

Democratic Republic of the Congo Country Forest Note:

A Strong Overview of Issues and Solutions, but What is the Bank Going to Do?

By Ladd Connell & Hannah White - July 2019



Overview: The Democratic Republic of the Congo (DRC) [Country Forest Note](#)ⁱ (CFN) written in December 2015ⁱⁱ is composed of three policy notes that each focus on a different issue the forests in the DRC are facing. At the end of each policy note there is a chart of short and long-term recommended solutions [see Annex], but no proposal or suggestion as to how these solutions are to be implemented. The World Bank itself seems absent from its own solutions.

Summary of the DRC CFNⁱⁱⁱ:

The CFN states that DRC's forests are one of the country's greatest natural resources. Dense forests cover about half the country, or approximately 150 million hectares. Forests provide employment, timber, foreign exchange earnings, fuel wood, non-timber forest products, and environmental services on local and national levels, as well as carbon sequestration. Currently, DRC's forests are rarely managed, thus allowing forest degradation and deforestation to grow. This also limits the benefits the forest can provide to human development.^{iv}

Despite the negative things occurring in the DRC's forests, progress has been made over the last few years, including the reform of forest concession titles (reversion of many to the state), with 57 retained by the private sector, managed by 16 companies. These concessions are important to forest management,^v even while they only cover 7.3% of the DRC's total forest area.

Expansion of forest concessions was limited in 2002, reaffirmed in 2005 and 2008 by ministerial order. This moratorium on new concessions was originally linked to significant weakness in forest governance. A negative result from the moratorium is that a “semi-industrial artisanal sector” has emerged. This sector is able to operate under less control, and have more impunity, therefore contributing less to sustainable development in the DRC.

The DRC is still struggling to govern its forests. The CFN makes many recommendations regarding what can be done to improve the economic benefits from the forests. The CFN states:

- The total value of the forest sector, which takes into consideration round, sawn and energy wood, represents 8.2% of GDP.
 - Formal wood production- formalized artisanal and industrial- accounts for 0.37% of GDP (2010).
 - Informal wood production- including wood fuels- represents 96% of the value of the total sector (7.8% of GDP)
 - This does not take into account the value provided to the sector from bushmeat, other forest foods, medicines, materials and implements, watershed protection, and other ecosystem services, as no reliable data is available.
- The largest portion of timber harvested is by small-scale artisanal logging, which is illegal, but referred to as informal. It is calculated that 85% of the wood sold on the domestic market is informal (Lescuyer).
- The forest sector employs 4% of the DRC’s working population.

Governance is the most crucial, and the weakest, part of the forest industry. This is why deforestation is occurring at such a high rate, and with little economic gain resulting. There is a large information and governance gap on the DRC’s forest tax revenues. The CFN attempts to estimate the revenues “from taxes and fines by triangulating ...: (i) taxes paid by the formal and informal sub-sectors based on field data from empirical studies; (ii) taxes and fines collected; and (iii) taxes due for the subsector where no other source of information was available” (para. 29). Due to the high volume of logging that is transpiring informally, the amount of money recovered through taxes is very low, not transparent, and hard to assess. There is no unified system for monitoring the revenues collected and not collected.

The Ministry of Environment, Nature Conservation, and Sustainable Development (MECNDD) only has capacity to carry out central administration duties. It is unable to influence much of what happens in the forests due to conflicts of interest, and its reach into the provinces is very limited because of the frequent overlay of the provinces’ role and the ministry’s. The CFN states that it would be wise for the provinces to take on a larger role in implementing policies,

and the ministry to focus more on central functions. However, it recognizes that decentralization of the DRC is fairly new and ongoing, accepting this process will take time.

The three separate policy notes within this one CFN are:

- Policy Note One, focused on framework conditions: it discusses the moratorium on issuing concessions, revenue generation, artisanal logging, and zoning.
- Policy Note Two covers community forestry: it provides background on community forestry in the DRC, evolution of the legal and regulatory framework for community forestry, approaches to the implementation of decentralized forestry, impact assessment of three scenarios, and recommendations for maximizing gains and minimizing risks.
- Policy Note Three is about illegal logging: it examines what illegal logging is, short-term priorities for monitoring forest products, monitoring strategies, lessons learned from the timber production monitoring and commercialization program (PCPCB), and proposals for tracking legal wood.

Policy Note 1: Framework Conditions- This policy note is introduced as a collection of recommendations for (i) the moratorium on issuing concessions, (ii) revenue generation for the state, (iii) artisanal logging, and (iv) zoning. These issues are all tied to the ability of the state to govern its forests, and to reduce poverty in the DRC. This policy note provides a detailed overview of each issue; it also gives several short and long-term recommendations regarding each topic. The overarching theme is that many chances and opportunities to increase the development contributions of DRC's forest sector exist; however, nothing will change if the current issues regarding forest governance are not considered as a high priority.

The policy note does a good job making short-term recommendations, 19 of them covering the four governance topics noted above, along with eight long-term recommendations. Short-term solutions will take the governance of the forests down the right path, but when those goals are accomplished, long term strategies will need to be in place to ensure checks and balances to keep strengthening governance of the sector and projects running smoothly.

Policy Note 2: Community Forestry- This policy note discusses community forestry as a potential option for increasing revenues in forest communities. It analyzes the pros and cons “of the two currents to 1) inform the debate such that the DRC can choose the model that holds most promise for sustainable forest management, rural income generation, and poverty reduction, and 2) to help manage the risks that either model presents” (para. 113). The goal behind community forestry is to open the door for decentralized management and allow for common goods management that includes traditional practices in the community. It is an

alternative to the top-down management approach. The policy note provides three scenarios for local community forests (LCF) to be managed by the locals in the medium term: 1. small artisanal loggers with no land management obligations; 2. medium-sized artisanal loggers operating under sustainable management constraints; and 3. industrial operators working with a sustainable forest management objective. It assesses the impacts of each scenario, and goes over the risks and expected outcomes. It thoroughly addresses risks and management of the suggestions made.

The final section of this policy note reviews the outcomes expected from the medium and short term recommendations and focuses on ways of maximizing the benefits and reducing risks ingrained in each regime. It concludes that while the DRC's community forestry efforts have stalled, it would be useful to test whichever (of three) concepts of community forestry they select on a number of pilot sites, and that major support will need to be provided to community forest administrators.

Policy Note 3: Illegal Logging- This policy note examines how to prioritize government action in the DRC to reduce the illegality occurring specifically in logging. As stated in the CFN, the DRC's Forest Code identifies three types of forests: classified, protected, and permanent production. "While classified and protected forests can carry burdensome and varied usage rights mainly for domestic needs, only protected forests and permanent production forests can be used for commercial felling" (para. 137).

Commercial felling is categorized into three distinct types of logging permits: ordinary logging permits, artisanal logging permits, and carbonization and firewood permits. It states the legal and regulatory framework have all the content needed for government and other actors to manage the forests ecosystems sustainably, but it acknowledges there is room for improvement. A majority of the logging happening is illegal; and while corruption is a large reason, a lack of human and financial resources is an even larger cause.

The policy note gives six short-term priorities for monitoring forest products:

1. Roundwood and sawn timber for export;
2. Sawn timber for the domestic market;
3. Coal and firewood for trade at the regional level;
4. Forest products other than NTFPs (charcoal, firewood, sawn timber) for trade at the local level;
5. Forest products other than NTFPs for own consumption at the local level; and
6. NTFPs for own consumption at the local level.

The note gives reasons for these priorities as chosen, and what the DRC must do, underscoring the importance of carefully addressing illegal logging, and where to primarily focus government attention and resources.

DRC CFN, Other World Bank Analyses, and Broader Environmental Concerns

Watershed protection and carbon sequestration are just a few of the ecosystem services DRC's forests provide. The only discussion of how the intense deforestation^{vi} is affecting climate change is in relation to protecting ecosystem services.

The World Bank's [Systematic Country Diagnostic](#) (SCD)^{vii} for DRC (March 2018) states that "environmental degradation continues largely unabated because of a poorly enforced, piecemeal legal framework in environmental protection" (para. 286)^{viii}. The SCD points out that the government is ill-equipped to deal with environmental challenges, but does not draw diagnosis or solutions from the CFN. The SCD offers recommendations on what policies the government should focus on (p. 9). It also recommends policies for revenue mobilization, mining sector, water and sanitation, transportation, health, and education (Annex H).

The CFN focuses heavily on bettering the management of DRC's forests, and steps the DRC government should take to achieve that, but completely avoids any discussion of how to build the political support/motivation to tackle it. More highlighting of how it will improve the lives of those who depend on forests for their livelihoods, and providing a full analysis of the national benefits that could be generated through improved forest management and of the costs and negative environmental consequences that come with illegal and unregulated logging, forest degradation, and loss of tree cover, would be one way to build such motivation.

What this Country Forest Note is lacking is what the World Bank Group is planning to do to implement these solutions. The solutions are good, and could make a big difference in the lives of those who make their livelihoods in and from DRC's forests, as well as the sustainability of the forests themselves. The Country Partnership Framework has not been updated since the CFN came out; therefore it does not include anything based on the CFN recommendations.

Final questions:

- How does the World Bank plan on convincing, where needed, and supporting the government of the DRC in implementing these recommendations? And how will these two entities work together to convince forest-dependent communities and illegal loggers to care about how their actions impact the natural resources on which they depend?
- How does the FCPF or the FIP fit in here?

- What are other donors and CSOs (like WWF) doing, and how are these efforts to be integrated with the proposed solutions?

Since answers to these questions are missing from the CFN, they will need to be addressed in an updated Country Partnership Framework, and perhaps more critically, by World Bank staff working with DRC's government.

Annex: **Recommended Solutions from the DRC CFN** [Table 1, pages 7-9]

Topic	Short-Term Action	Long-Term Action
Moratorium on New Forest Concessions	<ul style="list-style-type: none"> - Ensure that the legal requirements for lifting the moratorium are fulfilled - Develop a policy framework with clearly stated sustainability and poverty reduction objectives and criteria to analyze the opportunities, constraints, and risks of lifting the moratorium. 	<ul style="list-style-type: none"> - Apply the policy framework on the moratorium - Develop and implement a system that can credibly ensure the sustainable use of any new concessions.
Revenue Generation	<ul style="list-style-type: none"> - Simplify the tax regime by reducing the number of taxes and collection agencies, consider instituting one-stop shops for payments - Move tax collection points further downstream in the value chain - Review the level of fines in the sector - Clarify the legal basis of certain taxes - Disseminate information about the tax regime - Facilitate the expansion of the Extractive Industries Transparency Initiative to the forest sector - Analyze the possibility of creating an arms-length, self-financing oversight body for the forest sector. 	<ul style="list-style-type: none"> - Increase the proportion of MECNDD staff dedicated to law enforcement, decentralize their operational bases, and improve their working conditions - Develop a publicly accessible, audited tracking system for forest-related taxes and fees - If appropriate following analysis, create an arms-length, self-financing oversight body for the forest sector.
Artisanal Logging	<ul style="list-style-type: none"> - Clarify the legal authority for issuing artisanal permits - Review fee levels for artisanal permits and decentralize their issuance - Publicize official tax and fee rates - Evaluate changing the basis for artisanal permits from the area harvested to the volume harvested - Subdivide the artisanal logging category to accommodate the varying scales of production, 	<ul style="list-style-type: none"> - Limit exports to products of legal origin - Organize artisanal producers into associations or cooperatives.

	and institute gradually more stringent requirements with mounting volumes - Institute a standardized social responsibility contract for larger artisanal producers - Allow the use of mobile saws in artisanal logging.	
Zoning	- Continue micro-zoning efforts locally - Harmonize sectoral laws with the 2006 constitution to facilitate land-use planning - Commence a macro-zoning process in pilot areas.	- Initiate land-use planning, commencing with pilot areas.
Community Forestry	- Develop overriding policy goals for decentralized forestry - Organize an inclusive discussion to reconcile the views of proponents favoring forestry approaches based on decentralized territorial entities and those favoring communities as a basis - Select one or several approaches to decentralized forestry.	- Test the approach(es) chosen in pilot sites.
Illegal Logging	- Limit exports to products of legal origin - Improve the granting of logging permits - Institute control of legality of fuel wood for processing units and major transport axes in a pilot area - Develop a timber tracking system in a pilot area, learning the lessons from past experience	- Apply lessons from pilot areas and increase the scope of control.

ⁱ Lee, Julian. 2016. *Managing a valuable resource: policy notes on increasing the sustainability of the DRC's forest production (English)*. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/356631517000544229/Managing-a-valuable-resource-policy-notes-on-increasing-the-sustainability-of-the-DRC-s-forest-production>. Quotations or references in the text are given with paragraph numbers. Data from the CFN have not been independently verified.

ⁱⁱ The CFN's official publication date is March 8, 2016; its official disclosure date is January 26, 2018. The 22-month gap between publication (internal) and public disclosure has not been explained. BIC became aware of the DRC CFN only in April 2019, despite inquiries at the Bank since early 2018 about CFNs' availability.

ⁱⁱⁱ According to the [Forest Action Plan](#) (FAP, April 2016),

"These succinct but comprehensive [Country Forest] notes will present the status of forests and provide options to minimize trade-offs by assessing the potential adverse impacts of sector investments on natural forests, but also by highlighting the opportunities for improved land use management, notably through restoration. The notes will explore options to minimize the tradeoffs of planned World Bank interventions on forests, by providing an innovative and integrated upstream analysis of policies and investments and their potential impacts on forests. In the medium and long term, these inputs will foster a development model that aims to reconcile economic opportunities (and needs) with healthy forest ecosystems. The upstream, evidence-based considerations of various investment options can be used to guide the development of forest-smart projects and programs in a more consistent manner."

Since the FAP, which commits the World Bank to “forest-smart” interventions, and managing forests in sustainable ways, was published after the CFN, it is not mentioned in this CFN.

^{iv} The 2014 Human Development Index placed DRC 186th out of 187 countries, and GDP is only US \$484 per year, or US \$809 at purchasing power parity (PPP).

^v Gray, John A. “Forest Concession Policies and Revenue Generation.” The World Bank.

<https://docs.google.com/document/d/0B1luXqeRw6dIM3BsMmpjN0E2X2xqZWIGQVpHVEhpQ215WC13/edit>.

“Forest concessions involve a contract between a forest owner and another party permitting the harvest... and/or managing ... of specified resources from a given forest area.”

^{vi} Gross tree cover loss between 2001 and 2012 was 5,735,793 ha (see Hansen et al., 2013), an area roughly the size of Togo or Croatia. The decadal rate of deforestation has picked up pace over time, rising from 0.67% for the 1990s to 2.79% in the decade between 2000 and 2010 (CFN, paras. 37 and 36).

^{vii} According to the World Bank’s Forest Action Plan (p.52):

The Systematic Country Diagnostic (SCD) and Country Partnership Framework (CPF) instruments offer ideal platforms to identify the challenges and opportunities related to forests in a strategic and integrated manner within the WBG and with country counterparts upstream in the programming process.

^{viii} World Bank. Systematic Country Diagnostic. <http://documents.worldbank.org/curated/en/171101529346675751/pdf/DRC-SCD-FINAL-ENGLISH-06132018.pdf>.