
World Bank Forest Policy: holding our breath

As this latest WRM Bulletin is being sent out, those of us who have closely followed the World Bank's efforts to develop a new Forest Policy are holding our breath. The release of the draft of the new Operational Policy (OP) on Forests is to be released within the next few days. Or so we are told.

The date of the release of the draft OP has been postponed numerous times over the past year. In response to a letter by GLOBE, an organization of members of parliament from numerous countries, the World Bank's Vice President for Environmentally and Socially Sustainable Development, Ian Johnson, stated in early November 2001 that the draft OP would become publicly available towards the end of that same month.

Apparently the draft OP got stuck in an internal World Bank dispute over whether the new Forest Policy would or would not apply to the World Bank's growing area of policy-based lending, better known as structural adjustment loans and now re-labeled as programmatic lending.

NGOs had demanded all along that a Forest Policy must apply to all World Bank operations which might have impacts on forests. Already the World Bank's 1991 Forest Policy Paper had promised an inter-sectoral approach to forests. But as a study by the World Bank's Operations Evaluation Department of January 2000 showed, this promise was not translated into practical action. The study found little evidence that the forest policy was integrated into macro-economic and sectoral analysis, or lending for adjustment, infrastructure or agriculture. Worse, the same study identifies globalization and trade liberalization, which are promoted by structural adjustment loans, as driving forces of deforestation.

It now remains to be seen how the draft OP on Forests will handle this important question.

A draft "Revised Forest Strategy for the World Bank Group" was placed on the World Bank's web page (<http://www.worldbank.org/forestry>) in June 2001. The difference between a World Bank strategy and an Operational Policy is that the former offers purely voluntary, non-binding guidance while the latter --at least in principle-- represents mandatory instructions for World Bank staff. As a result, OPs represent an important yardstick against which civil society groups can hold World Bank staff accountable.

The draft revised strategy announces that the Bank's new OP on forests intends to lift the Bank's existing ban on direct financing of logging in primary moist tropical forests. The claim being made by the Bank is that there was broad support for a World Bank "re-engagement" in the forest sector as a result of the regional consultations which were held on all continents in the year 2000. This "re-engagement" is being interpreted as support for direct World Bank investments in forestry operations as a means to protect forests.

The OP as outlined in the draft strategy represents a rupture with the World Bank's 1991 Forest Policy Paper and subsequent OP on Forests (OP 4.36) which explicitly prohibit the Bank from supporting logging in primary, tropical moist forests. World Bank support for logging, including

financing by the IFC and MIGA, the World Bank's affiliates which subsidize the private sector, would open the floodgates for the expansion of large-scale industrial logging. Much of this logging would take place in the world's old growth forests where profits are generated quickly.

As soon as the draft Operational Policy becomes publicly available, NGOs will have to press for the necessary changes to ensure that it represents an unambiguous, strong safeguard policy (OP) for forests, which:

- Secures the rights of forest dwellers;
- Ensures that non-forest sector lending does not damage forests and forest peoples;
- Proscribes World Bank Group financing of logging in old growth forests.

By: Korinna Horta, member of the WRM Steering Committee