

The Challenges Of Promoting Participatory Development in the Amazon¹

The R ndonia Natural Resource Management Project (PLANAFLORO), is perhaps best known for having been the focus of an intense international NGO lobbying campaign. Implemented in a frontier section of the Brazilian Amazon characterized by pristine rainforest and traditional culture on the one hand, and accelerated deforestation and population growth on the other, the project embodies many of the classic problems and dilemmas associated with the implementation of development projects in fragile ecosystems. The complete re-structuring and streamlining of the project, through a process involving a variety of civil society stakeholders, has generated many important lessons regarding the characteristics, costs, and benefits of participatory approaches.

Project Context

The state of Rond nia, located in the Western Amazon, is characterized by large areas of unotouched rainforest, much of which has undergone rapid change since the early 1970's, and a strongly rooted traditional population composed of Amerindians, rubber tapers and river dwellers. First settled in the early 1900's by renowned frontiersman General Rondon, Rond nia only became a state in 1982. Today, Rond nia has a population of 1.2 million and suffers from some of the worst social indicators in the country. Its settlement and development have been marked by a period of disorderly and intense immigration, sparked by government colonization schemes launched in the 1970's. In just 30 years, Rond nia's population grew tenfold and the state lost over 25% of its native forest cover. As a consequence of this irregular occupation pattern, the state today is characterized by a concentrated and confused land ownership situation which has fueled land conflicts and predatory economic activity such as illegal logging, mining, and drug smuggling. In many ways, Rond nia represents a "microcosm" of Brazil's major economic, social, political, and cultural problems.

In an effort to confront some of these problems, the World Bank implemented the Northwest Integrated Development Program (POLONOROESTE) during the 1980s. With a budget of \$500 million, this project represented an integrated approach to frontier development. And while it comprised a series of complementary activities ranging from infrastructure development and agricultural extension to health care, POLONOROESTE was best known for paving highway BR 364 which linked the capital of Porto Velho with the country in the South. Despite the fact that Bank funding was employed to pave a road already carved out of the rainforest and designed with social mitigation mechanisms, POLONOROESTE is today strongly associated with the rapid deforestation and social conflict which ensued in the state. Criticism was so widespread that then-Bank president Barber Conable referred to POLONOROESTE as an "environmentally sound effort that went wrong". In short, the World Bank's presence in the Western Brazilian Amazon has been a long saga, beginning with a seemingly simple highway project, caught up in the many complexities of the region, and now part of the region's lore.

Project Background

PLANAFLORO was designed by the State Government of Rondônia in part to offset some of the social development problems not addressed by the POLONOROESTE project. PLANAFLORO's focus extended beyond traditional integrated rural development to incorporate elements of natural resource management and environmental conservation. It had four major components and 19 different sub-components, including such varied activities as road pavement, agricultural extension, indigenous land demarcation, rural credit, education, creation of environmental parks, and institution building. One of the principal features of the project was land-use zoning which represented an innovative attempt to bring some measure of order to the state's chaotic agrarian patterns and consolidate conservation areas. The project was intended to benefit some 60,000 small-scale farmers, traditional populations, and residents of small interior towns. Over 12 state and federal government agencies were involved in project implementation. Initiated in 1992, PLANAFLORO had a total budget of \$228.9 million with \$167 million provided by the World Bank and \$61.9 provided by the Federal Government.

Despite its auspicious beginnings--launched on the heels of the United Nations Conference on Environment & Development held in Rio de Janeiro in June 1992--PLANAFLORO soon faced difficulties meeting its ambitious goals. With only six months left in its four-year implementation period, many project objectives had not been met, only 50% of the funds had been spent, and stakeholder participation mechanisms were not functioning. In 1994, the Civil Society Organizations Forum (CSO Forum), composed of agricultural producer trade unions, indigenous and rubber-taper associations, and environmental NGOs, mounted an international campaign to suspend disbursement of project funds until irregularities in project implementation were addressed (**See Box 1**). When their call was not heeded, the CSO Forum sent a petition in 1995 to the World Bank's Inspection Panel, requesting a full investigation of the apparent harm the project caused the local population. While the Bank's Board of Directors did not authorize a full investigation by the Inspection Panel, it requested the Panel monitor the Action Plan drafted by Bank staff to improve project implementation.

BOX 1: MAJOR CIVIL SOCIETY STAKEHOLDERS

The complexity and richness of the civil society groups involved in PLANAFLORO is perhaps the most unique feature of the project experience. The three sub-sectors that played the most prominent role in PLANAFLORO were:

Forest Dwellers. The two major forest dweller groups in the R ndonia are Amerindian populations and rubber-tapers. There are nearly 6,000 Amerindians comprising 22 ethnic groups. Most are represented by an indigenous association (*CUNPIR*) which coordinates health services, brokers funds for village development projects, and represents them before government bodies. The rubber tapers have been in the state since the early 1900's and number an estimated 3,000 families. They are organized in several associations (OSR, CNS) which have successfully lobbied to have 21 "extractive reserves" established in the state to market rubber, brazil nuts, fruits and other forest products while preserving the rainforest.

Agricultural Producers. Among the most recent migrant social movements are the small scale producers and landless farmers, most of whom arrived from Southern Brazil during the 1970s. The latter are represented by the rural workers federation (*FETAGRO*) which has 60,000 members and the landless rural movement (MST) which comprises several thousand families. *FETAGRO* participated actively in the PLANAFLORO process through the CSO Forum.

Non-Governmental Organizations (NGOs). NGOs are the most visible segment within civil society and played a leadership role in the PLANAFLORO process. The first NGOs were established by the Catholic Church in the mid-1980s. The principal NGOs are either church-related or independent organizations working on agrarian, environmental, indigenous or urban issues, such as CIMI, CPT, IAMA, *Kaninde*, *IEA*, *Ecopor *, *India*, *PACA*, and *CEAP*.

In addition to these stakeholders, the **Civil Society Organizations Forum (CSO Forum)** played a critical role in PLANAFLORO. Founded in 1991, the CSO Forum has had some 30 institutional members. Led by church and environmental NGOs based in the capital city of Porto Velho, the CSO Forum represents a much broader population of social movements and community organizations located throughout the state. The heterogeneous nature of the Forum often sparked internal clashes over work priorities and policy strategies, however these clashes largely disappeared during key confrontational moments with the State Government and the World Bank over PLANAFLORO. This sense of unity in the face of adversity often confounded Forum opponents who did not understand the fluid yet resilient nature of the CSO alliance.

Paradoxical as it may seem in light of the problems PLANAFLORO experienced, the project initially was designed with formal participatory mechanisms in response to the pressure mounted early on by civil society organizations (CSOs). Originally, an overall Deliberative PLANAFLORO Council and seven bipartite thematic commissions -- on which CSOs had 50% of the seats -- were established to oversee the major areas of the project and carry out an annual

independent evaluation of project activities. Unfortunately, these commissions did not work as intended and after a year, many of the participating CSOs decided to forgo their participation. According to CSOs, the State Government employed several tactics to boycott the commissions such as failing to convene meetings regularly, failing to attend when they were scheduled, and expecting CSOs simply to approve annual budgets without having previously discussed the work plans. The independent evaluation process proved to be no more fruitful, with the State Government simply refusing to publish the first jointly produced report.

In hindsight, it is not surprising that these formal participatory mechanisms did not function, since succeeding State Governments traditionally had been hesitant to allow participation of CSOs in government programs. The various state governments not only viewed CSOs as too partisan and technically weak to participate in complex development projects, but these governments also often lacked real knowledge of the civil society sector.² Furthermore, state governments, traditionally allied closely to economic elites, frequently viewed environmental issues as getting in the way of their financial interests and the state's manifest developmentalist destiny. Even when the State Government attempted to promote a participatory approach, it was haphazard, since government technicians had little or no training in the kinds of participatory methodologies which would allow for constructive engagement of civil society. On the other hand, CSOs traditionally had been fragile institutionally and thus often shunned overtures by the State Government to participate in project activities for fear of being manipulated or co-opted.

Project Restructuring and Outcomes

The Bank took several steps to address the problems hampering PLANAFLORO. First, the Bank decentralized project supervision to the field office in Brasilia. Second, the Bank convinced the State Government to undertake an independent mid-term review of project results. Third, the Bank insisted that the government engage the other principal societal stakeholders – civil society and the private sector -- and together take full responsibility for its re-structuring to ensure local ownership and support. In early 1996, the mid-term evaluation was carried out by a multidisciplinary team of Brazilian consultants and a stakeholder evaluation workshop was held in Porto Velho to discuss the future of the project

In June 1996, following the mid-term evaluation workshop, a formal agreement was reached between the State Government and the CSOs that led to the complete re-structuring of PLANAFLORO (**See Box 2**). Project components were reduced, the number of government executing agencies cut back, and bureaucratic procedures streamlined. Although the re-structured project maintained its original resource management objective, the structure was reduced to seven sub-components that revolved around four major areas; environmental conservation, community projects, road pavement and project administration.

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| BOX 2: DRAMATIC NEGOTIATIONS PRODUCE BREAKTHROUGH |
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The mid-term evaluation workshop was quite climatic and exemplified the overlay of complex issues and diverse stakeholders. The major stakeholders present included the state and federal governments, CSO Forum, international NGOs, UNDP, and the World Bank. The private sector, represented by the association of businesses (FIERO) and cattle ranchers (FAERON), also participated, even though it had not previously been involved with PLANAFLORO. Prior to the evaluation workshop, there was a preparatory workshop on participatory development to identify the major stakeholders, hash out the different views on PLANAFLORO, and set the required tone of frankness and transparency for the upcoming negotiations.

The two-day evaluation workshop began in a tense atmosphere as NGO, indigenous, and rubber taper leaders strongly criticized PLANAFLORO before the assembled audience which included the State Governor, the President of Brazil's environmental protection agency (IBAMA) and the Bank's Resident Representative. Perhaps surprising, much of the CSO criticism was corroborated by the findings of the mid-term evaluation report prepared by independent evaluators at the behest of the state government. Halfway through the first day, the meeting was suspended in order to begin tripartite negotiations to restructure the project. Following intense negotiations, a *termo de compromisso* or agreement letter was signed to streamline the project's structure and re-allocate the remaining \$72 million dollar project budget. The agreement generated an unprecedented press release, signed by Oxfam/UK, Friends of the Earth, and the World Bank, to welcome the newfound spirit of collaboration.

The most important new feature produced by the project's restructuring was the Community Initiatives Fund (PAIC), a demand-driven fund co-managed with CSOs, that is credited with improving benefits to rural communities (**See Box 3**). This Fund was established with the intent to decentralize and more effectively target benefits to rural communities. With a \$20 million budget, financial support was provided as grants with a limit of \$150,000 per organization. The Fund's demand-driven activities have included environmental protection, agricultural production, marketing of extractive forest projects, and social infrastructure in seven environmentally vulnerable areas of the state.

BOX 3: COMMUNITY INITIATIVES FUND IMPROVES BENEFITS

During the Fund's first year of operation in 1997, a total of 146 projects were funded (more than \$9 million dollars) benefiting an estimated 18,800 families. While the Fund was clearly designed with an environmental focus, most of the projects were in the area of income generation activities (43.8%), followed by health and education activities (35.9%), and infrastructure projects (8.7%). An independent evaluation found that the PAIC has "evolved over time to emphasize local development, democratization, and decentralization, and is less clearly focused on supporting the maintenance of conservation units" (Browder 1998). And, equally important, projects have been implemented by some 14 different types of beneficiary groups ranging from farmers' associations (80.8%) and indigenous associations (9.5%) to environmental NGOs (2%).

The CSO Forum has participated actively in the Fund's various operational phases from providing training on project design at the community level to project identification, analysis and selection. This unprecedented level of participation is significant, since it has provided government and CSO technicians with an opportunity to learn to work together as they serve on integrated technical teams, analyzing and selecting projects. And while there was no expectation that these small projects themselves would bring about sustainable development, they have channeled needed resources to hundreds of grassroots initiatives throughout the state. It appears that the Fund's successful implementation may set the stage for greater government-civil society collaboration in the future.

Since the mid-term review and project restructuring, PLANAFLORO's performance and project results have improved. In fact, thanks primarily to PLANAFLORO, nearly 30 per cent of Rondônia's territory, or approximately 66,000 square kilometers, is demarcated as conservation units or indigenous reserves.³ Furthermore, the nearly completed "second approximation" of the agro-ecological zoning will provide a useful and current map of the land-use patterns of the state. In addition to these outcomes of project restructuring, the Community Initiatives Fund (PAIC) has functioned better than anyone predicted. And, equally noteworthy, long-standing mutual animosity and tension gave way to constructive engagement between CSOs, the State Government and the Bank after project restructuring.

Building on this positive momentum, a comprehensive strategic planning exercise called Umidas, aimed at defining a sustainable development approach for the state, was recently completed involving nearly all major stakeholders in the state. The process began with a comprehensive diagnostic study of the state's economic, political, social, and cultural life which was then utilized to project various development scenarios up to the year 2020. Over 800 government technicians, businessmen, teachers, and community leaders participated in a series of planning workshops throughout the state. It is noteworthy that this unprecedented planning exercise was only made possible due to the stakeholder participation advances achieved during PLANAFLORO.

Despite these advances, however, the project continues to experience implementation problems in such areas as environmental conservation and project management. In early 1999, a new State Governor took office promising to streamline the project even further. It is not clear, however, if he intends to build on the gains achieved within PLANAFLORO and embrace the sustainable development ideas embodied in the Úmidas framework, or simply attempt to reserve the process as has often been the case with past state administrations.

Global Reach of Planaflo

PLANAFLORO vividly exemplifies one of the inexorable features of globalization: growing local-global linkages. At the national level, both federal ministries and state agencies as well as national NGOs such as the Institute for Amazon Studies (IEA) and Friends of the Earth shaped the process. At the international level, in addition to the World Bank and the United Nations Development Agency (UNDP), there were several international NGOs that had a significant impact on the PLANAFLORO experience. Oxfam/UK and the World Wildlife Fund (WWF) not only funded the CSO Forum, but others, such as the Environmental Defense Fund (EDF), gave the Forum the required contacts in Washington. Further evidence of the global connection was the presence of several international environmentalists who lived in the capital city of Porto Velho. They provided the necessary analytical and writing skills required for an international lobbying campaign.

While many in R ndonia viewed the participation of national and international NGOs as unacceptable outside interference, their active involvement not only demonstrated the global nature of local problems, but proved to be constructive in many ways. Clearly, the strongest support for preserving R ndonia's rainforest for future generations came from outside the state, and often from overseas. National and international NGOs not only provided the CSO Forum with needed funds and technical expertise, but also encouraged the Forum to negotiate in earnest with the State Government when the opportunity arose to restructure the project. Local and international NGOs, however, did maintain different agendas at times. A good case in point was the Inspection Panel strategy. While international and national NGOs viewed the request for this panel as another timely opportunity to test the recently established oversight mechanism, local NGOs were more interested in using the panel request to ensure improved project performance on-the-ground.

Lessons Learned on Participation

PLANAFLORO is a paradigmatic development project for the Bank because it involves many of the classic issues the Bank faces in social projects throughout the world: complex and layered social context; economic development versus environmental protection dilemma; weak government agencies beset by turf disputes and administrative discontinuity; low project ownership by government and other stakeholders; complex project design coupled with overly ambitious project goals; and lack of effective civil society participation mechanisms. Among these issues, civil society participation—with its various levels, stages and difficulties—stands out. Drawing from the PLANAFLORO experience, the most cogent lessons learned are:

- **For participation to be successful, there must be mutual acceptance by all sides.** In the initial stages of PLANAFLORO, it was common to hear Government and Bank staff question the legitimacy and representation of CSOs and thus their inclusion in the process. While it is true that, unlike Government, CSOs are not elected and thus have no formal mandate to participate in decision-making bodies or even monitor government action, the PLANAFLORO experience clearly demonstrates that the CSOs of Rondônia earned their seat at the bargaining table. They did so by being representative of important segments of disenfranchised populations and speaking up for key societal interests that needed to be protected such as human rights, environmental protection, and indigenous issues. Generally, these diffuse issues lack a natural or well-organized constituency in society, yet their importance for the well being of disenfranchised populations and future generations is undeniable.
- **Formal participation mechanisms will not ensure effective engagement unless the following pre-conditions are met:** i) openness on the part of government agencies to consult and share decision-making power; ii) CSO willingness and technical capacity to participate in a constructive fashion; iii) clearly defined objectives and methodology for the participatory strategy; iv) complete access by CSOs to relevant project information; and v) disposition of both parties to work flexibly through problems which invariably arise.
- **Effective stakeholder participation requires financial and institutional resources.** Often governments and the Bank expect CSOs to participate in complex development projects without recognizing that this participation requires minimum budgetary support to: contract technical consultants; hold beneficiary consultation meetings; develop alternative technical proposals; and monitor project activities. Only informed and technically capable participation can ensure effective civil society participation and ownership of government-sponsored development projects.
- **Participation requires communication-enhancing and consensus-building methodology.** While many may argue that participation requires no special skills other than a willingness to listen, successful participation requires appropriate methodologies which allows actors with different informational bases, expectations, and interests to resolve conflicts and build

common agendas. The mid-term review process within PLANAFLORO worked because it was preceded by a preparatory workshop on participation; full disclosure of project documents, including their translation into Portuguese; experienced and respected mediators/meeting facilitators; and participatory meeting methodology.

- **Timing matters for participatory processes.** Civil society organizations almost always have different timing needs than those of governments and the World Bank. This is especially true for traditional populations such as Amerindians and rubber tapers which have geographically dispersed membership bases and oral cultural traditions which require longer consultation processes. At different times during PLANAFLORO's restructuring, tight Government/Bank deadlines had to be pushed back to adequately accommodate CSO participation needs.
- **Participatory approaches are essential in projects carried out in fragile ecosystems with complex social problems.** In the case of PLANAFLORO, the project's performance depended on efforts to conciliate the interests of diverse stakeholders ranging from traditional forest dwellers to immigrant coffee farmers, as well as the introduction of innovative initiatives such as land-use zoning which require active stakeholder engagement. PLANAFLORO demonstrated that civil society participation is vital in isolated regions such as Rondônia where government services and presence is weak, and CSOs can play an important complementary role.
- **PLANAFLORO exemplifies a growing trend in World Bank projects in Brazil which is to decentralize and streamline projects experiencing implementation problems in order to ensure that benefits more effectively reach their intended beneficiaries.** Like PAIC, the adoption of demand-driven funds also occurred in the 10-state Northeast Rural Development Program (NRDP), the Natural Resource Management Project (PRODEAGRO) in the neighboring state of Mato Grosso, and the National Environmental Project (PNMA). The lessons learned from these projects have influenced a new generation of environmental and rural poverty projects which have small-grants funds embedded in their designs. Further, the PAIC experience demonstrated a strong civil society at the sub-project level improves the success rate of these funds. An independent evaluation of the PAIC indicated that successful projects are more likely to emerge from long-standing community associations with active membership bases and diverse local development activities.
- **PLANAFLORO demonstrates how the World Bank can significantly improve its own funding and oversight roles by taking steps to ensure stakeholder participation.** **First**, the Bank adopted a strategy that made ownership and accountability, especially by the government, pre-conditions for project renewal. **Second**, the Bank assembled a multidisciplinary team of economists, environmentalists, engineers, and social scientists to oversee the re-structuring process and hired outside consultants to promote facilitation and consensus building. **Third**, the Bank implemented a more decentralized, "hands-on" and collaborative approach to project supervision by appointing a locally-based Task Manager,

carrying out more frequent and less formal supervision missions, and establishing and maintaining frequent contact with a variety of stakeholders such as CSOs and the private sector. In short, the Bank not only improved its project oversight, but also learned to exert a catalytic role in encouraging more constructive engagement between the government and key societal actors, including CSOs and the private sector.

Conclusion

PLANAFLORO typifies well the key dilemmas associated with participation approaches in social development projects financed by the World Bank. These challenges prove to be even greater when complex and multi-dimensional projects are implemented in polarized frontier areas such as the Amazon. The following key issues beset the project: how to forge a common agenda among divergent social actors, including vulnerable traditional populations; how to resolve the classic developmentalist vs environmentalist clash within fragile ecosystems; and how to jump-start formal civil society participation mechanisms which fail to work in practice. Despite being an often confrontational process which involved a request to the Bank's Inspection Panel, the PLANAFLORO experience demonstrated that effective participatory approaches can be successful in improving project implementation. The restructured project not only became more streamlined and results-oriented, but with the establishment of the demand-driven PAIC Fund, benefits were more effectively channeled to rural beneficiary populations.

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² Due to the extended length of time between project design and implementation, PLANAFLORO was managed by four separate governors: originally requested by the first in 1988; negotiated by a second in 1992; implemented by a third in 1995 by campaigning against PLANAFLORO; and now to be completed by a fourth governor elected in 1998.

³ Of this total, 45,000 square kilometers comprise 17 Amerindian reserves and 21,000 is divided among 3 state parks, 2 biological reserves, 3 ecological stations, 5 state sustainable production forests and 21 extractive reserves (Ducrot & Mahar 1999).