
[The World Bank and Forests: lies and deception](#)

In October 2002, the World Bank adopted a new policy on forests. Reversing the previous policy which had prohibited the Bank from funding projects that would destroy primary moist tropical forests, the new policy, adopted with the encouragement of the WWF, was aimed at encouraging greater involvement in forestry. The aim was to help the World Bank achieve the targets set by the World Bank-WWF Alliance for securing 200 million hectares of forests under responsible logging ('independently certified sustainable forest management'). The policy and associated strategy also aimed at promoting markets in environmental services, creating better opportunities for private sector investment in forest management, while claiming, unconvincingly, that it would also improve the livelihoods of the rural poor.

The policy was roundly condemned by many of the NGOs and Indigenous Peoples' organisations that had been involved in the lengthy consultations that had preceded its agreement. The main reasons we contested the policy were that it:

- does not apply to those arms of the World Bank that support the private sector, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA)
- does not apply to structural adjustment and programmatic lending
- lifts the previous proscription on World Bank funding for logging in primary moist tropical forests
- offers only ambiguous protection of 'critical' forests to be affected by World Bank funded projects
- offers no additional protection to forest-dependent peoples impacted by non-forestry lending that will affect forests
- allows Bank funding of forest clearance for plantations (although it 'prefers' plantations to be established elsewhere)
- relies on uncertain certification standards to protect forests and forest peoples in World Bank projects that do promote logging.

Our preference was for a simple proscription that non-technical staff at the World Bank could easily comprehend: that the entire World Bank Group should not support developments that could destroy old growth forests. Unfortunately, the technocrats wanted something more – you got it - technocratic.

Several governments shared some of our concerns about this policy and it was only eventually accepted by the Board of Executive Directors subject to a number of conditions. To secure the Board's agreement, the World Bank promised that:

- it would review progress with application of the policy after three years
- an 'External Advisory Group' would be established to create transparency and ensure that the Bank gained independent advice on how to apply the policy
- 'transparent mechanisms' would be established in the soon to be revised policy on adjustment lending (OP/BP 8.60) which would 'systematically' address the environmental aspects 'including in particular forestry impacts'
- meanwhile, Regional Vice Presidents would screen upcoming adjustment loans for their possible impacts and Bank management would establish 'transparent arrangements for systematically identifying' significant impacts.

a Forests 'Sourcebook' would be produced to guide World Bank staff in the application of the new policy with respect to identifying 'critical forests', establishing standards for certification and safeguarding forest dwellers.

the IFC would soon adopt a revised version of the policy adjusted to its task of funding the private sector.

Now, three years on, it is time to take stock. As the articles in this special issue show, the Bank has not kept any of these promises and, sadly, the concerns we had about the World Bank's new Forests Policy turn out to have been all too well founded.

The IFC, much less MIGA, has not adopted the new policy and yet is investing in a raft of dubious projects, which threaten forests and forest peoples, notably in the Amazon.

The promised 'Sourcebook' has never appeared.

The mechanisms promised to ensure that forests would be systematically addressed in programmatic lending have proved so 'transparent' as to be totally invisible.

The External Advisory Group, which was to have included representatives of civil society and indigenous peoples, involves nonesuch and has been swallowed up by the World Bank. Its dealings are unreported to the outside world.

'Community Forestry' projects in India, meant to alleviate poverty, have ignored World Bank safeguard policies and trampled the rights of indigenous peoples.

Mechanisms to expand logging in the Congo basin have been pushed through without securing community rights, promising accelerating deforestation.

High profile initiatives in Cambodia to stamp out forestry corruption have floundered for lack of Bank commitment.

Projects to promote new markets in carbon have despoiled landscapes and ruined livelihoods.

Even conservation projects funded through the Global Environment Facility have gone awry.

Meanwhile the WWF-World Bank Alliance, for whose sake the new forests policy was rewritten, cannot point to a single 'best practice' Bank-funded project of certified logging to justify the new approach.

The (now retiring) President of the World Bank has been asleep – or pretending to be asleep - at the helm, while the World Bank Group has reverted to the bad old ways of the 1980s, when forest destruction and the trampling of local communities, was considered the price of development.

If the World Bank is to be at all serious about forest protection, then the Bank's Board of Executive Directors needs to wake up to what is happening. A thorough independent review of what is going on is now needed. The Natural Habitats policy urgently needs to be assessed. zMeanwhile bad projects must be frozen and further IFC forest-related investments put on hold.

By Ricardo Carrere, World Rainforest Movement, e-mail: rcarrere@wrm.org.uy, www.wrm.org.uy,
and Marcus Colchester, Forest Peoples Programme, e-mail: marcus@forestpeoples.org,
www.forestpeoples.org