

Forestry

1. Bank¹ involvement in the forestry sector aims to reduce deforestation, enhance the environmental contribution of forested areas, promote afforestation, reduce poverty, and encourage economic development. In pursuit of these objectives, the Bank applies the following policies:

- (a) The Bank does not finance commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest.² In borrowing countries where logging is being done in such forests, the Bank seeks the government's commitment to move toward sustainable management of those forests, as described in para. 1(d) below, and to retain as much effective forest cover as possible. Where the government has made this commitment, the Bank may finance improvements in the planning, monitoring, and field control of forestry operations to maximize the capability of responsible agencies to carry out the sustainable management of the resource.
- (b) The Bank uses a sectorwide approach to forestry and conservation work in order to address policy and institutional issues and to integrate forestry and forest conservation projects with initiatives in other sectors and with macroeconomic objectives.
- (c) The Bank involves the private sector and local people in forestry and conservation management or in alternative income-generating activities. The Bank requires borrowers to identify and consult the interest groups involved in a particular forest area.
- (d) The Bank's lending operations in the forest sector are conditional on government commitment to undertake sustainable management and conservation-oriented forestry. Such a commitment (which may be reflected in specific conditionalities; see Good Practices 4.36 for examples) requires a client country to
 - (i) adopt policies and a legal and institutional framework to
 - (a) ensure conservation and sustainable management of existing forests, and
 - (b) promote active participation of local people and the private sector in the long-term sustainable management of natural forests (see paras. 19-20 of OD 4.01, *Environmental Assessment*);
 - (ii) adopt a comprehensive and environmentally sound forestry conser-

1. "Bank" includes IDA, and "loans" includes credits.
2. Definitions are given in Annex A.

Note: This document is based on *The Forest Sector: A World Bank Policy Paper*, 7/18/91, and also complements the following Bank guidelines: OD 4.01, *Environmental Assessment*; OD 4.20, *Indigenous Peoples*; OD 4.30, *Involuntary Resettlement*; and OMS 2.36, *Environmental Aspects of Bank Work*. Staff should also consult OD 14.70, *Involving Nongovernmental Organizations in Bank-Supported Activities*; OPN 11.02, *Wildlands*; and OPN 11.03, *Management of Cultural Property in Bank-Financed Projects*. Questions may be addressed to the Director, Agriculture and Rural Development Department.



- vation and development plan that clearly defines the roles and rights of the government, the private sector, and local people (including forest dwellers) (see OD 4.20, *Indigenous Peoples*);
- (iii) undertake social, economic, and environmental assessments of forests being considered for commercial use;
 - (iv) set aside adequate compensatory preservation forests to protect and conserve biological diversity and environmental services and to safeguard the interests of forest dwellers, specifically their rights of access to and use of designated forest areas; and
 - (v) establish institutional capacity to implement and enforce these commitments.
- (c) The Bank distinguishes investment projects that are exclusively environmentally protective (e.g., management of protected areas or reforestation of degraded watersheds) or supportive of small farmers
- (e.g., farm and community forestry) from all other forestry operations. Projects in this limited group may be appraised on the basis of their own social, economic, and environmental merits. However, they may be pursued only where broad sectoral reforms are in hand, or where remaining forest cover in the client country is so limited that preserving it in its entirety is the agreed course of action.
- (d) In forest areas of high ecological value, the Bank finances only preservation and light, nonextractive use of forest resources. In areas where retaining the natural forest cover and the associated soil, water, biological diversity, and carbon sequestration values is the object, the Bank may finance controlled sustained-yield forest management. The Bank finances plantations only on non-forested areas (including previously planted areas) or on heavily degraded forestland.
2. The Bank does not finance projects that contravene applicable international environmental agreements.



Operational Policies

Definitions

1. The following definitions apply in this statement:

- (a) *Primary forest* is defined as relatively intact forest that has been essentially unmodified by human activity for the previous 60 to 80 years.
- (b) *Tropical moist forest* is generally defined as forest in areas that receive not less than 100 mm of rain in any month for two out of three years and have an annual mean temperature of 24°C or higher. Also included in this category, however, are some forests (especially in Africa) where dry periods are longer but high cloud cover causes reduced evapotranspiration.
- (c) *Carbon sequestration* refers to the process whereby forested areas retain a revolving but stable store of organic carbon in their biomass. Clearing, burning, or otherwise substantially altering the forest increases the net release into the atmosphere of carbon-based gases that contribute to the greenhouse effect.
- (d) The term *local people* describes the broad group of people living in or near a forest, with some significant level of dependence upon it. The term includes forest dwellers, indigenous forest-adjacent populations, and recent immigrants.
- (e) *Sustainable management* of natural forests means controlled utilization of the resource to produce wood and nonwood benefits into perpetuity, with the basic objectives of long-term maintenance of forest cover and appropriate reservation of areas for biodiversity protection and other ecological purposes.
- (f) A *natural forest* is an area in which the cover has evolved naturally so as to provide significant economic and/or ecological benefits, or one that is sufficiently advanced in regeneration and recovery from disturbance as to be judged in near-natural condition.