

3 December 2009

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The World Bank Group
1818 H Street, NW
Washington, DC 120433

Cc: Simon Rietbergen
Paul Martin
Peter Lallas
Board of Directors

The World Bank and the forest sector in the Democratic Republic of Congo: REDD FUTURE or GREENWASH?

Dear Mr. Wormser,

We are writing you today to seek clarification of the World Bank's role in the forest sector reform in the Democratic Republic of Congo (DRC). We are troubled by indications that the reform, in conjunction with Bank-sponsored REDD programs, could expand and legitimize the existing destructive logging model rather than promote viable alternatives that benefit the Congolese people and the global climate.¹ If the DRC is to benefit from a potential future REDD mechanism, it is imperative that failures in the forest sector be addressed and that lessons from unsuccessful Bank interventions - in the DRC and elsewhere - be learned.

This letter follows Greenpeace's 23 July 2009 open letter to Congo's Environment Minister.² As a principal financier of Congolese forestry reform, the World Bank bears special responsibility for the disappointing outcomes observed to date. Seven years after the introduction of Congo's 2002 Forestry Code and ten months after the conclusion of the "legal review" of logging titles, the forest sector is still marked by chaos and opacity. New regulations introduced by the Government over the past years are still not being implemented. The lessons of the 2007 Inspection Panel Investigation, revealing the Bank's bias in favor of industrial logging to the detriment of local communities, appear to have been largely ignored.³

We also wish to draw your attention to the Bank's website, which describes the results and ongoing efforts of the DRC forest reform process.⁴ We find this website incomplete and misleading, and would therefore kindly ask you to update it reflecting the issues highlighted below.

I. Non-Implementation of logging title cancellations following "Legal review"

According to the Bank's website, the "legal review" of logging titles was completed in January 2009, when *"illegal contracts were made void and cancelled, meaning that all forest operations taking place on forest covered under illegal contracts had to stop."*⁵ We note that the Multi-Donor Trust Fund for Forest Governance (MDTF) has allotted \$300,000 for *"enforcement of measures relating to permits judged non-convertible"* by the Inter-ministerial Commission (IMC) that conducted the review.⁶

¹ See Greenpeace, "Why logging will not save the climate: The Fallacy of GHG Emissions Reductions from so-called 'Sustainable Forests Management' (SFM) or Reduced Impact Logging (RIL) of Natural Forests," October 2009, <http://www.greenpeace.org/raw/content/international/press/reports/why-logging-will-not-save-the.pdf>

² Greenpeace, "Open letter to Mr. José Endundo Bononge, Minister of the Environment, Nature Conservation and Tourism," 23 July 2009, <http://www.greenpeace.org/raw/content/africa/press/reports/open-letter-to-mr-jose-endundo.pdf>

³ World Bank Inspection Panel, Report No. 40746 - ZR, "Investigation Report DEMOCRATIC REPUBLIC OF CONGO: Transitional Support for Economic Recovery Grant (TSERO) (IDA Grant No. H 1920-DRC) and Emergency Economic and Social Reunification Support Project (EESRSP) (Credit No. 3824-DRC and Grant No. H 064-DRC)," 31 August 2007.

⁴ World Bank, "Frequently Asked Questions - Forests in the Democratic Republic of Congo," updated 24 March 2009, <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/CONGODEMOCRATICEXTN/0,,contentMDK:20779255~menuPK:2114031~pagePK:141137~piPK:141127~theSitePK:349466,00.html>

⁵ *Ibid.*

⁶ "Fonds commun multibailleurs. Programme d'activités prioritaires," undated. Our translation.

- Which logging companies received “formal letters [...] voiding their logging contracts and informing them that forest operations should be stopped”, and when? Could you indicate how many titles were active before their cancellation and in which of these, if any, logging has effectively stopped?

Civil society groups have found evidence⁷ that certain companies whose titles were invalidated by the IMC have continued operations in violation of Arrêté 090 of 23 January 2009.⁸ The Arrêté orders such companies to cease operations immediately upon notification of title cancellation, regardless of appeal (section 5). It further orders the provisional seizure of all such companies’ moveable assets including trees felled prior to notification (section 9).

Examples of ongoing illegal activities after the conclusion of the “Legal Review”:

- We are in possession of an Equateur-province cutting permit issued to Industrie de transformation de bois (ITB) on 16 June 2009.⁹ Both of ITB’s Equateur-province permits had been definitively invalidated by the IMC on 28 November 2008.¹⁰ In a 21 August 2009 press conference the Minister made no reference to cancelled titles having received new cutting permits.¹¹
- Trans-M Bois has continued to ship logs out of its cancelled Orientale-province title GA 33/05. At his August press conference, the Minister stated that his services allowed Trans-M to move wood from cancelled titles because trees cut before title cancellation remain company property.¹² But it is precisely for this reason that Arrêté 090 requires immobilizing it for future inventory.

Your website states that “The Bank is monitoring the situation closely and encouraging the Government to fully apply the deliberations of the Legal Review.” In its 23 July 2009 open letter to the Environment Minister Greenpeace expressed grave concern about a government plan announced on 13 February 2009 to override IMC recommendations by validating a number of titles deemed illegal.¹³

In its July letter Greenpeace asked the Government to make available the cutting permits issued for 2009, but we have been unable so far to obtain this information.

- Does the Bank have a list of cutting permits issued in 2009?

It is important to note that artisanal logging activities - many of them supplying exporters - are equally out of control.

- What are the strategies and measures envisaged through the MDTF and the FNCP¹⁴ to help solve the problem of uncontrolled artisanal logging?

⁷ Greenpeace open letter, *op. cit.*; Réseau Ressources Naturelles de la RDC, *Ressources Naturelles*, # 5, July-August 2009.

⁸ Ministère de l’Environnement, Conservation de la Nature et Tourisme, Arrêté ministériel n° 090 CAB/MIN/ECN-T/JEB/2009 du 23 janvier 2009 portant mesures de mise en œuvre des décisions de rejet des requêtes de conversion et de résiliation des anciens titres forestiers.

⁹ Autorisation de coupe industrielle du bois d’oeuvre n° 30/2009/EQ/13. Territoire : Ingende, lieu dit : Ifuto bloc 6, secteur : Bokatola, superficie : 770 ha, volume : 3,383 m³.

¹⁰ Ministère de l’Environnement, Conservation de la Nature et Tourisme, Commission Interministérielle de Conversion des Anciens Titres Forestiers, “Tableau récapitulatif par titre des recommandations de la Commission Interministérielle de Conversion des Anciens Titres Forestiers après examen des recours,” 28 November 2008.

¹¹ “Le ministre José Endundo répond à Greenpeace,” *Info-Environnement* #194, 24 August 2009, and #195, 4 September 2009.

¹² *Ibid.*

¹³ “Compte rendu du conseil des ministres du vendredi 13 février 2009.”

¹⁴ Forest and Nature Conservation Project

II. New Bank “forest governance” projects

For many years Greenpeace, Global Witness, The Rainforest Foundation and other civil society organisations have emphasized the need to establish meaningful forest governance, including effective control and law enforcement, availability of relevant data and clarification of land use and tenure rights.¹⁵ The principal forest governance measures included in the Multi-Donor Trust Fund (MDTF) and Forest and Nature Conservation Project (FNCP) appear to be the introduction of a log tracking system and the hiring of external consultants, such as an independent monitor of logging control activities.

A 2009 MDTF planning document allocates \$5 million for timber traceability, nearly 75% of the total available MDTF budget.¹⁶ We understand from various sources that the traceability contract has gone, or will be going to the controversial Swiss group Société Générale de Surveillance (SGS).¹⁷

As you know, in 2006 SGS awarded a “Timber Legality” certificate to the DRC’s second largest logging company, the Danzer Group - two years before the conclusion of the government’s review of the legality of logging permits.¹⁸

- *What is the present status of the MDTF traceability contract and what is its total cost? Has it been subject to international bidding?*
- *Apart from funds spent on foreign contractors, what specific support is the Bank providing to the overdue establishment of government enforcement capacity at local, provincial and national level, including training, salaries, equipment and logistics for local and provincial agents, and for community-based monitoring?*

Independent Monitoring of non-existent forest control?

The 2009 MDTF planning document budgets \$180,000 for the imminent recruitment of an Independent Observer of forestry control.¹⁹ Your website states that a 2007 Global Witness feasibility study “revealed that the Government’s instruments and organization were inadequate to protect DRC’s forests from illegal logging and it suggested improvements. The test convinced the Government of the value of independent monitoring as a means of establishing viable and credible systems to control commercial logging operations.”

Your site neglects to mention the mission report’s conclusion that Independent Observation of the DRC forestry administration “would make no sense in the absence of a system of regular control.”²⁰ Global Witness was so appalled by its findings in 2007 that it called for “an immediate halt to logging.”²¹ The six conditions it set for lifting this ban were:

1. the conclusion of the conversion process and the resolution of all local appeals of conversion results,
2. the establishment of a national zoning plan,
3. the issuing and implementation of all Forestry Law application decrees,
4. the drafting and approval of forestry management plans,
5. the establishment of “effective and objective” forestry control,
6. the establishment and functioning of national and provincial consultative councils.

We note that at present *not a single one* of these conditions has been met.

¹⁵ See for example: Greenpeace, letter to John McIntire/World Bank, 22 December 2005; Greenpeace, letter to Michel Wormser, 16 May 2007; CODELT, FERN, Forests Monitor, Global Witness, Greenpeace, OCEAN, Rainforest Foundation, Réseau Ressources Naturelles (RRN), Open letter to Mr. José Endundo, 23 April 2008.

¹⁶ “Fonds commun multibaillleurs,” *op. cit.*

¹⁷ The FNCP Project Appraisal document refers to the “Setting up [of] a log tracking and related control systems – TBD (SGS).”

¹⁸ SGS, “SGS TLTV Statements (Legality of Production – TLTV/LP) - issued and currently valid, <http://www.forestry.sgs.com/documents/sgs-tltv-programme-website-summary-11-11-2009-en.pdf>

¹⁹ “Fonds commun multibaillleurs,” *op. cit.*

²⁰ Global Witness, “Rapport final de missions de contrôle dans le cadre de l’étude d’un Observateur Indépendant en appui au contrôle forestier en RDC, Dates 06 – 27 août, 19 – 25 septembre 2007,” undated. Our translation.

²¹ *Ibid.*

- Given the absence of even minimally “effective and objective” forestry control in Congo, what are the expected activities, benchmarks and outcomes of the independent monitor contract?

Lack of Transparency

The 2008 MDTF concept paper notes the objective to “strengthen the role of civil society in a) controlling the resources generated from the exploitation of forest resources and b) holding public authorities accountable for the use of those resources.”²² It acknowledges the fact that “basic information on the management of the forest heritage is not regularly made available to the public” and that “it is difficult to detect and sanction illegal exploitation in the field, even though there are relatively few concessions.”²³ Indeed data regarding logging revenues, production and export volumes, log prices, taxes paid or employment figures is not made public, online or otherwise.

Exchanges last 16 and 17 November between Greenpeace and around 50 representatives from forest-dependent communities in Bumba (Equateur) confirmed the Bank’s findings on the lack of information among communities and local administrations about logging activities. Even basic data such as maps indicating concession boundaries or cutting permits are still unavailable.²⁴

- How will the Bank’s new programs ensure that “basic information” regarding the logging sector is made publicly available and when will concerned communities begin to have access to this information?

Social conflict

Plans are currently being developed to standardize the so-called “social responsibility contracts” between companies and local communities. The sad reality is that logging companies continue to contribute to social chaos. Recent examples include:

- In June 2009, villagers in the territoire of Aketi (Orientale) protesting non-application of 2005 and 2007 “cahiers des charges” blocked logging activity of the Swiss-based Danzer Group.²⁵ In 2007, Danzer had sued 29 villagers and human rights activists in the Bumba area (Equateur) for addressing a petition to the government complaining of “abusive” logging.²⁶
- In September 2009, local women at Mbelo (Equateur) blocked passage of logging trucks of Sodefor, a subsidiary of Congo’s largest logging company, the Liechtenstein-based Nordsüdtimber Group.²⁷ Three and a half years previously, following similar protests in the same village, police and military retaliated by reportedly raping 38 women.²⁸
- In September 2009, while a Bank mission was meeting with the Environment Minister and Prime Minister, workers at Sodefor’s Kinshasa sawmill were on strike to protest unhealthy work conditions, non-payment of the minimum wage and layoffs without union consultation.²⁹

Your March 2008 MDTF concept note proposed an activity called “Follow-up of project specifications” designed “[...] to benefit the village communities neighboring the concessions. It shall assist riparian communities during negotiation of [...] social specifications with neighboring concession holders, and in following up the implementation of such commitments. At the national level, the activity shall assist in

²² “Multi-Donor Trust Fund for Forest Governance in Post-Conflict Democratic Republic of Congo,” March 2008.

²³ *Ibid.*

²⁴ See also Dynamique des Groupes des Peuples Autochtones (DGPA), “Lettre Ouverte au Ministre de l’Environnement, Conservation de la Nature et Tourisme,” 2 March 2009.

²⁵ Greenpeace research.

²⁶ See Greenpeace, “Logging Sector Briefing for the Democratic Republic of Congo. DRC logging review: The carving up of the Congo continues,” October 2008, <http://www.greenpeace.org/raw/content/international/press/reports/DRC-logging-sector-briefing.pdf>

²⁷ Greenpeace research.

²⁸ Greenpeace, “Logging Sector Briefing,” *op. cit.*

²⁹ Agence congolaise de presse, “Les agents de la Sodefor en grève,” 19 September 2009, <http://www.digitalcongo.net/article/61178>

*the establishment of a national register of specifications that can serve as a systematic instrument for informing the public about the content of specifications, and for monitoring the implementation thereof.*³⁰

- *This activity no longer appears in the 2009 planning document of the MDTF. Has it been dropped?*

In Appendix 12 of the FNCP project appraisal document the Bank states, under “Support to communities during negotiations with industry or other economic partners”: *“Given that communities may not be familiar with the rights and obligations defined in the new forest legislation, specific assistance will be provided to them.”*³¹

- *Does FNCP “assistance” to local communities include legal aid in seeking compensation from companies for damage incurred from logging operations?*

III. Industrial logging expansion or moratorium?

The Bank’s March 2009 FNCP project appraisal document bases its estimate of future forestry tax revenue on *“the assumption that the area under concession management will remain at the level established by the legal review, [and] that no further allocations are made during the project life [i.e. until June 2015] [...]”*³²

The Environment Minister announced on 9 January 2009 in a speech to the Kinshasa Rotary Club: *“We will be encouraging the extension of the forestry management dynamic with the goal of eventually attaining an area under management of 40 million ha, i.e. an area four times the area currently under management. [...] In the end, these actions ought to allow us at the very least to quadruple, rapidly, the formal sector’s present level of economic performance: i.e. \$1 billion of new investments, 60,000 employees and \$80 million of tax revenue.”*³³

- *On what grounds does the Bank assume that “no further allocations” will be made in the next six years?*

The Moratorium on logging expansion should be maintained

As expressed in various letters over the past years, civil society organizations demand that the 2002 moratorium on the allocation of new logging concessions be maintained, until a proper participatory land use planning process and credible forest governance and control systems are in place.³⁴

- *Does the World Bank support this recommendation?*

IV. Logging does not pay – but there are alternatives

The Bank estimates the current level of annual fiscal revenues from logging at US\$ 2 million.³⁵ The Bank further estimates that, on the assumption that *“fiscal recovery rates will gradually grow up to 50% by year 4 and to 75% at the end of the project, the overall fiscal revenue is estimated to grow at about US\$7.6 million.”* Not only are these figures light years away from the US\$ 60 to 360 million in area tax

³⁰ “Multi-Donor Trust Fund for Forest Governance,” *op cit*.

³¹ World Bank, “Project Appraisal document on a proposed International Development Association grant in the amount of SDR 42.3 million (US \$64.0 million equivalent) and a grant from the Global Environment Facility Trust Fund in the amount of US \$6.0 million to the government of the Democratic Republic of Congo for a Forest and Nature Conservation project,” 3 March 2009.

³² *Ibid*.

³³ “Conférence de M. le Ministre José E.B. Endundo à l’invitation du Rotary Club Kinshasa sur les thématiques de l’environnement et de la gestion du patrimoine forestier de la République Démocratique du Congo,” 9 January 2009.

³⁴ See for example Greenpeace, letter to Paul Wolfowitz, 16 May 2007.

³⁵ World Bank, “Project Appraisal document,” *op cit*.

revenues that the Bank predicted when it first kick-started the logging sector reform in the DRC,³⁶ but they demonstrate that even in strictly economic terms logging the forests of the DRC makes no sense.

- *How many millions of dollars has the Bank invested to date and how many does it plan to invest in a sector that it predicts might generate US\$ 7.6 million per year in fiscal revenues in 2015?*
- *How will announced area (and other?) tax reductions³⁷ as requested by the private sector affect current and projected logging revenues?*

As stated in the Priority Agenda³⁸:

“Industrial timber production has a poor track record in Africa. Over the past sixty years, there is little evidence that it has lifted rural populations out of poverty or contributed in other meaningful ways to local and national development.”

More meaningful ways to protect Africa’s forests and to contribute to local and national development are offered by alternatives that can be supported by a proper future REDD mechanism³⁹.

Participatory Land Use Planning and Community Forests

Participatory land use planning “based on the multifunctional use of forests”⁴⁰ is one of the pillars of the priority agenda agreed by the DRC government, international donors and civil society. On land use planning, the priority agenda states: “this process is expected to lead to the creation of community forests and new protected areas, and to help develop non-extractive uses.”⁴¹

The March 2009 Project Appraisal document for the FNCP states that the Environment Ministry “has developed and adopted [...] ‘Interim Guidelines for Forest Zoning’ (IGFZ) which are fully consistent with the World Bank Safeguard Policies [...]”⁴² According to our information, the zoning guide is still in draft form and has not been adopted. NGO’s have expressed strong concerns regarding the consultation process and the contents of the current draft.⁴³

Please recall that the Inspection Panel noted in 2007 that “the Bank dropped its initial component on land use zoning in favor of a priority to concession reform and thereafter possible development of land use zoning. The Panel finds that as a result of the forest concession reform effort, which results in 25 year titles to extract timber, the Bank will in fact have supported de facto land use zoning”.

The priority agenda states: “As a bottom line, local communities’ uses should be mapped and their rights secured. Areas for new parks, logging or other uses would be identified in non-disputed areas.”

We believe that more participatory work before completing the land use planning methodology is crucial in order to reach consensus on different uses of forests and related allocations.

³⁶ See World Bank, “Secteur forestier: Mission de prise de contact (17 février – 7 mars 2002),” undated. “[...] cette taxe à elle seule pourrait atteindre entre 60 et 360 millions US\$ par an si toutes les concessions de la RDC étaient attribuées en conditions de marché ouvert.” “Base d’estimation : la surface de forêts productives de la RDC est de 60 millions d’hectares et on estime que le niveau de la redevance de superficie pourrait se situer entre 1 et 6 dollars par hectare et par an [...]”

³⁷ “Conférence de M. le Ministre José E.B. Endundo à l’invitation du Rotary Club,” *op. cit.*

³⁸ 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. A collective report by the World Bank, Center for International Forestry Research (CIFOR), Centre International de Recherche Agronomique pour le Développement (CIRAD), African Wildlife Foundation (AWF), Conseil National des ONG de Développement du Congo (CNONGD), Conservation International (CI), Groupe de Travail Forêts (GTF), Ligue Nationale des Pygmées du Congo (LINAPYCO), Netherlands Development Organisation (SNV), Réseau des Partenaires pour l’Environnement au Congo (REPEC), Wildlife Conservation Society (WCS), Woods Hole Research Center (WHRC), World Agroforestry Centre (ICRAF) and World Wide Fund for Nature (WWF)*, 2007.

³⁹ Greenpeace, “Greenpeace Policy on Saving Forests to Protect the Climate,” August 2009, <http://www.greenpeace.org/raw/content/international/press/reports/greenpeace-policy-on-saving-fo-2.pdf>

⁴⁰ Debroux *et al.*, *op.cit.*

⁴¹ *Ibid.*

⁴² World Bank, “Project Appraisal document,” *op cit.*

⁴³ Greenpeace open letter, *op. cit.*

- Does the Bank consider forests in which logging titles are located “undisputed areas” to be exempted from the land use planning exercise?
- Will the Bank ensure that participatory mapping, as practiced by different communities in the DRC will form an integral part of the land use planning process?

REDD

The Bank is currently assisting the DRC in preparing for REDD through the Forest Carbon Partnership Facility. However REDD will only be effective if it is integrated in the overall forest reform effort.⁴⁴ In order to avoid conflict over resources and benefits, REDD programs should be based on proper land use planning and clear tenure and user rights.⁴⁵

An effective REDD mechanism can provide the means to develop alternatives to the predominant industrial logging model, which has proven to be neither economically nor socially nor ecologically viable.

Early action funding could provide the necessary breathing space to maintain the moratorium on new logging titles, to develop a truly participatory land use plan, including alternative livelihoods and to establish enforcement and monitoring capacity at local level.

With the help of REDD funds, Intact Forest Landscapes⁴⁶ should be protected from further expansion of industrial activities such as logging or plantations. In those priority areas for environmental services, adequate community forests management and conservation should be supported instead.

There is a unique opportunity in DRC to prevent degradation and deforestation of forests on a large scale. It is therefore necessary that perverse incentives for activities causing degradation and deforestation - such as industrial logging and plantations - be excluded from any REDD mechanism.⁴⁷

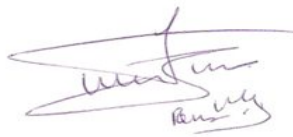
We sincerely hope that the World Bank will encourage and assist the DRC to switch from business-as-usual, cut-and-run logging to a development model that will ultimately save the DRC’s forests for the long term benefit of the Congolese people and the global climate.

We are keen to continue this dialogue with all concerned stakeholders and look forward to receiving your reply.

Sincerely,



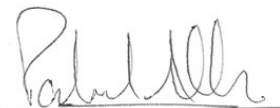
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⁴⁴ See Rainforest Foundation, “Avoidable Deforestation. Forest Sector Reforms and REDD in the Democratic Republic of Congo,” April 2009.

⁴⁵ See International Institute for Environment and Development, “Tenure in REDD: Start-point or afterthought?,” 2009.

⁴⁶ Intact Forest Landscapes, <http://www.intactforests.org>

⁴⁷ See also: Global Witness, Forest Monitor, Rainforest Foundation, Greenpeace, letter to Benoit Bosquet (World Bank), 7 September 2007.