successful research collaboration between USDA/Forest Service (partially funded by the GCC Program), IBAMA, and IBGE, the First National Seminar on Forest Fires and Burning will be held in Brasilia April 6-10, 1992. Susceptibility of damaged ecosystems to wildfire and current understanding of land management alternatives to burning will be highlighted.

B) Policies supporting environmentally sound use of forests established and implemented.

\* A timber policy working group was formulated with participants from WWF, IMAZON, EMBRAPA/CPATU, the timber industry, and IBAMA. An initial meeting was held in October, 1991. Nomination of an IBAMA technician full time to this effort has lagged, but is expected now that the new interim Environmental Secretary has a more positive view on sustainable natural forest management.

\* A Guide to Environmental and Natural Resource Economics by Carollyne Hutter was prepared by the WWF Tropical Forestry Program to inform environmental and natural resource economics trainees about recent developments in this field.

\* The GCC Program sponsored a successful study tour of a diverse group of Brazilian economists with natural resource responsibilities to the United States in September 1991. Partners of the Americas organized the traveling seminar on the theme of natural resource economics.

C) An environmental constituency established in local communities.

\* WWF, through their Organizational Development Program held two proposal design workshops in Rio Branco and Belém in 1991, reaching 27 NGO's and 37 individuals; outlined development strategies with 14 conservation NGO's in the Amazon; and held a strategic management workshop for Fundação Vitória Amazônica in Manaus in January 1991.

\* Recently, a group of international organizations including ICRAF, UNDP, CIAT, and representatives of national research systems met in Porto Velho, Rondonia State to formulate a research and development strategy that provides viable alternatives to slash and burn agriculture on a worldwide basis. A study team that visited key regions in the Brazilian Amazon prior to the meeting concluded that some of the best collaborative work underway aimed at reducing

deforestation pressure is being carried out under the effective leadership of Woods Hole Research Center and IMAZON - both GCC Program supported activities. The GCC-supported PESACRE group (University of Florida grant) was cited as the best example of an integrated participatory research/extension program under way in the Western Amazon.

#### Program Evaluation

A request for proposals for GCC Program evaluation is under preparation by the LAC Bureau, with plans for issue of the first semi-annual implementation report in October 1992. A mid-term external evaluation is being planned for November 1993.

## SECTION II - PROGRAM PERFORMANCE

### B. FAMILY PLANNING

The USAID/Brazil Family Planning Strategy designed in 1987 cited the overall objective for the sector as: Expanding access to family planning methods to underserved populations in the Northeast of Brazil, the state of Minas Gerais, and the favelas of Rio de Janeiro and Sao Paulo. The basic objective of the strategy was to increase contraceptive prevalence in the Northeast region (where it was substantially lower than the national average) and among low-income, high-risk populations which demonstrated a significant unmet demand for family planning. It also emphasized promotion of sustainable family planning programs through increasing the self-sufficiency of the NGOs.

The strategy focused on providing technical assistance through several U.S. Cooperating Agencies to a variety of Brazilian family planning NGOs, a mode of operation which placed a very heavy management burden on USAID/Brazil. Program activities included training in education and clinical skills, development of IE&C materials, direct support for service provision, including expanding linkages with the public sector, technical assistance to Brazilian NGOs to improve management and institutional sustainability, and provision of contraceptive methods.

While recent data indicate that contraceptive prevalence rates remain relatively high, regional, socio-economic, and urban/rural differences are still pronounced. 1991 DHS data for the Northeast show that contraceptive prevalence has increased marginally, but that there is a significant shift from temporary methods to even-higher levels of female sterilization (done mainly in conjunction with Caesarean-Section births, with potential health risks). Women continue to rely almost exclusively on oral contraceptives, procured over-the-counter, as the primary temporary method of family planning. While not documented, it is estimated that abortion rates are very high, with abortion ranking as the second or third most commonly-used method to prevent births.

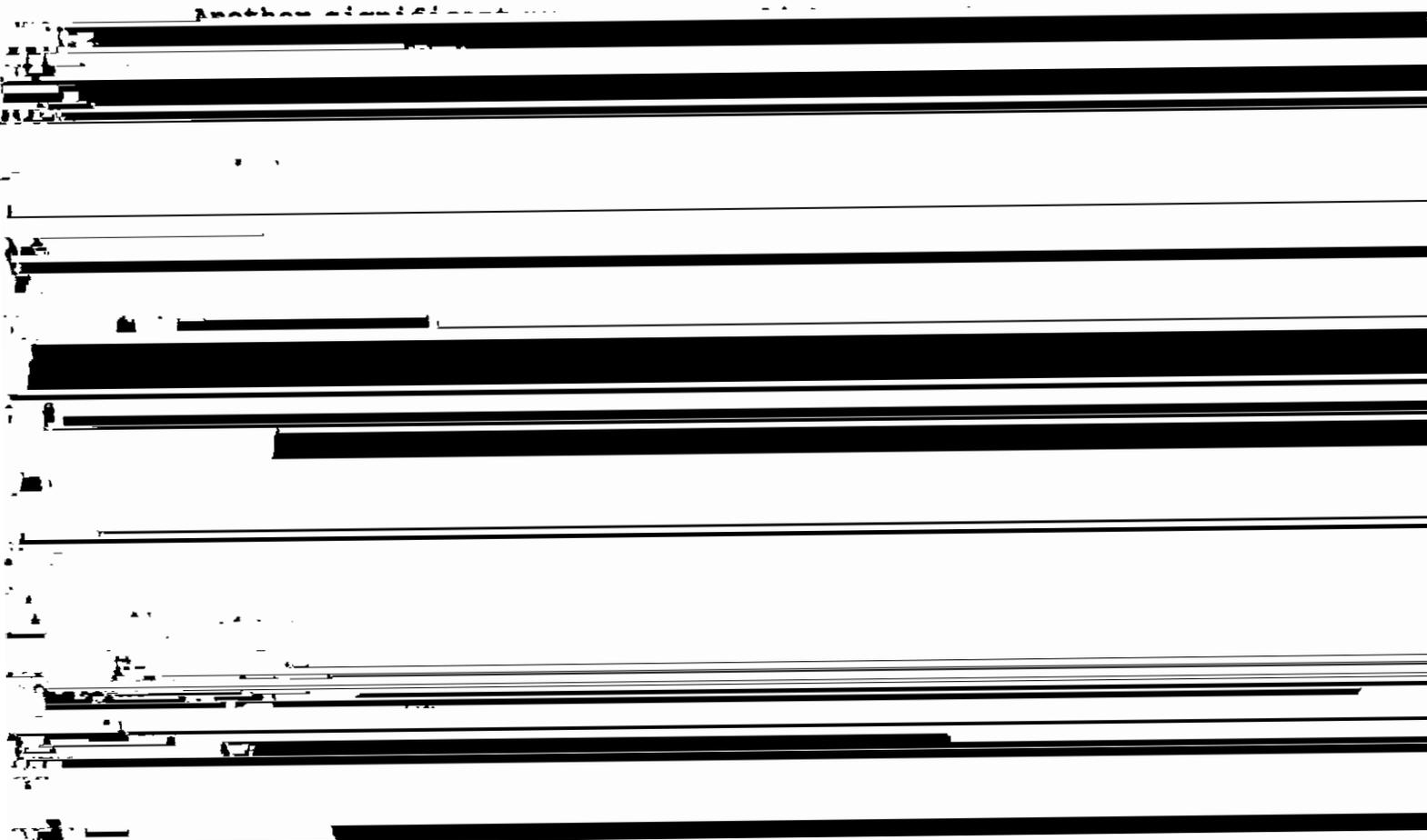
Despite the financial crises suffered by the NGOs as a result of the Brazilian government's economic reforms of March 1990 (the Collor Plan), several Brazilian family planning organizations were able to produce significant results in these areas during the past two years. Others have had serious management, financial, and institutional problems resulting in poor performance and lower output than anticipated.

Program Accomplishments

In general, there is an improved environment for family planning in Brazil, as many public sector health authorities, especially at the state and municipal levels, recognize the significant demand and unmet need for family planning within their communities. Concern over women's reproductive health, including gynecological cancer detection, AIDS/STD prevention, and the excessively-high rates of sterilization (as well as abortion), has resulted in an increased interest on the part of public officials and requests for the training, supervision, clinical/laboratory services, and family planning methods available from the local NGOs, especially BEMFAM, to assist the public sector to deliver family planning services within its Integrated Women's Health Program (PAISM).

Part of the willingness of public health authorities to expand family planning within their Maternal-Child Health (MCH) programs is a result of the highly-successful convenio (agreements) model which was pioneered by BEMFAM with AID support. Under these convenios, the public sector pays a service fee to the Brazilian NGO to train their health post personnel, including health agents, in basic family planning education and counseling, method provision, and appropriate clinical skills which allow them to integrate family planning into on-going MCH/primary health care services. NGO staff carry out follow-up monitoring and supervision of former trainees, and assure that family planning methods are available at all the health posts/clinics which are covered by the convenio. At the end of 1991, BEMFAM had convenios with over 90% of all the municipalities in six of the eight Northeastern states.

Another significant...



### Program Shortfalls

The March 1990 Collor Plan to reform the Brazilian economy, and the accompanying economic downturn/recession, made it extremely difficult for AID-supported Brazilian family planning NGOs to fulfill their plans for economic sustainability. In addition, public and private sector budgets were cut, revenues from convenios dropped significantly, and the dollar/cruzeiro exchange rate distortions meant that the purchasing power of AID and other donor support for Brazilian NGOs was reduced by more than a third. Once-promising income-generating schemes were unable to recruit clients for their services and the economic crisis severely limited most "enterprise" activities of the NGOs.

Although the 1987 strategy emphasized improved quality of services and a broadening of the method mix, Brazilian family planning NGOs have had limited success in increasing usage of other temporary methods, especially the IUD. This is largely due to lack of trained service delivery personnel, limited consumer knowledge about other methods available, and the many prejudices and misconceptions about the IUD within the medical community. Various training programs have been conducted to orient doctors, medical staff, and family planning providers about the benefits of the IUD as well as other temporary methods. There is still a need to expand information to dispel these prejudices. Increased practical training for doctors in IUD insertion, and the expansion of IUD services, especially post-partum/post-abortion programs, combined with extensive in-service training for public sector physicians, should improve understanding of, interest in, and usage of a broader range of temporary methods.

## SECTION II - PROGRAM PERFORMANCE

### C. AIDS PREVENTION

#### AIDSTECH/AIDSCOM

AID was the first donor to support AIDS prevention activities in Brazil, beginning in 1987, and has continued to play a leadership role in this sector. Modest (\$600,000/year) resources have been carefully targeted on pilot activities with NGOs and the private sector which, if successful, could later be expanded with other donor, GOB or private sector support. Until recently MOH AIDS programs have not been particularly effective (public education through mass media and the purchase of AZT drugs for AIDS treatment) and have not received our direct support.

The program has been operated in four key areas, which are:

#### 1. AIDS PREVENTION FOR HIGH RISK BEHAVIOR POPULATION SEGMENTS

These groups (e.g. homosexuals, prostitutes, street children, bisexuals, etc.) are a major factor in the transmission of HIV infection and are a particularly hard populations to reach through education and prophylaxis.

AIDSTECH funds have been used to support the pilot efforts of several NGOs which have access to high risk groups. For example, peer educators (multipliers) were trained to act as health agents among the prostitute community in Fortaleza and to provide AIDS information and condoms. More than 25,000 female prostitutes have benefitted from this \$50,000 (year) project which is now being scaled up with EEC, French Embassy and MOH support to other cities in Brazil.

In addition, every high risk population pilot program (\$50,000 year average) has an NGO strengthening component. AIDSCOM and AIDSTECH have trained internal staff and improved administrative systems of four major Brazilian NGOs working in this area: BEMFAM and ABEPF (Family Planning), CCII and IMPACT.

#### 2. AIDS PREVENTION IN THE WORKPLACE

AID is the only donor which has worked directly with the private sector in developing AIDS prevention programs, providing key inputs into privately financed programs capable of carrying the major program costs. The major project to date has been to assist the Sao Paulo State Federation of Industries (encompassing four million workers) to evaluate and improve their AIDS prevention programs. A second program working with a consortium of the country's eight largest banks is now underway.

### **3. SOCIAL MARKETING OF CONDOMS**

The objective of this program is to provide high-quality and low-price condoms to high-risk populations in priority areas. The "prudence" condom arrived in the Brazilian market last year under PSI auspices, and it is receiving acceptance among users and target-populations (e.g. prostitutes, homosexuals, truck drivers, bisexuals). However, expanded sales of this high quality, low-cost condoms are hampered by high tariffs, and Brazilian commercial pricing strategies.

### **4. TRAINING OF HEALTH PROFESSIONALS**

AID/Brazil trained more than 120 health professionals in AIDS prevention-related programs in 1991. Training is geared to support the three above program components and has been a very successful element of the AIDS program. The training programs, with strong follow-up components, are coordinated by SUNY for U.S. training and Partners for incountry seminars and workshops.

SECTION III - PORTFOLIO ANALYSIS

A. NEW ACTIVITY DESCRIPTION: Economic Policy Liberalization  
and Private Sector Development

Text to be provided by AID/Brazil after receipt of  
Dr. James Elliott's report on his recent TDY to Brazil.

## SECTION III - PORTFOLIO ANALYSIS

### B. New Initiatives: GCC

New program initiatives are anticipated for FY92 and FY93 in support of on-going Global Climate Change Program objectives. These project activities follow from recently-defined strategic program suboutputs: 1) processing and marketing of non-timber forest products; 2) environmental education in the Amazon; and 3) expanded research networking and policy dialogue by researchers on basin-wide forest alterations.

#### Processing and marketing of non-timber forest products

In certain settings in the Brazilian Amazon there has been rapid acceptance and adoption of environmentally sustainable agroforestry systems without due attention to processing and marketing of non-timber forest products. Often, local production becomes a reality long before market infrastructure is in place. Market surveys are beyond the grasp of individual producers. Settlers and long term forest dwellers, having overcome the harsh circumstances of frontier survival, beginning to master the complexity of production in mixed agroforestry systems, are often at the mercy of market mechanisms beyond their comprehension or control.

Timely outside advice to local communities can provide guidance on existing local and international markets and furnish technological assistance on local processing to upgrade product value. Empowerment of local producers to control their own destiny through facilitated access to market information is critical to local decisions that can reduce pressure on intact forests. Beyond the local communities, interventions are needed to create trading networks and to stimulate demand for certified sustainably produced rainforest products. Cultural Survival Enterprises is best placed to take the lead in coordinating AID-funded processing and marketing activities because of its experience in this area and its growing presence in Brazil.

#### Environmental education in the Amazon

Most AID interventions aimed at reducing deforestation are directed ultimately to Amazon forest dwellers. However, the majority of Amazon residents and voters who elect the Governors, Senators, and Deputies from Amazon states are city dwellers. Building an educated local constituency for environmentally acceptable development in the Amazon region is key to the sustainability of local and regional efforts. Support for development of carefully designed curriculum materials on the value of forest resources and the sustainable development approach could help bridge the gap between urban dwellers and the forest that surrounds and sustains them.

Informal environmental education activities could also stimulate rural and urban youth interest in their forest heritage and promote career opportunities in innovative, sustainable forest use. USAID/Brazil intends to include supplementary environmental education activities supportive of GCC Program objectives as a new initiative for FY93.

Expanded research networking and policy dialogue on basin-wide forest alterations

The AID GCC Program concentrates most of its resources on local level pilot and demonstration projects and applied research activities in the Amazon. Basic research in the Amazon on global climate change issues is being funded by NSF, NASA, IGBP, and Rockefeller Foundation in collaboration with several US universities and research institutions. A very positive attitude exists in Brazil towards the acknowledged US comparative advantage in science and technology, especially when truly collaborative institutional and individual relationships are established. The storehouse of knowledge and trained individuals emerging from these collaborative research programs are critically needed to provide rational land use options basin-wide for Brazilian decision makers. On the other hand, scientists whose work setting often distances them from policy makers need to be made aware of steps in the decision making process and channels for policy change.

Links between key researchers and policy makers are not in place, but can be cultivated by AID intervention at low cost relative to the considerable sums being invested in Amazon research by basic science funding institutions. Support of research networking and scientific exchanges would enable Amazon-based researchers to deal locally with complex global issues that are receiving much attention and funding from outside Brazil. The GCC Program recognizes that solutions to Amazon problems must be based in the democratic process within Brazilian society itself, credible local scientific institutions having a key role to play in this process. Specific actions proposed include: 1) support for research networking including participation in policy task forces; 2) exchange of researchers and trainees with backstopping institutions in the US; and 3) computer access to alternative land use information data bases.

**SECTION III - PORTFOLIO ANALYSIS****C. New Initiatives: Family Planning - PROFIT Project Activities**

A major focus of USAID/Brazil's new Family Planning Strategy is to take advantage of the dynamic Brazilian private commercial sector and its already-significant role in providing family planning services and methods. The new R&D/Pop PROFIT Project will be the principal means of stimulating greater private sector involvement and commitment to expanded family planning services and method supply.

The PROFIT Project proposes to work in Brazil in two sectors: 1) reproductive health care services, with an emphasis on family planning; and 2) contraceptive commodity distribution and production. In both areas, PROFIT would seek to assist private sector groups in Brazil to make high-quality family planning services and products increasingly available through sustainable institutional arrangements. Many of the implementation details and feasibility questions have yet to be defined and/or clarified. However, the following outlines two initial activities PROFIT hopes to support.

Proposing a franchise arrangement for initial capital investments, PROFIT Project funds could assist private sector health providers (HMOs, group medicine organizations, and health insurance companies) to expand family planning services in their currently-existing clinics and medical services, establishing a network of women's health care clinics where fees for services would be reimbursed by the Brazilian investors.

The project could also work with the pharmaceutical industry to broaden the range of commercially-available contraceptive methods produced, distributed, and promoted in Brazil. PROFIT might act simply as a broker in this type of activity, rather than a direct investor. Further analysis will have to be done to assess the economic viability and marketability of commodities, as well as the potential impact of changes in the Brazilian economic situation.

Since the focus of this activity would be mainly on the private sector, USAID/Brazil is concerned that current U.S. legislative restrictions on USG foreign assistance to Brazil be modified to allow AID to work more freely with this key sector.

**Section III (D): Terminating Activities: Drug Awareness (Drugcom)**

AID/Brazil has used small amounts of LAC/ITT funds in past years (approx. \$150,000/yr) to utilize DRUGCOM technical assistance to support drug awareness initiatives in Brazil. These funds have complemented SUNY and PARTNERS funds used for U.S. and in-country training.

Drugcom activities have been focused on the states of Sao Paulo and Ceara. Heavy doses of technical assistance from DRUGCOM and from the AID/B drug awareness project manager have been used to help bring together professionals from several disciplines to a) help structure a 2-week training course in the U.S. for their group; b) prepare a group "Action Plan" at the end of their training; and c) prepare drug awareness project proposals based on the Action Plan for submission to donors and state/local government officials for funding. This process has worked successfully through stage (c) in Sao Paulo with the very active participation of the Governor's wife. Three consolidated project proposals have been prepared. Funding is anticipated from the State of Sao Paulo, UNDCP, the French Embassy and 1-2 private Brazilian foundations. A limited amount of AID funding, via DRUGCOM, may also be required.

A similar group has been formed in Ceara. Again the wife of that state's governor is personally involved. She will attend the final week of the 2-week U.S. training course in May, 1992 and will support stage (c) activities. DRUGCOM technical assistance will continue to be provided through stage (c) and perhaps to support some project proposals.

The Minister of Education learned of the success of the Sao Paulo model and sponsored with UNDCP a 4-day workshop in late March encouraging 6 other states to take similar initiatives. It appears likely that GOB federal resources (CONFEM), UNDCP, state government funds and other bilateral donor funds will be available to support this new program. In addition, USG resources are available from INM and USIS to support the program.

AID/B feels that the model we have initiated has now taken root and will be supported from other funding sources. At the same time, with a growing AIDS program, the FSN Drug Awareness project manager will need to devote his full attention to the AIDS program. Finally, LAC/ITT resources for Brazil are tight and are not likely to increase in the near future.

Therefore, with some anxiety, we plan to gradually phase out buy-ins to DRUGCOM (\$150,000 in FY92; \$100,000 in FY93; and \$50 in FY94; \$0 in FY95). These remaining funds would be used to ensure needed support for the Sao Paulo and Ceara activities we have initiated and to encourage replication of their successful model. Our training funds, managed by SUNY and PARTNERS, would be used to support other USG agency drug awareness priorities and GOB/other donor programs which show particular merit.

**SECTION IV: RESOURCE REQUIREMENTS****A. Narrative**

**Program:** Overall resource requirements will increase modestly over the next two years as outlined in Table III. Increases are requested for Economic Policy and Private Sector activities (initially training), AIDS and Global Climate Change. The Population account will be held essentially constant through the first 2-3 years of the new 7-year strategy despite strong pressures from many Cooperating Agencies to increase their funding levels. Drug Education activities will be phased over to other donors and the GOB. No new Democratic Initiatives programs will be initiated nor will Energy activities be undertaken due primarily to limited AID/Brazil staffing and management capability. We intend to continue to hold the line on the numerous requests to approve central bureau funded activities in agriculture, child survival, municipal development and disaster assistance, among others.

**Operational Expenses:** A thorough Internal Control Review was carried out in October 1991 with the assistance of the LAC/DR Director and USAID/Lima Controller staff. A major conclusion of the ICR was that the AID/Brazil office was unusually vulnerable because the AIDREP was the only USDH and he needed to travel approximately 40% of his time. In his absence no experienced staffer who knew AID procedures was available to manage the office and supervise contract and FSN staffers -- all of whom had less than two years experience with AID.

After a thorough analysis of the program and its management constraints, the AIDREP requested Ambassadorial approval for a) conversion of the Family Planning PSC to a USDH position and b) two new FSN positions -- senior program/training officer and health/pop project assistant. The positions were approved in February 1992 and recruitment is now underway to fill these posts.

Conversion of the program-funded Family Planning PSC to a USDH has significant OE budget implications. The OE budget projections in Table IV demonstrate our attempt to absorb the new OE costs of this position (Assignment to post, new residential furniture, rent, utilities, R&R, COLA, operational travel -- estimated at \$28,000 in FY 92, without increasing our OE request from the FY 92 level of \$235,000 (\*). Offsetting reductions are planned by minimizing Mission-funded TDYs from AID/W and regional support offices and by tightly managing office operational expenses. In addition unpopular savings have been sustained due to elimination of a 10% differential and reduction of COLA from 15% to 10% for the pleasure of living in Brasilia. (described by John Updike as like "living in a computer").

(\*) FAAS costs of \$40,000 are additional.

AID/Brazil has taken several other steps to try to manage its program with minimal costs. Our OE costs (excepting USDH salaries) are approximately 2% of the program budget we manage. The two newly created FSN positions will be program funded and only 5 of the offices 10 staff positions will be OE funded (two secretaries, two USDH, one financial assistant). The AIDREP has enlisted an Embassy political officer to manage the Juvenile Justice program and the Embassy economic office staff to help manage the Economic policy and Private Sector program.

Nevertheless our ability to hold the line on OE funding will depend in part on exogenous factors. As Brazil has deregulated price controls costs of services have soared. Domestic airline travel is now twice the per mile cost of US domestic travel. Telephone, fax and postage charges have ballooned and utility charges have been raised to equal utility costs.

However, the major variable in our OE calculus is likely to be the movement of the dollar/cruzeiro exchange rate. Over the past year the exchange rate has roughly moved in pace with Brazil's still rampant inflation (20-25%/month) and dollar costs for FSN and contractor salaries and other local costs have not increased significantly. If this were to change with an overvalued cruzeiro in the midst of continuing high inflation, our estimates in this document for OE expenditures would very quickly become outdated.

Finally, we would note that we have included in the budget modest funding for upgrading our 1960s telephone system and our aging, outmoded and very limited ADP hardware. For example the two secretaries, the AID rep and the financial assistance now share a single workstation (a Wang 2256) and a daisywheel printer. Our goal is to provide internally compatible workstations for all employees by FY 93.

Staffing: A staffing pattern for the AID/Brazil office is provided as attachment A. No new positions are projected beyond those recently approved by the Ambassador.

Non-Federal Audits: The AID/B office has extremely limited capacity to review and comment upon the results of non-Federal audits as proposed for entities receiving funding in excess of \$ 25,000. Project officers and the financial assistant have no previous experience in this area and the office will need to rely primarily on the USAID/Lima Controller's office for assistance in reviewing the adequacy of these audits and in establishing requirements for improving grantee/contractor financial management.

Although the new audit requirements have been translated into Spanish by the IG they have not been translated into Portuguese which hampers their utility and effectiveness in Brazil, especially among small NGOs.

SUMMARY PROGRAM FUNDING TABLE  
AID/BRAZIL  
(THOUSANDS OF US DOLLARS)

DESCRIPTION	UNLIQUIDATED OBLIGATIONS 2/28/92	OYB		REQUEST FY 1993	PLAN FY1994
		FY 1992			
<b>A. LAC FUNDS</b>					
<b>ITT:</b>					
-AIDS (Buy-in to AIDSCAP)	0	1,200	1,200	1,200	
-AIDS (FNPSFC)	0	70	70	75	
-Drug Educ (Buy-in to DrugCom)	250	150	100	50	
-Partners of the Americas	1,037	250	250	250	
-Econ Policy/Private Sector	0	0	100	150	
Total ITT:		<u>1,670</u>	<u>1,720</u>	<u>1,725</u>	
<b>ADC TRAINING:</b>					
-SUNY CONTRACT		128			
AIDS		116	116	116	
DRUGS		73	77	77	
Economic Policy/PS		153	193	231	
Democratic Initiatives		116	116	116	
Environment (non-GCC)		39	39	38	
- FNPSFC TRAINING OFFICER	23	50	55	60	
Total ADC Training:		<u>547</u>	<u>596</u>	<u>658</u>	
<b>ADMINISTRATION OF JUSTICE/DEMOCRATIC INITIATIVES</b>					
-Juvenile Justice (DA)	0	100	100	0	
-AIFLD	n/a	400	400	400	
Total :	0	<u>500</u>	<u>500</u>	<u>400</u>	
PD&S(Juvenile Justice Design-Partners contract):	0	30	0	0	

DESCRIPTION

UNLIQUIDATED OBLIGATIONS      OYB      REQUEST      PLAN  
2/28/92      FY 1992      FY 1993      FY1994

GLOBAL CLIMATE CHANGE

Ongoing Activities:

-World Wildlife Fund	867	875	875	875
-University of Florida	531	410	410	410
-USDA/Forest Service	120	300	250	250
-EPA	50	0	50	50
-Environmental Law Institute	81	240	250	250
-Genesys (WID Buy-in)	296	0	0	0
-Sunny Contract (Environmental Training Transfer	224	250	250	250
-USPSC Contract	34	100	105	100
-FNPSC Contract	17	60	63	67
-GCC (Support):	0	50	50	50
Subtotal ongoing activities:		<u>2,285</u>	<u>2,303</u>	<u>2,312</u>

New Activities

-Processing/Marketing of Extractive Products	0	350	450	500
-Environment Education	0	0	50	100
-Agroforestry Research Networking	0	0	50	100
-GCC Program Evaluation Contract	0	100	100	100
Subtotal new activities:		<u>450</u>	<u>650</u>	<u>800</u>
Total for GCC:		<u>2,735</u>	<u>2,953</u>	<u>3,112</u>
Total LAC Funds:		<u>5,482</u>	<u>5,769</u>	<u>5,895</u>

B. OTHER BUREAU FUNDS

- <u>R&amp;D/POP Central Funds</u>	n/a	7,700	7,500	7,400
- R&D/H/AIDS	n/a	800	800	800
- ARA/ICITAP (Juvenile Justice)	0	n/a	n/a	n/a
- R&D/Biological Support Program (GCC)				
a. WWF	n/a	425	425	425
b. Woods Hole Institute	n/a	170	170	170
c. Smithsonian	n/a	75	75	75
Total Other Bureau Funds:		<u>9,170</u>	<u>8,970</u>	<u>8,870</u>

GRAND TOTAL

14,652      14,739      14,765  
=====

(plus condoms) (plus condoms)(plus condoms)

SECTION IV - C

BUDGET PLAN CODE

OE BUDGET ESTIMATES  
(DOLLARS IN THOUSANDS)

MISSION NAME: USAID/BRAZIL

Expense Category	HUNC. CODE	FY 1992			FY 1993			FY 1994			FY 1995		
		Dollars	Total	Units	Dollars	Total	Unit	Dollars	Total	Units	Dollars	Total	Units
U.S. Direct Hire													
Other salary	U105												
Education Allowance	U106	9.68	9.68	2	12.50	12.50	2	13.75	13.75	2	15.12	15.12	2
COLA	U108	4.60	4.60	2	6.10	6.10	2	7.95	7.95	2	8.35	8.35	2
Other Benefits	U110												
Post Assignment Trv	U111	2.41	2.41	2	-0-	-0-		-0-	-0-		2.65	2.65	2
Post Assignment Frt	U112	9.86	9.86	2	-0-	-0-	4	3.15	3.15	2	1.50	1.50	2
Home Leave Trv	U113	-0-	-0-		6.40	6.40		3.15	3.15		-0-	-0-	
Home Leave Freight:	U114				1.50	1.50		1.50	1.50				
Education Trv	U115												
R&R Trv	U116	6.50	6.50	4	3.09	3.09	2	6.30	6.30	4	3.40	3.40	2
Other Trv	U117	3.20	3.20		3.20	3.20		3.20	3.20		3.20	3.20	
Subtotal:		36.25	36.25		32.79	32.79		35.85	35.85		34.22	34.22	
F.N. Direct Hire													
F.N. Basic Salary	U201	17.02	17.02	1	18.79	18.79	1	19.72	19.72	1	20.71	20.71	1
Overtime/Holiday	U202												
All Other Code 11 FN	U203												
All Other Code 12 FN	U204	8.00	8.00	1	8.80	8.80	1	9.24	9.24	1	9.70	9.70	1
Benefit-Former FN	U205												
Subtotal:		25.02	25.02	1	27.59	27.59		28.96	28.96		30.41	30.41	
Contract Personnel													
US PSC Sal/Benefit	U302												
All Other US PSC Costs	U303												
FN PSC Sal/Benefit	U304	18.90	18.90	2	23.86	23.86	2	25.06	25.06	2	26.34	26.34	2
All Other FN USC Costs	U305	12.00	12.00	2	16.11	16.11	2	16.92	16.92	2	16.51	16.51	2
Manpower Contract	U306												
Subtotal:		30.90	30.90	2	39.97	39.97		41.98	41.98		42.85	42.85	

Expense Category	FUNC. CODE	FY 1992		FY 1993		FY 1994		FY 1995	
		Dollars	Total	Dollars	Total	Dollars	Total	Dollars	Total
Housing									
Res, Rent	U401	-0-	-0-	13.00	13.00	13.60	13.60	14.10	14.10
Res Utilities	U402	3.68	3.68	4.10	4.10	4.30	4.30	4.52	4.52
M & R	U403	0.90	0.90	2.40	2.40	2.52	2.52	2.66	2.66
LQA	U404								
Security Guards	U407								
ORE	U408								
Residence Allowance	U409	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Representation Allowance	U410	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Subtotal:		6.08	6.08	21.00	21.00	21.92	21.92	22.78	22.78
Office Operation									
Office Rent	U501								
Office Utilities	U502								
Bldg Maint. & Renov	U503								
Equip, Maint & Renov	U508	0.70	0.70	0.50	0.50	0.50	0.50	0.50	0.50
Communication	U509	32.28	32.28	30.45	30.45	31.97	31.97	33.00	33.00
Security Guards	U510								
Printing	U511								
Site Visit-Mission	U513	9.00	9.00	24.00	24.00	25.17	25.17	25.70	25.70
Site Visit-AID/W	U514	8.70	8.70	6.88	6.88	7.20	7.20	7.60	7.60
Info Meeting	U515								
Training	U516	3.17	3.17	3.44	3.44	3.62	3.62	3.80	3.80
Conference Attendance	U517	-0-	-0-	6.88	6.88	7.23	7.23	7.60	7.60
Other Ops Travel	U518	32.50	32.50	20.66	20.66	22.62	22.62	23.75	23.75
Supplies	U519	2.40	2.40	2.50	2.50	2.60	2.60	2.76	2.76
FAAS	U520	40.00	40.00	40.00	40.00	42.00	42.00	44.00	44.00
Cont Consult Svcs	U521								
Cont Mgt/Prof Svcs	U522								
Spec Studies	U523								
AUP H/W Leases/Miant	U525								
AUP S/W Leases/Miant	U526								
Trans/Freight US00	U598								
All Other Cont Svcs	U599	6.00	6.00	10.00	10.00	10.50	10.50	11.00	11.00
Subtotal:		134.75	134.75	145.31	145.31	153.41	153.41	159.71	159.71

Expense Category	FUNC. CODE	FY 1992		FY 1993		FY 1994		FY 1995	
		Dollars	Units	Dollars	Unit	Dollars	Units	Dollars	Units
<b>NXF Procurement</b>									
Vehicles	U601	13.00	1						
Res. Furniture	U602	13.50	5						
Res. Equipment	U603	2.50	4						
Office Furniture	U604	-0-							
Office Equipment	U605	3.00	1	3.00	4				
Other Equipment	U606								
ADP H/W Purchase	U607			4.34	1	5.00	1	5.00	1
ADP S/W Purchase	U608			1.00					
Trans/Freight U600	U698	10.00		8.34	8.34	5.00		2.00	
Subtotal:		42.00		8.34		5.00		2.00	
Total OE Expense Budget:		275.00		275.00		287.12		291.97	
Less FAAS:		(40.00)		(40.00)		(42.00)		(44.00)	
Total Budget After FAAS:		235.00		235.00		245.12		247.30	

## SECTION V - AIDREP-INITIATED ISSUES

**Issue:** Whether to establish a formal bilateral relationship with the GOB if present legislative restrictions are abolished.

**Discussion:** Brazil is on the verge of meeting two conditions which for many years have been the basis of F.A.A.. legislative restrictions on aid to Brazil. 1) Brooke and 620(q): A Paris Club agreement rescheduling official debt was signed in February, 1992. Once a bilateral U.S.-Brazil rescheduling agreement is negotiated and signed (possibly within a matter of months), Brooke and 620(q) will no longer apply to Brazil. 2) Glenn-Symington (Nuclear Safeguards) - Sections 669 and 670. In December, 1991, Brazilian President Collor signed an agreement with the IAEA permitting IAEA inspection of Brazilian nuclear facilities. Once ratified by the Brazilian Congress, it is likely that this agreement will meet the intent of Glenn Symington. Ratification is likely to occur during CY92.

Once these restrictions are lifted, the U.S. may choose to enter into a formal bilateral aid relationship with the GOB. Under such a relationship all AID assistance (to NGOs and private sector groups as well as government to government aid) would require prior review and approval by the Brazilian Ministry of Foreign Affairs (Itamaraty), specifically its ABC (Brazilian Agency for Cooperation) Division.

To date the USAID program in Brazil has not been bedeviled by the delays and restrictions reported by other donors who must work through ABC. In fact, these donors are openly envious of USAIDs: a) ability to respond quickly to needs; b) ability to work easily with NGOs and the private sector; and c) flexibility in moving funds between subprojects to meet changing program needs. Although "notwithstanding" clauses for AIDS and GCC would allow AID/B to establish bilateral agreements with the GOB in these areas now, we have chosen not to do so. This has not hampered our ability to provide training or technical assistance to the MOH and IBAMA.

The AIDREP does not anticipate that the size or composition of the AID program in Brazil will change substantially when the above legal restrictions are lifted. Establishing a bilateral relationship with the GOB would provide few advantages to our program. On the other hand, it would probably substantially increase the program management workload for our small staff and would reduce our ability to work with NGOs and the private sector. Assistance to GOB ministries, when desired, can continue to be provided via agreements between AID-funded contractors and grantees, rather than through direct bilateral agreements.

**Recommendation:** AID/B should not seek to establish a formal bilateral aid relationship with the GOB if present legislative restrictions are lifted.

## SECTION VI - TROPICAL FORESTS AND BIODIVERSITY ANALYSIS

Recent generally positive developments in government policy towards environmental protection in the Amazon tropical forest region reflect a realization that the policies of the past have led to short-term benefits but greater long-term costs. There is also growing public sentiment inside Brazil in favor of protecting the resources contained in the country's rainforests. At the same time, there is an increasingly vocal population in the Amazon region that is demanding that local and national politicians address their legitimate desire for an improved standard of living. The federal government, which in the past backed substantial investments in the region, faces the difficult task of trying to balance these concerns in the context of generally weak federal, state, and local environmental institutions, and little available scientific knowledge to support the sustainable development approach.

Extensive policy and institutional changes in favor of protection of tropical forests and their biodiversity have occurred in Brazil over the last few years. Significant changes include:

- 1) abandonment or scaling back of colonization and road-building projects;
- 2) mandating of environmental impact studies prior to commencement of all major public and private investments;
- 3) curtailment of agricultural tax exemptions;
- 4) reduction or elimination of price and credit subsidies for Amazon agriculture and livestock production;
- 5) cutbacks and delays in public investment programs; and
- 6) creation of a federal Environmental Secretariat (SEMAM) reporting directly to the President. In addition, the general economic slowdown and fiscal austerity in Brazil has reduced the capacity and willingness of the federal government to intervene in the region to stimulate development.

Deforestation peaked in 1987 when the combination of an unusually dry year and uncertainty over future land legislation caused an unprecedented amount of forest clearing and burning, in the order of 22,000 square kilometers for the Brazilian Amazon. Deforestation as interpreted from Landsat-TM images by Brazil's Space Research Institute (INPE) decreased to 14,000 square kilometers in 1990 and was further reduced to 11,000 square kilometers in 1991 in spite of extended dry conditions that favored burning.

In December 1991 in Geneva, members of the G-7 countries gave a vote of confidence to the Government of Brazil's progress in consolidating environmental protection activities for the Amazon region, unanimously endorsing a proposal for a comprehensive pilot program to conserve the world's largest rainforest. Financial pledges of \$250 million made at the meeting will be applied in a first phase to safeguard biodiversity and protect parks, reserves and indigenous areas in the Amazon; strengthen state and federal environmental agencies; develop and disseminate scientific knowledge and applied technologies for sustainable use of forest resources; and for environmental surveillance and monitoring.

The USAID/Brazil Global Climate Change Advisors participated in the World Bank Technical Mission to Brazil in late October 1991 to refine proposed project activities in the program areas of rehabilitation of degraded areas and strengthening state environmental agencies. GCC Program staff in Brazil will track first phase developments of the G-7 Pilot Program as well as the \$117 million PNMA (National Environmental Program) World Bank institution strengthening program for IBAMA, and the Interamerican Development Bank's \$22 million FNMA (National Environmental Fund) to assure complementarity with AID program efforts to conserve tropical forests and preserve biodiversity.

## SECTION VII - EVALUATION PLAN AND SCHEDULE

As discussed in the Action Plan text, baseline data will be gathered for the three strategic objectives over the next six months. Evaluation schedules for these program components are estimated as follows:

## 1. Global Climate Change

- (a) Indicators established by  
Reg. Evaluation Contractor - 4th quarter FY 92
- (b) 1st Program Evaluation with  
Reg. Evaluation Contractor - 4th quarter FY 93
- (c) Project Evaluations
  - University of Florida - 3rd quarter FY 92
  - World Wildlife Fund - 1st quarter FY 93
  - USDA/Forest Service - 2nd quarter FY 93
  - Genesys - 2nd quarter FY 93
  - Environmental Law Institute - 1st quarter FY 94

## 2. Family Planning

- (a) Indicators established -  
baseline survey - 4th quarter FY 92
- (b) First Program Evaluation - 4th quarter FY 94

## 3. AIDS

- (a) Indicators established by  
FHI/AIDSCAP - 4th quarter FY 92
- (b) First Program Evaluation - 3rd quarter FY 94

## 4. Drug Awareness (DRUGCOM)

- 1st quarter FY 93

## ATTACHMENT A

AID/BRAZIL  
STAFFING PATTERN

<u>Office of the Director</u>		<u>Status</u>	<u>Funding Source</u>	<u>Responsibilities</u>
AIDREP	USDH	filled	OE	Overall Mgt., Econ, Pol, DI
Senior Program/Training Off.	PSC	new	MDC Trg	Trg, Prog
Financial Assistant	FSN	filled	OE	
Sec/Translator	PSC	filled	OE	
 <u>POP/HEALTH Office</u>				
Pop and Health Officer	USDH	new	OE	Pop/AIDS
AIDS Project Officer	PSC	filled	ITT	AIDS
Project Assistant	PSC	new	R&D/Pop	Pop support
 <u>Environment Office</u>				
Environment Advisor	PSC(US)	filled	GCC	GCC
Environment Advisor	PSC(Braz)	filled	GCC	GCC
Secretary	PSC	filled	OE	GCC support