

CEO-INITIATIVE AND SUSTAINABLE MANAGEMENT OF PRODUCTION FORESTS

A preliminary assessment of the collaboration between CIB and WCS and support by the World Bank in forest concession management.

Executive summary

A: Objectives of the mission

The goal of this mission was to determine whether the framework of the partnership between a private logging company (Congolaise Industrielle des Bois - CIB), an environmental NGO (Wildlife Conservation Society - WCS) and the State (Ministry of Forest Economy - MEF) could provide the basis for improved forest management. The mission was to assess opportunities and risks to the Bank and the GEF to engage in this partnership framework in the Congo Basin. The present report provides an assessment of actors and key issues, and proposes actions for immediate consideration by concerned parties.

B: Assessment of the present situation in the Pokola-Kabo area

The CIB concession covers an area of 1.2 million hectares in Northern Congo, adjacent to the Nouabale-Ndoki National Park. It is a region with low density population - 2 hab/km² - where any investment from CIB since 1969 has served as development node for further economic expansion and human settlement. Pokola population increased from 500 people in the 70's to about 8,000 to date, and wildlife has been largely decimated in a 20 km band around of Pokola.

CIB is one of the largest timber company in Central Africa. It is integrated in the HF/tt consortium, one of the largest timber trade group in the world. In 1995 CIB was the target of a public campaign led by the German NGO Retten den Regenwald denouncing CIB for facilitating poaching and bushmeat trade to feed its workers in Pokola. These accusations were proved technically unjustified and legally unfounded. Following this conflict, CIB started collaboration with WCS in an effort to re-launch the company's tarnished image and to address concerns that had been raised. A contractual partnership was signed in 1999 between CIB, WCS and the MEF.

CIB's forestry practices conform with the national logging regulations, but no forest management plan is being implemented so far. Given the low-level extraction of a few timber species, logging itself is not a short-term menace to forest, although current logging practices may be a long-term threat because they do not ensure regeneration of valuable species. In the short-term, it is the access created for poachers that has become the primary source of concern for the management of the forest as a multi-resource base.

Since the CIB concessions are contiguous to the Nouabale-Ndoki National Park, the central notion of the CIB/WCS/MEF collaboration is to build on the functional relationships between the park and the adjacent forests, and to use this broad-band of better-managed forest to serve as a buffer zone to the park. This articulation ensures that the burden of improved forest management is shared among all economic actors, including the company. Within the concession, the goal is not to stop all bushmeat harvesting, but to regulate the off-take within acceptable quota and to stop hunting of integrally protected species. Actions presently carried out by the CIB/WCS/MEF partnership are : public awareness; enforcement of national regulations and CIB interior regulations banning bushmeat transportation; and organization of controlled hunts with workers in delimited areas. To be sustainable, these efforts should be completed by accompanying

measures such as : husbandry on site, or importation of beef cattle. These alternatives activities have been initiated on a pilot level; and large-scale implementation seems to come under the responsibility of CIB.

These wildlife management activities protect biodiversity over a vast area where conservation is not the primary objective. Moreover, they have a multiplier effect because they have positive repercussions inside the National Park which remains inaccessible to poachers. For large mammals, these activities effectively increase the surface of the protected area, facilitating the maintenance of viable populations.

C: The issues to be addressed

While the overall framework of NGO-Company-State collaboration is clear, reassurances are needed by all parties as to the level of commitment expected of each of the participants in an initiative that presents potential for rewards but also technical, financial and reputational risks. The mission outlined issues that need to be brought in the open as collaboration is further developed and transformed into action :

- **What would be a “fair level” for CIB contribution to economic development ?** The mission could not assess whether the important contribution that CIB brings to local and national economic development (taxes, employment, rural development) is fair - or superior or inferior - in comparison to the level of profits which CIB gains from the exploitation of valuable timber from Congo. An additional work is needed to bring transparency on this issue.
- **What are WCS and CIB real interests in improved concession management ?** For CIB, collaboration with renowned international NGOs and with the Bank and GEF would help stave off public criticism from international organizations. For WCS, it is tactically significant to engage CIB in the management of the national park’s buffer zone, imposing accountability on CIB to develop a conservation approach out of its own usual practices. This seems to be a win-win situation for both parties.
- **What is the interest of the Government ?** The Government wants to take advantage of all the potentials of the northern forests, as much as for timber production as for nature conservation. The Ministry of Forest Economy (MEF) supports the WCS/CIB partnership, in the limits of its capacity. In a post-conflict situation, it is clear that of the three pillars to the partnership, the State will need the most support to monitor forest management and enforce the rules of the game in its capacity as a sovereign entity.
- **How far can go Industry’s commitment to development ?** The mission encouraged the CIB to come up with a company’s good neighborhood policy, defining what it can do to address the immediate concerns of neighbors. Strong possibilities exist in providing opportunities in the secondary wood sector transformation as part of building entrepreneurial capacity and a poverty reduction strategy in the locality.
- **What are the respective responsibilities ?** While broad consensus exist among all stakeholders on the actions to undertake, only a small range is being presently executed. This contrast might be explained by the fact that technical and financial responsibilities of each actor are not clearly defined nor accepted. In particular, CIB responsibilities need to be clarified with distinction between corporate functions and functions that would normally pertain to the State, at the local, the national and the international levels.
- **Should developments in Pokola-Kabo go ahead as planned ?** A new road needs to be opened to access the Loundougou FMU but this threatens the National Park and the Goualogo Triangle - an area covering 1.5% of the concession area, with exceptional biodiversity. CIB is considering the option of modifying the road lay-out and to set aside

the Goualogo Triangle. However, CIB is keen on obtaining some recognition to compensate for the loss of opportunity to such actions.

- **What external perceptions need to be dealt with ?** Some environmental NGOs and media have a critical perception of the CIB/WCS partnership, based on the arguments that CIB has often prohibited access to certain groups of visitors and released selective information to provide an unverifiable image of success. These detractors do not want the GEF to support these type of operations, because this should be undertaken by forest companies as part of their own responsibilities. Even if CIB has good answers to these criticisms and its CEO partners are supportive of its efforts, the criticisms cannot be ignored but rather need to be forcefully addressed.

D: Support expected from the World Bank and the GEF

The CEO Forum is currently requesting GEF contribution to support a set of NGO-company partnerships in pilot concessions forming buffer zones between protected areas in Congo, Gabon, and Cameroon. The GEF is expected to support biodiversity management and policy development, with co-financing from international NGOs and the private sector. The World Bank is requested to sustain this effort by : specifically addressing biodiversity conservation and forest management in its policy dialogue with countries; sustaining public information and better governance efforts; and helping finance institutional strengthening programs.

Why should the WB/GEF involve when a partnership is already in place ?

- First, it is critical that the Bank engages the State to build its capacity to regulate and monitor the implementation of improved forest management. The CEO initiative would provide a pilot base to predicate the design of programs with significant capacity inputs.
- Second, the desire by the logging companies and conservation groups through the CEO initiative to manage resources in a sustainable manner provides a unique opportunity to establish some form of environmental governance which institutionalizes the rights and obligations of each partner. Moreover, the push to institutionalize a Professional Code of Conduct is a move in the right direction which the Bank should support.
- Third, by defining the accountabilities of logging companies as corporate entities, the CEO framework would obviate a situation whereby a private company assumes the attributes of a State in remote localities.

A preliminary corporate risk assessment for Bank's involvement did not identify prohibitive risks against the Bank's overall policies and safeguards on: human right issues; involuntary resettlement; and indigenous people. However, governance and environment issues will need particular attention :

- **Governance and conflict resolution** : existing risks should be better appraised through further independent assessments, especially to bring light on CIB contribution to economic development, and on the accountability mechanisms related to it.
- **Environmental risks** : future infrastructures of CIB should be planned based on environmental impact assessments. The region's zoning plan should be open to modification according to conservation requirements in and around the national park.

In general, the risk to the Bank and to the GEF to getting involved in this partnership seems lower than the risk to not getting involved : not supporting CIB/WCS efforts around the Nouabale-Ndoki National Park would condemn to failure efforts to conserve biodiversity inside the park, producing a result opposite of the Bank and the GEF mandatory objectives.

E: Conclusion

The mission found that there is strong justification for all parties to engage in the proposed activities. However, it is now essential that responsibilities be better clarified and distributed among the partners. In this effort, possible bases to work from are : the 1999 MEF/CIB/WCS contractual agreement; the Professional Code of Conduct; and the recent CIB feasibility study. This effort should include detailed examination of GEF support through the CEO Initiative for responsibilities which the industry shares with the international community.

The mission recommended that the institutionalization of an independent compliance monitoring system be a condition of the Bank's involvement in the CEO initiative. In addition, a more open-door policy should be expected from CIB to facilitate visits by interested scientists and reporters.

F: Actions for immediate consideration by the CEO Forum

The mission identified issues that if not addressed quickly and jointly by the CEO partners can prevent any development of further collaboration. A commitment needs to be obtained at the next CEO meeting even if the details were to be defined at a later stage :

- **Professional Code of Conduct** : *What is its status ? Do the forest companies wish to reinforce it in the sense discussed in the April 2000 meeting ? All CEO partners should be given an opportunity to provide written comments and to clarify their position in relation to this code.*
- **Concrete actions in the CIB concession** : *Industry position regarding the set aside of the Goulago Triangle and modification of the Loundougou road lay-out;*
- **Definition of a structure of collaboration** : *A consensus needs to be reached on the principles governing the distribution of each partner's responsibilities and the magnitude of the financial and technical contributions;*
- **Improving transparency** : *Complementary assessment on contribution to development and accountability; and open-door policy mechanism.*

A: OBJECTIVES OF THE MISSION

1. A World Bank mission comprising Cyprian Fisiy (Social Scientist and Team Leader) and Laurent Debroux (Forestry Specialist) visited the CIB logging concession in the Pokola-Kabo area in the North of Congo-Brazzaville from April 25-30, 2000. The goal of this mission was to determine whether the nature of the merging partnership between a private logging company (CIB), a wildlife conservation association (WCS) and the state (MEF) could provide the basis for future sustainable management of forest resources. The underlying assumption of this partnership framework is that any sustainable forest management regime must integrate both use and protection of natural resources. The emphasis on the concept of an integrated management regime is also based on the understanding that the forest is a multi-resource base with different and competing stakeholder interests.

2. The main force driving this partnership framework is the new CEO Initiative spearheaded by logging companies in the Congo Basin and environmental NGOs. The CEO Forum was convened for the first time in 1997 by the World Bank President

Wolfensohn as a worldwide initiative to define how private/NGO partnerships can foster the implementation of integrated forest management. The CEO Working Group 3A (WG#3A) focus on Africa. The group has moved to adopt a Code of Conduct for forest companies that was initiated under the aegis of CEFDHAC; to establish practical projects in the field; and to ask large NGOs and the World Bank to help Governments to enforce laws and cooperate with companies in the field. The critical shift in focus is to depart from a “timber creaming off” model that characterizes most logging activities to institutionalize a multi-resource management approach which integrates : (a) wildlife management; (b) reduced-impact logging; (c) land-use planning; and (d) social programs.

3. On the basis of these assumptions and expectations, the mission was to assess the nature and magnitude of opportunities and risks to the Bank of being a partner with logging companies in the Congo Basin. Would it be appropriate for the Bank to work with these logging companies in a context where the state systems might not necessarily be strong enough to monitor the implementation of improved forest management ? Would the Bank be seen as validating activities that are not conducive to environmentally and socially sustainable development ? How can the Bank help consolidate new partnerships and achieve results in the field ? Clear responses to these questions were to be found in order to assess a request for GEF support presented by the CEO group to put in place collaborative arrangements between industry and environmental NGOs in the management of about 3 million hectares of production forests surrounding protected areas in the Congo Basin.

4. The present report provides an assessment of actors and key issues, and proposes actions for immediate consideration by the parties involved.

B: ASSESSMENT OF THE PRESENT SITUATION

The main actors

5. CIB (*Congolaise Industrielle des Bois*) was established in Northern Congo in 1969. It is one of the largest forest companies in Central Africa, and its production increases every year. Its average production since 1980 is approximately 100,000 m³/year, but present production attains 270,000 m³/year with an annual gross income from sales of 22.5 billion FCFA. CIB is vertically integrated in the HIF/tt consortium (a partnership between Hinrich Feldmeyer-HIF and Tropical Timber International-tt) which is one of the largest industrial timber consortiums in the world. The focus of the group is trading, not logging nor forest product processing. CIB is the only production company in the HIF-tt consortium in Africa and it represents less than 10% of the consortium's gross income. It supplies commercial companies with a ‘fonds de roulement’ of high quality timber. As a result of its integration into this consortium: CIB was hardly affected by the Asian market crises, but is sensitive to the new requirements of the European market concerning image as regards forest conservation.

6. WCS (Wildlife Conservation Society) was founded in 1895 as the New-York Zoological Society. The organization is involved in 270 wildlife conservation projects in over 50 countries. With over 100 researchers, it has the largest pool of field biologists of

any NGO in the world. WCS initiated its activities in northern Congo in 1991. This NGO assisted the government in the creation of the Nouabale-Ndoki National Park in 1993 and now assures the ecological monitoring of the Park. The idea of a partnership with CIB for wildlife and forest management in the production forests adjacent to the national park originates from WCS's initial involvement in the Park.

7. The Bantu settlers in that part of Congo are rather few and far apart. Local ethnic groups are : Bongili, Bomassa and Bomitaba. About 5,000 pygmy people live in the region as well. A sharp increase in the Bantu population was generated by CIB activities in the locality : Pokola population increased from 500 people in the 70's to about 8,000 to date. The population density in the region is around 1-2 inh/km², not including the town of Ouessou (20,000 inh.).

8. Forests are one of the most important capital for the Government of Congo. The Government knows the potentials which the northern forests of the country offer, as much for the production of timber as for the conservation of nature. All of the concessions neighboring the Nouabale-Ndoki National Park have been attributed as of 1999 and they will shortly be subject to exploitation. However, the Ministry of Forest Economy (MEF) also supports, in the limits of its capacity, initiatives such as the WCS/CIB partnership, and is obligating all forestry companies to elaborate a management plan. The remaining issue is to determine the present monitoring capacity of the administration, and to what extent this can be expanded in the future.

The area concerned by the proposed initiative in Congo

Map 1. Northern Congo: the Nouabale-Ndoki National Park and the three CIB forest management units (Pokola, Kabo, and Loundougou). Together these areas cover 1.6 million hectares.

9. The CIB concession covers an area of over 1.2 million hectares adjoining the Nouabalé-Ndoki National Park (390,000 ha). It comprises 3 forest management units (FMU) :

- Pokola FMU: 480,000 ha, allocated for the first time in 1980;
- Kabo FMU: 280,000 ha, re-allocated in 1997;
- Loundougou FMU: 390,000 ha, allocated in 1996.

In the 1970's, the forestry exploitation only concerned 25,000 ha. in proximity of Pokola village; today, exploitation has already covered 65% of the Pokola FMU. CIB only started exploitation in the Kabo FMU in 1997, but this FMU had already been 50% exploited by another company. Presently, there is an active industrial timber site in the Pokala FMU and another in the Kabo FMU. The Loundougou FMU has never been exploited so far. Overall, there remains an estimated 540,000 ha. of non-exploited forest in the CIB concession.

10. Given the low-level extraction of a few timber species from the forest (mainly the sapelli - *Entandrophragma cylindricum*) logging itself is not a short-term menace to forest; it is the access created for poachers that has become the primary source of concern for the management of the forest as a multi-resource base. However, present logging

practices are a long-term threat because they do not ensure regeneration of timber species.

11. CIB's forestry practices conform with the national logging regulations. The principle operations are: (a) pre-exploitation inventory according to the annual maximum volume authorized by the forestry administration; (b) the demarcation of the annual cut area and opening of roads; (c) selective exploitation of 10 to 15 m³/ha, distributed between about 10 species, of which there is more than 50% in sapelli. All CIB logging is first cut; CIB does not yet have to exploit in second cut. At the moment CIB does not implement a management plan. CIB has recently produced a feasibility study for a forest management plan that was conducted by the consulting firm FRM.

12. The region is characterized by the "enclavement factor" (absence of roads) and cutoff from other parts of the country. The road distance to the port of Douala is 1200 km. In this context any investment in the area has always served as development node for further economic expansion and human settlement. The opening up of the locality in the 70's has engendered in its wake human in-migration and heavy poaching of wildlife. As a result, the wildlife has been henceforth largely decimated in a 20 km band around Pokola. This factor creates the growing need to undertake land-use planning and to mitigate the induced impacts of CIB logging activities and the in-migration they have provoked.

13. Inside the National Park, there are little to no hunting pressures for the moment. Nevertheless, one must consider the functional relationships which link the Park and its buffer zone. If one neglects these relationships, it could have a serious negative effect. Indeed, the opening of roads, the in-migration of families and other factors of forestry exploitation on the border of the Park risk to compromise the conservation efforts on the Park's interior. For example, if the circulation of hunters on the exploitation roads is not regulated, they could penetrate deep into the Park, no matter what protection efforts are deployed. Protected areas subjected to non-controlled external pressures are often compared to indefensible fortresses. Inversely, all ecosystem protection actions undertaken on the border of the Park increase the chances of success for conservation on its interior. For example, the implementation of a management plan on the Park's border will guarantee the long-term existence of a forest that resembles a natural ecosystem which will remain, at the same time, a wildlife habitat, and it is known that the chances for survival of large mammals increases with increasing area of viable habitat.

14. The Nouabale-Ndoki National Park and the CIB concession form a block of 1.6 million hectares, which constitute a tri-national protected area complex with CAR (Dzanga-Sangha) and Cameroon (Lobeke). This protected area complex and the one of Congo (Odzala), Gabon (Minkebe) and Cameroon (Nki) are separated by a single forestry concession which has recently been allocated to the Danzer consortium. The concessions of Northern Congo can thus play an important role as corridors between protected areas on a regional level.

15. The Pokola-Nouabale forest is closely monitored by the world's environmental groups because: (a) this immense area of low-level human disturbance with high biodiversity offers a unique opportunity to combine use and protection of natural resources; and (b) the economic actors have expressed their willingness to work together to achieve that goal; and they state they have already achieved significant initial progress.

The CIB/WCS Collaborative Program

16. The partnership established between WCS and CIB is based on the agreement signed in June 1999 by the MEF, CIB, WCS and Congo Safaris forming the “*Project for Ecosystem Management of the Periphery of the Nouabale-Ndoki National Park*”. It is important to note that an earlier protocol was signed in 1995. The fact that this latter partnership is formulated in a contractual form clearly demonstrates the willingness of the parties to attack the problems. The contract’s existence should permit the distribution of responsibilities between the acting parties. Nevertheless, at present, this contract principally covers wildlife management and protection and contains, in large part, obligations on means of execution (“make available ...”), not guaranteeing any result.

17. An estimated 640,000 USD was spent on wildlife conservation and wildlife management related activities over the period June 1998 to June 2000. This funding came from different sources : GEF-Congo – est. 225,000 ; CARPE – est. 160,000 ; WCS – 180,000 ; USAID-LWA – 100,000 ; CIB – 75,000. Assistance from CIB came in the form of a vehicle and driver for the mobile ecoguard brigade, construction of two guard posts and three control posts, supplies 500 liters per month of diesel fuel, a chainsaw, outboard motor and housing infrastructure in Kabo town.

18. Within the framework of this partnership WCS and CIB accomplish relatively simple activities which protect biodiversity over a vast area where conservation is not ordinarily the primary objective. The following activities significantly reduce poaching in the buffer zone of the NNNP:

- public awareness and consultation with workers and villagers for the elaboration and implementation of wildlife management rules, and conservation education in schools;
- enforcement of the national laws protecting endangered species : elephants, gorillas, chimpanzees, bongo, leopards, etc.;
- enforcement of the CIB interior regulations including prohibiting hunting with wire snares and export of meat from camps and towns;
- gazetting of hunting zones within the concession and priority protected zones for biodiversity conservation;
- road controls and forest patrols by well trained and equipped ecoguards accompanied by MFE agents;
- organization and control of group hunts by CIB workers in delimited hunting zones.

WCS and the MFE undertake the majority of these activities, with CIB providing logistical support and ensuring the application of its interior regulations.

19. The challenge is how to manage wildlife harvesting in a sustainable manner. The issue is not to stop all bush meat harvesting but to regulate the off take of authorized species within acceptable quotas while banning the hunting of integrally protected species. This question raises three sets of issues: (a) the institutionalization of anti-poaching measures for trophy hunters and large mammals; (b) the control of hunting quotas for authorized species in designated hunting zones; et (c) accompanying measures

to facilitate implementation of controlled hunts and anti-poaching measures. To deal with these issues, a multi-faceted approach involving the hunters, ecoguards, and CIB drivers, is being put in place to manage, control and police bush meat off take from the forest. Any measure to break the bushmeat chain of commodity should be complemented by heavy sanctions at the level of CIB senior management to sanction any violation of corporate policy. The state has also a major role to play in following-up convicted poachers and ivory traffickers.

20. The wildlife management activities of WCS and CIB have a multiplier effect because they have positive repercussions on the National Park: it remains inaccessible to poachers. For large mammals, these activities effectively increase the surface of the protected area, facilitating the maintenance of viable populations.

21. To be sustainable, these activities should be completed by accompanying measures: that is to say, activities which create alternative revenue sources and sources of protein for the workers. For protein alternatives the following could be implemented: (a) chicken or duck husbandry on site; (b) importation of beef cattle; or (c) importation of frozen meat. Some of these activities have already been initiated on a pilot level: WCS and CIB have begun by establishing beef importation to Kabo and Pokola. These activities are not yet developed at a large scale, and should be encouraged, expanded and increased. It seems that these activities should come under the responsibility of CIB in the reduction of the impact of its installation.

22. It is important to assess whether this model has a chance to be sustainable in the long term :

- alternative activities should be implemented in a manner which does not encourage in-migration towards the concession and should not indirectly encourage poaching whilst increasing revenue;
- the cost differentials between the bushmeat option and beef are substantial, rendering a permanent subsidy of the beef meat supply necessary;
- on cultural grounds it is often suggested that bushmeat has become a common item on the table and would require some strong countervailing force to change local eating habits. However, applied research data indicate that this may not be the case in many areas of northern Congo where there is a clear demand for domestic meat and the strength of local customs may be overestimated.

C: THE ISSUES TO BE ADDRESSED

23. The tension between conservation (ecology) and development (wealth creation and economic growth) has always created a polarized situation between environmental movements and logging companies, that renders the search for middle ground difficult. The proposed collaborative effort in the case of the CIB concessions adjoining the Nouabalé-Ndoki National Park is a welcome development. Since these concessions are contiguous to the park, the central notion is to build on the functional relationships between the park and the adjacent forests and to use this broad-band of three logging

UFA to serve as a buffer zone to the park. The articulation of a buffer zone to also be open for logging provides a framework for a convergence between conservation and development. It seems to us that this articulation is a key aspect in the CEO Initiative to ensure that the burden of improved management is shared among all economic actors, including the company. While the overall concept of collaboration is clear, reassurances are needed by all parties involved (industry, NOGs and the international donor community) as to the level of commitment expected of each of the participants in an initiative that presents potential for reward but also technical, financial and reputational risks.

24. The following paragraphs outline issues that need to be brought and discussed in the open and addressed as collaboration is further developed and transformed into action.

What would be a “fair level” for CIB contribution to economic development ?

25. In the absence of an accurate analysis, it is not possible at this stage to assert whether the important contribution that CIB brings to local and national economic development is fair, or superior or inferior in comparison to the level of profits which it gains from the exploitation of valuable wood from Congo.

26. With 1200 workers, CIB is the number one employer in the country, after state services. The salary load (not including expatriates) is around 1 billion FCFA per year.

27. CIB has two sawmills transforming approximately 150,000 m³ per year (60% of its production). It invested over 20 billions FCFA since 1994 to improve logging and processing capacity. The factory of Pokola progressively improves its performances by increasing yield and recuperation of sub-products; this does not seem the case with the sawmill at Kabo. Real added value of this local transformation remains to be evaluated.

28. The amount of taxes paid by CIB in 1998 is around 1,5 billion FCFA. In a general manner, the contribution of the forestry sector to revenue of the State of Congo seems below its potential:

- the allocation of concessions is free and is based uniquely on technical criteria;
- no annual fee is attached to the area of the concessions. If the new forestry law of Congo adopts the present proposal of 300 FCFA/ha, the area fee will represent a total of 360 million FCFA per year.
- the stumpage tax is calculated on a theoretical volume-per tree basis. The tax is paid in cash to the administration in Ouesso which entails risks for its transfer to Brazzaville;
- the export of logs is subject to an export fee of 3%;
- the tax on processed products is based on a volume “entry into sawmill” which represents around 200 million FCFA per year, but CIB is exonerated from it.

29. In terms of rural development, it is difficult to calculate the total annual contribution of CIB. It is equally difficult to distinguish which part of its contribution

corresponds: to its legal or contractual obligations; to its good neighbor policy, or to its substitution for the State. In effect:

- since 20 years Pokola has been the principal pole of development in northern Congo; CIB assured the functioning of the administrations in Ouesso during the civil war; and CIB maintains a hospital (around 100 million FCFA per year) which remains the only operational hospital in the entire region;
- however on the other hand, the “social obligations” stipulated in the “cahier des charges” of the concession represents an investment which seems modest (50 million FCFA per year). In addition, no part of the revenues are destined to the local communities nor rural communes for construction of public investments which would be managed by the communities.

What are WCS and CIB real interests in improved concession management ?

30. What are the incentives for CIB to implement improved management practices in the FMUs adjoining the national park ?

In 1995, CIB was the target of a public campaign led by the German NGO Retten den Regenwald denouncing CIB for facilitating poaching and bushmeat trade to feed its labor force in its Congolese concession. These accusations were proved technically unjustified by SGS and legally unfounded by the German Court of appeal in 1996. Collaboration with WCS started following this conflict in an effort to re-launch the company’s tarnished image and address concerns that had been raised.

Given the size of CIB concessions and its investments in the locality, collaboration with renowned international NGOs and collaboration with the World Bank and GEF would increase CIB’s and other logging companies corporate standing. It would avoid reputational risks related to public criticism from international organizations. In addition, it would help the company if the company were to achieve the certification of its timber.

31. What would be the benefit to WCS for getting into partnership with CIB in an area that is being opened up to poachers ?

WCS is primarily interested in nature conservation. It makes good business sense for WCS to focus not only in the park but also in the zone adjoining the park. Since this area has already been allocated as FMU, it is tactically significant to engage CIB in the management of this buffer zone. By shifting the emphasis from conservation inside the park to management in the buffer zone, the WCS facilitates its conservation activities in the park. At the same time, this approach imposes accountabilities on CIB to develop a conservation philosophy out of its own management practices. This seems to be a win-win situation for both parties.

What is the interest of the Government ?

32. The Government’s interest is to take advantage of all the potentials of the northern part of the country’s forests, as much as for timber production as for nature conservation. Government capacity is a major limiting factor. The government of Congo and other

countries in the Congo Basin are in the process of articulating a new notion of multi-resource management, through the introduction of mandatory management plans by logging industries. This raises the question of the capacity of the state to monitor and enforce the implementation of these management plans. In fact, the partnership being put in place shows that of the three pillars to this framework - the state, CIB, and WCS - the state will need the most support to allocate, regulate, monitor, and enforce the rules of the game, in its capacity as a sovereign entity. The present initiative would provide a pilot based on which the Bank's and other donors' involvement can be predicated on the financing of forests sector programs with significant capacity inputs.

How far can go Industry's commitment to development ?

33. What is the nature of the relationship between CIB and local communities ? Does this relationship provide an appropriate basis for long term sustainable management of forest resources ?

The mission struggled with these questions during the several encounters it had with the local communities : CIB is the primary provider of employment, services, and basic infrastructure in the locality and there is a persistent expectation from the local communities that the CIB should maintain existing road infrastructure, provide basic services and oversee the functioning of the state apparatus. This unfortunately creates a dependency culture which might be very difficult to manage in future when the state starts reasserting its authority in the locality or when CIB loses interest in the region. Without any definition of the different accountabilities of the CIB vis-à-vis the local community, there is a high risk that the local communities might be looking up to CIB to play the role of the state which creates expectations which are out of sync with the business objective of CIB and the business ethic encoded in the CEO Initiative.

34. The mission encouraged the CIB to come up with a company's good neighborhood policy, distinguishing it from the state and defining what it can do for local communities. A state delivered corporate license does not necessarily build a local constituency for private capital in the community; it is the ability of the company to establish its own good corporate neighborhood policy that builds for it a local constituency. Rather than seek to replace the state at the local level, the mission recommended that CIB establishes a good corporate neighborhood policy that addresses the immediate concerns of neighbors. In this case, a policy that establishes the mechanism to invest in health, education, and infrastructure would go a long way to address the constraints in the community. This would provide an appropriate framework for the management of expectations of local communities. As part of this good neighborhood policy, the mission saw some strong possibilities in providing opportunities in:

- investment in the secondary wood sector transformation (recuperation of sawmill scraps and charcoal) as part of job creation, building entrepreneurial capacity among locals, and a poverty reduction strategy in the locality;
- road maintenance in the concession areas for both project and community needs;
- investment in the development of human capital and engaging in education and health.

35. To avoid unfounded expectations and continued dependency, the mission would suggest that consideration be given to the creation of an endowment fund to facilitate CIB's contribution to this good corporate citizenship policy. The modalities for creating such an endowment fund can be discussed with the different stakeholders, once the concept is accepted.

What are the respective responsibilities ?

36. The different partners, CIB, WCS and the State, as well as the representatives of the workers and the local populations, seem in agreement with the results needed to be attained in terms of forest management; and also in large measure, the activities to be undertaken. However, only a small range of activities is being presently executed. This contrast seems to be explained by the fact that the technical and financial responsibilities of each actor are not clearly enough defined nor accepted, notably for those that concern the responsibilities of CIB :

- On the national level, the obligations of CIB to the State are fixed by the laws and by the allocation contract of each FMU. CIB has the opportunity to solicit subcontractors for technical assistance or to establish partnerships, but it is always CIB itself that must report to the State on the fulfillment of its engagements and the functions that the State has delegated to CIB.
- On the level of the international community, the management of the CIB concessions may procure benefits that are beyond simple respect of the laws. The responsibility to produce these benefits is shared between CIB and the international community. Here as well, subcontracting or partnerships may be established. The accomplishment of objectives should be verified by independent assessments and the resulting reports be made available to the public.

37. Discussions concerning the draft Code of Conduct during the CEO meeting in April 2000 brought up the same type of question concerning the definition and acceptance of responsibilities and the formulation of engagements in the form of results.

Should developments in Pokola-Kabo go ahead as planned ?

38. The Goualogo Triangle is found in the Kabo FMU: a zone of 15,000 ha. exceptional for its chimpanzee density and lack of indications of human presence. Not even rubber exploitation (*Funtumia elastica*), however widespread in all of the Congolese forests during the colonial era. This triangle is one of the only parts of the CIB concession that remains inaccessible to hunters. The Goualogo triangle abuts the Nouabale-Ndoki National Park and represents 1.5% of the total area of CIB concession. While logging had been originally planned for this area, CIB is open to reconsider its plan. However, CIB is keen on obtaining some form of reward or recognition to compensate for the loss of the opportunity to exploit this area.

39. In the past, and in the absence of legal requirements, no environmental impact assessment was carried out in the area developed by CIB. Given the interest of the international community in the Congo Basin, future infrastructure of CIB (roads, extension of workers camps, new sawmills) should be planned and localized based on

environmental impact assessments. In fact, a new road is being opened to access the Loundougou FMU, and the lay-out presently planned risks to threaten the south-eastern limit of the National Park and the Goualogo Triangle.

What external perceptions need to be dealt with ?

40. The external perception of the work undertaken by WCS in collaboration with CIB is generally very positive. However, certain external observers, NGO environmentalists and media, have a critical perception concerning the partnership between CIB and WCS. The skepticism of these detractors makes reference to the following claims and arguments:

- Certain observers do not have easy access to the CIB concessions. CIB has often prohibited access or fixed restrictive conditions to certain groups of visitors. This “closed-door” policy brings into question the validity of reports of progress from CIB and WCS. According to this argument, if the field results were really positive, then visitors would be easily admitted and independent reports on the progress in the concession would be made available on a large scale. CIB and WCS take advantage of the isolation of the region to release selective information to enhance an image of success. WCS puts itself in a conflict of interest because on one side it is executing wildlife protection for CIB and at the same time evaluating its results;
- The recent results obtained in the CIB concession remain localized in certain parts of the concession; the poaching problems have not been brought under control over the entire area and all attempts to establish a wildlife protection system on a large scale are immediately circumvented.
- CIB has a reputation of being powerful in Congo. According to critics, the relationship between CIB and WCS is unequal as well as that with the State. For reasons of financial power and logistics, the partners are not on equal footing.

41. The principal detractors of CIB want CIB to assume the entire cost of the anti-poaching operation and environmental protection, and they don't want external donors such as the GEF to support these operations, because this should be undertaken by forestry companies as part of their own responsibilities. In fact, because the forest exploitation is responsible for the opening (“désenclavement”) of areas and therefore facilitating poaching, they believe that the company should assume all of responsibility to reduce these effects. The role of the environmental NGOs should be limited to advising, monitoring, and evaluating the results obtained by the company.

42. Even if CIB has good answers to these criticisms and its CEO partners are supportive of its efforts, the criticisms cannot be ignored but rather need to be forcefully addressed.

D: THE SUPPORT EXPECTED OF THE WORLD BANK AND GEF

43. The members of the CEO forum would like the international community to bring support to private enterprise-NGO-administration partnerships which effectively implement integrated forest management. They wish to apply the model of CIB, WCS and the Congolese administration to other concessions of the Congo Basin. Requested support consists of : (a) an international recognition in regards to the efforts undertaken and results accomplished in the field; (b) financial support to help cover additional costs generated by the implementation of this integrated approach. The additional costs entail the costs that forestry companies would not normally incur if they merely satisfied the minimum required by national laws and contractual engagements.

44. In this context, the CEO Forum is requesting GEF support to a project that will establish a series of pilot managed forest concessions forming buffer zones and corridors between several globally important protected areas in Congo, Gabon, and Cameroon. The project consists of 3 components to be carried out in partnership between NGOs, the private sector and government agencies at the level of the concession :

- (1) improved forest management planning and practices;
- (2) mainstreaming of biodiversity management in planning and operations;
- (3) policy development, monitoring and institutional support.

Improved logging practices will be funded by the timber operators themselves with possible support from bilateral and multilateral donors. The GEF would support biodiversity management and policy development with co-financing from international NGOs and, hopefully, the private sector. Project activities will be designed and carried out in close synergy with already existing international assistance. The project will complement activities financed by other donors on an incremental cost basis.

The World Bank is requested to sustain this effort by specifically addressing biodiversity conservation and improved forest management issues in its policy dialogue with countries. It is also requested to sustain public information, upward and downward accountability and transparency, by specifically addressing sectoral governance issues in the policy dialogue with countries, and helping finance institutional strengthening efforts.

Justification for WB/GEF involvement (when a partnership is already in place)

45. First, given the fact that the weak link in this chain of activities seem to be the state, it is critical that the Bank engages the state to build its capacity to allocate and regulate logging activities and then to monitor the implementation of forest management plans. As stated before, there is considerable scope for improvement in the domain of forestry sector dialogue with the state.

46. Second, the desire by the logging companies, through the CEO initiative, and conservation groups, to manage resources in a sustainable manner provides a unique opportunity to establish some form of environmental governance, which institutionalizes the rights and obligations of the different partners. Moreover, the push to institutionalize a Code of Conduct for logging companies is a move in the right direction with strong regional implications which the Bank should support.

47. Third, by defining the accountabilities of logging companies as corporate entities, it would obviate a situation whereby a private company assumes the attributes of a state in the locality.

Analysis of risks for the World Bank

48. A preliminary corporate risk analysis was conducted in relation to several issues including issues for which the World Bank has clear safeguard policies. These are political, social and environmental risks.

49. *Human Rights Issues.* In view of the post-conflict nature of the country and the proliferation of weapons in the locality, there was some concern that by policing the bush meat transaction process, it could create situations of human right abuses. This point is particularly pertinent since the ecoguards have been given paramilitary training and they carry weapons during their expeditions into the forests. There is more risk of incident with the forest expeditions than with the control check-points along the road side. However, a combination of anti-poaching strategies remains necessary. The risk of incident is mitigated by the fact that Ministry officers accompany all anti-poaching teams on mission. In fact, risks occur in the majority of conservation projects, and there seems to be no fundamental difference between the forestry concession risks and the more classical protected area risks.

50. *Governance and Accountability.* There are two aspects to governance issues :

- The first concerns the validity and strength of representation on the partnership framework. To what extent do the different partners have leverage and accountability for their activities ? And how are the interests of the local communities taken into account in this context ?
- The second aspect concerns CIB tax structure and accountability mechanisms associated with it. As noted before, we could not shed full light on these processes during the limited time we had in the field. We suggest that CIB should be prepared to accept the independent assessment of a compliance monitoring on this point.

51. *Conflict Resolution and Arbitration.* The mechanisms for conflict resolution and arbitration should be institutionalized to ensure that any member of the partnership, who is not playing by the rules of the game, is sanctioned. Mechanisms for resolving conflicts with third parties, especially members of the local community, should also be specified. Reliance on the state for justice in a post-conflict situation might not necessarily be the most feasible alternative.

52. *Social Safeguards* A review of the present activities of CIB and WCS did not indicate that any of the social safeguard policies might be triggered :

- First, on involuntary resettlement, no household or community would either be physically or economically displaced in the region. No social fencing nor buffer zone is being contemplated around Nouabalé-Ndoki National Park.

- Second, on indigenous people, the different Bantu and Pygmy groups living in the locality were not adversely impacted by these logging activities. If anything, the logging activities have created opportunities for employment and other secondary activities associated to the timber industry. Finally, given the low population density and the low level of human disturbance in most of the surrounding forest, no item of cultural property was identified that could be harmed by the proposed investment. However, during project implementation, it is anticipated that a participatory approach would be institutionalized which will allow affected communities to identify elements of their material or symbolic culture that should be protected.

53. *Environmental Risks.* Most of the environmental risks relate to : (a) logging and forest regeneration practices; (b) management of wildlife in and around the Nouabalé-Ndoki National Park; and (c) land use planning and environmental impact assessment. An environmental specialist would have to prepare an analysis of these issues. The region zoning plan should be open to modification in accordance to conservation priority in the national park and to functional relationships between the park and the concession.

E: CONCLUSIONS

Strong justification for all parties to engage in the proposed activities

54. It is often stated that society needs strong leadership to put in place institutions and from these institutions new leadership will emerge. There is every indication from this trip that there is strong leadership on the part of CIB and WCS. The Bank's involvement would help build the third leg of this partnership framework by reinforcing state authority to allocate, regulate and monitor the forest management and logging activities. This involvement is needed now when there is willingness and commitment on the part of the other partners to attempt new approaches to natural forest management. The challenge is one of institutionalization of the existing good will on the part of the partners to do business in an environmentally friendly and socially transparent/accountable manner.

55. Regarding natural resources management, the search for convergence between conservation and exploitation in ways that institutionalize new forms of environmental governance is the strong innovation of this project. By turning logging concessions into broad-band buffer zones for the national park, this approach imposes accountabilities on CIB to develop a conservation philosophy out of its own management practices. It further allows a conservation society to work closely with the logging company and local communities.

Defining the modalities for engagement

56. While strong agreement on principles and commitment to collaborate exist on the side of all parties, in order for solid progress to be accomplished in the field and to go beyond the current situation, it is essential that a discussion be engaged on the specifics of the contributions of all parties. The clarification and distribution of responsibilities

need to be discussed in the CEO Forum and a consensus needs to be reached in relation to the principles governing the distribution of responsibilities.

57. The contractual agreement which currently exists between WCS and CIB, the sharing of responsibilities which is proposed by the FRM study (March 2000), and the Professional Code of Conduct are bases to work from which should be used and clarified, with the aim to establish a more global partnership which encompasses all of the programs of integrated management. The agreement between the Government of Congo-CIB-WCS could be expanded in three ways, in order to increase the efficiency on the ground and the force of conviction on an international level:

- in formulating obligations in terms of tangible results which the parties engage to achieve, rather than in terms of means;
- in introducing the obligations based on results in areas other than wildlife management: for example alternative activities to hunting, forestry management, rural development;
- in detailed examination of possible external support – for instance from the GEF in the framework of the CEO Initiative - for responsibilities which the industry shares with the international community.

The World Bank and GEF should be involved

58. The risks to the Bank and the GEF getting involved are outweighed by the potential benefit in environmental management. These risks will be fully appraised when further assessments are carried out : (a) economic and financial assessment of CIB activities to ensure that its tax obligations are appropriately acquitted and to bring light to the controversial question of CIB contribution to economic development; (b) a full assessment of the viability of the wildlife measures and forest management plan being prepared and implemented by CIB/WCS; and (c) assessment of compliance of proposed actions with World Bank and GEF policies and guidelines, that are currently under review.

59. While assessing the risks, one should keep in mind that the risks to the Bank and the GEF getting involved in this partnership are lower than the risks to not getting involved. Under the hypothesis where one does not intervene to support the CIB-WCS partnership in the CIB concession which is the buffer zone of the Nouabale-Ndoki National Park, one would be condemning to failure efforts to conserve biodiversity undertaken in the interior of the Park. In being too rigid or fearful, the GEF or the Bank would produce a result opposite of their assigned objectives.

Independent compliance monitoring

60. The institutionalization of an independent compliance monitoring system would provide the required transparency to put the CEO Initiative on a solid footing. The mission recommended that this should be a condition of the Bank's involvement in the CEO initiative. In the same perspective of transparency, a more open-door policy should be expected from CIB to facilitate visits by interested scientists and reporters. However,

independent monitoring and external visits should not be such as to disrupt CIB's work, and the associated costs should not be met by CIB.

F: ACTIONS FOR IMMEDIATE CONSIDERATION BY THE CEO FORUM

61. Based on the findings of this field visit, we propose that the following actions be discussed during the next CEO meeting. These are issues that if not addressed quickly and jointly by the partners can prevent any development of further collaboration. A commitment in relation to these issues needs to be obtained at the next CEO meeting even if the details were to be defined at a later stage

Code of Conduct

What is its status ? Do the forest companies wish to reinforce it in the sense discussed in the April 2000 meeting ? All CEO partners should be given an opportunity to provide written comments and clarify their position in relation to this code.

Concrete actions to be accomplished in the CIB concession

Commitment from the Government of Congo, CIB, the Bank and concerned NGOs needs to be agreed on the following actions:

- Set-aside of the Goualogo triangle ;
- Modification of the lay-out of the road to the Loundougou FMU.

Definition of a structure of collaboration

Even if this will have to be further improved as collaboration is developed, it will be necessary to start discussing the details of each partner's responsibilities and the overall magnitude of the contributions expected of each partner. To facilitate this exercise, it would be useful to examine and complete the table of responsibilities prepared by FRM.

Gathering information and improving transparency

- A complementary assessment on the CIB contribution to economic development : TOR.
- How to build capacity to respond promptly and positively to justified media demands to visit the site: put in place a mechanism to facilitate the requests to visit with the condition that they do not weigh on the CIB budget nor disrupt the execution of the field work of the project.