Chapter 4

The Role of Rondônia in the Recent Settlement of the Brazilian Amazon

This chapter reviews recent efforts of the Brazilian government to occupy the Amazon Basin, these efforts that establish the historical and political context for the present study. The chapter focuses on efforts made to occupy the state of Rondônia; specifically through the implementation of regional development programs partially funded by the World Bank. Finally, the chapter provides background on the involvement of NGOs in the governing organs of PLANAFLORO.

The occupation of the Amazon in the 20th Century

Settlement of the Amazon Basin has been a goal of successive Brazilian governments since the 16th century (Machado 1989). The region has the largest tract of tropical rain forest in the world -- more than 3.3 million km^2 (Molofosky et al. 1986) -- and a wealth of mineral resources (Santos 1983). The region has been described as the “last Brazilian frontier” (Becker 1987). During the 20th century the Brazilian government has attempted to obtain even more complete control over the region and its resources (Machado 1991).

Mahar (1979) divides modern planning attempts to occupy the Amazon into 5 different historical periods. The first period began in 1912, and was centered in the Rubber Support Plan that collapsed in 1945. At the end of World War II, a second development plan was elaborated resulting in the creation of the " *Superintendência do Plano de Valorização Econômica da Amazônia* " (SPVEA) in 1953 which gave high priority to agricultural development in order to make the region self-sufficient in foodstuffs and to expand the production of raw products for export and internal use. The military government, installed in 1964, imposed an intensified policy of economic development in the region providentially named "Operation Amazônia." The third period, Operation Amazônia, revolved around the concept of creating development poles to encourage immigration, provide incentives to private capital investment to infrastructure development, and to provide economic capacity to support research on natural resources. In 1966, a key institution called "*Superintendência do Desenvolvimento da Amazônia* " (SUDAM) was created out of SPVEA to organize public investment in the region.

The early 1970s saw a shift in federal activity in the Amazon from economic development to occupation and physical integration within the First National Development Plan. In

1970 the Federal government established the National Integration Program (PIN). The central goal of PIN was to develop the vast interior of the nation by relocating Brazilian citizens there. The program was based on a proposed “ *terra firme* ” transportation system; the largest road being the so-called Transamazon which would link the Atlantic coast to the Peruvian border. The PIN was complemented by the Land Redistribution Program (PROTERRA). The goals of PROTERRA were to facilitate land acquisition, improve rural labor conditions, and promote agroindustry in the Amazon. In terms of colonization, the goal of PIN was to settle 100,000 families (around 500,000 people) in 5 years along the Transamazon Highway (Bunker 1985). However, by 1978, 4 years after the PIN was initiated, less than 8% of the anticipated number of colonists had been settled (Bunker 1985). Fearnside has argued that several factors contributed to the failure of the Transamazon settlements. Fearnside (1986) cites, among other things, the Federal government’s failure to provide titles, lack of secure loans for agricultural inputs, inadequate governmental support to recently settled farmers, poor maintenance of roads, and the inability of forest soils to sustain agriculture.

The fifth period is characterized by the implementation of the Second National Development Plan. In 1974, in

reaction to the perceived failure of the PIN and PROTERRA, the Federal government switched its approach and begun to support large enterprises in the cattle ranching, timber, and mining sectors through a program called POLAMAZÔNIA (Millikan 1988) This initiative designated sixteen growth poles in the Amazon that were deemed to have economic potential (Schmink and Wood 1992, p.78). In practical terms, most of the credit provided by POLAMAZÔNIA favored large cattle ranching projects. However, given their short-term productivity and relatively high cost, cattle ranching projects were abandoned by the Federal government as a principal strategy in the late 1970s to encourage settlement and development(Hecht 1985).

Rondônia: The Occupation of the Western Amazon

Rondônia, which is located in the western portion of the Brazilian Amazon, contains 243,044 km^2 (an area slightly larger than the former republic of West Germany) (Coy 1987). In the early 1970s the region had approximately 208,000 km^2 (86%) of its total area occupied by closed canopy seasonal rain forests. The first settlements in Rondônia occurred during two rubber boom cycles (the first in the nineteenth century, and the second briefly, during the Second World War), but neither had a lasting impact on the occupation of

that portion of the Amazon (Martine 1990). Cassiterite (tin ore) was discovered in 1952 and resulted in a new frenzy of extractive activity and population influx to the area (Browder 1994). The modern rush to Rondônia which began in the late 1960s and has continued since was caused by the massive expulsion of small producers from other regions of the country (Martine 1990).

In contrast to the Transamazon development program, the initial colonization projects implemented in central Rondônia seemed to face an opposite fate in terms of number of colonists. During the 1970s a precarious road link from Porto Velho to Cuiabá, the capital of Mato Grosso was established. The construction of this road link represented a major turning point for migration to the area because it allowed access to the region throughout the year (Goza 1994). The first colonists arrived in 1971 shortly after the establishment of the PIC (Project of Integrated Colonization) Ouro Preto. The number of farmers, and the population in Rondônia overall, which had been the second lowest in the country only a few years earlier (FIBGE 1989), suddenly rose from 69,792 in 1960 to 111,064 in 1970 (FIBGE 1991). Despite a loss of population due to out migration to other areas of the Brazilian Amazon (Perdigão and Bassegio, 1992) the 1990 census (FIBGE 1992) showed that Rondônia

population had reached a total of 1,130,400 individuals. Table 4.1 shows the rapid population growth that has occurred in Rondônia from 1950 to 1990 at an increasing pace too.

Table 4.1 Population Growth in Rondônia (1950-1990)

Year	Population
1950	36,935
1960	70,232
1970	111,064
1980	593,142
1990	1,130,400

Source: Perdigão and Bassegio (1992)

The POLONOROESTE program (1981-1985): Paving a Path through the Heart of Rondônia

The World Bank was to play a pivotal role in the settlement of Rondônia and in setting the stage for NGOs in regional development. In 1979, the federal government of Brazil initiated negotiations with the World Bank regarding the possibility of financing the reconstruction and paving of the Cuiabá-Porto Velho (BR-364) highway (Millikan 1988, Brown 1992). The paving of BR-364 highway had been initiated as early as 1976, but was abandoned by the federal

government after the completion of only a few miles due to a lack of funds. The government's suspension of the program was largely due to Brazil's growing balance-of-payments' problems in the mid-1970s and its escalating petroleum import bill after the first OPEC price hike in 1973 (Rich 1994).

During negotiations between the Brazilian government and the World Bank, several members of the Bank's staff expressed concerns about the advisability of funding a highway project in Rondônia. The paving of BR-364, it was argued, would undoubtedly stimulate further migration, increase the likelihood of invasions onto indigenous land, and contribute to indiscriminate deforestation (Cultural Survival 1981, Rich 1994, Schwartzman 1984).

As the proposed program moved through the Bank's internal governing "pipeline," criticisms of the potentially negative social and environmental impacts were increasingly downplayed (Schwartzman 1984). Since it was believed that with or without the Bank, the Brazilian government would proceed with its highway development plans, advocates of the program within the World Bank argued that by financing an overall development package, the Bank would be using its leverage to promote basic human and ecological concerns in the Northwest region (Mahar 1983).

In December 1980, the World Bank announced its decision to finance the Cuiabá-Porto Velho highway reconstruction program as part of a larger regional development package aimed at promoting the "orderly" socio-economic development of the region influenced by the road, together with the protection of the physical environment and local Amerindian communities. The investment budget for the years 1981 to 1985 totaled 77.2 billion cruzeiros or approximately $ 1.1 US billion (World Bank 1981, p.6). In May 1981, the federal government officially created the Northwest Brazil integrated Development Program (POLONOROESTE) by Presidential Decree No. 86.029 (Rondônia was then transformed from a Federal territory into a State on December 22, 1981). As Brazil’s newest special program, the project region of POLONOROESTE covered an area of 410,000 km^2, encompassing the entire area of Rondônia and 14 municipalities in the central and western portions of Mato Grosso.

POLONOROESTE: Objectives and Components

The goal of POLONOROESTE was to “promote orderly human occupation and development to the Northwest of Brazil through government support of productive activities and implementation of economic and social infrastructure “ World

Bank (1981). Program efforts were aimed at four major objectives: (1) the construction and paving of BR 364, 1450 km from Cuiabá (Mato Grosso) to Porto Velho (Rondônia), along with the improvement of secondary and feeder roads stemming from it; (2) the consolidation of older settlement projects in Rondônia and establishment of settlement projects in Rondônia and Mato Grosso; (3) the improvement of the regional land tenure situation through titling and establishment of new projects in unoccupied areas; and (4) the improved capacity to insure environmental preservation and protection of indigenous people (Brown 1992).

Table 4.2 shows the breakdown (in Brazilian cruzeiros) of the total budget of POLONOROESTE. Transport sector expenditures consumed over half of the initial POLONOROESTE program budget of US $ 1.55 billion. In contrast, only 2.1% and 1.0 % of overall program funds were set aside for Amerindian and environmental components, respectively. In terms of funding sources, the World Bank estimated that 43% of program costs would be financed through the budgets of existing government agencies, and that 23% would originate from special national development funds. The remainder of the program budget, roughly 34% would be secured through loans from the World Bank.

Table 4.2 POLONOROESTE budget, 1981-1985 in millions of January 1981 cruzeiros

Component	Cruzeiros ($x10^6$)	% of total
Transport	44,305	57.3
- Paving of BR 364	38,690	50.0
- Feeder Roads	5,615	7.3
- New Settlement Projects	17,813	23.0
Development of older areas	9,783	12.7
Transportation	2,179	2.8
Protection of Amerindians	1,646	2.1
Environmental Protection	791	1.0
Administration	790	1.0
Totals	77,308	100.0

Source: World Bank 1981.

As Brown (1992) has observed, the centerpiece of POLONOROESTE was the paving of BR-364 between Cuiabá and Porto Velho. Government officials believed that the development of Rondônia was highly dependent on assuring access to markets in the South of Brazil. In addition, the program earmarked money for the construction of secondary and feeder roads. The goal was to improve the precarious condition of the roads network -- a special challenge during the rainy season (Fearnside 1989).

The "New Settlement Projects" (NSP) of POLONOROESTE anticipated the settlement of some 15,000 migrant families in Rondônia during the early and mid-1980s. In an attempt to improve the location of colonization projects and insure against environmental degradation, the World Bank required that semi-detailed soil surveys be conducted as a basis for selecting new settlement areas. Moreover, the rigid grid-based layout of the " *Instituto de Colonização e Reforma Agrária* "(INCRA) -- the National Institute for Colonization and Land Reform -- was modified to account more adequately for local-level variations in soils, topography, and hydrographic characteristics. The NSP of POLONOROESTE included an elaborate plan for infrastructure and support services, including construction of rural access roads, storage facilities, agricultural extension, health, and education services.

The Environmental Protection Sub-Project of POLONOROESTE focused on ensuring the preservation of existing and recently created biological reserves, national parks, and ecological stations in Rondônia. These included the Jarú and Guaporé Biological Reserves, the Pacáas Novos, and the Cuniã Ecological Station. This component of POLONOROESTE also called for strengthening the deforestation control capacity of the "Instituto Brasileiro de

Desenvolvimento Florestal”(IBDF) -- the Brazilian Institute of Forestry Development, feasibility studies of salvage logging operations within cleared areas, and increased base-line ecological research.

The Impacts of POLONOROESTE on Social Groups and Natural Resources of Rondônia

The BR-364 highway was officially inaugurated ahead of schedule on September, 1984. By the mid-1980s, problems of indiscriminate land occupation and tropical forest clearing in Rondônia had begun to become apparent world-wide. In sharp contrast to the stated objectives of POLONOROESTE, settlement pressures had actually become more severe during the program's implementation. While the planners of POLONOROESTE had anticipated that migration rates to Rondônia would increase following the paving of the BR-364, the rate of arrival of new migrants during the early to mid-1980s far exceeded official projections (Coy 1987). As a result, the population which had raised from 111,064 to 491,025 between 1970 and 1980 (FIBGE 1991) more than tripled between 1980-1986 -- from 49,205 to 165,899 new arrivals (Millikan 1988).

Although it has been estimated that during the early to mid-1980s, slightly less than half of Rondônia’s migrants

arrived in search of agricultural land, that demand for land increasingly outstripped the government's capacity to distribute it via small-farmer plots. Given the limited availability of higher fertility soils, growing demand for land in Rondônia increased pressure on areas of marginal agricultural potential. A major difficulty encountered in the NSP of POLONOROESTE was the identification of available lands for settlement that were considered by the World Bank's staff to be of suitable agricultural potential. As Millikan (1988) has suggested, a simple, but difficult to admit fact for the World Bank was that the majority of areas characterized by higher fertility soils were already occupied.

Given the physical scarcity of arable land in Rondônia, as well as large and growing administrative difficulties associated with program execution, the number of plots distributed through the NSP was significantly smaller than the originally projected 15,000. By 1987, only 1,246 plots had been distributed in three colonization projects altogether (Urupá, Machadinho and Cujubim). This total represented less than one-third of the target number of families to be settled through POLONOROESTE, and less than 12% of the migrants estimated to be seeking land in Rondônia by the mid-1980s (Becker 1987).

Despite the fact that the NSP included an elaborate plan for infrastructure and support services (e.g., construction of rural access roads, storage facilities, agricultural extension, health, and education services), most settlers received only limited health and school services (Coy 1987, Pedlowski and Dale 1992).

Furthermore, the goal of establishing environmentally sound farming systems on recently settled land based mainly on tree crops was never achieved (Millikan 1992). Actually, the returns on speculative sale of land by settlers often proved more attractive than those obtained through agricultural production. The final result of this process has been an increase in the number of lots being commercialized and the development of a class of landless farmers continuously searching for new areas to occupy (World Bank 1987).

POLONOROESTE, Deforestation and Amerindians

Not surprisingly, the rapid influx of migrants to POLONOROESTE inspired settlements, coupled with increased access to previously untouched forested areas, had a strong effect on the amount and rate of deforestation. Analysis of the images generated by the AVHRR satellite for Rondônia shows that by 1980 more than 8,000 km^2 of primary forest had

been eliminated. Total clearing rose to 28,000 km^2 by 1985, and to 41,000 km^2 by 1987 (Malingreau and Tucker 1988). Fearnside has suggested that there is a direct relationship between improvement of the paved roads and deforestation (Fearnside 1983). Moreover, some of the roads constructed by POLONOROESTE crossed or bordered not only protected areas but also Amerindian reservations (Brown 1992).

Although the World Bank refused to finance small-farmer settlements in the Guaporé Valley -- a region of pristine tropical rain forest and swamps in southwestern Rondônia -- the Rondônia government was successful in securing other federal funds for its road-building and colonization projects for that region (Millikan 1988). The government highway construction and settlement plans in the Guaporé Valley posed a major threat to several indigenous peoples, including the Uru-Eu-Wau-Wau, one of the last indigenous groups still without sustained contact with the outside world. Despite the provision for creating and protecting reserves in areas considered ecologically valuable, POLONOROESTE also fell short of its objectives in this area. Roads and the access they have created, most of them funded by the program, have become a major factor encouraging substantial losses in the state reserve forests in two ways: (1) the direct loss to road construction, and, far more

seriously, (2) the rapid entry of squatters when highways are constructed, and (3) a lack of adequate law enforcement (Fearnside and Ferreira 1984).

The existing reserves (Guaporé Biological Reserve, Jarú Biological Reserve, and four Amerindian Reserves - PI Rio Branco, PI Roosevelt, PI Karitiana, and PI Karipuna) faced continuous encroachment on their original areas due to the construction of roads and lack of law enforcement. Fearnside and Ferreira (1984) labeled this process the “farce of unprotected reserves.” The Amerindian reservations have been further compromised by the lack of utilization of the already scarce resources of POLONOROESTE by the “ *Fundação Nacional do Indio* ” (FUNAI) -- the Federal agency responsible for the well being of Indian communities in Brazil -- (Junqueira and Mindlin 1987).

In addition, several Amerindian communities were driven nearly to extinction by measles and influenza epidemics as settlers introduced these diseases to the region. Infant mortality rates of twenty-five to fifty percent were reported among the Cinta Larga and Suruí respectively (Greenbaum, 1984). As Amerindian reserves faced continuous invasion during the implementation of POLONOROESTE, several conflicts occurred between indigenous peoples and colonists (Brown 1992). In another facet of the some problem, illegal

logging occurred openly in several Amerindian reserves, and on at least some occasions, with the complicity of FUNAI and IBDF personnel (Greenbaum 1989, Browder 1986).

Political Representation in POLONOROESTE

The issue of political representation has not been examined in most analyses of POLONOROESTE. The fact is that, by design, the initiative did not take into consideration any particular need for the participation of organized interest groups in the program (Brown 1992, Coy 1987, Millikan 1992). The first governor of Rondônia was the Army Reserve General Jorge Teixeira who had been sent to run the State government after a period as mayor of Manaus. General Teixeira is still remembered for his heavy-handed style of leadership which allowed little scope for opposition (Pedlowski, personal observations).

In fact, the military government had, among other things, dismantled most of the political organizations organized by the Brazilian peasants. In addition, the military attempted to depoliticize the issue of agrarian land reform (Martins 1990). Moreover, most Amerindian groups had only recently come into contact with mainstream society and therefore lacked institutional capacity and a common linguistic basis for establishing their own political voice.

To these factors inhibiting Indian engagement must be added the ideology of “guardianship” of Amerindian populations by the Brazilian State which had been enshrined with the creation of FUNAI in the early 1970s (Schmink and Wood 1992, p.61). The rubber tappers, who would come to play a very important role in the future political developments in the Amazon, were at the time of POLONOROESTE even more obscure than the Amerindian populations for the planners sitting in Brasília and Washington. Unlike the officially stated concerns regarding the condition of the Amerindian populations, there was complete silence about the rubber tappers and other traditional communities (e.g., riverine communities) living in Rondônia in any official document regarding the implementation of POLONOROESTE. This silence has been criticized as a *de facto* neglect in relation to the different cultural landscapes which existed at the time in Rondônia (Millikan 1992).

The immediate consequence of the lack of autonomous political representation by the different social groups populating Rondônia at the time of POLONOROESTE was that they became totally dependent on the policies dictated by State agencies executing the program. Indeed, in many cases, this lack of representation apparently allowed their manipulation by individuals heading the local offices of the

governmental agencies involved. One of the mechanisms adopted by the rural extensionists working for EMATER was to establish a local association of small farmers which in many cases came to compete with similar organizations created by the Catholic church (Brown 1992, p.27). Not surprisingly some of the most influential politicians in Rondônia previously worked for either INCRA or EMATER[1].

Formation of Rondônia's civil society was still in its early stages. For example, the Pastoral Land Commission (CPT) and the Indian Missionary Council (CIMI), both linked to the Catholic church and created in 1984, are among the oldest civic organizations working with the rural workers and Amerindians in Rondônia. The creation of these NGOs served to counter-balance the dominance of the State agencies in the rural areas. However, given their creation having occurred three years after the beginning of POLONOROESTE, the influence of CPT and CIMI in the implementation of the program generally was negligible. In POLONOROESTE, NGO participation was negligible. The State maintained tight political control throughout the process.

[1]Former Vice-Governor Assis Canuto in the Piana administration (1991-1994) begun his life in Rondônia as an engineer for the local office of INCRA in Ouro Preto do Oeste, and at least two State deputies elected in the elections of 1994 (Luiz Carlos Menezes and Carlos Magno) held top positions at INCRA and EMATER.

The Consequences of the POLONOROESTE's Perceived Shortcomings for the World Bank's Policies

Even before the negative environmental and social consequences of the implementation of POLONOROESTE became public, an intense campaign had been launched in the United States by US based environmental NGOs and researchers to influence the policies of the World Bank towards its development programs to include social and environmental safeguards(Brown 1992). According to Keck (1997), the Multilateral Bank Campaign "was not aimed at a particular problem, but rather because affecting Bank policy was seen as the most economical manner of influencing the ecological dimension of development in the Third World." The problems associated with POLONOROESTE were used as a symbol of how poorly framed policies might result in significant unintended consequences -- such as widespread deforestation and threats to the existence of Amerindian populations.

The POLONOROESTE program was seen by northern environmentalists as a test case for the willingness of the World Bank to embrace an agenda for change in the design and implementation of its programs (Rich 1994, p.20). Nevertheless, the Bank's initial response to the questions associated with POLONOROESTE implementation was criticized as insufficient by several US based NGOs (e.g., EDF, Nature

Conservancy) and several members of Congress (Gross 1990, p.13). According to Gross, “the pressure on the Bank from the Foreign Operations Sub-Committee of the House and Senate Appropriations Committees was such that in 1985 the Bank temporarily suspended further disbursements of the loan pending improvements by the Brazilian government.”

In a publication sponsored by the Operations Evaluation Department of World Bank, Redwood (1993, p.58) suggested that after the suspension of disbursements in 1985, a reorientation in the program “resulted in important institutional changes and new environmental initiatives in the region. State environmental protection agencies were established and supported with program resources in both Mato Grosso and Rondônia.”

However, Emmanuel Fulton Casara[2], a geographer who was directly involved in the implementation of the environmental component of POLONOROESTE, the creation of the “*Secretaria Estadual de Meio Ambiente de Rondônia*” (SEMARO) --State Secretariat of Environment-- and the “*Instituto Estadual de Florestas* (IEF) -- State Institute of Forestry -- in 1985 (almost five years after the beginning of the program) has questioned this contention. Casara points out that the creation of these agencies was followed by conflicts

regarding the limits of their institutional jurisdiction. As a result, a remote sensing laboratory (regarded as a major requirement to control deforestation in Rondônia) which was scheduled to be created in 1985 only became reality in 1991 when both institutions had been replaced by another State agency, the *"Secretaria de Estado de Desenvolvimento Ambiental"* (SEDAM), the State Secretariat of Environmental Development (Casara Ibid.).

Nonetheless, it appears that POLONOROESTE helped engender a new sensitivity in the World Bank to the environmental consequences of its programs. According to Brown, after 1987 the World Bank responded to this area of evident weakness in its planning through: 1) changes in organizational structure and staffing which resulted in the establishment of four regional offices with environmental units and a central Environmental Department , 2) changes in program cycle timing to incorporate concern for environmental issues in different stages of the programs, and 3) incorporation of non-governmental organizations in the development process (Brown 1992, p. 60-63). Finally, the World Bank created an independent Inspection Panel in September 1993 (Shihata 1994). With the advent of the Panel, the World Bank became the first international institutional

[2]Emmanuel Fulton Casara. interview by author, tape recording, Porto Velho, RO, July 04, 1995.

outside of the European Union to create a mechanism by which citizens could demand accountability without involving their governments.

However, the skepticism among environmentalists over the changes in the democratization of Bank practices persists. Rich (1994) suggests that some of the changes listed above have given greater legitimacy to the Bank, but have yet to yield any significant changes in the democratization of the Bank's practice of development.

PLANAFLORO (1992-1996): Building the successor to POLONOROESTE

Initial planning efforts for a programmatic sequel to POLONOROESTE were officially started in 1986 and would result in the "*Plano Agropecuário e Florestal de Rondônia*" (PLANAFLORO) -- the Rondônia Natural Resource Management Project. A World Bank identification mission went to Rondônia in 1987 to review documents concerning the establishment of the institutional conditions for implementing the program (World Bank 1992). According to Astréa Alves Jordão[3], a biologist who played an active role in the design and implementation of PLANAFLORO from 1988 to 1994, a working group was established in 1987 to start

preparing the program. A first technical proposal was drafted by the end of 1988 and negotiations to obtain the World Bank's endorsement were started under the administration of State governor Jerônimo Santana.

The centerpiece of the proposal was the division of the state into 6 different agro-ecological zones (Figure 4.1)

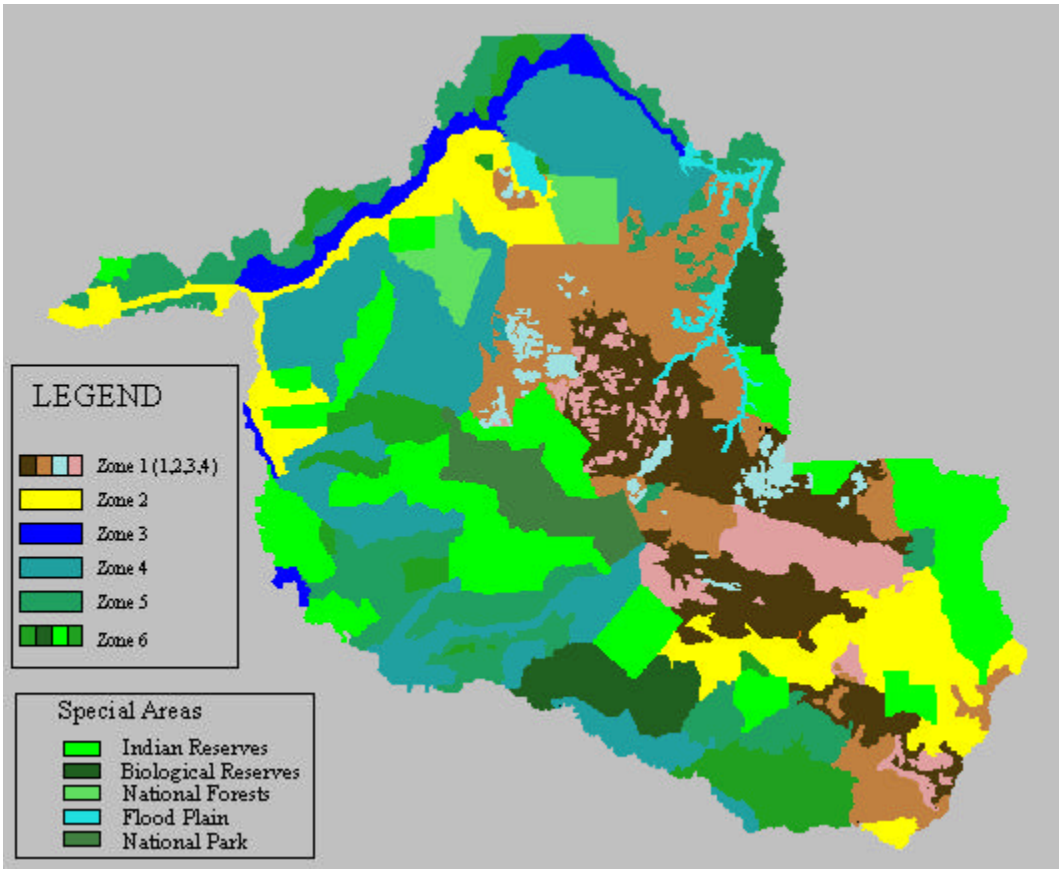


Figure 4.1 The Agro-Ecological Zoning of Rondônia. Source: SEDAM (1996).

[3]Astréa Alves Jordão. Interview by the author, tape recording, Porto Velho, July 11,1995.

The agro-ecological zoning established specific land-use types in each of the zones. (Table 4.3). The government of Rondônia faced fierce opposition from local politicians and interest groups, but in June 1988 a Decree law mandated the use of agro-ecological zoning in development planning (it was latter transformed into a State law in 1991[4]).

According to Jordão, negotiations between the State and the Bank were stalled during 1989 because the Federal government issued a decree reducing the size of the Uru-Eu-Wau-Wau Indian reservation. Moreover, the urgency with which governor Santana pursued negotiations with the World Bank was viewed suspiciously because of the proximity of the gubernatorial and State legislative elections, and his lack of support both at local and Federal levels due to the denunciation of corruption in his administration (Jordão op cite). Negotiations between the Rondônia State government and the World Bank were reopened in 1990 when new National President Fernando Collor came to power. A new administration was now in place in Rondônia and, its newly elected governor Oswaldo Piana, made PLANAFLORO a priority of his government. Simultaneously, according to Jordão, the World Bank announced that it would only finance 50% of the program's expenditures. Moreover, changes at the Federal

[4]Under the Brazilian Legal System, a Decree is a transitory legal instrument which has to be confirmed by

level prompted an extensive review by the " *Comissão de Financiamentos Externos* " (COFIEX) -- the Commission for

Table 4.3. Agro-Ecological Zoning of Rondônia

Zone	Land-use Allowed	Area (km^2)
1	Intensification of agriculture (including agroforestry), and cattle raising activities in individual properties	61,950
2	Small production in community-based units with annual crops mixed with perennial crops.	30,150
3	Riverine. Utilization of alluvial soils along margins and seasonally flooded areas for agroforestry and fishing.	5,890
4	Extractivism. Extraction of nuts, nature rubber, gum, fruits, and commercial roots.	35,000
5	Forestry Management. Selective logging and replacement/enrichment of exploited species	24,350
6	Conservation and Permanent Preservation. Amerindian reservations, biological reserves and national parks.	64,000

Source: World Bank 1992

an addition to the Federal or State Constitutions which becomes a Law.

External Financing -- which handles all international loans taken by Brazil. That effort delayed World Bank's technical approval of PLANAFLORO until 1992.

The stated goals of the program were: (a) to institute policy change at State agencies; (b) to conserve biodiversity in Rondônia; (c) to protect the boundaries of protected areas and Indian reserves; d) to develop integrated farming and forest management systems; (e) to make priority investments in socio-economic infrastructure and services needed to implement the State's agro-ecological zoning in areas already occupied and deforested areas; and (f) to improve the infrastructure of State institutions (World Bank 1992). Moreover, the Bank agreed to provide a loan of US $167 million dollars which represented 75% (the remaining 25% was equally divided among State and Federal governments) of the project total of US $228 million Amerindians, rubber tappers, fishermen and riverine inhabitants, and smallholder families were defined as the direct beneficiaries of PLANAFLORO (Table 4.4).

The final form of PLANAFLORO represented a clear attempt by the World Bank to fulfill its commitment to give more attention to environmental aspects of economic development. According to a World Bank appraisal (1992), the principal objective would be "to implement an improved

Table 4.4. Beneficiaries of PLANAFLORO by Social Group

Social Group	Population to be Benefited
Amerindians	5,000 to 6,000 individuals
Rubber Tappers	2,400 families
Fishermen and *"Ribeirinhos"*	900 families
Smallholders	52,000 families

Source: World Bank 1992

approach to resources management, conservation, and development in the state of Rondônia." The program was divided into four major components as follows:

> (a) Environmental Conservation, Management and Protection (28% of the total baseline costs), including land zoning, mapping, and land tenure; establishment, management, and protection of conservation units and Amerindian reserves; sustainable forest management; extractive reserves[5]; environmental protection; and institutional strengthening, technical assistance and studies; (b) Agro-forestry Development (36% of the total baseline costs), including agro-forestry research, rural extension, rural credit and input supply; (c) Socio-Economic Infrastructure and Services (31% of the total baseline costs), including a two-year time slice of essential activities in health, education, and education and water supply, and a five-year time slice of road and river transport activities; and (d) Program Administration, Monitoring, and Evaluation, and Technical Assistance (5% of total baseline costs), including, inter-alia, the yearly contracting of an Independent Evaluation Committee with participation of NGO representatives to evaluate

[5]Extractive reserves are a type of conservation unit which allows the permanence of rubber tapper communities within its borders and which was initially proposed by the National Council of Rubber Tappers (CNS) in the early 1980s as a mechanism to protect Amazon's forests.

the program progress and recommend any needed changes in strategy or content.

International and Local NGOs as Power Brokers in PLANAFLORO: A Brief Chronology of How Participation was Achieved

The delayed approval of PLANAFLORO by the Brazilian Congress and the World Bank was partially caused by unresolved technical issues among the State and Federal governments and the World Bank. However, this delay was also related to the political changes that were occurring in Brazil. The National military regime had been replaced in 1985 by an elected civilian government, and at the state level, Jerônimo Santana became the first governor of Rondônia to be elected through popular vote in that same year. This changed political environment brought programs like PLANAFLORO under more direct scrutiny from social organizations.

In October 1988, just two months before his assassination, Chico Mendes[6]sent a letter to Barber Conable (then the President of the World Bank) protesting the lack of participation of the rubber tappers in the process of the design of PLANAFLORO and expressing concern about the top-down decision-making leading to the creation of extractive reserves in Rondônia. In December 1989, Osmarino Rodrigues

[6]Rubber tapper leader and union organizer who received international recognition for his fight to preserve the Amazon (Hecht and Cockburn 1990, p.180).

(another rubber tapper leader) and Ailton Krenak (a prominent Amerindian leader) accompanied by members of the Environmental Defense Fund (EDF) visited the Bank's headquarters in Washington DC. During the visit, the two leaders delivered a letter to Shahid Husain (then the vice-president of the World Bank) and to Armeane Choksi (the Bank's Director from Brazil) requesting a suspension in the process of negotiation for PLANAFLORO. They requested that the negotiation process should be reopened in order to insure the participation of the named beneficiaries in the definition of the program's contents and priorities. Such statements challenged the Bank's official position that the beneficiaries had been heard during the process of design, preparation, and appraisal of PLANAFLORO (Keck 1997).

In the final days of 1989, the EDF (which had played an important role in publicizing the POLONOROESTE case) circulated a letter to several international NGOs requesting their efforts to seek to halt the approval process of PLANAFLORO that was under way within the World Bank until the program was reappraised. The EDF letter claimed that major flaws had occurred in the preparation of PLANAFLORO, and that proposed loan conditions and guarantees to ensure adequate implementation of the new program were even weaker than the conditions established for POLONOROESTE. Moreover,

the EDF renewed their claim that key NGOs representing different targeted beneficiaries were unaware of the project's contents, and that very little consultation had been undertaken with those beneficiaries during the plan's preparation.

The government of Rondônia reacted to this pressure by launching its own campaign to demonstrate that broad consultation concerning the program in fact had been undertaken. The State gathered letters from several organizations declaring knowledge and support for PLANAFLORO[7]. The Bank promptly used the support gathered by the State of Rondônia to deny the allegations presented by the international and Brazilian NGOs. The NGOs' response was quick in coming. In January 1990, a letter signed by 20 local NGOs was presented by the EDF to the World Bank. The letter denounced the fact that the signatory organizations had neither participated nor consulted in the development of PLANAFLORO.

Still basing its official position on the evidence provided by the State, the Bank refused to accept the EDF

[7]Some of the organizations actually did not exist (e.g., *Associação de Seringueiros do Vale do Guaporé* and *Sindicato dos Seringueiros de Guajará-Mirim*, and the *Associação das Nações Indígenas de Rondônia*), others were mistakenly labeled as representative of a given sector (e.g., the *Associação de Soldados da Borracha de Rondônia* did not actually represent rubber tappers but the "rubber soldiers" who had migrated to the state during the Second World War. Finally, FAERON (Federation of Rondônia's Agriculture) was cited as representative of small farmers when actually it represents cattle ranchers.

claims, contending instead that EDF was misinformed about what was occurring in Rondônia[8]. As a result, in March 1990, a group of local NGOs led by CPT and the "*Instituto de Pré-História, Agricultutura e Ecologia* " (IPHAE)[9] started a consultation process among organizations likely to be beneficiaries of the program to verify the extent consultation undertaken by the State. After the consultation process, a total of 17 letters signed by representatives of labor unions, cooperatives, Amerindian and rubber tappers associations were sent to the President of the World Bank attesting to their poor knowledge of the contents of PLANAFLORO. In a major breakthrough for the NGOs, National Environment Minister Jose A. Lutzenberger[10]sent a strong letter to the President of the World Bank requesting broader participation for local and national NGOs in the preparation of PLANAFLORO. As Keck (1997) has suggested, Lutzenberger's letter prompted the Bank to reconsider the participatory features of its program.

[8]Letter from from Shahid Husain to Frank E. Loy, Chairman of EDF's Board, March 5, 1990. A similar letter was sent to OXFAM-UK.
[9]The Institute of Pre-History, Agriculture and Ecology, a GSO led at the time by Wilhem Groeneveld, a Dutch agronomist who participated actively in the mobilization of local NGOs.
[10]The environmentalist who had caused so much impact during the Congressional hearings about POLONOROESTE and had been recently indicated to be the head of the National Secretary of Environment (SENAMA).

Moreover, according to Jose Carlos M. Gadelha[11], who was at the time a member of CPT's State coordination, the same group of NGOs that had worked with EDF, also organized three separate meetings in June-July, 1990 to assess the position of rural workers, rubber tappers, and Amerindians concerning PLANAFLORO. In November 1990, a joint meeting of representatives of the three sectors was held in Porto Velho. At that meeting, a final document containing suggestions and requests from the different sectors was produced and later delivered to both State and Federal governments, and to the World Bank.

The Model of NGO Participation in PLANAFLORO

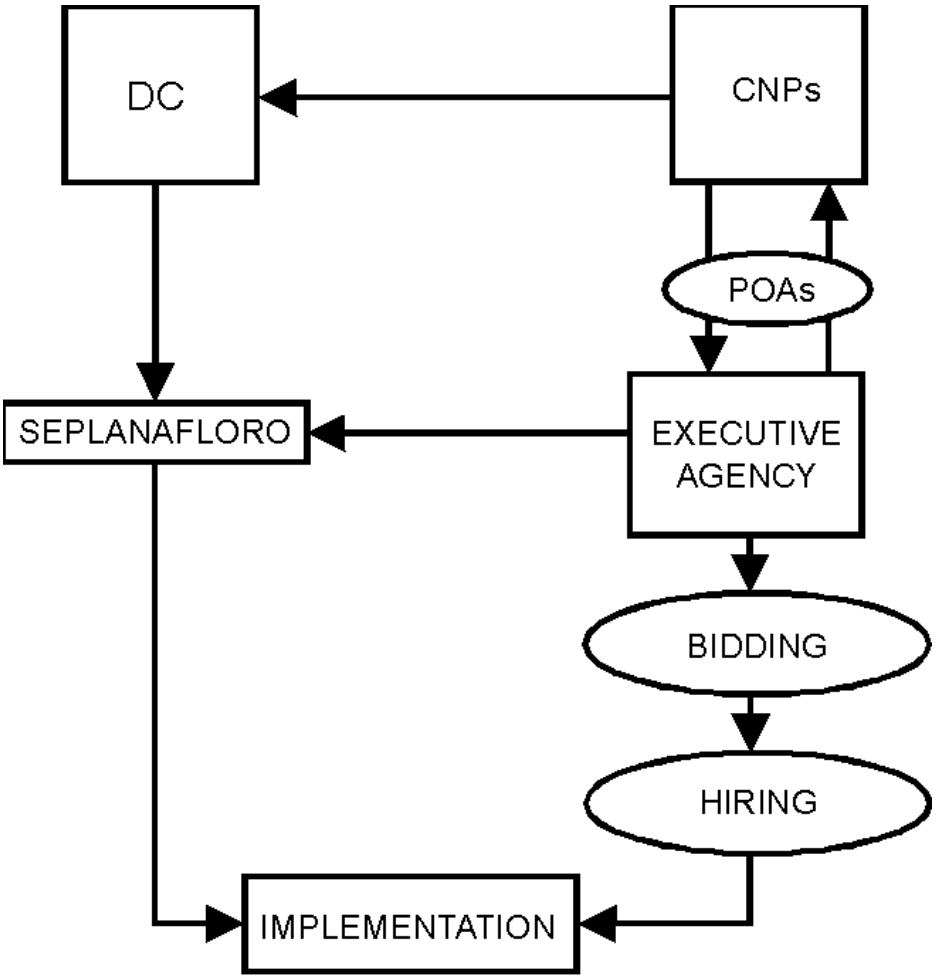
In June 1991, using a model of participation (Figure 2.1) prepared by a World Bank consultant, a formal protocol of understanding concerning the participation of NGOs in the governing process of PLANAFLORO (know as the "*Protocolo de Entendimento* ") was signed by the Rondônia State government and 13 regional NGOs. The agreement not only mandated the participation of those NGOs in the governing organs of the program[12], but the " *Protocolo* " also established a set of actions regarding the creation of extractive reserves,

[11] José Carlos M. Gadelha. Interview by author, tape recording, Porto Velho, July 10, 1995.
[12] According to Jordão the initial proposal of PLANAFLORO established the creation of the Deliberative Council which would be responsible for deciding on key issues as funds were allocated each year>

enforcement of environmental protection in existing units of conservation, and adjustment of the actions of State and Federal agencies to the guidelines contained within PLANAFLORO. It is important to note that this model opened the PLANAFLORO process, in principle, to considerable NGO participation, given that NGOs and governmental agencies were granted equal number of seats in all the program's governing organs. However, NGOs were excluded from participating in the bidding process that controls the execution of public programs in Brazil. Moreover, NGOs were not originally envisaged to have any role in direct implementation of program's components.

In November 1991, almost 6 months after the protocol was signed, the NGOs sent a letter to the State and to the World Bank to complain about the lack of progress in the implementation of the "*Protocolo*." After that letter, the State finally created both the "*Conselho Deliberativo* " (DC) --the Deliberative Council of PLANAFLORO -- and the "*Comissões Normativas de Programa* " (CNPs) -- the Normative Commissions of PLANAFLORO), and the participation of NGOs was officially integrated in the Program.

Normative Commissions (CNPs) that would conduct technical discussions regarding the implementation of the project, and Municipal Councils that would allow the decentralization of the program.



Source: Forum of NGOs (1995)
DC= Deliberative Council, CNP= Program Normative Commissions,
POA= Annual Operating Plans

Figure 4.1 Model of NGO participation in the decision-making process of PLANAFLORO.

Based on the perceived resolution of technical and political factors delaying the program's implementation, the World Bank approved the entire loan of US$ 167 million for

PLANAFLORO on March 17, 1992 and the program became officially fundable on January 15, 1993 (World Bank 1995b).

Conclusion

Rondônia, shaped by POLONOROESTE and PLANAFLORO, is closely tied to the national efforts of the Brazilian government to achieve sustained settlement of the Amazon Basin. Rondônia represents a showcase for intervention of the World Bank in the region. The Bank has not only provided the bulk of funds used in different Amazonian regional development programs, it has also pressed for specific public policy reforms in the state. At the same time, the intervention in Rondônia has led to a high level of scrutiny of the Bank's policies and operations by transnational NGOs, especially in the US. The experience of PLANAFLORO reflects both sides of the World Bank's intervention in Rondônia. The environmental components of PLANAFLORO are a clear demonstration of the Bank's sensibility to public scrutiny over the social and environmental impacts of its programs.

Meanwhile, the catalytic role played by the Bank to integrate NGOs into PLANAFLORO's governing organs has resulted in a unique economic development experiment in Brazil. Finally, analysis of the roles played by the different actors within the decision-making and implementation processes of PLANAFLORO (i.e., World Bank,

State, local and transnational NGOs) provides an excellent opportunity to examine the relationship between NGOs and the civil society they claim to represent.