



CON IN THE CONGO –  
THE MORAL BANKRUPTCY  
OF THE WORLD BANK’S  
INDUSTRIAL LOGGING MODEL



## INDUSTRIAL LOGGING IS SUSTAINING CORRUPTION IN THE DRC

In an environment of endemic corruption, logging companies inevitably operate beyond the rule of law. In the DRC, the logging industry continues to feed the networks of corruption that are obstacles to genuine development. Through support for an extractive industry-based model of development, donor countries and agencies such as the World Bank are effectively undermining their own rhetoric on establishing good governance and alleviating poverty.

In 2003 the Extractive Industries Review (EIR), commissioned by the World Bank, acknowledged the significant economic, social and environmental risks of extractive industries. It recommended that the World Bank shape and sequence its interventions according to the quality of governance in the host country. Governance criteria can include, amongst other things: the quality of the rule of law; the risk of conflict; human rights protection; recognition of and willingness to protect the rights of indigenous peoples; capacity to mitigate and manage the impacts of extractive industries; and, government capacity and willingness to publish and manage revenues transparently and ensure effective revenue sharing.<sup>145</sup>

Clearly the DRC has governance problems: the Government's institutional capacity and its ability to manage revenues, including those generated by industrial logging, remain weak. Control over natural resources has been at the heart of nearly a decade of war in the DRC and serious questions have been raised about the role of foreign companies in the extraction and export of the country's resources.<sup>146</sup> Instability plagued the transitional government and violent conflict continues in parts of the country.<sup>147</sup> Corruption as a strategy for survival among low- and middle-ranking law enforcement civil servants (eg the acceptance of bribes and lack of enforcement of regulations) fuels and is fuelled by the high-level corruption practised by the country's political elite whose power is based on profit from natural resources such as forests.<sup>148</sup>

*'It is not accidental that no efforts have been made to construct the fundamentals of a regime to combat corruption and illicit finance schemes in the DRC. The DRC's history is one of rulers aspiring to hold and retain a monopoly of power. Salaries of DRC officials have, in practice, been regularly and heavily supplemented by revenues from bribery.'*<sup>149</sup>  
Report for USAID, 2003



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*'Donors have treated corruption as a technical problem and emphasised data management systems, training programs and laws. They have shied away from the more political aspects, such as strengthening parliament, courts and anti-corruption and auditing bodies. They finance more than half the national budget and should do more to press charges against corruption suspects, ... and hold multinational corporations accountable for violating national and international norms. A complete overhaul of the approach to good governance is needed.'*<sup>150</sup>  
International Crisis Group, 2006

Such vested interests also have the power to sink attempts to improve governance and increase transparency in the extractive industries, as shown by the World Bank's attempted reforms to the DRC mining sector.<sup>151</sup>

At the level of the forest itself, the rule of law is almost absent. According to the World Bank, the DRC 'has not produced a single new professional forester in the last ten years'.<sup>152</sup> Local forestry officials are poorly and irregularly paid, and often have no information about current forest laws and policies (in some cases even being unaware of the existence of the Forestry Code), and no transport or basic equipment such as GPS with which to do their work. In any case they often lack key technical skills such as forest management planning, geographical mapping and the creation of forest inventories.<sup>153</sup>

As the EIR concludes, and Greenpeace research and investigations of industrial logging in Central Africa confirm, natural resource extractive industries have no record of contributing to poverty reduction or genuine development, and there is little hope that they will do so in future. These industries both feed off and fuel the whole spectrum of corruption, from pragmatic bribery of forestry officers to collusion with politicians and senior officials in order to gain control of forest holdings (for example, in breach of the moratorium). Meanwhile, unconstrained by the rule of law, logging goes ahead heedless of the social and environmental consequences.

## HOW DO TAX BREAKS FOR TRANS-M'S RAINFOREST PLUNDER SUPPORT POVERTY ALLEVIATION?

Logging in one of the most corrupt countries in the world could become one way of earning a quick buck. Those choosing to operate in the DRC may be there precisely because of the lack of accountability for the money they make or the method of making it. How will the legal review deal with such companies?

Trans-M Bois is a subsidiary of the Congo Futur group, itself a subsidiary of the Beirut-based Tajideen group.<sup>154</sup> Congo Futur's presence in the DRC appears to date from 1997.<sup>155</sup> It has rapidly become one of the country's leading importers of foodstuffs<sup>156</sup> as well as major transporters.<sup>157</sup>

One of the companies managed by the Tajideen family has a history of allegations of money laundering. In May 2003, following a four-month international investigation by Belgium's Economic Crimes Unit, judicial police raided the Antwerp offices of Soafrimex, managed by Kassim Tajideen, arrested several of its officials and froze its bank accounts.<sup>158</sup> The company was accused of 'large-scale tax fraud, money laundering and trade in diamonds of doubtful origin, to the value of tens of millions of euros'.<sup>159</sup> In December 2003, Belgian authorities informed the Congolese embassy in Brussels that investigations undertaken in the DRC had shown that the company systematically undervalued its imports, shipping and insurance costs and that it filed false customs declarations.<sup>160</sup>

Trans-M Bois is now becoming a major timber producer in the DRC. The company appears to have benefited from weak governance: since the moratorium came into force, it has gained titles covering 746,000 hectares. The Ministry of Environment's 24 May 2003 published register of logging permits does not indicate either the permit numbers of these titles or when they were awarded.<sup>161</sup> However, none of Tran-M titles appear on the Ministry of Environment's unpublished June 2002 compendium.<sup>162</sup>

Trans-M has received preferential financial treatment. In July 2004, along with the Italian-owned Parcafrigue, it was awarded special tax and customs exemptions (for a minimum of

three years) by the Congolese National Investment Promotion Agency.<sup>163</sup> The stated aim of Trans-M's exemption was to aid purchase of forestry equipment for Trans-M's Befale logging title in the CBFP Maringa-Lopori-Wamba landscape in Equateur Province.<sup>164</sup>

Timber from Trans-M is imported into European countries, including Belgium, France and Germany.<sup>165</sup> Danzer (through its trading branch Interholco) has been a European importer of Trans-M timber.<sup>166</sup> Among the timber Trans-M supplies to Europe is afrormosia, commonly used in furniture and flooring – afrormosia is listed under Appendix II of the Convention on International Trade in Endangered Species (CITES) (see p53).

### ITB GETS ITS LOGGING TITLES THANKS TO FRIENDS IN HIGH PLACES

The World Bank has promoted the value of its reform strategy – including the moratorium and new Forestry Code. These measures, however, rest in files in Kinshasa with no on-the-ground reality. In the absence of on-the-ground institutional capacity, the continuation of legal abuses seems inevitable.

In the list of logging titles presented for legal review, there are two titles belonging to the Lebanese company Industrie de Transformation de Bois (ITB)<sup>167</sup> which fall on the border of the CBFP Lake Tumba landscape area of Equateur Province, covering together some 294,000 hectares. These two titles appear to have been obtained in breach of the moratorium. ITB did have a title<sup>168</sup> in Equateur Province before the moratorium entered into force, but the two titles that are now up for legal review are located in a different area and cover a larger area of forest.

Both in Kinshasa and in the small logging town of Bikoro near Lake Tumba, Greenpeace became aware of rumours that a former high-ranking forestry official facilitated ITB's gaining control of these forest holdings. When Greenpeace spoke to the chief forester (chef de chantier) for ITB at Bikoro, he openly admitted that it was 'thanks to' this official that ITB had come to Bikoro.<sup>169</sup>

Because the maps of pre- and post-moratorium titles are not publicly available, it is impossible for Greenpeace to make a definite assessment of which logging titles are in violation of the moratorium. Purely based on the current list of 156 logging titles now up for legal review, however, all titles in Bikoro date from after the moratorium, and thus are apparently in violation of both the moratorium and the Forestry Code. This includes logging titles held by ITB, the Congolese company LEDYA,<sup>170</sup> the Portuguese-managed company Sodefor<sup>171</sup> and the French-controlled Scibois,<sup>172</sup> which is logging in an area with significant primary forests and of great importance for bonobo conservation.<sup>173</sup>

In October 2006, Greenpeace also spoke to two government officials in charge of rural development and environment and forestry at Bikoro. They confirmed that local authorities have very little capacity – they have one building for all the different government services and no modern office equipment. They have no car or a motorcycle to visit the logging operations in the field (to check boundaries of annual allowed cut-blocks, minimum tree diameters, etc). Moreover, agents are very poorly paid and have not received sufficient training to enable them to detect forest crime or enforce forest law. They have no GPS or mapping software (nor the expertise to operate such equipment), and lack the know-how to estimate timber volumes on outgoing log barges.<sup>174</sup> Forestry officials also lack clear knowledge of the Forestry Code or the moratorium.

ITB's chief forester at Bikoro confirmed that officials rely on the information that the logging companies hand over to them and are incapable of conducting an effective independent inspection:

'When the forestry official visits our logging site ... he comes to our office asking us to provide him with the figures on declared production volumes. They are not capable of verifying these things themselves ... they don't know how to measure, they don't know how to identify wood species, really they don't know where to start. The inspections here make me laugh; these people really need training.'<sup>175</sup>



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That forestry officials are reduced to conducting such a paperwork exercise on a post-moratorium title shows just how far the DRC is from enforcing the rule of law in its forests.

Timber from ITB is imported into European countries including Belgium, France, Italy and Portugal. Interholco (Danzer's trading branch) is a client of ITB.

### NST 'ENJOYS THE PROTECTION OF TOP POLITICAL AUTHORITIES' FROM LAW ENFORCEMENT

Even when the DRC's rank-and-file forest officials have the will to control the logging industry, high level political interference can block the establishment of the rule of law, as the case of Sodefor shows.

Sodefor is subsidiary of the NST group, which overall holds many millions of hectares of rainforest (see pp82–85). In May–June 2006 and January 2007, Greenpeace visited a number of communities in Bandundu Province close to logging sites operated by Sodefor and talked to local people and officials. On more than one occasion forestry officials alleged that the company was 'protected' by the authorities. For example, north-east of Bandundu, officials complained of their total lack of control over Sodefor:

'We have had orders from the authorities not to carry out inspections ... They enjoy protection at the highest level.'<sup>176</sup>

Other local authorities told Greenpeace a similar story: 'Sodefor is protected in Kinshasa, and we lack resources. We do nonetheless manage to carry out inspections and produce reports, but Kinshasa just marks them not to be followed up.'<sup>177</sup> A forestry official in Bandundu also felt that Sodefor had links with the upper echelons in Kinshasa and was 'totally protected'.<sup>178</sup>

The forestry service in Bandundu has no vehicles, leaving the staff dependent on the logging companies for transport. Moreover, almost all personnel are based in towns rather than at logging sites. Forestry staff have

*'As for the legality of the forest concessions granted to your company by my ministry, I can but confirm it. In closing, I ask you to proceed with your company's new investments programme without giving in to panic, because the protection of the Government of Transition is afforded to you.'*<sup>179</sup>

Anselme Enerunga, Minister for the Environment of the DRC, letter to Sodefor, 20 December 2004

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*'Like the Minister, I confirm the legality of all the forest concessions granted to you and ask you to proceed with new investment planned in this field in order to contribute once again to the reduction of poverty in our country.'*<sup>180</sup>

Aboulaye Yerodia Ndombasi, Vice President of the DRC, letter to Sodefor, 26 January 2005

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admitted to Greenpeace that because they are so poorly and irregularly paid they are dependent on logging companies.<sup>181</sup> The result is that, according to these forestry officials, Sodefor declares a much lower timber production volume than it actually logs. Officials could not prove this, however, since the company refuses to grant officials access to relevant logging documentation in the course of an inspection.

Timber from Sodefor is imported into European countries including Belgium, France, Germany, Italy and Portugal.<sup>182</sup>

### Has NST been rewarded for its wartime contribution?

Soforma (part of the NST group) is one example of a company with alleged wartime logging titles. According to Conflict timber, a report commissioned by the US Government aid agency USAID:

'During the last Rwandan-Ugandan invasion of the DRC, the Kabila Government requested that logging companies cut timber for export in reserve forests in Bas Congo Province [and] split the proceeds 50/50 with the DRC Government. The Government's share reportedly went to help finance the war effort ... Since 1999 – in the middle of the civil war – ... concessions were [awarded] in three forest reserve areas (Ezini, Lukfwe and another) where logging normally was not permitted ... Two logging companies carried out these operations: MALBA and SOFORMA ... Our source believed that after the 50/50 split all other taxes and levies that normally apply ... were suspended for wood harvested in this operation ... Wartime logging in those three concessions should have produced ... a total value of \$17–36 million.'<sup>183</sup>



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### **WILL POLITICALLY 'PROTECTED' OPERATIONS PASS THE LEGAL REVIEW?**

Equateur Province was heavily affected by the many years of war in the DRC – particularly the 'occupation' between 1998 and 2003. In this period, the region was part of the occupied zone of the DRC, completely cut off from Kinshasa and the region was under the rebel control of Jean-Pierre Bemba's Mouvement de Libération du Congo (MLC).

The MLC is repeatedly accused of having engaged in large-scale killing of civilians, systematic rape and extensive looting as recently as March 2003.<sup>184</sup> Former MLC members were active in Equateur in July 2004, when the UNSC denounced 'unauthorised internal movement of weapons' by the group within the province.<sup>185</sup>

Throughout the conflict, the MLC financed

itself by controlling the trafficking of diamonds to buyers across the Oubangui river in the Central African Republic.<sup>186</sup>

Timber also appears to have been of strategic value to the MLC's fighting capacity.<sup>187</sup>

In May 2004, a ministerial decree<sup>188</sup> awarded the Lebanese-owned Compagnie Forestière du Bassin du Congo (CFBC) the right to prospect in a 750,000 hectare area in the heart of MLC-controlled northern Equateur Province. The company has been repeatedly linked with Jean-Pierre Bemba and represents a clear case of the ongoing politicised nature of logging in the DRC. CFBC was allegedly set up with the 'blessing' of Jean-Pierre Bemba,<sup>189</sup> and is considered 'untouchable',<sup>190</sup> its managers accused of 'systematically plundering' the Congolese forest.<sup>191</sup>



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*'[In the DRC] the looting that was previously conducted by the armies themselves has been replaced with organized systems of embezzlement, tax fraud, extortion, the use of stock options as kickbacks and diversion of State funds conducted by groups that closely resemble criminal organizations ... The most important element in effectively halting the illegal exploitation of resources in the Democratic Republic of the Congo relates to the political will of those who support, protect and benefit from the networks.'*<sup>192</sup>

UN Security Panel, 2002

The 2004 decree granting CFBC prospecting rights stipulates that logging 'under any pretext' is 'strictly forbidden' throughout the prospecting period,<sup>193</sup> although cutting reportedly began in the autumn of 2004.<sup>194</sup> In March and October 2005, the company was granted two *lettres d'intention* near Libenge, totalling 358,000 hectares.<sup>195</sup> The post-May 2002 signing of these logging contracts to CFBC suggests another violation of the moratorium and breach of the Forestry Code.

A clear governance issue is tax avoidance by not declaring exports. One consequence of the lack of capacity in the forestry service and corruption in the DRC is that timber smuggling is rife: according to the International Crisis Group there are indications that actual timber export levels are as much as seven times higher than official figures.<sup>196</sup> It seems highly unlikely that export tax is paid on timber exported from the DRC where the timber has not been recorded in the official figures.

CFBC is accused of exporting timber through the Central African Republic to Cameroon.<sup>197</sup> According to a report of investigations by the Congolese human rights Les Voix des Sans-Voix (VSV), this has been carried out under escort from Bemba's former personal guard, a detachment of the Division de protection présidentielle (DPP), without inspection at border checkpoints.<sup>198</sup>

Within three months of CFBC's arrival in Libenge, protests by local people were met with intimidation and arrests by local authorities.<sup>199</sup> In April 2006, angry residents of Libenge attempted to attack the house of the CFBC managing director after the child of a company employee was killed in a traffic accident involving a CFBC log truck.<sup>200</sup> The manager's house was allegedly protected by DPP guards.<sup>201</sup>

According to the report on the investigations of VSV, several of the protestors arrested and imprisoned sustained 'inhuman' treatment in jail, including beatings and deprivation of food. The official 'inquiry commission' dispatched to Libenge after the incident appears to have been a retaliatory mission: police and military reportedly committed 'reprisals' and 'extortion'. VSV indicates that provincial authorities had previously attempted to suspend CFBC operations, but

that the MLC ordered their continuation.<sup>202</sup>

As illustrated above, CFBC's titles, totalling more than 350,000 hectares, awarded after the moratorium<sup>203</sup> seem to enjoy political protection. They are a real test case for the legal review. The outcome of the legal review will provide a reality check as to whether the World Bank's strategy for reform is overcoming corruption and bringing the rule of law to the governance of the DRC's natural resources.

Timber from CFBC is imported into European countries including France, Italy and Portugal.<sup>204</sup>

### THE WORLD BANK GROUP AND GERMAN GOVERNMENT FUND OLAM'S ILLEGAL LOGGING OPERATIONS

Over three and half years after the moratorium was put in place, three titles totalling over 300,000 hectares were granted to a newcomer to the DRC timber industry: the multinational trading company Olam International Ltd.<sup>205</sup>

Olam's activities include logging, timber trade and wood processing. It is expanding its global interests into countries known for conflict timber and other issues related to the illegal timber trade. It has had trading interests in Burma,<sup>206</sup> a country accused of gross human rights abuses. In terms of respect for governance, in June 2005, Olam Gabon was reported to owe nearly 7 million FCFA (\$14,000) in forestry back taxes.<sup>207</sup> More recently in Ghana, Olam has also been involved in large-scale fraudulent underdeclaration of its timber exports and timber from illegal sources that was sold to Olam by its suppliers. The loss in financial revenue to the state of Ghana is estimated to be several million dollars.<sup>208</sup>

In November 2003, the World Bank's private-sector investment branch, the International Finance Corporation (IFC), invested \$15 million in Olam to help it expand its global operations.<sup>209</sup> The IFC estimated that about 5% of this investment 'would benefit Olam's worldwide timber operations' of which an unspecified amount 'will be expected to finance sawmilling in Africa'.<sup>210</sup>

In June 2004 the IFC approved a further \$50 million partial guarantee to Olam, as part of a \$150 million package to help Olam in part 'increase trading volumes from Africa'.<sup>211</sup> This loan was a 'Category C' loan – ie environmental and social risks were not judged to be significant because Olam 'promotes sustainable forest management practices and its operations are considered fully consistent with the requirements of the November 2002 World Bank Forests Policy.'<sup>212</sup>

In 2005, the German public development bank DEG (a subsidiary of KfW Bankengruppe) approved a €15 million loan to Olam to expand 'warehouse, processing and transport capacities'.<sup>213</sup>

Olam has now become an important player in the DRC timber industry and is heavily involved in DRC's timber trade via various contracts with third-party suppliers and partnerships in which Olam buys logs from third parties (eg buying Afrormosia logs near Kisangani).<sup>214</sup>

Olam also facilitates logging operations in areas where it is not the title holder. In Yuki, Bandundu Province, for example, Olam is logging as an effective subcontractor for the Office National des Transports (ONATRA), the largely dysfunctional national transport authority. Although Article 95 of the Forestry Code expressly forbids subcontracting, there are many legal loopholes: for instance, one company can 'rent' equipment and labour from another.

Local authorities seem to have no knowledge of a 2004 subcontracting agreement, and they have no knowledge of how much timber the company is logging. According to local people, many log rafts have been seen lacking the distinguishing markings that they are supposed to carry.<sup>215</sup>

Timber from the DRC traded by OLAM is imported into European countries including Belgium, France, Germany and Portugal.<sup>216</sup>

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## LOGGING IN REBEL-HELD TERRITORY — PAYING THE 'ADMINISTRATION'

The World Bank's strategy to bring the logging sector under control fails to call into question the operations of the largest players in the DRC. Yet it is these same companies who have been operating within the DRC system of corruption for years and who have profited from holding their titles under a very relaxed tax regime. Even if the legal review of logging titles is rigorously conducted, established companies who are not obviously implicated in moratorium violations may remain largely unscrutinised.

The Danzer Group is among the top five logging and timber trading operators in Central Africa. Recent Greenpeace investigations have exposed the Group's involvement in forest crimes including trading in illegal timber; bribery; suspected forgery of documents; and dealing with timber companies and individuals who have been blacklisted by UN Security Council for involvement in illicit arms trafficking activities in Liberia.<sup>217</sup> For instance, one of Danzer Group's trading partners, Guus von Kouwenhoven, a Dutch citizen, was arrested in The Netherlands in March 2005 and is now serving an eight-year prison sentence for violating a UN arms embargo.<sup>218</sup>

Danzer subsidiary Siforco is the second largest logging company in DRC in terms of forest under its control (1.9 million hectares). Siforco's power and money make the company effectively a state within a state in an area of several thousand square kilometres in Equateur and Orientale Provinces.<sup>219</sup> In the towns of Bumba, Buta and Aketi, people are dependent on the company to maintain the transport network and water and electricity infrastructure.<sup>220</sup>

As Greenpeace research shows, the company's operations in the DRC are proving just as ethically questionable as Danzer's operations elsewhere in Central Africa.

Siforco has been active in the DRC since 1972.<sup>221</sup> According to a report on Siforco, the company made payments to the MLC rebel-controlled administration in Equateur during the recent war,<sup>222</sup> and also makes regular payments to forestry authorities.<sup>223</sup>

*'There is simply no way to conduct business in the DRC without some form of bribery.'*<sup>224</sup>

Report for USAID, 2003

*'It is questionable whether a legitimate industry can even exist in the DRC where corruption is rampant and accountability minimal.'*<sup>225</sup>

International Security Information Service, 2002



Siforco's operations were disrupted by war, but in November 2002, it resumed logging operations in its 523,340 hectare K8<sup>226</sup> forest zone near Bumba – while the area was still under control of the MLC (a rebel movement controlled by warlord-turned-politician Jean-Pierre Bemba – see pages 82–85).

Olof von Gager, Head of Danzer's African operations, claims that the company 'made neither direct payments to the MLC nor provided the rebel army with logistical support or aid of any kind. At no time has there been any contact between SIFORCO and MLC troops.'<sup>227</sup> However, the timing of Siforco's resumption of operations in K8, and the fact that it was paying 'administrative' taxes in MLC rebel-controlled territory,<sup>228</sup> implicate Siforco



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*'Haag reaches Maluku. The heart is beating. The rebel government is in the driving seat. The employees of the plant are cheering. With Haag comes hope. The rebels negotiate with Haag: Progress continues.'*<sup>230</sup>  
 Econo Magazine, interview with Head of Siforco, 2006

in the conflict timber trade. In a recent interview in the German forestry magazine Econo, the Head of Siforco admits that the company had to negotiate with the MLC upon its return in 2002.<sup>229</sup>

At the time that Siforco was resuming logging and paying money to a MLC rebel-controlled administration, it was known that the MLC was committing crimes against humanity in the Central African Republic and elsewhere in the DRC, and using child soldiers.<sup>231</sup> MLC soldiers were later convicted for the mass rape of at least 119 women and children.<sup>232</sup>

A confidential report on the company glosses over the ethical problems with such payments: 'logging companies have little choice but to

submit to a taxation system which is unofficial, totally unregulated, and highly prejudicial to both the competitiveness and the transparency of the companies themselves'.<sup>233</sup> The report goes on to describe some of the ways Siforco maintains this 'highly prejudicial' system. As elsewhere in the DRC, institutional capacity is grossly inadequate. Monitoring and inspection staff are under-equipped and poorly paid by the authorities.<sup>234</sup> In order to maintain 'some semblance of operational administration', officials are paid directly by Siforco according to a formal scale when they come to inspect its operations ranging from €50 for the highest grades (provincial environment coordinator) to €5 for the lowest (police officer). The report admits that the ambiguity of this collusion between the logging industry and law enforcement authorities calls into question the very concept of legality.<sup>235</sup>

This state of affairs illustrates perfectly how in the chaos of the country's grossly under-resourced forestry environment, lack of capacity can shade into corruption, aided and abetted by the logging industry.

As with NST, Siforco has significant influence beyond the rainforest it controls,<sup>236</sup> via all sort of partnerships (including subcontracting in all but name).

Timber from Siforco is imported into European countries including Belgium, Denmark, France, the Netherlands and the UK. It is also exported to China.<sup>237</sup>



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### INDUSTRIAL LOGGING-LED POVERTY ALLEVIATION IS A CHARADE

The stated aim of the World Bank's strategy for reform of the logging sector is to help alleviate poverty. The Forestry Code which it persuaded the DRC Government to adopt makes provisions for taxes collected from logging operations to be redistributed back from national to local level, to provide money for regional development. It also formalises a system whereby logging companies negotiate direct compensation with local communities for access to their forest, and requires companies to develop forest management plans, one aspect of which is to ensure that communities retain rights to forest resources and services.

However, given the context of corruption that typifies the DRC, there is little realistic hope that the industrial logging model of development will improve people's quality of life. In fact, as Greenpeace research and investigations show, money from taxation rarely materialises, the direct development offered to local communities by logging companies is a cruel deception, and industrial logging degrades the essential forest resources on which the vast majority of the DRC's people depend – while communities who challenge logging companies over these issues may well face a violent response. In this way, the people of the DRC are left poorer as logging companies plunder their forests.

*'Any discussion of forests and forestry in the DRC should have as its primary focus the fact that the vast majority of people in the DRC depend on wild plants and animals for their health, for their energy, for their medicines, for their food and in many cases for their cash income.'*<sup>238</sup>

David Kaimowitz, Chairman, CIFOR, 2004

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### TIPPING THE SCALES: THE COST OF INDUSTRIAL LOGGING FAR OUTWEIGHS ITS CONTRIBUTIONS TO DEVELOPMENT

The people of the DRC are some of the poorest in the world. According to the United Nations Development Programme (UNDP), nearly 90% of the population lives on less than \$1 a day.<sup>239</sup> Today the economy of the DRC is largely based on subsistence activities, which account for 80% of the economy.<sup>240</sup> Of the approximately 62.5 million people<sup>241</sup> in the DRC, about 40 million<sup>242</sup> are dependent on the country's forests – not for money gained from the international logging trade, but for daily survival: food, medicine, energy, building materials and the value of non-timber forest products.

The DRC has Heavily Indebted Poor Country status: its burden of debt remains huge and the cost of servicing this debt (a third of it owed to multilateral institutions such as the World Bank and IMF)<sup>243</sup> will account for up to 40% of public revenues in 2007,<sup>244</sup> leaving little to be spent on the provision of basic services or the restoration of desperately needed infrastructure after the devastation of the war.

As for guarantees of a sustainable environment (one of the UN Millennium Development Goals), according to the UNDP the absence of rational exploitation of natural resources and the associated economic changes have had a clearly negative impact.<sup>245</sup>

Even if industrial logging were to be conducted in a lawful, transparent and sustainable manner, the value of the goods the forest provides to the wider population would still far outweigh that of the logging industry. For 2006, the industry's contribution to state revenues was estimated to be \$10.6 million on an assumed 500,000m<sup>3</sup> timber harvest.<sup>246</sup> Forestry revenues are contributing just 0.7% of GNP.<sup>247</sup>

The international community has been presenting highly optimistic estimates of potential future logging revenues to the DRC Government. Such optimism is both dangerous and misleading as it encourages the misguided belief that logging will contribute to development.

A 2005 report presenting the proposed World Bank-managed Trustfund<sup>248</sup> on good governance in the DRC forestry sector suggests that the sector has the potential to reach harvest levels of 5 million m<sup>3</sup>, and be worth \$100 million a year to the State.<sup>249</sup> However, the area of rainforest that would need to be opened up to achieve such levels, and the related environmental damage, would be massive. Further, more recent World Bank reports concede that production levels are unlikely to reach more than 20% of that figure over the next decade.<sup>250</sup>

In contrast, the value of the forest and forest products such as food, medicine and building materials to the people of the DRC is largely unquantifiable. The equivalent economic value of these non-timber forest products is estimated at more than \$2 billion a year.<sup>251</sup> Moreover, scientists have confirmed that many of the medicinal plants found in the forests have significant therapeutic value.<sup>252</sup>

Yet the continued availability of these goods is jeopardised by industrial logging, which both degrades the forest that provides them and impedes forest people's access to them, while offering little in return beyond promises of local development projects that are fulfilled at best in part and often not at all. For forest dwellers, indeed, the arrival of the loggers may herald not just lost resources but new burdens of social conflict, prostitution and disease.

The conclusion, inevitably, is that the industry's overall effect on the country's social well-being will continue to be negative.<sup>253</sup>

*'I recently returned to a village where I worked as a young forester. When I left 25 years ago, it was with the promise that logging would bring a future of social and economic development. Timber was the only resource these villages had to ignite development. And today, commercial timber is gone. The same families are there. They were poor 25 years ago and they are poor today. But today, they have less forest and less hope. They feel cheated by the government, the private sector, the local chiefs and by me. They feel let down. And I believe that in many ways they are right. We are all responsible for letting them down.'*<sup>254</sup>

Giuseppe Topa, Africa forest specialist, the World Bank, 2002



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## LOGGING AT LAKE TUMBA IS DESTROYING FOREST COMMUNITY RESOURCES

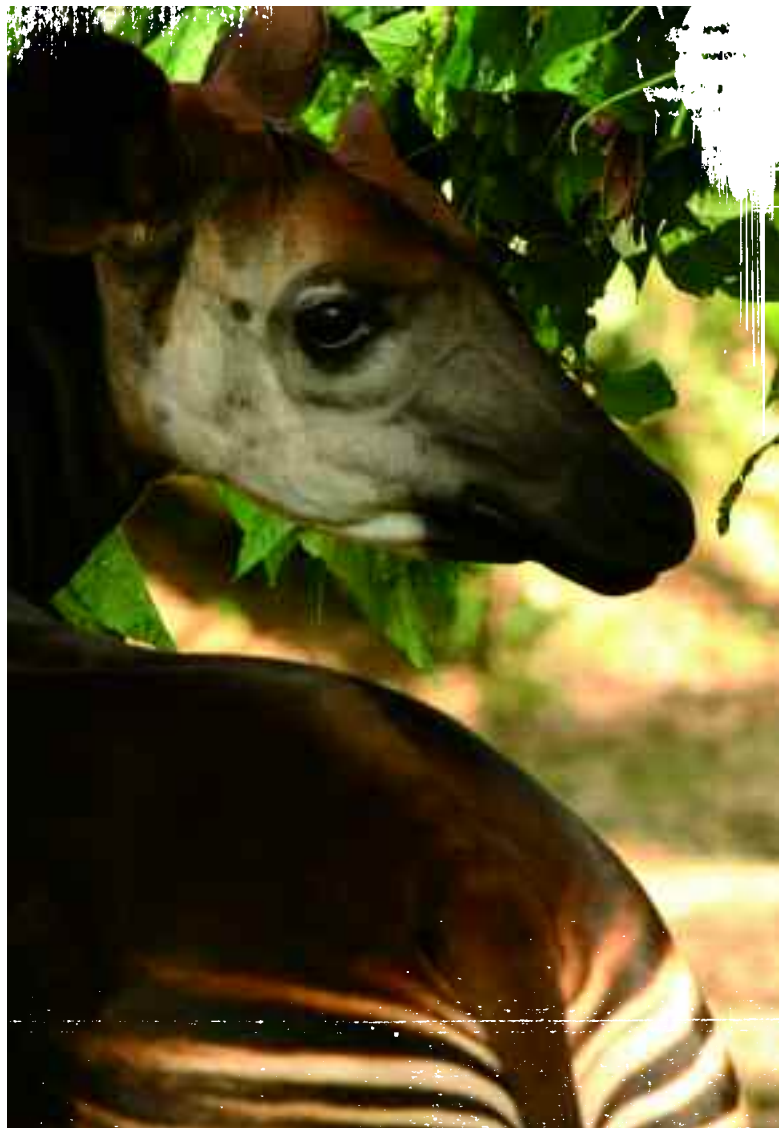
The Lake Télé-Lake Tumba Swamp Forest landscape is a priority landscape identified by the CBFP for conservation and sustainable management. Covering 12.6 million hectares (or about four times the size of Belgium) and straddling the border between the DRC and the Republic of the Congo, it is the most extensive block of swamp and seasonally inundated forest in Africa. The rainforests to the west of Lake Tumba are important for the conservation of bonobo. Other threatened species that occur in this landscape are forest elephant, hippopotamus, red-tailed monkey (*Cercopithecus ascanius*), red colobus monkey (*Piliocolobus badius*) and slender-snouted crocodile (*Crocodylus cataphractus*). Additionally, fish biodiversity and endemism are high, although as yet poorly researched.<sup>255</sup>

Local communities in this landscape rely on fish for 90% of their protein consumption and overfishing has been identified together with bushmeat hunting as the two major threats to the landscape.<sup>256</sup> However, the expanding logging industry looks set to become a major additional threat.

The Lake Tumba region is home not only to Bantu agriculturalists but also to numerous Twa pygmy (semi hunter-gatherer) communities. The logging operations already active and planned often overlap to a large degree with the forest on which these communities depend; consequently, the forest-dwellers may be forced to go further into less disturbed areas to meet their needs. Once companies establish themselves in the region – building roads, negotiating social responsibility contracts, bringing in workers – it will be very difficult to turn back the clock.

The Lebanese logging company ITB has been actively logging in the area since mid-2005, and several other companies may start up operations soon (Sodefor is already prospecting in the area).

In conversation with Greenpeace, ITB's chief forester claimed that the company is making a positive contribution to the communities of Bikoro, near Lake Tumba – it contracts some 140 local workers plus 20–30 workers on a daily basis (journaliers) for its nearby logging



©Kim Gjerstad

operations (it is said that on average six people depend on the salary of one worker in a logging company). The company pays the school fees for its workers' children and claims to contribute some 250,000 CFR per month (about \$475) to the hospital in Bikoro for treatment of its workers. ITB's chief forester also stressed the fact that thanks to ITB's logging road it is now much easier for people to transport their agricultural products to market.<sup>257</sup>

However, in terms of sustainable development for the local communities, ITB's contribution is minimal, and jobs are likely to disappear once the area is commercially logged out, as has happened elsewhere.

In exchange for a few gifts to local Bantu community leaders (part of the social responsibility contract practice explained on



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page 48), ITB has gained access to large volumes of wengé (*Millettia laurentii*) timber worth hundreds of thousands of dollars. As soon as ITB abandons the area, there will be no need for it to maintain the road to facilitate logging access. Without maintenance, the logging road will rapidly deteriorate. The housing conditions of the company's workers are appalling. Hardly any other local development can be attributed to the company.

In conversation with Greenpeace, ITB's chief forester claimed that since ITB arrived in Bikoro more products (such as sugar and toilet paper) have become available on the local market, brought in on ITB barges coming from Kinshasa.<sup>258</sup> On the other hand, local people told Greenpeace that with the growing economic activity and overexploitation of natural resources, prices of many products

have rapidly increased. Fish has become much more expensive; the price of a goat has doubled. Several people also indicate that prostitution is on the rise in Bikoro due to the logging money.<sup>259</sup>

In 2006, local Bantu communities told a Greenpeace field team that ITB has destroyed their farmland with bulldozers to clear the area for logging roads. Near the village of Ibenga, local people showed fresh evidence of crops (manioc, banana trees, cacao) allegedly destroyed by ITB's activities. Some farmers complained that while the damage to their crops has been very extensive, the company has offered very little compensation. When villagers complained to ITB about the inadequacy of the compensation offered, the company's representative told them to choose between accepting the offer and getting nothing at all.<sup>260</sup>

*'Despite a forestry moratorium in place since 2002, which was extended by presidential decree in October 2005, the State has admitted that logging has continued, and that concessions have been granted on indigenous peoples' lands and territories without prior consultation or consent and with disregard for their internationally guaranteed rights.'*<sup>261</sup>

Forest Peoples Programme  
et al.





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### FURTHER SOCIAL EXCLUSION FOR HUNTER-GATHERER COMMUNITIES

The experience of the Twa pygmies of the Lake Tumba area has been one of further social exclusion as well as the loss of vital forest resources. For instance, elders in the Twa camp of Nkwete told Greenpeace that they were barely consulted by ITB in advance of logging. Instead, ITB negotiated with an individual Bantu (a former chief) from a nearby village who claimed to be the traditional owner of the forest.<sup>263</sup>

After the Twa complained that the forest was theirs, the company made a take-it-or-leave-it offer to the Nkwete community, to which the local chief felt he had no option but to agree.

In an AFP article about negotiations between pygmy communities and loggers in the Lake Tumba area, entitled 'Pygmies ready to hand over their forests for soap', a Twa elder is reported as admitting:

'We will take whatever we are being given. ... Soap and salt means a lot to us.'<sup>264</sup>

The Twa live in the heart of an area of high conservation importance, but they are increasingly surrounded by loggers (including ITB, whose logging contracts were signed after the moratorium, see pages 82–83). The forest is of critical importance to their culture and daily subsistence. When Greenpeace visited the area, many Twa complained that ITB was cutting down trees of great importance to the

community, to build bridges along its logging roads.<sup>265</sup> These trees, of the species *essia* (*Petersianthus macrocarpus*), are used for bridge-building by logging companies in the area. However, they are frequented by caterpillars that offer a critical source of protein to local communities, and their loss due to logging operations is a frequent source of complaint in the DRC.

Timber from ITB is imported into European countries including Belgium, France, Italy and Portugal. Interholco (Danzer's trading branch) is a client of ITB.<sup>266</sup>

### TREE OF LIFE: INDIGENOUS USES FOR THE SAPELE TREE

For forest-dwelling communities, the sapele tree *Entandrophragma cylindricum* represents an important resource for food and medicine and as a construction material.

Large sapele trees are an important host tree for a protein-rich species of caterpillar, *Imbrasia* (*Nudaurelia*) *oyemensis*. In the DRC, several other tree species are also important host trees for other caterpillar species. During the caterpillar season, when game is difficult to hunt and next year's crops are not yet ripe, caterpillars account for around three-quarters of the protein eaten by pygmies in the northern Republic of the Congo.<sup>267</sup>

In addition, the caterpillars provide an important source of income. Collecting caterpillars can provide a higher annual income per hectare than growing crops.<sup>268</sup> The UN Food and Agriculture Organisation estimates that the consumption of caterpillars in the DRC is about 13,500 tonnes per year. With an average market price of \$0.60/kg, the total market value of caterpillars is therefore estimated to be more than \$8 million per year.<sup>269</sup>

Sapele bark also has important medicinal properties. It is commonly used for the treatment of headaches associated with malaria and of swollen and painful eye infections, and also to relieve exhausted and painful feet.<sup>270</sup>

Thanks to its strength, buoyancy and water resistance, sapele is considered the best wood for pirogues (dug-out canoes). It also makes an ideal central roof support.<sup>271</sup>

*'Women have no voice. Pygmies have no voice. In the forest areas of the DRC, pygmy communities — widely considered as being 'backward' — are numerically significant. Although some progress has been made at the discourse level, this has had practically no impact on the realities of women and indigenous peoples. These exclusions are serious handicaps to the Congo's broader development needs. ... Logging companies reinforce these forms of exclusion.'*<sup>262</sup>  
Theodor Trefon, 2006



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### TAXING CREDIBILITY: THE REVENUE FROM LOGGING WILL NOT GO FAR ... FROM KINSHASA

Central to the World Bank's strategy for development via reform of the forestry sector is the redistribution of tax revenues back from national to local level, backed up by an increased level of area tax. This is supposed to bring funding to enable the state to provide social infrastructure.

The tax revenue redistribution is at best a limited measure, however. In 2007 the area tax is \$0.50/hectare (in the case of new allocations following the legal review, the level of area tax to be paid will be determined by the offer of the highest bidder). Assuming that 10 million hectares of forest is under concession after the legal review and that tax collection from these concessions is 100% effective, the measure will still only net total revenue of \$5 million annually, of which 40% (\$2 million) is to be redistributed to provinces and territories to ensure the provision of basic community infrastructure in a country about the size of Western Europe.

*'Information in our possession gives an account of the current state of play regarding the assignment of forest area royalties resulting from logging in Orientale Province ... This completely incomprehensible situation not only violates the relevant provisions of the Forestry Code, but also by its nature deprives Orientale Province of necessary resources for reconstruction after the years of war and destruction.'*<sup>272</sup>

Théo Baruti Amisi Ikumaiyete, Governor of Orientale Province, 2005

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*It is clear that access to the documents allowing proper verification of the state of affairs of tax payment ...is difficult if not impossible.*<sup>273</sup>

WRI-Agreco (Independent Observer for DRC forestry reform), 2007

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In reality, of course, even less money is likely to be available, since the process threatens to be undermined by corruption, as has happened in neighbouring Cameroon. To date in the DRC, systems of distribution or control to ensure that this money is actually devolved have simply not been set up at provincial or territorial levels. According to the World Bank, area fees were not transferred in 2003–2006.<sup>274</sup>

Given the experience of the impacts of poor institutional capacity and corruption in Cameroon, it is hard to imagine how the World Bank can have been so naïve as to allow such a situation to arise again. In any event, it is clear that local communities have not benefited at all, as yet.



**'Social responsibility contracts' – the charity of loggers is a poor substitute for genuine development**

In the DRC, as elsewhere in Central Africa, logging companies frequently negotiate local agreements (so-called social responsibility contracts) with customary landowners and communities as a means of securing their cooperation. The World Bank – recognising that forest-dwelling communities will see little benefit from fiscal reform and tax redistribution – has pushed for the adoption of the Forestry Code through which this process of direct negotiation of services is to be formalised, and for new agreements to be brokered with communities by companies passing the legal review.<sup>275</sup> However, this approach offers a poor substitute both for genuine development, and for the policy of community consultation and prior, informed consent that is supposed to precede land use decisions.

Typically, the company will first negotiate access to the forest with the customary landowners in return for a small quantity of gifts or provision of services to the community. Before logging begins, the company then negotiates the social responsibility contract (cahier des charges). Such agreements, which currently have no legal basis, typically involve promises by the companies to provide goods and equipment and to construct or renovate facilities such as schools, clinics and wells. They have long served as a substitute for proper development, allowing government to wash its hands of the well-being of forest-dwelling communities. A forestry sector review for the World Bank concedes this point:

'In well functioning States, the State ... provides social services throughout the country. In the DRC context, the cahier des

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*'The loggers buy social peace by negotiating benefits in kind with the local elites (official and traditional authorities) and local communities. This relation has often been depicted as "wood for beer and a football pitch".'*<sup>276</sup>

Confidential report on Siforco, 2006

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charges makes up for the State's inability to provide such services in remote areas.<sup>278</sup>

Companies often fail to meet their commitments in the social responsibility contracts. Infrastructure such as roads and houses built for their own use is allowed to fall into disrepair as soon as they have logged out a particular area, so that the forest-dwellers receive little or no lasting material compensation for the plunder of their traditional territory.

Moreover, recent research conducted on behalf of the Bank<sup>279</sup> has highlighted the inequitable nature both of the agreements and of the process of negotiation by which they are reached (see for example the Sodefor case study on pp54–56 below). State authorities often act on behalf of the logging companies in the consultation process to ensure the agreements are signed or to stifle protest.<sup>280</sup>

Certainly, the social responsibility contract cannot be described as delivering genuine poverty alleviation or even adequate service provision, although, as the World Bank-led forestry sector review acknowledges, it is often the only benefit that forest communities receive from industrial logging.

Nevertheless, although the Bank regards the redistribution of the forest area tax to provinces and territories as the chief means of driving the DRC's development, the Forestry Code,<sup>281</sup> drawn up according to the Bank's recommendations, formalises the practice of negotiating social responsibility contracts (Article 89).

Until now there has been no standard procedure or template for the negotiation of social responsibility contracts, a deficiency that the Forestry Code sets out to remedy. New social responsibility contracts will need to be negotiated for logging titles that pass the legal review.<sup>282</sup> However, it is hard to see how standardising this procedure through the Forestry Code will overcome the intrinsic faults of the process. Negotiations between landowners and a logging company can deeply divide communities, with landowners sometimes granting access to the forest in return for little beyond purely personal gifts for

themselves, rather than negotiating investments that benefit the entire community (see Trans-M case study on pages 50–53); or signing away the villagers' right to protest when companies damage crops or fail to abide by their agreements. In many villages, most people are not even aware of the agreements that have been made between the loggers and the traditional landowners. Similarly, when both Bantu and pygmy communities claim rights over the same forest area (see ITB Lake Tumba case study on pages 44–46), the hunter-gatherer pygmies, who are most dependent upon the forest, may be sidelined.

Even when a social responsibility contract is negotiated on behalf of the full community, the negotiations never happen on an equal basis ('pas libre, pas transparent, pas équitable'<sup>283</sup>): the local traditional landowners and the wider community lack any ownership of the process, since they are unfamiliar with forestry law and often do not have a true sense of the economic value of their forest. Thus villagers are always in the weak position: the fact that local government civil servants and/or police are sometimes present during such negotiations (and typically take the side of the logging company) hampers a fair negotiating process (see Trans-M case study on page 48). Villagers feel powerless to defend themselves against the interests of a logging company working hand-in-glove with the state. They fear intimidation and arrest if they react (see Sodefor and Sicobois case studies on pages 50–53). Unsurprisingly, they often feel it is better to get something than nothing at all.

Once social responsibility contracts are signed, the communities concerned have little or no leverage to ensure compliance, and there is currently no legal mechanism for conflict resolution. Even when contracts are respected, the paternalistic terms in which they are framed do little to empower communities or promote genuine development – as a report into Siforco's operations observes: 'The contribution of forestry exploitation to local development remains confined within the sterile bounds of a relation of near total dependence.'<sup>284</sup>

*'The participatory management approach that is fashionable in some donor and NGO circles has little currency in the ruthless world of industrial logging. Moreover, the fiscal revenues that should accrue to them remain more imaginary than real. These populations have no reliable mediators & insufficient experience in participatory strategies.'*<sup>277</sup>

Theodor Trefon, 2006



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### TRANS-M'S DEALS ARE A 'SWINDLE'

#### Trans-M's illegal logging is causing conflict in Lomako

Greenpeace has obtained a copy of a handwritten social responsibility contract that Trans-M signed with the local community leaders of Lomako on 8 February 2005.<sup>285</sup> The communities live beside the newly established (2006) Lomako National Park, in key bonobo habitat within the CBFP Maringa-Lopori-Wamba landscape. Trans-M holds a title for the area obtained after the moratorium (see pages 50–53).

The contract was negotiated in the presence of many government representatives, including the adviser to the governor and the regional administrator. The contract commits Trans-M to improve and maintain the local road, and to build health centres and three schools. In terms of more immediate compensation to the community, Trans-M promised to deliver 20 50kg sacks of sugar, 200 bags of salt, and equipment including 200 machetes, 50 axes, 100 hoes, 100 files and 200 spades. In July

2005, just six months after the contract was signed, concerned members of the community, organised under the name of the Association of Natives of Lomako (Association des Ressortissants de Lomako – ARELO) handed over a memorandum<sup>286</sup> to the Governor of Equateur Province in which they expressed their anger and frustration at the 'illegal logging activities carried out by Trans-M'.<sup>287</sup> The memorandum was addressed to a broad audience, including the Trans-M management in Kinshasa, President Kabila and the Environment Minister.

In the memorandum, ARELO claims that Trans-M's logging contract was signed in violation of the moratorium, and also that 'the logging title Trans-M has obtained is located in a zone where the creation of a future protected area is being widely discussed.' It complains that 'no proper land use planning was done ... taking into account the socio-economic realities of the local communities' and that 'the people were not properly consulted before this logging title was handed out'.<sup>288</sup> It also regrets

*'Villagers within 40 kilometres of the city of Kisangani are rising up against the logging companies exploiting their forests. According to village leaders, their people are not benefiting from these industrial activities. Not a single humanitarian or social action has been taken by these loggers. Villages are without schools, health centres, navigable roads and other adequate infrastructure. In short, in the majority of cases, social responsibility contracts have not been respected ... At present, the most visible, the most active I can cite include Trans-M Bois, a subsidiary of Congo Futur.'*<sup>289</sup>

Radio Okapi, Kisangani  
(April 2006)

the overlap of interests 'between the head of the provincial administration and the company'.<sup>290</sup>

ARELO cites a number of shortcomings in Trans-M's handling of the social responsibility contract process:<sup>291</sup>

- the lack of proper consultation of the people of Lomako
- the poor content of the social responsibility contract listing the obligations of the logging company
- a questionable commitment to genuine development as a result of the contract having been negotiated by Trans-M in the absence of any clear, informed representation of community interests
- the fact that several village representatives refused to be part of this swindle ('tricherie') – which included 'forgery and other defects ... evident in some of the signatures attached to the document at the 8 February 2005 meeting, at which people were forced to sign'.<sup>292</sup>

The memorandum concludes by protesting against the arrogant and disrespectful way the negotiating process was conducted, against the interests of the Lomako communities.<sup>293</sup> ARELO calls for the 'immediate and unconditional suspension of Trans-M's/Congo Futur's activities in this future protected area because they do not meet the needs of the local community'.<sup>294</sup>

The social conflicts arising from Trans-M's poor contribution to local development in the Lomako area continue, two years on.

Trans-M workers complain of appalling working conditions. Many workers have voiced concern that they have no proper contract; workers camps are unsanitary; the work can be quite unsafe, and there have been a number of fatal accidents for which relatives have not received proper compensation. Those who have challenged Trans-M about the situation (village chiefs, local authorities, the local forestry department) have complained about intimidation.<sup>295</sup>



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*'Trans-M was imposed on the community ... The head of the Department for the Environment simply informed the community that they were going to log the forest.'*<sup>296</sup>

Alibuku community leader

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### **Trans-M is destroying community forest resources in Kisangani**

Greenpeace has obtained a copy of another social responsibility contract<sup>297</sup> which Trans-M negotiated in February 2005. This one is with the community of Alibuku village, near Kisangani in Orientale Province, impacted by the GA 033/05 logging title.<sup>298</sup> The agreement includes commitments to build a school and a clinic, to provide transport for villagers to Kisangani if there is room in the logging trucks, and to provide free wood to use for coffins.

But implementation of these promises has been disappointing. Apart from the construction of a school, few of the promises made to the community have materialised. The company is the cause of considerable tension in the area and risks damaging local livelihoods.<sup>299</sup> More than a year after the contract was obtained by Greenpeace, a field mission from the NGOs Bank Information Center and Environmental Defense visited the village and drew the following conclusions:



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*'The Bank's actions in the DRC industrial timber sector are subject to some criticism. ... [T]here are serious ethical considerations because there is little doubt that local populations will be victimised by industrialised logging.'*<sup>300</sup>  
Theodor Trefon, 2006

'The conditions under which cahiers des charges are negotiated often do not enable communities to adequately express and defend their rights. In the case of Trans-M, the company held one meeting with the customary landowners (les ayants droits) and the village chief (chef du village) to announce that it would start working in the community. The company then returned for a second meeting, with the Government's advisor, and demanded that the community draft its priorities and demands for the cahier des charges and sign the document that same day (February 2005). After more than a year, none of the commitments made by the company in the cahier des charges ... has been fulfilled. The villagers complained: "We asked them to provide us with enough wood for our coffins and they even refused that."' <sup>301</sup>

As the BIC/ED report also emphasises, the existence of a social responsibility contract does not obviate the need for direct compensation for the losses communities experience as a result of forest destruction from industrial logging. These losses can include, amongst others, a decline in the supply of or access to non-timber forest

products on which communities depend, including mushrooms, caterpillars and forest animals that are hunted.

Local communities that depend on the forest currently being logged by Trans-M have complained that the company is cutting down sapele trees (see p 46). Communities rely on these trees for caterpillars, an important source of protein and cash in an area that otherwise suffers from malnutrition. Further, Trans-M's logging operations overlap with, and threaten to damage, areas used by communities for small-scale agriculture.<sup>302</sup>

On 19 February 2005, Trans-M also obtained an agreement from several neighbouring communities.<sup>303</sup> The negotiations over this created considerable conflict; younger people felt that elders had failed to look after the long-term interests of the community. The deal also created tensions between communities, with some customary landowners refusing to sign the social responsibility contract because they felt the content was weak and that their needs were not adequately taken into account.

Soon after, Trans-M began rapidly expanding its logging operations at its GA 033/55 title, the contract for which was signed after the moratorium. Local radio reported that by December 2005 more than 300 afrormosia (*Pericopsis elata*) logs were being stored in Kisangani awaiting shipment to Kinshasa.<sup>304</sup>

Afrormosia is a CITES Appendix II listed species, which means that it is at risk of extinction from unregulated trade and therefore subject to regulation. If there is good reason to question the legality of the timber, importing EU countries have the duty under CITES regulations to insist on clear evidence of legality before issuing an import licence.

Further, local authorities have complained that Trans-M is not following the regulations in terms of log storage and fails to respect local tax obligations. However, Trans-M has denied the charges made by the provincial coordinator for the Ministry of Environment and claims that everything was arranged in Kinshasa.<sup>305</sup>

As the problems around Trans-M operations in Lomako and Kisangani demonstrate, social responsibility contracts do not ensure that communities benefit from logging operations or that forest resources are sustained.

Timber from Trans-M is imported into European countries including Belgium, France and Germany.<sup>306</sup>

## EUROPEAN LAWS BANNING ILLEGAL AFRORMOSIA

### – WHERE'S THE ENFORCEMENT?

With an export market price of around \$850/m<sup>3</sup> for sawn timber,<sup>307</sup> afrormosia or African teak (*Pericopsis elata*) ranks among the most valued tropical timber species. Afrormosia is a CITES Appendix II species, meaning that the species is subject to trade regulation because it is recognised that unregulated trade puts the species at risk of extinction.

The DRC has the world's largest remaining stocks of afrormosia, largely confined to the provinces of Equateur and Orientale.<sup>308</sup> Around Kisangani, this threatened species is the main commercial timber tree.<sup>309</sup>

Since the end of the war, the DRC has substantially increased its exports of afrormosia. In 2005/06, it was the world's largest exporter, with the vast majority of the timber being exported to China, Taiwan and six European destinations: Italy, France, Belgium, Germany, Portugal and Switzerland. Other destinations include Japan and the USA.<sup>310</sup>

In theory, DRC government authorities are only allowed to grant a CITES Appendix II export permit for afrormosia (whether logs, sawn timber or veneer sheets) if two criteria are met:<sup>311</sup>

- the Institut des Jardins Zoologiques et Botaniques du Congo (the DRC CITES Scientific Authority) has advised that 'such export will not be detrimental to the survival of that species'
- the Institut Congolais pour la Conservation de la Nature (ICCN) (the DRC CITES Management Authority) is 'satisfied that the specimen was not obtained in contravention of the laws of that State for the protection of fauna and flora? (eg not in violation of the moratorium and compliant with the DRC Forestry Code)

Additionally, countries within the European Union may only issue an import permit for afrormosia if such imports 'would not have a harmful effect on the conservation status of the species or the territory occupied by the relevant population of the species.'<sup>312</sup>

Using its additional power to enforce CITES regulations, the European Union suspended imports of afrormosia from Cameroon and the Republic of Congo because of concerns about the sustainability of the trade. Both sanctions were subsequently lifted.<sup>313</sup>

Given the level of corruption within the DRC, the extent of forest allocated in violation of the 2002 moratorium and the Forestry Code, the lack of institutional capacity to either identify breaches of the law or enforce regulations, and the clear incentive for companies to cut the most valuable species within the current legal vacuum, it is clear that it will be very hard to prove the legality of afrormosia from the DRC under the CITES regulations.



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### SODEFOR DEALS WITH EMPTY WORDS

Sodefor (see page 23) has its operations headquarters in Nioki in Bandundu Province. The town is an example of modern industrial logging's inability to bring prosperity to the regions in which it operates.

The example of Sodefor is all the more striking in that the company's pre-war predecessor, the state-owned Forescom (run by Belgian, then Canadian management) appears to have been relatively beneficial. Sodefor (Société de Développement Forestier known to local inhabitants as 'Société de Destruction Forestière') is now part of the giant Liechtenstein-based NST group (see pp82–85), which directly controls some 4.7 million hectares of logging titles in four DRC provinces.<sup>314</sup>

Sodefor is by far the dominant logging company in Bandundu, with a sawmill base at Nioki, the only logging town in Bandundu Province. Greenpeace visited the area in May–June 2006 and January 2007, and was told that local people have repeatedly expressed their outrage at Sodefor's exploitative attitude.

For example, in an open letter to the Minister of Environment, people from Nioki, who had formed a pressure group under the name of 'SOS Nioki', complained about the company's disappointing social record:

'The forests of Mai-Ndombé are exploited for the self-interested profit of Sodefor and its sister company Soforma ... This exploitation generates a huge turnover ... and makes a dismal contrast with the economic and social conditions of the populace of Mai-Ndombé district ... where there is no sign of any recompense for the wealth extracted from its land.

### Logging titles near the Salonga-Lukenie-Sankura Landscape



In contradiction of its full name, which promises development, Sodefor has never given a moment's consideration to any development project in this area.<sup>315</sup>

It was indeed evident at the time of Greenpeace's visit that little of the wealth Sodefor has extracted has returned to the area. Sodefor's main contribution to Nioki seems to be the maintenance of the town's hospital which provides health care to its inhabitants. The roads at Nioki, well maintained before Sodefor bought out the logging operation, are now in a state of disrepair. The electricity supply to most of the town has been cut off. Outside Nioki, most schools in the area where Sodefor operates lack benches, and most health centres lack basic medical equipment. Sawm timber is hard to obtain in the area – there is not a single timber yard in the region where final processing is carried out

to meet local demand. Sodefor has a processing plant at Nioki, but according to local people all the timber it processes is sold elsewhere.<sup>316</sup>

Beyond the town, villages close to sites where Sodefor has ended its logging are now partly abandoned, their inhabitants setting up in shanty-towns along the river, the sole remaining means of communication. As elsewhere in the DRC, game and fish are becoming rare in the area and, as there is little agriculture, the population subsists largely on a diet of manioc.

Greenpeace found similar deprivation and lack of investment in basic infrastructure in other nearby settlements where Sodefor is active.<sup>317</sup>

When Sodefor 'negotiates' social responsibility

*'Forest laws must be reformed to recognize the needs of the forest-dependent poor. Otherwise, their enforcement is the worst form of violation of equity and justice.'*<sup>318</sup>

Gerhard Dieterle, World Bank Forests Advisor, 2006



©Greenpeace/Davison

agreements with villages, the company always uses essentially the same standard contract: local stakeholders, uninformed of their rights, are told to 'take it or leave it'.<sup>319</sup> Sodefor then obtains an official signature to 'legalise' the agreement.<sup>320</sup> Typically, in return for access to a village forest the company will sign an agreement involving direct gifts in kind to the customary landowners (often to a value of less than \$100).<sup>321</sup> In return, Sodefor insists that the landowners must sign away their community's right to protest in any way against the company's activities. They are also expected to assume responsibility for the smooth functioning of the company's logging operation – in other words, take responsibility for preventing obstruction or interference.

#### **SODEFOR'S CONTRACTS OF SHAME**

'Mr [xxx] undertakes to avert or prevent any kind of disturbance (barricades, uprising of the population) of Sodefor's forest exploitation. He is in addition responsible for the smooth functioning of activities at the logging site, without however interfering in working methods.'<sup>322</sup>

#### **Sodefor cahier de charge**

Greenpeace has obtained copies of several of Sodefor's social responsibility agreements, detailing the 'gifts' the community receives in exchange for essentially signing away its right to protest:

21 March 2004, Ikole Mete: two sacks of salt, 18 bars of soap, four packets of coffee, 24 bottles of beer and two bags of sugar.

18 March 2005, Bonji: one sack of salt, nine bars of soap, two packets of coffee, 12 bottles of beer, 1 bag of sugar.

1 November 2005, Nkoba & Many: two sacks of salt, 18 bars of soap, four packets of coffee, 24 bottles of beer and two bags of sugar.

1 November 2005, Eyongo & Elona: two sacks of salt, 18 bars of soap, four packets of coffee, 24 bottles of beer and two bags of sugar.

Beyond its gifts to the local customary landowners ('ayants droits'), Sodefor typically signs social responsibility agreements promising to undertake development projects for the benefit of the wider community. But these rarely materialise, and villagers are powerless to enforce the agreements. Madjoko villagers receive a tiny percentage of the value of the wood felled by the company, but have to rely on the 'totally unverified' data which it provides.<sup>323</sup>

Providing employment for local people would be one benefit that the logging industry could bring to forest communities. Yet, in Madjoko and elsewhere, it was made clear to Greenpeace that Sodefor provides few jobs for local people. Additionally, some of those who are taken on tend to be kept for unreasonably long times as 'trainees' with no job security and no rights to the bonuses received by the non-local workers on full contracts, receiving the national minimum wage (335 CFR per day – about US\$0.70) for a 10-hour day. Those who are employed live in appalling conditions.<sup>324</sup> At various logging sites, an investigation into the implementation of social responsibility contracts notes that the level of malnutrition and hunger, is striking.<sup>325</sup> Even the operations manager admitted that 'lack of food at Madjoko is a reality'.

Protests by local people at Sodefor's failure to abide by its commitments in social responsibility contracts have met with violent intervention from the police and military. In 2005, 23 people were arrested in the villages of Bobila and Mbelo in Equateur Province for blocking the road to prevent the passage of logging equipment, after Sodefor failed to respect a social responsibility agreement.<sup>326</sup> In February 2006, soldiers and police returned to Mbelo, making violent arrests and stealing personal effects after villagers again blocked the road.<sup>327</sup>

Timber from Sodefor is imported into European countries, including Belgium, France, Germany and Portugal.<sup>328</sup>



## THE LAW WORKS HAND-IN-HAND WITH SICOBOIS

Sicobois is a Belgian-owned company with three logging titles in Equateur Province, covering nearly 400,000 hectares.<sup>329</sup> These contracts have been signed after the moratorium. Although Sicobois had logging titles in Lissala before May 2002, Greenpeace has reason to believe that old forest areas titles were exchanged for new ones.<sup>330</sup> However, in the absence of publicly available company-specific pre- and post-moratorium maps, it is impossible to make a fully informed independent judgement.

A report by a Congolese NGO<sup>331</sup> states that Sicobois often consults with local communities regarding authorisation for forestry prospecting, and it has negotiated and signed a number of agreements. However, in most cases these consultations and agreements have not led to harmonious relations.

One agreement was concluded between Sicobois and three community groups (Bolongo-Bosua, Monduga and Bobala) on 16 January 2004.<sup>332</sup> The company agreed to supply the three communities with a quantity of various tools and materials, and also to build a dispensary and a school, renovate another school, and supply benches for these and two other existing schools.

On 3 October 2005, an ongoing conflict around forest exploitation between the community of Bolongo-Bosuwa and Sicobois seriously escalated, with the company categorically refusing the community's request to negotiate a new agreement to log its forests. According to an article in *La Voix du Paysan* newspaper, the Belgian Ambassador offered to negotiate but this was rejected by Sicobois. The community decided to block the roads to the logging sites and deny the company's vehicles entrance to 'their' forests.<sup>333</sup>

This article goes on to state that Sicobois did not respond to the community's invitation to negotiate a peaceful solution. However, three officials, including a police officer, left Lisala for the 'conflict zone' the same day. On their arrival they arrested the chief of the community and four of his councillors. All of them were taken to prison and detained for six days. Another councillor went up to Lisala the same day to inform the coordinator of a local



NGO about the situation. When he returned that evening to tell the community what had become of the arrested men, he came across a car full of Sicobois workers who were on their way to remove the blockades to the logging site. He was forced into the car and that night they took him all the way back to Lisala to have him put in prison as well (simply because he had come back to the community to tell the people what had happened to their chief and councillors). The prosecutor who subsequently examined the case concluded that the chief of the community should never have been intimidated in this manner.<sup>334</sup>

Nor was this an isolated incident. In the neighbouring community of Mondunga, a roadblock was set up by the local population in order to insist that the logging company respect its commitments. As a result of this blockade, the president of the local community's committee on forest management, Professor Wale, was reportedly arrested in Lisala and spent two weeks in prison.<sup>335</sup> The evidence suggests that when faced with protests at its conduct, Sicobois prefers to leave it to the police to intimidate communities rather than talk through the difficulties – perhaps because negotiation would force the company to admit that it fails to abide by its local agreements.

Sicobois exports its timber to Europe, Danzer is a major client of the company.<sup>336</sup>

## INDUSTRIAL LOGGING OPENS UP INTACT RAINFORESTS, PRECLUDING PROPER LAND USE PLANNING

The World Bank's strategy for reform of the forestry sector in the DRC includes as a goal protection of the rainforest's local and global environmental values, including its contribution to climate stability.<sup>337</sup> However, without a forest land use planning process which prioritises large-scale conservation, the measures the World Bank has pushed through – a moratorium on the allocation of new forest titles, a legal review of existing titles, and a new Forestry Code – will not stop industrial logging moving into valuable intact rainforest. This will result in de facto land use decisions in favour of the loggers rather than the forest-dwelling communities, the DRC's unique biodiversity or the global environment.

The rainforest of the DRC is critical to the health of the global environment. Its massive stores of carbon help keep the global climate stable. It plays a significant role in regulating one of the world's largest river basins. It is also a unique reservoir of biodiversity.<sup>338</sup> Once lost, the forest, its wildlife and the vital environmental services it provides cannot be replaced.

The CBFP has to date identified several large forest landscapes within the DRC that are important for conservation and require sustainable management. Moreover, as shown by the case of the Lomami forest (see pp64–67), there are also other vast tracts of intact forest landscape not included in the CBFP's priority conservation areas, that nevertheless have huge value for forest communities and biodiversity, and whose large-scale protection would contribute to the forest's continued provision of global environmental services such as climate stability. But destructive logging operations are set to go ahead both within the CBFP priority landscapes (in spite of the CBFP's recommendations to aim for sustainable forest management) and in other important areas, curtailing the options for protection and responsible forest management.

As the World Bank itself recognises: 'There is a serious risk that economic development initiatives will be accepted by the Government without adequate consideration being given to their environmental impact, or to alternative options such as biodiversity conservation and community based management.'<sup>339</sup>

Many logging companies whose operations threaten important forest landscapes have rushed to obtain logging titles in advance of any land use planning process (eg Trans-M case study on pages 50–53). It is clear that in this context there is an urgent need for full and extensive land use planning prior to the expansion of industrial logging: social and environmental values need to be recognised and protected so that critical areas of rainforest are placed off limits to commercial logging or other extractive industries. Strategic land use planning provides an essential framework for long-term management of any forest. It has been shown to be effective at resolving existing disputes and avoiding future conflicts between the interests of indigenous peoples, logging companies, biodiversity and the environment at the local, national and international scales.

In practice, however, just the opposite approach is being taken: existing titles, provided they satisfy the narrow criteria of the legal review, stand to be confirmed as new-style forestry concessions irrespective of their potential impacts on forest-dwellers, wildlife or climate, pre-empting any attempt at a rational land use planning exercise with irreversible decisions in favour of the logging industry.

Meanwhile, the protection of the rainforest's social and environmental values will be largely abandoned to the good offices of the logging industry itself through the forest management plans it is required to develop, four years down the line. Rather than insisting first on land use planning being the absolute priority, donors are aiding and abetting this free-for-all by giving companies development money to complete these management plans, which being mandatory are critical to their expansion into new areas of intact forest – and to their profitability (see case study, page 45).

*'With the largest share of the Congo Basin and 50% of Africa's moist tropical forests, the occurrence of 12 ecoregions on DRC's territory and a unique level of natural habitats and species diversity and endemism, the DRC is recognised as one of the world's most important countries for environmental protection.'*<sup>340</sup>

World Bank, 2006

*'Independent of their species richness and their level of endemism, the forests of the Congo Basin represent one of the last regions in the world with vast areas of interconnected tropical rainforest where the biological processes can still proceed without disturbance. It is for example one of the rare places in the world where an animal the size of the forest elephant can still play a natural role in shaping its ecosystem, like an "engineer" transforming the landscape, influencing species distribution and maintaining the functioning of natural ecological systems. In addition, simply by virtue of its size, the forest of the Congo Basin constitutes a carbon reserve of global importance for the regulation of the principal greenhouse gas, carbon dioxide. Finally, this forest also has a role in regulating the regional and local climate. In particular it ensures the hydrological cycle, since more than 50% of the precipitation that falls on the Congo Basin comes from local evaporation and evapotranspiration.'*<sup>341</sup>

Congo Basin Forest Partnership, 2006





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*'The Democratic Republic of Congo is by far the most biologically rich country in Africa ... Its size and wide range of habitats make it one of the world's most important centres of biodiversity.'*<sup>342</sup>

Wildlife Conservation Society (WCS)

The DRC's resurgent logging industry is already fragmenting large areas of rainforest, opening them up to poachers, agriculture and settlement as it creams off the most valuable species. Poachers take advantage of the logging roads to travel deep into previously inaccessible forest. According to the CBF, the location of logging titles is a prime indicator of where roads will be built, and roads are in turn a prime indicator of where degradation of the rainforests will occur in the future.<sup>343</sup> Logging company workers often facilitate the trade by transporting bushmeat in company vehicles or on log barges.<sup>344</sup> In this way, even where the forest cover remains largely intact, industrial logging can lead to the near eradication of endangered animal species from a region. In the words of Conservation International, 'This type of uncontrolled bushmeat trade has become the most immediate threat to the future of wildlife in the Central African wilderness in the next five to fifteen years.'<sup>345</sup>

## LARGE INTACT RAINFORESTS – DRC FORESTS ARE CRUCIAL FOR GLOBAL BIODIVERSITY CONSERVATION

The forests of the DRC are of global significance for biodiversity conservation – in fact, the country ranks as the fifth most diverse country on earth for both plant and animal species,<sup>346</sup> in large part because of the size and variety of forest habitats.<sup>347</sup> The DRC is home to a wider variety of species of animals than any other nation in Africa and only South Africa rivals the DRC in number of plant species.<sup>348</sup>

The DRC's vast tracts of unbroken forest shelter spectacular mammals such as elephant (*Loxodonta africana*), gorilla (*Gorilla gorilla*) and buffalo (*Syncerus caffer*). These large mammals play a critical role in shaping the forests. Like landscape gardeners, they create pathways, plant, prune, and open clearings.<sup>349</sup>

All four African great apes live in the DRC's forests: in addition to the western gorilla, we find the eastern gorilla (*Gorilla beringei*), the chimpanzee (*Pan troglodytes*) and the pygmy chimpanzee or bonobo (*Pan paniscus*), the human race's closest relative, which lives nowhere in the world except the rainforests south of the Congo River.<sup>350</sup>

Other wonderful creatures that live only in the DRC include the magnificent and elusive Congo peacock (*Afropavo congensis*);<sup>351</sup> the rare aquatic genet (*Osbornictis piscivora*), a curious fish-eating carnivore;<sup>352</sup> the shy okapi (*Okapia johnstoni*), a unique animal somewhere between a giraffe and a zebra; and a number of monkey species including the Salonga or dryas monkey (*Cercopithecus dryas*),<sup>353</sup> and the golden-bellied mangabey (*Cercocebus chrysogaster*).<sup>354</sup>

## NO LAND USE PLANNING IS A ROAD TO RUIN – LOGGING IN THE MARINGA-LOPORI-WAMBA LANDSCAPE

In September 2003, the World Bank set out to support pilot forest zoning work in the Maringa-Lopori-Wamba landscape (one of the CBFP's key conservation landscapes) as part of a \$4 million emergency aid loan. However, it then dropped the project because of lack of consultation.<sup>355</sup>

It is unclear if and how the World Bank will re-engage in zoning activities. In response to a joint letter from Greenpeace, Bank Information Center, Environmental Defense and the Rainforest Foundation, in November 2006 the World Bank wrote in November 2006 that: 'A participatory zoning activity might be part of future projects financed or administered by the Bank, as long as there is unambiguous support for it within the Congolese civil society, and provided national technical institutions demonstrate commitment to exercise due diligence in handling such a complex task.'<sup>356</sup>

Within the Maringa-Lopori-Wamba landscape, Siforco (part of the Danzer group) is by far the largest logging title holder (see pages 82–85).

Siforco started logging in the area in 1977.<sup>357</sup> In June 2004, the company returned 1.2 million hectares of forest to the State, around half of it within the Maringa-Lopori-Wamba Landscape. Yet, only forests which had already been logged or which were otherwise unsuitable for industrial exploitation were handed back.<sup>358</sup> Further, this relieved Siforco of paying imminent increases in annual forest tax on the area returned.<sup>359</sup>

Siforco currently holds two adjacent dormant logging areas in the landscape, known as K2 and K7. These cover 725,000 hectares of rainforest within the boundaries of the landscape,<sup>360</sup> north of the Lomako national park and in bonobo habitat. The company intends to open several of these areas as soon as it finalises its management plans for the areas and has the necessary infrastructure in place.<sup>361</sup> Opening up these vast tracts of rainforest with thousands of kilometres of logging trails and roads will cause not only direct habitat destruction and disturbance of wildlife, but will also further open up the forest

to poachers, jeopardising the future of some of its most endangered species. Roads also degrade the forest, contributing to climate change through emission of greenhouse gases.

The potential consequences of this expansion of logging operations are recognised in a report on Siforco's activities, which acknowledges that the forest authorities responsible for wildlife management in the region are utterly incapable of exerting the necessary control to protect wildlife from the impacts of logging.<sup>362</sup> Instead, independent conservation groups are left to try to manage the problem created by industrial logging as best they can, employing only a handful of rangers to cover an area of some 720,000 hectares!<sup>363</sup> Clearly such a level of enforcement is totally inadequate to control poaching. It is doubtful that any practically conceivable level of enforcement will be able to control poaching once the area has been opened up because of the vast area affected. Once open, Siforco's holdings are likely to end up as 'empty forest', devoid of large animals like other areas which logging has opened up to poaching and other forms of exploitation.

Near Befale, south of the Lomako reserve in core bonobo habitat is another big actor, Trans-M. According to CBFP, Trans-M's 250,000 hectare logging title<sup>364</sup> (see page 50–53) was obtained in breach of the moratorium<sup>365</sup> and therefore the Forestry Code. While there are many indications that Trans-M is involved in illegal activities, the forestry authorities in Equateur have no proper control or monitoring of the volume of timber the company logs.<sup>366</sup> As a report by the CBFP notes in relation to logging in this area: 'When those responsible for governance and conservation are absent, those involved in logging the forest are given a free rein for lawless exploitation.'<sup>367</sup>

*'The construction of logging roads greatly increases access to remote areas of forest but unless use of these roads is controlled during and after logging, they significantly increase unsanctioned extractive activities such as elephant poaching, commercialization of the bushmeat trade, and exploitation of minerals, all of which have severe environmental impacts. The devastating effects of unregulated hunting have been well documented in Central Africa, where many logged forests remain filled with trees but are empty of wildlife—the "silent forest" syndrome. Logging roads also serve as conduits for immigration and forest-clearing for agriculture.'*<sup>368</sup>  
Wildlife Conservation Society, 2004

*'Without a forest land use planning process that will lead to a protected permanent forest estate, the Congolese forest by 2050 will only be a vague reminder of what they once were.'*<sup>369</sup>  
World Bank, 2005



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The coordinator of forestry for Equateur Province at Mbandaka told Greenpeace in October 2006<sup>370</sup> that although he has had reports that there are problems with Trans-M, he does not have the resources to investigate the matter. The local forestry authority at Befale – even more poorly resourced than its provincial head office – is largely cut off from the supervision of the provincial coordinator, although he is ‘aware’ that the branch has problems, such as low wages, no transport and no proper equipment, which makes it extremely dependent on the good will of companies such as Trans-M.

Representatives of the Ministry of Development are also present in Befale, but they too are without capacity, skills or equipment.

In the absence of strategic zoning, in a context of corruption and weak institutional capacity, de facto land use planning is rapidly taking place through the expansion of destructive logging practices. This happens even in areas already identified by the international community as priority areas for conservation and responsible management.

### WILL DONORS' SUBSIDIES SUPPORT THE ROAD-TO-RUIN POLICY?

In the absence of land use planning and governance, the emphasis of the World Bank's strategy to drive development for the people of the DRC has shifted from attempts to control the resurgence of the logging industry's operations (eg through the moratorium and legal review) to attempts to control its social and environmental impacts through the development of forest management plans.

In February 2007, international donors attending a conference on the DRC were asked to help logging companies with the cost of doing business in Central Africa. The head of the Interafrican Forest Industries Association (IFIA)<sup>371</sup> – which represents some 300 companies in the Ivory Coast, Ghana, Cameroon, Gabon, the Central African Republic, the Republic of the Congo, the DRC and Angola – asked for €75 million to subsidise the cost of developing forest management plans.<sup>372</sup>

Despite the complete lack of institutional capacity in the DRC, the French and German Governments accordingly intend to provide public money to support the preparation of forest management plans for the DRC operations of Danzer's Siforco (see pages 82–85). The German development bank KfW is looking to support development of a forest management plan for titles within Siforco's K8 holding.<sup>373</sup> The French development corporation Agence Française de Développement (AFD) is considering financial support for development of a forest management plan for titles within Siforco's K9 holding.<sup>374</sup> Logging may start in 2007 in these areas. It is highly questionable whether an international company, with an annual turnover of over €400 million,<sup>375</sup> should benefit from foreign aid assistance in a country where people are still dying from starvation, and where corruption and institutional incapacity are major hurdles to progress.

Siforco is currently the largest timber producer in the DRC, producing some 90,000m<sup>3</sup> of timber in 2005 – more than 20% of the entire industrial timber production for that year.<sup>376</sup>

*'As USAID has long recognized, donors encounter extreme difficulty and little success in trying to use foreign assistance (grants and loans) to impose new behavioural norms in political systems based on the "rule of men" rather than the "rule of law":'*<sup>377</sup>

ARD report for USAID, 2003



## Logging titles near the Maringa–Lopori–Wamba Landscape



● Intact Forest Landscapes    ● Logging Titles    ● Maringa–Lopori–Wamba Landscape

Its current logging operations take no account of sustainability parameters: timber production is dictated in response to industrial demand of Danzer's sawmills.<sup>378</sup>

Siforco's logging activities are currently within the most productive intact forest areas within its titles, which hold the highest densities of valuable hardwood. Titles have been logged solely with a view to efficient extraction of key species.<sup>379</sup> In 2005, just three species – sapele, iroko (*Milicia excelsa*) and sipo (*Entandrophragma utile*) – made up 63% of the total volume logged.<sup>380</sup> This practice of high grading inevitably leads to a need to move on rapidly to new areas of intact forest.<sup>381</sup>

Given the desperate shortage of institutional capacity in the DRC's forestry service,

combined with the absence of a land use planning process, this at best a highly questionable use of taxpayers' money.

French and German government funding for Siforco to meet statutory commitments would give the company a competitive advantage, and facilitate the expansion of industrial logging operations into intact forest landscapes. This would contribute to undermining the future potential of the DRC to protect its biodiversity and its continued provision of global climate services.

Timber from Siforco is imported into European countries including Belgium, Denmark, France, The Netherlands and the UK. It is also imported into China.<sup>382</sup>

## TIME FOR LARGE-SCALE RAINFOREST CONSERVATION BEFORE THE CRISIS: LOOMING THREATS FOR THE LOMAMI FOREST

### BEYOND PAPER PARKS AND EMPTY FORESTS

Although theoretically there are 60 protected areas in the DRC (including seven national parks), covering 18.5 million hectares or 8% of the country,<sup>383</sup> many of these areas are protected only on paper.<sup>384</sup> All five Natural World Heritage Sites (four of them also national parks) are listed by UNESCO as 'World heritage in danger',<sup>385</sup> despite the dedication of ICCN staff who continued management activities throughout the war with financial support from UNESCO and international NGOs. Two-thirds of the parks have been all but emptied of large mammals.<sup>386</sup> As elsewhere in the world, the historic approach to biodiversity protection based on islands of protected habitat has not been enough to safeguard the country's wildlife against pressure from a growing population,<sup>387</sup> poaching and other threats which industrial logging looks set to exacerbate, both directly by the damage it causes, and indirectly as a result of the roads and other infrastructure it brings into the forest.

The World Bank acknowledges that the existing protected areas are inadequate:

'The current network of protected areas with only 7 national parks and 57 nature and hunting reserves is insufficient to conserve the uniqueness of biodiversity in the DRC; additional protected areas need to be created to achieve the mandate of conserving representative ecosystems found in the DRC, preserving endemic species, protecting intact fauna assemblages, maintaining a viable long term population of unique fauna and flora species and finally preserving the functionality of key ecosystem services for the benefit of economic development and human welfare.'<sup>388</sup>

Accordingly, the Forestry Code sets a target of at least 15% of the national territory – ie 35 million hectares – to be protected, an increase of 16.5 million hectares over the present figure.<sup>389</sup> From the point of view of biodiversity protection, this is an ambitious and necessary goal.

In April 2006, Greenpeace field investigators visited the Lomami forest (strictly known as the Lomami-Tshuapa-Lualaba forest block, from the three rivers that form the main geographic features in this vast block of lowland rainforest). Our own observations and interviews with local hunter-gatherer pygmy communities confirmed that the area is still rich in wildlife – indeed it is the only place where all three of the DRC's endemic 'flagship species' occur together: the okapi, the bonobo and the Congo peacock.

Greenpeace also saw evidence of forest elephants, leopards (*Panthera pardus*), forest buffalos, a number of other primates, crowned eagles (*Stephanoaetus coronatus*) and an abundance of hornbills (*Bucerotidae*).

The Lomami area is probably the largest area of unprotected intact lowland rainforest in the DRC or even in the entire Congo region, covering over 1.2 million hectares.<sup>390</sup> The region supports hunter-gatherer communities, who depend on hunting, fishing, and some small-scale slash-and-burn agriculture. Partly as a result of its sheer size, which allows space for large mammals to range, coupled with low population pressure, the Lomami forest is a vital area for biodiversity conservation.

The Lomami forest has been proposed as a protected area by the Congolese Institute for Nature Conservation (ICCN) and the World Bank is considering funding this.<sup>391</sup> No logging titles have been allocated within the heart of the area as yet, but there are some which abut it, many of them with contracts signed after the moratorium. Contracts include Safbois' GA 034/04 and GA 091/03 at Isangi near the mouth of the Lomami river, Olam's GA 048/05 west of the Lomami forest block near Ubundu, and Sodefor's GA 018/03 near Ubundu (see map page 65).<sup>392</sup>

There is a real danger of future forestry expansion in the area, since the rivers are mainly navigable, making the forests highly accessible. For example, Safbois' intention to build a sawmill in the area could lead to pressure for expansion into the Lomami forest once the existing titles in the vicinity are logged out.<sup>393</sup>



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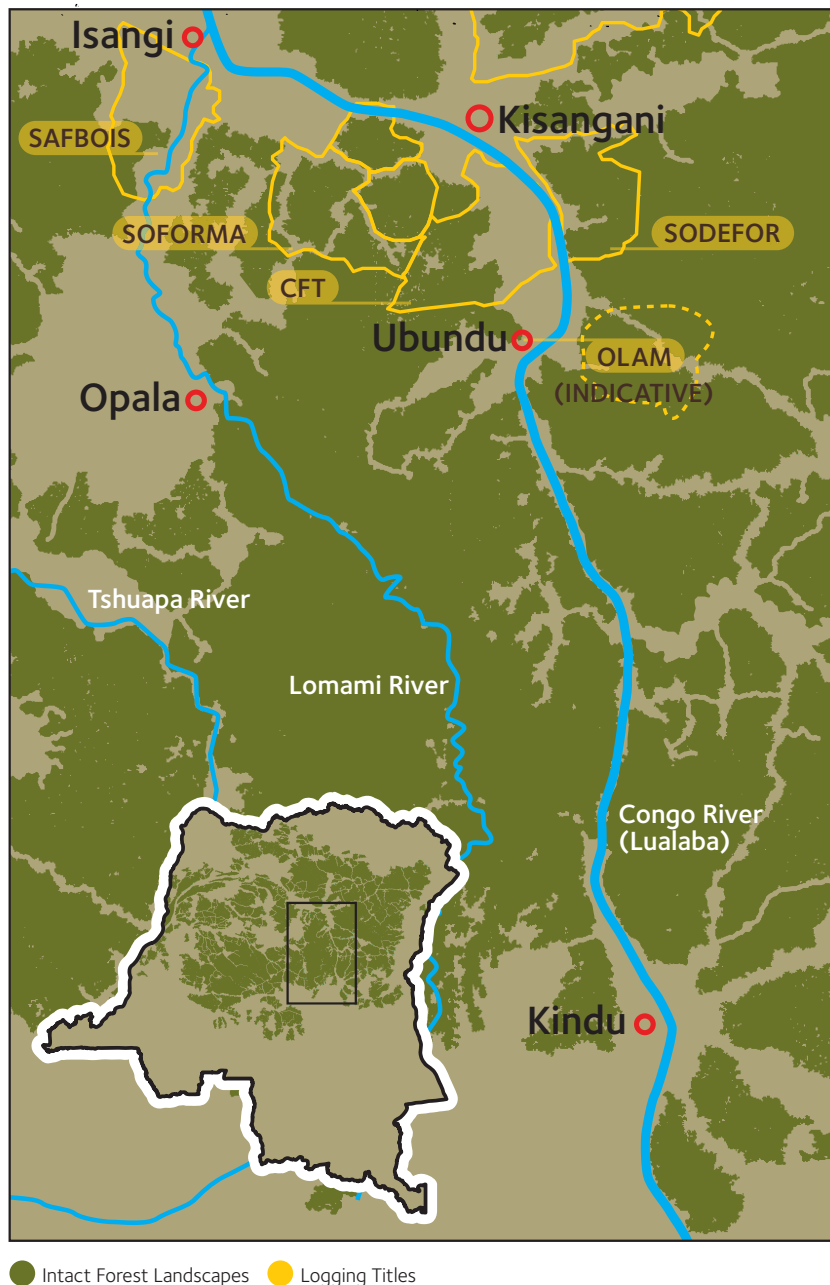
*'In Central Africa, with the exception of the Democratic Republic of Congo, almost all land outside national parks has been either zoned for logging or already issued as logging concessions.'*<sup>394</sup>

Conservation  
International, 2006

*'Failure from the international community to at least share the cost of managing parks may discourage the DRC from keeping these areas exempt from extractive industries.'*<sup>395</sup>

World Bank, 2006

Logging titles near  
Tshuapa–Lomami–  
Lualaba Landscape



### SAFBOIS IS LURKING AT THE MOUTH OF THE LOMAMI

Safbois is part of the US-owned Blattner group.<sup>396</sup> According to a report for USAID, the company resumed operations in the DRC during 2002, while conflict was still widespread, and 'a SAFBOIS barge was reportedly among the first to move back up the Congo River since the outbreak of the civil war in 1998. It carried supplies for loggers in Bumba and was scheduled to return with over 7,000 tons of hardwoods.'<sup>397</sup>

Since 2004, Safbois' main logging operation has been located near Isangi in Orientale Province. The company was also active near

Bolobo in Bandundu Province until June 2005, at which point it ceased operations, leaving no sustainable infrastructure behind.<sup>398</sup>

A Greenpeace mission in October 2005 to the company's operations in Isangi at the mouth of the Lomami river found serious conflict with local communities. Many of the people Greenpeace spoke to complained that Safbois had not implemented its social responsibility contract, signed 15 September 2004, which included promises to build a school. They also claimed that Safbois had started prospecting for trees even before it had negotiated with the villagers. They expressed their anger at the company's refusal to compensate villagers for

damage it had caused. Safbois logging infrastructure developments has destroyed agricultural fields and fruit trees used by local people, and the demolition of a local market place to create timber port.<sup>399</sup>

Isangi locals employed by Safbois testified to the unhealthy housing conditions and lack of clean sanitation on site, as well as the high number of employees without permanent contracts.<sup>400</sup> Due to the malnutrition in the area, aid organisations are developing food projects in the area.<sup>401</sup>

There have been several protests by villagers against Safbois' operation in Isangi.<sup>402</sup> These have been prompted by Safbois' failure to deliver the assets agreed in the social responsibility contract,<sup>403</sup> the perceived collusion between the company, their own chiefs and the local authorities, including the provincial governor,<sup>404</sup> and confusion about the boundaries of Safbois' logging



#### CHECKLIST OF KEY GOVERNANCE, SOCIAL AND ENVIRONMENTAL RISKS OF INDUSTRIAL LOGGING COMPANIES

Holder	Capital	Titles in legal review (total & hectares)		Titles Granted after May 2002 moratorium (total & hectares)		Titles located in Intact Forest Landscapes	Titles Threatening Identified Conservation Landscapes	Titles located in CITES Afrormosia Landscape
Blattner Group – SAFBOIS	Belgium/USA	2	334,700	2	334,700	1 + 1?		2
CFBC		2	358,000	2	358,000			
Congo Futur – TRANS-M	Lebanon	3	746,000	3	746,000	2 + 1		
Danzer Group – SIFORCO	Germany	9	1,927,726	6	1,182,240	9	3	8
ITB SPRL	Lebanon	4	665,904	3	518,904	1 + 2?		
LEDYA SPRL		2	373,000	2	373,000		1	1
NordSudTimber (CFT, Forabola, Sodefor & Soforma)	Portugal	37	4,662,902	36	4,505,902	26 + 1?	14	14
OLAM CONGO	India-Singapore	3	305,700	3	305,700	3?	1	1
SICOBOIS	Belgium	3	394,750	3	394,750	3?	3?	3?
<b>TOTAL</b>		<b>65</b>	<b>9,768,682</b>	<b>60</b>	<b>8,719,196</b>			

operation.<sup>405</sup> As a result of these protests, the regional administrator detained five of the demonstrators.<sup>406</sup>

The social unrest related to Safbois's poor social record in Isangi continues. In an open letter to Safbois dated 5 March 2007, four elected parliamentarians (députés provinciaux élus à Isangi) called for the suspension of Safbois's activities until the company has fulfilled its promises and until new negotiations have taken place.<sup>407</sup>

Greenpeace investigations show that Safbois logs significant quantities of the CITES Appendix II listed species afrormosia (see box on page 53).<sup>408</sup>

Safbois exports timber (including afrormosia) to Europe and Asia.<sup>409</sup>

Even without such expansion, the presence of logging areas adjacent to the Lomami forest is likely to exacerbate the already serious problem of poaching for bushmeat and ivory, both by increasing immediate local demand for meat and by opening up the surrounding area with logging roads and increasing river traffic, thus facilitating the transport of ivory and of bushmeat for commercial sale.

In the face of these threats, there is a clear and urgent need to proceed with formal protection of the whole Lomami forest area, before the allocation of new logging concessions can begin to chip away at it, destroying its integrity and leaving only disjointed 'leftovers' to be designated for conservation. Such designation should be based on biodiversity studies and fully take into account the needs of local forest-dwelling communities – and it must exclude industrial extractive industries. This approach must be backed up with adequate monitoring and enforcement to prevent illegal logging and poaching. This will require a substantial financial commitment from international donors.

In Lomami the DRC still has a unique opportunity to protect a substantial block of lowland rainforest that will not only help secure the future of some of the region's most important wildlife but will also continue to provide an important buffer against further acceleration of climate change. This opportunity must not be allowed to slip away.

## REMAINING INTACT – CONSERVING DRC RAINFORESTS IS A CLIMATE IMPERATIVE

Forests are vital in regulating the climate – locally, regionally and globally. The DRC's intact rainforests act as a regulator of rainfall for the region. Moreover they act as a brake on further acceleration of climate change by serving as a vast carbon reserve. While the stakes are incalculably high in terms of biodiversity within the DRC, there is also clearly an urgent need to protect its tropical forests in order to maintain their carbon stocks.<sup>410</sup>

Forests store half of the earth's terrestrial carbon stock,<sup>411</sup> more than any other ecosystem.<sup>412</sup> The amount of carbon stored in the world's forests is 45 times the amount emitted every year through burning of fossil fuels and the production of cement.<sup>413</sup> With its immense areas of intact rainforests, the DRC holds 8% of that part of the earth's carbon which is stored in living forests.<sup>414</sup> This is more than any other country in Africa, and is estimated to have the fourth highest national store of forest carbon in the world.<sup>415</sup>

### Carbon emissions from deforestation

When forests are completely cleared – for instance, to make way for agriculture plantations or grazing – up to half the carbon they held may be emitted into the atmosphere.<sup>416</sup> Even selective logging, as generally practised in the DRC and elsewhere in Central Africa, can have a serious carbon impact, as explained below. Although the amount of carbon held in African forests varies with the type of forest, the biomass of lowland rainforest – the type of forest most at risk from deforestation in DRC – is estimated to hold 180 tonnes of carbon per hectare.<sup>417</sup> Lowland tropical rainforests store more living carbon per hectare than other forest types.<sup>418</sup>

Deforestation causes these stores of carbon to be emitted into the atmosphere as carbon dioxide (CO<sub>2</sub>) where they contribute to climate change. On an annual basis, global emissions from tropical deforestation alone contribute between 10% and 25% of total human-induced CO<sub>2</sub> emissions to the atmosphere,<sup>419</sup> roughly equal to that produced by the global transport sector.<sup>420</sup> For the DRC, cumulative carbon emissions from deforestation from 1950–2000 were over 50 times those from burning fossil fuels.<sup>421</sup>

*'Deforestation of Amazonia and Central Africa severely reduces rainfall in the lower US Midwest during the spring and summer seasons and in the upper US Midwest during the winter and spring, respectively, when water is crucial for agricultural productivity in these regions.'*<sup>422</sup>

Roni Avissar and David Werth, 2005



### Carbon missions from fragmentation and degradation

It is not only the direct effects of deforestation that causes losses of forest carbon to the atmosphere: indirect effects are also important. At present, the global figures used by the Intergovernmental Panel on Climate Change (IPCC), as well as those used in the UK Government's recently published Stern Review Report on the economics of climate change, exclude emissions resulting from the fragmentation of vast areas of intact forests into smaller areas<sup>423</sup> – for example by logging roads. Trees on the edges of such fragments are vulnerable to drought, wind and fire,<sup>424</sup> all of which can result in death and the release of stored carbon. In addition, many trees are inadvertently damaged, even during selective logging. Similarly, only a small fraction of cut wood ends up stored in houses or other long-lasting structures which store carbon; the majority of carbon is lost to the atmosphere through the decay or burning of waste.<sup>425</sup> These effects combined can be highly important, and are estimated as being just as important in terms of carbon emissions as the direct impacts, if not more so.<sup>426</sup>

If left to proceed unhindered, forest regrowth would eventually (over centuries, rather than decades) recapture the carbon lost through fragmentation and degradation. In the meantime, however, this carbon is in the atmosphere, contributing to climate change. In any case, agriculture, rather than forest regrowth, tends to follow degradation in many cases, and since crops unlike forests do not accumulate large amounts of carbon and store it for long periods, so most of the carbon emitted through deforestation, fragmentation and degradation will be permanently lost into the atmosphere.

Using satellite data, Greenpeace has conservatively predicted the overall carbon emissions from a 170,000-hectare area logged by Siforco between 1981 and 1998, extracting some 900,000m<sup>3</sup> of commercial logs (see box below).<sup>427</sup> The company cleared over 4,000 hectares of lowland rainforest to create a mass network of feeder logging roads and log storage facilities. The potential emissions from forest fragmentation as a result of this infrastructure were nearly 2.5 times greater than, and in addition to, those created by actually extracting the commercial logs. The



total emissions were 5,183,827 CO<sub>2</sub>. Given that nearly forty million hectares of intact rainforests are currently allocated to industrial logging across Central Africa,<sup>428</sup> (another ten million is in already fragmented areas),<sup>429</sup> this study suggests a significant impact when scaled up across the whole region.

Estimates of the social cost of carbon emissions can vary considerably. The 2006 Stern Review Report does not arrive at a firm figure, but on the basis of what the review panel describes as preliminary work, it estimates that if we aim for the recommended target of no more than 550 parts per million of CO<sub>2</sub> in the atmosphere, the social cost of carbon emissions would start in the region of \$25–30/tonne of CO<sub>2</sub>, increasing in time as the concentration of greenhouse gases increases and, with it, the effect of adding each further tonne. The figure of about \$25 per tonne is already higher than some other estimates, as the latest scientific evidence warns us that global warming will be greater than was previously thought.<sup>430</sup>

Forests are important for climate not only in terms of carbon emissions, but also in terms of rainfall. The effect of deforestation on rainfall is

particularly marked in Africa since 75–95 % of the rainfall in the Congo Basin derives from water recycling.<sup>431</sup> Logging of large concessions can thus affect rainfall in surrounding forest areas.<sup>432</sup> On the global scale, a strong link has been found between rainfall in the Congo Basin and circulation patterns over the North Atlantic during the northern hemisphere's winter and spring (ie deep convection which drives atmospheric circulation that affect rainfall).<sup>433</sup> The Congo Basin represents the third largest region of deep convection on earth, after the Western Pacific and Amazonia. However, there is less known about climate processes in the Congo than in the other regions.<sup>434</sup> Therefore, it is quite possible that deforestation in the DRC could affect rainfall, not only locally, but also on the other side of the globe in ways that are not yet understood or predictable.

As already discussed, there is a fundamental conflict of interest between the industrial logging model of development supported by the World Bank and the preservation of intact forest areas. While the World Bank acknowledges that forests store half of the earth's terrestrial carbon stock, and that forest management in Africa and elsewhere has an important part to play in mitigating climate change,<sup>435</sup> it has no formal requirement to take climate factors into account in its development projects.<sup>436</sup>

The DRC is currently number 21 on the global list of CO<sub>2</sub>-emitting countries, almost exclusively as a result of land use change and timber extraction. The country produces more greenhouse gas emissions than Belgium, Finland, Greece, Ireland, Spain, Switzerland or The Netherlands.<sup>437</sup>

Roads are a fundamental indicator in predicting where deforestation will occur in the future. Given that logging companies open up new logging trails and roads, increasing access to the forest, the location of logging concessions are of a prime importance for deforestation modelling.<sup>438</sup>

One such study which predicted future forest loss in Central Africa suggests that the DRC risks losing more than 40% of its forest, with the area north of the Congo river and around infrastructure such as roads and the river transport network being entirely cleared by

*'Forests store nearly half of the globe's terrestrial carbon. The atmosphere is heating up with unknown and potentially terrible consequences. That is what independent scientific panels are telling us. We cannot ignore this warning. But the world also needs to acknowledge more concretely the significant role African forest management and development can play in mitigating climate change. We have not done that yet either politically or financially.'*<sup>439</sup>

Odin Knudsen, World Bank Senior Adviser, 2003



2050. It is estimated that this will release a total of between 31.1 and 34.4 billion tonnes of CO<sub>2</sub><sup>440</sup> roughly equivalent to the UK's CO<sub>2</sub> emissions over the last sixty years.<sup>441</sup>

Given the pivotal role of the forest in terms of climate change, it is deeply worrying that to date no concrete steps have been taken to stop degradation of the DRC's forests through logging and so help prevent this climate impact. While there are provisions in the Forestry Code<sup>442</sup> allowing for forests to be set aside to generate state revenue from the environmental services they provide, in the absence of international political will to drive forward comprehensive land use planning, these provisions have not yet been acted upon.

Furthermore, to date natural forests (as distinct from carbon sequestration from new plantations) have not been taken into account by existing market mechanisms that reward storage of forest carbon for its contribution to

limiting climate change. For the moment, the globally significant carbon storage service provided by the DRC's rainforests does not bring the country any economic return, and although the international community, including the World Bank, pays lip service to this global good, its programmes do not actively promote protection of the rainforest from deforestation or degradation. There is thus an ominous gap between the acknowledged importance of this key environmental service to the global community and the focus of economic assistance to the DRC.

If the DRC is to realise a future of genuine development to the benefit of its people and the environment, global climate protection, rather than the short-term presence of rapacious extractive industries which leave little but destruction in their wake, should surely be the channel through which the rainforest is mobilised to bring overseas investment to the country.

*'Curbing deforestation is a highly cost-effective way of reducing greenhouse gas emissions and has the potential to offer significant reductions fairly quickly.'*<sup>443</sup>

Stern Review, 2006

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## THE COST TO THE CLIMATE OF LOGGING AND LOGGING ROADS IN THE CONGO RAINFOREST

Between 1981 and 1998, 170,000 hectares of lowland rainforest was logged in the Siforco's K7 forest holding in Equateur Province.<sup>444</sup> The logged area has since been returned to the DRC State.<sup>445</sup>

Within the returned area of K7, logging roads are estimated to cover a total length of 740 kilometres with an average width of 50 metres, including verges. This correlates with Siforco's planned logging roads for its K8 forest holding, which are between 50m and 60m wide.<sup>446</sup>

Studies from the Amazonia have shown that fragmentation edge effects cause an average of approximately 10% of the biomass lost<sup>447</sup> in the outermost 100m of forest block – some areas lost up to 36%.<sup>448</sup> In addition, it has been estimated for the Republic of the Congo, adjacent to the DRC, that 0.46 tonnes of carbon are emitted per cubic metre of timber extracted.<sup>449</sup>

On the basis of these figures, Greenpeace has sought to quantify the contribution to atmospheric carbon of industrial logging in the returned 170,000 hectare area of K7 during the period specified above. In our calculations, we have assumed that principal roads would create fragmentation effects on a similar scale to those in Amazonia affecting both sides of the logging road; that incidental tree damage would occur at the same rate as estimated for the neighbouring Republic of the Congo; and that, while both above- and below-ground tree biomass would be lost as a result of logging and subsequent decay, soil carbon would not be affected.

We were unfortunately unable to incorporate a detailed estimate of the total carbon impact resulting from the company's use of fuel in its logging and processing operations, and in transportation of timber to the port of export. However, according to a study by the Interafrican Forest Industries Association (IFIA) a typical logging company with a sawmill and kiln dryer uses about 500,000 litres of petrol each month for logging and transport.<sup>450</sup> This would produce carbon emissions of nearly 3,800 tonnes per year.<sup>451</sup>

### Counting the carbon cost of Siforco's K7 forest holding

#### 1. Logging infrastructure impact on carbon stock

Area cleared for logging roads and a log stockpile area	(hectares) <sup>452</sup>	4080		
Average carbon densities of for lowland rainforest	(tonnes C/hectare) <sup>453</sup>	180		
SUBTOTAL Carbon impact of logging infrastructure	(tonnes C)	4080 x 180 =	734,400	

#### 2. Forest fragmentation impact on carbon stock

Forest edge created by logging roads	(hectares) <sup>454</sup>	14,800		
Estimated biomass lost by fragmentation	(%) <sup>455</sup>	10%		
Biomass loss	(equivalent hectares)	14,800 x 10% =	1,480	
SUBTOTAL Carbon impact of forest fragmentation	(tonnes C)	1480 x 180 =	266,400	

#### 3. Timber extraction impact on carbon stock

Volume of timber extracted	(m <sup>3</sup> ) <sup>456</sup>	900,000		
Carbon released by vegetation damaged and left to decompose per m <sup>3</sup> of commercial timber harvested	(tonnes C) <sup>457</sup>	0.46		
SUBTOTAL Carbon impact of timber extraction	(tonnes C)	0.46 x 900,000 =	414,000	
K7 Returned 170,000 hectare area TOTAL contribution to atmospheric carbon	(tonnes C)	1,414,800		
	(tonnes CO <sub>2</sub> )	5,183,827		

Given that 50 million hectares of rainforests are allocated to industrial logging across Central Africa, this impact from an area of just 170,000 hectares shows that logging fragmentation is a significant additional source of emissions to the figures currently being reported under IPCC Land Use Change and Forestry category.

Logging roads on 170,000 hectares  
formerly part of Siforco's K7 holding



*The logging roads have been digitally enhanced  
from Landsat Images*

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