

25 May 2011

To: The FCPF Management Team

Resolution PC/6/2010/3, agreed at the 6th meeting of the Participants Committee (PC) requested that the Republic of Congo submit a revised R-PP “reflecting the key issues in the summary report prepared by the FMT included in the annex to this resolution.” We have undertaken an analysis of the degree to which the revised R-PP reflects the issues referred to in the resolution. Our findings indicate that the revised R-PP has not yet addressed all of the issues raised by the PC. Specifically, we find that the revised R-PP fully addresses two of the seven issues (Issues 4 and 5 of the annex), partially addresses three of the issues (1 – 3 of the annex), and fails to address two issues (6 and 7 of the Annex). **A summary of our findings can be found in the table in the Annex to this letter.**

While the R-PP contains slightly expanded discussions on monitoring of co-benefits, the links between FLEGT and REDD, and MRV of carbon, most of the issues referred to in the Resolution are still not adequately reflected in the revised document. We note, for example, that while the revised R-PP describes the consultation process and includes a list of outputs in an annex, the proposal does not explain how comments raised during consultations were considered and reflected in the revised proposal. The new material on links between FLEGT and REDD is superficial and does not appear to be very well thought out. The new text box on this topic contains only general statements about the objectives of the two processes but provides no additional insight or concrete details about how they can complement each other in addressing governance and building on the achievements of FLEGT regarding stakeholder participation. A monitoring system for co-benefits has now been outlined in Component 4b and includes REDD governance within its scope but does not address forest governance more broadly, despite recommendations from local civil society and the Technical Advisory Panel (TAP). In addition, we note with concern that the total three year budget of \$64,000 (out of a total REDD readiness budget \$13.2 million from all funding sources) for developing these monitoring capabilities is wholly inadequate. The revised R-PP proposes to put just 0.35% (\$12,000) of its \$3.4 million FCPF grant towards the costs of developing a non-carbon monitoring system. By comparison, the proposal has allocated 30 times more FCPF grant money (\$450,000) towards monitoring carbon emissions and removals. We do not think this shows a real commitment to developing the monitoring system outlined in Component 4b.

The R-PP does not appear to have been revised at all to reflect issues 6 and 7 of the PC resolution. The PC resolution requested that the RPP articulate more clearly how “*studies during the Readiness phase will address the issues of insecure land tenure, carbon rights and equitable benefit sharing mechanisms.*” Our analysis shows that there appear to be few, if any, changes in the relevant sections of the R-PP to address these issues despite what is indicated by the FMT’s Completeness Check and the summary table provided in the R-PP (which contain contradictory information about where revisions have been made). These are significant omissions, as progress on these issues will be essential to mitigate the potential for REDD to have negative social outcomes, especially on some of the most marginalized groups such as indigenous peoples.

We are particularly concerned about the continued failure to address the role that widespread and poorly regulated industrial logging plays in deforestation and forest degradation, as specifically requested by the PC. The Republic of Congo has designated 80% of its forests for industrial logging¹, yet, in response to the PC's request for more analysis on the drivers of deforestation and forest degradation, and specifically with regards to industrial logging, the Republic of Congo has provided no additional information in the revised version of the R-PP. Instead, according to the FMT's Completeness Check², the Government has "clarified" that the country is in the "advanced stage of implementation of reduced impact logging rules" and "insists" that "despite some gaps" the country's laws and regulations are being followed, and sustainability is thus assured. The FMT concludes that the key issues raised by the PC have all been "taken into account" in the revised R-PP. However, as will be detailed below, these claims made are not consistent with information from reliable, independent sources, including the World Bank itself. The FMT appears not to have considered this information in reaching its conclusion.

Since 2006, the adherence to and enforcement of laws and regulations in Republic of Congo have been subject to independent, third-party oversight by an Independent Forest Monitor (Observateur Indépendant). From December 2007 through December 2010, monitoring was carried out by the non-governmental organization Resource Extraction Monitoring. During this time, the Independent Forest Monitor regularly performed independent field visits and joint missions with enforcement authorities, and reviewed official documents and statistics, to assess how well laws were being followed and the extent to which legal violations were being detected and sanctioned. The Monitor summarized its findings in regular field reports and synthesis reports, the most recent of which was published in September of 2010. The picture that emerges from these reports is one of widespread, systematic and well-documented failures by logging companies to comply with laws and regulations, and of the forest authorities to enforce them. This has serious implications for both the environmental and the social impacts of logging operations. The Monitor found, for example, that³:

- More than ten years after they became legally required, only six out of 32 logging concessions have approved forest management plans, covering about 32% of the concession area allocated (as of April 2010).
- The oversight of existing management plans by the forest authorities is weak. The Monitor urged that actions to advance management planning "*must be accompanied by rigorous monitoring and enforcement action against companies that fail to comply with agreed protocols*⁴."
- Illicit activities by logging companies are widespread and have serious environmental implications – for example, companies were found to be cutting too many trees, cutting trees outside of designated areas, being granted permission to re-log areas of forest before they have been allowed to regenerate. The Monitor documented overcutting of 20,378 trees (79,516 m³

¹ World Resources Institute / Global Forest Watch, 2007. Atlas Forestier Interactif du Congo, Version 1.0. Document de Synthèse.

² FMT (undated), "Analysis of the final version of the Republic of Congo's R-PP", available at: http://forestcarbonpartnership.org/fcp/sites/forestcarbonpartnership.org/files/Documents/PDF/Apr2011/RoC-PP_Final%20version%20FCPF%20Completeness%20v3.pdf

³ All examples taken from : REM, 2010. *OI-FLEG République du Congo Synthèse, décembre 2006 – septembre 2010.*

⁴ From REM, previously cited. Our translation of the original French: "*Pour être vraiment efficaces, les actions prises dans le but de faire progresser le processus d'aménagement forestier doivent cependant s'accompagner d'un suivi rigoureux et de l'application de mesures coercitives envers les sociétés qui ne respecteraient pas les nouveaux protocoles d'accord.*"

worth ~11 million euro) during its work between 2007 and 2010 and suggests that the total number is likely to have been significantly higher.

- The fulfillment of socio-economic obligations is “weak and unsatisfactory”, with about a third of the companies not carrying out any of their legal obligations and only 20% of requisite payments to local authorities being made. The Monitor observed a downward trend during the years assessed.
- Inadequate collections of taxes and fines, further limiting the capacity of the forest authorities to regulate the sector and, in the case of fines, allowing companies to carry out illegal activities with impunity. In 2009, only 58% of the taxes on concession were collected (as of September 2010), a loss of about 5.6 million euro to the government.
- The forest authorities faced severe capacity constraints and often had to rely on support from the logging companies they were regulating in order to carry out field missions.

Consistent with these findings, the World Bank lists several “issues and obstacles” in a May 2011 progress report to the Board of Directors on its Country Partnership Strategy with Republic of Congo⁵, including *inter alia* “uneven implementation of forest management regulations,” “lack of environmental impact assessment regulations,” and “weak national institutions”.

The FMT’s Completeness Check also states with regards to industrial logging that the Republic of Congo “clarified that the stage of implementation of reduced impact logging rules in the country has mitigated the impact of this type of forest management.” The findings of the Independent Forest Monitor suggest that this is far from being the case, and in fact even basic national laws meant to improve the sustainability of logging operations are not being followed across large areas of the country. Furthermore, we note that the June 2010 version of the R-PP⁶ listed as a direct driver of deforestation and degradation “lack of respect for rules on reduced impact logging.” It would seem highly unlikely that reduced impact logging was adopted across the country between June of 2010 and April of 2011, especially considering that many operators are in systematic violation of the country’s basic laws and regulations, and most still do not even have approved forest management plans.

Finally, we note in response to the Republic of Congo’s insistence that its logging industry “is highly selective, given stringent requirements from the international markets, limited domestic markets and high transportation costs”, that the term “selective logging” refers only to the number of commercially valuable trees removed from the forest. It does not describe the degree of degradation caused by the extractive process. Even the most careful logging operations result in significant “collateral damage,” which includes damage to additional trees, vegetation and soil during the felling and removal of trees, and require introducing extensive networks of logging roads and other infrastructure for moving and storing logs.

Overall, the failure of the Government to acknowledge the threat to REDD+ posed by widespread and poorly regulated industrial logging raises serious concerns about the Republic of Congo’s commitment to using the REDD+ process to address all of the direct and underlying causes of deforestation and forest degradation. This is especially concerning given the country’s proposal to further expand the area of forest allocated for industrial logging (as stated in section 4.5 of the current version, p. 48) despite its

⁵ World Bank Report No. 60727-CG, Country Partnership Strategy Progress Report for the Republic of Congo, 2 May 2011.

⁶ The original French text from the June 2010 version of R-PP as posted on the FCPF website (dated 19 April 2010) is “Non respect des règles d’exploitation forestière à faibles impacts (EFI)” (p. 33). This has been removed from the list of drivers of deforestation and degradation related to logging in the March 2011 version (p. 45).

inability to control the operations already in place. It is essential that a comprehensive and unbiased assessment of the drivers of deforestation and forest degradation be carried out by the Republic of Congo. Such an assessment would include an analysis of the impacts of industrial logging. The revised R-PP should clearly reflect this intention and acknowledge the real threats posed by the logging sector, as clearly reflected in the work of the Independent Forest Monitor.

In summary, our analysis concludes that while some progress has been made, the Republic of Congo's revised R-PP still fails to reflect several of the key issues raised by the Participants Committee as described above and summarized in the Annex to this document. We urge that these issues are reflected in the final version of the R-PP and continue to receive attention during readiness preparation, as requested by paragraph 2(iv) of Resolution PC/6/2010/1.

Yours sincerely,

Global Witness

Greenpeace

Annex. Analysis of how the revised Republic of Congo R-PP (10 March 2011 version) addressed issues outlined in the Annex to Participants Committed Resolution PC/6/2010/3.

Issue raised by PC	Relevant information from revised R-PP	Has the issue been addressed?
<p>1. Enhance multi-stakeholder consultations on the R-PP, including indigenous peoples, and use the results of this process to further enrich the document;</p>	<p>A set of consultations, workshops and a validation meeting were carried out. There appear to have been some deficiencies with arrangements for consultations, such as advance access only to components of the R-PP rather than the full documents and ineffective consultations in the provinces (departments).</p> <p>The issues raised during consultations are listed in an annex but it is not clear if any have been addressed in the R-PP. The R-PP does not elaborate a clear mechanism for considering civil society feedback.</p> <p>Somewhat weak on consultation activity specifically relevant to indigenous peoples, and in particular with regards to how FPIC principles will be applied</p>	<p>Partially</p> <p>Consultations been carried out but engagement with indigenous peoples appears to be weak and it remains unclear whether or how civil society comments were used to enrich the document.</p>
<p>2. Better reflect in the R-PP how ongoing or planned developments in other sectors (including mining, agriculture and infrastructure development) are likely to impact deforestation and how REDD+ would potentially support the mitigation of these impacts;</p>	<p>No mention of the status of existing or planned palm oil and tar sands projects. It is stated that the palm oil sector has been undeveloped since failure in the 1980s.</p> <p>Planned road-building 'corridors of development' programme listed as a future driver of deforestation and forest degradation.</p> <p>The World Bank recently cited overlap of mining concessions with forest concession and national parks as obstacle to improved management of natural resources (see footnote 5). This is not specifically discussed. The R-PP states only that oil and mineral exploration has not yet had significant effects on deforestation and forest degradation. A study is planned to analyse the impacts of exploration / extraction of oil and minerals.</p>	<p>Partially</p> <p>Discussion of potential impact of some planned development projects, but still a lack of discussion of how REDD+ could mitigate impacts.</p>
<p>3. Further elaborate how the REDD+ and the VPA/FLEGT processes complement each other in addressing governance challenges, taking into account the VPA/FLEGT achievements in terms of stakeholders consultations, trust building among parties and the analytical work produced;</p>	<p>The new text box on REDD and FLEGT is vague and does not provide any concrete information into how potential links and synergies between the two processes will be developed, particularly with regards to addressing governance.</p> <p>It is stated that the SESA will include consideration of the principles, criteria, indicators and verification used in VPA, but the relevance of these to social and environmental risk assessment should be clarified.</p> <p>A strategic sub-option on combating illegal logging references the VPA.</p>	<p>Partially</p> <p>There are numerous references to FLEGT and a new text box but still very little by way of concrete suggestions for how REDD and the FLEGT process will be linked.</p>

<p>4. Provide more details on how monitoring of co-benefits would be carried out;</p>	<p>Section 4b has been expanded but information and analysis remains relatively superficial.</p> <p>Only monitoring of REDD governance is mentioned, no discussion of broader monitoring of forest governance in component 4b despite recommendations from civil society and the TAP.</p> <p>Some consideration of methodologies and resources to be used in developing the monitoring system and of relevant indicators.</p> <p>Bodies responsible for design and implementation designated. Some need for capacity building identified.</p>	<p>Yes, but budget allocation is wholly inadequate.</p> <p>Component 4b should include a discussion of how broader forest governance will be monitored</p>
<p>5. Give proper consideration to the comments provided by the TAP on components 3 (Reference Scenario) and 4 (MRV);</p>	<p>Reference scenario: Clarifies intention to prepare a national reference scenario as well as sub-national and identifies steps towards preparation of a reference scenario.</p> <p>MRV: Clarifies intention to increase national competencies to develop and improve MRV system. Does not address TAP comment on identifying needs for capacity building.</p>	<p>Yes</p>
<p>6. Provide more in-depth analysis of the drivers of deforestation and forest degradation, especially industrial logging;</p>	<p>Section on drivers almost entirely unchanged from previous R-PP and reference to lack of implementation of reduced-impact logging has been removed.</p> <p>The only additions are a chart illustrating the drivers identified (p. 43) and inclusion of immigration due to conflict in neighbouring countries as an additional driver of deforestation (p. 46).</p>	<p>No</p>
<p>7. Articulate more clearly in the R-PP how the analytical studies to be carried out during the Readiness phase will address the issues of insecure land tenure, carbon rights and equitable benefit sharing mechanisms.</p>	<p>The table in the revised R-PP showing how issues raised by the PC were addressed indicates that this has been fulfilled in component 2 and in particular in component 2c. The FMT's Completeness Check states that additional information has been provided in sections 2b and 2c. But no relevant information has been added to Sections 2b and 2c or their annexes in the revised R-PP.</p> <p>The revised RPP still does not outline a participatory process to determine how carbon rights and benefit-sharing system will be addressed. There is still a lack of engagement on broader governance and land tenure issues that are essential for reducing deforestation.</p>	<p>No</p>