

## GOVERNMENT SOCIAL FUNDS IN BRAZIL BOLSTER CIVIL SOCIETY GRASSROOTS INITIATIVES<sup>1</sup>

The social development landscape in Brazil is being significantly altered by an important phenomenon that can have broad implications for poverty reduction in that vast country. It is the growing transfer of monies from the government to the civil society sector to carry out local development initiatives. This new and unprecedented flow of development monies is being channeled through dozens of Social Funds to thousands of Civil Society Organizations (CSOs)<sup>2</sup> throughout the country. These funds support independently designed and managed development efforts in such area as rural development, education, natural resource management, health, urban development, and environment.

The World Bank (WB) has been playing an increasingly important role in this bottom-up development approach – recently defined as Community-Driven Development within the Bank - by financing 14 social funds in the areas of rural poverty, AIDS, and environment. While this demand-driven modality was first piloted within a rural poverty alleviation program in the Northeast section of the country in the mid-1980s, today it has grown exponentially to encompass projects in the entire country and represent 12.5% of the WB's Brazil portfolio. This article will highlight the findings of an independent and participatory study undertaken by the WB to better understand the nature and operational results of these funds, as well as analyze the civil society participation approach adopted by each.

### **STUDY OBJECTIVES AND SCOPE**

The “Participatory Portfolio Review of World Bank Funded Social Funds in Brazil” was undertaken over an eighteen-month period from June 1999 to November 2000. The purpose of the study was five-fold:

- ❖ Map out, for the first time, the operational characteristics of the Community-Driven Development (CDD) component of the Brazil portfolio;
- ❖ Weigh the operational advantages and drawbacks of the various funds and analyze their implementation results;
- ❖ Document and analyze the effectiveness of the civil society participation mechanisms and approaches adopted by each fund;
- ❖ Raise hypothesis and propose a methodological approach to measure the social impact of these funds for a possible follow-up study; and
- ❖ Disseminate the lessons learned from these experiences in order to improve the overall performance of the funds.

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<sup>2</sup> For purposes of this article, Civil Society Organizations comprise community groups, non-governmental organizations (NGOs) social movements, charitable organizations, church agencies, professional associations, and foundations.

The study focused on 14 leading small-grants funds (which for the purposes of this study are being called “Social Funds”) operated by the Brazilian government at both the national and state levels. (see list below)

| <b>FUND NAME</b>   | <b>THEMATIC AREA</b>   | <b>GEOGRAPHIC COVERAGE</b>                              | <b>AMOUNT</b>               |
|--|--|---|-----------------------------|
| Rural Poverty Alleviation / Paraná                         | <i>Rural Poverty Alleviation</i>                                 | Paraná state  | \$157.2 million             |
| Rural Poverty Alleviation Project / Rio Grande do Sul (RS) | <i>Rural Poverty Alleviation</i>                                 | Rio Grande do Sul state                                 | \$103 million               |
| Agrarian Reform Pilot                                      | <i>Rural Poverty Alleviation</i>                                 | Pernambuco and Bahia states                             | \$84,3 <sup>3</sup> million |
| PED / National Environmental Program                       | <i>Environmental Protection</i>                                  | National  | \$61.2 million              |
| Northeast Rural Poverty Alleviation Project (RPAP)         | <i>Rural Poverty Alleviation</i>                                 | Pernambuco state  | \$52 million <sup>4</sup>   |
| PADIC / Mato Grosso Natural Resources Management Project   | <i>Natural Resource Management</i>                               | Mato Grosso state                                       | \$40 million                |
| Northeast Rural Poverty Alleviation Project (RPAP)         | <i>Rural Poverty Alleviation</i>                                 | Rio Grande do Norte state                               | \$32 million                |
| FUNBIO / National Biodiversity Foundation                  | <i>Environmental &amp; Biodiversity Protection</i>               | National  | \$25 million                |
| PAIC / Rondônia Natural Resources Management Project       | <i>Natural Resource Management</i>                               | Rondônia state  | \$22 million                |
| PDA / Rainforest Pilot Program                             | <i>Environmental Protection &amp; Community Development</i>      | 16 states in the Amazon and Atlantic Rainforest regions | \$22.2 million              |
| PROBIO / National Biodiversity Program                     | <i>Biodiversity Protection</i>                                   | National  | \$20 million                |
| AIDS   | <i>HIV / AIDS Prevention &amp; Treatment</i>                     | National  | \$18.7 million              |
| RESEX / Rainforest Pilot Program                           | <i>Extractive Reserve Protection &amp; Community Development</i> | Acre, Amapá, Rondônia states                            | \$9.7 million               |
| FAP / World Bank Small-Grants Program                      | <i>Government – Civil Society Collaboration</i>                  | National  | \$85,000                    |
| <b>TOTAL</b>   |  |   | <b>\$647,3</b>              |

The 14 funds included in the study were from four broad areas: rural poverty alleviation, natural resource management, environmental/biodiversity protection, and AIDS prevention/treatment. It is estimated that these funds supported over 10,000 thousand projects – each averaging \$50,000 to \$70,000 per year in value -- during the seven years studied. The sum total of all 14 funds is **US\$647.3 million** over a seven year period (FY 1993 - 2001) or **9 %** of the overall country portfolio (US\$7.6 billion in FY 1999). The value of the social fund component climbs to **\$955 million or**

<sup>3</sup> Includes the value of funds in five Northeastern states, although the study only covered the program in two states (Pernambuco and Bahia). This amount does not, on the other hand, include the funds (\$65.7 million) used to provide loans for land purchases.

<sup>4</sup> Only two (Pernambuco and Rio Grande do Norte) of the eight Northeastern states where these social funds are being implemented were included in this study. The total value of the funds in all eight states is over \$300 million.

**12.5%** of the overall portfolio if all 8 RPAP state-level projects are also included. Of this amount \$888.1 (93%) was provided to the GOB as loans and \$66.9 (7%) was provided as grants from a variety of sources (World Bank, Global Environmental Facility/GEF, and G7 industrialized countries). While some of the social funds constituted nearly the entire loan -- such as the case with most of the rural poverty projects and two of the environmental funds (FUNBIO and PROBIO) – the others represented only a relatively small component of much larger loans. Overall, these 14 Funds represented 36% of the total value of the larger loans in which they were imbedded. Below is a short description of each cluster of funds listing their overall value, activities undertaken, and types of organizations funded:

Rural Poverty Alleviation This cluster of five funds represents the largest in terms of monies, **\$428.5 million or 66%** of the total value of the 14 social funds studied. Three of the rural poverty projects are located in the Northeast (RPAP and Agrarian Reform) and two in the Southern region of the country. All five of these funds are managed locally by state governments, although the agrarian reform is funded by the federal government through the Ministry of Agrarian Development in Brasilia. The two Northeast Rural Poverty Alleviation funds are part of the first social funds supported by WB in Brazil starting in 1985. The lessons learned from the RPAP experience influenced the design and approach adopted by many of the subsequent social funds supported by the WB in Brazil. These funds are geared to promoting rural development through the following activities: building infrastructure (rural electrification, water systems), land purchase (market-based agrarian reform approach); increased agricultural activity (production and marketing); greater access to social services (building schools and health clinics); higher income (productive enterprises). Local beneficiary organizations include producer’s associations, rural cooperatives, trade unions, and women’s groups.

Environmental & Biodiversity Protection The five environmental funds (PED, FUNBIO, PROBIO, PDA, and RESEX) are among the newest funds and most have a national coverage. These funds represent **\$138.1 million or 21%** of the total. They support the following activities: environmental conservation (creating/maintaining natural reserves, climate change analysis, watershed management); biodiversity protection (biological research, establishing biological corridors); extractive reserve management (forest management, marketing extractive products); and community development in the Amazon (agroforestry production, education/health services, fishing). Grantee organizations have included national movements of traditional populations (rubber tapper, indigenous) regional environmental networks, research NGOs, municipal governments, and local producer’s associations.

Natural Resource Management This cluster comprises two funds (PAIC and PADIC) with similar origins and characteristics located in adjoining states within the Western Amazon. They account for **\$62 million or 10%** of all social funds expenditures. Both of these funds were established to streamline and improve the impact of much larger natural resource management projects (PLANAFLORO and PRODEAGRO) experiencing

### Partnership Fund

The only social fund to be operated directly by the World Bank in Brazil was the Partnership Fund (FAP). This is a local version of the global Small-Grants Program maintained by the WB in some 50 countries. In Brazil the program is geared to promoting government – civil society partnerships. While the FAP is much smaller than the other Brazil social funds – **\$85,000** over two years covering 20 grants – it was used strategically by the WB’s Brazil Program to support unique partnerships, reach out to civil society, and support cutting-edge initiatives.

The program selection committee, for instance, was composed of representatives of three institutions - Rede Brasil (CSO network which monitors WB activities), Planning Ministry, and the WB – which are often at odds over Bank policies and programs. The fund allowed the Bank to fund themes (and organizations) not generally contemplated in large Bank loans such as: crime/violence (human rights groups); race/discrimination (Afro-Brazilian and gay rights organizations); and citizens-government policy councils (advocacy NGOs).

implementation problems, by ensuring that project

moneys reached local beneficiary populations directly. Grassroots initiatives supported by the funds included: agricultural production/marketing, rural productive enterprises, food production, education and health infrastructure, environmental protection, women's empowerment, and extractive reserve management. Organizations receiving support include rural cooperatives, producer groups, associations of indigenous and rubber tappers, trade unions, environmental NGOs, and women's organizations.

**AIDS** One of the Funds - worth **\$18.7 million or 3%** - was geared to fighting the AIDS epidemic in Brazil by supporting the work undertaken by AIDS/CSOs in the areas of prevention (condom/needle distribution, HIV testing), care (children's homes, outpatient centers), and public education (production and distribution of booklets, media campaigns). Population groups particularly vulnerable to the AIDS epidemic and which directly benefited from these activities include: gay and lesbians, street children, sex workers, construction workers, indigenous peoples, low-income women, and truck drivers.

The portfolio review documented and analyzed the origins, operational characteristics, implementation results, and civil society participation approaches adopted by each of the funds. The study also had an international comparative component that analyzed the WB's experience in financing social funds worldwide in relation to its experience in Brazil. The study was undertaken by a group of independent consultants with long term experience evaluating development activities at both the macro program level as well at the community setting.<sup>5</sup> The study methodology comprised four distinct activities: i) extensive bibliographical research of WB, government, and civil society project documents and evaluation studies; ii) visits to 6 states (Pernambuco, Rio Grande do Norte, Mato Grosso, Rio Grande do Sul, Paraná, and Rio de Janeiro) and Brasília; iii) interviews with over 50 government managers, civil society leaders, WB staff, project beneficiaries, and social scientists; and iv) a national seminar to present/discuss research findings.

The final version of the study contained the following sections: an **Executive Summary; Preface** (introduction and considerations by the WB); **International Comparative Report** (WB's experience with social funds internationally); **Brazilian Social Fund Report** (overall findings, conclusions and recommendations on the 14 social funds operating in Brazil); and the **Seminar Report** (summary of main issues discussed at the national seminar as well as the agenda and list of participants). The Brazil report contained useful comparative tables on the budgets, policy links, operational characteristics, administrative requirements, supervision methodology, and participatory mechanisms of each of the funds. The study also produced 10 Sub-Chapters (several of the "sister funds" were presented in the same chapter) with detailed analysis and information on each of the 14 funds. The final version of the study<sup>6</sup> was completed and distributed in August 2001 to the government, civil society, and WB staff who had been interviewed during the study, as well as to a wider audience.

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<sup>5</sup> The researchers were social scientists (sociologists, anthropologists) who either worked as independent consultants or were professors affiliated with leading Brazilian universities: Joe Weiss, Maria Clara Couto Soares, Carlos Alberto Steil, Isabel Carvalho, and Gabriela Scotto; Two other consultants assisted in facilitating the national seminar and writing the seminar report: Ilka Camaroti and Marcus Melo.

<sup>6</sup> The final version of the report can be downloaded from the WB's Brazil program website (<http://www.bancomundial.org.br>) and copies of the individual fund chapters can be obtained by contacting the Information Officer at the WB's Brasilia Office

## STUDY FINDINGS

The portfolio review produced valuable comparative findings about the nature and results of the 14 social funds financed in Brazil, and how they compare with social funds in other countries and regions. Here is a summary of the key findings:

### Comparative International – Brazil Experiences with Social funds

The WB's experience with social funds throughout the world, particularly in Asia and Africa, differs in several important ways from the approach undertaken in Brazil. First, while social funds in most countries (including Central America and the Andean region in Latin America) have been associated with traditional economic structural adjustment programs (often serving as compensatory social safety net mechanisms), in Brazil these funds have been largely geared to combating chronic poverty and/or decentralizing social services. Second, in most countries, social funds tend to be national in focus, while in Brazil the programs have been largely limited to a particular region or even state due to the continental size of the country. Third, social funds in many countries tend to be geared to job creation and income generation through micro-credit provision or financing of productive enterprises. This has not been the focus of Brazil's social funds (more geared to infrastructure installation and social service provision), although there has been growing demand within the rural poverty (RPAP, RS and Paraná) and environmental (PDA) funds for income generation projects.

### Three Distinct Types of Funds

In terms of social fund experience in Brazil, the study identified three distinct groups of funds in terms of their origins and rationale:

- ◆ **Extending Social Safety Nets** (early 1980's – mid-1990's) This first group was characterized by the 5 rural poverty alleviation Funds established to address chronic rural poverty caused by land concentration, uneven investment policies, and in the case of the Northeast region of the country - recurring droughts. Project documents also described these Funds as social "safety nets" to counter growing unemployment and decreasing incomes among rural poor brought on by modernization of agriculture and other economic adjustment trends. While the agrarian reform project was funded later, it reflected the same objectives and rationale as the rural poverty alleviation funds.
- ◆ **Streamlining Program Implementation** (early - mid 1990's) This second cohort constituted projects facing significant implementation problems, in which the funds were established to help streamline and improve project outcomes. These included the two natural resources management projects (PAIC and PADIC) and the first environmental project funded by the WB in Brazil (PED). In all three cases, social funds were introduced to allow project funds to flow directly to community groups.
- ◆ **Promoting Sustainable Development** (mid 1990's) This last group of funds reflected a shift in paradigm as they adhered to new trends in development that called for promoting sustainable development and environmental conservation policies as well as greater civil society participation. The newer environmental, AIDS, and the WB's small-grants fund comprise this group of funds.

## Commonalities and Differences

The study found that there were several characteristics which were common to all 14 funds: they were largely demand-driven (none were purely demand-driven as all funds had some degree of programmatic focus related to thematic areas, beneficiary populations, activities, etc.); all transferred funds directly to CSOs who managed these monies themselves; all funds were provided as grants (with exception of the Agrarian Reform which provided monies for land purchase in the form of loans); nearly all funds were targeted to low-income groups (with the exception of some of the environmental funds whose rationale was more environmental than social); and all funds only funded legally-established organizations (informal groups or individuals were not contemplated). A final similarity found was that the funds tended to be largely divorced from macro Brazilian government social programs in such areas as employment (FAT) and regional development (Avança Brazil). Further, with the exception of the RPAP (which had been in operation for 15 years and thus has had some measurable regional impact), most of the funds don't claim to have had large scale impact on poverty.

The study also found some important difference among the funds related to operational procedures and policies. These include: differing fund management approaches; varied financing (disbursement mechanisms, counterpart requirements) and reporting (formats, regularity) requirements; and different sub-project monitoring, evaluating, and results dissemination approaches. The funds also had contrasting approaches to promoting institutional capacity building. While many of the funds had provision for

technical assistance geared to improve organizational capacity of the grantee organizations, the PDA and RESEX went a step further by providing “institutional support” to the civil society networks involved in the promotion and monitoring of the funds.

### Varying Levels of Decentralization

The 14 funds reflected varying degrees of decentralization on the continuum from the federal to the local level. Here were the major clusters identified:

- ◆ **Federal Level** The PDA, RESEX, AIDS, FAP, PROBIO were all managed at the federal level. An interesting feature of these Funds is that their intervention was direct from Brasília to the local level often bypassing state and local governments. While some of those interviewed felt that this direct federal role was needed due to distant (and at times antagonistic) civil society – government relations at the local level, others considered that this modality was delaying the needed civil society - government integration at the local level.
- ◆ **State Level** The RPAPs, Agrarian Reform, RS and Paraná Rural Poverty, PAIC, and PADIC are all managed by state governments. In many of these funds (with the exception of the PAIC and PADIC), a portion of the decision-making authority over allocation of funds is further decentralized to the municipal level through the Municipal Councils.
- ◆ **National/State/Local Levels** The PED is the only one that incorporates a federal, state, and municipal level partnership in its approach. Many felt that this is a preferred modality since it encourages the strengthening of government management capability at all three levels and preserves the role of the state as a direct service provider. It should be noted that the AIDS project followed this model, having decentralized its federally managed social fund to 6 states.
- ◆ **Non-Governmental Sector** The FUNBIO is the only Fund that operates outside the WB/Government sphere. It is an independent entity and has a multi-stakeholder Board of Directors composed of: government, private sector, civil society, and academic representatives. It supports local organizations throughout the country from its Rio de Janeiro office.

The funds also had different mechanisms and approaches to technical assistance provision. While some funds (RS, Paraná Rural Poverty, RESEX, AIDS) relied on government agencies (such as the national rural extension agency EMATER) to provide technical assistance and the monies were controlled by the Fund, others (RPAP, Agrarian Reform, PDA, PAIC, PADIC) provided the monies to the grantee organizations who themselves contracted government, CSO, or private sector service providers. While this latter mechanism was seen as positive since it provided autonomy to the grantee organization, it also seemed to encourage the emergence of a “consultants industry” which, in some cases, seemed to artificially drive sub-project design and outcomes. Finally, the study found that three funds (PROBIO, FUNBIO, FAP) didn’t have any provision for technical assistance.

### **Civil Society Participation**

While the portfolio review found that all 14 funds allow for some measure of civil society participation in their execution, and for this reason represent an important trend within the Brazil portfolio, there are distinct conceptual approaches and operational methodologies adopted by each of the funds geared to participation. Researchers documented three broad levels of participation that are related to such factors as: longevity; level of civil society activism; and nature of the thematic areas. Researchers found, for instance, that the “safety net” group of funds tended to be characterized by more limited participation (largely restricted to community-based organizations) while the more recent “sustainable development” funds welcomed participation by a broader array of CSOs (going beyond CBOs to include intermediary NGOs, CSO networks, and national social movements). This movement towards broader participation as new social funds came on line and existing funds expanded their participatory approach, evidences the evolving and cumulative nature of participatory processes. Some thematic areas such as the environment and AIDS (due to their more universal appeal/impact and less ideological background) seemed to encourage improved government – civil society relations, while other areas such as agrarian reform and rural poverty (which has long been characterized by a polarization and confrontation) witnessed less advancement.

The study found that the quality of civil society participation in these social funds seemed to be conditioned by what kinds of organizations are actively participating in the funds, since different types of organizations have different roles and ability to influence decisions. The experience of the more recent social funds demonstrates clearly that where intermediary NGOs, CSO networks, and national social movements (ie. trade confederations, association of rubber-tappers) complement the participation of community groups -- providing policy advocacy, capacity building, and technical assistance -- the breadth and quality of civil society participation improved considerably. The active presence of organizations who can assess macro policy choices, propose alternative approaches, negotiate complex technical issues, and monitor the impact of government spending, helps to “level the playing field” in the generally unequal power relations between community groups and government agencies. Below is a description of each of the three stages.

**Grassroots Participation** The rural poverty alleviation funds, which also happen to be the oldest, were designed to promote widespread participation by community-based groups such as rural cooperatives, women’s organizations, producer’s associations, and other grassroots organizations. CBOs not only participated as beneficiaries of the social funds (the funds could only be disbursed to legally established CBOs), but were also expected to participate actively on the citizen – government councils that were established in each municipality to select and oversee the projects

funded.<sup>7</sup> On the other hand, due to long standing animosity between state governments and an activist civil society sector in the Northeast, leading intermediary NGOs and state labor confederations were excluded from receiving funding directly from the social funds or participating in its management.<sup>8</sup> The only exception to this rule was the program in the state of Rio Grande do Norte where, due to singular historical circumstances, a strong rural network composed of the state labor confederation, church agencies, and intermediary NGOs participated actively in the management of the program. It should be noted, however, that several important steps were been taken beginning in 1999 to include the national rural labor confederation (CONTAG), Catholic Church (CNBB), and leading NGOs in the management of the RPAP at the state level. CONTAG has even become an active partner of the Ministry of Agrarian Reform in designing and implementing a new rural land credit loan financed by the WB in 2001.

**CBO/NGO Participation** The natural resource management and the oldest environmental protection funds (PED), which comprise the second group of “streamlined” projects, built on the experience of the poverty reduction projects by allowing intermediary NGOs and CSO networks to also receive funding and participate in program management. In the case of both PAIC and PADIC, for instance, the funds themselves were established after leading NGOs and social movements in the states of Mato Grosso and Rondônia negotiated the reformulation of larger loans with the state government, Ministry of Planning, and the WB.<sup>9</sup> While the emphasis of these funds

### **Government – Civil Society Join Forces to Fight the AIDS Epidemic**

Today, the Brazil AIDS Program is recognized internationally for its innovative and effective approach to fighting the epidemic. A key aspect to Brazil’s success has been the growing partnership between government agencies and AIDS/CSOs. When the first WB AIDS loan was funded in 1994 though, relations between the government and CSOs were distant, if not strained. CSOs did not formally participate in the design of the first AIDS loan or of the social fund established to support civil society activities.

As the AIDS social fund was implemented and positive results from the prevention and treatment activities undertaken by CSOs began to surface, relations began to improve steadily. Today, AIDS/CSOs sit on half a dozen different national AIDS policy councils, provide training and technical assistance to government agencies, and are expected to be fully involved in designing a proposed follow-up AIDS loan and its social fund. Further, it is estimated that from 1994 (when the AIDS fund was first established) to the end of 2001, over \$50 million dollars will have been channeled to some 600 AIDS/CSOs throughout Brazil.

Nothing exemplifies more clearly how significant this collaboration has been, than the fact that both the current directors of the government’s national AIDS Program and Social Fund are well-known NGO activists, having helped to establish two of Brazil’s leading AIDS/CSOs.

<sup>7</sup> As a matter of fact, 80% of the slots in these municipal councils in the Northeast are mandated by law to be filled by civil society representatives. On the other hand, there have been reports that specific councils were dominated by local political elites such as mayors since the community representatives were not imbued by a strong tradition of civic participation and had not been properly trained for their oversight role. Overall, while the study found that these councils did not work as well as expected at times, they did represent an important step in the direction of promoting greater civil society participation and increasing government accountability. They also noted that these citizen-government councils tended to work better when there was a pre-existent level of community organizing and social capital spurred by church agencies, NGOs, and labor unions.

<sup>8</sup> On the other hand, NGOs could and did receive funds indirectly from the social funds when they were hired by CBOs (who were grant recipients) to provide a variety of services through technical assistance contracts.

<sup>9</sup> In Rondônia it was the NGO Forum of Rondonia with over 30 NGO, social movements, church agencies, trade unions, and producer’s associations that negotiated the reformulation of the \$167 million Rondônia Natural Resources Management

was still geared to funding CBOs, they did allow intermediary NGOs to start receiving funds as well as encouraged their representatives to participate in policy councils and even be hired to analyze project proposals alongside state government technical staff.

**Broad-Based Participation** The more recent or “sustainable development” group of funds seemed to have incorporated the lessons learned from the experience of their predecessors and allowed for a broad array of civil society organizations -- ranging from CBOs and intermediary NGOs to national CSO networks -- to be incorporated as full partners in the social funds. This is especially true in the PDA and RESEX funds where NGOs and CSO networks – in addition to CBOs – not only are grant recipients but participate in nearly all aspects of fund execution (design, sub-project selection, administration, and evaluation). These funds also provided financial support to two major civil society networks (Amazon Working Group/GTA and Atlantic Rainforest Network) to provide technical assistance and monitor fund activities. In the case of two other environmental funds (FUNBIO and PROBIO), CSOs are active members of their governing bodies. Civil society has also been a key actor in the AIDS fund, although it wasn’t always so (see AIDS box).

### Study Recommendations

The portfolio review contained a number of recommendations intended to further streamline and improve the implementation results of the social funds. The most important recommendations include:

- The funds should seek greater integration with macro government policies (i.e. agricultural, health, and environmental policies) and other social programs (rural credit, regional development) to ensure greater consistency and impact of government and WB social investments.
- In light of a generalized concern with the sustainability of productive/marketing projects financed through the funds, it was recommended that revolving loan mechanisms be considered in some cases rather than simply continuing to rely on grants. The researchers also recommended that specialized technical assistance be provided grantees in the areas of business management, quality control, and marketing.
- All funds should improve their project monitoring and evaluation methodologies (adopt clearer results indicators and train sub-project staff to undertake self-monitoring) and increase the dissemination of results.
- The numerous and overlapping municipal councils should be encouraged to merge in some fashion without losing the grassroots nature of the RPAP councils -- perhaps into municipal-wide *Conselhos Municipais de Desenvolvimento* as is being experimented in the RPAP/Pernambuco -- and that training be provided to CSOs to improve their ability to participate more effectively in these important policy-making forum.
- The social funds should allow for repeat grants and generally longer-term support of grassroots initiatives, since these often require long maturation processes before their potential for sustainability can be realized.

- Streamline and simplify some of social funds administrative procedures such as: proposal submissions, financial disbursements, procurement rules, and reporting requirements, etc.

## PARTICIPATORY METHODOLOGY

The study was significant not only for its important findings, but also due to its participatory methodology that actively involved government managers, civil society activists, and WB task managers in all its phases. **First**, key government, civil society, and WB staff were consulted on the design of the study. CSOs that were contacted and consulted on the study Terms of Reference (ToR) during the design phase included FASE, Rede Brasil, INESC, and CONTAG. **Second**, representatives from the three sectors were invited to serve on the Study Advisory Group <sup>10</sup>. This working group met several times to opine on the ToR, review the research methodology, and analyze the initial drafts of the various reports. **Third**, the researchers devised an interview methodology where roughly the same number of representatives from the three sectors would be interviewed within each of the 14 social funds, in order to attempt to ensure balance and objectivity in their findings. When it was not possible for the same number of persons to be interviewed in each of the funds, these were replaced by pre-existing evaluation studies which conveyed the viewpoints of government, civil society, or WB staff.

**Fourth**, the WB Brazil Program hosted the "National Seminar on Social Funds Financed by the World Bank in Brazil" which was held in Brasilia on November 20-21, 2000. The purpose of the seminar was to present and discuss the results of the study to the same interlocutors who had been interviewed, as well as to other significant government managers and social development specialists. Approximately 60 persons from federal ministries (Planning, Health, Education, Regional Integration, Agrarian Reform), state governments (Rio Grande do Norte, Piauí, Pernambuco, Rondônia, Mato Grosso, Paraná, Rio Grande do Sul), leading civil society organizations (FASE, CERIS, Fórum de ONGs de Rondônia, GTA, RMA, DESER, FORMAD, ABIA, AACC, Rede Brasil.), WB (Task Managers, consultants) and social fund specialists participated in the seminar. The two-day meeting began with a presentation by the researchers on the study funding, moved into small-group discussion by Fund cluster (i.e. rural poverty, AIDS, environment), and ended with a final plenary discussion. A report on the conclusions of the seminar - which recorded the consensus reached and points of contention – was distributed as part of the final study report.

This was the first time that such a major study of the WB's Brazil portfolio had been undertaken in such a participatory and open fashion. Not only were the researchers independent (for most, this was their first contact with the WB), but the methodology utilized allowed for a balanced assessment of the social funds. While there was some discussion during the national seminar that the study had inaccuracies and that some of the analysis was partial (leading some government and WB managers to feel that certain aspects of several reports were too critical), overall it was felt that these problems didn't outweigh the greater accountability and transparency generated by autonomous assessments of this nature. In short, the independent and participatory nature of the study not only ensured greater objectivity, but assured its acceptance by a broader cross-section of interlocutors.

## STUDY CONCLUSIONS

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<sup>10</sup> The Study Advisory Group was composed of representatives from the Ministry of the Environment, Instituto Sociedade, População e Natureza (ISPN), and WB.

The overall assessment of the portfolio review on Brazilian social funds financed by the WB was positive. The study not only documented the fact that millions of dollars were channeled to thousands of local organizations, but that they have had a strategic role in improving government – civil society relations more broadly in Brazilian society. Further, the funds have supported innovative and effective grassroots development approaches that in turn have improved the effectiveness of the government's poverty reduction efforts.

The study process provided important lessons and opportunities for all three sectors. Government managers were able to exchange technical information and learn from the experiences and best practices (particularly regarding participation approaches) of other funds. CSOs learned greater details about the WB's community-driven development portfolio and also the intrinsic complexities involved in their implementation. Further, it is hoped that this process will encourage CSOs to become even more involved in the social funds, particularly those with less civil society participation. For WB staff, the portfolio review allowed them to compare notes amongst the various funds, and better understand the benefits that greater civil society participation can bring in terms of improved operational performance and implementation results.

On the other hand, the study documented the many differences that still exist among the Funds in terms of the approaches and procedures adopted and how these impact operational results. There were also difficulties identified which warrant improvements, such as the disconnect between these funds and macro government social policies, recurring problems with disbursement delays, limited technical assistance, and lack results monitoring. There was also consensus that a larger, more comprehensive study to examine the social impact of these funds, particularly at the sub-project level, would be quite useful and a logical follow-up to this initial mapping exercise of the World Bank's community-driven portfolio in Brazil.