

31 January 2012

To: World Bank Board of Executive Directors

Re: Independent Evaluation Group (IEG) evaluation of World Bank Forest Strategy implementation

In light of the upcoming CODE discussion of the IEG evaluation of the implementation of the World Bank's 2002 Forest Strategy, our organizations are writing to share our views regarding the Bank's continued support for industrial-scale logging as a principal approach to forest management in tropical rainforests. We understand that the evaluation concludes that this approach has not been successful in achieving the objectives of the Forest Strategy, particularly around poverty alleviation and environmental sustainability. We agree with these findings and urge you to ensure that the Bank commits to halting its support for industrial-scale logging in tropical rainforests in favor of alternative approaches that prioritize land rights, rural livelihoods, and the protection of vital ecological functions.

The importance of tropical forests for mitigating climate change, preserving biodiversity and supporting the hundreds of millions of vulnerable people who depend on these forests for survival demands that the World Bank develop and promote alternatives to industrial-scale timber extraction in tropical rainforests. Industrial-scale logging is widely acknowledged as a major driver of tropical forest destruction and is often the first step in the process of deforestation.¹ The Bank has positioned itself as a leader in international efforts to halt deforestation and forest degradation,² and yet it continues to support the unsustainable expansion of industrial logging operations into the world's last intact tropical forests.

In the ten years since the Bank adopted its current forest strategy, the destruction of tropical forests has continued nearly unabated, even as recognition of the importance of these forests for rural livelihoods, biodiversity conservation, and climate change mitigation and adaptation has grown. A growing body of information based on the Bank's own operational experiences and a wealth of independent sources, some of which are cited in this letter, demonstrates the need for increased attention to governance and land tenure issues, improving rural livelihoods, scaling up community forest management, and developing holistic approaches to valuing forest resources, while calling into question the potential of industrial-scale timber extraction to drive sustainable development. We are concerned that the Bank is not taking into account critical lessons and recent data in a comprehensive and systematic manner, but rather is continuing to support an outdated industrial forestry model that is not meeting the objectives of its Forest Strategy.

Over the past several decades, the World Bank has been instrumental in promoting legal and policy reforms that support the establishment of large logging concessions in tropical forests in countries such as Cambodia, Cameroon, Democratic Republic of Congo (DRC), Gabon, Indonesia, Laos, Liberia, and Republic of Congo. In many cases, the Bank was critically involved in the establishment of policies that earmarked much of its client countries' intact forests as logging concessions.³ Since the adoption of its 2002 Forest Strategy, the Bank has largely continued to support this approach using a range of instruments including development policy loans, technical assistance, and investment projects.⁴ Recently, IFC investments in industrial logging and processing operations in tropical rainforests in Indonesia and Central Africa have been proposed.⁵

The consequence is that tens of millions of hectares of tropical rainforest that millions of local people depend on for their livelihoods have been and continue to be allocated as industrial timber concessions

under Bank-supported forest sector programs. At the same time, the Bank gives relatively little attention and resources to addressing land tenure issues and building the capacity of local communities to directly manage and benefit from their forest resources before forests lands are allocated for industrial logging.

Recent studies have found that industrial-scale logging operations in tropical rainforests cannot be both ecologically sustainable and economically viable⁶, have failed to contribute significantly to poverty alleviation and rural development in Africa,⁷ and in many cases violate the rights and harm the livelihoods of forest-dependent indigenous peoples and local communities.⁸ In Cameroon, where the Bank has been deeply involved since the 1990s in the legal and policy reforms that put much of Cameroon's tropical rainforests under logging concessions, a growing body of independent evidence shows that sustainability and local development outcomes associated with these logging concessions are extremely poor.⁹ The concession system has also had severe detrimental impacts on the rights and livelihoods of Cameroon's vulnerable, forest-dependent indigenous peoples.¹⁰

However, the Bank's own retrospective self-assessment on Cameroon, published in 2009, contains little up to date field data with which to evaluate the actual impacts of its interventions.¹¹ The study concludes that *"The most serious threats against forest lands have virtually ended in permanent production forests"* (p. 126), ignoring findings by independent researchers that weak regulations and poor law enforcement are allowing companies to carry out widespread unsustainable logging in the country's production forests.¹² In 2011, the Bank was forced to close its forest sector development policy operation in Cameroon with two tranches undisbursed after the government failed to meet its commitment to sign concession agreements more than ten years after the concessions were allocated to logging companies. The Government, according to the Bank's ICR, recently stated that it does not view industrial logging concessions as having sufficient economic benefit to justify the permanent allocation of forest land for this purpose.¹³ Despite these failures, the concession system that the Bank was instrumental in establishing in Cameroon formed the basis for forest sector reforms in DRC also supported by the Bank.¹⁴

Since the Bank adopted the 2002 Forest Strategy, its forest projects in Cambodia, DRC and Liberia supporting the establishment of industrial timber concessions were the subject of complaints to the Bank's Inspection Panel by impacted communities and/or indigenous peoples.¹⁵ In Cambodia and DRC, the Inspection Panel investigated the claims and found that the Bank had violated multiple operational policies, particularly in relation to identifying potential negative social and environmental impacts on indigenous populations and the forest. We are concerned that the lessons from these cases are not being learned. The Bank is currently financing a zoning process in DRC that may lead to the designation of large tracts of tropical rainforest for industrial timber concessions, despite evidence of widespread illegality and social harms in existing concessions that already cover roughly 15 million ha of forest (more than twice the area under concession in Cameroon).¹⁶

In 2011, Global Witness visited 67 communities in and around logging concessions in three large forested provinces in northern DRC and found that communities were receiving little benefit from logging in their area, were negotiating "social contracts" with logging companies under highly unfair and disadvantageous circumstances, and were experiencing increased and sometimes violent social conflicts as a result of frustrations with logging operations.¹⁷ A Government decree that would give communities the legal right to manage forest resources has gone unsigned for years, and, due to a lack of funding, the Bank-financed zoning process will not be carried with the full participation of communities and indigenous peoples living in the areas being zoned. In addition, recent reports from an independent, third-party monitor of forest law enforcement hired by the Government of DRC with support from international donors found that nearly all of the international companies holding logging concessions are involved in illegal activities, indicating that the Government still lacks the capacity and will to perform adequate oversight of existing

concessions.¹⁸ All of these issues raise serious concerns that the Bank has not learned from the Inspection Panel case and is at risk of facilitating the expansion of poorly-governed industrial timber concessions that could result in irreversible negative impacts on globally significant tropical rainforests and the communities and indigenous peoples who depend on them.

In conclusion, we would like to reiterate our call for members of the Board to ensure that the Bank commits to halting its support for industrial-scale logging in tropical rainforests in favor of alternative approaches that will better contribute to the poverty alleviation and environmental objectives of the Bank's Forest Strategy.

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¹ See for example: Union of Concerned Scientists, 2012. [The Root of the Problem—Drivers of Deforestation: What is driving tropical deforestation today?](#) Chapter 7.

² The Bank established the Forest Investment Program and the Forest Carbon Partnership Facility, for example.

³ See for example: Seymour, F.J. and Dubash, N.K. [The Right Conditions: The World Bank, Structural Adjustment and Forest Policy Reform](#). World Resources Institute, 2000.

⁴ Examples include programs in Cameroon, Central African Republic, DRC, Gabon, Laos, and Liberia.

⁵ The [IFC projects database](#) describes a proposed investment of up to 22.7 million euros in the French logging company Rougier to finance logging operations and processing facilities in Cameroon, Gabon, and/or Republic of Congo; Indonesia's [Investment Plan](#) under the Forest Investment Program includes potential IFC investments in large logging companies operating in intact forests in several provinces, as well as timber processing facilities.

⁶ See for example: Karsenty, A. and Gourlet-Fleury, S. *Assessing sustainability of logging practices in the Congo Basin's managed forests: the issue of commercial species recovery*. Ecology and Society, 2006. 11(1); Shearman, P. et al. *Are we approaching 'peak timber' in the tropics?* Volume 151, Issue 1, July 2012, Pages 17–21; Zimmerman B.L. and Kormos C.F. *Prospects for sustainable logging in tropical forests*. BioScience (2012) 62: 479–487.

⁷ Debroux, L., Hart, T., Kaimowitz, D., Karsenty, A. and Topa, G. (Eds.) [Forests in Post-Conflict Democratic Republic of Congo: Analysis of a Priority Agenda](#). CIFOR, The World Bank and CIRAD, 2007.

⁸ See for example: International Work Group for Indigenous Affairs (IWGIA), Plan Finland, Plan Cameroon, 2012. [What future for the Baka? Indigenous peoples' rights and livelihood opportunities in south-east Cameroon](#); World Bank Inspection Panel Investigation Report (No. 35556, 30 March 2006) for Cambodia: Forest Concession Management and Control Pilot Project (P060003).

⁹ See for example: Lescuyer, G. et al. *Logging concessions and local livelihoods in Cameroon: from indifference to alliance?* Ecology and Society 17(1): 7 (2012); Oyono, P.R. et al. *Forest taxation in post-1994 Cameroon: Distributional mechanisms and emerging links with poverty alleviation and equity*. CIFOR and WRI, 2009; Vandenhout, M. and Doucer, E. *Etude comparative de 20 plans d'aménagement approuvés au Cameroun*. GTZ, 2006; Cerruti, P. et al. *Sustainable Forest Management in Cameroon needs more than approved Forest Management Plans*. Ecology and Society, 2008. 13(2); Cerruti, P. et al. *Legal vs. certified timber: Preliminary impacts of forest certification in Cameroon*. Forest Policy and Economics 13 (2011) 184–190.

¹⁰ International Work Group for Indigenous Affairs (IWGIA), Plan Finland, Plan Cameroon, 2012, *op. cit.*

¹¹ Topa, G. et al. [The Rainforests of Cameroon: Experience and Evidence from a Decade of Reform](#). The World Bank, 2009.

¹² Cerutti, P. et al 2008, *op. cit.*

¹³ ICR for Cameroon Forest and Environment Development Program (IDA-H2070 TF-56544), January 2012.

¹⁴ Greenpeace, 2007. [Forest reform in the DRC: how the World Bank is failing to learn the lessons from Cameroon](#).

¹⁵ Complete information for each case is available on the [Inspection Panel website](#).

¹⁶ The zoning process is financed through the Bank's Forest and Nature Conservation Project (P100620). For information about current area under concession, see Greenpeace, [Turning REDD into Green in the DRC: Can a National REDD Plan in the Democratic Republic of Congo set a new course for the protection of forests, people and global climate?](#)

¹⁷ See [presentation by Global Witness](#) at the Civil Society Policy Forum of the World Bank Annual Meeting in October 2011.

¹⁸ Available in French [here](#).