

# CARVING UP THE CONGO



**GREENPEACE**



# DESTRUCTION BY NUMBERS LOGGING ROADS TO CLIMATE RUIN

## **UP TO 25% OF GREENHOUSE GAS EMISSIONS COMES FROM TROPICAL FOREST CLEARANCE**

Up to a quarter of all greenhouse gas emissions are almost exclusively linked to tropical deforestation, often for conversion to pastureland and agricultural plantations. The figure excludes – because the numbers simply have not been calculated on the global scale – the emissions from forest fragmentation and degradation resulting from the creation of logging roads and other industry related infrastructure. The area of forest cleared for these roads can be wider than some of Europe’s major motorways.

## **34 BILLION TONNES OF CO<sub>2</sub>**

Predictions for future deforestation in Central Africa estimate that by 2050 forest clearance in the Democratic Republic of the Congo (DRC) will release up to 34.4 billion tonnes of CO<sub>2</sub>, roughly equivalent to the UK’s CO<sub>2</sub> emissions over the last sixty years. The DRC risks losing more than 40% of its forests, with transport infrastructure such as logging roads being one of the major drivers.

## **50 MILLION HECTARES OF RAINFORESTS BEING CARVED UP**

50 million hectares of rainforests in Central Africa are controlled by logging companies. That is an area the size of Spain currently being carved up by logging roads and other infrastructure. 30% (some 15 million hectares) of this is held by logging companies in the DRC whose logging contracts were signed after a 2002 moratorium on new contracts or the renewal or extension of existing ones.

## **8% OF GLOBAL CARBON STORES**

8% of the earth’s carbon that is stored in living forests worldwide is stored in the forests of the DRC – that is more than any other country in Africa and makes the DRC the fourth largest forest carbon reservoir of any country in the world.

## **CLEARANCE FOR LOGGING INFRASTRUCTURE CAUSES 2.5 TIMES MORE EMISSIONS THAN SELECTIVE LOGGING ITSELF**

Greenpeace’s calculations, based on analysis of one 170,000 hectare logged area, suggest that emissions from logging roads and infrastructure will be 2.5 times greater than emissions resulting from the selective logging itself. The emissions for the area are estimated at an average of 10 tonnes of CO<sub>2</sub> per hectare.



<b>EXECUTIVE SUMMARY: WHAT A CARVE UP – KEY FACTS ABOUT DRC RAINFOREST DESTRUCTION AND KEY QUESTIONS FOR THE WORLD BANK</b>	<b>1</b>
<b>Putting it all in perspective</b>	<b>1</b>
<b>What’s at stake?</b>	<b>2</b>
<b>What impact has the World Bank had in the DRC?</b>	<b>2</b>
Has it brought the logging industry under control and slowed its expansion?	2
A review of the 156 contracts under review – Greenpeace’s key findings:	3
Challenges for the Legal Review	4
Has it raised money for development and provided public services to forest dwelling communities?	5
Has it achieved rainforest protection for people, wildlife and the global environment?	6
<b>What future for the DRC’s rainforests?</b>	<b>7</b>
<b>THE WORLD BANK CONDONES LOGGING AS A POTENTIAL QUICK FIX ... IN THE NAME OF DEVELOPMENT</b>	<b>10</b>
<b>The DRC: largest stronghold of Central Africa’s globally significant Congo rainforests</b>	<b>12</b>
<b>The battle for the DRC’s resources: winners and losers</b>	<b>13</b>
After the war, a new fight for control of the rainforest	14
<b>DRC rainforest destruction: The World Bank is a powerful player</b>	<b>16</b>
The World Bank holds the purse strings but who calls the shots?	16
Greenpeace investigations expose the flaw in World Bank strategy	17
Taxes or private income?	17
Social responsibility contracts are little more than licences to loot	17
The reform process: a catalogue of delays and failures	18
<b>Without enforcement, World Bank-led forestry initiatives can make poverty worse</b>	<b>22</b>
The moratorium has failed to prevent millions of hectares of logging titles being awarded	23
Nord-Sud timber cashes in on 3 million hectares of rainforest in breach of the moratorium	24
The Legal Review: will it launder illegal titles and leave corruption unchallenged?	26
The World Bank leaves the implementation of measures to mitigate social and environmental impacts largely to the industry itself	27
ITB sees forest management plans as a paper exercise ‘to please the World Bank’	28
Unimplemented and unenforced, the Forestry Code will not stop rainforest plunder or contribute to poverty alleviation	30
<b>CON IN THE CONGO – THE MORAL BANKRUPTCY OF THE WORLD BANK’S INDUSTRIAL LOGGING MODEL</b>	<b>32</b>
<b>Industrial logging is sustaining corruption in the DRC</b>	<b>33</b>
How do tax breaks for Trans-M’s rainforest plunder support poverty alleviation?	34
ITB gets its logging titles thanks to friends in high places	35
NST ‘enjoys the protection of top political authorities’ from law enforcement	36
Has NST been rewarded for its wartime contribution?	36
Will politically ‘protected’ operations pass the legal review?	37
The World Bank group and German Government fund Olam’s illegal logging operations	38
Logging in rebel-held territory – paying the ‘administration’	40
<b>Industrial logging-led poverty alleviation is a charade</b>	<b>42</b>
Tipping the scales: the cost of industrial logging far outweighs its contributions to development	43
Logging at Lake Tumba is destroying forest community resources	44
Further social exclusion for hunter-gatherer communities	45
Tree of Life: indigenous uses for the Sapele Tree	45
Taxing credibility: the revenue from logging will not go far... from Kinshasa	46
‘Social responsibility contracts’ – the charity of loggers is a poor substitute for genuine development	48
Trans-M’s deals are a ‘swindle’	50
Trans-M’s illegal logging is causing conflict in Lomako	50
Trans-M is destroying community forest resources in Kisangani	51



European laws banning illegal Afrormosia – where’s the enforcement?	53
Sodefor deals with empty words	54
Sodefor’s contracts of shame	56
The law works hand-in-hand with Sicobois	57
<b>Industrial logging opens up intact rainforests, precluding proper land use planning</b>	<b>58</b>
Large intact rainforests – DRC forests are crucial for global biodiversity conservation	60
No land use planning is a road to ruin – logging in the Maringa-Lopori-Wamba landscape	61
Will donors subsidise the road-to-ruin policy?	62
Time for large-scale rainforest conservation before the crisis: looming threats for the Lomami forest	64
Beyond paper parks and empty forests	64
Safbois is lurking at the mouth of the Lomami	65
Checklist of key governance, social and environmental risks of industrial logging companies	66
<b>Remaining intact – conserving DRC rainforests is a climate imperative</b>	<b>67</b>
Carbon emissions from deforestation	67
Carbon emissions from fragmentation and degradation	68
The cost to the climate of logging and logging roads in the congo rainforest	71
Counting the carbon cost of Siforco’s K7 forest holding	71
<b>HOW CAN THE INTERNATIONAL COMMUNITY GET THE WORLD BANK TO ADHERE TO ITS PRINCIPLES IN THE DRC?</b>	<b>74</b>
<b>New government, new vision ... or business as usual?</b>	<b>77</b>
<b>Who needs to do what?</b>	<b>77</b>
<b>Time for the international donor community and the World Bank to act:</b>	
<b>the steps that must be taken</b>	<b>78</b>
Crack down on corruption and stop plunder	78
What do the DRC government and the World Bank need to do?	78
What does the timber trade need to do?	78
Start the solution	79
What do the DRC Government and the international donor community need to do?	79
What do the World Bank and international donors need to do?	79
<b>APPENDIX: ENVIRONMENTAL AND SOCIAL ISSUES RELATING TO THE LOGGING CONTRACTS UP FOR LEGAL REVIEW</b>	<b>82</b>
<b>ENDNOTES</b>	<b>86</b>
<b>REFERENCES</b>	<b>89</b>
<b>ACRONYMS</b>	<b>92</b>







# EXECUTIVE SUMMARY



## WHAT A CARVE UP – KEY FACTS ABOUT DRC RAINFOREST DESTRUCTION AND KEY QUESTIONS FOR THE WORLD BANK

### PUTTING IT ALL IN PERSPECTIVE

Climate change caused by atmospheric build-up of greenhouse gases is the greatest threat the world faces today. Global emissions from tropical deforestation alone contribute up to 25% of total annual human-induced CO<sub>2</sub> emissions to the atmosphere.

Predictions for future deforestation in Central Africa estimate that by 2050 forest clearance in the Democratic Republic of the Congo (DRC) will release a total of up to 34.4 billion tonnes of CO<sub>2</sub>, roughly equivalent to the UK's CO<sub>2</sub> emissions over the last sixty years. The DRC risks losing more than 40% of its forests, with transport infrastructure such as logging roads being one of the major drivers.

Logging roads open up the rainforest allowing access. With access comes commercial poaching: the rainforests are being emptied of large mammals to feed the trade in commercial bushmeat and ivory. And once the rainforest is opened up by logging roads, the area becomes vulnerable to clearance for agriculture. With road clearance come CO<sub>2</sub> emissions from rainforest destruction. With CO<sub>2</sub> emissions comes further climate instability.

Logging titles across Central Africa already cover some 50 million hectares of rainforest, an area the size of Spain. Logging companies are effectively road engineers, laying down a skeletal grid of arterial routes through intact rainforests. The swathes cleared through the forest for these logging roads can be wider than some of Europe's major motorways.

Extensive logging roads and other logging infrastructure are a significant source of emissions through fragmenting and degrading rainforests. As global emissions figures only take account of deforestation, the emissions resulting from such fragmentation are currently overlooked.

*'Industrial timber production has a particularly poor track 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.'*<sup>1</sup>

World Bank-led forestry sector analysis, 2007





©Greenpeace/Davison

*'Urgent intervention against all forms of illegal natural resource exploitation is required... The Group of Experts recommends that the existing laws of the Democratic Republic of the Congo, particularly the regulations governing natural resources and their orderly exploitation, be used as a baseline for a new sanctions regime.'*<sup>2</sup>

United Nations Security Council Group of Experts, 2007

More than 20 million hectares of logging titles are in the DRC, where due to war, the rainforests has largely escaped destruction until now. This rainforest is now at risk of being carved up into logging concessions for companies to gain access to a handful of valuable timber species.

The recent return of peace in the DRC and the new Government provide a unique opportunity for the international community to support genuine development in one of the world's poorest countries and to take critical action to protect the global climate.

The World Bank's support for development through extractive industries, including logging, is set to compromise the future of the DRC's rainforests, its people, and the global climate.

### WHAT'S AT STAKE?

The Congo rainforests of Central Africa are of global importance. They form the second largest rainforest block on earth after the Amazon rainforest, covering more than 172 million hectares. The Congo rainforests are critical to the survival of our closest animal relatives: the bonobo, the chimpanzee and the gorilla. Yet only 8.5% of the remaining areas of intact rainforests in Central Africa enjoy 'protected' status.

Rainforests represent important carbon reserves, and their preservation is critical to maintaining the balance of the global climate. Two-thirds of the Congo's remaining intact rainforests lie within the DRC. The DRC alone accounts for 8% of that part of the earth's carbon which is stored in living forests. This is more than any other country in Africa, and is the fourth highest national store of forest carbon in the world. More than a quarter of the country is still covered with large areas of intact rainforest, covering some 60 million hectares.

The Congo Basin also has a significant influence over the regional climate. Representing the third largest region of deep convection on earth after the Western Pacific and Amazonia, the Congo Basin affects rainfall patterns over the North Atlantic.

The DRC's rainforests are critical for its inhabitants. Of the more than 60 million people in the DRC, about 40 million depend

upon the rainforests to provide essential food, medicine, and other non-timber products, along with energy and building materials.

### WHAT IMPACT HAS THE WORLD BANK HAD IN THE DRC?

The World Bank suspended financial assistance to the DRC in the 1990s, as war broke out over control of natural resources. 'Corrupt and criminal elites', backed by foreign multinationals, joined in a free-for-all to gain control of natural resources. While timber production was at a virtual standstill because of the war, about 43.5 million hectares of forest – an area larger than California and twice the size of the United Kingdom – came under the control of the logging industry.

The World Bank resumed lending to the DRC in 2001. It is now by far the largest funder of reconstruction in the country. This puts it in unique position to influence the country's development, for good or bad. By August 2006, the World Bank Group had approved loans, credits and grants to the DRC worth more than \$4 billion.

### HAS IT BROUGHT THE LOGGING INDUSTRY UNDER CONTROL AND SLOWED ITS EXPANSION?

In May 2002, the World Bank convinced the transitional DRC government to suspend the allocation of new logging titles and the renewal or extension of existing ones. This moratorium followed a World Bank-instigated tax review of logging contracts: 163 non-compliant contracts covering 25.5 million hectares of rainforest were cancelled. Most were 'dormant' – that is, in areas not being logged.

In its online Questions & Answers the World Bank celebrates the 'cancellation of non-compliant concessions [sic]' as 'an unprecedented move anywhere in the world', critical to 'slow[ing] the expansion of logging' and 'free[ing] up space for potential new protected areas in the rainforest part of the country.'

While few new forest areas have been protected since the 2002 moratorium, by April 2006 members of the transitional DRC government had signed 107 new contracts with logging companies covering more than 15 million hectares of forest. These include contracts approved under the guise of





©Greenpeace/Davison

remapping, exchange, adjustments and relocations of old titles, as well as out-and-out new allocations.

In a context of corruption and poor governance in the DRC, the World Bank's attempts to reform the forestry sector are currently failing to control the expansion of logging.

The World Bank's latest attempt to control the expansion of the logging industry is a so-called legal review of titles. 156 logging contracts covering 21 million hectares of rainforest are currently being assessed against compliance with some basic legal criteria.

Greenpeace has investigated the actions of most of the major logging companies whose contracts have been submitted to the legal review. Our findings expose serious lapses of governance, a massive lack of institutional capacity to control the forestry sector, widespread illegalities and social conflicts, as well as clashes with established conservation initiatives. As this report reveals, foreign companies including Danzer group (Siforco), ITB, the NST group (CFT, Forabola, Sodefor, Soforma), Olam, Sicobois and Trans-M have all had new contracts signed after the May 2002 moratorium. The majority have therefore benefited from the World Bank's failure to ensure that the

moratorium it negotiated with the transitional DRC government and other forestry sector reforms have been enforced.

Greenpeace fears that the legal review could become an exercise in laundering illegal contracts. Do the World Bank and the DRC Government have the political will to crack down on those who have benefited from such corruption?

#### **A review of the 156 contracts under review – Greenpeace's key findings:**

107 out of 156 contracts were signed after the May 2002 moratorium. Only 40 of those signed prior to the moratorium appear to have paid their area tax in 2004 (tax payment being a criterion of the legal review, 2004 is the only year for which government data, however inaccurate, is publicly available).

Nearly half of the 156 titles are in intact forest landscapes – critical for carbon storage and very significant for wildlife protection.

Because comprehensive maps are not publicly available, the location of 13 contracts covering 1.7 million hectares (an area the size of Kuwait) cannot be determined.

All the contracts are in areas inhabited by forest-dependent communities; two-thirds

overlap areas inhabited by pygmy hunter-gatherers.

A third of the contracts are inside areas already identified as priority landscapes for conservation. Twenty of those contracts are located wholly or partially within the Congo Basin Forest Partnership's Maringa-Lopori-Wamba landscape, critical bonobo habitat.

A third of the contracts are located in areas with afrormosia, a protected tree species whose international trade is supposed to be strictly regulated (listed under CITES Appendix II).

### Challenges for the Legal Review

Is the contract a straight violation of the 2002 moratorium?

Greenpeace research shows:

- Companies, including Trans-M, seem to have taken over areas previously occupied by 'non-compliant titles' cancelled in April 2002. Many of these contracts are located within intact forest landscapes.

The implications of these findings are serious: such violations would mean that the cancellation of non-compliant titles in April 2002 did little more than take logging rights from speculative owners who did not use them, freeing up space for new logging operations.

Do logging contracts comply with 'boundaries as defined by the contract and the topographical map attached to said contract'?

As Greenpeace research shows:

- Both NST group companies and the Danzer group (Siforco) – which between them hold more than 5 million hectares of rainforest – redefined many of their contracts and title boundaries after the moratorium was decreed in 2002 and in advance of the legal review. Only through detailed comparison of old and revised maps and boundaries can it be assessed whether the revised boundaries include new forest areas and therefore would be illegal under the

May 2002 moratorium. Yet, such pre- and post-moratorium maps or contracts are not publicly available.

- ITB's current forest holdings in Equateur Province appear to be located in areas formerly held by cancelled non-compliant pre-2002 contracts and are larger than the forests controlled by ITB before the moratorium. Final conclusive analysis is lacking because logging title maps both pre- and post-moratorium are not publicly available.

Assessment of the legality of revisions to pre-moratorium contracts (for instance, where a company has returned forest area to the State) should therefore include assessment of the original contracts and maps as well as revised documents to ensure there are no irregularities.

### Will the legal review overlook issues of corruption and failures of governance?

Greenpeace research suggests that issues of corruption require close scrutiny for companies including CFBC (a company said to have links with the former rebel leader Jean-Pierre Bemba), ITB, Trans-M, Danzer group (Siforco), NST group (Sodefor) and Olam. Issues include:

- Payments to forestry officials;
- Subcontracting (which is illegal, but companies may use loopholes in the Forestry Code);
- Historic payment of funds to rebel-held administrations;
- Titles issued in wartime; and
- Political protection afforded to certain companies.

**Conclusion: the World Bank has so far failed in its objectives of controlling the expansion of industrial logging and improving governance of the sector. In the absence of enforcement, the moratorium has been a cover for behind-the-scenes jostling for valuable forest holdings.**

*'We are seeing today an emerging global consensus that we must do something about climate change. If we do so, we have a chance to put the world on a path that not only reduces the damage to our climate, but also allow poor countries to keep more of their resources rather than pay for growing fuel bills – a path that allows them to preserve their forest for their own benefit and the world's benefit.'*<sup>3</sup>

Paul Wolfowitz,  
World Bank President



## HAS IT RAISED MONEY FOR DEVELOPMENT AND PROVIDED PUBLIC SERVICES TO FOREST DWELLING COMMUNITIES?

Central to the World Bank strategy in the DRC is the concept that by collecting tax based on the surface area of logging companies' forest holdings, the Government will obtain revenue to drive development, including improved provision of public services for rainforest communities.

### Where has the money gone?

The World Bank-imposed Forestry Code of 2002 stipulates that 40% of area tax is to be redistributed to local authorities for development projects. Not one dollar of the area tax that has actually been collected between 2003 and 2006 has been redistributed to local authorities. Further, there is gross tax avoidance: a DRC Ministry of Finance list from 2005 reveals that 45% of the area tax due from logging companies for the previous year had not been paid; tax avoidance through timber smuggling is also a serious issue – there are estimates that actual timber export levels are as much as seven times higher than official figures.

### Has logging improved the life of local communities?

Greenpeace research shows that all 156 titles up for legal review are in areas inhabited by forest-dependent communities – and some two-thirds of these are known to be inhabited by pygmy hunter-gatherer communities.

The Forestry Code formalises a pre-existing process whereby a logging company negotiates directly with communities as to the services it will provide in exchange for logging in their area.

Greenpeace's investigations show that in exchange for extracting wood worth many hundreds of thousands of dollars, companies may give communities gifts worth as little as \$100 in total. Once logging starts, the provision of services negotiated for by the community, such as school buildings, is often either derisory or not delivered at all.



©Greenpeace/Daniels

For example:

- Sodefor's (an NST group company) gift package often comprises of two sacks of salt, 18 bars of soap, four packets of coffee, 24 bottles of beer and two bags of sugar, in exchange for rainforest access. As a result the communities effectively sign away their right to protest against the company's activities.

Greenpeace's investigations show how logging can impact local community access to vital forest resources.

For example:

- ITB has built a log wharf in an important fish breeding ground.
- Logging companies frequently log community caterpillar trees. Caterpillars are a vital source of protein for forest dependent communities. ITB and Trans-M are two cases.

Greenpeace has also found that the negotiation process itself often reinforces the marginalisation of pygmy hunter-gatherer communities who are highly dependent on forest resources.

- In ITB's operations near Lake Tumba, a Twa pygmy community was initially excluded from negotiations over access to forest. The company then made the community a take-it-or-leave-it offer to which the local chief felt he had no option but to agree.

In addition, Greenpeace has identified a number of examples of the DRC's authorities using violence to repress public dissent where logging companies have failed to fulfil their commitments to local communities.

- Protests by local people against CFBC, Safbois, Sodefor and many other company operations have been met with intimidation and arbitrary arrests by local authorities. Conflicts between villagers and logging companies are almost universal, with local authorities often taking the side of the companies.

**Conclusion: the World Bank maintains the illusion that logging companies will be largely beneficial to local communities through their tax revenue and so-called social responsibility contracts.**

#### HAS IT ACHIEVED RAINFOREST PROTECTION FOR PEOPLE, WILDLIFE AND THE GLOBAL ENVIRONMENT?

Greenpeace research shows that of the 156 titles up for legal review, nearly half are in intact forest landscapes – the very landscapes that are most critical for carbon storage for the sake of the global climate, and of great significance for the DRC's rich biodiversity.

While in some cases beyond the remit of the legal review, many operations are in areas that have already been identified as priority conservation landscapes. Logging is going ahead in these areas prior to any land use planning to determine how best to conserve and manage these critical habitats.

- Companies such as Trans-M and the Danzer group (Siforco) have contracts

for areas inside Maringa-Lopori-Wamba landscape, now a critical stronghold for some of the last viable populations of wild bonobos in the DRC. Bonobo populations have been decimated by the illegal trade in bushmeat, and from being hunted as a source of food during the recent wars.

- Trans-M, whose contracts were signed after the 2002 moratorium, and Safbois, a company in conflict with local communities over its operations, are logging in an uncontrolled manner large volumes of afrormosia – a protected tree species listed under Appendix II of CITES, meaning that its international trade is supposed to be regulated.

Greenpeace's research exposes just what a threat the selective logging practised across Central Africa is to biodiversity and the global environment. Selective logging requires an extensive road network. The impact of logging infrastructure on the climate is significant but does not figure in global calculations. Given that across Central Africa, 50 million hectares of rainforest are controlled by logging companies – an area the size of Spain – the total impact is likely to be significant. Forty million hectares are located in areas of intact forests.

- Using satellite images, Google Earth and published scientific studies, Greenpeace has calculated the predicted CO<sub>2</sub> emissions from a 170,000 hectare area of forest formerly logged by the Danzer group (Siforco). Our calculations show that logging roads and other infrastructure (currently not part of international IPCC calculations on 'Land Use Change and Forestry Emissions') produce a level of emissions 3.5 times greater than that from the extraction of the commercial timber itself (currently the only aspect of industrial logging operations included in estimates of the DRC's emissions).

**Conclusion: There is still an opportunity to protect large areas of intact rainforest, but action must be taken swiftly. A moratorium on any new logging title allocation needs to be enforced until there is comprehensive national land use planning that prioritises the needs of the DRC's people and the local, regional and global environment.**



©Greenpeace/Reynaers

## WHAT FUTURE FOR THE DRC'S RAINFORESTS?

The legal review is a crunch point for the World Bank, the DRC Government and the country's rainforests. The future of more than 20 million hectares of forest hangs in the balance. Will the World Bank ensure that the legal review will not effectively launder illegal titles and leave corruption unchallenged? Beyond the legal review, will the World Bank act in the interests of forest dwelling communities and the global environment by adhering to the principles it promotes: poverty alleviation, good governance and environmental protection?

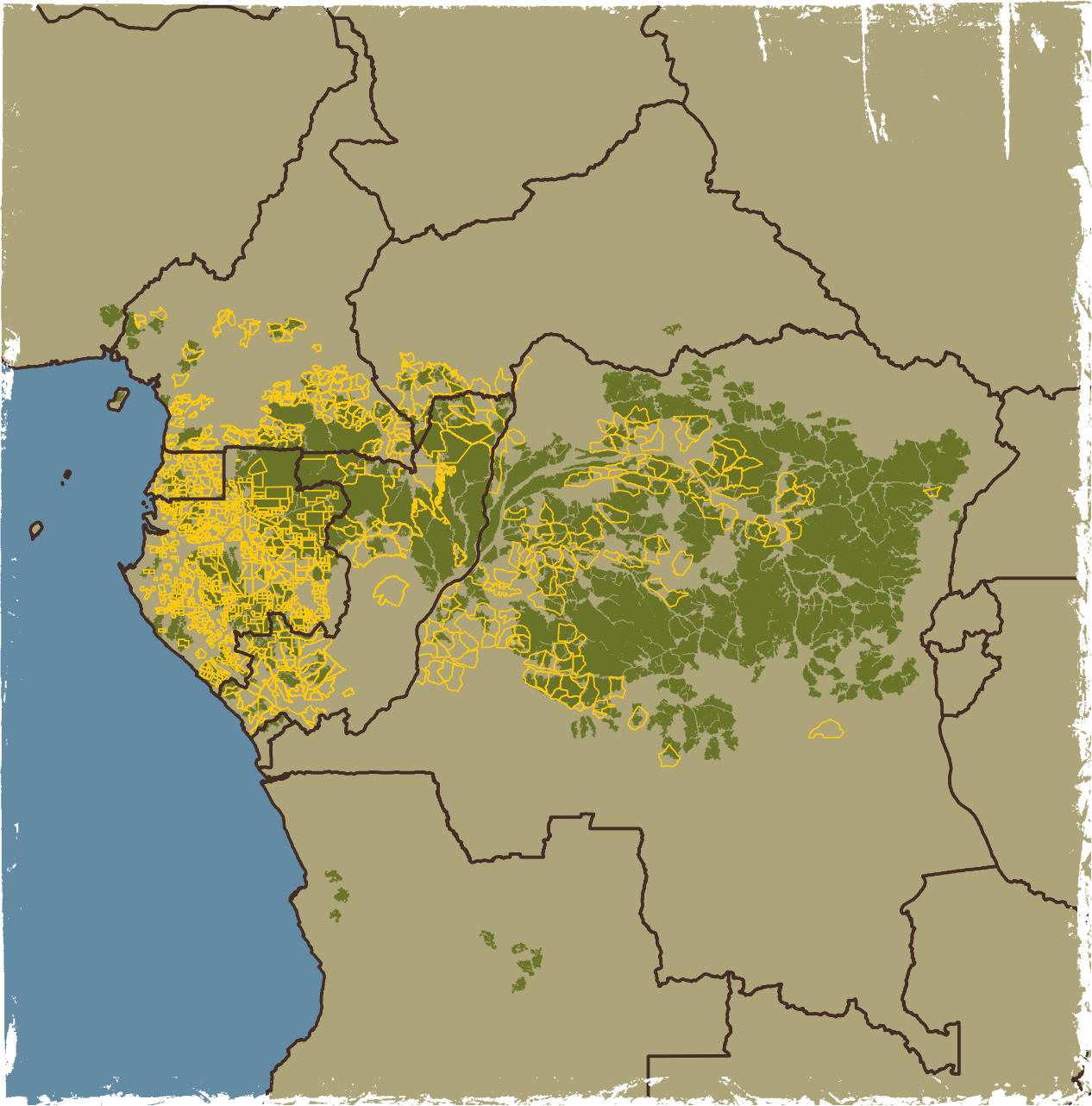
The international donor community and the DRC Government must take steps to crack down on corruption and stop the plunder:

- Prevent the expansion of industrial logging

They must also help start the solution:

- Initiate land use planning and overhaul of governance
- Develop viable policies and funding

Fifty million hectares of rainforest is being carved up by logging companies in Central Africa. Outside the DRC, 71% of the richest rainforest is slated for logging.



● Intact Forest Landscapes ● Logging Titles

*'The faster the nineteenth-century colonial practice of logging tropical rainforests can be eliminated forever, the better it will be for the people and wildlife of Central Africa. ... Vast tracts of forest still remain relatively intact, which means that it is not too late to achieve significant conservation goals.'*

Conservation International<sup>4</sup>

Intact forest in Central Africa not already controlled by logging companies – less than 10% of this even has paper protection.

