



Mr. Benoît Bosquet
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Carbon Finance Unit
World Bank

7 September 2007

Dear Mr. Bosquet,

We are writing to you concerning the proposed World Bank Forest Carbon Partnership Facility (FCPF), scheduled to be launched at the Conference of the Parties to the United Nation's Framework Convention on Climate Change (UNFCCC), in Bali, in December later this year.

It is our understanding that the World Bank's carbon finance initiatives are an integral part of the Bank's mission to reduce poverty. The fact, therefore, that industrial-scale logging companies might benefit financially under the FCPFⁱ is perverse and, we believe, risks undermining the credibility of the entire framework.

Experience in Cambodia, a subject now familiar to World Bank President Robert B. Zoellick following his recent visit, provides a case in point. In 2006, the World Bank Inspection Panel found that, "...the Bank chose to give primary emphasis in the Project'sⁱⁱ design to the technical and financial aspects of concession reform at the expense of environmental and social aspects." In particular, "...the Project did not seem to take on the key objective of using the potential of forests to reduce poverty." The Inspection Panel also found that industrial-scale logging had "contributed to significant degradation of Cambodia's natural forests and ... hastened the conversion of forests to other forms of land use."ⁱⁱⁱ It would be tragic if projects initiated under the FCPF made the same mistakes.

ⁱ In the section "Role of the Private Sector", the March 2007 FCPF concept note states: "Private enterprises (e.g. logging companies or farms) could be directly involved in the programs and measures designed to curb deforestation and degradation (e.g. a logging operator could adopt more sustainable forestry practices..." (see page 11).

ⁱⁱ Cambodia Forest Concession Management and Control Pilot Project (FCMCP) (Credit No. 3365-KH).

ⁱⁱⁱ World Bank Inspection Panel Investigation Report (IPIR), July 2006.

It is our view that industrial-scale logging is rarely, if at all, pro-poor and contributes little, if anything, to poverty alleviation, particularly where there is little management or control capacity. Similarly, Baroness Amos, the UK Government's House of Lords spokesperson on international development, on 25 July 2006, said: "*There is a growing consensus that the traditional concession-based industrial logging model does not generate the desired economic, social and environmental benefits.*" Even the World Bank has stated recently that "*Industrial timber production has a poor record in Africa. Over the past sixty years, there is little evidence that it has lifted rural populations out of poverty or contributed in other meaningful and sustainable ways to local and national development.*"^{iv}

With this in mind, we very much hope that the FCPF Concept Note will be re-drafted, making it explicit that industrial-scale logging companies will not benefit financially under the proposed framework.

Lastly, given that the Bank should learn the lessons from the past prior to launching new activities, we would be interested to know how the findings of the Forest Strategy Implementation Review (aka Mid-Term Review) have been taken into account in the design of the FCPF. We would also be grateful if the findings of the review could be made public.

Yours sincerely,

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Forest Monitor

Susanne Breitkopf
Greenpeace International

Patrick Alley
Global Witness

Simon Counsell
Rainforest Foundation UK

Cc:

Cheryl Ashton, US Treasury
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John Hurley, US Treasury
Keith Kozloff, US Treasury
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Uma Lele, World Bank
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^{iv} The World Bank et al., "Forests in post-conflict Democratic Republic of Congo – Analysis of a Priority Agenda", February 2007.