
World Bank: The Wolf in Sheep's Clothing

The World Bank has a long history in forest destruction. From the 1960s onwards, the Bank has funded large-scale destructive projects in the tropics --ranging from massive hydroelectric dams to extensive road systems-- which resulted in widespread deforestation processes. Since the 1980's, the Bank's negative role was further increased through its structural adjustment programs --in partnership with the International Monetary Fund-- which opened up forests to additional destructive activities --ranging from mining to export-oriented large-scale monocultures-- for the benefit of transnational corporations and their local partners.

As a result of strong international campaigns, the Bank prepared a Forest Policy paper in 1991 to help ensure that its activities would promote forest conservation. This paper which contained a prohibition on direct Bank financing of industrial logging operations in primary moist tropical forests was well-received by the NGO-community. It was spelled out as an Operational Policy in 1993 with the promise of changing the Bank's approach to forests. However, the Bank failed to implement its own policy. That was the conclusion of an extensive review carried out during 1999 by the Bank's own Operations Evaluation Department (OED). In general terms, the OED concluded that the Bank had failed to implement critical provisions in the policy, such as using an inter-sectoral approach to forest which would have ensured that the impacts on forests of all types of Bank operations would be taken into account and avoided.

Although the policy was not implemented in practice, many Bank staff felt unhappy with the policy believing that it was too conservation-minded and pressed for the development of a new policy which would allow for the financing of large-scale forestry operations. However, given the previous controversies around World Bank Forest Policy, the intended policy changes required to at least give the appearance of a consultative process with stakeholders. During the period 2000/2001, NGOs on all continents accepted the World Bank's offer to participate in a series of regional consultations to help the Bank prepare its new Forest Policy (OP). In addition, the Bank established a Technical Advisory Group (TAG) to provide the institution with further guidance in this important policy area.

However, the input provided by the consultations and the TAG has evaporated into thin air. The consultations were a sham. This is the conclusion we have to draw from the Bank's draft OP which was placed on the institution's website on June 10 for public review until August 2, 2002.

Letters sent to Mr. Wolfensohn by WRM/Environmental Defense/Forest Peoples Programme (endorsed by more than 200 NGOs worldwide) and by Russian NGOs which recently participated in a forest conference in Siberia, highlight some of the most disturbing elements of the draft OP:

- Although economic and trade policies have long been identified as driving forces of deforestation, the OP does not apply to the growing area of structural and programmatic lending;
- The Bank's private sector arms, the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) are exempt from the OP;
- It opens the doors to extractive investments in all types of forests except those deemed to be "critical" by World Bank officials. There is no stakeholder participation in the definition of "critical"

forests;"

- Even "critical forests" may be logged or cleared where alternative locations are not "feasible" and as long as undefined "mitigatory measures" are proposed;
- It opens the door to Bank financing of plantations in forests, although it "prefers" these not be areas specially cleared for the purpose;
- It opens the door to rogue certification schemes since Bank funding of commercial logging is to be subject to third party certification or an action plan promising such, but without setting clear standards;
- The draft OP no longer requires that areas be set aside for indigenous peoples and other forest dwellers (this is a requirement of the existing Forest Policy);
- Similarly, the draft OP has dropped a previous requirement to set aside areas for conservation alongside forest exploitation.

There is universal agreement among the NGO-community that the draft OP is seriously flawed and represents a dangerous set-back for the world's forest ecosystems and the people whose livelihoods depend on them. What follows are brief excerpts from letters addressed to World Bank President Wolfensohn by major conservation organizations:

IUCN: "...the draft OP does not adequately safeguard the rights of forest-dependant people or the integrity of biologically important forests from the unintended negative impacts of Bank operations." (July 30, 2002).

World Resources Institute: "...the draft policy currently submitted for public comment is grossly inadequate to fulfill its intended objectives. It is inadequate to promote either a 'do no harm' or a 'do good' agenda, and is incomplete in its coverage of Bank Group instruments and institutions." (August 2, 2002).

WWF and Conservation International: "The current Bank draft falls short of several fundamental requirements on which virtually the entire conservation community agrees. If adopted in its current form, the draft OP may not only be bad for the world's forests, but will certainly expose the Bank to serious and warranted criticism for ignoring much of the advice it openly solicited on the subject." (July 17, 2002).

In the run-up to Johannesburg the World Bank is putting in extra efforts to portray itself as the global leader in environmentally and socially sustainable development. The proposed new Forest Policy, however, reveals an entirely different picture of an institution going backwards on previous commitments to protect the world's forests and the people who depend on them. The wolf in sheep's clothing is probably the most accurate way of describing it.

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