The Dilemma of Sustainable Development in the Amazon: Land Use Zoning, Deforestation and Social Conflict in Rondônia, Brazil

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1. Introduction

In recent decades, the state of Rondônia has become a major focus of rapid deforestation and related social conflicts in the southwestern Brazilian Amazon. It has also been the site of World Bank-supported initiatives in rural development and natural resource management that have attracted considerable attention both in Brazil and internationally. In the early to mid-1980s, the implementation of the World Bank-financed POLONOROESTE program, an effort at promoting “integrated regional development” in conjunction with the paving of a 1,500 km highway between Cuiabá and Porto Velho, was accompanied by an intensification of problems associated with “chaotic” frontier expansion in the Amazon: rapid deforestation, illegal exploitation of timber and other natural resources, land speculation and social conflicts, including invasions of indigenous lands. During this period, POLONOROESTE became a case study for an international campaign among environmental and human rights NGOs to push for environmental and social reforms within multilateral development institutions.

During the second half of the 1980s, the state government of Rondônia, with support from the World Bank, designed a follow-up project to POLONOROESTE, known as the Rondônia Natural Resources Management Project, or by its Portuguese acronym, PLANAFLORO. The project was launched around the time of the Rio 1992 Earth Summit and proposed a strategy based on an unprecedented proposal for socio-economic and environmental zoning (zoneamento socio-econômico-ecológico). The basic concept of the zoning plan would be to promote territorial planning in such a way as to bring “order” to what was perceived as “chaotic” processes of land occupation on the frontier.

In particular, the zoning plan would be aimed at promoting increased productivity and recuperation of degraded lands in previously-cleared areas of the “open frontier”, while supporting alternative forest-based approaches to resource management and environmental conservation elsewhere in the state. When compared with past development policies in the Amazon, such general proposals in the state zoning plan were

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1 This document contains excerpts from a dissertation in progress and is being circulated exclusively to participants in the Luce Program seminar to be held on December 12-13, 2006. Please do not cite.
quite advanced, especially in terms of recognizing the importance of forest-based
terms of recognizing the importance of forest-based
management of natural resources, rights of traditional populations such as rubber-tappers
\textit{(seringueiros)}. Another characteristic of the project would be the decentralization of
responsible for environmental conservation and planning.

During the 1990s, Rondônia’s zoning plan was soon viewed as a pioneer
experiment for similar initiatives in “ecological-economic zoning” \textit{(zoneamento ecológico-econômico - ZEE)} that were being promoted by the federal government in the
Brazilian Amazon. Beginning with the “Nossa Natureza” program launched in 1988,
ecological-economic zoning has been embraced by the Brazilian government, also as a
strategy instrument for “territorial ordering” \textit{(ordenamento territorial)} and the rational
use of space on the frontier. Such efforts received widespread support from the Bank and
other international development agencies, particularly through the G7-supported Pilot
Program to Protect the Brazilian Rain Forests and continue to be promoted to the present
day. Similar initiatives have been initiated in neighboring Amazonian countries, with
support from Organization of the Amazon Cooperation Treaty \textit{(Organização do Tratado
de Cooperação Amazônica)} and international development agencies such as the World
Bank.

Despite the laudable objectives of land use zoning at the level of discourse,
important questions may be raised with regard to the effective conditions for its effective
implementation. To date, there has been a relative scarcity of literature on the impacts
and potential lessons from the implementation of ecological-economic zoning in the
Amazon basin. The state of Rondônia, with its extended history of implementation of
"socio-economic-environmental zoning", provides a unique case study for analyzing
strengths, weaknesses and lessons that can be gleaned from what has been undertaken as
a major new instrument for promoting sustainable development in the Amazon.

\textit{Analytical framework}

The main objective of this study is to analyze land use zoning in Rondônia as a
tool for territorial planning on an Amazonian frontier in terms of: i) its impacts on
deforestation and related social conflicts over natural resources, and ii) the mediation of
its implementation through what may be described as the local “politics of space”.

The analytical approach utilized in this dissertation draws particularly upon the fields of
political economy and human ecology, i.e. what Blaikie and Brookfield (1987) originally
termed "regional political ecology". A salient characteristic of this approach has been
the attempt to understand local-level human environmental interactions in terms of the
particular forms of human society in which they are embedded, as part of dialectical
relationships between structure, agency and the physical environment (Millikan 1988).
Within this body of literature, some basic tenets that serve as a starting point for the
analytical framework adopted in this dissertation include the following:

\footnote{Blaikie, P.M. and H. Brookfield 1987, \textit{Land Degradation and Society}, Methuen, London.}
• Tropical deforestation and other environmental problems are often directly related to social conflicts involving rights over access to, and use of, natural resources; Such conflicts do not occur on a level playing field, but involve social actors with varying levels of political and economic power, i.e. asymmetrical and historically-embedded social relations;

• Disparities in political and economic power often reflect themselves not only in terms of financial resources, but also in varying degrees of influence over the state apparatus. This influence, in turn, often expresses itself in the formulation and implementation of public policies;

• Problems of environmental degradation may often be understood as "situationally rational", given survival strategies of local populations that are mediated by structural inequalities associated with marginalized access to natural resources, semi-proletarianization, declining terms of trade and the use of violence;

• The prevention and mediation of social conflicts over natural resources depends, to a significant degree, upon institutional capacities within the public sphere to ensure basic human rights and environmental justice. The ability of government institutions to assume such responsibilities in promoting governance is related to their degree of autonomy vis-à-vis dominant political and economic actors whose actions may conflict with the public interest, including rights of disadvantaged groups and needs for environmental conservation. In cases where the state has been “captured” by powerful elites with such conflicting interests, the capacity of government institutions to promote governance tends to be undermined.

• The creation of conditions for governance is closely related to the strengthening of democracy. This includes, but is not limited to, formal democracy, in terms of elections and indirect representation. Government institutions tend to be more effective in promoting the public interest, including the rights of the poor and environmental conservation, in the presence of an organized civil society that demands accountability and transparency, including forums for direct participation in decision-making and monitoring of public policy.

• The strengthening of civil society and conditions for governance are linked to processes of mobilization and empowerment among social groups that have been historically marginalized in both political and economic terms. However, such processes of transformation are complex and gradual, since they involve vulnerable populations that much overcome historically-embedded social relations that reinforce dependency and inequality (e.g. clientelism, patronage politics, etc.).

Given the above tenets as an analytical point-of-departure, the following questions seem particularly appropriate in relation to the study of land use zoning in Rondônia:
• What have been the impacts of land use zoning in Rondônia, given the dynamics of deforestation and related social conflicts over natural resources in Rondônia?

• In this regard, what extent has land use zoning contributed to positive changes in government policies that have historically contributed to problems of rapid deforestation and related social conflicts?

• How has the implementation of land use zoning been mediated or conditioned by relations between different social, political and economic actors in Rondônia, given their relative degrees of power, interests vis-à-vis access rights and use of natural resources and strategies for exercising influence?

• Has the implementation of land use zoning in Rondônia contributed to a strengthening of governance, in terms of fostering policy dialogue, transparency and accountability, mediation of social conflicts over natural resources and, ultimately, environmental justice? To what extent has the participation of civil society organizations involved in human rights and environmental issues been influential to the implementation of land use zoning?

• How can the federal government’s and the World Bank’s roles be characterized in the implementation of the zoning plan, especially in terms of support for conditions of governance?

2. Contemporary Frontier Expansion in Rondônia

Before the arrival of the first Europeans in the 17th century, the region of the present-day state of Rondônia had been occupied for millennia by indigenous peoples. From the colonial period until the early 1960s, Luso-Brazilian occupation of the region was characterized by intermittent exploratory activities and the "boom and bust" cycles of extractive commodities, most notably rubber and cassiterite. Although highly exploitative of labor and detrimental to indigenous peoples, most of these early activities did not result in large-scale disruption of Rondônia's tropical rainforests.

During the 1970s, Rondônia rapidly emerged as a major focus of frontier expansion in the Brazilian Amazon. Following the opening of the Cuiabá-Porto Velho highway (BR-364) to regular traffic in the late 1960s, the region became the focus of a massive influx of land-seeking migrants. The majority of incoming migrants were members of Brazil’s rural poor, many of which were displaced by processes of land consolidation and agricultural mechanization in the Center-South region. Throughout the 1970s, the demand for land by incoming migrants continually outstripped the rate of settlement in colonization projects and land titling activities. Meanwhile, larger tracts of lands were secured by speculators and “land grabbers” (grileiros), often with tacit support from the federal land agency, INCRA. The accelerated process of frontier expansion in the 1970s was associated not only with explosive deforestation, but land
conflicts involving migrant farmers, *grileiros*, indigenous peoples, rubber-tappers and other traditional populations.

During the 1980s, the state of Rondônia and center-west Mato Grosso were the focus of the World Bank-financed POLONOROESTE program. Launched in 1981 with an initial budget of US$ 1.55 billion, including over US$ 400 million in loans from the Bank, the primary objective of POLONOROESTE (Northwest Brazil Integrated Development Program) was to asphalt the 1,500 km Cuiabá-Porto Velho highway. During negotiations between the Brazilian government and the World Bank, additional measures were incorporated to ensure the "orderly socio-economic development" of the region. 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.

By the mid-1980s, there was considerable evidence suggesting that the stated objectives of POLONOROESTE were not being reached. During project implementation, forest clearing increased sharply, while the adoption of perennial crops among migrant farmers was far below anticipated levels. Within settlement areas, high rates of colonist turnover were associated with land concentration and the expansion of cattle pasture as a predominant land use. Moreover, invasions of indigenous and forest reserves by land speculators, squatters, and timber enterprises became increasingly commonplace, while rubber-tappers and other traditional inhabitants continued to be displaced by the dynamics of rapid frontier expansion. Amidst growing criticism from "transnational issues networks", involving such actors as northern environmental organizations and local grassroots movements, the World Bank temporarily halted disbursements for the POLONOROESTE program in mid-1985.

One of the main critiques of POLONOROESTE was that the presence of traditional populations and their potential contributions to alternative strategies for sustainable development were often ignored in centrally-planned development schemes. During this period, grassroots proposals for community-based development (typically involving the recognition of traditional resource use rights, initiatives to improve livelihoods of local populations and natural resource conservation) began to receive increasing attention. The most well-known example was the Extractive Reserves proposal, formulated by the National Council of Rubber-Tappers in 1985 and further popularized after the murder of Chico Mendes in December 1988.

3. The Emergence of Land Use Zoning and PLANAFLORO in Rondônia

During the mid-1980s, the state government of Rondônia, with technical support from the World Bank and FAO consultants, initiated the preparation of a follow-up project to POLONOROESTE. A preliminary version of the new project, prepared by the Rondônia government and known as POLONOROESTE II, had a clear "developmentalist" bent with an ambitious proposed budget of US$ 800 million that emphasized investments in socio-economic infrastructure and services. In response, the
Bank pressured the state government to place greater focus on natural resource management and conservation issues, while proposing considerable reductions in its ambitious budget.

During this period, a technical working group coordinated by the state government, with support from FAO and World Bank consultants, first proposed the idea of a state-wide plan for “socio-economic and environmental zoning” (zoneamento sócio-econômico-ecológico - ZSEE). The basic premise of the ZSEE (hereafter also referred to as “land use zoning”) was that economic activities, particularly in the agricultural and forestry sectors, should be tailored to the potential and limitations of the natural resource base and landscapes at the local level. In particular, the zoning plan in Rondônia would:

- Promote the intensification and increased productivity of agriculture and ranching activities, including recovery of degraded lands, within already settled areas of the “open frontier” (fronteira aberta). Priority would ostensibly be given to agroforestry systems, to be supported through research, technical assistance, input supply and credit. Within small-farmer settlements in such areas, improved socio-economic infrastructure and services would also be promoted (i.e. rural roads, storage, water supply, health, education) in order to encourage stabilization of the rural population and discourage occupation of environmentally-fragile and legally protected lands (conservation units, indigenous territories, etc.);

- Support alternative strategies for conservation and sustainable resource use in environmentally-fragile areas not yet subjected to frontier occupation (i.e. by migrant settlers, ranchers, logging interests, etc.) These strategies would include creation and management of Extractive Reserves, Biological Reserves, State Parks, Ecological Stations, and State Forests for Sustainable Management (of timber resources), as well as support for resource management among riverine populations. Moreover, measures would be taken to improve the protection of indigenous reserves and health services among their communities.

By 1987, the state government’s working group, in consultation with World Bank and FAO consultants, produced a map of the "first approximation" of the socio-economic-environmental zoning for Rondônia, at a scale of 1:1,000,000 (Figure 3.1). The zoning map was based largely on existing data on natural resources (e.g. RADAMBRASIL), deforestation and land tenure. Territorial spaces considered to be relatively homogeneous, in terms of their socio-economic and natural resource characteristics, were grouped into six different zones, to which different recommendations for natural resource use and conservation were assigned. These included:

Strategies for agricultural intensification and recovery of degraded lands would be promoted within previously settled areas of zones 1 and 2, covering about 41% of the state. Four sub-zones were defined for zone 1, according to soil variations and agricultural potential. Strategies for sustainable management of the várzea floodplains among riverine populations would be implemented in zone 3 (about 3% of the state). Forest management based on non-timber products, including creation of Extractive
Reserves, would be promoted in zone 4 (16% of the state). Sustainable management of timber-based resources, including creation of state parks for such purposes, would be pursued in zone 5 (11% of the state). Strategies for environmental conservation and preservation (including state and federal biological reserves, ecological stations, and parks, as well as indigenous reserves) would be undertaken in zone 6 (29% of the state).

According to the coordinator of the state’s technical team, the zoning plan in Rondônia would serve the purpose of “securing a stable process of (human) occupation in the State, promoting adequate models of resource exploitation that provide for maintenance of ecological equilibrium, reconcile the conservation of natural resources with the social function of land - respecting private properties according to existing law - and above all, defend the interests of indigenous communities, riverine populations, rubber-tappers (seringueiros) and small rural producers, assuring them access to areas whose use permits the sustainability of the physical environment (Magalhães 1988:05).

Figure 3.1: Rondônia, Brazil – Land Use Zoning Map (First Approximation)

Source: SEDAM/RO

3.2 PLANAFLORO: Project design and objectives

Following a series of additional negotiations, with the socio-economic and ecological zoning serving as a point of reference, agreement was finally reached on design of a new project to be financed by the World Bank, known as PLANAFLORO
(Plano Agropecuário e Florestal de Rondônia, or “Rondônia Agricultural, Livestock and Forestry Plan”). Within the World Bank, the project received a more “environmentally-friendly” name: “Rondônia Natural Resources Management Project”.

According to the state government, the main objective of PLANAFLORO would be to “contribute to the implementation of a sustainable development strategy in the state of Rondônia, based on the management and conservation of natural resources”. According to the World Bank, the overall objective of the project would be to “(…) assist the Borrower and Rondônia in managing the development and protection of the Amazon basin in the territory of Rondônia”. More specifically, the Staff Appraisal Report for PLANAFLORO stated that the project would assist the government to:

a) “institute a series of key policies, regulations and public investment programs in order to provide a coherent incentive framework for sustainable development in Rondônia;
b) conserve the rich biodiversity of the State, while creating the basis for the sustainable utilization of its natural resources for the direct benefit of the local population;
c) protect and enforce the borders of all conservation units, Amerindian reserves, public forests and extractive reserves, and control and prevent illegal deforestation, wood transport and forest fires
d) develop intensive and integrated farming systems in areas suitable for permanent agriculture and agro-forestry, and systems for sustainable forest management and extraction of non-wood forest products in other areas which should remain under forest cover;
e) support priority investments in socio-economic infrastructure and services needed to implement the state’s agro-ecological zoning in already occupied and deforested areas, and
f) consolidate the technical and operational capacity of State institutions, particularly those responsible for agricultural and forestry support services, and the protection and management of state and federal conservation units and extractive reserves” 4

In its original design, PLANAFLORO was structured into the following components and budgetary allocations

1) Conservation, Management and Environmental Protection: including socio-economic-environmental zoning, establishment and management of conservation units, environmental protection, forest management, Extractive Reserves, support for indigenous communities, and institutional strengthening, technical assistance and studies (US$ 64,8 million);

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4 Staff Appraisal Report, Brazil: Rondônia Natural Resources Management Project, Report No. 8073-BR (February 27, 1992), Agriculture Operations Division, Country Department I, Latin America and Caribbean Region Washington: The World Bank
2) Agroforestry Development: including agroforestry research, rural extension, input supplies and rural credit (US$ 81.4 million);
3) Socio-Economic Infrastructure and Services: including health, education, water supplies in urban areas, riverine and river transport (US$ 71.5 million);
4) Administration, Monitoring, Evaluation and Technical Assistance (US$ 11.2 million).

The total budget for PLANAFLORO was estimated at US$ 228.9 million, of which approximately two-thirds would be financed through a World Bank loan of US$ 167 million, with the federal government assuming responsibility as borrower. Counterpart funding would be divided equally between the state and federal governments. For the Bank, the high level of participation in financing PLANAFLORO (including 100% of the environmental component) was justified because of the project's environmental importance. In the original design of PLANAFLORO, it was anticipated that a “pari-passu” would be maintained in loan disbursements and project spending, as a means to ensure a more balanced implementation of the project, in contrast to the experience of POLONOROESTE.

In terms of project beneficiaries, it was expected that "some 5,000 to 6,000 Amerindians, 2,400 families of rubber-tappers and other forest dwellers, and 900 families of fishermen and riverine inhabitants in Rondônia would benefit directly from the environmental conservation, management and protection component of the project. A further 52,000 low-income smallholder families, currently residing in areas of the State which are suitable for sustainable development from an agro-ecological standpoint, would benefit directly from the agro-forestry component. Much of the rural community in those same areas would also benefit from improved socio-economic infrastructure and services. Finally, both current and future generations in Rondônia would benefit from actions taken now to arrest deforestation and degradation of the State's natural resource base and biogenetic diversity. For the Bank, "the main impact of the project would be a significant reduction in the rate of destruction of Rondônia's remaining natural forests" (IBRD 1992:4)

Within the component for Conservation, Management and Environmental Protection, a specific sub-component with substantial funding (US$ 18.7 million) was designed to support land use zoning in Rondônia. The main focus of this sub-component of PLANAFLORO would be to support technical studies for a "second approximation" of the zoning plan, based on the argument that the first approximation map, elaborated on a scale of 1:1,000,000 lacked sufficient detail for land use planning. It was expected that the results of the zoning studies would include more detailed maps (at scales between 1:50,000 and 1:250,000) on such themes as geomorphology, soils, agricultural aptitude, vegetation and land use.

According to the original design of PLANAFLORO, a state zoning commission would be responsible for overall coordination of the land use zoning in Rondônia. A newly created state land institute (ITERON) would be responsible for contracting the second approximation zoning studies, based on an international procurement process.
required by Bank procedures. Though lacking in specifics, it was expected that a new state environmental agency (SEDAM) would be the responsible for much of the actual implementation of land use zoning in Rondônia.

Overall coordination for PLANAFLORO would be the responsibility of the Secretariat of Planning (SEPLAN), to be supported by a technical cooperation project with UNDP. At the federal level, project supervision would be the responsibility of the Secretariat for Regional Development (SDR) in the Ministry for Regional Integration (former Ministry of the Interior). In the original design of PLANAFLORO, it was expected that annual evaluations of the project would be carried out by an independent committee, with the participation of “relevant” NGO.

For its part, the World Bank established a special field office in Cuiabá with the purpose of strengthening its monitoring and supervision capacity with regard to the implementation of PLANAFLORO and PRODEAGRO, a similar follow-up project to POLONOROESTE in the state of Mato Grosso. The Bank also planned to carry out periodic supervision missions with the participation of other technical personnel and consultants, as well as representatives of the federal government. Supervision of the zoning components of PLANAFLORO and PRODEAZGRO would be carried out by World Bank staff, the federal government and a Canadian consulting firm specialized in ecological landscape planning (Geomatics International).

3.3 Institutional reforms and land use zoning

A salient characteristic of the original design of PLANAFLORO was a proposal to “institute a series of changes in policies, regulations and public and private investment programs, in order to create a coherent base of incentives for the sustainable development of Rondônia” (IBRD 1992:01). In this regard, the loan and project agreements for the project called for an “institutional reform program” that would include:

a) the institutionalization of the state zoning plan;
b) the elimination of deforestation as a criterion for obtaining land title, as well as the adoption of suitable land tenure regularization practices and policies; and the structuring of ITERON to develop and administer state land tenure policy in accordance with the zoning legislation;
c) the elimination of economic and fiscal incentives which encourage the inefficient use of natural resources, non-sustainable private investment and environmental degradation;
d) the revision of the investment programs of state and federal agencies; in order to bring land-use capacities and other environmental concerns into consideration, and to make the socio-economic and ecological zoning the basis for all future government investment decisions in the State of Rondônia.5

5 During negotiations for the World Bank's loan for PLANAFLORO, the Federal Government and the State of Rondônia ensured that above reforms would be carried out during the implementation of the program; and that by September 30 of each year, the state would submit any modifications foreseen in the
Such measures reflected an attempt by the Bank to incorporate lessons from the "difficult experience" of POLONOROESTE\(^6\). According to the Bank's staff appraisal report, "a distinguishing feature of Bank involvement at this stage, largely missing from earlier Northwest operations, would be the explicit effort to implement in Rondônia adaptations to the policy and regulatory framework which governs occupation and investment patterns in the State, in order to make it more supportive of the long-term objectives of sustainable development and sound natural resource conservation and management" (World Bank, op. cit, p.15).

Within the context of negotiations between the Bank and the Rondônia government regarding the loan for PLANAFLORO, Governor Jerônimo Santana signed State Decree no. 3.782 in June 1988, legally establishing the socio-economic-environmental zoning plan as "a basic instrument for regional planning that will permit establishment of development strategies in a balanced form and definition of criteria to articulate public and private investments, in a manner that will harmonize human activities with maintenance of ecological equilibrium".

In 1989, a revision of Rondônia’s state constitution determined that socio-economic-ecological zoning should be instituted through a complementary law approved by the State Legislative Assembly (article 6). The new state constitution established that it was incumbent upon the state and municipal governments to “define territorial spaces to be specially protected, according to the conservationist objectives of the socio-economic-ecological zoning of the state” (article 221, III), while authorizing the creation of several conservation units based on the first approximation of the zoning (articles 18,20,21).

Based on the new state constitution, the Rondônia State Assembly eventually approved Complementary Law no. 51 in December 20, 1991, giving formal recognition to the land use zoning plan, based on the first approximation map. Both Decree 3.782/88 and Complementary Law no. 52/91 adopted what has been described as a prescriptive approach to zoning, defining a series of norms regarding natural resource exploitation that are enacted through specific legislation.\(^7\)

During final negotiations over the Bank loan for PLANAFLORO (1989-1991), the Governor of Rondônia also signed a series of executive decrees that established a series of state-level conservation units, based on the recommendations of the zoning plan, regarding zones 4 (State Extractive Reserves), 5 (State Forests for Sustainable Timber Management) and 6 (State Parks, Biological Reserves, Ecological Stations).

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3.4 Initial debates and negotiations involving civil society organizations

During a final phase of negotiations between the Rondônia government, the federal government and the World Bank regarding the PLANAFLORO loan, a network of NGOs and social movements, involving an alliance between local, national and international organizations, raised a series of questions about the process of preparation and the potential of the project to achieve its objectives.

Similar to the campaigns around POLONOROESTE, international NGOs such as the Environmental Defense Fund (EDF), in conjunction with national-level civil society organizations in Brazil, initially played a leading role in this effort. However, a salient characteristic of civil society mobilization around PLANAFLORO was the increasing protagonism of local NGOs and social movements in Rondônia, including representatives of small and landless farmer organizations, rubber-tappers, indigenous peoples, and various groups involved in support for popular movements, environmental protection, human rights issues and population education.

While recognizing the relevance of PLANAFLORO’s objectives, the network of civil society organizations (CSOs) criticized the lack of public participation in project preparation, substantive issues relating to existing project design, and the existence of conflicting government policies in relation to the zoning plan. Such criticisms also raised the issue of the Rondônia government’s true commitment to the objectives of PLANAFLORO. Given an apparent disinterest in civil society participation on the part of state government authorities, the CSO network adopted a similar tactic to that used during the POLONOROESTE campaign, i.e. pressuring the World Bank, as a multilateral development institution accountable to its member governments and primary funder of PLANAFLORO, to pressure recalcitrant government agencies in Brazil (Keck 1998).

In October 1988, Chico Mendes of the National Council of Rubber Tappers (CNS) sent a letter to Barber Conable, President of the World Bank, questioning the lack of grassroots participation in the preparation of the Extractive Reserves sub-component of PLANAFLORO. In his letter, Mendes argued:

....We think that the Extractive Reserves in Polonoroeste II\(^8\) will only serve to give the government proposal to the World Bank an ecological appearance, so much in fashion lately, in order to secure this large loan.
...if the presence of the National Council of Rubber Tappers continues to be ignored by the Government of Rondônia, it is certain that what will be created are not Extractive reserves, but "colonization settlements" with the same errors that led Polonoroeste to the current disaster. In other words, much money will be spent on the creation of an infrastructure inappropriate to forest populations, whose maintenance will be unsustainable, causing the demoralization of our proposal for the creation of extractive reserves...

\(^8\) Referring to the original name for PLANAFLORO, during an early state of its preparation.
The letter did not receive a response from the Bank prior Chico Mendes’ assassination in December 1988. In late 1989, Osmarino Amâncio Rodrigues (Secretary of the National Council of Rubber Tappers) and Ailton Krenak (National Coordinator of the Union of Indigenous Nations) sent a letter to the Vice President for Latin America and Brazil Director of the World Bank, also calling for effective participation of local communities in PLANAFLORO. In this letter, it was argued that:

*Before the approval of a loan, the Bank (should) clarify what guarantees it will have to ensure the implementation of the agro-ecological zoning, given current reports and information about plans for agricultural colonization in areas supposedly to be reserved for extractive activities*...\(^9\)

In a subsequent letter dated January 9, 1990 to E. Patrick Coady, Executive Director of the World Bank, 35 Brazilian and international non-governmental organizations proposed, among other measures, that loan disbursements for PLANAFLORO be conditioned on the inclusion of a timetable with concrete measures to:

*...establish the physical integrity of the agroecological zones, particularly zone 04, designated for extractive activities. Currently, the project lacks specific measures and timetables to commit the Brazilian authorities to ensure the integrity of the proposed agroecological zones. For example, areas designated as extractive production reserves are suffering from ongoing road construction, government endorsed land claims, illegal logging, land speculation and forest clearing.*

*...Critical legal and policy uncertainties concerning the criteria under which land titling and land reform can take place must be resolved before negotiations.*

In this regard, the letter emphasized that:

*...the National Institute for Colonization and Agrarian Reform (INCRA) has not modified the statues that maintain deforestation as a basis for land titling;*

*...the project does not analyze nor address the need for land redistribution in agro-ecological zones 01 and 02*

A month later in February 1990, a letter signed by 19 NGOs and social movements from Rondônia and addressed the Vice President for the Latin America and the Caribbean region of the World Bank questioned the lack of participation of local

\(^9\) Letter dated December 11, 1989 from Osmarino Amâncio Rodrigues (Secretary of the National Council of Rubber Tappers) and Ailton Krenak (National Coordinator of the Union of Indigenous Nations) to Mr. Shahid Hussain (Vice President for Latin America and the Caribbean) and Mr. Armeane Choksi (Director, Brasil Department) of the World Bank.
communities in the preparation of PLANAFLORO. Issues related to land use zoning as a primary foundation for PLANAFLORO included the following:

Currently, the project lacks specific measures and timetables to commit the Brazilian authorities to ensure the integrity of the proposed agroecological zones. For example, areas designated as extractive production reserves are suffering from ongoing road construction, government endorsed land claims, illegal logging, land speculation and forest clearing... In the area of the Jaci and Mutum-Paraná Extractive Reserve, a settlement project was established by INCRA (PA Buriti) and a road opened which crosses the Rio Candeias... The Rio Cautário extractive area (zone 4) runs the risk of being rapidly destroyed because of delays in its demarcation, as it is already being invaded by a colonization front from BR-429, which is close to and parallels the river. The invasions are occurring with the collusion of INCRA-Rondônia, which has generated the expectation that land titles will be granted...

The letter demanded, among other measures, that disbursements for PLANAFLORO be conditioned on a timetable (to be submitted to the Bank for inclusion in the Loan Agreement) with measures to guarantee, inter alia “the physical integrity of the agroecological zones, particularly zone 04, designated for extractive activities”.

Initially, the World Bank and Rondônia government rejected such critiques and proposals. In a March 1990 letter from Shahid Hussain, Bank Vice President for Latin America and the Caribbean, to the President of the Board of Directors of the Environmental Defense Fund (EDF), it was argued that the preparation of PLANAFLORO had included “adequate consultations” with local populations, allowing for the inclusions of their needs in the design of the project. In response, local NGOs in Rondônia proceeded to gather information through a questionnaire-based survey that demonstrated a clear lack of civil society participation in the preparation of PLANAFLORO. Moreover, evidence was provided to show that several local associations were being pressured by the Rondônia government to send letters to the World Bank in support of the project.

A major turn of events occurred in March 1990, when environmentalist José A. Lutzenberger, arguably Brazil’s best-known critic of POLONOROESTE, was appointed to be Secretary for the Environment by incoming President Fernando Collor. Soon after

10 Letter signed by 19 non-governmental organizations from Rondônia to Mr. Shahid Hussain (Vice President for Latin America and the Caribbean) of the World Bank, with cover letter from the Environmental Defense Fund (EDF), dated February 22, 1990;
11 Letter from Mr. Shahid Hussain (Vice President for Latin America and the Caribbean) of the World Bank to Mr. Frank E. Loy, President of the Board of Directors of the Environmental Defense Fund (EDF), dated March 5, 1990
taking office, Lutzenberger sent a letter to the President of the World Bank, requesting the collaboration of the Bank in insuring “greater consultations and participation” of civil society organizations in the planning and implementation of PLANAFLORO.

With Lutzenberger effectively forcing the Bank’s hand, the Executive Directors temporarily removed PLANAFLORO from a list of project loans to be considered for approval in the following months. In reality, the decision to delay the vote was also related to other issues, including the signing of a Presidential decree that reversed official recognition (homologação) of the Uru-eu-wau-wau Indian Reserve, an area that had been a major point of contention during POLONOROESTE. At the same time, the Bank was informed in early 1990 by the incoming Collor government that it was undertaking a review of all new loan applications vis-à-vis multilateral institutions. Moreover, the World Bank loan for PLANAFLORO had yet to be approved by the Brazilian Senate.

**Intensification of Civil Society Mobilization**

Meanwhile, mobilization among civil society organizations in Rondônia around PLANAFLORO increased during 1990. By mid-year, community leaders, unions and associations representing three major social groups (rubber-tappers, indigenous peoples and small farmers) had organized separate meetings to discuss critiques and proposals for PLANAFLORO. In November 1990, a joint two-day meeting of over 60 representatives of the three groups was held in Porto Velho to discuss PLANAFLORO, promoted by the Union of Indigenous Nations (UNI), the National Council of Rubber-Tappers (CNS), and the state-level chapter of rural workers (Departamento Estadual dos Trabalhadores Rurais) of one of Brazil’s principal unions, Central Única dos Trabalhadores (CUT).

In the final document of the event, entitled “Joint Resolutions on PLANAFLORO”, it was reiterated that local and national organizations representing indigenous communities, rubber tappers and small-farmers had not been subject to “ample consultations” during project preparation, as claimed by the Rondônia government and the World Bank. While demonstrating agreement with the overall objectives of PLANAFLORO, a series of critiques were presented, including the following:

- Regarding the proposal of the land use zoning to intensify agriculture on more fertile and underutilized soils in Rondônia, small-farmer organizations criticized

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13 At this time, the Governor of Rondônia, in the midst of a campaign for re-election, accused Lutzenberger of “working against national interests” (“Jerônimo faz críticas a Lutzenberger”, O Estadão do Norte, April 18, 1990). Similarly, an editorial article in a local newspaper accused Lutzenberger of attempting to “torpedo” the development of Rondônia (“Os Inimigos de Rondônia”, O Guaporé, October 30, 1990).

14 Logistical and organizational support for the meeting was provided by the following national and local NGOs: Institute of Amazonian Studies (IEA), Institute for Anthropology and the Environment (IAMA), Institute of Pré-History, Anthropology and Ecology (IPHAE), state office of the Pastoral Land Commission of the Catholic Church (CPT-RO) and Association for Environmental Protection and Recovery of Indigenous Lands (APARAI). Financial support was provided by IBAMA (articulated by José Lutzenberger), the National Wildlife Federation (NWF), Worldwide Fund for Nature (WWF).
that the majority of such lands were controlled in large landholdings (either *latifundios* or lots purchased by speculators within older INCRA settlements) and that PLANAFLORO anticipated no funds or concrete measures to promote agrarian reform in such areas.

Rather than promote agrarian reform in zones 1 and 2, INCRA continued to create new settlements and carry out land titling activities in isolated areas with lower-fertility soils, often occupied by rubber-tappers or in the vicinity of indigenous reserves (as in the case of the Buritis settlement project. In carrying out such policies, “INCRA simply does not respect the zoning plan.”

With regard to rubber-tappers, the document observed that “the proposed zoning did not originate from the communities, did not involve systematic field research and was based merely on physical-geographic data and superficial knowledge at the office-level; various areas with a concentration of rubber-tappers were excluded from the areas defined for extractivism (zones 3 and 4). The majority of these areas are subject to grave land conflicts and INCRA continues to promote colonization and titling of lands in areas occupied by rubber-tappers. Despite the socio-environmental importance of extractive reserves, known at the national and international level, they are *de-characterized* in PLANAFLORO, not corresponding to the democratic conception that underlies the vision of Extractive Reserves in the demands of the rubber-tappers’ movement, author and defender of this proposal;

Despite the fact that IBAMA was responsible for the creation of Extractive Reserves, its regional office was authorizing the construction of roads and timber exploitation in areas occupied by rubber-tappers, earmarked for the creation of Extractive Reserves according to the zoning plan, while carrying out enforcement activities that were “precarious and often subjected to powerful interests”.

The document “Joint Resolutions on PLANAFLORO” from the November 1990 meeting also included the following proposals, *inter alia*:

- New settlement projects should only be created in areas with fertile soils, with participation of the landless workers’ movement (Movimento dos Sem-Terra / MST), CUT-Rural, the National Council of Rubber-Tappers, and regional organizations representing indigenous peoples.
- The creation and management of Extractive Reserves should be controlled and coordinated by the local associations of *seringueiros* and the National Council of Rubber-Tappers.
- Given the lack of respect for land use zoning on the part of government agencies (INCRA, IBAMA, IEF), there should an immediate interdiction of various areas occupied by rubber-tappers where Extractive Reserves should be subsequently created. In such areas, there should a ban on all “predatory activities in relation to natural resources, including the creation of settlement projects and land titling by INCRA”.
- Participation of indigenous peoples and their representative organizations should be assured in all activities related to the identification, demarcation and regularization of indigenous lands;
The land tenure map of Rondônia should be updated and distributed among participating organizations in the meeting;

Rural workers and other grassroots organizations should actively participate in the planning of studies and other activities related to the second approximation of land use zoning in Rondônia;

The document did not result in an immediate response from the outgoing Rondônia government or World Bank by the end of 1990. It was only after newly-elected governor Osvaldo Piana took office in January 1991 that a new round of Bank-government negotiations on PLANAFLORO and dialogue with local civil society organizations were commenced.

The Protocol of Understanding

In June 1991, the World Bank sent a “post-appraisal” mission to Rondônia, including high-level federal government representatives, to restart negotiations on PLANAFLORO. Given the position of Lutzenberger, the Bank and the Rondônia government were compelled to reach an agreement with NGOs on the project, including the issue of civil society participation. During the Bank mission, the Rondônia government invited three national organizations (National Council of Rubber-Tappers – CNS; Union of Indigenous Nations – UNI; Institute for Amazonian Studies – IEA) to meet with local authorities and the Bank to discuss solutions to the impasse. These organizations agreed on the condition that local NGOs and social movements from Rondônia would also be present. As a result, the Bank mission included meetings with a wider group of representatives of local social movements and NGOs, most of which had signed the February 1990 letter to the World Bank and/or participated in the November 1990 meeting.15

After two days of negotiations, the Governor of Rondônia, the State Secretary of Planning and representatives of 12 NGOs and social movements signed a "Protocol of Understanding" on June 20, 1991 that guaranteed formal involvement of NGOs and social movements in the implementation of PLANAFLORO, including:

i. participation in the Deliberative Council of PLANAFLORO, the project’s highest decision-making body, of organizations representing small-farmers (CUT-RO), rubber-tappers (CNS/OSR), indigenous peoples (UNI) and environmental organizations;

15 In addition to UNI, CNS and IEA, participating non-governmental organizations in the June 1991 Bank mission included: CUT-Rural, the newly-formed Organization of Rubber-Tappers of Rondônia (OSR) and the following local NGOs, involved in support for popular movements, human rights and environmental conservation issues: Pastoral Land Commission (CPT-RO), Association for Environmental Protection and Recovery of Indigenous Lands (APARAI), Institute of Pré-History, Anthropology and Ecology (IPHA), Institute in Defense of the Amazonian Identity (INDIA), Environmental Protection of Cacoal (PACA), and the Indigenous Missionary Council of the Catholic Church (CIMI).
ii. participation of NGOs in “sectoral planning commissions” responsible for the preparation of annual operating plans for project activities;

iii. institutional participation of NGOs in the monitoring and evaluation of PLANAFLORO, with guarantees of logistical support and executive responsibilities;\(^\text{16}\)

The protocol of June 1991 also determined that the Rondônia Government should coordinate the immediate execution of a series of emergency actions, as proposed by NGOs and social movements. Foremost among these was the legal interdiction of areas occupied by rubber-tappers (seringueiros) with potential for the creation of Extractive Reserves, but subjected to intense conflicts over natural resource use (largely associated with problems of disregard among state and federal agencies for land use zoning legislation). As envisioned in the Protocolo de Entendimento, the interdiction would involve a ban on new settlements and land titling, issuing of deforestation permits, commercial fishing, timber extraction, research and exploitation of mineral resources and the construction of new roads. As such, it was stated that the interdiction should be based on an intergovernmental directive (portaria) signed by state and federal agencies responsible for land tenure policy (INCRA, ITERON), environmental licensing and enforcement (IBAMA, SEDAM) and transportation infrastructure (State Roads Department - DER-RO). The interdiction would remain in effect until completion of studies and other measures necessary for the formal creation and implementation of Extractive Reserves. According to the Protocol, the interdiction would include:

- areas included within zone 4 (completely or near-completely) of the first approximation zoning map, where Extractive Reserves had not yet been legally created (Rio Cautário, Rio Candeias/Jaci-Paraná, Rio São Domingos, Setor Serra Grande (Forte Príncipe da Beira) and Laranjeiras;
- areas occupied by rubber-tappers, erroneously included in other land use categories of the first approximation map (Rio São Pedro, included in zone 2);
- areas of zone 4 where state extractive reserves had already been created by state decree in 1989-1990, yet where no concrete measures had yet been taken in terms of implementation (Rio Pacaás Novos/Rio Novo; Rio Preto/Jacundá, Pedras Negras).

Other emergency actions to be undertaken by the Rondônia government should include:

i. Creation of a program to support Extractive Reserves, to be coordinated by the National Rubber-Tappers Council (CNS) and Organization of Rubber-Tappers of Rondônia (OSR), aimed at accelerating the process of creation of Extractive Reserves at the federal level, based on existing legislation. The program should be supported by PLANAFLORO and include specific resources for the creation, implementation and development of Extractive Reserves (e.g. support for

\(^\text{16}\) As previously mentioned, there had been previous agreement between the Rondônia government and the World Bank concerning the participation of “relevant” (yet unspecified) NGOs in an “Independent Evaluation Committee” of PLANAFLORO.
community organizing, studies on natural resource management and economic alternatives, health and education);

ii. Negotiations with INCRA to suspend its Portaria no. 839/88, an instrument that recognized deforestation associated with artificial cattle pastures as a means to secure private titles to public lands, thus encouraging land speculation, indiscriminate forest clearing and social conflicts over access to land;

iii. Implementation of a critical analysis of state and federal program regarding fiscal and credit incentives necessary for the implementation of PLANAFLORO and land use zoning;

iv. Strengthening of policies regarding environmental impact studies and management plans related to livestock, timber extraction, hydroelectric projects, road construction, settlement projects and land titling, including issues related to transparency and avoidance of conflicts of interest;

v. Greater coherency and improvements in the implementation of environmental policies, especially preventive and repressive actions related to illegal logging in indigenous lands, biological reserves and areas occupied by rubber-tappers and riverine populations (including the use of residual funds from POLONOROESTE for such activities by SEDAM and the state forestry police).

Another outcome of the renewed negotiations on PLANAFLORO, involving local and national NGOs and social movements, was that INCRA signed a “Protocol of Intentions” in June 1991 with the state government. In this document, INCRA recognized land use zoning as a “basic instrument for regional planning” and committed itself to jointly planning with the state government all new settlement projects, according to mutually agreed-upon criteria. However, no specific mention was made of changes to procedures that recognized forest clearing as an “improvement” to public lands, for purposes of achieving private land titles from INCRA.

Soon after the Bank mission, another significant development was the decision among local civil society organizations in November 1991 to create the Rondônia Forum of NGOs and Social Movements was created, with participation of organizations representing small-farmers, rubber-tappers, and indigenous peoples, as well as various NGOs involved in issues related to environmental protection, human rights and support for grassroots movements. Although the mobilization around PLANAFLORO had played a central role in the formation of this coalition, the creation of the Forum was based on wider objectives, concerning democratization of public policies and promotion of cooperation between member organizations on socio-environmental issues of mutual interest (Forum, 1991).

By February 1992, the World Bank's staff appraisal report for PLANAFLORO asserted that "agroecological zoning (sic) has already begun to demonstrate its usefulness as a development tool in guiding public investments and discouraging undesired settlements and resource exploitation in zones considered inappropriate for such purposes” (World Bank 1992:18). The Executive Directors of the World Bank finally approved the loan agreement for PLANAFLORO on March 17,1992. In June 1992, a special World Bank publication prepared for the UN Conference on Environment and
Development in Rio de Janeiro on development and the environment in Latin America, hailed PLANAFLORO as a harbinger of a new generation of Bank-supported "green" projects for natural resource management in the Amazon.  

After extended negotiations, the Brazilian Senate approved the World Bank loan for PLANAFLORO in August 1992. The loan and project agreements for PLANAFLORO were signed in September 1992. The Bank declared effectiveness of the loan in January 1993. Disbursements on the loan were initiated in June 1993.

4. Crisis in PLANAFLORO and Land Use Zoning in Rondônia

Despite the laudable objectives of PLANAFLORO, the first year of project implementation, covering the period of June 1993 to June 1994, was generally characterized by:

- excessive spending on the “strengthening” of government bureaucracies (vehicles, buildings, office equipment, per diems, etc.) and investments in infrastructure, especially rural roads, in disregard for agreements on the maintenance of a ‘pari-passu’ in project expenditures;  

- weak performance of project activities related to environmental conservation and community development (land use zoning; protected areas, including Extractive Reserves, forest management, monitoring and enforcement of environmental legislation, agroforestry development);  

- serious contradictions among various government policies, as exemplified by INCRA’s land tenure policies, vis-à-vis the objectives and guidelines sustainable development that should provide the basis of PLANAFLORO.

Within this context, there was a general perception among social movements and NGOs in Rondônia that PLANAFLORO was not supporting community initiatives or otherwise generating tangible benefits at the local level (“chegando às bases”) (Millikan 1998). On the contrary, contradictions among public policies were contributing to an intensification of socio-environmental problems, particularly conflicts over natural resources and the displacement of traditional populations.

One of the sources of growing discontent among social movements and NGOs in Rondônia was the effective “bureaucratization” of project institutions responsible for the planning, monitoring and evaluation of PLANAFLORO. In the management model

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18 While the environmental conservation component accounted 28.3% of PLANAFLORO’s total budget, only 6.9% of total project expenditures of US$ 11.3 million between June 1993 and January 1994 occurred in this category. During the same period, the infrastructure component of PLANAFLORO accounted for 51.6% of total project expenditures, although it represented only 31.2% of the total budget (COMAI/IEC, 1994).
adopted in PLANAFLORO, planning was largely reduced to the preparation of annual operating plans (*Planos Operativos Anuais* – *POAs*), essentially lists of expenses. These were previously elaborated in isolation by government agencies and then submitted for approval by “participatory” project commissions. In addition to precluding the involvement of various beneficiaries and other stakeholders (e.g. local associations, municipal governments), issues such as needs for the revision of land tenure policies were simply not placed on the negotiating table.

An effective system of project monitoring also failed to materialize, while public transparency in the use of project funds was clearly lacking. Moreover, an initial evaluation report on PLANAFLORO, released in March 1994 by an independent committee (*Comitê de Avaliação Independente* – *COMAI*) was simply ignored by the Rondônia government.

While “participatory” institutions such as the Deliberative Council were effectively marginalized, a culture of “backroom politics” was maintained during the initial phase of implementation of PLANAFLORO, whereby political and economic elites exercised leverage in terms of the use of financial resources, quality of implementation of socio-environmental components and the persistence of policies that contradicted the institutional reforms envisioned in the project’s design. Meanwhile, a succession of attempts to pressure government agencies and the World Bank to take action on key problems had largely failed to produce significant results (Millikan 1998).

4.1 The call to suspend disbursements on the PLANAFLORO loan

In June 1994, the Rondônia Forum of NGOs and Social Movements sent a letter addressed to the President and Executive Directors of the World Bank, calling for a suspension of disbursements on the PLANAFLORO loan “until concrete measures are taken by the government authorities and the Bank to resolve the current impasse in its implementation”. The most serious problems in project implementation were identified as:

- the inefficiency of the current system of project planning, monitoring and evaluation, especially with regard to guaranteeing the active participation of the beneficiaries of PLANAFLORO;
- the current policies of the Brazilian Institute of Colonization and Agrarian Reform (INCRA) in the creation of settlement projects and land titling activities, which disregard the socio-economic and ecological zoning regulations and other environmental legislation;
- the lack of legal and institutional measures, on the part of the Government of Rondônia, to effectively implement the socio-economic and ecological zoning plan and state conservation units;
- the existence of serious irregularities in the demarcation of state conservation units, as contracted by the Rondônia Land and Colonization Institute (ITERON), including the illegal reduction of their borders;
the lack of coherence in the current system of environmental licensing, in which authorizations for forest clearing, burning and timber exploitation disregard the state zoning regulations and environmental legislation, therefore encouraging acts of environmental degradation, including the illegal exploitation of timber in indigenous areas and other conservation units.

the ineffectiveness of the present system of environmental protection and enforcement, mainly due to interventions by political and economic interests, resulting in a situation of generalized impunity that encourages illegal practices of environmental degradation.

the lack of concrete measures to implement the sub-component "Support for Indigenous Communities" of PLANAFILO, with regard to activities of border demarcation and renewal, isolated Indians, protection/enforcement and health.

the incompatibility of government investment programs at the state and federal levels, including rural credit and fiscal incentives, in relation to the objectives of PLANAFILO and the regulations of the socio-economic and ecological zoning.

the lack of coherence among the current agricultural policies of the Rondônia Government, especially in relation to the proposals of PLANAFILO for agroforestry development.”

The letter argued that “despite the unquestionable validity of PLANAFILO's general proposals, its practical implementation… has been undermined by a series of problems that raise doubts about the real commitment of government agencies to the program and hence its political sustainability”. It concluded that, “in contrast to the image that is promoted of PLANAFILO as a ‘model’ of popular participation in Bank-supported projects, it is increasingly clear that the formal participation of NGOs is mainly serving the purpose of legitimizing the flow of financial resources between the Bank and government agencies”.

The Forum’s letter provoked the hasty preparation of a special Bank mission that visited Rondônia in August 1994. Following a series of extended meetings between Bank staff, government authorities and representatives of local NGOs and social movements, an agreement was signed, outlining a series of time-bound actions to address major shortcomings in PLANAFILO. These were to include:

- Revision of the management model of PLANAFILO, with emphasis on facilitating civil society and grassroots participation, taking into account the recommendations of the independent evaluation committee (IEC) report of March 1994, as well as an independent study on civil society participation in PLANAFILO, conducted by OXFAM-UK (Feeney 1998);
- Revision of the UNDP technical cooperation program for PLANAFILO, with special attention to demands for training and technical assistance among organizations representing intended project beneficiaries (small-farmers, extractivists, indigenous peoples, etc.);
- Creation of a working group, with participation of the Rondônia Forum, to “study, revise and present recommendations on public policies at the federal, state and municipal levels, with the purpose of promoting their compatibility with
principles of sustainable development and maintenance of biodiversity, according to the objectives of PLANAFLORO”;

- Creation of mechanisms to promote transparency in relation to project expenditures, including information on bidding procedures;
- Contracting of a specialized consultancy in environmental law to analyze relevant conflicts and potential solutions in the implementation of PLANAFLORO, including those related to land use zoning;
- Implementation of a detailed analysis and mapping of land tenure along the axis of the BR-364 highway in central Rondônia (zones 1 and 2), as a contribution towards the identification of underutilized or abandoned areas with suitable agroforestry potential and precarious land titles that could serve as possible settlements for landless workers;
- Analysis of legal measures to inhibit land concentration in Rondônia, including informal land markets within INCRA colonization projects;
- Revision of the terms of reference for the second approximation zoning studies with participation of NGOs and social movements, with special attention to conflict areas such as the BR-429, BR-421 and Buritis;
- Signing of a legal agreement (convênio) between INCRA and the state government of Rondônia, as envisioned in the PLANAFLORO loan covenants, establishing criteria for land expropriations and creation of new settlement projects, land tenure action within zones 1 and 2, procedures for titling of public lands (alienação de terras públicas) and support for implementation of conservation units;
- Revision of enabling legislation (State Decree no. 6.316/94) regarding the state land use zoning law (Complementary Law no. 52/91);¹⁹
- Substitution of Decree 6.403 of June 10, 1994, that removed restrictions of the state zoning law that limited forest clearing to a maximum of five hectares per land claim within zones 4 and 5 (see chapter 4) while considering the needs of small producers with land claims in those zones prior to the first approximation zoning legislation;
- Urgent measures to strengthen the state zoning commission in Rondônia, in terms of increased transparency and civil society participation, training of members and establishment of guidelines on future alterations in zoning legislation;
- Increased transparency regarding demarcation of state conservation units, as well as a series of priority and emergency actions related to their implementation (land tenure regularization, enforcement, management plans, etc.);
- Concerted actions to support the creation, implementation, management and development of Extractive Reserves, coordinated by the Organization of Rubber-Tappers of Rondônia. The government of Rondônia also signaled its agreement with the creation of Extractive Reserves at the federal, perceived by grassroots organizations as being much more secure.

¹⁹ As described in Chapter 4, the issuing of enabling legislation for the state zoning law through Decree no. 6.316/94 was delayed for more than two years, given deadlines established in Complementary Law no. 52/91, and was of little use in overcoming deficiencies in that law, often limiting itself to a repetition of existing language.
Revision of IBAMA procedures that authorized forest clearing and timber exploitation in disregard for the state land use zoning legislation (Instrução de Serviço no. 001/94 and Ordem de Serviço no. 005/94);

Specific measures to improve support for indigenous peoples and their lands, in the areas of healthcare, protection of isolated groups, demarcation and land registration, protection, vigilance and removal of invaders, and support for economic alternatives;

Revision of agricultural policies and fiscal incentives, with an eye towards making them compatible with the guidelines of zoning and PLANAFLORO, including studies on agroecological and economic viability of proposed “production poles”;

Preparation of a master plan on rural roads in the state, together with improved environmental licensing procedures, in a manner consistent with state land use zoning legislation; and

Clarification by ELETRONORTE regarding plans for the construction of a hydroelectric project on the Rio Machado.

During this period, a significant advance in PLANAFLORO was the creation of a fund to support small “innovative projects” presented by NGOs and local associations in the areas of health and education, as an alternative to a model centered exclusively on government agencies.

In the following months of 1994, a period coinciding with state and federal electoral campaigns, government agencies did not act upon the vast majority of actions agreed upon with NGOs and the World Bank. At the same, local CSOs with highly-limited staff faced significant difficulties in monitoring the activities of reticent and largely opaque state and federal government institutions. In the first half of 1995, no counterpart funds for PLANAFLORO were disbursed by the federal government, contributing to an increasing situation of paralysis in project implementation.

### 4.2 The request for investigation by the Inspection Panel

In June 1995, the Rondônia Forum of NGOs and Social Movements, together with the Friends of the Earth – Amazônia Program, submitted a request for investigation on PLANAFLORO to the Bank’s recently-created Inspection Panel.\(^{20}\) The request was the third received by the Inspection Panel and the first ever for a project in Latin America.

The document, signed by representatives of 25 organizations\(^{21}\), argued that “notwithstanding the importance of PLANAFLORO's general objectives, the actual

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\(^{20}\) For a description of the composition, responsibilities and procedures of the Inspection Panel, see: IBRD Resolution no. 93-10 of September 22, 1993.

\(^{21}\) Signatory organizations of the request for inspection on PLANAFLORO included: CUNPIR, OSR, FETAGRO, AKOT'PYTIM ADNIPA, ACARAM, MST, ASM, ASSBP, ASGM, AGUAPÉ, ASBSDA, FOE/AT, CPT-RO, CIMI-RO, KANINDÉ, APARAI, Projeto Padre Ezequiel, CEPAMI, ECOPORÉ, Comunidade Bahá’í, CEAP, Sociedade Beneficiente São Casimiro, PACA, AEFAR, and IPHAE.
implementation of the project, since the first disbursements by the Bank in June 1993, has been hindered by a series of impediments…. these problems have been largely caused by omissions of the World Bank, associated with failures to enforce the contractual agreements of PLANAFLORO and to implement the following operational policies and procedures of the Bank”.

The main sections of the request for inspection focused on the following topics: i) public policies and institutional reforms in PLANAFLORO; ii) land tenure policy; iii) zoning and state conservation units, iv) environmental licensing and protection, iv) investment programs/media program, v) support to indigenous communities, and vi) project administration. Within each of these sections, the request for inspection described:

- **Planned Actions in PLANAFLORO**, according to official project documents (Staff Appraisal Report, Project Agreement, Loan Agreement);
- **Evidence of Deviations**, describing examples of the lack of implementation of PLANAFLORO's contractual agreements and/or the sectoral policies of the World Bank;
- **Attempts to Alert the World Bank** through initiatives of non-governmental organizations (NGOs) and/or leaders of popular movements, generally through documents sent to the World Bank;
- **Omissions of the World Bank**, referring to the Bank's failure to undertake corrective measures to resolve the problems described; and
- **Adverse Impacts on Local Populations**, in terms of their rights and/or interests, resulting from the Bank's failure to adopt corrective measures.

Among issues considered “especially relevant” for an investigation of PLANAFLORO, the request for inspection cited “the lack of enforcement by the World Bank with respect to implementation of reforms in public policies and the formalization of agreements between executing agencies, as anticipated in the official documents for PLANAFLORO; particularly with regard to land tenure policy, environmental licensing, institutionalization of the socio-economic and environmental zoning, state conservation units, and investment and fiscal incentive policies. In this sense, in addition to neglecting the contractual agreements of PLANAFLORO, the World Bank has not adequately implemented its operational directives in Forestry (OP 4.36) and Wildlands (OP 11.02)”.

In its concluding section, the request for inspection stated that:

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22 The request for inspection on PLANAFLORO cited violation of the following operational policies and procedures: Project Supervision (OD 13.05), Forestry Policy (OP 4.36), Wildlands Policy (OP 11.02), Indigenous Peoples (OD 4.20), Involvement of NGOs in Bank-Supported Activities (OD 14.70), Project Monitoring and Evaluation (OD 10.70), Procurement (OD 11.00), Use of Consultants (OD 11.10), Investment Lending: Identification to Board Presentation (BP 10.00), Suspension of Disbursements (OD 13.40)

23 The document also called for an investigation of omissions of the World Bank, *inter alia* “in the design and implementation of the component ‘Support for Indigenous Communities’ of PLANAFLORO in relation to the Bank's operational directive on indigenous peoples (OD 4.20) and the official project documents, and “with regard to implementation of measures to ensure the effective participation of civil
“over past several years, the organizations that today compose the Forum of NGOs and Social Movements of Rondônia, as well as other NGOs and leaders of social movements, have made various attempts to alert the World Bank about the problems described in this document. However, almost all of the correspondences sent by NGOs from Rondônia never received a response from the World Bank.24

Unfortunately, the World Bank only assumed a firmer stance when pressured by public opinion, after having received a letter from the Forum dated June 15, 1994, addressed to the President and Executive Directors of the Bank. On this occasion (August 1994), the Bank sent a supervision mission that, nonetheless, did not result in adequate measures being taken to address the problems identified in the present document”.

in the preparation and initial execution of PLANAFLORO, the interests of ensuring the approval of the loan and the liberation of financial resources (both in governmental spheres and in the World Bank itself) prevailed over the necessity of guaranteeing the effective implementation of the project, in accordance with the contractual agreements and operational directives of the Bank.”

The request for inspection finalized with the argument that “given the necessity of analyzing the motives that led to serious omissions of the Bank and consequent damage to local populations and the environment, as well as to Brazilian society in general, and will determine an investigation as soon as possible, instead of postponing such an exercise for an ‘ex-post’ project evaluation. Such an investigation would greatly contribute to the resolution of ongoing problems in the execution of PLANAFLORO, and more importantly, to efforts at avoiding the repetition of similar problems in other projects supported by the Bank”.

The request for inspection on PLANAFLORO provoked a highly negative reaction on the part of Bank management and some sectors of the state and federal governments. Initially, attempts were made to convince the Rondônia Forum to withdraw the request, based on an argument that it could result in the canceling of the PLANAFLORO loan and even damage to the Bank’s entire loan portfolio in Brazil. Subsequently, efforts were made to question the legitimacy and level of representation of the NGOs and social movements that had signed the request for inspection.

24 The request for inspection also noted that the failure of the Bank to respond to various correspondences sent by NGOs and leaders of social movements conflicted with item 11 of OD 14.70, which asserts that: Staff should be responsive, and encourage governments to be responsive, to NGOs that request information or raise questions about Bank-supported activities.
In July 1995, Bank management presented a response to the Inspection Panel, using technical and legalistic arguments to attempt to disqualify the claim. One of the tactics employed by Bank management was to use a counter-factual argument, i.e. the situation of local populations would be much worse if PLANAFLORO did not exist. Following this logic, any project with “good” objectives could not become the object of investigation by the Inspection Panel, regardless of the degree of non-compliance by management of the operational directives and guidelines of the Bank. In the meantime, it soon became evident that additional efforts were underway within the Bank to lobby the Executive Directors to vote against an investigation on PLANAFLORO, led by the Brazil Director with discrete support from Bank management.

While opposing the request for inspection on PLANAFLORO, Bank management also intensified its supervision of the project, resulting in some concrete measures being taken to improve supervision. For example, a formal agreement on land tenure policies was finally signed by INCRA and the Government of Rondônia, as originally envisioned as a condition for effectiveness of the PLANAFLORO loan. Under pressure from the World Bank, the Rondônia government also created protected areas such as the Rio Cautário Extractive Reserve that were pending, according to the PLANAFLORO loan covenants.

In August 1995, the Inspection Panel presented its recommendation that the Executive Directors “authorize an investigation into the violations of Bank policies and procedures alleged in the Request”. In its correspondence, the Panel noted that, in contrast to the guidelines of Resolution 93-10 that require Management to provide “evidence that it has complied or intends to comply with the Bank’s relevant policies and procedures (paragraph 28)… Management’s ‘response’ did not deal with the subject matter of the Request. As with a previous request, Management addressed the eligibility criteria of the Request and set forth its own ‘judgement’ concluding that the Request was not eligible”.

In its report the Executive Directors, the Panel observed that “a preliminary conclusion on eligibility and assessment of the adequacy of Management’s reply could only be reached through an initial field study”. Indeed, during the period of August 1995, Panel member Alvaro Umaña Quesada conducted a rapid field review in Brazil that included meetings with federal and state authorities, as well as with local NGOs and social movements that had signed the claim.

Based on its preliminary findings, the Panel concluded that it was satisfied that eligibility criteria concerning the possibility that rights and interests of intended


26 Recommendation of the Inspection Panel, Request for Inspection, Rondônia Natural Resources Management Project (Loan no. 3444-BR), August 17, 1995, p.2. The reference to another Bank-funded project concerned the Tanzania Power VI Project, for which the Panel received a Request for Inspection in August 1995.
beneficiaries of PLANAFLORO “may have been or area likely to be directly and adversely affected in a material way as a result of the alleged serious violations by the Bank of relevant policies and procedures”. While acknowledging Management efforts in “providing a extensive information and a fair and realistic assessment of difficulties and delays”, the Panel concluded that “such information is not adequate to obviate the need for an investigation”.

Even though Management has addressed the complaints, the Panel is not convinced that there has been full compliance with the relevant policies and procedures. It is also not convinced, in the instances where Management admits failures, that proposed remedial measures will be adequate for compliance with the relevant policies and procedures. It would be necessary to conduct an investigation in order to determine whether the allegations of serious violations of policies are well-founded.

In September 1995, the Board of Directors met to discuss the Panel’s recommendation. The meeting was highly controversial, with the Brazilian Executive Director arguing that an investigation of PLANAFLORO would represent an affront to the country’s national sovereignty. Without a technical or legal argument to disqualify the claim, the meeting reached in impasse. Within this context, the Executive Directors “agreed that before a decision could be made by the Board on the Panel’s recommendation…. the Panel should conduct an additional further review to further substantiate the materiality of the damages and to establish whether such damages were caused by a deviation from Bank policies and procedures”.

Meanwhile, in October 1995, after receiving through informal channels a copy of the Bank management’s response to the request for inspection, the Rondônia Forum of NGOs and Social Movements sent an additional correspondence to the Bank, addressed to the Executive Directors and Inspection Panel. This letter presented complementary information to the request for inspection, particularly with regard to the harm caused to local populations by Bank omissions, together with critiques and clarifications regarding the content of management’s response.

In December 1995, the Inspection Panel submitted a second report to the Executive Directors with additional review on the materiality of damages to intended project beneficiaries, associated with non-compliance of Bank policies and procedures by Management. The main findings of the report emphasized that:

Although originally conceived in part to address adverse effects of earlier projects, lessons from the shortcomings of the POLONOROESTE program were too often ignored in the preparation, design and implementation of PLANAFLORO. Therefore, similar problems have occurred that threaten to perpetuate social and environmental damage (p. 26).

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Failure of the project’s design to take into account the borrower’s limited institutional capacity is forcing a belated focus on a limited set of achievable priorities;

Critical delays occurred for three years between approval of the loan and filing of the Request because:

- The bank did not supervise PLANAFLORO effectively and failed to enforce implementation of key actions that were to be the basis of successful execution of the project;
- Supervision of implementation has been weak due to the lack of a permanent presence of Bank Staff in the project area and a rather complacent reaction to repeated defaults on covenants under the loan;
- Shortcomings in supervision are evidenced by the fact that long delayed actions have suddenly become possible since the Request was filed.

Delays in the project have contributed to a breakdown of trust between NGOs and the Bank, making the direct involvement of civil society in any reorientation of the Project important…

Postponement of a timely reorientation of the Project has substantially delayed achievement of many of PLANAFLORO’s objectives and caused continuing damage to the interests of intended beneficiaries.

Now the situation for many intended beneficiaries is by and large worse than two years ago.

One of the major shortcomings identified in the Panel’s report concerned delays in the second approximation zoning studies as a basis for land use planning, while infrastructure components – included an expected rehabilitation of 3,900 km of state and municipal roads and paving of an additional 81 km of state highways – moved rapidly ahead, in a manner reminiscent of disparities in the implementation of program components in POLONOROESTE. Given the relevance of zoning for ensuring “the protection of natural habitats and the homes of indigenous peoples”, the Panel argued that the second approximation of land use zoning “should have been included in the design phase of the project and made a condition of loan effectiveness” (p.17).

The Inspection Panel’s second report to the Bank’s Executive Directors concluded with the following statement:

This additional review further substantiates the materiality of the damages and establishes the link between such damages and deviations from Bank policies and procedures in the design, appraisal, and implementation phases. There is also no evidence that the Bank considered a possible enforcement of the borrower’s and the State’s obligations under the loan documents, as provided in ODs 13.05 (Project Supervision) and 13.40 (Suspension of Disbursements). Such actions and omissions must, in the Panel’s opinion, be regarded as contributing to the material losses suffered by the Requesters.
Finally, the Panel noted that “to establish a comprehensive inventory of material damage through all project areas, and to detail the link between such damage and specific policy deviations, would take about six months”. In that regard, the report included an attached “work plan” to be carried out by the Inspection Panel “should the Executive Directors deem necessary the conduct of a full investigation”.

Upon receipt of the Inspection Panel’s additional review of the PLANAFLORO claim, Brazilian Executive Director Marcos Caramaru de Paiva organized a quick trip to Rondônia with fellow EDs from France, Canada, Russia and Thailand, with the intention of transmitting a positive impression about the project. On the travel agenda of the Executive Directors, priority was given to isolated areas of scenic beauty that had not been included in the Rondônia Forum’s request for inspection.

In December 1995, Bank management presented to the Executive Directors an “Action Plan” to improve implementation of PLANAFLORO, based on the results of a supervision mission that had visited Rondônia that month. In a certain sense, the Action Plan was a “schizophrenic” document, to the extent that it proposed measures to address problems whose existence was downplayed or denied in management’s defense against an investigation of PLANAFLORO. Moreover, given the strained relations between Bank staff and local civil society organizations after the request for inspection, their participation in the preparation of the “Action Plan” was minimal.

In January 1996, after a prolonged process of internal debate, the Bank’s Executive Directors held a meeting to finally decide the fate of the request for inspection on PLANAFLORO. Before the meeting, it was known that that impasse had not been resolved. On the one hand, the Brazilian director had gained the support of several directors, mainly from developing countries, in his campaign against the investigation of PLANAFLORO.28 However, it was also known that a considerable number of Executive Directors, especially those from industrialized countries, were in favor of an investigation of PLANAFLORO.29

The “solution” encountered by the Executive Directors was to not approve a formal investigation of PLANAFLORO, but rather to invite the Inspection Panel to collaborate, after a period of six to nine months, in an evaluation of the “Action Plan” prepared by management and Brazilian authorities.

28 Prior to this Board meeting, the Rondônia Forum of NGOs and Social Movements sent a letter to Brazilian President Fernando Henrique Cardoso, emphasizing the importance of an investigation on PLANAFLORO from the point of view of the interests of local CSOs, while urging the President to instruct the Brazilian Executive Director at the Bank to authorize the Panel’s recommendation. The letter never received a response from President Cardoso.

29 This division of opinions within the Board of Directors, which has repeated itself in other requests for investigation to the Inspection Panel, essentially reflects an exchange of favors among directors concerned with present or future investigations of Bank-supported projects in their home countries that could prove embarrassing to their respective governments.
The aftermath of the refusal of the PLANAFLORO claim

Soon after the decision of the Executive Directors to refuse an investigation of PLANAFLORO as recommended by the Inspection Panel, the Rondônia Forum of NGOs and Social Movements sent a letter to the World Bank. In addition to communicating its disappointment with the decision of the Board of Directors, the Forum requested the opportunity to participate in the revision of the “Action Plan”, in conjunction with government agencies, bank management and the Inspection Panel, with the goal of defining a consensus on measures needed to most effectively address key problems in the implementation of PLANAFLORO. Moreover, it requested that a strategy for participatory monitoring of the Action Plan’s implementation be mutually defined and agreed upon. Despite a cordial response from an assistant to the President of the World Bank, no concrete measures were taken to this effect by Bank management or Brazilian authorities, in terms of revision of the Action Plan or discussing a participatory monitoring strategy.

The Inspection Panel, playing an unforeseen role determined by the Board of Directors, encountered major difficulties in conducting oversight of the implementation of management’s Action Plan. After several months of delay, one of the Panel’s members made a quick visit to Rondônia in early 1997. A report by the Inspection Panel on the implementation of the Action Plan was finally submitted to the Executive Directors in March 1997.30 The report was never translated into Portuguese and its findings were never subjected to an organized discussion between the World Bank, government agencies and civil society organizations in Rondônia.

In the aftermath of the decision by the Executive Directors to refuse an investigation on PLANAFLORO, the Action Plan was soon overtaken by a series of events in the early months of 1996 that deepened the crisis of implementation and governance in PLANAFLORO. These included:

- The signing of Decree no. 7.341 of February 2, 1996 by Governor Valdir Raupp, permitting exploitation of timber within zone 4 in areas of up to 500 hectares, without the presentation of a forest management plan. As described in Chapter 4, Decree no. 7.341/96 was later suspended in March 1996 by a Civil Action Suit moved by the State Prosecutors Office (Ministério Público Estadual), based on the argument that was contradictory to the letter and spirit of state zoning legislation

- In April 1996, a proposal by the Government of Rondônia to reduce the boundaries of four indigenous territories in Rondônia, based on the recently-issued Federal Decree no. 1.775 of January 8, 1996. These included the Mequens reserve, demarcated with PLANAFLORO funds, and the Uru-eu-wau-wau reserve, the formal registration of which was part of the loan covenants of the project. Under pressure from the World Bank, the Governor of Rondônia retracted his request to the Minister of Justice in April 30, 1996.

a persistence of excessive expenditures by the Rondônia government in infrastructure projects, especially the paving of secondary roads (mainly state highways) in disregard for the norms of “pari-passu” among PLANAFLORO project components. Meanwhile, there was a consistent lack of state and federal counterpart funds for actions related to environmental conservation and management and support for indigenous communities.

As mentioned in Chapter 5, after the controversial process that led to the approval of Complementary Law no. 152 in June 1996, the Governor of Rondônia, under pressure from the World Bank, signed Decree 7.526 on August 2, 1996, establishing “procedures to be adopted for the elaboration of the second approximation of socio-economic-environmental zoning in Rondônia”. However, by December 1996, the state legislature had already approved a bill that removed restrictions of the state zoning law within a large property owned by the family of the president of the state legislature in zone 4, and as well as areas zoned for environmental preservation in the Guaporé Valley.

For many observers, a contributing factor to such events was a perception among local politicians and Rondônia government authorities that, given the refusal of the Board of Directors in January 1996 to authorize an investigation on PLANAFLORO, future disregard of loan covenants and other commitments would not be taken seriously by the Bank. Meanwhile, Bank management attempted to maintain intensified supervision of PLANAFLORO, while maintaining discussions on an extension of the loan beyond it anticipated closing date of December 31, 1996.

4.3 The Mid-Term Review and Reformulation of PLANAFLORO

In April 1996, the World Bank contracted a group of consultants to carry out an independent evaluation of PLANAFLORO, while preparing a mid-term review seminar. The purpose of the seminar would be the attempt to reach an agreement among various “stakeholders” concerning the basis for a continuation of the project beyond 1996, based on the findings of the consultants’ evaluation report.

The mid-term review seminar was held in June 1996 in the capital city of Porto Velho. In addition to representatives of state and federal government agencies and member organizations of the Rondônia Forum of NGOs and Social Movements, participants in the seminar included the state federation of agricultural workers (FETAGRO); a state agricultural federation (FAERON) composed of landholders of various sizes linked to the state government through patronage networks, and the state federation of industries (FIERO). Special guests included the President of IBAMA, Thomas Lovejoy of the Smithsonian Institution and representatives of OXFAM and Friends of the Earth - Amazônia Program.

After a first day of presentations and discussion, the seminar’s activities quickly turned to negotiations between the Rondônia government and various NGOs on allocation of the substantial remaining funds for PLANAFLORO, totaling US$ 110.4
million (US$ 72 million from the World Bank loan, US$ 16.4 million in state counterpart funds and US$ 22 million in federal counterpart funding). During this event, the following division of financial resources was agreed upon:

US$ 22 million for a “Program to Support Community Initiatives” (PAIC) proposed by the Rondônia Forum of NGOs and Social Movements, with 100% financing from the Bank loan;

US$ 30 million for the paving of rural roads, as proposed by the Government of Rondônia, including US$ 12 million from the Bank loan, US$ 14 in federal counterpart funds and US$ 4 million in state counterpart funds;

US$ 20.6 million for the contract with an international consortium of consulting firms responsible for the second approximation zoning studies;

US$ 23 million for other activities in the environmental component of PLANAFLORO (US$ 13 million from the World Bank and US$ 10 million in state counterpart funds);

US$ 3 million for the UNDP technical cooperation program of PLANAFLORO;

US$ 7.3 million for project administration, and

US$ 4.5 for agroforestry research and rural extension services.

At the end of the mid-term review seminar, an agreement was signed between the Rondônia government, the NGO Forum, FAERON and FIERO. In addition to the reallocation of financial resources, the agreement established a new administrative structure for PLANAFLORO, with civil society participation focusing on the newly-created PAIC.

Notwithstanding the positive aspects of the seminar, the predominant focus on the division of the financial “pie” of PLANAFLORO funds had the effect of distracting attention away from other pressing issues that had been the subject of previous civil society mobilization and the Inspection Panel claim, i.e. contradictions and needs for structural reforms among public policies related to land use zoning, conservation units, environmental licensing and protection, agricultural production, transportation infrastructure, etc.

A salient example of this phenomenon was the approval by the State Legislative Assembly of a new law (Complementary Law no. 152 of June 24, 1996) precisely during the mid-term review seminar that substantially undermined the state zoning legislation (allowing for land titling, forest clearing and commercial logging in previously-restricted areas), without this issue being so much as mentioned during this event.

In the apparent euphoria surrounding the creation of the community development program (PAIC), little attention was given to the fact that many of the underlying causes of social and environmental problems in Rondônia, often criticized in debates on the

31 The following organizations signed as observers: Ministry of Planning (SEP/EP), World Bank, UNDP, OXFAM and Friends of the Earth / Amazônia Program.
32 For additional information on changes in the management structure of PLANAFLORO following the mid-term review, see: Millikan (1998).
project, remained essentially unaltered. While in its original conception, PLANAFLORO was purportedly envisioned as a natural resources management project, involving a series of institutional and policy reforms in Rondônia, the “new” PLANAFLORO focused on a division of the financial pie, largely between road infrastructure and community development projects.

In terms of civil society mobilization, the new phase of PLANAFLORO essentially represented an option towards “neo-liberal citizenship”. Clearly, this major change in PLANAFLORO would have major implications for land use zoning and related issues of governance in public policies, to the extent that they ceased to be a major focus of civil society mobilization.

Meanwhile, the implementation of the Program to Support Community Initiatives (PAIC) soon involved a series of limiting factors, including: i) a brief period (one year) to spend a considerable amount of funds (US$ 22 million), ii) insufficient emphasis on methods in participatory planning and training among grassroots organizations, iii) the existence of rent-seeking behavior, such as associations created exclusively to access PLANAFLORO funds and an “industry of consultants” involved in the preparation of projects, with frequent “cloning”, iv) bureaucratic procedures related to project approval and financial expenditures that frequently generated insurmountable obstacles for grassroots organizations, and v) the lack of an effective system for monitoring and evaluation of community projects.

5. The Second Approximation of the Zoning Plan

Despite an air of technical and scientific rationality, the second approximation zoning map, based on Bank-financed studies budgeted at US$ 20 million, and an accompanying zoning law, finalized in June 2000, essentially served to legitimize the status quo of frontier expansion during the 1990s. This, in turn, reflected a series of complex factors, e.g. pseudo-scientific notions about the natural "vocation" of territories, based on a strong agricultural bias; institutional fragilities among civil society organizations and mechanisms for public participation; persistence of conflicting policies and laissez-faire attitudes toward invasions of protected areas, lack of protection of conservation units and indigenous lands, etc.

During this recent period, processes of “chaotic” frontier expansion have continued unabated and even intensified, as illustrated by problems involving protected areas in the north of Rondônia: i.e. Jaci-Paraná Extractive Reserve, Bom Futuro National Park, Guajará-Mirim State Park and Karipuna Indian reserve (zone III), as well as the Glebas Vila Bandeirante and Jacinopolis (zone II), along the BR-364 highway between Porto Velho and Rio Branco (Figure 3). This has also provoked a series of legal battles, involving IBAMA, INCRA, the state government and the Ministério Público at the state and federal levels.

33 “Mobilizing at the Frontier: Framing Social Justice Claims in a Natural Resources Management Project in Rondônia, Brazil”, T. Selfa, Society and Natural Resources, 17:717-734, p.2004
One of the key issues surrounding state legislation on the second approximation of land use zoning involved attempts to lessen restrictions on forest clearing within the Brazilian Forestry Code, resulting in a protracted conflict between the Rondônia government and the federal Ministry of the Environment. Interestingly, local politicians in Rondônia that had previously attacked the land use zoning plan as a “strait jacket”, imposed by the Bank and environmentalists to paralyze development in Rondônia, suddenly came to its defense.

Figure 2 - State of Rondônia: Second Approximation Zoning Map
6. Conclusions

Land use zoning in Rondônia has been a poignant example of the limits of technocratic approaches to "sustainable development" that tend to isolate social and environmental problems from their historical, political and economic origins. In this regard, while legitimizing a continued influx of financial resources from the World Bank, land use zoning served as a sort of "smoke screen", creating the illusion of a panacea for problems of "disorderly" frontier expansion, while obfuscating needs for fundamental reforms in public policies related to regional development, including aspects related to public participation, transparency and accountability.

Despite the enormous disparities between discourse and practice, the experience of land use zoning and PLANAFLORO in Rondônia does provide important lessons with regard to such issues as the political economy of territorial planning, civil society participation, governance, decentralization, and the role of multilateral institutions such as the World Bank. Additional considerations on these topics in relation to the analytical questions posed at the outset will be presented during the Luce seminar on December 12-13, 2006.