

Sent by Rainforest Foundation UK, (Additional), 4/06/2009

-----Original Message-----

From: Susanne Breitkopf [<mailto:sbreitko@greenpeace.org>] On Behalf Of Susanne Breitkopf

Sent: Monday, April 06, 2009 4:31 PM

To: Seymour, Frances (CIFOR)

Cc: cifadminunit@worldbank.org; aelhamri@worldbank.org; esaboia@worldbank.org; harce@fonafifo.com; markku.aho@formin.fi; lwhite@uuplus.com; josef.karl@bmz.bund.de; bamforobert@yahoo.com; rbamfo@hq.fcghana.com; dquist@mofep.gov.gh; quistdm@yahoo.co.uk; project.coordinator@forestry.gov.gy; Economist_pradeepa@yahoo.com; ajinasution@embassyofindonesia.org; frossi@worldbank.org; nakata.ryosuke@jica.go.jp; aodogherty@worldbank.org; aenkhat@mbox.mn; mne@mongol.net; achebli@worldbank.org; fons.gribling@minbuza.nl; k.seeters@minlnu.nl; Per-Fredrik-Ilsaas.Pharo@md.dep.no; ljf@md.dep.no; Conrad@rainforestcoalition.org; mhosein@yahoo.com; a-sullivan@dfid.gov.uk; Katie.berg@do.treas.gov; cbarber@usaid.gov; rschoellhammer@adb.org; Mconstantine@ifc.org; DGibson1@ifc.org; Lsilva@ifc.org; Peter.Holmgren@fao.org; agutter@thegef.org; charles.mcneill@undp.org; mcalpine@un.org; Benjamin Vitale; Lawrence (Ladd) Connell; whmaidan@indyact.org; jeannettegurung@wocan.org; rhea_hale@afandpa.org; juancarlos@amazonalliance.org; diego@coica.org.ec; mulenkei@yahoo.com; iin@iin.co.ke; castroestebancio@gmail.com; stewart.maginnis@iucn.org; Pblissguest@worldbank.org; gdieterle@worldbank.org; pverkooijen@worldbank.org; Hasibuan, Rita (CIFOR); Nikki; samnah@africa-environment.org; 'Bhola Bhattarai nepal'; simone lovera; JVE Togo

Subject: Re: Summary of the Co-Chairs - 2nd Design Meeting on the FIP - March 5-6, 2009

Dear all,

Attached, please find comments on the FIP design document prepared by Greenpeace International and Rainforest Foundation UK, with contributions from Global Witness and IndyACT.

We also corrected and amended this email list, since several selected civil society representatives were excluded from previous communications due to incorrect email addresses or omissions. (I corrected the address of Nikki Reisch and added Simone Lovera, Samuel Nnah and Bhola Battharai, the latter three of whom were selected to participate in the 2nd and 3rd design meetings but were unable to attend the meeting in early March due to time and visa constraints.)

Attached you will find two documents:

1. A summary of general comments on the FIP

2. A table outlining detailed text proposals to be considered in the preparation of the final document

Happy reading.

With best regards,

Susanne Breitkopf Nikki Reisch

General comments:

The Rainforest Foundation UK welcomes this opportunity to provide comments regarding the draft “information notes” for the Forest Investment Programme (FIP), and appreciates the secretariat’s willingness to extend the deadline for such comments. However, we note that the limited availability of the documents to the public (in English only), the relatively short comment period and the absence of discussion on these documents during the March design meeting constrains our ability to provide a complete assessment and recommendations.

Furthermore, RFUK believes that as they are currently formulated, the information notes may do more harm than good and should be removed, or at least qualified as non-binding, individual contributions from the FIP secretariat which do not reflect consensus among participants in the FIP design process. If information notes are to be retained, their function should be clarified to indicate whether they are simply background documents, for reference only, or serve as specific guidance (that is in any way binding) for candidate FIP countries/projects.

On a general note, while RFUK recognizes the work done to develop these texts, in light of the lofty aims of the FIP, we are disappointed by the lack of “transformative” thinking reflected in the information notes and the examples cited. The aim of the FIP should not be to make damaging practices, like industrial logging of pristine forests or mining in forest reserves, slightly less harmful than they would otherwise have been. To do so would be to pursue incremental change, not transformative change.

Comments on the “Illustrative Examples” document:

Rainforest Foundation UK followed with interest the debate during the March FIP design meeting regarding the information note entitled “Illustrative Examples of Potential Investments Under the FIP.” RFUK believes that while there may be value in providing some more specific guidance regarding what kind of investments the FIP will seek to support given its objectives [namely, to: a) finance large-scale investments; b) promote transformational change; c) generate understanding and learning; and d) pilot replicable models], it is counter-productive to provide a list of “illustrative examples”, as such could inadvertently prescribe activities and stymie innovation. However, RFUK believes that the FIP should provide a clearer definition of what is meant by “transformational change”, outlining specific criteria for eligibility, and presenting an “exclusion list” indicating types of activities that **will not**, under any circumstances, be supported by the FIP. There is precedent for such a list within the World Bank Group; the International Finance Corporation (IFC) has an exclusion list, indicating the types of projects that IFC does not finance (see: <http://www.ifc.org/ifcext/disclosure.nsf/Content/IFCExclusionList>)

Exclusion list. First and foremost, RFUK believes that if the FIP is designed to “support countries’ REDD-efforts” and maximize benefits of sustainable development, particularly in relation to biodiversity conservation, rural livelihoods, and ecosystem services, then **it should not, under any circumstances, finance deforestation or forest degradation**. This may seem like an obvious point, but in its current formulation, the information note on “Illustrative Examples of Potential Investments under the FIP” suggests that FIP funds could be used to support industrial logging and the creation of plantations. Industrial logging is a form of forest degradation, and degradation decreases resilience, rendering

forests more vulnerable to fires and other natural disturbance, as well as more prone to further exploitation, leading almost invariably to deforestation /conversion to non-forest land. To avoid catastrophic climate change, we need to do all that's possible to keep the world's remaining natural forests standing and resilient to future climate change. We believe that expressly supporting activities that contribute to forest degradation is counter to this aim. Terms such as "sustainable forest management" or SFM are, we believe, overused and too often abused to "green-wash" logging activities which are not, in fact, "sustainable" from an ecological, social or economic perspective.

The FIP should not support industrial-scale logging; insofar as 'SFM' is used euphemistically for industrial logging, it should be deleted from the text. Under the heading "*Improved forest management (in production forests), including restoration of degraded forests*", the following example should be struck from the text: "investment in SFM-based production of timber and non-timber forest products in secondary forests that will create sustainable livelihood opportunities for forest-adjacent, low-income rural families that currently depend on subsistence agriculture and income from illegal logging." RFUK does not believe that such investment in logging activities can, by any definition, be considered "transformative", and that the term 'livelihood *opportunities*' belies the reality that such logging operations almost never actually fulfil the potential to lift rural people in the tropics out of poverty.

Concerns about support for "certification" systems: Furthermore, greater clarity is required on what are considered "sustainably produced raw materials" (in paragraph iv). Similarly, we are concerned that "investments in sustainable forest management practices, including support for certification of forests and chain of custody" is more geared toward the "legalization" and regulation of industrial logging and agro-industry than it is toward transforming forest uses. Existing certification schemes, such as the Forest Stewardship Council (FSC), fail to ensure rigorous and uniform application of standards of "sustainability". As a result, activities that contribute significantly to the degradation of forest ecosystems and generate social conflict are "FSC-certified" (see: www.fsc-watch.org). In so far as improving chain of custody tracking can help ensure more stringent enforcement of laws against illegal logging (such as logging in breach of bans or moratoria), it is to be welcomed – though there are doubts as to whether even the best of the certification schemes (FSC) really achieves this. Insofar as no forest management certification scheme has yet to develop a methodology for reliably assessing 'carbon-neutral' or 'carbon positive' forestry, we believe that the principal aim of the FIP should be to contain logging activities or shrink their area of operation – not to expand the market for "certified timber". The incentives underlying such certification schemes are inherently contrary to the climate-related objectives of the FIP. Because revenues are linked to sales of "certified" timber (and not to area of forest which is free from logging or forest degradation carbon emissions, for example), countries engaged in the development and application of certification schemes in their own territories have an incentive to increase the amount of logging that is certified, not to decrease the volume of trees being cut down.

To be truly transformative, and in line with paragraph 5 (a) of the document, the FIP should support efforts to reduce demand for wood and agricultural products altogether, and halt the production and purchase of products derived from degraded or converted forests.

No support for plantations. RFUK fails to see how investments in plantations and the creation of woodlots can be considered as “transformative” change in the management of forests. As currently worded, the information note suggests that the FIP could support the creation of plantations and woodlots “on non-forested and previously forested land”, merely noting that “safeguards must be included to insure [sic] against clearing of (degraded) primary forests for plantation purposes” without providing any detail as to how such safeguards would adequately protect against the FIP financing conversion of natural forests to plantations. We need not remind the World Bank’s forest department that natural forests not only store greater quantities of carbon (and biodiversity) than do monoculture plantations, but they are also more resilient/able to withstand ecological disturbances and thus critical to both climate change mitigation and adaptation.

Bolder thinking needed regarding investments outside forest sector: RFUK believes that the section concerning “investments outside the forests sector” is perhaps the most important and potentially “transformative” of all those contained in the document, but it has received disappointingly little attention. Unlike other initiatives, the FIP has the flexibility to support a range of activities which are essential to addressing underlying causes of deforestation and degradation, both inside and outside the forest sector. This is one of the potential strengths of the facility. However, the language in the document should be strengthened. There is little doubt that the first thing listed under this section “Investments to support a shift by agribusiness companies and landowners away from clearing of rain forests towards planting on non-forest lands” is clearly linked to effects on the forest sector – and indeed one would imagine that reducing such pressures on forest land (as are imposed by agribusiness engaged in forest clearance) would be at the very heart of what the FIP would support.

FIP shouldn’t finance destructive mining or infrastructure projects on the premise of making them less harmful. Sweeping statements like “complementary investments in non-forest sector programs (agriculture, infrastructure, mining, energy, etc) to ensure inclusion of specific provisions for forest protection” are too vague and leave open the possibility of the FIP financing what are “incremental” (not transformative) measures to do environmentally and socially destructive mining or infrastructure projects slightly better than they might otherwise have been done – with slightly more consideration for impacts on the forest than would otherwise have been the case. FIP funds should not be supporting activities that have a detrimental impact on forest ecosystems or the communities which depend on them. Rather, we would hope to see the worthy ambitions of the FIP ‘mainstreamed’ into other areas of Bank funding, and the FIP funds directed toward supporting activities and measures which enable, incentivize, and support alternative forests uses and reduced demand for wood and agricultural products driving deforestation and degradation.

For this reason, RFUK strongly supports the suggestion that FIP funds could be used to finance “demand-side market transformation” as a catalyst for the reduction or elimination of the direct and underlying causes of deforestation.

Additional remarks. References to conservation activities (e.g. in paragraphs (b) and 7), should include conservation of intact or primary (un-degraded) natural forests – not only “high conservation value or pristine forests”. The discussion of forest fires should also make clear that it refers to uncontrolled forest fires (wildfires). Measures need to be taken to prevent undue discrimination against traditional itinerant agricultural practices which may not have a deleterious effect on forest health and carbon content, particularly when viewed over the long term.