
[World Bank's Proposed Policy Puts World's Forests at Risk](#)

Statement by WRM, FPP, ED – June 2002

In the run-up to Johannesburg where governments from around the world will debate how to protect the global environment, the World Bank has released its long awaited draft policy on forests.

Although called a "safeguard policy", the world forests will not be made safer by the adoption of this policy which flies in the face of demands of civil society and ignores most of the advice given to the Bank by its own Technical Advisory Group. In addition, it fails to address the main causes of deforestation which the Bank's own Operations Evaluation Department identified as being driven by the powerful forces of globalization and economic liberalization, as well by as by poor governance.

In a nutshell: the proposed policy relies on market forces or marketing arrangements to address deforestation. Large-scale timber export and carbon sequestration projects are the likely beneficiaries. Yet there is no evidence to date that these projects can be effective in promoting environmentally sound and socially equitable development.

The proposed policy opens the doors to Bank extractive investments in all types of forests except those Bank bureaucrats deem to be "critical forests". Participatory mechanisms to ensure that the nearly one billion people world-wide whose livelihoods depend on forests will have a say in the definition of "critical forests" are not part of the plan. The only mention of participation is where the proposed policy calls for the private sector as well as local people and non-governmental-organization to provide input into the establishment of timber certification systems, which are to be based on the borrower country national laws and institutions. Given the balance-of-power in many of the world's main forest countries where governments and the logging companies operate in highly destructive and non-equitable ways, a much stronger requirement for the rights of affected people is called for.

Instead of proposing clear and strong new safeguards to protect the world's forests, the proposed policy refers to seven other existing World Bank 'Safeguard Policies' as a means to ensuring the protection of ecosystems and forest-dependent people. Ecosystems are to be protected under the Safeguard Policy for Natural Habitats, yet this policy has been largely ineffective and has not halted destructive investment projects. Local people's rights are to be protected under the Indigenous Peoples' Policy, yet this policy does not secure the tenure rights of indigenous forest peoples and fully ignores the hundreds of millions of non-indigenous people depending on forests for their survival.

The draft policy completely sidesteps the controversial issue of the impacts on forests of programmatic and structural adjustment lending by just passing this serious problem to a long-delayed, forthcoming revision of the Bank's overall policy on adjustment lending.

The proposed policy represents a severe weakening of the existing Operational Policy on Forests of 1993. Its planned provisions are unacceptable because they lack proper safeguards and pose a high

risk to the forests and forest peoples who will inevitably be harmed when Bank projects go wrong.

Among the more disappointing and disturbing elements in the new draft policy are the following:

- Despite demands from all those consulted that the policy should apply to the whole World Bank Group, the draft policy does not apply to the Bank's private sector arms, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).
- Despite public commitments from Senior Bank Management, the draft policy does not apply to structural adjustment or programmatic lending.
- Although the policy does apply to the Bank's country level planning ('Country Assistance Strategies' and 'Economic and Sector Work'), only vague assurances are made that, where strategies are found to threaten forests or forest dwellers, the impacts will be 'addressed': no details are given of how the Bank will do this or what must be done by Borrowers or clients to avoid such impacts.
- In response to fifteen years demanding such by NGOs, the policy does appear to apply to all Bank projects that may impact forests (and not just 'forestry' projects). But, on further scrutiny, it turns out that no new standards are set. The policy merely invokes the existing 'Natural Habitats' policy, which it is widely admitted has not been protecting forests adequately.
- Under the draft policy, Bank projects may trash most forests. Even 'critical' forests can be trashed, where alternative locations are not considered 'feasible' and as long as undefined 'mitigatory measures' are proposed.
- The previous policy proscribed World Bank funding of logging in primary moist tropical forests. NGOs had demanded that this proscription be extended to cover all old growth forests. Instead the Bank proposes it may now fund logging in all types of forests except those it decides are 'critical'.
- The Bank's technical advisors had recommended that the determination of what are critical forests in any one country or area should be established through participation with interested groups. Instead the draft gives authority to determine these areas to Bank technocrats.
- The previous policy only permitted the Bank to fund plantations on non-forested areas or heavily degraded forest lands. The new draft policy allows plantations to be established in forests, although it 'prefers' these not be areas specially cleared for the plantation.
- Bank funding of commercial logging will now be subject either to third party certification or an action plan promising such. However, beyond a vague list of issues to be addressed, the policy does not make clear what standards of certification are acceptable to the Bank, thus opening the way to rogue certifiers.
- The previous policy sought commitments from Borrower countries to sustainable forest management and the institutional and policy framework to achieve this. This requirement has been dropped.
- In the 1993 policy, projects to promote private sector forestry had to be accompanied by measures to ensure the participation of civil society. The requirement has been dropped.
- The previous policy required Borrower commitments to reserve areas for conservation alongside forest exploitation. The requirement has been dropped.
- The previous policy required Borrower commitments to reserve areas for forest dwellers. NGOs and the Bank's own technical advisors had urged the inclusion of stronger provisions to protect the rights of indigenous peoples and other forest dwellers. Instead these requirements have been weakened.
- The previous policy noted that the Bank does not finance projects that contravene applicable international environment agreements. NGOs had recommended that this provision should be

strengthened to include applicable international human rights agreements. Instead, the Bank has dropped this requirement altogether.

- The Bank's technical advisors had recommended that provisions be included to ensure that projects would alleviate poverty. The Bank has ignored the advice.
- The advisors had likewise recommended against including measures to promote markets in carbon trading in the policy, as the inclusion of forests in these markets had not yet been agreed among governments. The Bank has ignored this advice too.

Apparently hoping that most NGOs and governments will be too preoccupied with their preparations for the World Summit on Sustainable Development to carefully assess the draft policy, the Bank has offered only a six week aperture for comments on the draft (comments must be submitted by 2 August 2002).

- The WRM, FPP and ED are calling on the Bank and the Bank's executive Directors to:
- Delay finalisation of the policy until adequate time is given for debate and further inputs
- Rewrite the draft policy in line with the technical advice and NGO recommendations made during the Bank's public consultations on its Forest Policy Implementation Review and Strategy (FPIRS)