

SIERRA CLUB



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May 4, 1990

The Hon. Nicholas F. Brady
Secretary of the Treasury
U.S. Treasury Department
1500 Pennsylvania, NW
Washington, D.C. 20220

Dear Governor Brady:

We are writing to express our concerns with the World Bank's involvement in the Tropical Forestry Action Plan (TFAP). We advocate a complete moratorium on World Bank forestry sector and/or Tropical Forestry Action Plan lending until a comprehensive review of the TFAP is conducted by the World Bank along the lines we suggest in this letter.

While we believe that global deforestation is a serious problem requiring immediate attention, we question the ability of the Tropical Forestry Action Plan process, in its current form, to faithfully address the multiple causes of tropical deforestation or produce adequate and lasting solutions. In addition to our substantive concerns, outlined below, we decry the lack of inclusion of non-governmental organizations (NGOs), particularly those from countries with tropical resources, in the Tropical Forestry Action Plan process. Most disturbingly, the net effect of the Tropical Forestry Action Plan so far appears to be increasing investment for unsustainable commercial logging activities in TFAP countries.

We urge you to raise our concerns about Tropical Forestry Action Plan, discussed below, at the May 7-8 meeting.

I. THE URGENT NEED FOR ATTENTION TO GLOBAL DEFORESTATION

With tropical forests disappearing at the rate of 30 million acres per year (an area the size of Pennsylvania), few deny the urgency of preserving those tracts of forests that remain. Approximately 25% of all species on Earth could become extinct by the year 2050-- due primarily to the loss of tropical forests. Although they cover only 6% of the globe's land surface, rainforests contain perhaps 80 - 90% of the world's species. One out of four pharmaceuticals used by Western chemists comes from a tropical plant, including those used to treat cancer, leukemia and Hodgkin's disease.

In addition, rainforests provide gene stocks critical to modern agriculture, protect watersheds, limit erosion, regulate local climate, and provide food, fuelwood and livelihood to an estimated 300-500 million people currently living in tropical forest areas. Greenhouse gases emitted from tropical deforestation, primarily carbon dioxide, but also methane and nitrous oxide, account for about 18% of total emissions of these gases worldwide. Deforestation in tropical countries has increased by as much as 90% over the past several decades.

"When we try to pick out anything by itself, we find it hitched to everything else in the universe." *John Muir*
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In 1985 the World Bank, along with the United Nations Development Program, the Food and Agriculture Organization and the World Resources Institute, responded to the urgent need to address tropical deforestation by encouraging the adoption of a comprehensive framework, the Tropical Forestry Action Plan (TFAP), to serve as a mechanism to coordinate international aid efforts to the forestry sector. As of January 1990, 74 countries have applied for TFAP funding. This includes virtually every country on earth with remaining tropical rainforests.

II. SUBSTANTIVE ISSUES REGARDING THE CONCEPTION AND DEVELOPMENT OF THE TROPICAL FORESTRY ACTION PLAN

In a recent Washington, D.C. plenary session on the Tropical Forestry Action Plan, 30 NGOs from around the world analyzed the TFAP and found that on balance, tropical deforestation is likely to accelerate under the TFAP. The following observations concerning the TFAP were made:

* The original concept of TFAP was flawed by an internal contradiction: it recognized many causes of deforestation but its principal emphasis was to promote increased support for conventional forestry projects that do not address the main causes of forest destruction. Since its inception the TFAP has been an exercise in top down management; inadequate analysis of the forces driving deforestation and minimal popular support for the final national plans was in this way ensured from the start.

The plan:

- o ignores the critical role of indigenous and tribal peoples in rainforest areas; subsequent TFAP planning exercises have at best recognized this omission without taking any measures to remedy it;
- o is based on the fundamental misapprehension that more money for conventional development assistance can in itself significantly remedy global deforestation;
- o makes the unsubstantiated, flawed assumption that sustainable logging on a large scale is possible and viable.

The plan also:

- o ignores the existence and role of rural development and people's organizations in tropical forest communities;
- o overlooks existing informal market forces for forest products, and;
- o fails to identify the importance of conserving the biodiversity of forests not currently classified as protected areas.

In addition, the original plan:

- o does not establish an adequate mechanism to ensure public accountability;
- o is dominated by western and technocratic approaches to forest management and development; and,
- o underestimates institutional and social requirements for local implementation of the plan in all tropical countries.

* Development of the TFAP at the country level so far has failed even to follow the FAO's inadequate guidelines. Significantly, adherence to the FAO guidelines on TFAP is not yet mandatory for TFAP countries, nor are the guidelines comprehensive. For instance, they do not yet include specific directives on incorporating NGOs into the TFAP process or on meeting indigenous peoples' needs.

Overall, development of the TFAP has lacked a cross-sectoral approach. The integration of agricultural, conservation, economic and development perspectives into country-level TFAPs has been hindered by heavy dependence on short-term consultants with backgrounds primarily in commercial forestry.

So far, country-level TFAPs largely fail to address the root causes of deforestation because they:

- o neglect complex problems of land use;
- o often ignore policy changes that would guarantee land rights;
- o often do not recognize customary land rights; and,
- o in general do not promote integrated country-wide natural resources management plans which adequately analyze the destructive impact of forestry, agricultural and development policies and projects on remaining forest resources.

Moreover, the national plans:

- o despite their rhetoric to the contrary, do not promote sustainable forestry;
- o ignore the importance of forests in retaining carbon dioxide;
- o do not address the role of international issues such as debt and trade; and,
- o appear so far to have the effect of promoting spending by donors on ill-conceived and unsustainable commercial forestry projects.

In developing country-level TFAPs, country teams relied on limited, often inaccurate "official" information; the resulting national plans consistently reflected the interests of aid agencies and recipient governments, not forests or forest dwellers. And, the FAO failed to develop adequate mechanisms for reviewing, monitoring, and evaluating country plans.

The TFAP simplistically blames poverty as the main cause of deforestation and fails to recognize the primary role of commercial interests and failed development models. The TFAP planning process consistently overlooks root causes of deforestation, and instead largely promotes funding of logging and other unsustainable forestry projects.

What began as a well-intentioned initiative to coordinate international lending for countries with tropical rainforests has revealed itself as a serious threat to the existence of the world's remaining tropical forests. In late 1989, in response to these problems, the Director-General of the FAO ordered a review of the TFAP process.

III. PUBLIC ACCESS TO INFORMATION UNDER TFAP

So far there has been little or no public access to information on most TFAP programs for individual countries. As we have said, public and NGO participation in the TFAP has been inadequate. Since its inception, NGOs and forest dwellers consistently have not been consulted or substantively included in the TFAP process. With a few notable exceptions, the TFAP process remains top-down and exclusionary. When NGOs are included it is often an exercise to garner NGO support for a national TFAP rather than to incorporate NGO suggestions into national plans. As a result there has been little participation of NGOs and the concerned public in both recipient and donor countries.

In early 1990 environmental organizations obtained documentation on individual country TFAPs and related forestry projects for eleven countries in Africa, Asia and Latin America. Case studies of these countries confirm that the overall thrust of national TFAPs is to promote the development of commercial forestry and industrial forest plantations. We enclose a summary of one such review, prepared by the World Rainforest Movement. All of the undersigned organizations have endorsed the findings of this review and have called for a moratorium on all international funding of the Tropical Forest Action Plan as it currently exists.

In addition, our investigations into recently approved and proposed World Bank forestry sector loans in Africa reveal the following:

Guinea: One of the first forestry sector projects to be funded by the Bank in 1990 was a \$23 million forestry and fishery IDA project for Guinea. Yet, as was discovered in late 1989, the "forest management and protection" component of the project actually amounts to a deforestation scheme. The World Bank IDA credit will support the construction of 45 miles of roads in and around two humid forest reserves of some 150,000 hectares, 106,000 hectares of which are still pristine rainforests. The World Bank project document also reveals that two thirds of the remaining 106,000 hectares will be utilized for commercial timber production, even though government institutions to properly and sustainably manage timber extraction do not yet exist.

Ivory Coast: In late March of this year the Bank approved an \$80 million IBRD loan to the Ivory Coast, a country which has lost over 12 million hectares of tropical forests in the past 30 years and has the highest relative deforestation rate in the world. By the year 2000, the Ivory Coast will likely become a net importer of wood. However, the new World Bank loan will support opening 700,000 hectares of new forest areas to commercial logging, in spite of a lack of convincing evidence that either government agencies or private companies will manage these areas in a sustainable manner. In addition, the World Bank did not appear to follow its own guidelines for resettlement activities even though thousands of farmers living in forest areas will be displaced by the project's activities.

Cameroon: The Bank is preparing a \$30 million loan (IBRD) for the latter half of 1991 that will support a \$167 million TFAP investment program prepared by FAO for Cameroon. The TFAP program's principal stated goal is to make Cameroon the largest forest product exporter in Africa in the 21st century. To accomplish this will require opening up nearly 14 million hectares (an area the size of Florida) of pristine tropical forest in southeastern Cameroon. Getting the timber out will require the construction of a major penetration road to the sea and the building of a deep-water port. The proposed road will cut through forest lands that are presently inhabited by a Pygmy population of about 50,000 people. These indigenous forest dwellers do not receive mention in the now completed TFAP planning document for Cameroon. The World Bank Cameroon forestry loan is currently under preparation. If, when approved, it supports the general goals of the Cameroon TFAP, an environmental and social tragedy will result.

IV. WORLD BANK FORESTRY SECTOR INVESTMENTS

World Bank investments in the five TFAP "fields of action" heavily favor forest based industrial development projects. World Bank TFAP investments by field of action in 1988 were (U.S. \$ millions):

\$ 73 : 61.1%	<u>forest industries</u> : commercial logging and industrial tree plantations
\$ 20 : 16.7%	<u>conservation</u> : maintenance of biodiversity and climatic stability
\$ 13 : 10.9%	<u>forest in land use</u> : tree planting, agroforestry, and watershed protection
\$ 12 : 10.0%	<u>fuelwood and energy</u> : conservation, alternative fuels, new resources
\$ 12 : 9.6%	<u>institutions</u> : improved planning, research, training and extension services
Total \$119.9 ¹	

We understand that under the TFAP auspices, the World Bank plans to increase its forestry sector lending from \$138 million in 1987 to as much as \$800 million annually by 1992. The World Bank's track record on forestry projects, as outlined above, calls into question its ability to fund projects contributing to a slowing of deforestation, as originally called for under the TFAP.

¹ *Review of International Cooperation in Tropical Forestry* 9th Session of International Cooperation in Tropical Forestry 9th Session of Committee on Forest Development in the Tropics, Rome, Italy, 11-15 September 1989.

V. RECOMMENDATIONS

The undersigned organizations have called for a moratorium on World Bank forestry sector and/or Tropical Forestry Action Plan lending until a comprehensive review of TFAP is conducted. We urge that this review be undertaken under Bank auspices, but with full NGO input, complete NGO and public access to TFAP documentation, and NGO and public meetings with Bank staff on the TFAP. As part of this review process, public meetings should be held in all TFAP countries that have reached the Stage II planning phase. These meetings should fully incorporate NGO comments and proposals into TFAP planning and projects and should provide for complete public and NGO access to TFAP planning documents. We urge that the review be completed by July, 1991.

We believe that Tropical Forestry Action Plan donors must meet, with NGO participation, to reconsider the management and organizational structure of the TFAP. This discussion should also consider whether the FAO is the appropriate agency to continue as coordinator of the TFAP.

Finally, we strongly encourage the incorporation of the following reforms into the TFAP before funding is resumed. Without the incorporation of these measures, we cannot endorse the TFAP:

o PUBLIC PARTICIPATION: Country review teams must foster broad participation by NGOs and non-forestry sectors, including conservation biologists, land use planners, demographers, and social scientists. Country plans must include built in guarantees to incorporate the needs of forest dwellers/indigenous peoples, as they themselves define them, and to address the many causes of deforestation. Local organizations and indigenous peoples must be fully included in the TFAP planning and project identification process.

TFAP Operational Guidelines should be amended to include explicit directives on incorporating NGOs into the TFAP process and meeting indigenous peoples' needs (as informally adopted by the FAO Forestry Advisors Group), and should be made binding and mandatory.

The FAO should establish a procedure requiring public hearings, including complete public and NGO access to TFAP documents, on all final country-level TFAPs.

o BROADEN SCOPE OF ACTION: Country plans should encourage immediate policy action, such as legislative reform and securing of land claims, in addition to investments, whenever possible. Country plans should address broad policy and institutional issues, such as land tenure, multi-sectoral land use planning and government subsidies, beyond a strict focus on forestry sector investment planning. Specifically, country plans should include concrete time tables for recognition of land tenure for forest dwellers, especially the recognition of ancestral domains for indigenous peoples.

TFAP should encourage the rational utilization of non-wood forest products such as nuts, fruits, rubber, oils and incorporate the findings of "new" resource economics demonstrating the superior long-term sustainability and value of these products. In addition, all national TFAPs should include a clear commitment to the preservation of natural forest areas.

o STRONGER OVERSIGHT: All country plans should include a forest monitoring plan and call for the creation of a national inter-agency coordinating unit and review committee which includes NGOs.

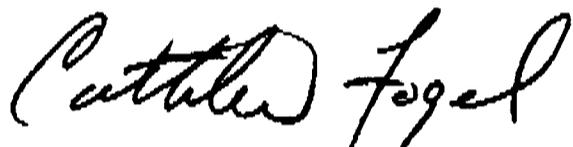
The urgent need to reduce traditional forestry's influence on the TFAP should be discussed at a central donors' meeting on the TFAP, which is fully open to participation by NGOs. Measures to limit traditional forestry's influence on TFAP such as moving the TFAP coordinating unit from the FAO Forestry Department to the FAO Executive Director's office or elsewhere should be considered.

Finally, the FAO Forestry Advisors Group should reduce support and financing of forest industries projects and increase funding for ecosystem and watershed conservation and the incorporation of NGO and local group views into the TFAP planning process. A multisectoral TFAP oversight body outside of the FAO structure, should be created. This body should have responsibilities including, but not limited to, the distribution of TFAP documents to NGOs and the interested public, and the solicitation of NGO and public participation in the TFAP process.

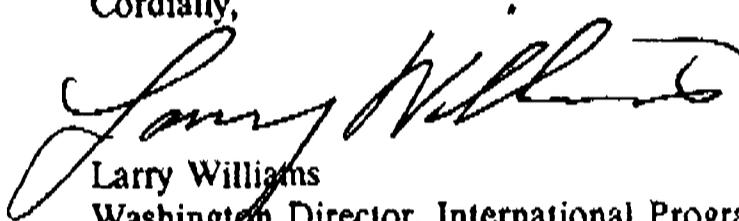
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We would like to emphasize that we fully support immediate attention to the world problem of deforestation. However, we cannot support the Tropical Forestry Action Plan as it currently stands. We urge the Bank to review seriously the recommended reforms and difficulties with the TFAP contained in this letter, and to withhold funding for all forestry sector and Tropical Forestry Action Plan loans until a comprehensive review of the TFAP, along the lines we have suggested, has been completed. Without this review, and adoption of the necessary reforms, the Tropical Forestry Action Plan process and World Bank TFAP and forestry sector lending will accelerate, not reduce, global deforestation.

Cordially,



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**cc: Development Committee members
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Enclosure: Summary from the World Rainforest Movement report.