

Institute for Amazonian Studies (IEA)

Support for Extractive Reserves in Rondônia and Mato Grosso, Brazil A Research and Training Project

Proposal Submitted to the Commission of European Communities
December, 1990

Summary

This project will support activities in research and training that will directly contribute to the consolidation of extractive reserves in the states of Rondônia and Mato Grosso, Brazil. Specific activities will include (a) support for the organizing efforts of the National Council of Rubber-Tappers (Conselho Nacional dos Seringueiros-CNS), including training programs for local communities in the creation of associations, basic healthcare, literacy and primary education (b) socio-economic and resource use surveys that will contribute to the elaboration of natural management plans and other community activities, and (c) pilot experiments in agroforestry and forest management aimed at improving the subsistence base and income generating capacity of local populations. In addition to its immediate benefits within pilot areas, it is expected that this project will make an important contribution to the definition of a working strategy for the consolidation of extractive reserves in terms of attaining their social, economic, and environmental goals.

I. INTRODUCTION

In recent years, the states of Rondônia and Mato Grosso have become a major focus of national and international concerns over environmental devastation in the Brazilian Amazon. A major factor underlying such attention has been the accelerated rates of deforestation in both states: Recent estimates indicate that by 1988, 17.2% of the original vegetation of Mato Grosso had been lost (151,766 sq. km.) while 17.1% of the state of Rondônia (41,521 sq. km.) had been cleared (Fearnside 1989).

Another factor contributing to public concern over environmental problems in Rondônia and Mato Grosso has been the ill-fated Northwest Brazil Integrated Development Program (POLONOROESTE). The POLONOROESTE program was created in 1981 with an initial budget of US\$ 1.55 billion, including over US\$ 400 million in loans from the World Bank. The main objective of POLONOROESTE was to asphalt the 1,500 km Cuiabá-Porto Velho highway (BR-364). However, during negotiations between the Brazilian government and the World Bank, it was decided that additional measures should be taken to ensure the "orderly socio-economic development" of the region influenced by the BR-364. Specific project components were designed for protection of the natural environment and support for Amerindian communities, land tenure services, public health, infrastructure and support services within existing settlement areas, and creation of new settlement projects (IBRD 1981).



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By the mid-1980's, however, there was already considerable evidence suggesting that the principal objectives of POLONOROESTE were not being reached. During the project's implementation, rates of forest clearing increased sharply. The paving of the highway stimulated further migration and land speculation in the Northwest region. While POLONOROESTE sought to promote the adoption of perennial crops among small-farmers as a sustainable land use alternative, most settlement areas were increasingly dominated by cattle pasture—one of the most destructive and least sustainable forms of land use in the humid tropics (Goodland 1980; Hecht 1983, 1985). The expansion of cattle pasture and expanded deforestation were associated with high rates of colonist turnover in settlement areas, suggesting that the successful "fixing" of small-farmers to the land had not occurred in most cases (Millikan 1984; FAO-CP 1987, Torres 1988).

During the implementation of POLONOROESTE, invasions of forest and Amerindian reserves by loggers, squatters, and land speculators became increasingly commonplace. Moreover, it is important to emphasize that the POLONOROESTE program did not take into account the presence of rubber-tappers (seringueiros), Brazil nut gatherers (castanheiros), and other traditional inhabitants (caboclos). The process of accelerated frontier expansion associated with POLONOROESTE meant that a large number of these forest and riverine peoples were expelled from areas they had traditionally occupied, especially due to the creation of government-sponsored colonization projects, land speculation, logging companies, and the influx of landless farmers.

The disastrous lessons of the POLONOROESTE project in Rondônia and Mato Grosso were a major factor underlying the mobilization by rubber-tappers in Acre to oppose the further asphaltting of a stretch of the BR-364 highway (between the capital cities of Porto Velho and Rio Branco) unless adequate measures were taken by the Brazilian government and the Inter-American Development Bank to ensure that the seringueiros in the region affected by the road would not suffer a similar fate to their neighbors in Rondônia.

One of the innovative proposals that emerged from the rubber-tappers' movement during this period (which coincided with the First National Meeting of Rubber-Tappers and the creation of the National Council of Rubber-Tappers in 1985) was the creation of "extractive reserves". The concept of an "extractive reserve" can be described succinctly as follows:

The term EXTRACTIVE RESERVE is used to designate an area occupied by an existing population that depends upon the sustainable use of natural resources within Amazonian ecosystems for its survival, regularized collectively through a land use concession, transferred by the government to a legally-constituted association, exploited economically according to a management plan for the social benefit of its members, including specific projects for health and education.

The rubber-tappers' proposal for extractive reserves is exceptional in several regards. In contrast to historical trends of authoritarianism and centralized decision-making in regional development planning, in which traditional populations of seringueiros, ribeirinhos, and caboclos have been systematically excluded, the proposal for extractive reserves emerged at the grassroots level, within a social movement of local Amazonian inhabitants. The concept of extractive reserves is also unique in that it combines the objectives of social justice, socio-economic development, and sustainable management and protection of Amazonia's fragile ecosystems.

The absence within existing Brazilian law of land use categories combining the land tenure, socio-economic, and environmental objectives of extractive reserves resulted in the need to create specific legislation at the federal level, a task in which IEA played a key role (IEA 1990). This legislation has included:

• Portaria no.627 (30 June 1987) of INCRA (National Institute for Colonization and Agrarian Reform), which included Extractive Reserves in the National Plan for Agrarian Reform. Through this legislation, ten "Extractive Settlement Projects" were created in the states of Acre, Amapá, and Amazonian, totalling 889,548 hectares, in an area occupied by 2,924 families. However, the INCRA legislation required the previous expropriation of private landholdings, which considerably slowed the process of creating new extractive reserves. moreover, the creation of "extractive settlement projects" lost momentum when agrarian reform ceased to be a priority of the federal government.

• the reformulation of the National Environmental Policy (Law no. 7.804, 18 July 1989) which included in article 09, paragraph VI, the possibility of "creating territorial spaces especially protected by the federal, state, and municipal governments, such as areas of relevant ecological interest and extractive reserves";

• the promulgation of Presidential Decree no. 98.987 (30 January, 1990) which details legal aspects of the creation of extractive reserves within the National Environmental Policy. According to this decree, extractive reserves can be created independently of previous land expropriations, speeding the process in areas suffering land clearing and other pressures, with eventual expropriations to be defined by IBAMA.

Based on Presidential Decree no. 98.987, four Extractive Reserves have already been created in the Brazilian Amazon, covering a total area of 2,162,989 hectares, benefitting approximately 6,250 families.

EXTRACTIVE RESERVES OFFICIALLY CREATED

State	Reserve	Area (ha)	Families
Acre	Alto Juruá	506.186	1.600
	Chico Mendes	970.570	3.000
Amapá	Rio Cajari	481.650	1.000
Rondonia	Rio Ouro Preto	204.583	650
TOTAL		2.162.989	6.250

Source: IBAMA/IEA 1990

Notwithstanding the importance of the measures mentioned above, there are still major challenges to the successful implementation of Extractive Reserves as a development and conservation alternative in the Brazilian Amazon:

• The areas where Extractive Reserves (or "Extractive Settlement Projects") have been already created are still extremely limited (30.595.37 sq. km, or 0.6% of the Legal Amazon) in relation to total area occupied by rubber-tappers and other traditional populations where the creation of reserves may represent a viable option for socio-economic development and environmental conservation. The inhabitants of many of these areas are currently suffering pressures from logging enterprises, land speculators, colonization projects, etc. In such critical areas, actions must be taken now if future possibilities for sustainable resource use and environmental protection are not to be lost. The creation of new extractive reserves in the Brazilian Amazon is a major

objective of the National Program for Extractive Reserves, supported by a cooperative agreement between CNS, IBAMA, and IEA.¹

- The creation and consolidation of Extractive Reserves requires carrying out basic research on such topics as demography and migration, management of natural resources by local populations, environmental characteristics of hydrographic basins, marketing systems, land tenure, major problems in health and education, etc.

- While it is critical to guarantee the rights of local populations to the natural resources they depend upon for their survival, the simple creation of extractive reserves does not immediately solve all of the pressing problems felt by the community. The consolidation of extractive reserves requires addressing such critical needs as: (a) improving marketing systems (i.e. terms of trade for products marketed in relation to prices paid for goods and services consumed by the household) (b) identifying alternative sources of income, especially critical when considering the tendency for rubber prices to become increasingly depressed in the future, (c) improving the nutritional and overall health conditions of the local population, and (d) establishment of programs in basic literacy and primary education that are adapted to the realities of the local population (Allegretti 1989, IEA 1988, 1989).

Throughout this process, the National Council of Rubber-Tappers (CNS) has a critical role to play in terms of working with local communities in grassroots education and organizing. Research and training activities coordinated by IEA and CNS have an invaluable role to play in such critical areas as the definition of natural resource management plans and the creation of community associations (both necessary for the legal granting of use concessions by the federal government to local populations within extractive reserves), alternative marketing strategies, and programs in basic healthcare and education.

II. PROJECT ACTIVITIES

II.1 General Objectives

- Promote the consolidation of Extractive Reserves in the states of Rondônia and Mato Grosso as an alternative strategy for regional development and environmental conservation, based on the sustainable use of natural resources by local inhabitants and improvements in their living conditions.

II.2 Specific Objectives

- Contribute to process of community mobilization necessary for attaining the social, economic, and environmental objectives of extractive reserves, via support for the organizing efforts of the National Council of Rubber-Tappers (CNS) and the administration of training programs in the creation and administration of community associations, public health and education.

- Promote policy-oriented research on the topics of (a) natural resource use practices utilized by local populations (extraction, agriculture, hunting, and fishing).

¹ In the state of Rondônia, a socio-economic and environmental zoning plan has been in effect as a decree signed by the Governor since June 1988. The zoning plan area includes areas to be set aside for "sustainable extractive forests". However, the zoning plan is not respected by government agencies such as INCRA, loggers, miners, land speculators, etc. Many areas occupied by rubber-tappers were also not included in the zoning plan. As such, the current zoning map is currently being evaluated as part of the National Program for Extractive Reserves, in light of the need to create new extractive reserves in the state of Rondônia.

(b) socio-economic organization of marketing systems (c) migration and demography, (d) dynamics of labor markets, and (e) principal problems in health and education. This primary research should provide an important contribution to (a) elaboration of natural resource management plans for extractive reserves, a prerequisite for land use concessions to local associations (b) defining alternative marketing and income-generating strategies, (c) defining pilot experiments in agroforestry and forest management, in which the community plays an active role in defining research priorities and carrying out actual research, and (d) planning of community programs in health and education.

II.3 Methodology

The project activities described below will be coordinated by the Institute of Amazon Studies (IEA), in collaboration with the National Council of Rubber-Tappers (CNS). Other participating organizations will include the University of Brasília (UNB), the federal universities of Rondônia (UNIR) and Mato Grosso (UFMT), the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA), the National Institute for Research in the Amazon (INPA), the Institute for Pre-History, Anthropology and Ecology (IPHAE) and the State Land Institute of Rondônia (ITERON).

a) Community Organizing and Training

a.1: Initial field visits by representatives of National Council of Rubber-Tappers (CNS) within extractive areas to discuss organizing possibilities, objectives of extractive reserves, etc. with local communities.

a.2: Training courses with representatives of local communities in Rondônia and Mato Grosso on grassroots organizing and creation of community associations.

a.3: Training courses with representatives of local communities in basic healthcare and educational/literacy programs.

a.4: Visits by community leaders from Rondônia and Mato Grosso to Acre to observe activities of community projects in alternative marketing systems, resource management, health, and educational projects conducted by CNS and local associations of rubber-tappers.

a.5: Creation of an emergency community development fund that will provide urgently-needed start-up support for local initiatives associated with the creation of community associations, health posts, and schools within extractive reserves. This fund will be administered jointly by the National Council of Rubber-Tappers and the Institute for Amazonian Studies, together with representatives of community associations.

Responsible agencies: CNS, IEA, UNB, consultants in health and education;

b) Socio-Economic Research and Natural Resource Management

b.1: Within priority areas, a field survey will be conducted that will collect data on the following topics: (1) natural resource use practices employed by local populations (extraction, agriculture, hunting and fishing activities) and their importance for subsistence and income generation (2) household structure, division of labor, and demographic mobility (3) organization of existing marketing networks (4) principal problems in health and education.

• Research will be carried out in the following areas:

1. Rio Duro Preto Extractive Reserve (municipality of Guajará-Mirim) in the state of Rondônia;

2. a pilot area in Mato Grosso, to be selected by researchers from IEA and UFMT in conjunction with CNS. The pilot study area will be located in one of the following municipalities where the creation of extractive reserves is currently under consideration: Aripuanã, Cáceres, or Barra do Bugres.

This primary research should provide an important contribution to (a) elaboration of management plans for reserves, a prerequisite for land use concessions by the federal government to local community associations (b) defining future research needs in areas such as agroforestry and forest management, in which the community plays an active role in defining research priorities and carrying out actual research, (c) defining alternative marketing strategies, and (d) planning of community programs in health and education.

-Research will be coordinated by IEA and carried out in conjunction with CNS, UNB, IBAMA, UNIR, and UFMT. The elaboration of questionnaires will be benefitted by consultants in the areas of botany, anthropology, community health, forestry, and statistics. Field teams for each area will receive prior training in research methods. Computer analysis of questionnaire data will be performed by the Institute for Pre-History, Anthropology, and Ecology (IPHAE) in Porto Velho and UFMT in Mato Grosso.

b2: In the Rio Ouro Preto Extractive Reserve in Rondônia and the selected area in Mato Grosso, the project will support field research and pilot experiments in agroforestry and forest management. Project activities will include (a) an inventory of plants used by community members for food, utilitarian, and medicinal purposes, with taxonomic classification (at INPA) and mapping of geographic dispersal of key extractive species, (b) a pilot study in agroforestry, including management of secondary forest and promotion of intercropping systems. The objectives of this pilot study include (a) improving the nutritional status of the local populations, through improvements in their subsistence base (b) limiting dependence on purchased goods (such as coffee and sugar), (c) defining alternative sources of income through extraction and agroforestry activities. These activities will be planned and executed by members of the local community in conjunction with interdisciplinary teams from CNS, INPA, IEA, UNB, UFMT, and IPHAE.

II.4 Timetable of Activities:

Activity	MONTH																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
a.1	•	•	•															
a.2				•	•													
a.3						•	•											
a.4								•	•	•								
a.5											•	•	•	•	•	•	•	•
b.1.1		•	•	•	•													
b.1.2				•	•	•	•											
b.2									•	•	•	•	•	•	•	•	•	•

KEY:

- a) Community Organizing and Training
 - a.1: Initial field visits by representatives of CNS
 - a.2: Training courses in community organizing
 - a.3: Visits by community leaders from RO and MT to Acre
 - a.4: Training in basic healthcare and educational/literacy programs.

a.5. Activities in community organizing, health, and education, with start-up support from emergency community development fund.

b) Socio-Economic Research and Natural Resource Management

b.1: Socio-economic and Resource Use Survey

b.1.1. Rio Ouro Preto Extractive Reserve;

b.1.2: pilot area in Mato Grosso

b.2: Research and pilot experiments in agroforestry and forest management (Rio Ouro Preto Extractive Reserve and pilot area in Mato Grosso)

II.5 Budget

	US\$
a) Community Organizing and Training	
a.1: Initial field visits by representatives of CNS	
-Transportation	2,500.
-Food and Medical Supplies	1,500.
-Lodging	1,500.
a.2: Training courses in community organizing	
-Transportation	3,000.
-Lodging	2,000.
-Food	2,000.
a.3: Visits by community leaders from RO and MT to Acre	
-Bus Tickets	550.
-Food	450.
-Lodging	400.
a.4: Training in basic healthcare, educational and literacy programs.	
-Transportation	3,500.
-Food	2,000.
-Lodging	2,300.
-Consultants	2,000.
-Educational Materials	1,300.
a.5 Emergency Community Development Fund	25,000.
SUB-TOTAL	50,000.
b) Socio-Economic Research and Natural Resource Management	
b.1: Socio-economic and Resource Use Surveys	
-Transportation	4,500.
-Consultants	3,000.
-Food and Medical Supplies	2,500.
-Per Diems for Field Assistants	3,500.
-Computer analysis of survey data	3,000.
b.2: Research and pilot experiments in agroforestry and forest management	
-Transportation	5,500.
-Food and Medical Supplies	4,500.
-Field Supplies	4,500.
-Taxonomic analyses (INPA)	4,500.
-Nurseries for tree seedlings	3,500.
-Consultants/Honararia/Per Diems	5,000.

Budget (cont.)

b.3 Additional Field Equipment and Supplies

-02 35mm SLR Cameras	1,600.
-02 Video Cameras (video 8)	1,800.
-04 Cassette Tape Recorders	600.
-02 Polaroid Cameras	500.
-Cassette tapes	300.
-Blank video tapes	300.
-Batteries	200.
-Film/Developing	700.

SUB-TOTAL 50,000.

C. Administration

-Project Coordinators (02)	36,000.
-Administrative assistant (part-time)	10,000.
-Photocopies	1,500.
-Telephone/Fax	2,500.

SUB-TOTAL 50,000.

TOTAL 150,000.

10% Contingency 15,000.

GRAND TOTAL 165,000

II.6 Expected Results of the Project

It is anticipated the project will produce the following significant results:

a) strengthen the ability of local populations to improve their living conditions through training and other forms of support in administration of community associations, primary healthcare, and educational activities.

b) contribute to the definition of natural resource management strategies aimed at improving the subsistence base and income-generating capacity of local populations, together with the protection and wise use of natural resources within extractive reserves;

c) provide an important example of a working strategy for the consolidation of extractive reserves in the Brazilian Amazon, in terms of promoting their social, economic, and environmental goals.

FINANCING AGREEMENT
RELATING TO
"ECOLOGY IN DEVELOPING COUNTRIES"
BUDGET HEADING B7-5040

CBB(92.054

between

The European Community (hereinafter referred to as "the Community"),
represented by the Commission of the European Communities (hereinafter
referred to as "the Commission"), 200, rue de la Loi, 1049 Brussels,
represented by Mr José da Silva Domingos, Finance Director of the
Directorate-General for Development,

of the one part, and

Name : INSTITUTE FOR AMAZONIAN STUDIES (I E A)...
Legal status.....
Address and authority to act as representative ..
Ms. Mary Helena Allegretti.....
President of IEA.....

(hereinafter referred to as "the Contractor")

of the other part

Article 1 - Subject

Title: *Consolidation of Extractive Reserves and sustainable use of natural resources In Rondonia and Mato Grosso.*

(hereinafter referred to as "the project")

Contract reference number: *B7-5040/91/16.....*

Article 2 - Obligations

In accordance with the conditions laid down in this Agreement and in the annexes hereto which shall form an integral part thereof:

(a) the Commission hereby undertakes to make a financial contribution not exceeding ECU 151.704 towards the execution of the project. The contribution shall not be used for purposes other than those prescribed.

(b) the Contractor hereby undertakes to execute the project correctly and to devote to it his own resources as stipulated in Annex IV (General conditions governing financing agreements).

The Contractor shall neither transfer nor assign any right or obligation arising from this Agreement, such rights and obligations being non-transferable.

The Contractor hereby accepts in their entirety and unconditionally:

- the financial conditions governing the drawing-up of the interim and final reports, and the accounting, audit and evaluation reports for the Commission;

- (description of the Contractor's obligations, with mandatory references to:

- . the financing application, amended if necessary;*
- . the principal activities to be carried out by the Contractor;*
- . the annexes;*
- . information regarding all sources of financing;*
- . any other partners whose assistance is sought).*

(c) *The Contractor hereby undertakes:*

- 1. to carry out his duties entirely independently of any authorities, bodies, firms or undertakings with which he may be required to have professional dealings;*
- 2. to provide the Commission, to the fullest extent possible, with such information as it may request for the purposes of administering the Agreement;*
- 3. to comply with the law in force in the country in which he is to carry out his assignment, notably with regard to employment legislation;*
- 4. to remain strictly neutral in regard to opinions, notably political and religious opinions, held in the country in which he is to carry out his duties;*
- 5. not to disclose or use for his own benefit or for that of any third party, any information of which he becomes aware by reason of his duties.*

The Contractor expressly declares that he has taken note of these provisions and recognizes that compliance therewith is a fundamental obligation which he accepts pursuant to this Agreement.

Article 3 - Entry into force and duration of the Agreement

This Agreement shall enter into force upon receipt by the Commission of an original countersigned by the Contractor's authorized representative and it is hereby concluded for a period of 18 months, save as otherwise expressly amended in writing by agreement between the Parties.

Article 4 - Payment procedure

The contribution shall be paid by the Commission in 3 instalments, as follows:

- 30 % - within 60 working days after receipt of the countersigned Agreement;*

Article 8 - Annexes

Annexes I (Terms of reference), subdivided into I(a) (Objectives), I(b) (Resources), I (c) Results and I(d) (Operational programme and timetable), II (Budget for the Agreement), III (Accounting section of the Report), and IV (General Conditions) shall form an integral part of this Agreement.

Article 9 - Addresses

Commission:

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Directorate-General for Development
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Telephone: 235 28 64
Fax: 235 29 92

Contractor:

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82500 Brasil

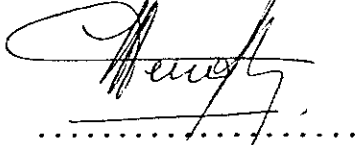
Telephone: 041-262.94.94
Fax: 041 - 264.71.52
Telex:

Done in Brussels in the English language in two originals on

Signatures:

05.09.1991* 53187
For the Commission

J. da Silva Domingos

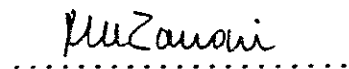


.....
Date of dispatch by the Commission

Date of receipt by the Commission

For the Contractor

Authorized representative



ANNEX I

TERMS OF REFERENCE

1(a) OBJECTIVES

1(b) RESOURCES

1(c) RESULTS

1(d) OPERATIONAL PROGRAMME AND TIMETABLE

ANNEX I

TERMS OF REFERENCE**I-a Objectives**

The project activities described below will be coordinated by the Institute of Amazon Studies (IEA), in collaboration with the National Council of Rubber-Tappers (CNS). Other participating organizations will include the University of Brasilia (UNB), the federal universities of Rondonia (UNIR) and Mato Grosso (UEMT), the Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA), the National Institute for Research in the Amazon (INPA), the Institute for Pre-History, Anthropology and Ecology (IPHAE) and the State Land Institute of Rondonia (ITERON).

- General Objectives

To promote the consolidation of Extractive Reserves in the states of Rondonia and Mato Grosso as an alternative strategy for regional development and environmental conservation, based on the sustainable use of natural resources by local inhabitants and improvements in their living conditions.

NOTE : The term EXTRACTIVE RESERVE is used to designate an area occupied by an existing population that depends upon the sustainable use of natural resources within Amazonian ecosystems for its survival, regularised collectively through a land use concession, transferred by the government to a legally-constituted association, exploited economically according to a management plan for the social benefit of its members, including specific projects for health and education.

The rubber-tappers' proposal for extractive reserves is exceptional in several regards. In contrast to historical trends of authoritarianism and centralized decision-making in regional development planning, in which traditional populations of seringueiros, ribeirinhos, and caboclos have

been systematically excluded, the proposal for extractive reserves emerged at the grassroots level, within a social movement of local Amazonian inhabitants. The concept of extractive reserves is also unique in that it combines the objectives of social justice, socio-economic development, and sustainable management and protection of Amazonia's fragile ecosystems.

The absence within existing Brazilian law of land use categories combining the land tenure, socio-economic, and environmental objectives of extractive reserves resulted in the need to create specific legislation at the federal level, a task in which IEA played a key role.

- Specific Objectives

To contribute to process of community mobilisation necessary for attaining the social, economic, and environmental objectives of extractive reserves, via support for the organizing efforts of the National Council of Rubber-Tappers (CNS) and the administration of training programs in the creation and administration of community association, public health and education.

To promote policy-oriented research on the topics of (a) natural resource use practices utilised by local populations (extraction, agriculture, hunting, and fishing), (b) socio-economic organisation of marketing systems (c) migration and demography, (d) dynamics of labor markets, and (e) principal problems in health and education. This primary research should provide an important contribution to (a) elaboration of natural resource management plans for extractive reserves, a prerequisite for land use concessions to local association (b) defining alternative marketing and income-generating strategies (c) defining pilot experiments in agroforestry and forest management, in which the community plays an active role in defining research priorities and carrying out actual research, and (d) planning of community programs in health and education.

I-b Means**A. Community Organisation and Training**

1. *Initial field visits by representatives of National Council of Rubber-Tappers (CNS) within extractive areas to discuss organising possibilities, objectives of extractive reserves, etc. with local communities.*
2. *Training courses with representatives of local communities in Rondônia and Mato Grosso on grassroots organisation and creation of community associations.*
3. *Training courses with representatives of local communities in basic healthcare and educational/literacy programs.*
4. *Visits by community leaders from Rondônia and Mato Grosso to Acre to observe activities of community projects in alternative marketing systems, resource management, health, and educational projects conducted by CNS and local associations of rubber-tappers.*
5. *Creation of an emergency community development fund that will provide urgently-needed start-up support for local initiatives associated with the creation of community associations health posts, and schools within extractive reserves. This fund will be administered jointly by the National Council of Rubber-Tappers and the Institute for Amazonian Studies, together with representatives of community associations.*

Responsible agencies : CNS, IEA, UNB, consultants in health and education (see below Methodology).

B. Socio-Economic Research and Natural Resource Management

1. *Within priority areas, a field survey will be conducted that will collect data on the following topics : (1) natural resource use practices employed by local populations (extraction, agriculture,*

hunting, and fishing activities) and their importance for subsistence and income generation (2) household structure, division of labor, and demographic mobility (3) organization of existing marketing networks (4) principal problems in health and education.

Research will be carried out in the following areas :

- (I) Rio Ouro Preto Extractive Reserve (municipality of Guarjará-Mirim) in the state of Rondonia;*
- (II) A pilot area in Mato Grosso, to be selected by researchers from IEA and UEM in conjunction with CNS. The pilot study area will be located in one of the following municipalities where the creation of extractive reserves is currently under consideration: Aripuana, Caceres, or Barra do Burgres.*

This primary research should provide an important contribution to (a) elaboration of management plans for reserves, a prerequisite for land use concessions by the federal government to local community associations (b) defining future research needs in areas such as agroforestry and forest management in which the community plays an active role in defining research priorities and carrying out actual research, (c) defining alternative marketing strategies, and (d) planning of community programs in health and education.

Research will be coordinated by IEA and carried out in conjunction with CNS, UNB, IBAMA, UNIR, and UEMT. The elaboration of questionnaires will be carried out by consultants in the areas of botany, anthropology, community health, forestry and statistics. Field teams for each area will receive prior training in research methods. Computer analysis of questionnaire data will be performed by the Institute for Pre-History, Anthropology, and Ecology (IPHAE) in Porto Velho and UFMT in Mato Grosso.

2. *In the Rio Ouro Preto Extractive Reserve in Rondonia and the selected area in Mato Grosso, the project will support field research and pilot experiments in agroforestry and forest management. Project activities will include (a) an inventory of plants used by community members for food, utilitarian, and medical purposes with taxonomic classification (at INPA) and mapping of geographic dispersal of key extractive species, (b) a pilot study in agroforestry, including management of secondary forest and promotion of intercropping systems. The objectives of this pilot study include (a) improving the nutritional status of the local populations, through improvements in their subsistence base (b) limiting dependence on purchased goods (such as coffee and sugar), (c) defining alternative sources of income through extraction and agroforestry activities. These activities will be planned and executed by members of the local community in conjunction with interdisciplinary teams from CNS, INPA, IEA, UNB, EFMT, and IPHAE.*

1-c Expected results of the project

It is anticipated the project will produce the following significant results :

- a) It will strengthen the ability of local populations to improve their living conditions through training and other forms of support in administration of community associations, primary healthcare, and educational activities;*
- b) It will contribute to the definition of natural resource management strategies aimed at improving the subsistence base and income-generating capacity of local populations, together with the protection and appropriate use of natural resources within extractive reserves;*
- c) finally it will provide an important example of a working strategy for the consolidation of extractive reserves in the Brazilian Amazon, in terms of promoting their social, economic, and environmental goals.*

1-d Timetable of Activities

Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
*																		
A.1		o	o	o														
A.2				o	o													
A.3						o	o											
A.4								o	o	o								
A.5											o	o	o	o	o	o	o	o
B.1.(I)		o	o	o	o													
B.1.(II)				o	o	o	o											
B.2								o	o	o	o	o	o	o	o	o	o	o

* See list of activities detailed in 1-b means A₁ to B₂

ANNEX II

BUDGET FOR THE AGREEMENT CONCLUDED BETWEEN THE CEC AND THE CONTRACTOR

Supplies and services rendered	Quant.	Price	Total
A. At unit price			
A-1 Salaries:			
. 2 Project Coordinators	2X18 months	1.000	36.000
. 1 Administrative Assist. (part-time)	1X18 months	460	8.280
. Field operating costs of team			
A-2 Community Organising and Training:			
a. Initial visits by Repr. of CNS	3 months	1.560	4.680
b. Training courses in Community organising	2 months	2.925	5.850
c. Visits by Community leaders from RO and MT to Acre			1.400
d. Training in basic healthcare and educ.	2 months	4.635	9.270
. Field operating costs of team Socio economic and Resource Use Survey	4 months	4.125	16.500
. Field operating costs of team	4 months	6.875	27.500
. Research and pilot experiments in agroforestry and forest management			109.480
B. At cost price			
35 mm SLR Cameras	2	800	1.600
Video Cameras (Video 8)	2	900	1.800
Cassette tape recorders	4	150	600
Polaroid Cameras	2	250	500
Cassette tapes			300
Blank video tapes			300
Batteries			200
Film/Development			700
			6.000

2

Supplies and services rendered	Quant.	Price	Total
C. At all-inclusive price			
Emergency Community Development Fund (See in "Means" A5 p.3)		25.000	
Office operating costs		4.000	29.000
5% Contingency (to justify)			<u>7.224</u>
			151.704 ECU

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ANNEXE III

INTERIM/FINAL REPORT - FINANCIAL SECTION

1. Community contribution : Total ECU
 Already received..... ECU
 2. Interest : Total received ECU
 3. Summary statement of expenditure incurred :

Supplies and services rendered			CEC (ECU)	Other Donors (ECU)	Contractor (ECU)	Total (ECU)	Invoice references	Exchange rate used
A) at unit price	Quantity	Price						
TOTAL A								
B) at cost price	Month	Amount						
TOTAL B								
C) at all-inclusive price								
TOTAL C								
TOTAL A + B + C (in ECU)								

ANNEX IV

GENERAL CONDITIONS GOVERNING FINANCING AGREEMENTS

PROJECTS RELATING TO ECOLOGY

IN THE DEVELOPING COUNTRIES

Budget Item B7-5040

(former Article 946)

TITLE I - THE AGREEMENT

Article 1 - Entry into force

- 1.1 *The Financing Agreement, in which amounts shall be expressed in ECU, shall be drawn up in two originals, each of which shall be signed by an official authorized by the Commission and by the Contractor's authorized representative.*
- 1.2 *The Agreement shall enter into force upon receipt by the Commission of an original countersigned by the Contractor's authorized representative.*
- 1.3 *The Contractor shall supply the references of the specific bank account to which the Commission is to pay its financial contribution in respect of the project (see Article 3 of the General Conditions).*
- 1.4 *The Contractor shall attach the following documents to the Agreement:*
- *original bank guarantee (if applicable);*
 - *a copy of his identity document;*
 - *authority to act as representative.*

TITLE II - FINANCING OF THE PROJECT COVERED BY THE AGREEMENT

Article 2 - Amount of the Community contribution

- 2.1 *The amount of the Community contribution shall be stipulated in the Agreement and shall not be exceeded.*
Should the expenditure actually incurred be less than the amount committed, the Community contribution shall be reduced accordingly.

- 2.2 *Expenditure incurred prior to the date of signature of the Agreement by the Commission shall not be reimbursed by the Community contribution. Commission financing shall in no circumstances reimburse or cover any interest resulting from pre-financing of the project covered by the Agreement on the part of the Contractor.*
- 2.3 *Any expenditure over and above the Community commitment specified in the Agreement shall be borne by the Contractor.*
- 2.4 *The Commission contribution in connection with a particular agreement shall, in no circumstances, be increased following signature of such agreement.*
- 2.5 *Taxes, customs and import duties, including VAT, on supplies and services originating in the Community shall not be covered by Community financing in accordance with Articles 3 and 4 of the Protocol on the Privileges and Immunities of the European Communities, with regard to the financial contribution covered by the Agreement. The Contractor shall take all the steps necessary to secure implementation of tax and duty exemptions and shall, where necessary, provide the Commission with all the supporting documents needed to enable it to obtain a refund of the VAT relating to expenditure financed by the Commission.*

Article 3 – The Contractor's financial commitment

Where execution of the project requires the commitment of the Contractor's own resources, payment of the Community contribution shall be subject to fulfilment of the Contractor's obligations.

Article 4 – Financial implementation and payment procedures

- 4.1 *The Community's financial contribution shall be paid in ECU solely to a special bank account which the Contractor shall open, so that the financial implementation of the project may be monitored. The*

4.

Contractor shall indicate the references of that account on the copy of the contract which he returns to the Commission following its signature by his authorized representative (see Article 1.2 of the General Conditions).

- 4.2 All costs incurred in foreign currencies shall be converted into ecus at the rates of exchange published in the Official Journal of the European Communities (OJEC) on the first working day of the month in which the costs are incurred. In the case of foreign currencies not quoted in the OJEC, amounts shall be converted at the rates published in the Financial Times on the first Tuesday of the month in question.
- 4.3 The contribution shall normally be paid by the Commission in three instalments.
- 4.4 The first payment under the Community financing operation shall be made, by way of an advance, in accordance with the specific circumstances, against a bank guarantee. Save as otherwise provided in this regard in the Agreement, it shall be fixed at 30% of the total funding granted. It shall be made by the Commission at the request of the Contractor within 60 working days following the Commission's receipt of a copy of the Agreement countersigned by the Contractor's authorized representative (see Article 1.2 of the General Conditions).
- 4.5 The second payment under the Community financing operation shall be made within 60 working days after receipt and approval of the interim report by the relevant departments of the Commission. Save as otherwise provided in this regard in the Agreement, it shall be fixed at 40% of the total funding granted.
- 4.6 The final payment under the Community financing operation shall be made on the basis of the balance outstanding within 60 working days after receipt and approval by the relevant departments of the Commission of the final report and statement concerning the use made of the Community funds.

TITLE III - EXECUTION OF THE PROJECT

Article 5 - Liability

- 5.1 The Contractor shall alone be liable to the Commission for the satisfactory execution of the project covered by the Agreement. He shall be responsible for mobilizing all the financial, human and material resources needed for its complete implementation.
- 5.2 The Contractor shall take all the steps necessary to ensure that the services, materials and equipment used and the supplies provided are fully compatible with satisfactory implementation of the project.
- 5.3 The Contractor shall provide evidence of a restricted invitation to tender involving not less than three suppliers from eligible countries in the case of supplies of goods valued in excess of ECU 10 000.

The full amount in respect of equipment shall be paid following completion of the restricted invitation to tender against a pro forma invoice approved by the Commission's Delegate serving in the country concerned and on the basis of a bank guarantee covering the full amount. The said bank guarantee shall be discharged upon delivery of the equipment and its provisional acceptance by the Delegate.

- 5.4 Upon termination of this Agreement or should it not be renewed, all equipment and supplies acquired by the Contractor in the course of performing this Agreement shall be transferred in accordance with the provisions of Article 14.4 of the General Conditions.

The Contractor shall disclaim any entitlement to ownership of the equipment and supplies referred to above and shall warrant that the transfer of title thereto is entirely free of any charge or lien.

5.5 *The Contractor's personnel shall meet the criteria as to competence and skills necessary for the satisfactory implementation of the project and shall be selected with the agreement of the Commission; insofar as is possible, preference shall be given to employing nationals of the developing country(ies) in which the project is to be carried out.*

Article 6 - Insurance

6.1 *The Contractor shall take out insurance against any loss or damage which may be sustained by the Contractor, his personnel or property in the course of implementing the project.*

6.2 *The Commission shall not, in any circumstances or for any reason, be held liable for loss or damage sustained or caused by the Contractor, his personnel or third parties employed in the course of implementing the project.*

6.3 *The Commission shall not accept any claim for compensation or indemnity in respect of any loss or injury referred to above.*

TITLE IV - COST OF THE PROJECT

Article 7 - Supplies and services

The costs covered by the Community financing operation shall be those which relate to supplies and services provided in accordance with the Agreement.

Article 8 - Calculation of the price of supplies and services

8.1 *Depending upon the manner in which the price is calculated, supplies and services covered by the Agreement may be charged on the basis of a unit price, a cost price and/or an all-inclusive price.*

8.2 *Supplies and services charged on the basis of a unit price shall be those which may be broken down into units in respect of which a standard price shall be fixed per unit. The estimated cost of each item supplied or service rendered shall be calculated by multiplying the unit price by the quantities prescribed. The prices of the different supplies and services covered by the Agreement shall, as a general rule and insofar as is possible, be calculated on the basis of unit prices. The following shall, in any event, be calculated on that basis:*

- *the costs in respect of personnel directly involved in implementing the project. In addition to wages, these costs may include other costs connected with the use of manpower (recruitment, selection, travel, social security contributions, allowances, training where the need is duly substantiated, subsistence expenses) on condition that they are specified in detail;*
- *operating costs.*

8.3 *Supplies and services charged at cost price shall be those of an irregular and non-repetitive nature which shall be reimbursed on the basis of their cost price. They shall comprise, in particular, the following:*

- *the travelling and subsistence expenses of personnel directly involved in implementing the project;*
- *the costs of procuring supplies and services from third parties, that meet the project's genuine requirements;*
- *the costs of procuring and transporting equipment and materials that are strictly necessary to the project.*

8.4 *Supplies and services charged at an all-inclusive price shall be those in respect of which an overall flat-rate amount covers each item supplied or service rendered in its entirety. Such amount may be expressed as a percentage of the amount charged for all the other supplies or services. The following may be charged on the basis of an all-inclusive price:*

8.

- *administrative costs which are directly connected with execution of the project and minor purchases of supplies, materials, tools and the like which are necessary to the implementation of the project, on condition that they are not included in the operating costs. They shall not exceed 6% of the total cost of the supplies and services charged on the basis of a unit price or cost price in respect of the project;*
- *other duly substantiated costs which cannot be calculated on the basis of unit prices;*
- *a margin for contingencies, which shall be used only with the Commission's prior consent.*

Article 9 – Costs not covered by the financing operation

The costs of purchasing land or buildings, building costs and other costs connected therewith shall not be covered by the financing operation.

Article 10 – Cost Increases

Any increase in the cost factors referred to in Articles 8.2 and 8.3 shall be substantiated and the method of calculation used shall be clearly explained. The Commission may request from the Contractor any additional information that may enable it to judge the prices proposed.

TITLE V – MONITORING IMPLEMENTATION OF THE PROJECT

Article 11 – Provision of information to the Commission

The Contractor shall inform the Commission as soon as possible in writing of:

- *any delay or any difficulty which might jeopardize compliance with the planned timetable and/or implementation of the project;*

- *any changes made in executing the project covered by the Agreement. Where such changes entail a significant modification of the nature of the project and/or a significant alteration of the financing structure, the Contractor shall, in writing, request the Commission's prior written consent. In such circumstances appropriate observations shall, in principle, be included in the interim and/or final report;*
- *any additional information on the progress of the project that is requested by the Commission.*

Article 12 - Reports

12.1 *The Contractor shall submit to the Commission two (or three) reports: one(or two) interim report(s) and a final report.*

12.2 *The reports shall be submitted on the dates stipulated in the Agreement.*

12.3 *A minimum of five copies of reports shall be submitted, using the same language as that used in the Agreement.*

12.4 *The reports shall comprise an explanatory section and an accounting section covering the use made of all the financial contributions (Commission, Contractor, others).*

12.5 *The accounting section shall be presented in ECU in accordance with the layout specified in Annex III. In the case of supplies and services charged at cost price, a monthly summary of payments made in each currency (ecu, local, etc.) shall be produced.*

12.6 *The Contractor shall inform the Commission in the reports of any interest accruing from the Community contribution paid to the special account. Such interest may be added to the Community contribution at the request of the Contractor, subject to his securing the Commission's consent in writing, and in order to promote the objectives of the project. Such additional amount shall reduce neither any contribution made by the Contractor nor that from other financial sources. The Commission shall inform the Contractor, in writing, of its decision regarding any use to be made of such interest. Where interest is to be repaid, the Commission shall inform the Contractor, in writing, of the repayment procedure.*

Article 13 – Interim report

13.1 *The explanatory section of the report shall provide information on the progress of the project and it shall be accompanied by an operational programme covering the subsequent phase of project implementation.*

13.2 *The accounting section shall indicate the use made of all the financial contributions (Commission, Contractor, others) and shall refer to the invoice numbers.*

13.3 *Subsequent payments under the Community financing operation shall be conditional on approval of the report by the Commission (see Article 4.5 of the General Conditions). The Commission reserves the right to make any recommendations it considers relevant to continuation of the project in the light of its assessment of the report.*

13.4 *The Contractor shall inform the Commission in writing of any reasons which may prevent his submitting the report on the date stipulated in the Agreement.*

13.5 *If the Contractor fails to fulfill this obligation within six months following the date stipulated in the Agreement for submission of the Interim report to the Commission and fails to provide an acceptable explanation in writing regarding the reasons for such failure, the Commission may unilaterally repudiate the Agreement.*

Article 14 – Final report

14.1 *The explanatory section shall contain a complete record of all aspects of the completed project. It shall be drawn up in such a way as to enable a comparison to be made between the results achieved, the methods adopted and the means employed and, respectively, the operational objectives pursued, the methods and means proposed as specified in the application for financing relating to the Agreement.*

14.2 *The accounting section shall indicate the use made of the financial resources granted.*

14.3 *The Contractor shall supply the Commission, together with the final report, with evidence that the project has been implemented in accordance with the Agreement. Where the stipulated objective of the project is the production of a study, film or publication, the Contractor shall submit to the Commission, before submission of the final report, a provisional version thereof (initial draft, draft, rough copy, proof, etc.). Following approval of the provisional version by the Commission, the Contractor shall submit the final version with the final report.*

14.4 *The Contractor shall supply the Commission, together with the final report, with evidence of the donation, subject to the Commission's agreement, to one or more public study and research centres or universities of the developing country(ies) affected by the project, of any equipment and/or item of a permanent nature acquired using the Community's financial contribution. The Contractor shall render the abovementioned items easily identifiable as a Community contribution.*

14.5 *The final payment of the Community financial contribution shall be conditional upon approval of the final report by the Commission (see Article 4.6 of the General Conditions).*

14.6 *The Contractor shall inform the Commission in writing of any reasons which may prevent him from submitting the report on the date stipulated in the Agreement.*

14.7 *If the Contractor fails to fulfil this obligation within six months following the date stipulated in the Agreement for submission of the final report to the Commission and fails to provide an acceptable explanation in writing regarding the reasons for such failure, the Commission may unilaterally repudiate the Agreement.*

Article 15 – Intellectual property

15.1 *The Commission shall be entitled to make use for its own purposes or communicate to third parties for information or operational purposes, the findings of studies, site projects, remote sensing operations, publications, the development of databanks, films, seminars and conferences and any conclusions or information contained therein. The Commission shall be entitled to publish the findings in any form, including translation, on condition that it indicates that they were made by the Contractor.*

15.2 *The Contractor shall make express mention of the Community's financial support in all documents that are disseminated or published, as well as in the course of events organized in connection with the Agreement.*

15.3 *The Contractor shall not cause any publication to be made available to the public or sold without the Commission's written permission.*

Article 16 – Accounts and supporting documents

- 16.1 The Contractor shall keep dated and separate accounts in respect of each agreement by means of an accounting document which lists revenue and expenditure relating to the use made of the Community contribution and indicates the relevant dates.
- 16.2 The accounting document and the supporting documents relating to the project shall remain at the disposal of the Community audit authorities throughout the duration of the Agreement and for a period of five years from the date of acceptance by the Commission of the final report.
- 16.3 The supporting documents shall be those which record expenditure and transfers relating to the project. These shall be original documents such as bank statements, airline ticket vouchers, receipts, invoices, documents relating to cost increases, etc.
- 16.4 The Contractor shall retain the originals of the supporting documents at his head office or residence, as the case may be. The Contractor shall, at the request of the Community audit authorities, indicate the place at which such originals may be examined.
- 16.5 A document justifying any cost increase(s), as specified in Articles 8.2 and 8.3 of the General Conditions, shall be drawn up and included in the financial report. All invoices must show whether duties or taxes have been paid (see Article 2.5 of the General Conditions).
- 16.6 The Contractor hereby declares, in accordance with Article 87 of the Financial regulation applicable to the general budget of the European Communities, that he agrees to an audit being carried out by the Commission and the Court of Auditors on the basis of records and, where necessary, on the spot, of the use made of the amount of the financial contribution granted and of compliance with the conditions attaching thereto.

Article 17 – Monitoring and evaluation of results

- 17.1 The execution and administration of the project may be examined by the Community audit authorities at any time.
- 17.2 If the Community audit authorities consider that it is necessary to carry out a check or examination of the execution of a funded project, the Contractor shall, at all times, assist such authorities. He shall, in particular, afford them access to the project site and to the books of account, accounting records and supporting documents relating thereto. He shall be advised of any inspection to be made by the officials responsible for carrying out audits or inspections.
- 17.3 The Contractor shall inform the Commission in writing if the total cost of a project proves to be less than the amount budgeted for at the time of concluding the Agreement or if the project is only partially implemented. The Commission shall inform the Contractor, in writing, of its decision concerning the use or possible repayment of the funds, including interest. The Commission shall, where necessary, inform the Contractor in writing of the repayment procedure.

TITLE VI – FINAL PROVISIONS

Article 18 – Completion of the project

- 18.1 The project shall be completed within the period specified in the Agreement, notably on the date stipulated for submission of the final report.
- 18.2 If, for duly substantiated reasons, it proves necessary to extend the said period, the Contractor shall request appropriate authorization from the Commission before the date stipulated for submission of the final report and on the basis of a detailed report. The subsequent period shall not exceed six months. In this case, however, the Commission reserves the right to discontinue its funding.

Article 19 – Suspension and termination of the Agreement

- 19.1 *Should the Contractor fail to fulfill his obligations under the Agreement, the Commission shall be entitled to suspend or terminate it. In such a case it may stop payment of all or part of the Community financing contribution. In addition and, in particular, in the event of a wrongful act or omission on the part of the Contractor, it may demand the repayment, in full or in part, of sums already paid.*
- 19.2 *Should the Agreement be terminated by the Contractor, the Commission reserves the right to claim the repayment, in full or in part, of sums already paid.*
- 19.3 *The repayments specified in Articles 19.1 and 19.2 of the General Conditions, including interest, where appropriate, shall be made immediately following written notification to the Contractor of the Commission's decision.*
- 19.4 *Should the Agreement be terminated by the Commission or by the Contractor and in order to determine the effects thereof, the Commission shall take due account of the principle of force majeure.*

Article 20 – Consultations

Any matter regarding implementation or interpretation not covered by these General Conditions shall be the subject of consultations between the Contractor and the Commission. Consultations shall take place whenever one of the parties proposes:

- to modify the project or the procedures for implementation of the project covered by the Agreement, or*
- to suspend all or part of the project.*

Article 21 - Amendments

Any amendment to the Agreement shall be the subject of a supplementary agreement between the parties, drawn up in writing.

Article 22 - Notification and addresses

Correspondance concerning implementation of the project covered by the Agreement shall indicate the title and number of the Agreement concerned. It shall be sent by the Contractor to the following address:

COMMISSION OF THE EUROPEAN COMMUNITIES
Directorate General for Development (DG VIII)
Division VIII/A/1 (Environment)
200 rue de la Loi
B-1049 Brussels, Belgium

Telephone: 02/235.28.64
Fax: 02/235.29.92
Telex: 21877 COMEU B
Telegram: COMEUR BRUXELLES

Article 22 - General Conditions and the Agreement

These General Conditions shall form an integral part of the Agreement for the financing of a project eligible under Heading B7-5040 (former Article 946) of the Budget of the Commission of the European Communities.