

Chapter 5

The Implementation of PLANAFLORO: History Repeats Itself?

As discussed in the previous chapter, implementation of PLANAFLORO included the participation of NGOs in its governing organs. This chapter reviews some of the most important aspects of the implementation of PLANAFLORO and compares those efforts to the major goals established for the initiative during its design. This analysis centers on the role played by the State agencies and World Bank in the implementation of PLANAFLORO during the period 1992-1995. Finally, this chapter is aimed at establishing the background in which the impacts of NGO participation in PLANAFLORO will be critically evaluated.

Revisiting the Goals of PLANAFLORO

As discussed in chapter 4, the unforeseen shortcomings of POLONOROESTE (e.g., rapid deforestation and consequent depletion of natural resources, failure to protect the Indigenous population of Rondônia) and the controversy that followed it throughout had a decisive role in the design of PLANAFLORO. The new program was structured in a political environment in which the World Bank was under pressure to integrate the concept of sustainable utilization of natural resources and to increase popular participation in

development and implementation of the different phases of its projects. As a result, PLANAFLORO sought to attain the following major objectives: 1) the institutional strengthening of State agencies -- especially the "*Instituto de Terras de Rondônia*", the Institute of Lands of Rondônia (ITERON), and the "*Secretaria de Desenvolvimento Ambiental*", the State Secretariat of Environmental Development (SEDAM)¹; 2) the protection of conservation units (i.e., State parks, biological reserves, Amerindian and extractive reserves); 3) the implementation of a second approximation of agro-ecological zoning; and 4) the development of sustainable agricultural systems. Moreover, in contrast to POLONOROESTE, infrastructure was not to absorb the bulk of economic resources allocated to PLANAFLORO. The integration of NGOs into the program's governing organs was cited as guarantee that PLANAFLORO would be subject to a high degree of public scrutiny. Such public scrutiny was expected to preclude the repetition of the adverse consequences imposed by the implementation of POLONOROESTE. Moreover, the participation of NGOs in PLANAFLORO was cited by the Bank as a clear demonstration that it now understood the need to integrate

¹ Among its duties, SEDAM is responsible for the licensing of logging and land clearing operations, protection of the different conservation units existing in Rondônia, and enforcement of environmental laws.

environmental conservation measures and the concerns of beneficiaries into its project cycles (World Bank 1992).

The Primacy of Investment in Infrastructure: The Discrepancy Between Planning and Execution in PLANAFLORO

The allocation of funds in PLANAFLORO was planned "to remedy the adverse effects of implementation of infrastructure components of POLONOROESTE" (World Bank 1995a, p. 18). The new budget allocation was specifically intended to counterbalance the environmental impacts traditionally associated with transportation investment². At the political level, the objective was to demonstrate that the World Bank was really seeking to guarantee a more even distribution of economic resources among infrastructure and other components of its projects. Table 5.1 compares the allocation of funds in POLONOROESTE and PLANAFLORO. In POLONOROESTE, investments had been heavily concentrated in components related to transport and infrastructure (80.0% of the total budget); in PLANAFLORO most of the resources were more evenly allocated among the components of environmental protection, agroforestry research and rural credit to support the adoption of agroforestry among small farmers(49.6%). The intention was to tie the creation of

conservation units to a policy encouraging the adoption of more sustainable farming systems by farmers settled in zones 1 and 2 that could decrease the likelihood that new fronts of deforestation would occur in the region.

Table 5.1 Allocation of funds in POLONOROESTE and PLANAFLORO

Component	POLONOROESTE	PLANAFLORO
	(%)	(%)
Environmental Protection	1.0	20.7
Transport (construction and restoration of roads)	57.3	17.6
Infrastructure (health and education)	23.0	5.5
Land Tenure Regularization	2.8	8.1
Rural Extension/Credit	12.7	25.0
Support for Amerindian Communities	2.1	1.7
Project Administration	1.0	4.8
Agroforestry Research	0.0	3.9
Other	1.1	12.7
Total	100.0	100.0

Source: World Bank (1981 and 1992)

Another important distinction was, based on a recognition that the State agencies for implementing the

²Among these impacts can be included deforestation associated on both road construction and increased access provided by them to areas previously out of reach resulting in erosion and siltation problems.

environmental components were extremely weak. Bank management self-consciously elected to tie disbursements for infrastructure to measurable progress in implementing the environmental components of the project (World Bank 1995b). However, despite all these concerns, the actual utilization of funds in PLANAFLOORO has been clearly skewed toward infrastructure since the beginning of the program (COMAI 1994, World Bank 1995a). Table 5.2 shows how funds for PLANAFLOORO were actually utilized between 1993 and 1995.

The apparent decrease in investments allocated to the infrastructure component is a result of a measure established by the World Bank in the beginning of 1994 to assure the utilization of funds according to design. The so-called "*pari-passu*" (step-by-step) policy. According to this approach, disbursements of funds to infrastructure were to be matched equal disbursements to the program's environmental component (COMAI 1994, p.39).

Furthermore, given the tendency of the State to utilize its own economic resources in activities linked to the infrastructure component, the World Bank was responsible for

Table 3.2 Utilization of PLANAFLORO's funds in 1993 and 1995

Project Component	% of Total	% of Total
	1993	1995
Environmental conservation	6.9	31.6
Agroforestry	35.6	24.5
Infrastructure	51.6	38.1
Administration	5.9	5.8
Total	100.0	100.0

Sources: COMAI (1994), World Bank (1995b)

providing 95% of the funds utilized for the environmental protection component (World Bank 1995b). This was relatively higher than the remaining components (70% in agroforestry component, and 75% in the infrastructure and project administration component). Moreover, in addition to concentrating the utilization of their own funds in infrastructure and governmental operating expenses, the State and Federal governments were usually late in their disbursements to PLANAFLORO.

The lack of any process of auditing has transformed the allocation of funds in PLANAFLORO into a "black box" (World Bank 1995a). It is evident that in the absence of a clear standard to allocate expenses in the different components, the State spent heavily in reforming the infrastructure of

its agencies (e.g., buying vehicles and office equipment, constructing buildings).

A direct consequence of the State's orientation can also be observed in the "Aide-Memoires" prepared by World Bank missions that have visited Rondônia since 1992. In addition to the delays already discussed regarding the demarcation and protection of conservation units (i.e., construction of control posts, conduct of monitoring operations against invaders), and the problems surrounding the implementation of the second approximation of the Zoning, other important projects have also faced long delays (e.g., the implantation of agroforestry systems, health care for Indian communities) (World Bank 1995a).

The shortcomings in the delivery of economic resources directly to the beneficiaries

PLANAFLORO sought to benefit directly small farmers, Indians, "*ribeirinhos*"³, and rubber tappers through projects funded by agroforestry and infrastructure grants of the program. Thus, the persistent sluggishness that characterized the delivery of economic resources directly to these groups was certainly one of the most important

³"Ribeirinhos" are traditional inhabitants of river banks and lake margins. In Rondônia, the most relevant concentration of such communities is located in the complex of lakes known as "Cuniã".

deficiencies of PLANAFLORO's first three years. The program created different mechanisms to allow the flow of these resources to its beneficiaries. In the agroforestry component, a credit line was created to provide loans to small farmers, the "*Fundo Agrário de Rondônia*", the Rondônia State Agricultural Credit Fund (FUNDAGRO). The report prepared by the COMAI (1994) identified three major patterns in the operation of FUNDAGRO in 1992 and 1993: 1) loans for agroforestry accounted for only 11% of the investments, 2) the number of farmers assisted was 50% of the total targeted for the year, and 3) the investments were heavily concentrated in only 6 municipalities (3 located in central Rondônia).

Moreover, FUNDAGRO represented only a small fraction of rural credit programs available to farmers (around 11% of the total) (COMAI 1994). According to the COMAI, the problem with this fact is that other programs such as the "*Fundo Constitucional para a Região Norte*" (FNO) --Constitutional Fund for the Northern Region-- and "*Programa de Crédito para a Regularização de Assentamentos*", the Credit Program for the Regularization of Settlements (PROCERA) lacked common objectives and goals in relation to those of PLANAFLORO, including support for cattle raising. By the end of 1995 FUNDAGRO had utilized only 38% of the budget funds for the

initial three years of PLANAFLORO. Given this situation, the State changed the characteristic of loans provided through FUNDAGRO from personal loans (i.e., loans to individual farmers) to institutional loans, in which only chartered associations of small farmers could have access to the program's funds. The fact that financing of agroforestry did not materialize under PLANAFLORO as planned represents a serious setback for the goal of establishing farming systems that were designed to aid in conservationist efforts.

The resources delivered to Indian and rubber tapper projects were also below the program's initial targets. Only in 1996 (in the fourth year of PLANAFLORO), did the "*Organização de Seringueiros de Rondônia*", the Organization of Rondônia's Rubber Tappers (OSR) receive US \$ 388,000.00 from SEDAM and ITERON to be used in the purchase of equipment to be distributed among the rubber tapper communities throughout Rondônia. In the case of the Indian communities -- despite the critical need for economic alternatives to improve the living conditions in most villages-- development projects were not proposed in PLANAFLORO's design. The World Bank (1995a, p.24) believed that there was "limited implementation capacity within FUNAI or the State" to make this type of project feasible. However, pressure from the Indian leadership for assistance

paid off in 1994, when the World Bank agreed to allocate US \$ 350,000.00 for economic development projects to be divided among all the Indian communities in Rondônia. After a long process of negotiation in which the Indian leadership displayed its dissatisfaction with the small allocation of funds for the projects⁴, the amount was divided into 46 different projects. Their implementation began only at the end of 1995.

This particular aspect of the implementation of PLANAFLORO is rather important. The problems arising from the lack of direct delivery of economic resources to different groups of beneficiaries had two major implications. First, it underscored a growing belief among NGOs that PLANAFLORO was only being used to rebuild the dilapidated infrastructure of State agencies, and that the grassroots organizations had only been used as a political instrument to secure funds. Jaime da Costa Junior⁵, a leading State official in PLANAFLORO's management, recognized that "the utilization of the bulk of resources in rebuilding the State apparatus had a very negative impact on the program's image."

⁴Henrique, the leader of all Suruí villages, in a tape-recorded interview stated his belief that the goals of environmental preservation and protection of minorities contained in PLANAFLORO were only a scheme used by the State to obtain the loan from the World Bank.

⁵Head of the CNP of Agriculture. Interview to the author, August 18, 1995, Porto Velho.

Second, according to the leadership of the MSOs (especially rubber tappers and Indians), this situation (i.e., the small amount of funds reaching the communities) also prompted the members of MSOs to question their own leadership because it generated a suspicion that their leaders were embezzling funds intended for the grassroots⁶.

State Agencies in PLANAFLORO: Institutional Weakness and Practical Measures Against Agro-Ecological Zoning

The importance of enhancing the institutional capacity of State agencies was defined as a crucial challenge to guarantee the success of the program (World Bank 1992). However, initial evaluations of PLANAFLORO have shown that this goal has not been achieved. The report prepared by the COMAI⁷ in 1994 pointed out that State agencies were not fulfilling their obligations in PLANAFLORO implementation. The Evaluation Committee indicated that three major weaknesses seemed to be hindering the capacity of State agencies to implement the program. First, most governmental agencies in Rondônia lack a good institutional infrastructure -- in most cases, these agencies were poorly

⁶Leaders from FETAGRO, OSR, and CUNPIR all expressed this position during the interviews that I conducted in 1995.

⁷ The first Committee of Independent Evaluation of PLANAFLORO was composed of members of 3 local NGOs, 3 representatives of the Federal government, and 1 representative of an international NGO. The report was prepared by the Committee in March, 1994. Its unofficial release occurred in July, 1995.

equipped and had few or no resources to maintain the existing operating structure. In addition they lack a highly qualified staff to coordinate and implement the activities related to PLANAFLORO. A financial crisis in the Brazilian public sector has caused repeated delays in the payment of Rondônia state workers wages. For example, the first half of 1995, government employees went unpaid for six months. The World Bank has indicated publicly that the lack of salaries represents a negative element in the institutional arrangement of PLANAFLORO⁸. Second, the highly routinized operations of the State and Federal agencies involved in PLANAFLORO implementation left little time to tackle new activities.

Third, the persistent lack of coordination among the different executing agencies⁹ as well as significant differences between the Federal and State legal codes have not yet been fully resolved. Consequently, activities that required effective cooperation faced delays, lack of completion, or were not even initiated according to schedules established by the management of PLANAFLORO and the World Bank.

⁸Steven Oliver. World Bank Office Memorandum. July 01, 1996.

⁹The complex network of implementing agencies that must cooperate makes achieving PLANAFLORO aims very complicated in Rondônia. INCRA and ITERON, for example, are both responsible for land regularization. On the other hand, IBAMA and SEDAM are responsible for the enforcement of

The implementation of PLANAFLORO during 1992-1995 was further hindered by difficulties of a more political nature. At the center of the problems was disregard of agro-ecological zoning by key governmental agencies in their ordinary activities. For example, INCRA continuously avoided signing an agreement with State government to transfer land ownership of public lands located in zones 3, 4, 5, and 6 to ITERON.¹⁰ Such agreement was essential to the conservation components of PLANAFLORO. In addition, INCRA attempted to establish seven new land settlements in zones 3, 4 and 5 between 1992 and 1995 and insisted upon issuing land titles to cattle ranchers operating in those zones (World Bank 1995a). Along the same pattern of disregard for the guidelines of PLANAFLORO, INCRA continued to recognize land clearing associated with the planting of pasture as an improvement that could be used to claim land ownership in Rondônia (Forúm de ONGs e Movimentos Sociais de Rondônia and Friends of the Earth 1995).

The "*Instituto Brasileiro de Meio Ambiente e dos Recursos Naturais e Renováveis*", the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA) and

environmental laws. However, these agencies from both the State and Federal levels have not actively cooperated with each other. Rather they have tended to act in isolation and independently.

¹⁰In July 4, 1995 (after almost three years delay) INCRA finally signed such agreement and the head of INCRA issued instructions to the agency's regional offices to respect the Zoning as well as other provisions of PLANAFLORO. The consequences of this delay will be discussed later in this chapter.

SEDAM also had their activities marked by problems that were similar to those manifested by INCRA. The more serious problems occurred in the areas of environmental licensing and in the protection of conservation units. According to the report prepared by the Evaluation Committee (1994), SEDAM continued to issue permits for clearing and burning without field inspections and without requiring prior demonstration of land ownership. In addition, IBAMA approved licenses for logging in the same zones -- in some cases involved clear cutting. This practice is in clear conflict with the regulations contained in the agro-ecological zoning effort that restricted forest clearing, burning, and logging to areas located within zones 4 and 5. Moreover, at the beginning of 1996, the State government released a decree (7.341) that validated many of these abrogation by changing the requirements for logging in Zone 4¹¹. The decree was later revoked by the State court.

Finally, the implementation of activities designed to remove invaders from conservation units has been plagued by the lack of coordination discussed earlier. The numerous operations organized by IBAMA, SEDAM and the Forestry Police have been seriously undermined by a lack of coordination

¹¹The decree released loggers from presenting a management plan to obtain a license for logging within areas located in Zone 4 and allowed the clearing of 50% of the forest on farms with a maximum size of 500 ha.

among these different agencies and a lack of funds to conduct long-term monitoring operations in the field (COMAI 1994). In addition, the refusal of IBAMA to renew a protocol authorizing SEDAM to conduct protective operations on Federal lands seriously hindered the protection of those areas for several months in 1995. The fact that the invasion of conservation units was still a serious problem was recognized by the World Bank in the middle of the third year of PLANAFLORO's implementation (World Bank 1995b).

Agro-Ecological Zoning and the Demarcation of Conservation Units

In the documents that authorized the PLANAFLORO loan both the Rondonian State and the World Bank understood that the agro-ecological zoning of Rondônia was an essential tool to guarantee an orderly utilization of natural resources in the region. Moreover, one of the major objectives of the second round was to refine and correct possible mistakes contained in the first zoning round¹².

Despite the declared importance of the timely implementation of PLANAFLORO (World Bank 1992), the studies to gather the data to be used to conduct the second

¹²The first approximation of Agro-Ecological Zoning was based on 1:1,000,000 scale while the zones within the second approximation will use maps at a 1:100,000 scale.

approximation were delayed. A review of the Aide-Memoires¹³ prepared by the World Bank's staff reveals that the deadlines for the implementation of the second round was initially established for November 1992, but that date was postponed until October 1995 without many practical results. Moreover, because of a lengthy bureaucratic process of consultant selection, the hiring of the firms chosen to carry out the studies only occurred at the end of 1995¹⁴.

Delays in the implementation of the second phase of the approximation were followed by two major events. First, a campaign was organized in 1993 by the "*Federação de Indústrias de Rondônia*", the Federation of Rondônia's Industries (FIERO),¹⁵ to denounce the supposed anti-economic growth philosophy of PLANAFLORO. The zoning framework was dubbed a "straitjacket" against the economic development of Rondônia. FIERO fiercely defended the existing socioeconomic reality. This campaign was echoed in the state gubernatorial election of 1994 in which the then candidate Valdir Raupp ran on a platform centered on obtaining changes in provisions of PLANAFLORO; specifically in its zoning provisions. Not surprisingly, the Acting Secretary of

¹³An official document signed after each visit of members of the World Bank's management to Rondônia, where tasks are agreed and deadlines defined for State agency implementation.

¹⁴The field work of the second approximation began in early 1996 and should be completed by the end of 1997.

Planning for the state of Rondônia declared in a meeting with a mission of the World Bank that "the second version should reflect the de facto situation that exists in Rondônia, and that all zones will be re-discussed under the second version of the zoning" (Pedlowski, personal observation). The second event was the great acceleration of invasions by loggers, cattle ranchers and squatters in areas demarcated for protection. According to Emmanuel Casara:

When the State published the first approximation of the agro-ecological zoning, it created a land rush towards the units of conservation. For example, the Corumbiara State Park lost a very important part of its ecological representativeness (around 160,000 ha) through the intrusion of large ranchers with the acquiescence of INCRA... Until we have the second approximation done, we will face serious land conflicts and we won't be able to execute PLANAFLORO.

As a result of this situation, the FORUM of NGOs filed a claim to the Inspection Panel of the World Bank on June 19, 1995. The 80-page claim emphasized the Bank's failure to supervise implementation of the loan, specifically its failure to establish, institutionalize and maintain conservation units. After conducting a preliminary assessment, the Inspection Panel (World Bank 1995a) identified a gap between planning and execution in PLANAFLORO. According to the Inspection Panel the delay in the implementation of the program has allowed "a rush to

¹⁵ FIERO has been known as the political arm of the saw mill operators and other entrepreneurs that use

occupy land and extract resources like timber from targeted areas before it becomes prohibited." The plundering of forests in the conservation units when the process of demarcation is finally concluded is the ultimate result of the invasions. Table 5.3 illustrates the differences between planning and execution for the different types of conservation units actually demarcated by PLANAFLORO.

Table 5.3 Areas of Conservation Units to be Created or Restored by PLANAFLORO until December 1995

Conservation Unit	Area Planned (ha)	Area Demarcated or Reopened (ha)	Difference (ha)
Extractive reserves	2,235,205.19	1,009,419.23 (45%)	- 1,225,785.96
State parks	867,022.94	676,253.23 (78%)	-190.769.71
Biological reserves	68,977.50	76,745.61 (111%)	+7,768.11
Block reserves	14,793.61	13,098.32 (88%)	-1,695.29
Total	3,185,999.24	1,775,516.39 (56%)	- 1,410,482.50

Source: SEDAM (1996)

timber as their basic raw material.

PLANAFLORO and Indigenous Reserves

Indian reserves fared little better than conservation units. PLANAFLORO had as one of its targets the demarcation of five Indian reserves (Sagarana, Rio Guaporé, Rio Mequéns, Karipuna and Massaco) in a total of 500,000 ha. By the end of 1995, however, most of these areas had not yet been demarcated. Two of these areas (Rio Mequéns and Karipuna) seem to exemplify the pattern of land losses faced by Indian reserves because of the delays in the demarcation process under PLANAFLORO.

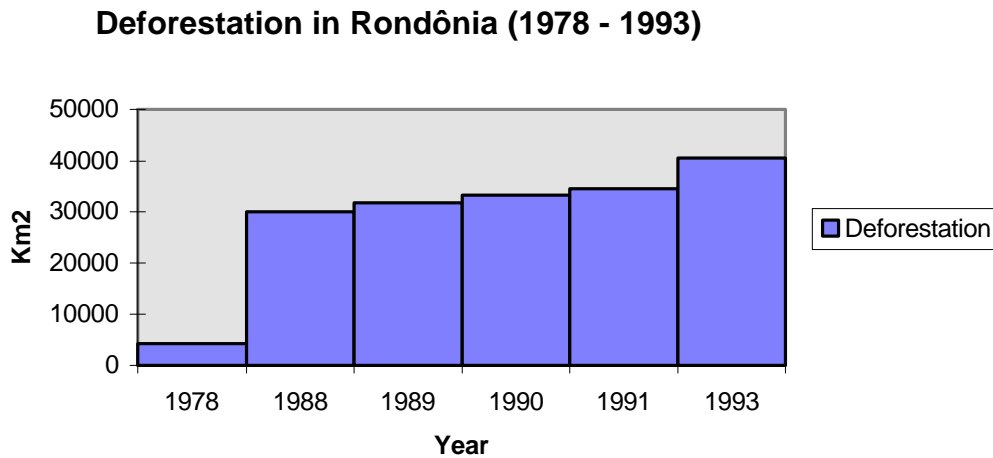
The area of the Rio Mequéns Reserve was originally estimated by FUNAI to be 226,000 ha, but was reduced to 105,250 ha during the POLONOROESTE, when the demarcation process was initiated but not concluded. Because of delays in PLANAFLORO's implementation, the Indian communities living in the area are facing the possibility of losing an additional 20,000 ha to cattle ranchers and squatters.

A similar process has occurred in the Karipuna reserve. The Karipuna land was initially estimated to be 192,000 ha, but given the continuous delays in the process of demarcation, the area suffered an intensive process of invasion. In 1995, FUNAI conducted a study to redefine the size of the area which finished losing 39,000 ha already been occupied by cattle ranchers and squatters.

The demarcation of Indian lands faced another serious still threat during implementation of PLANAFLORO. In January 1996, the Federal government released a decree allowing the States, municipalities and individuals to request a review of the limits of all Indian reserves extant in the country which in most cases would diminish their area. According to the newspaper published by the Forum of NGOs (*Notícias do Fórum* 1996, Número 6) in April 1996, the government of Rondônia has released a report requesting a revision of the limits of five Indian reserves. Interestingly, the report requested the revision of limits of the Karipuna land which had been demarcated by PLANAFLORO. Because of negative reactions at the national and international levels, most Indian reserves have had their limits maintained. In Rondônia, mostly because of the joint pressure of the World Bank and the Forum of NGOs, Governor Raupp has acted to remove claims on the five Indian reserves. Nonetheless, this episode reinforced the perception among many NGO leaders that the present State administration lacks real commitment toward fulfilling agreements contained in the World Bank loan that funded PLANAFLORO.

PLANAFLORO and Environmental Change in Rondônia

Another major problem arising from the political and institutional fragility of the State agencies in Rondônia in which the World Bank relied was that delays in the implementation of PLANAFLORO had immediate impacts on deforestation. One of the primary goals of the program was the curbing of deforestation in Rondônia. First, it is necessary to clarify that the forecast of the annual amount of deforestation in Rondônia was clearly over-estimated during the design of PLANAFLORO (around 8,500 km²). Therefore, as the Inspection Panel (World Bank 1995a) correctly pointed out, the actions were supposed to lower rates of deforestation to below 3,000 km² per year during the first three years, 2,000 km² in the fourth year and 1,000 km² in the fifth year. Figure 5.1 shows actual deforestation rates in Rondônia from 1978 to 1993. The area cleared in the region had reached about 40,000 km² in 1993, and SEDAM using images provided by LANDSAT satellites estimates that the total deforestation in 1996 will reach 48,247 km².



Source : SEDAM (1995)

Figure 5.1 Annual Rates of Deforestation in Rondônia

Therefore, according to a study released by SEDAM (1996), after a period of relative decline between 1988 and 1991, rates of deforestation again rose after 1991 (Table 5.4). These results not only reinforce claims that State agencies are not acting properly to contain activities that result in the loss of forest, but also suggest the limited impacts of PLANAFLORO, if any, in curbing deforestation in the region.

In addition to the clearing of forested land for agricultural purposes, the natural ecosystems of Rondônia have been under pressure by other forms of land-use. Given the lack of institutional capacity to enforce the zoning

Table 5.4 Rates of Deforestation in Rondônia 1978-1993

Period	Rate of Deforestation (km ² /year)
1978 to 1988	2,580
1988 to 1991	1,530
1991 to 1993	2,730

Source: SEDAM 1996.

demonstrated by IBAMA and SEDAM, activities such as logging, fishing, extraction of non-wood products (e.g., hearts of palm, Brazil nuts), and gold and tin mining have proliferated in Rondônia and resulted in loss or damage to natural forest ecosystems. Unfortunately, these activities are not only difficult to monitor but also cause damages which are not so easily detected through satellite images because of their relatively small scale and spatial dispersion. Thus, it is possible that the amount of ecosystem damage is greater than the estimates of deforestation provided by the analysis of LANDSAT images.

The World Bank Responses to the Delays in PLANAFLORO's Implementation

According to Nelson (1995), the institutional behavior of the World Bank's staff towards adversity during the implementation of a given project or program is one of almost blind faith in the correctness of its own positions. The behavior of the World Bank in PLANAFLORO arguably exemplifies this assertion. As the Inspection Panel (World Bank 1995a) pointed out:

"year after year, as in POLONOROESTE, new target dates were set for completion of various actions". Had the Bank insisted on the timetable set out in the Project documents, intended beneficiaries and their environment would have been better rather than worse off." p.20

However, the solution most often adopted was simply to agree to another deadline when a new mission visited Rondônia. A review of the aide memoires of the several missions which visited Porto Velho from 1992 to 1995 reveals that this practice allowed the continuous deferment of several important deadlines that were never met. Another important omission is on the fact that after almost four years of execution, governmental agencies involved with PLANAFLORO's implementation have yet to submit appropriate accounting and audit reports to the World Bank (World Bank 1995a).

The World Bank has recognized that after two and a half years of implementation, project expenditures have been only about 50% of originally budgeted amounts (World Bank 1995b)¹⁶. The World Bank offers three reasons for such delay: a) the intrinsic complexity of the project; b) changes in staff at the Federal and State levels associated with a major government upheaval and subsequent elections; and c) late and irregular release of Federal counterparts and Loan funds for project expenditures (World Bank 1995b, p.4).

Nonetheless, the Bank management has also insisted that given the institutional fragility of State institutions in Rondônia, delays were to be expected and understood (World Bank 1995b). This position was cited by representatives of NGOs participating in PLANAFLORO's governing organs as one the major reasons that led to the request for an investigation of PLANAFLORO by the World Bank Inspection Panel in June, 1995. In this specific case, the management acted swiftly to avoid the investigation while pressuring the State to fulfill important and belated tasks that had been used by the NGOs to justify an investigation. A few weeks before the Bank Board of Directors held the meeting that would decide the case, the project management in Washington arranged a field visit for Bank executive

¹⁶Bank management has suggested that project expenditures can be considered surrogate for physical

directors that were tending to vote against the request made by the NGOs (Notícias do Fórum 1995, Número 4)¹⁷.

Conclusion

Unlike POLONOROESTE, PLANAFLORO was established with a participatory component that included NGOs from its start. Moreover, the participation of NGOs was publicized as a key element of the initiative (World Bank 1992). A major outcome was expected to be the positive influence of civil society institutions on the democratization process as well as for accountability of PLANAFLORO to its beneficiaries. Therefore, the experience of PLANAFLORO can not be completely understood without an analysis of the participation of civil society in its governing organs. However, the immediate impacts of PLANAFLORO cause some concern about the NGO-driven model of development.

The environmental consequences and sluggish performance of PLANAFLORO are disturbing. Two of the most direct measures of environmental problems are the increased rates of deforestation, and the increased exploitation of wood and non-wood resources within the fragile ecosystems located in zones 4, 5 and 6 (World Bank 1995a). Given the consequent shrinking of conservation units, it seems reasonable to

activities.

expect that these zones will have a decrease in their area after the second approximation of the agro-ecological zoning is completed.

The social goals of PLANAFLORO revolved around the improvement of living standards among rubber tappers, "*ribeirinhos*", Indians and small farmers. However, by the World Bank own admission most of these groups have seen their situation get worse since the implementation of PLANAFLORO began (World Bank 1995a, p.20).

The next chapters will examine the internal characteristics of the NGOs participating in PLANAFLORO's governing organs, their relationship to State and to World Bank officials and to transnational NGOs.

¹⁷Not surprisingly, those directors voted against the investigation of PLANAFLORO.