



The World Bank Inspection Panel on the World Bank Group's interventions in the Democratic Republic of Congo

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The Inspection Panel, an independent accountability mechanism within the World Bank, has recently prepared a report on the Bank's interventions in the forest sector in DRC, of which the Rainforest Foundation has obtained a copy. The report has been prepared in response to a Request for Inspection submitted by 12 Congolese activists, concerned about the impact of development of the forest sector on the lives and livelihoods of forest peoples¹.

The report is highly critical of the Bank's approach in DRC, highlighting many mistakes, failures to respect internal safeguard policies and inappropriate advice given to the Congolese government. It affirms the crucial importance of the forest for the lives of millions of Congolese, the threat that such activities as industrial logging offer to these peoples and their forest and the urgency and care with which issues concerning forest management in DRC need to be treated.

Background

Since 2001 the World Bank has re-engaged with the government of the Democratic Republic of Congo (DRC). Most recently, it has funded activities in the forest sector via elements of a number of grants and credits. This investment has been aimed at reform of the forest sector in DRC and has focussed on the development and implementation of new forest legislation.

The country is richly endowed with natural resources but has never been able to harness them for real developmental gain for its populations, most of whom still live on less than \$ 1 a day. This 'rich country, poor people' complex, years of brutal conflict partly fuelled by natural resource capture, and the lack of evidence that industrial timber extraction benefits the poor in tropical countries, mean that any reform to the forest sector should be undertaken with extreme caution. Reform should follow the principle of 'do no harm', by taking special care to not trigger any causes of conflict².

Concerned about the potential impact of Bank investment on the forest resources and traditional rights of forest peoples³, a group of Congolese people, (including some indigenous Pygmy people themselves and others who work with Pygmy communities), wrote to the Bank asking for reassurance on these issues in early

¹ For the Request for Inspection, see <http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/RequestforInspectionEnglish.pdf>

² World Bank (Conflict Prevention and Reconstruction Unit): Conflict sensitive development assistance the case of Burundi. Paper no. 27 June 2005

³ In DRC, the Bank itself estimates that some 40 million people depend on the forest for survival. According to the Inspection Panel, between 250,000 and 600,000 of these are hunter-gatherer "Pygmy" people.

2005. They did not receive a satisfactory reply and so, in November 2005, they made a formal complaint to the World Bank Inspection Panel.

The Panel then made two inspection visits to DRC, one in February 2006 and one in February 2007, with detailed research in between. Following the second visit, they carried out a further six months of extensive research, examining documents, interviewing Bank staff and other actors in the DRC forest sector.

Content of the Report

The report has reaffirmed critiques of the Bank that the Rainforest Foundation and many groups in DRC itself have been making since 2003⁴.

In summary, the report states that

- Industrial logging in DRC has profound social and environmental impacts and in its current state, it may well exacerbate poverty, not alleviate it.
- The DRC government, at present, lacks the basic capacity to manage the logging of its forests and the Bank interventions have not paid sufficient attention to this fact.
- The Bank has failed to comply with its own policies on: Indigenous Peoples (OD 4.20); Cultural Property, (OP 11.03); Environmental Assessment (OP 4.01); Natural Habitats (OP 4.04) and has shown serious inadequacies in complying with its overarching objective; that of Poverty Reduction (OD 4.15)
- The Bank effectively misled the Congolese government at the start of its engagement in the forest sector by vastly overestimating the export revenue from logging concessions, thus encouraging the government to look to industrial timber exploitation as a source of revenue.
- The Bank made some basic errors in the development of the projects, such as that fact that the project documents did not identify the existence of Pygmy peoples in the areas affected by the project and made no provision to identify or include them in project planning, (according to the Panel, there could be as many as 600,000 Pygmy people in DRC);
- The Bank 'downgraded' projects to lower levels of potential environmental risk, thus reducing the level of environmental assessment required, and then anyway failed to carry out environmental and social impact assessments before the projects started.
- The Bank did not produce an Indigenous Peoples' Development Plan as required under OP 4.20.
- Some improvements have been made in the Bank's approaches in the past two years – but most of these were only initiated after the initial Request for Inspection was submitted.
- The Bank demonstrated weak management, for example when it apparently failed to "make timely follow up efforts at a sufficiently high level to ensure necessary action in response to its findings".

⁴ See, for example, http://www.rainforestfoundationuk.org/files/Letter_to-World_Bank_%20re_DRC_Forests_Dec%2003.pdf

Key issues addressed in the report

One of the most significant comments made in the report is that: “the financing of policy and institutional reforms in a sensitive sector like the forests of DRC, and related advice and technical assistance, can lead to highly significant environmental and social impacts, even if it does not involve direct financing of the mechanical and organizational tools for industrial logging”.

Below, we have outlined some specific points that the Rainforest Foundation would also highlight in this report, which emphasise points that we and our partners have repeatedly made to the Bank and to other donors in the forest sector.

Land and resource rights

Two aspects of the Bank interventions could have serious implications for the rights of forest peoples to land and resources. The first is the fact that in the “pilot zoning scheme” that was part of the Project being inspected, “forest land use planning should have been anticipated to have a potentially fundamental impact on land, forests and people”. This part of the Project, identified by everyone concerned as being absolutely crucial, was dropped and has yet to be initiated.

Secondly, a process which is currently underway and which was heavily scrutinised by the report is that of the review of current logging titles with a view to their conversion to concessions, with exploitation rights assigned for 25 years. There are many profound flaws in this process, and one of its biggest threats is, as the Panel point out, “the forest concession conversion process serves as *de facto* zoning under which the legal and economic interests of the logging companies will be considered for long-term recognition, while consideration and recognition of the land tenure and livelihood rights of the people living in the forests or dependent upon them will be delayed”.

Consultation with local and indigenous people

This has been a consistent failure within the Bank’s interventions. Throughout the report, the Panel notes the absence of consultation, starting with the identification of communities that will be affected, followed by an absence of consultation or completely inadequate consultation mechanisms. Particularly important in relation to this question is the Panel’s observation that “it is not sufficient under the relevant policies to defer consideration of these issues and impacts, and consultations with local indigenous people more generally, to later stages of Project implementation”. As they point out, “a safeguard postponed in the design and appraisal stages may become a safeguard denied”.

Poverty reduction

At the start of Bank interventions in the Congo, a serious error was made in a wild overestimate of possible revenue that the government would gain from logging. As the Panel points out, “this had a significant effect, for it encouraged a focus on reform of the forest concession system at the expense of pursuing sustainable use of forests, the potential for community forests, and conservation”. In terms of poverty reduction this could have a devastating impact, because as the Panel points out, in a report to which Bank staff contributed, it is stated that, “Over the past 60 years, there is little evidence that

[industrial logging] has lifted rural populations out of poverty or contributed in other meaningful and sustainable ways to local and national development”.

Diversity of forest use

The Panel points out that local people see little or no benefit from industrial logging and they recommend that there should be far greater emphasis on other models of forest management, integrating land tenure and use rights and exploring options such as payments for avoided deforestation.

Importance of the Bank’s role in the forest sector in DRC

The Panel points out that the Bank has an important role to play and that it should remain engaged in the country and in the forest sector. However, to really play this role effectively, the Bank has to comply with its own internal safeguards, so that, according to the Panel, “the forests benefit the people in DRC and that they be available for both present and future generations”.

Next steps

Given the seriousness of the Bank’s errors in the development of its interventions in the forest sector in DRC, it needs to take a thorough look at its programme and rectify these mistakes as soon and as thoroughly as possible, addressing all the points raised in the Panel’s report.

This will include:

- Close scrutiny of the Concessions Conversion Process and rectification of its flaws before it proceeds.
- Encouragement of the Congolese government to maintain its moratorium on the allocation of new concessions until an effective land use planning process has been completed.
- Development of an Indigenous Peoples Development Plan related to its interventions in DRC, which pays serious attention to meaningful participation by indigenous communities and respect for their rights, bearing in mind the warnings of the Panel in relation to the consultation process involved in the Inter Ministerial Commission.
- Support for a genuinely participatory land use planning process, bearing in mind the above concerns about participation and consultation and the Bank’s own stated commitment to free, prior and informed consent.
- Substantial and serious investment in capacity strengthening of the state, including extensive training and support on alternatives to industrial logging, such as recognising community tenure and management, conservation and management for environmental services.

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