

**TECHNICAL COOPERATION PROGRAM FOR THE DEVELOPMENT OF  
ECOTURISM IN THE LEGAL AMAZON REGION  
(PROECOTUR)  
(BR-0208)**

**EXECUTIVE SUMMARY**

<b>Borrower and</b>	The Federative Republic of Brazil (GoB).		
<b>Guarantor:</b>			
<b>Executing agency:</b>	Secretariat of Coordination of the Amazon of the Ministry of Environment (SCA/MMA).		
<b>Amount and source:</b>	IDB: (OC)	US\$	11.0 million
	Local:	US\$	2.8 million
	Total:	US\$	13.8 million
<b>Financial terms and conditions:</b>	Amortization Period:	20	Years
	Grace Period:	3	Years
	Disbursement Period:	3	Years
	Interest Rate:	Variable	
	Supervision and Inspection:	1.00	%
	Credit Fee:	0.75	%
	Currency:	Basket of currencies	
<b>Objectives:</b>	The program's goal is to undertake sustainable ecotourism development in the Brazilian Amazon region. The purpose is to establish the appropriate framework and to implement the necessary conditions, including required investments, which will allow the nine Brazilian Amazonian States (Acre, Amapá, Amazonas, Maranhão, Mato Grosso, Pará, Rondônia, Roraima and Tocantins) to prepare themselves to responsibly and soundly manage their selected ecotourism areas.		
<b>Description:</b>	The proposed PROECOTUR is essentially a pre-investment stage for a major effort in developing ecotourism in the country's Amazon region. It is intended to provide essential pre-requisites for the successful implementation of a second stage. These pre-requisites address the need for careful planning of selected ecotourism localities, assessment of market demand, the establishment of a legal framework, basic training needs, technical assistance and key required investments at the local level. Simultaneously, this stage of the PROECOTUR will prepare the		

main elements for a second stage based on the results to be obtained from the planning studies to be undertaken at different levels (Amazon, state and prioritized localities), and in the preparation of pre and feasibility studies of public investments required in the prioritized localities of the region.

The proposed technical cooperation loan program has been structured into three main components and related activities as follows:

**Ecotourism planning for the Amazon region (US\$5,0 million):**

(i) Strategy for sustainable tourism in the Amazon region: a strategic assessment will be carried out to determine the range, key issues, opportunities and constraints that should be considered in assessing the tourism development potential in this region. This study should clearly articulate the key sustainable tourism development opportunities and constraints facing the region during the next 10 years, and serve as a guide for future investment decisions; (ii) Ecotourism state and local strategies: ecotourism strategies for the states of Acre, Amapá and Roraima will be undertaken. The strategies to be formulated will include specific recommendations for high potential, sustainable ecotourism developments in selected geographic areas that will be used to guide future investments. In addition, specific local ecotourism strategies will be undertaken to assess potential sustainable developments opportunities in 4 new localities that may become new priority ecotourism areas; and (iii) Studies for the management and/or establishment of protected areas: (mostly existing national parks and new state parks). Management plans will be prepared to clearly define the demand for compatible and incompatible uses of those new areas. In addition, these plans will define small-scale infrastructure that will be required in and around the established areas.

**Ecotourism planning of prioritized areas (US\$3,1 million):** (i) Planning of the prioritized ecotourism areas: the purpose is to prepare and implement in each prioritized area, the master plans that will allow the Brazilian Amazonian states of Amazonas, Mato Grosso, Pará, Rondônia, and Tocantins to responsibly and manage their selected ecotourism areas (the planning of the selected area in the State of Maranhão is already in place); (ii) Key investments for prioritized ecotourism areas: it has been determined that there is a need to finance small pilot infrastructure works that are considered necessary and vital for the protection of existing natural areas and/or to facilitate ecotourism reception during the proposed program's execution period; and (iii) Studies of

infrastructure projects for a second stage of investments: this activity has the purpose of financing the pre-feasibility and feasibility studies that have been identified for eventual project financing.

**Strengthening of Ecotourism (US\$1,7 million):** (i) Technical advisory services for ecotourism businesses: these services will be provided to existing ecotourism businesses that are currently operating in the program's selected ecotourism areas. Best practices in business management, bio-diversity conservation, and the use of appropriate technologies, such as the use of clean energy, will be disseminated; (iii) Training in ecotourism: Modular training programs and customized training courses have been developed for environmental education, ecotourism training, ecotourism business opportunities, and awareness-building by far, one of the most important key activities to be undertaken with the proposed operation. The target population for these courses ranges from state and municipal public officials that are assigned to the development of tourism, to the private operators and local inhabitants of the selected ecotourist areas.

Special and periodic publications will be produced and given ample distribution among interested parties. Additionally, a public information system will be implemented.

The program will finance the establishment of a technical executing unit at the federal level, and co-executing units at the state level. Equipment will also be provided to facilitate the execution of the program's activities.

**Relationship of  
Project in Bank's  
country and  
sector strategy:**

The proposed program is consistent with the Bank's country and sector lending strategy, in that it continues to support the GoB's environmental strategy by focusing on the need for: (i) direct investment in better conservation and recuperation of natural resources, including protection of the most vulnerable ecosystems; (ii) strengthening the institutional framework, the environmental licensing system and regulatory framework, particularly at the state level; and (iii) greater involvement of civil society and the private sector in conservation activities.

**Environmental/  
Social review:**

No negative environmental or social impacts are expected in this first stage of the Program. Instead, several significant benefits will be achieved, such as with the establishment of new protected areas and the optimized management of some 8 million hectares of national and state parks in the Amazon. All due precautions were taken to make sure that studies and projects for the second stage be coherent with Brazil's environmental regulations and Bank's policies. Environmental and social impact assessments will be financed by the Bank. Local people interests are warranted by a

three level participatory process that is already in place since early project preparation.

CESI (TRG 28/99, July 27, 1999) recommendations included a clearer sequency of strategies and feasibility studies, environmental regulation capacity benchmarks in the logical framework, considerations regarding indigenous populations and public participation. All recommendations were incorporated in this document and will be duly implemented (§ 1.22, 4.3 - 4.7).

**Benefits:**

With the proposed program, the Bank will contribute towards the establishment of a win-win scenario, whereby all interest groups in the Amazon region will benefit from a well planned and sustained ecotourism development associated with a paramount effort to conserve environment and natural resources, especially bio-diversity, in selected localities. The program benefits will be fully achieved in the mid-term, when the second stage will be undertaken. However, even in this pre-investment stage some direct and indirect benefits will be available for several segments of the population. Among direct beneficiaries there will be nearly 1,000 participants in training activities, including state and municipal public servants, private investors and owners of tourism enterprises and local rural leaders. The activity related to technical assistance for ecotourism businesses will directly benefit several thousand persons related or interested in ecotourism and tourism in the Amazon. Moreover, many more will benefit by having direct access to publications and the program's web site whereby all the results of the studies and program activities will be available to the public.

The first stage will primarily benefit the population located in the 16 municipalities of the 9 participating states, where people would be offered more employment and better services. They will also benefit from a real possibility of major improvements in services during the early stage of the second stage, especially in localities where water, sanitation and solid waste collection services and treatment are being considered. The establishment of new protected areas and the preparation of management plans, tourism planning, and infrastructure projects for federal and state protected areas will benefit all Brazilians, by better conserving precious natural resources and contributing to the preservation of major bio-geo-chemical cycles.

**Risks:**

Risk: the recognized limited institutional capacity of the environmental and tourism state agencies, and at the municipal level in the Amazon region. Mitigation: the local stakeholders that are already instituted as local steering committees (*Grupos*

*Técnicos Operacionais--GTOs*) in the prioritized ecotourist areas and sites, together with the establishment and active participation of the state advisory/steering committees (*Grupo Técnico Coordenador Estadual-GTC- Estadual*), will create a check and balance system that will put pressure on the state and municipal officials to effectively respond to the timely implementation of the program's activities.

Risk: there is a possibility that once the studies related to the establishment of management plans for both federal and state protected areas are completed and ready to be implemented, there will not be sufficient budget and staff resources to make these plans operational. Mitigation: the legal framework study to be undertaken to establish functional and sustainable environmental ecological tourist sites will recommend the corrective measures that need to be adopted to allow private sector participation through awarding of concessions for both ecotourism operations and infrastructure arrangements. A new law, presently under review in the Brazilian Congress will allow each protected area, as well as the parks authority, to have more independence in the management of income (entrance fees, service concessions, etc.) and expenditures (operational costs). Also the possibility of having NGOs managing protected areas, an activity that is already taken place in Brazil, should provide more alternatives for sound and sustainable environmental management of natural resources.

**Special  
contractual  
clauses:**

a. Prior to first disbursement, the borrower will have to demonstrate to the Bank's satisfaction that:

- (i) The program's executing unit (UGP), has been adequately staffed and equipped (¶ 3.4);
- (ii) An agreement has been signed between the MMA and at least 7 of the participating states, whereby such states pledge their commitment to the program's objectives and to participate in the execution of the program's activities, including the establishment and adequate staffing of a state executing unit (NGP) and an advisory state level committee (GTC-Estadual) (¶ 3.9).
- (iii) a specific arrangement to be signed between MMA and the *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* (IBAMA) to commit the latter's support for monitoring the preparation of the management plans that will allow public use of federal protected areas to be created with the proposed program (¶3.12).

b. Other conditions:

- (i) To participate in the execution of the program's activities, the state shall sign, within 3 months after loan contract signature, the Agreement indicated in item (a) (ii) above (¶ 3.9).
- (ii) Prior to any transfer of the program's resources for the pilot infrastructure works, the borrower will have to demonstrate to the Bank's satisfaction that an agreement has been signed between MMA and the participating State, whereby the State commits itself to: (a) contribute 10% of the total cost of the selected pilot infrastructure works with the stipulation that, if that amount is not made available by the twelfth month of the program's execution period, those resources will be allocated to other activities within the program; (b) maintain, staff and operate the new facilities; and (c) adopt the necessary measures to legally establish the state parks and protected areas to be implemented with the proposed program, and the designation of qualified personnel to protect those areas once established (¶ 3.10)
- (iii) The total cost of the pilot infrastructure works may not exceed 10 per cent of the Bank's financing, and the total cost of each individual infrastructure work financed by the Bank may not exceed the equivalent of US\$ 80,000 (¶ 3.10).
- (iv) The methodology to be applied in the preparation of the pre-feasibility and feasibility studies will be agreed upon between the Bank and the borrower prior to the tendering of the studies (¶ 3.10)
- (v) The Bank will recognize additional counterpart, in kind, to be utilized in the Program (¶ 2.23).

**Poverty-targeting and social sector classification:**

This operation does not qualify as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (Document AB-1704).

**Exceptions to Bank policy:**

None.

**Procurement:**

The Bank's procedures will be applied in the procurement of goods, works, and services (¶ 3.13).

## **I. FRAME OF REFERENCE**

### **A. The Brazilian Amazon**

- 1.1 The Brazilian Amazon, officially known as the Legal Amazon covers roughly 5 million km<sup>2</sup>, more than half of Brazil's territory. The Brazilian Legal Amazon comprises the states of Acre, Amapá, Amazonas, Maranhão, Mato Grosso (northern part of the state), Pará, Rondônia, Roraima, and Tocantins. Some 20 million people are living in the region. Nearly one third of the world's fresh water cycles through its river system, it conserves the largest portion of the world's bio-diversity and is a major player regarding carbon fixation and world's climate change. Deforestation and forest degradation have already impacted on large portions of the Amazon. In Brazil, deforestation has already occurred on more than 13% of the original forested area. In the 1992-1994 period, the average annual deforestation was 14,896 km<sup>2</sup>, and, in the 1995-1996 period, it increased to 18,161 km<sup>2</sup>. More seriously, in early 1998, El Niño induced fires in farmland and forests and impacted on a large area, especially in the state of Roraima.
- 1.2 Efforts to protect this rich biological heritage have been difficult. Brazil's federal enforced protected areas, such as national parks, reserves and research stations, cover only 1.85% of the Brazilian territory. There are other categories of protected areas where the direct exploitation of natural resources is authorized. Additionally, several states have established protected areas, which are also both strictly protected and open to direct exploitation. In the Legal Amazon, the federal enforced protected areas cover 3.2% of the territory. The majority of Amazon national parks were established in the 1970s, and 1980s. They are located in areas where bio-diversity is larger and often unique. Moreover, their land surface is often large, and in most cases, they protect exceptionally beautiful landscapes and wildlife, of great value and interest for ecotourism. However, since they are widely scattered in remote locations, virtually all are understaffed, and almost all require management plans and infrastructure to allow visitation. As a result, protection of parks and reserves throughout the Amazon region has become an important issue to promote ecotourism.
- 1.3 During the 1980s the international community became increasingly concerned about the rapid destruction of Brazil's rain forests. People and organizations worldwide and in Brazil called for measures to slow down and even stop the destruction. Many Brazilians, however, see the Amazon not just as a natural resource to be protected for mankind, but also as a source of wealth that could be developed for the regional population and the country as a whole. Thus efforts are being made to harmonize the conservation and sustainable development of rain forest resources. Among these efforts, at the request of the Group of Seven industrial countries (G-7), a Pilot Program for the Conservation of the Brazilian Rain Forest was launched, in 1990 (PPG7). This program, which is administered by the Ministry of the Environment (MMA) together with the World Bank, supports a series of pilot projects that have recently begun to contribute in a manner consistent with the sustainable development of the area's natural and human resources, and provide lessons for designing future activities such as tropical forest conservation and development, protecting biodiversity, and targeting

local communities in promoting sustainable development. To further these efforts, the Government of Brazil (GoB) initiated the preparation of the proposed operation as part of its strategy to preserve and protect the huge genetic and natural resources of the Amazon tropical rain forest and to demonstrate that through ecotourism both economic and environmental objectives can be pursued at the same time in the Amazon region.

## **B. PROECOTUR's context**

### **1. Institutional and policy setting**

- 1.4 As a result of the Rio Summit (United Nations Conference on Environment and Development, June 1992), the GoB developed an **Integrated National Policy for the Legal Amazon**, which was approved by the National Council for the Legal Amazon (CONAMAZ) on July 14, 1995. This policy statement is a decisive step in balancing socioeconomic growth with the natural resources conservation of the region. It provides a basic strategy, establishes principles, defines goals and proposes methods and instruments for action. The policy statement is currently being translated into plans, programs and projects. To develop the policy, a highly participatory process took place between various spheres of government and the most representative voices of society, leaders, politicians, scientists and citizens, who were mobilized in the defense of the public interest in the environmental area.
- 1.5 Within the framework of the National Policy the GoB has empowered the MMA, by means of its Secretariat of Coordination of the Affairs of the Legal Amazon (SCA), to be the lead ministry responsible for promoting, coordinating, supervising and monitoring all pertinent actions related to the socioeconomic development of the Amazon region. To this end, among other measures, a high-level federal inter-sectorial council (*Comitê de Coordenação Interinstitucional- CCI*) has been formed, to undertake the proposed program as a sustainable alternative for the development of the Brazilian Amazon region. The SCA has also established a technical coordinating group for ecotourism development in the Amazon (*Grupo Técnico de Coordenação do Ecoturismo para Amazônia Legal – GTC-Amazônia*), and organized local steering committees (*Grupos Técnicos Operacionais – GTOs*) at the prioritized selected areas. To promote ecotourism on a national level, the MMA instrumented the preparation of a national framework (*Diretrizes para uma Política Nacional de Ecoturismo*). Thus, PROECOTUR is the first effort to implement this strategy.
- 1.6 GoB's support for PROECOTUR is directly related to its commitment to promote non-farming employment, private sector development, and the goals of several international conventions (as those related to biodiversity and global climate changes). Ecotourism is considered viable to significantly reduce the rate of deforestation by providing more employment within the standing forests jointly with sustainable forest management and extractive activities. PROECOTUR is an effort of the Ministry of the Environment that is not limited to the proposed Bank's financing. For the past four years the MMA has been applying funds to this Program and will continue to do so in the future in addition to the counterpart resources directly allocated to the proposed program. PROECOTUR is one of the *Brazil in Action* federal government programs and as such, is receiving high priority.



## **2. Ecotourism: its concept and potential**

- 1.7 For the purpose of this Program, ecotourism is defined as an enlightening travel experience that contributes to conservation of the ecosystem while respecting the cultural integrity of host communities. This definition provided by the Canadian Environmental Advisory Committee (Ecotourism in Canada, Ottawa, 1992), sets the stage for a win-win scenario for all interest groups: if the resource base is protected, the economic benefits associated with the use of those resources will be sustainable. Therefore, the host populations will be able to benefit as long as the resources are protected, and tourists visiting the area will be able to enjoy the “natural experience” associated with a well-managed environment. In the Amazon context, well planned ecotourism is considered the best available economic alternative to the current exploitation pattern that is leading to an unprecedented rate of deforestation with little short term social and economic benefits. Ecotourism may become an essential tool of sustainable development in the Amazon, providing economic growth and social improvement while maintaining forests and the bio-diversity they contain. On the other hand, if not planned and executed within an appropriate framework, tourism and ecotourism can generate unwanted negative environmental and social impacts.
- 1.8 Ecotourism is one of the fastest growing segments within the tourism industry. There are no definitive figures regarding the current size of the global ecotourism market. However, the World Tourism Organization found that adventure travel (of which ecotourism is a large part) captured almost 10% of the global market in 1989, and that it was increasing at a rate of 30% per year. Economists are increasingly seeing ecotourism as one of the most viable and least harmful ways of developing successful local economies in fragile ecosystems.
- 1.9 Despite its potential, ecotourism is largely undeveloped in much of Latin America (with exceptions such as Costa Rica, and specific attractions such as Galapagos). At present, there is a marked lack of information in most of Latin America regarding the real nature of ecotourism, its markets, effective product development requirements, marketing strategies and economic benefits. In order to respond to this emerging opportunity, the Bank commissioned several studies to provide background on ecotourism development in the MERCOSUR countries, particularly in Argentina and Brazil. The principal conclusions of the studies consist in increasing the awareness of ecotourism as an important segment of the tourist industry and its potential to facilitate environmental conservation and management of protected areas; development of national ecotourism strategies; strengthening of the institutional and legal/regulatory frameworks; strengthening linkages with other sectors; support of land use planning and tenure/land security programs; and promote greater collaboration between industry and its partners in government, NGOs and local communities.

**3. Main constraints facing the development of ecotourism in the Amazon region.**

**a) The undeveloped supply side of Brazil's Amazon ecotourism product.**

- 1.10 The resource/attraction base for ecotourism in the Amazon is vast and diverse, falling within a range of different ecosystems and supplemented by a range of cultural attractions, including many unique indigenous populations. Moreover, the region has a vast network of national and state parks and other protected areas. Given its vast hydrographic basin made up of thousands of lakes, rivers, waterfalls, channels, and undisturbed rainforests that sustain enormous numbers of plant, bird and animal species, the region offers excellent opportunities for an array of ecotourism activities, such as: (i) scenic beauty river cruising through undisturbed pristine/primary forested areas; (ii) river snorkeling and white-water rafting; (iii) hiking and rock climbing; (iv) catch-and-release sport fishing; (v) waterfalls visits; (vi) flora, bird and animal watching; (vii) scientific expeditions; (viii) visits to archeological sites; and (ix) visits to local homes, farms and ranches as ecotourism destinations.
- 1.11 Although the potential for these ecotourism activities is remarkably high, it is almost totally undeveloped as a "tourism product". Moreover, there is an acute lack of *know how* when it comes to identifying the potential of these products and to develop them as products. As an example, the majority of the parks, are in need of management plans, visitation strategies and reception facilities to allow tourist visitation, thus diminishing the on going serious threat of illegal hunting, logging, agriculture and mining.
- 1.12 Ecotourism related development in the Amazon region has been limited to the operation of jungle lodges, some river cruises and tour agencies in and around the city of Manaus in the state of Amazonas, and in the municipality of Alta Floresta located in the northern part of the state of Mato Grosso. In terms of tourist flows to both of these areas, the large majority of the visitors are Brazilian. The foreign tourists who have visited, are very few and have stayed, on the average, only 3.3 days. Ecotourism as practiced in Brazil, is still a disorderly activity driven almost exclusively by market opportunities, overlooking the generation of hoped-for socio-economic and environmental benefits and jeopardizing the image of Brazil's ecotourism product in domestic and international markets.

**b) Image-building and appropriate marketing**

- 1.13 Despite its size, international attractiveness and significant potential, the tourism industry in Brazil has experienced years of relative stagnation. Rio de Janeiro, which receives some 65 - 70% of total international arrivals, has always been synonymous with Brazil's image, but because it is growingly unsafe, the country has suffered an impact on its overall tourism. Consequently, investment in infrastructure, in new hotels and in upgrading an aging tourism product has generally lagged, affecting the competitiveness of Brazil's overall tourism market. In terms of its economic impact, tourism has traditionally played a relatively minor role. Hyper-inflation, high internal travel costs, and a generally unsettled economy have been deterrents to both tourists and investors. However, with Brazil's recent

currency devaluation and airline industry deregulation, the country should become more accessible to foreign tourists and to mega-hotel and resort-development investment companies who are in the midst of concentrating their investment programs in the traditional development and promotion of beach areas for sun-sea-sand tourism.

- 1.14 The international perception of Brazil is still a “sun-sea-sand” tourist destination. Thus, there is a need to change this perception for one that can market the different ecosystems that Brazil offers. Before this perception can be altered with a serious marketing campaign program, a market analysis needs to be undertaken. In the case of ecotourism, it is necessary to consider what types of products are most suitable and marketable for ecotourists, where are these potential ecotourists located and, what kind of ecotourists should the activities be designed for. Generally, ecotourists are willing to spend much more than the mass market to experience unique and authentic experiences of natural and cultural history.

**c) Environmental education, training, business opportunities, and awareness-building about ecotourism**

- 1.15 Based on project preparation studies, it is clear that there are low levels of awareness regarding the need to act responsibly and conserve resources. Therefore, there is an urgent need to educate and train local people as much as tour, hotel, and restaurant operators, as well as state and municipal staff. In correlating environmental awareness and ecotourism it is necessary to explain what are the resources that are of interest to tourists, how to handle and cater to the need of the tourists, what opportunities exist, and how to be involved in ecotourism activities.
- 1.16 Institutional capacity-building, technical assistance and the overall formation of people at different levels will be one of the key building blocks required for the development of a responsible and sustainable nature-based tourism industry in Brazil. The more the local residents understand the value of sustainable ecotourism, the easier it will be for both municipal and state authorities to gain support for conservation programs and long term planning for rational use of natural resources.

**d) Protected areas**

- 1.17 Without preserved natural areas there is little chance for a sustainable ecotourism industry. Otherwise, the ecotourism activities to be carried out will eventually fail because the areas on which they depend will no longer be attractive, and will not be able to compete with areas better planned and preserved. A variety of public and private protected areas is possible, from national and state parks to the municipal protected areas. There is an interesting national program which provides incentives (Rural Land Tax exemptions) for private landowners to establish “private natural heritage reserves” (*RPPNs-Reserva Particular de Patrimônio Natural*). This program allows for the creation of private protected areas that are officially recognized by the government as being important for protection of bio-diversity and unique landscapes. Such designations can serve to provide required expansion of areas under protection and act as buffer zones adjacent to parks and reserves.
- 1.18 Brazil has a network of national parks, administered by the *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* (IBAMA), and many state

parks, which are under the jurisdiction of the individual state governments. Most parks located in the Amazon experience very low levels of tourist visitation because they lack the basic facilities for the reception of tourists, such as washrooms, walkways, trails, parking, etc., as well as well-trained guides and, in some cases, there are no management plans. To compound this situation, there are an insufficient number of park rangers to control, monitor, and enforce park regulations. Moreover, there is a need to train these personnel in modern park management. IBAMA is trying to address this situation studying the possibility of awarding the concession of services within the parks to the private sector as practiced in the United States and other countries. In sum, there is a great need to provide a coordinated approach to ecotourism in the parks and protected areas.

**e) Lack of supporting infrastructure**

- 1.19 Lack or inadequacy of tourism infrastructure are major constraints in the Amazon region. It ranges from the shortage of simple facilities to receive tourists in airport terminals (space, clean spacious bathrooms, waiting lounges, and clear bi-lingual directions) to the municipal gateways that lead into the national and state parks (access roads, fluvial piers to allow boat access, and trails and resting areas within the parks). Another constraint is the shortage of basic water and sanitation facilities at these gateways. In terms of lodgings and accommodations for ecotourism throughout the region, although a number of “jungle lodges” exist, very few are of a quality and characteristics corresponding to ecotourism. Moreover, there is a need to provide technical assistance to existing and future lodge operators in the use of appropriate technologies for both sanitation and, especially, clean energy (diesel generators are still the predominant source for electric energy in these lodges. Some operators have a limited use of photovoltaic solar panels). Education about successful models from elsewhere is needed, along with training of entrepreneurs as to how to develop a “eco” operation in accordance with a widely agreed upon set of best management practices.
- 1.20 Another constraint hampering the development of the industry in the region is the limited airline accessibility to the potential ecotourist destinations. This situation is bound to improve given the recent airline market deregulation, the elimination of price travel controls (as a result of the Real’s devaluation), and federal efforts to move part of international flights to hubs closer to the markets, increase more direct flights, and open up the market for charter flights.

**C. PROECOTUR’s strategy**

- 1.21 PROECOTUR, from the beginning, has been designed and organized through a highly participatory process, whereby representatives from civil society organizations, the private sector (tour, hotel and restaurant operators), and officials from various spheres of government have been mobilized and integrated into steering working groups at the local level (*Grupos Técnicos Operacionais- GTOs*), and into a coordinating inter-disciplinary technical group (*Grupo Técnico de Coordenação da Amazônia - GTC-Amazônia*). Thus, stakeholder analysis, broad based consultations, and other forms of participation have enriched the project dialogue and helped to create consensus about project design. This, in itself, will facilitate project implementation, monitoring and evaluation.

- 1.22 The proposed PROECOTUR is essentially a pre-investment stage for a major effort in developing ecotourism in the country's Amazon region. It is intended to provide essential pre-requisites for the successful implementation of a second stage. These pre-requisites, as stated in the previous sections, address the need for careful planning of selected ecotourism areas, assessment of market demand, the establishment of a legal framework, basic training, technical assistance and key investments at the local level. This first stage of the PROECOTUR will prepare the main elements for a second stage based on the results from the planning studies to be undertaken at different levels (Amazon, state and prioritized localities), and from the pre-feasibility and feasibility studies of public investments required in the prioritized localities of the region. It is foreseen that some of the elements of the first stage, such as training, public awareness and technical assistance to investors will be continued during a second stage. It should be noted that the program will not be executed in indigenous areas. The establishment of new protected areas will carefully follow national legislation that warrant the integrity of indigenous rights under traditional territory. The Bank will pay special attention during execution, to potential indigenous people issues.
- 1.23 PROECOTUR has been developed using a series of decision and selection criteria to focus efforts and activities. The application of the criteria has been hierarchical and sequential, based on the level and extent of information available. The advantage of using the criteria in this manner has been to identify activities and investments that can proceed immediately, as part of the proposed technical cooperation, as well as identify specific needs and terms of reference for further study for follow-up investments.
- 1.24 The first level selection resulted in identifying geographic areas that may be considered as priority ecotourism localities (*Pólos*) for project activities. The second level of criteria that were developed, was to identify priority investments that could be undertaken within the priority areas. The third level of criteria that were used, was to identify types of infrastructure projects that would have pre-feasibility and feasibility studies financed as part of the technical cooperation, for eventual project financing through a second stage. The pre-feasibility and feasibility studies themselves will include criteria for technical, socio-economic and environmental feasibility. Finally, some of the planning studies to be financed through the proposed program will identify additional possible investments, based on more detailed diagnostic information.

**D. Bank experience in the sector and in the Amazon**

- 1.25 The PROECOTUR design in two phases is the result of the Bank's experience in the PRODETUR –Northeast Tourism Program. This program, currently in its fifth year of execution, has been successful in achieving its economic development objectives. However, there is evidence that the rapid pace of infrastructure investments was not coupled by local institutional strengthening to control environmental and social impacts. Considering the especially delicate environment of the Amazon Region in Brazil, PROECOTUR's first phase will set up the strategic, institutional and legal framework to avoid negative impacts.
- 1.26 The Bank has a long-standing relation with the MMA, especially through the FNMA. This project has been very innovative and clearly successful. As a

consequence the FNMA II has been approved by the Bank in 1998. Over the years, MMA's staff has proved to be competent to respond to Bank's procedures.

**E. Other on-going efforts in conserving the Amazon region and the national environment.**

- 1.27 The main on-going effort in the Amazon is the already mentioned Pilot Program for the Conservation of Tropical Forests (PPG7). The IDB is now an associated participant in the PPG7 effort. Other important efforts that are being implemented in Brazil, and that have significant actions in the Amazon are, among others: (i) the National Environmental Program (PNMA) with World Bank support, that is currently being renewed (PNMA II); (ii) the National Environment Fund (FNMA II) that may finance local projects in the Amazon; and (iii) the Environmental Conservation Program in the State of Tocantins, funded via the IDB's Japanese Fund, and on which PROECOTUR will build on, given the fact that the goal is to establish the State Park of Cantão for ecotourism activities.
- 1.28 In addition to these projects, there are many other IDB initiatives that are underway or planned in Brazil that have implications for ecotourism: (i) the Pantanal Program I, to be financed by the Bank (BR-0249), is aimed at the sustainable conservation of this wetland environment, creating conditions for ecotourism development; (ii) the new Acre State Sustainable Development Program with Bank support is expected to be approved in the year 2001; (iii) the Acre Technical Cooperation on Sustainable Management of Forests in Extractive Reserves, with IDB's Japanese Fund; and (iv) the IDB's Igarapes de Manaus project (BR-0299), which is directly linked to the improvement of the main tourism gateway in the Amazon region. The GoB has also requested the IDB to finance a second stage in the tourism program in the Northeast (PRODETUR II) and another new program in the Southern part of the country (PRODETUR-Sul). The latter will be closely related to ecotourism and protected areas.
- 1.29 The World Bank is working on a project for establishing ecological corridors along the Atlantic rain forest and within the Amazon to preserve wildlife habitats. Many international non-governmental organizations such as Conservation International (CI), The Nature Conservancy (TNC), World Wide Fund for Nature (WWF) and several Brazilian agencies are also carrying out initiatives related to parks and protected areas, local people's involvement programs and infrastructure development for ecotourism. Both TNC and CI have been funded with Multilateral Investment Fund (MIF) resources.

**F. Bank country and sector strategy**

- 1.30 The main elements of the Bank's country strategy emphasize the need to: (i) promote the reform and modernization of the public sector both at the Federal and sub-federal levels; (ii) support the process of economic opening, in part through the modernization of the productive sectors and also through the *Redução do Custo Brasil* initiative, whose objective is the rehabilitation and improvement of the nation's transport and port infrastructure; (iii) address socio-economic inequities and poverty alleviation by increasing the effectiveness of social spending and improving the targeting of social programs; and (iv) provide continued support for

basic sanitation and environmental protection and conservation of vulnerable ecosystems.

- 1.31 The proposed program is consistent with the Bank's country and sector lending strategy, in that it continues to support the GoB's environmental strategy by focusing on the need for: (i) direct investment in better conservation and recuperation of natural resources, including protection of the most vulnerable ecosystems; (ii) strengthening the institutional framework, the environmental licensing system and regulatory framework, particularly at the state level; and (iii) greater involvement of civil society and the private sector in conservation activities.

## **II. THE PROGRAM**

### **A. Objectives**

- 2.1 The program's goal is to undertake sustainable ecotourism development in the Brazilian Amazon region. The purpose is to establish the appropriate framework and to implement the necessary conditions, including required public investments, which will allow the nine Brazilian Amazonian States (Acre, Amapá, Amazonas, Maranhão, Mato Grosso, Pará, Rondônia, Roraima, and Tocantins) prepare themselves to responsibly and soundly manage selected ecotourism areas (see Annex I –1 for the program's logical framework).

### **B. Description**

- 2.2 The program has been structured into three main components. The first component is essentially the preparation of studies that have the purpose of planning ecotourism activities at different levels, as well as studies for the establishment of new protected areas. The second component includes the financing of small yet key public infrastructure works, mostly to better preserve existing utilized natural products, improve tourist reception areas and the pre-feasibility and feasibility studies for future public investments. The third component includes training activities that are aimed at increasing the low-awareness level that exists today in the Amazon region with regard to conservation of natural resources, and technical advisory services to existing ecotourism businesses with the purpose of developing an "eco" operation in accordance with a widely agreed upon set of best management practices.
- 2.3 At the end of the program's three year execution period, the expected results are the following: (i) all 9 participating states will have in place their respective strategies to undertake ecotourism development in their states; (ii) recommendations and measures that will strengthen the legal framework that regulates ecotourism and tourist activities in the region; (iii) a strategic assessment of sustainable tourism development for the next 10 years, including a detailed market study; (iv) 4 ecotourism strategies for specific areas (potential new *Pólos*); (v) 19 management plans for existing and newly established protected areas; (vi) key pilot investments for the protection of existing ecotourism products and sites; (vii) 19 pre-feasibility and feasibility studies of infrastructure projects for a second phase of investments; (viii) approximately 1,000 trained participants in ecotourism; (ix) approximately 40 to 50 on going ecotourism business operators trained in best practices; and several thousand more being informed through publications; and (x) the establishment of the program's web site whereby all information related to the program's activities will be available to the public.

#### **1. Ecotourism planning for the Amazon region (US\$5,01 million)**

##### **a) Strategy for sustainable tourism in the Amazon region (US\$1,300,000)**

- 2.4 A strategic assessment will be carried out by a consulting firm to determine the range, key issues, opportunities and constraints that should be considered in assessing the tourism development potential in this region. The assessment of major tourism resources, of existing tourism industry, and supporting infrastructure will be undertaken. A final report of this study should clearly articulate the key



sustainable tourism development opportunities and constraints facing the region during the next 10 years. The report will include specific recommendations for high potential, sustainable tourism developments – such as attractions, accommodation, hospitality, services, transportation, etc. – in the region that will be used to guide future investment decisions. The strategic assessment will be nourished by two required analysis.

- 2.5 The first analysis will consist in conducting a national and international market demand study for the type of ecotourism that Brazil can offer in the Amazon region, to assess the region's international competitive position in key markets and the needs and preferences of international ecotourists. The focus will be on identifying Brazil's market share, trends and forecasts in origin markets (i.e. countries of South America, North America, Europe) and niches (i.e. conventional tourism, outdoor adventure, bird watching, culture, and history, etc.). The results of the analysis will provide a solid and in-depth understanding of these markets to better plan the region's ecotourism resources in accordance with demand and to undertake, at a later stage, effective marketing of target markets.
- 2.6 A federal and state by state analysis of the legal framework affecting tourism and ecotourism, as well as of financing regulations will also be undertaken. The aim is to contribute to the establishment in every participating Amazonian State of the appropriate legal framework in order to have functional and sustainable environmental ecological tourist sites. To accomplish this goal, an in-depth study will be carried out to analyze the existing government legislation (at all three levels) that regulates ecotourist/tourist activities in the region, including the review of existing regulations and procedures of available financial resources for the financing of said activities. The study will recommend the corrective measures that need to be adopted to strengthen the policy analysis, regulatory, and implementation capabilities of state and municipal-level Amazonian agencies responsible for ensuring local compliance with EIAs, implementing zoning regulations, and the awarding of concessions to the private sector for both ecotourism operations and infrastructure arrangements.

**b) Ecotourism state and local strategies (US\$760,000)**

- 2.7 The selection of priority areas for ecotourism development (*Pólos*) was carried out in all the 9 Amazon states. The MMA and the Bank agreed on the appropriateness of the selected priority areas in 6 states but considered there was insufficient analysis for the selection made in Amapá, Acre and Roraima. Therefore this sub-component will finance 3 state ecotourism strategies for these three states. These ecotourism strategies will focus on specific recommendations for high potential, sustainable ecotourism developments in selected geographic areas that will be used to guide investments (future *Pólos*). In addition, 4 strategic studies will be conducted for certain specific areas within the states of Pará, Mato Grosso, and Tocantins that may become additional prioritized ecotourism areas (*Pólos*).

**c) Studies for the management and/or establishment of protected areas (US\$2,95 million)**

- 2.8 Since the conservation of natural resources and biological diversity is key for the success of ecotourism, the proposed program will finance 19 studies that are

necessary for the management of existing federal or state protected areas and for the establishment of new protected areas. These include the definition of the demand and carrying capacity for compatible uses of these areas (public recreation, commercial recreation, education, scientific research, watershed protection, catch and release sport fishing, ecotourism). In addition, these plans will define the type and magnitude of small-scale infrastructure that will be required in and around the established areas. By the end of the program's three year execution period, there will be 20 protected areas with their respective management plans covering approximately 9,1 million hectares.

## **2. Ecotourism planning of prioritized areas (US\$3,1 million)**

- 2.9 This component has the purpose of financing the planning of the selected ecotourism areas (*Pólos*) that were pre-selected by the states and the local stakeholders and later prioritized in accordance with the following criteria and points system: (i) potential natural resource/attraction base for ecotourism activities (it can also include cultural assets, such as archeological sites); (ii) potential international competitive advantage to ensure its sustainability in the market; (iii) direct air/sea access and basic airport terminal facilities to receive tourists; (iv) adequate installed hotel capacity with basic accommodations and amenities; (v) the commitment of State government to allocate resources to support the program, and strong local steering groups with administrative capabilities for the execution of activities and consultation and articulation with public and private sectors, NGOs and communities; and (vi) existing ecotourism activity that can be capitalized on.

### **a) Planning of the prioritized ecotourism areas (US\$250,000)**

- 2.10 This subcomponent will finance the preparation and implementation of 5 master plans in each of the prioritized areas (*Pólos*) of the Brazilian Amazonian States of Amazonas, Mato Grosso, Pará, Rondônia, and Tocantins (the planning of the area in the state of Maranhão is already in place). These plans will prepare them to responsibly and soundly manage their selected ecotourism areas. These plans will comprise: (i) a thorough appraisal of the potential ecotourism activities, and the economic feasibility to implement them; (ii) assessment of the carrying capacity of the site to determine type and magnitude of future investments; (iii) recommended land use planning, as a basis for delimiting buffers zones development/service zones, and to minimize negative social impacts; and (iv) identification of infrastructure investments, specifically outlining these for primary water supply and sanitation, including solid waste, clean energy supply, transportation and telecommunications, and tourist reception facilities.

### **b) Key investments for prioritized ecotourism areas (US\$1,2 million)**

- 2.11 Within each of the above-mentioned prioritized areas (*Pólos*), which cover large geographical areas ranging from 66,900 ha. up to 441,600 km<sup>2</sup>, specific ecotourism sites have also been prioritized and selected based on a second level of criteria. Thus, key small priority investments that are vital for the protection of existing natural areas and/or to facilitate ecotourism reception and that may serve as pilot activities to test their potential value and the response of local people have been identified. The eligibility criteria developed for these investments are as follows: (i) they must be indispensable for protecting existing natural areas and/or to

facilitate ecotourism reception; (ii) the Bank's financing of a single individual work cannot exceed US\$80,000.00; (iii) the studies and/or designs required must be very simple; (iv) none of these works require, following pertinent legislation, of environmental licensing; and (v) the works can be executed within a timeframe of 24 months.

- 2.12 The resulting key investments are: (I) fluvial piers to allow ecotourists board safely the river boats and access to the existing jungle lodges; (ii) construction of advanced guard posts to protect natural areas under pressure; (iii) small visiting centers and resting areas (wooden decks and kiosks) at the entrance and within the protected areas, as well as other basic infrastructure along existing trails; (iv) protection of caverns and other sites currently being visited and degraded; and (v) installation of fences to protect archeological sites. These small sized works are pilot in nature, and will serve as a test of the local capacity to execute these types of works, and the willingness of the state and local authorities and tourism ventures to improve the services for tourism, paying for the operation of these new facilities. Ten percent 10% of the total cost for each of these works will be covered by local contributions.

**c) Studies of infrastructure projects for a second stage of investments (US\$1,7 million)**

- 2.13 This subcomponent has the purpose of financing 19 pre-feasibility and feasibility studies of public infrastructure works that have been identified for eventual project financing through a second stage. The criteria developed for project location selection are, as follows: (i) they have to be within the prioritized areas or sites selected at the first or second level of criteria; (ii) they will have priority small investments in the particular sites, and will be associated and complementary to the investments to be undertaken in the first stage (see ¶ 2.11); and (iii) the locations of the works indicate high probability of increased tourism needs due to the proximity of the gateway and the quality of the attraction. The criteria for the type of projects (problems to resolve) are the following: (i) maintain the quality of natural environmental attractions, assets, for tourism; (ii) maintain quality of human habitats and attractions (e.g. historical heritage, archeology, etc.); (iii) minimize the expected negative environmental impacts that will be associated with expected increase in tourism and local populations (potable water, sanitation, solid waste); and (iv) improve access to sites in close proximity to the identified gateways for existing, potential tourism (transportation).
- 2.14 Examples of these works, which are greater in value than the proposed key investments indicated earlier and that require engineering studies, as well as Environmental Impact Assessment studies (EIAs) are: (i) the improvement of access roads to the sites; (ii) expansion and improvement of airport and port terminals in municipal gateways; (iii) water and sanitation systems also in the municipal gateways; (iv) overall protected areas infrastructure; (v) an ecotourism training center in the state park of Cantão in Tocantins; and (vi) the transfer of cargo activities from the port of Manaus to free this port as a tourist reception area.

### **3. Strengthening of Ecotourism (US\$1,7 million)**

- 2.15 The purpose of this component is aimed at institutional capacity building, technical assistance and the overall formation of people at different levels. This is necessary for the development of the responsible and sustainable nature-based tourism industry in Brazil.

#### **a) Technical advisory services for ecotourism businesses (US\$400,000)**

- 2.16 This sub-component encompasses three correlated tasks: (i) a diagnostic evaluation to assess weaknesses and strengths of the ecotourism businesses that are currently operating in the selected sites; (ii) direct assistance to ecotourism businesses based on the diagnostic study; and (iii) dissemination of best practices. The target population will be tour, jungle lodges and hotels, and local tour transportation operators. At least 10 ventures for each type of operator will be visited and evaluated by a consulting firm to be retained with the program's resources. The sample must consider small, mid and large ventures in at least three states that represent different realities, and in the prioritized areas that were selected for the proposed program. Based on this assessment, case studies will be applied, as well as workshop methodologies and direct technical advisory services. When a demonstrative impact can be achieved, the targeted businesses will receive assistance to improve their service. Best practices regarding architectural and services design, business management, environment conservation, and especially, the use of appropriate technologies (i.e. clean alternative sources of energy) will be published and disseminated. Two major publications will be produced under this activity: (i) a summary of the strategy of sustainable tourism in the Amazon, including the major results of the market demand analysis and the legal framework; and (ii) a manual on best practices to be applied to ecotourism in the Brazilian Amazon. Additionally, a periodical bulletin and a public information system will be implemented.

#### **b) Training in ecotourism (US\$1,3 million)**

- 2.17 The need for ecotourism training, ecotourism business opportunities, and environmental awareness-building are by far one of the most important activities to be undertaken with the proposed operation. Three modular training programs and seven customized training courses have been developed for the following main areas: (i) general principles of ecotourism, (ii) ecotourism project planning; (iii) guidelines for best practices in ecotourism activities; (iv) environmental licensing of ecotourism business activities; (v) financing ecotourism activities (vi) tourism statistics and information; (vii) management of protected areas; and (viii) a series of workshops especially oriented to tourism investors. The target population for these courses ranges from state and municipal public officials that are assigned to the development of tourism, to the private operators, including local people of the selected ecotourist areas. Individual consultants will be hired to develop the curriculum of the courses, the classroom materials, and the instructors that will conduct the courses. A seminar will be organized and carried out at the beginning of the fourth semester of the Program's execution in order to review progress and preparation of the second stage. These events will train and/or inform around 1,000 individuals of the 9 Amazon states by the end of the Program. Depending on the

subject, methodologies adopted will vary from formal courses to workshops and, in every case, practical work and visits to the field will be included. To reduce costs of transportation and to stimulate experience exchange, the training has been organized uniting participants of neighboring states.

#### **4. Program management and equipment (US\$1,9 million)**

- 2.18 A technical executing unit (UGP) has been established within the MMA that will be responsible for the overall administration of the program. They will report to the CCI, a high-level federal inter-institutional Committee, chaired by the Executive Secretary of the MMA, which will oversee and supervise the execution of PROECOTUR. To support the program's technical executing unit, the GoB will retain UNDP with counterpart resources under the operational modality of management services. With loan proceeds audiovisual, as well as computer hardware and software equipment will be procured for the UGP's functioning. In addition to the UGP, in each of the nine participating Amazonian states, a co-executing unit will be established at the state government level (NGPs). These units will be institutionally and physically located in the states' tourism or environmental agencies. The functioning of the unit, in terms of logistical support, will rely on the institutional apparatus of the corresponding state agency.
- 2.19 Equipment, for an estimated cost of US\$640,000 will be provided to facilitate the execution of the program's activities. The equipment to be purchased consists mainly of: (i) hardware and software computer equipment; (ii) overhead and slide projectors; (iii) radiophones; (iv) global position systems; and (v) four-wheel drive vehicles and outboard boats for mobilization and to be utilized at the local level. This equipment will be acquired by the program's technical executing unit via UNDP, in accordance with Bank procurement procedures. They will then be transferred to the state co-executing units (*Núcleos de Gerência do Programa NGPs*) and employed by both the NGPs and the local steering committees (*Grupos Técnicos Operacionais dos Pólos – GTOs*) that have been established in each of the nine participating Amazonian states.

#### **C. Program cost and financing**

- 2.20 The total cost of the proposed program is estimated at US\$13,8 million equivalent, of which the Bank will provide up to US\$11 million as a technical cooperation loan. The remaining US\$2,8 million will be counterpart funds, which will be used for general support costs. The cost table is as follows:

### Cost Table

(In US\$ thousands equivalent)

COMPONENTS	IDB	Local	Total	%
1. Program Management	840	1,104	1,944	14
2. Ecotourism planning for the Amazon region	5,010	-	5,010	37
3. Ecotourism Planning of prioritized areas	3,060	130	3,190	23
4. Strengthening of Ecotourism	1,700	-	1,700	12
5. Contingencies	280	221	501	4
6. Financial Charges				10
6.1 Inspection and Supervision fee	110		110	
6.2 Interests and credit fee		1,345	1,345	
Total Cost	11,000	2,800	13,800	100
%	80	20	100	

2.21 The program's resources will finance the following categories:

EXPENSE CATEGORIES	IDB	Local	Total	%
1. Staff costs	200	1,104	1,304	9
2. Consulting Services	7,370		7,370	53
3. Equipment	640	-	640	5
4. Key Investments	1,100	130	1,230	9
5. Training	1,300	-	1,300	9
6. Contingencies	280	221	501	4
7. Financial Charges	110	1,345	1,455	11
Total Cost	11,000	2,800	13,800	100
%	80	20	100	

2.22 It is proposed that the technical cooperation loan be financed with the Bank's Ordinary Capital. The terms and conditions are as follows:

Interest rate:	variable
Commitment fee:	0.75% on outstanding non-disbursed balances
Inspection and supervision fee:	1%
Disbursement period:	3 years
Grace period:	3 years
Amortization period:	20 years
Currency:	Basket of currencies.

2.23 The Bank's contribution will be used mainly for: (i) the hiring of consulting firms and individual consultants that will undertake the envisaged tourism and ecotourism state strategies; the technical assistance for the on going ecotourism entrepreneurs, and, above all, the planning for the development of ecotourism in

the prioritized selected sites; (ii) the financing of the training courses; (iii) the partial cost of the construction of the key pilot infrastructure works; (v) the purchase of equipment for both the technical executing unit within the MMA, and the nine state co-executing units; and (v) contingencies. Local counterpart will cover the costs to set-up the program's technical executing unit, UNDP's overhead for services rendered, 10% of the total cost of the construction of the key pilot infrastructure works, part of the contingencies, the Bank's loan interests and fees, and other additional costs, in kind, that the Bank cannot cover.

**D. Social equity and poverty reduction classification**

- 2.24 The project does not specify explicit performance indicators to measure poverty reduction and social equity enhancement.

### III. PROGRAM EXECUTION

#### A. Institutional framework

##### 1. Borrower, guarantor and executing agency

- 3.1 The Federative Republic of Brazil (GoB) would be the borrower and guarantor of the Bank's financing. The Executing Agency would be the *Secretaria de Coordenação da Amazônia* (SCA), of the Ministry of the Environment (MMA). The mandate of the Secretariat is to coordinate and implement specific environmental programs and projects in the Amazon region, and provide secretariat services to the National Council for the Legal Amazon (CONAMAZ).

##### 2. Inter-institutional Coordinating Committee - CCI

- 3.2 For the overall supervision of the program, and to ensure an adequate institutional coordination across several federal ministries, a high-level federal inter-institutional Committee has been established (*Comitê de Coordenação Institucional- CCI*). It is chaired by the Executive Secretary of MMA, and integrated by the following members: (i) the Secretary of the SCA; (ii) the *Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis* (IBAMA); (iii) the *Ministério do Esporte e Turismo* (MET); (iv) the *Instituto Brasileiro de Turismo* (EMBRATUR); and (v) the *Ministério de Orçamento e Gestão* (MOG)/*Programa Brasil em Ação*. The CCI will meet periodically to evaluate the progress attained in the program's execution, discuss and approve the program's annual work programs, decide on the measures that would be deemed necessary to correct major problems, and to ensure an adequate inter-institutional articulation among its members at the federal, state, and local levels.

##### 3. Executing technical unit - UGP

- 3.3 The overall administration of the technical cooperation program will be carried out by the *Unidade de Gerenciamento do Programa – UGP*. The structure of the unit is comprised by a Head Coordinator, a Deputy Coordinator, and a team of 5 full-time consultants in the areas of ecotourism, marketing, management of protected areas, legal and institutional, and managerial information systems. The head Coordinator will be a full time regular employee of the MMA.
- 3.4 The principal functions and responsibilities of the UGP are as follows: (i) secure the compliance of the program's contractual conditions and prepare the pertinent documentation for Bank presentation; (ii) prepare the annual work programs and monitor the execution of all activities contained therein; (iii) prepare quarterly progress reports based on the management information system to be installed by the program; (iv) present disbursement requests; (v) prepare and approve all terms of reference for the consulting services to be provided; (vi) evaluate and approve the technical bids to be submitted by said services; (vii) negotiate the economic offers and award the consulting services contracts; (viii) supervise the technical performance of the consulting services; (ix) supervise and coordinate all state and local level executable activities with the established nine co-executing state executing units (*Núcleos de Gerência do Programa – NGP*), and their respective state (*Grupo Técnico de Coordenação Estadual – GTC-Estadual*) and local level steering committees (*Grupos Técnicos Operacionais – GTOs*); and (x) continue to improve current practices of public and local people consultation and participation



in planning, preparation of studies and management plans, and in the execution of convened activities. As a precondition for the first disbursement, the borrower will have to demonstrate to the Bank's satisfaction, that the UGP, will have the adequate administrative staff, equipment, an operational/functional structure to effectively carry out its duties, and that the team of experts indicated in paragraph 3.3 have been pre-selected.

- 3.5 The UNDP under the operational modality of management services will be retained with the program's local counterpart. UNDP's managerial services will be limited to support the UGP in the following tasks: (i) preparation of the appropriate information and documentation required for the pre-qualification, selection and awarding of contracts for all consulting services, in accordance with Bank policy and procedures on procurement of services; (ii) procure equipment, and goods in accordance with Bank policy; (iii) establish the accounting system that will produce reports, and enable the UGP to accurately record and monitor financial transactions for the Bank's records; (iv) assist the UGP in the presentation of disbursement requests, in accordance with Bank procedures; (v) assist the UGP in coordinating with the NGPs and GTOs the execution of all state and local activities, including the tendering of infrastructure works; and (vi) assist the UGP in the preparation and monitoring of the annual work programs, as well as in the presentation of all pertinent documentation to the Bank, including the program's annual financial statements, duly audited.
- 3.6 The UGP will continue to rely on the advisory services of the *Grupo Técnico de Coordenação da Amazônia (GTC-Amazônia)*, an inter-disciplinary group which, from the beginning of project dialogue, has been a key player in coordinating the participation of all the Amazon state officials and local level stakeholders in project design preparation. The group members, who meet on a monthly basis, and at the request of the SCA, represent both the federal and state governments and various organizations from the Amazon region. In addition to the representatives from SCA/MMA, MET, IBAMA, and EMBRATUR, they have representatives from the *Superintendência do Desenvolvimento da Amazônia (SUDAM)*; *Banco da Amazônia S.A. (BASA)*; the nine Amazonian states' tourism and/or environmental agencies; several private tour and hotel operators; *Serviço de Apoio à Pequena e Média Empresa (SEBRAE)*; and *Associação Brasileira de Ecoturismo (ECOBRAASIL)*. In addition to the advisory services that they will provide to the UGP, the main role of the GTC-Amazônia during program execution will be the institutional articulation of activities at the local level.

#### **4. State co-executing units - NGPs**

- 3.7 In each of the nine participating Amazonian states, a co-executing unit will be established at the state government level. These units (*Núcleos de Gerenciamento do Programa – NGPs*) will be institutionally and physically located in the states' tourism or environmental agencies. For example, in the case of the State of Mato Grosso, the unit is within the *Secretaria de Estado de Desenvolvimento do Turismo*, whereas, in the case of the state of Pará, it is inside the *Secretaria de Estado de Ciência, Tecnologia e Meio Ambiente*. The head of the unit is the corresponding secretary, appointed by the State Governor. The functioning of the

unit, in terms of logistical support, will rely on the institutional apparatus of the corresponding state agency.

- 3.8 The NGPs will be responsible for the following tasks: (i) serve as the official liaison between the federal government (UGP) and the municipal governments, where the prioritized selected ecotourist sites are located; (ii) keep UGP constantly informed of program execution activities and provide inputs for the annual work programs and quarterly progress reports to be prepared by the UGP; (iii) supervise and monitor the execution of: the planning activities related to the development of ecotourism in the prioritized selected sites; tender, supervise and fiscally control the construction of the selected key infrastructure works; and administer the equipment that will be used in the execution of the program's activities; and monitor the ecotourism training courses to be offered; (iv) coordinate all local program activities with the GTOs, including consultation with the local inhabitants of the selected areas and sites; and (v) articulate all state government support for the program through the state steering committees (GTC-Estadual) to be established. Each NGP will be assisted by one of these state steering committees, which will include representatives from all interested parties, both public and private, at the state level. These committees will address state level issues, such as the review of the individual state tourism strategy or advise on the establishment of new priority areas (*Pólos*) for ecotourism, among other functions.
- 3.9 To guarantee and formalize the importance of continuing the highly participatory process of PROECOTUR, as a precondition to first disbursement of the proposed operation, the borrower will have to demonstrate to the Bank's satisfaction that an agreement has been signed between the MMA and at least 7 of the 9 participating states, whereby such states pledge their commitment to the program's objectives and to participate in the execution of the program's activities, including the establishment and adequate staffing of a state executing unit (NGP) and an advisory state level committee (GTC-Estadual). If a State does not sign said agreement within 3 months after loan contract signature, it will not benefit from the Program's activities planned to be executed by the State.
- 3.10 Prior to any transfer of the program's resources for the pilot vital infrastructure works, the borrower will have to demonstrate to the Bank's satisfaction that an agreement has been signed between MMA and the participating State, whereby the State commits itself to: (i) contribute 10% of the total cost of the selected vital infrastructure works with the stipulation that, if that amount is not made available by the twelfth month of the program's execution period, those resources will be allocated to other activities within the program; (ii) maintain, staff and operate the new facilities; and (iii) adopt the necessary measures to legally establish the state parks and protected areas to be implemented with the proposed program, and the designation of qualified personnel to protect those areas once established. With regard to the total cost of the pilot infrastructure works, it will be contractually stipulated that this cost may not exceed 10 per cent of the Bank's financing, and that the Bank's financing of each individual infrastructure work may not exceed the equivalent of US\$ 80,000. Furthermore, the methodology to be applied in the preparation of the pre-feasibility and feasibility studies will be agreed upon between the Bank and the borrower prior to the tendering of these studies.

## **5. Local steering committees - GTOs**

- 3.11 During project design preparation it was determined that, at each one of the municipal gateways to the pre-selected ecotourism sites, working steering committees were needed to prepare the baseline information, amplify the existing criteria for site selection, and undertake more intensive community consultations. As a result, the *Grupos Técnicos Operacionais – GTOs* were established. Their composition are made up of municipal planning and/or tourism officials, the local representatives of the state tourism or environmental agencies, presidents or members of local NGOs, and by private tour and hotel operators. These steering committees are the grassroots for the proposed program. They will be the main conduit for coordinating all the program's activities that will be undertaken at the local level. In addition, they will be the beneficiaries of the envisaged training courses. Furthermore, they will supervise and monitor the tasks of the consultants whom will work at the local level.

## **6. IBAMA's role**

- 3.12 Since the program will be financing a whole series of management plans to allow public use of federal parks and conservation units in the nine participating Amazonian states, as an additional precondition to the first disbursement, a specific arrangement will be signed between MMA and the IBAMA, whereby the latter, will closely monitor the preparation of these plans.

## **B. Procurement of Goods and Services**

- 3.13 Procurement of goods, works, and services will be subject to the Bank's bidding procedures specified in Annex B and C of the loan contract. When the estimated value of goods and related services are the equivalent of three hundred fifty thousand dollars (US\$350,000) or greater, and the estimated value of works is the equivalent of five million dollars (US\$5,000,000) or greater, the goods, works and related services will be subject to international competitive bidding (ICB), as specified in Annex B. It should be noted that the total cost of the small-scale infrastructure works is less than the required ICB threshold. Therefore, these works will be locally tendered. Consulting services will be contracted in accordance with Annex C of the loan contract, whereby all consulting contracts with amounts equivalent to two hundred thousand dollars (US\$200,000) or greater, will be subject to advertise in the *Development Business of United Nations Development Forum* for ICB (see Annex I-2 for the program's procurement plan).

## **C. Execution and disbursement schedule**

- 3.14 It has been determined that it will take three years to execute all the program's activities. This schedule was prepared taking into account the periods of time necessary for the advertisement, submission, evaluation and awarding of bids for the consultant services; the development of the strategic studies; the ecotourism planning in the selected sites; the seasonal period of the Amazon region for the construction of the key infrastructure civil works, the spreading out and duration of the training courses; and, finally, the preparation of the pre and feasibility studies for the sample of investment projects for a second stage.

- 3.15 The disbursement of program funds will take place within three years, in accordance with the following schedule:

<u>Sources of financing</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Total</u>
<b>IDB</b>	4,370	4,687	1,943	11,000
<b>LOCAL</b>	779	952	1,069	2,800
<b>TOTAL</b>	<b>5,149</b>	<b>5,639</b>	<b>3,012</b>	<b>3,800</b>

### **1. Reports**

- 3.16 The execution of the program will be monitored through the compliance of the annual work programs. These work programs will contain a detailed description of all the activities that will be undertaken, the terms of reference and budgets for all consultant services, the procurement of goods, works, and services, and the benchmarks contained in the logical framework of the program.
- 3.17 Semester reports, based on the quarterly progress reports to be prepared by the UGP, will be submitted to the Bank within a 30 day period after the calendar semester has ended. These progress reports should allow the Bank to assess the progress attained in all activities and the major deviations and measures to correct them. During the program's execution period, the UGP will also submit, within the first quarter of each year, a report on the maintenance to be undertaken of the pilot infrastructure works and equipment.

### **2. Auditing**

- 3.18 Annual financial statements of the program will be submitted to the Bank within 120 days of the close of each fiscal year during the program's execution period. These statements will be duly audited by the *Secretaria Federal de Controle* (SFC) of the GoB's Finance Ministry.

### **D. Revolving fund**

- 3.19 It is recommended that a revolving fund of up to 5% of the Bank's loan proceeds be established.

## **IV. VIABILITY AND RISKS**

### **A. Institutional viability**

- 4.1 While not unusual in Brazil, the proposed institutional arrangement is relatively complex since it is a federal program, dealing with nine states and one federal institute (IBAMA), with actions spreading over some 16 municipalities. In this case the apparent complexity is greatly reduced by the fact that all contracts for the envisaged studies will be centralized in the program's executing unit (UGP). The key infrastructure civil works will be tendered with the assistance of the UNDP, but will be fiscally controlled directly by the States. Moreover, to warrant a high level of public participation and to build a sense of local ownership, three levels of participation have been established. The first is national (Amazon level) through the so-called GTC- Amazônia. The second level is in each state, where a advisory/steering committee (GTC- Estadual) will be established, with representation of all concerned parties. Finally, at the local level (*Pólo*), steering committees, which are already in place (the so-called GTOs), will continue actively participating in the Program.

### **B. Technical viability**

- 4.2 The program is technically viable. It is essentially the building of the pre-conditions for a new and significant effort to promote ecotourism in the Amazon. As such, it will cover tourism planning, market demand studies, legal regulatory framework, training, institutional strengthening, key pilot public works required, and the preparation of pre-feasibility and feasibility studies of the public works to be financed with a second stage. The emphasis in establishing protected areas with the appropriate framework and management and the planning of tourism and ecotourism is deemed essential to protect the natural features that are the basis for the existing tourism investments, especially, those that will be promoted by the Program. Another indispensable element of the technical viability of the program is the existence of the public financing institutions that are acting in the Amazon region (BNDES, BASA, Banco do Brasil, etc.), which can provide large amounts of resources to finance private ventures in ecotourism and tourism. It is also an action of this stage of the Program to study the bottlenecks and propose solutions to make use of these financial resources. Specific training will also address ecotourism project preparation and financing options.

### **C. Environmental and social viability**

- 4.3 Considering the preparatory nature of the first stage of PROECOTUR, it is expected that it will have minimal positive or negative direct environmental and social impacts. As stated before, the purpose of PROECOTUR's first stage is to establish the foundation for the development of activities that will be undertaken during the second stage of investments. However, it is important to differentiate among the activities being considered. The first group of activities is essentially software, aiming at conservation of nature and natural resources directly or through the development of a sound, sustainable, ecotourism activity. This group includes ecotourism planning at different levels and co-related studies, as well as studies for the establishment of new protected areas, training, and technical support. The second group can be defined as hardware which includes small pilot public works, mostly to better preserve already utilized natural products and facilitate tourist

reception, and pre-feasibility and feasibility studies of future public investments, including the infrastructure to manage protected areas.

- 4.4 The result of the first group of activities, at the end of this first stage is that each state and each selected and prioritized area should have an integrated planning that will spell out the rules for: (i) enforcing existing or new environmental legislation, licensing, and monitoring for future infrastructure investments; (ii) effective management of selected protected areas for conservation and high quality ecotourism; (iii) trained staff to protect nature and to avoid negative impacts of tourism; (iv) development, production and dissemination of educational materials, manuals, etc. and (v) managing the interaction of local communities with tourist visitations.
- 4.5 Also, by the end of this first stage of the program, 5 new state or municipal protected areas (covering roughly 603,000 ha.) will be established or ready to be established and 12 federal and state protected areas ( spreading over almost 8 million ha.) will also have management plans. In addition, 4 extractive reserves (more than 1 million ha.) will have ecotourism planning and will be better protected. These areas will receive necessary infrastructure during the second stage. The studies to establish these areas, as well as the plans to manage them will be undertaken in accordance with Brazilian legislation requiring full participation of affected populations. This represents a net gain for the conservation of Amazon bio-diversity and an essential contribution to other efforts such as the PPG7 and the World Bank's PNMA.
- 4.6 Regarding the so-called "hardware" group of activities, such as the small pilot public works (the Bank's financing will not cover more than US\$80,000) it is important to mention that most of them are precisely to protect already threatened natural features. These small works will follow Brazilian environmental regulations about environmental licensing. The Program will finance full environmental assessment, as part of all feasibility studies of public infrastructure to be considered in a second stage. No public work, in the second stage, will be initiated without corresponding environmental licenses.
- 4.7 It is important to point out that from the beginning, PROECOTUR has been conceptualized and prepared so far by a highly participatory process, whereby representatives from organized civil society, private sector, and officials from various spheres of government have been mobilized and integrated into the GTC-Amazônia. Thus, stakeholder analysis, broadly based consultations, and other forms of participation have enriched the project dialogue and have helped to create consensus about project design. This in itself will facilitate project implementation, monitoring and evaluation. With the Bank's assistance PROECOTUR will continue to improve current practices of public and local people consultation and participation in planning, preparation of studies and management plans, and in the execution of convened activities.

#### **D. Benefits**

- 4.8 With the proposed program, the Bank will contribute towards the establishment of a win-win scenario, whereby all interest groups in the Amazon region will benefit from a well planned and sustained ecotourism development associated with a

paramount effort to conserve environment and natural resources, especially biodiversity, in selected localities. The program benefits will be fully achieved in the mid-term, when the second stage will be undertaken. However, even in this pre-investment stage some direct and indirect benefits will be available for several segments of the population. Among direct beneficiaries there will be nearly 1,000 participants in training activities, including state and municipal public servants, private investors and owners of tourism enterprises and local rural leaders. The activity related to technical assistance for ecotourism businesses will directly benefit several thousand persons related or interested in ecotourism and tourism in the Amazon. Moreover, many more will benefit by having direct access to publications and the program's web site whereby all the results of the studies and program activities will be available to the public.

- 4.9 The first stage will primarily benefit the 16 municipalities located in the 9 participating states, where people would be offered more employment and better services. They will also benefit from a real possibility of major improvements in services during the early stage of the second stage, especially in localities where water, sanitation and solid waste collection services and treatment are being considered. The establishment of new protected areas and the preparation of management plans, tourism planning, and infrastructure projects for federal and state protected areas will benefit all Brazilians, by better conserving precious natural resources and contributing to the preservation of major bio-geo-chemical cycles.

#### **E. Risks**

- 4.10 Risk: the recognized limited institutional capacity of the environmental and tourism state agencies, as well as those at the municipal level in the Amazon region. Mitigation: the local stakeholders that are already instituted as local steering committees (*Grupos Técnicos Operacionais – GTOs*) in the prioritized ecotourist areas and sites, together with the establishment and active participation of the state advisory/steering committees (*Grupo Técnico Coordenador Estadual - GTC – Estadual*), will create a check and balance system that will put pressure on the state and municipal officials to effectively respond to the timely implementation of the program's activities.
- 4.11 Risk: there is a possibility that once the studies related to the establishment of management plans for both federal and state protected areas are completed and ready to be implemented, there will not be sufficient budget and staff resources to make these plans operational. Mitigation: the legal framework study to be undertaken to establish functional and sustainable environmental ecological tourist sites will recommend the corrective measures that need to be adopted to allow private sector participation through awarding of concessions for both ecotourism operations and infrastructure arrangements. A new law, presently under review in the Brazilian Congress will allow each protected area, as well as the parks authority, to have more independence in the management of income (entrance fees, service concessions, etc.) and expenditures (operational costs). Also the possibility of having NGOs managing protected areas, an activity that is already taken place in Brazil, should provide more alternatives for sound and sustainable environmental management of natural resources.

## LOGICAL FRAMEWORK

### PROECOTUR

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>Goal:</b> Sustainable ecotourism development in the Brazilian Amazon region is taking place.	1. By 2010, the number of new ecotourism businesses operating in the region increases by 20% from the level established in the baseline inventory to be completed in 2002.	Statistics to be generated by the Program's managerial information system.	Macroeconomic stability.
	2. By 2005, the influx of tourists to the region increases by 20% from the level established in the baseline inventory to be completed in 2002.	Statistics to be generated by the Program's managerial information system.	Financial resources available in reasonable terms.
	3. By 2004, the existing ecotourism businesses operating in the prioritized selected sites are managing their businesses under the Program's concept of sustainable ecotourism.	Statistics to be generated by the Program's managerial information system.	Regulatory framework in place.
			Existing ecotourism business operators trained in best practices.
	4. By 2004, 60% of federal and state parks, as well as other conservation units are open for public use.	4. Through the Program's Technical Executing Unit (UGP), management plans and tourism plans for existing and new protected areas concluded.	State and Municipal officials responsible for tourism trained in ecotourism activities.
<b>Purpose:</b> The appropriate framework and necessary conditions are in place, including required public investments, and the 9 Brazilian Amazonian States are responsibly and soundly managing their selected ecotourism areas.	1. By 2003, all 9 participating states have in place their strategy to undertake ecotourism development in their states and the region.	1. Through the Program's Technical Executing Unit (UGP), studies for: strategic assessment for sustainable tourism in the Amazon region, ecotourism state strategies, and planning master management plans for the development of ecotourism in the prioritized sites concluded.	Private operators and local citizens trained in ecotourism activities.
	2. By 2003, existing gov't legislation (at all three levels) that regulates	2. Results of the regulatory framework study concluded,	Continued airline industry deregulation
			MMA's legal agreements with both IBAMA and State gov't authorities to support public use for federal and state parks, as well as other conservation units in full force.
			State and municipal authorities together with state and local steering committees actively participating in the development of the studies.
			State and municipal authorities together with state and local steering committees actively participating in the Program agree to allocate resources to implement



	ecotourist and tourist activities in the region, including regulations and procedures for financing said activities have been analyzed. The measures to strengthen policy analysis, regulatory, and implementation capabilities of state and municipal-level Amazonian agencies responsible for ensuring local compliance with EIAs, implementing zoning regulations, and the awarding of concessions to the private sector for both ecotourism operations and infrastructure arrangements are in place to be implemented.	discussed and recommendations consensually agreed upon.	the study's recommendations.
	3. By 2002, key infrastructure civil works are providing protection of selected areas and better accommodations for tourists.	2. Through the Program's Technical Executing Unit (UGP).	State governments allocate resources to finance 10% or more of the total cost of the infrastructure works, and additional resources and manpower to operate and maintain the new facilities
	4. By 2003, all pre-feasibility, feasibility studies and required EIAs for eventual project financing through a second phase are concluded.	3. Through the Program's Technical Executing Unit (UGP).	
<b>COMPONENTS:</b>			
<b>1. Ecotourism planning for the Amazon region</b>			
1a. Strategy for sustainable tourism in the Amazon region in place.	1a. By 2002, MMA and MET have a strategic assessment that clearly articulates the key sustainable tourism development opportunities and constraints facing the region during the next 10 years, including a thorough analysis of both international market demand and the regulatory framework affecting tourism and ecotourism in the region.	1a. Through the Program's Technical Executing Unit (UGP).  2a. Strategy is published and available through the Program's web site.	
1b. Ecotourism state and regional strategies	1b. By end-year 2002, Acre, Amapá, and Roraima will have specific recom-	1b. Through the Program's Technical Executing Unit (UGP).	

	<p>mentations for high potential, sustainable ecotourism developments in selected geographic areas that will be used to guide future investments in their respective states. The state of Pará will have a specific ecotourist strategy for the Marajó and Belém/Costa Atlântica regions. Mato Grosso will have both a wildlife corridor and an ecotourist potential assessment in place for the state's Rio Teles Pires region.</p>	<p>2b. Strategies are published and available through the Program's web site.</p>	
1c. Studies for the management and/or establishment of protected areas	<p>1c. By 2003, MMA has 19 studies for the establishment of protected areas with their respective management plans covering approximately 9,1 million ha.</p>	<p>1.c Through the Program's Technical Executing Unit (UGP).</p> <p>2c. Management plans available.</p>	
<b>2. Ecotourism management of prioritized areas</b>			
2a. Master plans for ecotourism development in the prioritized selected areas (Pólos) of Amazonas, Mato Grosso, Pará, Rondônia, and Tocantins in place.	<p>2a. By end-year 2001, these states will have their management plans to manage their selected ecotourism areas (Maranhão has its management plan in place).</p>	<p>2a. Through the Program's Technical Executing Unit (UGP).</p> <p>2a. Master plans are available.</p>	
2b. Key pilot investments to protect ecotourism products.	<p>2b. By 2001, the prioritized and selected ecotourism sites have in working operation: (1) 2 protected archeological sites; 1 protected cavern; 9 visiting tourist reception areas; 6 signaling projects for indicating ecotourism products; 7 fluvial piers to allow ecotourists board safely ; 1 guard post to protect a natural area; 1 small airport terminal improvements; 4 short-term studies related to bird watching, the use of ship vessels for tourist transportation, ichthyofauna, and infrastructure recuperation for farm-raised river turtles; and 2</p>	<p>2b. Works tendered by State co-executing units (NGPs), contracts signed and disbursements processed by both UGP and Bank's Field Office.</p>	<p>State governments allocate resources to finance 10% or more of the total cost of the infrastructure works, and additional resources and manpower to operate and maintain the new facilities.</p>

	small access improvements to protected and tourist reception areas.		
2c. Equipment for the federal technical executing unit (UGP) and state co-executing units (NGPs) procured and utilized for the execution of the Program's activities.	2c. By end-year 2000, the following equipment will have been procured and put to use by the UGP and the NGPs: 27 PCs; 5 fax machines; 1 overhead and 1 slide projectors; 2 data show projectors; 8 radios; 16 portable radios; 6 Global Position Systems; 8 boats with their outboard motors; 1 speed boat; 11 double cabin, four wheel trucks; 1 diesel generator; and furniture for 1 advanced guard post.	2b. Equipment tendered by UGP at the state level and transferred to the NGPs, contracts signed and disbursements processed by both UGP and Bank's Field Office.	
2d. Pre-feasibility and feasibility studies of infrastructure projects for a second phase of investments completed	By 2003, MMA will have 19 pre-feasibility and feasibility studies of required public infrastructure for the improvement of 3 access roads to the selected sites; expansion and improvement of 2 air and 2 port and 1 river terminals in the municipal gateways; 5 water and sanitation systems in the municipal gateways; 1 tourist interpretative reception center; 1 archeological protection site; 1 historical heritage preservation project of a fort; 1 tourist interpretative reception in the Center for farm-raised river turtles; 1 ecotourism training center in the state park of Tocantins; and 1 study to transfer cargo activities from the Manaus port to free this port as a tourist reception area.	2d. Through the Program's Technical Executing Unit (UGP).	
<b>3. Institutional Strengthening</b>			
3a. Technical assistance provided and made available to ecotourism businesses.	3a. By the end of 2000, diagnostic evaluation to assess weaknesses and strengths of at least 10 ventures of tour operators, 10 jungle lodges, 10 hotels, and 10 transportation operators concluded.	3.a Through the Program's Technical Executing Unit (UGP).	Private sector commitment to participate.

	<p>By 2001, dissemination of best practices taking place, and a manual on best practices is published and available for public use.</p> <p>By year 2003, targeted businesses receiving direct technical assistance in best practices: services, business management, environmental conservation, and use of appropriate technologies (clean alternative source of energy).</p>	Through the Program's organized workshops.	
3b. State and municipal public officials assigned to the development of tourism, federal and state park managers, private operators, and local citizens trained in ecotourism activities.	<p>3b. By 2003, 192 persons trained in basic ecotourism awareness; 72 in planning and management; 132 in best practices; 45 in environmental licensing; 45 in preparation and management of statistical information; 25 in project financing; 198 in all of the above through 9 workshop seminars; 198 in sustainable management of conservation units; and 27 in field work case studies and evaluation seminar.</p>	3b. Through the Program's Technical Executing Unit (UGP).	

<b>PROECOTUR's Procurement Plan</b>				
<b>Main acquisitions</b>	<b>Financing</b>	<b>Method</b>	<b>Pre-qualification</b>	<b>Semester</b>
<b>Component I</b>				
a. Strategy for Sustainable Tourism in the Amazon Total amount: US\$1,3 million. 1 study.	IDB (100%)	ICB	YES	I
b. Ecotourism state and local strategies Total amount: US\$760,000. 7 studies	IDB (100%)	LB	YES	II,
c. Studies for the management and/or establishment of protected areas Total amount: US\$2,9 million. 10 ICB studies 6 LB studies	IDB (100%)	ICB/LB	YES	III
<b>Component II</b>				
a. Planning of the prioritized ecotourism areas Total amount: US\$250,000. 5 studies	IDB (100%)	LB	YES	II
b. Key investments (infrastructure works) Total amount: US\$1,2 million. 6 groups	IDB (90%)	LB	NO	II
c. Equipment Total amount: US\$640,000. 9 groups	IDB (100%)	LB	NO	I
d. Pre-feasibility and feasibility studies for a second stage Total amount: US\$1,7 million. 3 ICB studies and 16 LB studies.	IDB (100%)	ICB/LB	YES	II,III,IV
<b>Component III</b>				
a. Technical services for ecotourism businesses Total amount: US\$400,000. 1 LB study and 30 LB consultant services.	IDB (100%)	LB	YES	II,III,IV
b. Training in ecotourism Total amount: US\$1,3 million. 18 individual consultants for US\$140,000.	IDB (100%)	ICB/LB	YES	II,III,IV

PROPOSED RESOLUTION

BRAZIL. TECHNICAL COOPERATION LOAN /OC-BR TO THE REPUBLIC  
OF BRAZIL TO SUPPORT THE DEVELOPMENT OF ECOTOURISM IN THE  
LEGAL AMAZON REGION (PROECOTUR)

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank to enter into such agreements as may be necessary and to adopt such measures as may be pertinent for the execution of the program referred to in Document \_\_\_\_ with respect to a technical cooperation loan with the Federative Republic of Brazil to support the Development of Ecotourism in the Legal Amazon Region (PROECOTUR).
2. That up to the sum of US\$11,000,000 or its equivalent in other currencies, except that of the Federative Republic of Brazil, is authorized for the purpose of this resolution, chargeable to the resources of the Ordinary Capital of the Bank.
3. That the above-mentioned amount is to be provided on a reimbursable basis, in accordance with the respective conditions which shall be set forth in the agreement to be executed in connection with this operation.