



Category of paper: Workshop Report

Workshop Report: Alternative Models and Finance Mechanisms for Sustainable Forest Use in the Democratic Republic of Congo (DRC)

Monday 17 – Tuesday 18 December 2007

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Meeting Overview

A two day meeting was held at Chatham House to discuss alternative models and finance mechanisms for the sustainable management and conservation of the forests of the Democratic Republic of Congo (DRC).

Updates were provided on recent developments within the country's forest sector, and of international initiatives in support of this. The context for developing alternative models within the context of DRC was outlined, and the particular challenges that need to be addressed were debated.

Experiences from other parts of the world of alternatives to industrial forest use such as community forest management, and payment schemes for environmental services were presented, to consider their potential role within DRC and the lessons that could be learnt from these. The role of the private sector, including both the potential and constraints of investing in DRC, were also considered.

A number of organisations are developing models and proposals for application within DRC, of which the following approaches were presented:

- Carbon finance in DRC (Woods Hole Research Centre & DRC's Ministry of Environment).
- Conservation contracts for forest communities (Conservation International).
- Linking communities with innovative financing mechanisms for sustainable forest management (Forests Monitor).
- Endowment fund for protected areas (WWF CARPO).
- Debt conversion for environmental finance (Ministry of Foreign Affairs, France).

The potential benefits and feasibility of the various options were discussed, as well as the steps required for their future development and piloting. The presentations made are outlined below, and some of the questions raised highlighted.

The meeting was attended by over 100 participants, with representatives of the DRC government and donor governments, international agencies, civil

society, conservation organisations, academia and the private sector. Keynote speeches were given by Gareth Thomas, UK Minister for Trade and Development, and José Endundo, DRC Minister for Environment, Nature Conservation and Tourism.

Monday 17th December

Session I: Update on the DRC Forest Sector and Current Activities

Update from the UK Government: Gareth Thomas, Minister for Trade & Development, Department for International Development (DFID), UK

The DRC forests are important to the people of the DRC, for the climate and for the conservation of biodiversity. The UK Government therefore committed £50m to the Congo Basin in 2007.

The DRC has to reconcile today's competing demands whilst protecting the interests of future generations. The global economy is expanding, and wood consumption is projected to increase by a quarter by 2030. Over the same period, food consumption will increase, requiring additional farmland. If food production is to keep ahead of population growth we must invest much more in agriculture. DFID will significantly increase support to agricultural research.

The demand for land to produce biofuels is another pressure on forests, as countries seek to diversify their energy sources and move to lower carbon economies. Whilst this is a positive development in some areas, in others it may threaten people dependent on forests and threaten the climate and biodiversity if natural forests are replaced by single species crops.

Furthermore, if competition for land pushes up wood prices and makes it profitable for logging to extend further into more remote regions then this will accelerate the opening up of the remaining natural forests. Some hard choices will have to be made.

There are five main ways in which an agency like DFID can help:

- Improving access to information and opportunities for debate.
- Helping clarify the rights to use and benefit from forests.

- Promoting better governance and regulation.
- Being responsible consumers.
- Paying for the services provided by forests – e.g. climate regulation, protection of watersheds, maintenance of biodiversity.

Reducing deforestation must be done in ways that are consistent with good development practice. The Forest Carbon Partnership Facility, and other initiatives, will help to do that. DRC and other countries in the Congo Basin should seek to participate in the Facility. They should help steer its decision-making and make use of the funds available to prepare themselves to access any incentive mechanisms put in place to reduce emissions from deforestation after 2012.

The UK welcomes the DRC Government's commitment to play its part in helping to tackle deforestation and address the global challenge of climate change. We look forward to supporting the DRC Government's leadership in developing new ways to pay for the services that the country's forests provide.

But while the DRC's forests are of significance to the global and regional environment, they also matter crucially for the millions of people whose livelihoods depend on them. Putting local communities at the centre of this innovative work and building partnerships with civil society will be vital for its success. Ensuring that the DRC's forests generate growth and promote development that benefits all its citizens is a challenge for us all.

The full text of the Minister's speech is available at: www.chathamhouse.org.uk/file/11534_10854.pdf

Discussion

A question was asked about support from the EU and the UK to build capacity in DRC to help understand and tackle deforestation, degradation and promote conservation.

The Minister stated that agreements reached in Bali were crucial because they allow for the operation of incentives to reduce deforestation. The details are still to be finalised and there is, therefore, still time to influence the outcome; the UK will help developing countries to build negotiating capacity.

Decisions will be made shortly about how best to spend the £50m committed by the UK to the Congo Basin countries.

A question was asked about ownership of the forests and the importance of involving all stakeholders in negotiating processes, including the Pygmy peoples.

The Minister agreed that local community involvement in the design and management of forests is crucial. However, the DRC government is the key player in this process and the UK respects the government's right to set its own priorities.

Update from the DRC Government: Abel Léon Kalambayi wa Kabongo, Secrétaire Général, Ministry of Environment, DRC

The DRC has 145 million hectares (ha) of forest, and the government understands the need to prioritise sustainable forest management (SFM). The country's draft forest policy recognises the importance of the social dimensions of SFM and of involving all stakeholders, including local communities, NGOs and donors. The government also recognises the importance of having a proper taxation system to ensure revenue is collected and channelled.

The government began work on a Priority Agenda for the forest sector in 2002, identifying issues that needed to be targeted and developing a long-term vision for DRC's forests. The measures to be taken fall into three categories:

- Remedial measures that ensure the forest heritage is protected – these include a legal review of forest titles, and application of fiscal reforms to ensure tax is collected.
- Regulation of the timber sector – the redistribution of 40% of forest taxes to the provinces to help develop sustainable livelihoods, and the implementation of *cahier des charges* ('social contracts').
- A wider vision for forest use – the government set up dialogues early in 2007 with local communities. The vision must include promoting non-extractive uses and financing mechanisms, protecting biodiversity and supporting smallholder undertakings.

The process of developing the Priority Agenda is a process of developing a vision for forest management. As part of this process, an institutional review is being carried out by a group including the World Bank and EU representatives. The 2002 Forest Code also needs to be fully implemented. This is a delicate and complex process of drafting, discussion and validation of a number of law application texts. Some of these measures in the Code have already been implemented, but there is still much to achieve.

The presentation to accompany the Secrétaire Général's speech is available at: www.chathamhouse.org.uk/file/11482_171207kalambayi.pdf

Discussion

A question was asked about the establishment of reserves and the need for consultation about the allocation of land.

The Minister agreed on the need for consulting all interested parties including the private sector. The creation of the Sankuru reserve was the result of local communities recognising the biodiversity values of the area and starting the process from the bottom up, with government support. Records of the consultation process with local communities are available. There are problems with the implementation of other reserves, for example a lack of available finance.

Questions were raised about poverty alleviation and forest exploitation.

The forest sector has been accused in the past of badly exploiting the forests, causing deforestation and contributing to increased levels of poverty. However, according to the Secrétaire Général this situation is now improving. The Treasury needs revenues from the forest sector and halting economic development in the forests is not the answer. The DRC needs to develop alternative uses of the forests to contribute to the economy whilst protecting resources. This will require capacity building and cooperation across all sectors.

International Initiatives in Support of the DRC Forest Agenda: Eddy Nierynck, Directorate General Development Cooperation, Ministry of Foreign Affairs, Belgium

DRC has 60% of the forests of the Congo Basin. These forests provide livelihoods for 40 million people. The country has a history of conflict and mismanagement of the forests, and it is now at a point where both risks and

opportunities present themselves. A new window of opportunity has arisen with the potential for linking the mitigation of greenhouse gas emissions with forest and biodiversity conservation, and community benefits.

There is an institutional and policy framework for managing the forests in DRC, which includes the 2002 Forest Code, the cancellation of 25 million ha of concessions and the moratorium on new concessions. However, a lack of effective control on the ground and weak institutions means that the moratorium is regularly breached and illegal exploitation continues. Protected areas are still being damaged or destroyed.

Steps that are critical for effective forest management are to:

- Pursue the ongoing governance reforms, and strengthen institutions at the national, provincial and local levels.
- Promote participatory zoning and land-use planning.
- Promote implementation and coordination of improved legislation and policies.
- Develop the broader vision for the country's forests, including multi-purpose forests.

A coalition of donors is supporting the DRC at a national and regional level through COMIFAC (Commission of Central African Forest Ministers) and CBFP (Congo Basin Forest Partnership), and a Forest Trust Fund. The latter is a multi-donor initiative involving the EU, Belgium, France, UK, Luxembourg and Germany.

DRC has great potential for environmental services, such as carbon sequestration, conservation of biodiversity, etc. In addition, international interest in DRC's forests should be translated into a willingness to pay for their preservation. CoP 13 in Bali (the Conference of Parties to the UN Framework Convention on Climate Change - UNFCCC) decided to include incentives for reducing emissions from deforestation and forest degradation in a post-Kyoto regulatory framework. These new mechanisms also need to reduce poverty and protect environmental quality and integrity.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/file/11483_171207nierynck.pdf

Discussion

Questions were asked about the involvement of civil society in the multi-donor Forest Trust Fund.

A major objective of the fund is capacity building at the provincial and local levels. Civil society, the private sector and the media are involved. The process will be managed by the government; it is important that the government is trusted as DRC is a sovereign state and there are mechanisms for transparency and good governance in the fund.

A participant raised the problem of breaches of the moratorium and asked what the government is doing to ensure that those forest areas to which indigenous peoples have rights are not being converted.

Civil society has been involved in the process of verification from the inception of the moratorium, and representatives on the ground have been active in identifying people's rights. The government knows that there have been infringements and has consulted with the World Resources Institute as independent observer of the legal review. A presidential decree confirmed the moratorium and all commercial rights granted after the decree should therefore be rescinded.

Roundtable: Project Overview, Core Principles: Alison Hoare, Chatham House

A Roundtable Process was established in 2006 by DFID, in collaboration with the World Bank and the Government of Belgium. The aim of this process was to investigate models for sustainable forest use in the DRC as alternatives to industrial timber production. A series of meetings were held between November 2006 and May 2007, with participants from international and Congolese NGOs, and at a later stage, with the participation of the Government of DRC. The preliminary findings were presented at meetings in Belgium and at the World Bank early in 2007.

The models and options considered were:

- Community forest management.
- Non-extractive forest use (Payment for Environmental Services (PES); Payments for Avoided Deforestation; Ecotourism; Bioprospecting).

- Sources of finance (philanthropic, public & private sector).

These options need to be explored further for their application within the context of DRC, and a number of organisations are developing pilot projects for implementation within the country. A set of core principles has been developed, and will be used to guide a peer review process to examine the effectiveness and feasibility of the proposed projects. A further meeting to discuss alternative models will be held in Kinshasa in 2008 and the proposals will be presented at a high level event, possibly at the World Bank, to help mobilise funding.

The PowerPoint presentation is available at:
http://www.chathamhouse.org.uk/file/11481_171207hoare.pdf

Session II: The Context for Developing Alternative Models in DRC

What are the key challenges in DRC? What issues need to be resolved in order for alternatives to be feasible?

Alternative Management Models in the Context of DRC: Muzong Kodi, Chatham House

A background paper has been prepared outlining the challenges that need to be addressed within the DRC's forest sector if alternative models for the management and financing of the country's forests are to be successfully implemented.

Forest use in the DRC is dominated by the informal sector (subsistence farming, hunting, gathering and artisanal logging), while the formal timber sector remains limited because of logistical and access problems. However, as the situation in DRC stabilises and infrastructure improves, access to the country's forests will increase.

The 2002 Forest Code now provides a legal framework for the sector. However, there remain significant challenges, for example, most of the decrees in the Code have yet to be enacted. Capacity building and adequate resources are also needed at all levels, both within government and civil society. A process of land-use planning is needed, which recognises

community use-rights to forest resources and land, and provides security of tenure.

The development of sustainable forest businesses is crucial. Encouraging small and medium sized enterprises will be an important factor in reducing poverty. Key building blocks include: secure land rights for communities with commercial rights over the forest; equitable benefit-sharing mechanisms; increased market access; and the development of support structures for financial and business development services. The financial sector currently has a weak presence on the ground, particularly outside major cities.

Any interventions in the forest sector must take into account that the informal sector accounts for 80% of economic activity and that the majority of the rural population depends on the forests for their livelihood. A diverse partnership must be involved in the development of the forest sector, including host and donor governments, industry and banking sectors, civil society and rural communities. The involvement of rural communities and indigenous peoples in forest governance needs particular attention, as they are often excluded or marginalized from participation. Long-term and substantial investment will need to be made in the forest sector and its institutions. It will be important to adopt a long-term view as reforms will be slow and the establishment of sound and sustainable alternatives will take many years.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10812_171207kodi.pdf

DRC's Forest Sector: Civil Society Perspective: Theo Gata, CENADEP, DRC

The current DRC government has only been in place since 2006 and faces major challenges: the fight against poverty, forest management, managing the diversity of stakeholder interests, and combating corruption.

There are a number of conditions that must be in place for forest reforms to be implemented, for example, rights of access to forests and forest resources for communities, a permanent open and honest dialogue with local partners and donors, preservation of the moratorium, and strengthening the capacity of the forest administration, civil society and local communities.

There are three ways to ensure that forest reforms and management are maintained:

- Promoting conservation models which recognise the rights of local communities.
- Developing small and medium sized enterprises (SMEs) and promoting community forestry.
- Operationalising funds for climate change, which recognise the role of communities and which contribute to both economic growth and poverty reduction.

It is important that logging is not extended further and that the capacity to monitor operations is developed. An institutional review is needed that promotes a holistic view of forest management, and equitable distribution of the benefits of environmental services.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10801_171207gata.pdf

Recent Field Observations in the DRC Forest Sector: Reiner Tegtmeier, Global Witness

Global Witness recently undertook a feasibility study for independent forest monitoring in DRC. The following observations arose from the field visits made.

Despite the moratorium on allocating concessions, 70% of current forest titles were issued or modified after the moratorium was issued. The legal framework is inconsistent and incomplete – only 4 of the 42 decrees related to the Forest Code have been signed. There is widespread ignorance of the forest law and regulations and a lack of funding for adequate law enforcement. Control of production, transport, trade, processing and export of timber are virtually non-existent, and reporting of timber production by companies follows no standard format. There are no forest administration officials in ports to control shipments, and the low salaries of forest administrators increases the risk of corruption.

Logging operators do not keep on-site records as required by law, do not adhere to the legal requirements for log marking and only a few have comprehensive annual operation plans. The newly established rights of individuals and communities to sell trees on their land is widely abused by artisanal loggers, logging companies and timber traders. Logging companies

are failing to meet social responsibility commitments and local communities do not have the power to insist on compliance.

These weaknesses have damaging consequences for the forests, and for forest dependent communities. Therefore, a complete moratorium should be declared on all industrial logging operations until a number of conditions are fulfilled:

- Conversion of old forest titles into concessions and settling of all objections, guaranteeing the respect of forest dependent peoples' and community rights.
- Development and adoption of a National Zoning Plan as stipulated in the Forest Code.
- Development of forest management plans for all titles converted into forest concessions.
- Establishment and functioning of an effective and objective forest control system.
- Establishment of national and provincial consultative councils, as set out in the Forest Code.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10809_171207tegtmeyer.pdf

Discussion

Points were raised about the protection of, and benefits that can be expected by, local communities, and about the importance of civil society and government working together to improve education and reduce poverty.

Donors must ensure that their money reaches projects to help communities improve their lives; there are a number of micro-projects already in existence. Civil society has done a lot of work to improve information exchange between communities and government which should help to ensure that legal provisions provide concrete benefits for communities. It was also noted that many forest management activities that conform with legal requirements do not benefit communities.

A participant questioned whether a logging moratorium would help to achieve sustainable development, suggesting rather that the emphasis of the discussion should be on legality.

It was agreed that both are important. A key problem is that implementation of the existing law and forest management is weak. For example, there is a framework for the recognition of land rights, but there are no checks on whether this is adhered to. Reform is needed in the legal and judicial system.

A question was asked about land reform in relation to the intensification of crop production in forest areas.

Agricultural production has to be taken into account in discussions on forest management. The first step has to be the development of land use maps and a national land use plan. It is impossible to move ahead with allocation of forests for commercial logging without knowing what the land is currently used for or considering all the potential options for use.

Update from the DRC Government: José Endundo, Minister of Environment, Nature Conservation and Tourism, DRC

DRC is making use of all facilities to contribute to the sustainable management of its forests and biodiversity. The importance of this workshop stems from the fact that the international community is confronted with climate change and forests can mitigate the effects of this. SFM has, therefore, become necessary and urgent.

To ensure the sustainable management of forests we need to mobilise as many resources as possible and develop new models for financing forests. This workshop could be a turning point in thinking about how projects are financed, and the DRC could be a test country in the Congo Basin for new approaches.

There are three key points to remember:

- We must reduce poverty in order to protect the environment for the DRC population and for the whole world.
- DRC forest biodiversity is an important issue that goes beyond the DRC framework.

- All stakeholders must cooperate; what is at stake is so important that nobody can act in isolation.

The DRC, led by the President, is working on implementing the Priority Agenda. Much progress has been made. For example, 28 million ha of forest were recovered in the forest sector reform process and are now available for participative zoning; the 2002 moratorium on new forest allocations was upheld by Presidential Decree in October 2005 until the review process is completed; tax reforms are being implemented; social obligation contracts are being put in place; and a multi-donor sectoral programme is being developed.

There can be no doubts about the government's determination to protect the forests. The national forest programme is aimed at enforcing laws and helping the public to take an active role. A new protected area has recently been established and protected areas will be extended to cover 15% of the forest by 2012.

The international community is playing a vital role in achieving better forest management in DRC through a multi-donor programme which is helping with the implementation of reforms and innovations. Such initiatives are good, but they are not enough to address the needs already identified. DRC forests benefit the whole world and we want to use the carbon market to compensate for sacrifices made; it is a question of fairness and responsibility.

DRC is focussing on four types of financing models:

- Reducing emissions from deforestation.
- Conservation concessions.
- Trust funds to manage protected areas.
- Community forests.

It is important that pilot initiatives are put in place now for testing PES and payments for carbon in DRC. The Ministry of Environment is open to working in partnership to manage the environment and protect the forests of DRC.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10965_171207endunddu.pdf

Session III: Linking Communities and Alternative Models: The Role of Community Forest Management

What activities should be supported: What are the criteria for effective support of such activities? What infrastructure/institutional framework is needed? How does community forestry work in other rainforest countries? How is governance addressed at local level?

Community Forest Management in DRC: Simon Counsell, Rainforest Foundation

Much of DRC has been inhabited for more than 4,000 years and communities have used rotational forest gardening as a sustainable form of subsistence. Clearance of low vegetation can encourage regeneration and prevent forest fires, and the cultivation of palm nuts has encouraged animal species which are critical for the spread of trees and plants and in increasing biodiversity.

The forests are, therefore, shaped and created by human intervention; Congo has the largest sustainable community forest in the world. A critical implication of this is that avoided deforestation measures would probably target the wrong people in DRC. The most important modification would be to allow for longer fallow periods, rather than to squeeze subsistence farming into smaller areas.

Communities use areas of the forest in different ways: areas of cultivation, fallow land, and areas used for hunting and extraction of forest products. If industrial concessions are superimposed on these complex patterns of use, it may lead to conflicts.

Recognition of community rights to forest can be an effective mechanism for forest protection, and the Rainforest Foundation has trained 500 community mappers to digitally map their traditional lands. Community-based management can play a central role in alternative forest uses, if given the right legislative support, and existing community use and control rights needs to be reflected in zoning and land use planning.

Community Forest Management in DRC: Alphonse Muhindo, Réseau CREF, DRC

The Forest Code has provided an opening for communities to participate in forest management. In North Kivu, landowners and communities are working

together to preserve the forests for the benefit of all. Land use rights for communities are recognised, as is the need for the long-term conservation of resources.

However, there are problems to be overcome. For example: near complete ignorance of forest law and the lack of a legal framework for community forestry; agricultural practices that are damaging to the environment; tension between indigenous and other communities and the marginalisation of certain communities; conflict over land tenure; and insufficient awareness of human rights.

Recommendations to address these issues are:

- Identifying current land uses.
- Developing measures for forest management which take account of traditional uses, are accessible and understandable for local communities, and which present opportunities for multiple forest uses.
- Strengthening the capacity of the forest administration and civil society.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10855_171207muhindo.pdf

Discussion

A participant questioned the wisdom of not linking shifting agriculture to carbon emissions and suggested that annual clearing must have an impact on deforestation.

It was acknowledged that there are cases where rotational farming is not sustainable, but, with the right rotational periods, it can sequester carbon. One problem with using 'on-date' satellite images is that they can show where areas have been cut, but not where they are re-growing.

Questions were raised about the impacts of continuing conflict in parts of DRC.

Greater pressure has been put on some areas because of populations moving to avoid conflict. The solution is complex; people will only move back if the social and environmental conditions are right and little can be done without peace being established. This requires government involvement.

Questions were raised about the mapping process being undertaken.

It was commented that local communities need to be able to participate fully in any forest zoning process. Local people have been trained to use hand-held GPS systems to gather data to produce maps, which are then validated by the communities. To date 28 maps have been produced and another 28 will be produced in 2008, including one whole territory, to see how communities use the land.

Points were raised about the position of Pygmy populations and their involvement in forest mapping. There are approximately 600,000 Pygmies in DRC, some in semi-permanent settlements, but they are often pushed out by subsistence farming.

It was acknowledged that involving Pygmies in discussions was difficult because of a history of antagonism between Pygmy and Bantu peoples. However, it is important to bring these groups together because they share the same issues and interests. The issue of Pygmy land rights does need particular attention, as these are not currently recognised because of their migratory lifestyle.

The Development Impacts of Community Forestry and the Implications of Carbon Financing: Kate Schreckenber, Overseas Development Institute (ODI), UK

The ARPIP (Action Research on the Poverty Impacts of Participatory Forest Management) project is examining whether community forestry (CF) in various countries contributes to improving livelihoods, how CF impacts on different social groups, and what factors determine the kind of impact CF has on poverty. Research indicates that poverty reduction is greatest where the aim of CF is to improve livelihoods.

CF tenure varies between countries, but it is important to be clear about who is allowed to enter the forests, who can take what, who manages the forest and who has the right to convert or sell land. However, formalisation is not always positive if, for example, legal rights are more restrictive than previous informal arrangements.

Benefit sharing mechanisms must be appropriate to the situation and the communities. For example, should all beneficiaries get the same amount, or should shares be based on need? And should the government or forest

administration receive benefits or taxes? Similarly, transaction costs and institutional set-ups must be appropriate to the value of the forest.

Intermediaries can play an important role, particularly if there is a great difference between the CF and existing forest management practices. Intermediaries, such as the private sector, can help access markets and provide equipment, credit and expertise.

Carbon financing mechanisms have significant implications for addressing poverty. For example, the voluntary carbon market is unlikely to be driven by poverty reduction goals, and the REDD (Reduced Emissions from Deforestation and Degradation) debate is dominated by the conservation lobby. However it is important to determine how a broad based mechanism like REDD can address complex distributional issues and how revenues can be channelled to producers. Carbon markets may provide additional incomes to communities, but there are no guarantees of structures that will ensure equitable outcomes.

To ensure that CF benefits the poorest, it is important to see it as a dynamic process that requires long-term commitment. Legal and institutional frameworks must be flexible enough to take account of different environmental and socio-economic contexts. For CF to be successful, it must be supported by NGOs, civil society and forestry experts.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10808_171207schreckenber.pdf

How to Support Community forestry: Duncan Macqueen, IIED, UK

Community forestry (CF) enterprises accrue wealth at a local level, ensure local environmental accountability, reduce the potential for conflicts that can arise from external operators extracting resources, and can help develop local service networks.

Small-scale forestry (including non-CF enterprises) represents a very significant percentage of employees and revenue in the forestry sector in many developing countries. CF is growing, not just in developing countries, but in countries such as the US, China and Northern Europe, where 50% of industrial roundwood is from small family and community enterprises.

Business organisations are critical for the success of CF enterprises. They can secure resource access, provide increased bargaining power through

aggregation, build brands and share certification costs and develop market intelligence. The type of enterprise is more important than the scale. For example, small enterprises driven solely by profit may cut corners on social and environmental concerns. More democratic enterprises, or those based on fair trade, tend to deliver on these commitments.

Establishing successful CF enterprises requires an understanding of the value chain (functions, actors, influences and product flows) as well as the institutional and policy environment. Once the current situation is understood, it is possible to map how things might change, what the options are for greater inclusion and what support for change is necessary.

Links to financial and business development services and markets will be key. But most important is the political will for expanding secure community tenure and rights, fair taxes and regulations, and enterprise support units.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10856_171207macqueen.pdf

Session IV: Payments for Environmental Services

What is the potential of PES in DRC? What lessons can be learnt from other countries? What infrastructure/institutional framework is needed to facilitate its development? How can equity be ensured?

The Potential of PES in DRC: Michael Richards, FRR, UK

PES involves a voluntary, conditional transaction between a seller or provider and a buyer over an ecosystem service. Ecosystem service payments can be market or non-market based, and payments may be made by the state, through certification or labelling schemes, private or voluntary deals, or through 'cap and trade' PES. The more regulated and the more market based the transaction, the more benefits are likely to be realised.

There are constraints to successful PES schemes in Africa, for example, poverty means that there are few buyers with the capacity and willingness to pay, and there are information and technical barriers, policy/regulatory

barriers and institutional barriers. Such problems raise the risk or transaction costs and lower the potential returns for both PES buyers and sellers.

PES can have social and institutional capacity benefits and empower communities. CF management is economically marginal and dependent on external support and should be eligible for REDD payments. These could have significant indirect benefits in terms of, for example, tenure security and better governance for example, and conditional tenure can be an effective management mechanism.

There are equity risks in PES/REDD schemes; for example, policy failures could result in high costs for SFM, it may be easier to pay off developers through REDD than by forcing them to abide by the law, and REDD programmes may only focus on the easy wins. How a scheme is monitored and measured can make the difference between a profit or loss.

PES should not be seen as a stand-alone measure, but part of a wider package of carrots and sticks. It should be remembered that the most effective way of ensuring SFM is through property rights and good governance.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10807_171207richards.pdf

Implementing PES in a Context of Weak Property Rights – Experiences from Indonesia: Charles Palmer, ETH Zurich, Switzerland

Research in Indonesia reveals that decentralisation has resulted in natural resource rights being handed to local users; however, rights are weakly defined and poorly enforced by the state. Globalisation means that increased pressure on natural resources necessitates negotiations between users groups and commercial actors, and this increases the potential for conflict.

In Indonesia commercial exploitation led to 40% of the country's forests being lost during 1950-2000. Since the end of the Suharto era, decentralisation reforms led to the recognition of certain rights for forest communities, including their right to negotiate with logging companies. However, in practice, this often resulted in companies simply buying off communities. Could PES provide an alternative income source?

When designing a PES scheme it is important to consider the potential effectiveness (how much to pay, additionality and enforcement) and efficiency (how to maximise environmental services with a given budget).

A simplified game theory model that looks at the distribution of net logging profits and a community's ability to enforce rights gives three potential outcomes:

- The logging company wins the conflict, logging takes place, and the community receives no payoff.
- The community wins the conflict, logging takes place, and the community obtains a share of logging profits.
- The community wins the conflict, logging negotiations fail, the community prefers standing forest and the forest is conserved.

The PES in this model is for forest conservation. PES introduces a new value to the standing forest in the form of carbon maintenance. Effective PES will shift the community into the third outcome and, hence, forest protection. Therefore, for effective PES, the community has to be able to win a potential conflict with the company, and logging negotiations have to fail, otherwise the company will log despite a PES agreement.

When applying this model one needs to be able to assess the probability of a community winning a conflict, and the probability of negotiation failure. Introducing PES can raise the value of the natural resource to communities and enhance their ability to self-enforce their rights.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10806_171207palmer.pdf

Discussion

A question was asked about the potential for PES in DRC.

PES will not work unless policy and governance failures are tackled. However, DRC can learn from the voluntary carbon markets as to where there would be a reasonable chance of success and schemes could be piloted. It was also noted that there is a strong commitment in DRC to protect biodiversity within both government and local communities and that this is already being done despite the limited resources.

A question was asked about whether communities should be rewarded for conservation before loggers arrive?

It is questionable whether people need incentives to carry on protecting what they already protect. Money is limited so it needs to be targeted where it will be most effective. A dual track approach is needed that combats poverty and promotes conservation.

If those who protect the forests are to be compensated, a market based PES approach may not be the best approach. One possibility would be a carbon credit with multiple biodiversity and social benefits sold to investors with a strong CSR position to 'green up' their carbon portfolio, and there is probably a market niche here.

Points were made about the potential disincentives in the game theory model for those who manage forests well.

The model is simple and looks purely at logging versus standing forests; the reality is that there will be complex uses, SFM, certification etc. Payments are made for doing something in addition to what is already being done. There is probably a need for a parallel market system, otherwise countries with low deforestation will have no incentive to maintain their forests.

Session V: Financing Innovative Models

What experience does the private sector have in investing in environmental services in other rainforest countries? Are DRC's forests of potential interest for investment? What are the constraints for the private sector/foundations to operating in DRC? What would need to be in place for the private sector to invest here?

Accessing Capital Markets: Simon Petley, Enviromarkets, UK

There is demand for a wide variety of financial services in the rural economy in DRC. For example, CF requires short-term loans for seedlings, insurance, and payments services to transfer funds from customers to suppliers. However, the supply of capital is very fragmented. Furthermore, there is little

financial infrastructure, a lack of certainty as to who would pay, and a lack of clarity over regulation.

For investors, the key concerns are clarity of property rights, political and economic stability, and a constant flow of quality products. There are examples of access to capital to draw on from other countries; in Guatemala the establishment of forest tenure rights encouraged two banks to serve small-scale timber companies.

There are a number of microfinance organisations operating in DRC, mainly around Kinshasa. There is huge potential for micro-credit within DRC which has one of Africa's largest micro-enterprise populations, together with a supportive regulatory framework, but provision of microfinance is not yet widespread.

There is a clear need to develop existing financial networks in DRC. Other possible developments include enhancing access to capital markets for financial intermediaries and product or service buyers, building demand for CF, and spreading the risk through the development of 'micro-SFM'.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10814_171207petley.pdf

Carbon finance: Justin Mundy, Climate Change Capital, UK

The expectations for PES are very high in tropical countries; however, there is a lack of demand as the market is currently mainly philanthropic rather than commercial. Assets offered in contracts are those that cannot be monetised so the focus is on conservation values rather than carbon.

From an investor's point of view, who owns the title to the forest is crucial and there is often confusion over who has the right to sell. There is also a question of the morality of buying a sovereign asset from another country.

Any investment is a gamble; the current market is based on aspirations and there are a lot of unanswered questions, particularly around the issues of governance and property rights. Under PES the expectation is that investors will get a higher return if a robust regulatory framework is in place. However, the forest sector is one of the least transparent in the world and the private sector has identified the need for a proxy for government in private-public partnerships.

Those putting money on the table to date are hedge funds with considerable liquidity. However, the 'credit crunch' since the summer of 2007 has reduced willingness to invest where risks are greater. Discussions in Bali did attempt to address investor concerns by establishing solidity in contracts.

PES has to be seen as an add-on. The solutions to improving forest management are not limited to the forestry sector and require an integrated approach which addresses poverty, financial institutions and governance. There is a market for PES but hard decisions need to be taken about issues such as government proxies, mechanisms and the transfer of finance.

Forest Insurance and Monitoring: Phil Cottle, ForestRe, UK

ForestRe aims to increase significantly the insurance capacity for forest tree crop enterprises, to facilitate investment in all sustainable forestry, including SMEs, and to facilitate environmental revenue streams, such as water, carbon and biofuels. The company is a centre of expertise and provides services worldwide. Its core insured interests include plantations and industrial tree crops, natural forest and avoided deforestation.

There are a number of constraints that have to be overcome when dealing with insurance in remote areas. For example, it is important to find brokers who understand the local situation; there is often a lack of skills and training in areas such as forest management, loss assessment, or risk mitigation; banking systems to channel money to the insured may be lacking; and there may be a lack of clarity over land titles and boundaries.

Re-insurers need to assess and price risks and design appropriate insurance products and risk structures. If data is not available, other ways to measure these need to be found, such as satellite imagery which can show changes in forest areas, roads and logging patterns.

For the company, it is important to be able to monitor what they are insuring, so they can advise when a situation is deteriorating and advise what needs to be done to address it. A reasonable level of forest governance is needed to be able to mitigate illegal activities.

Insurance underpins forest investment. Insurers' capital is at risk just as for any other investor, but insurance reduces risk for other investors, and makes returns more attractive. Technology does enable insurers to operate in DRC, but the financial and legal conditions are difficult.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10800_171207cottle.pdf

Discussion

A question was asked about the relationship between an insurer and a private sector client and the selection criteria for ensuring an insured company is not causing environmental or social damage.

Insurers have an 'excess', so that the client pays for the first portion of the loss themselves. This can be set at a level which deters loss. Selection criteria could include whether the company owns the land and where the boundary is. It is important to have trained loss adjusters and brokers to visit enterprises. Local partners are the eyes and ears for the insurance company.

A question was asked about the type of investors who insure forestry clients.

To date, conservative corporate big buyers have been the main customers of the forestry insurance sector and forestry has had a bad reputation due to the ensuing losses. ForestRe is targeting the SMEs and cooperatives who need to access credit but are unable to insure as their values are below the economic threshold of main reinsurance companies. \$8-10 billion is now being invested in forestry per year by investors wanting high returns. However the risk profile is perceived as high. Thus there is a need by most investors to transfer the perceived forest risk. Investors will prefer lower rates of return if risk transfer instruments are in place.

A question was raised about the possibility of 'buying' a country's carbon stock.

This needs further discussion. It would be preferable to develop an integrated package which provided access to other assets and commodity structures too. There would also need to be a debate about the value of the carbon stocks and the standing forests. Insurers have discussed the possibility of providing carbon guarantees; however, there are questions about portfolio management and spreading the risk. Cover for forest carbon has not been done yet.

Questions were raised about sovereignty over assets.

There is understandable suspicion in developing countries about a post-colonial asset grab involving stripping ecosystem services and selling them back. Therefore, it is important to establish proper public-private partnerships

and proper transparency through NGOs and local communities. It may also be helpful to talk about 'renting' carbon, rather than 'buying'.

Tuesday 18th December

Session VI: Alternative Models for DRC

Carbon Finance in DRC: Benoit Bosquet, World Bank, Vincent Kasulu, MECNEF, DRC & Nadine Laporte, Woods Hole Research Centre, USA

A scheme will become operational in April 2008 to pilot a carbon finance facility in developing countries. The facility will consist of two mechanisms:

- A Readiness Mechanism – to build the capacity of countries (including government, local communities and civil society) to access any future system of post-2012 incentives. \$160m has been raised to date with the UK, Germany and France as major donors.
- A Carbon Finance Mechanism – to pilot carbon finance transactions for countries that are 'ready' before the post-2012 regime is in place. The target is to raise \$200m and one third has so far been secured. It is hoped that the first contract will be in place in 2009.

Emissions reduction programmes could include removal of subsidies leading to deforestation and degradation, improvement of forest law enforcement, forest certification, PES, reduced impact logging or alternative livelihood programmes.

Projects in DRC will focus on:

- Reference scenarios – looking at historic emissions and developing models for future rates of deforestation and degradation.

- REDD strategy – selecting priority actions, such as implementation of the Forest Code, management plans or zoning, developing strategies for equitable distribution of payments and encouraging local community participation. Agriculture is also a key factor in forest destruction, therefore tools must be made available to farmers to encourage more intensive cultivation, together with education on conservation and avoiding deforestation. In addition, concessionaires must be encouraged to manage forests for conservation and to set up a system of cap and trade.
- Monitoring system – assessing carbon stocks, monitoring forest cover and commercial exploitation, and estimating the level of illegal activities.

Establishing a REDD programme requires mapping carbon distribution, establishing a reference point for emissions, and estimating the level of compensation necessary to reduce emissions by 50%.

Nationally, there are 17 billion tonnes of carbon in DRC, 17% of which is in areas covered by concessions. Deforestation is linked mainly to agriculture in heavily populated areas. Sustainable forest use and conservation are good tools with which to keep carbon *in situ*. However, in DRC deforestation and degradation are common. An interesting point is the difference in emissions between dense and dry forests. 64% of emissions are from dense forest areas and 36% from dry forests, the latter of which are often overlooked.

Other issues that are important for a REDD programme are clarification of tenure and traditional land rights, and better governance. REDD should provide incentives for the development of institutional capacity for SFM. However, REDD is not the only answer for tackling deforestation but is one of a range of tools.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10798_171207bosquet.pdf

Discussion

A question was asked about the consultation process and the involvement of indigenous people, particularly because ‘concept notes’ have to be submitted by April 2008.

Indigenous people have not been consulted in the initial process. The real consultation will begin when there is a clearer idea of which countries will participate in the readiness mechanism. Governments will then conduct very intense consultations with all stakeholders, including indigenous communities, on the design of emissions reduction programmes and capacity building. It is estimated that countries will take two years to work through the readiness process. It is possible that local communities may receive part of the funds and manage some of the credits.

Not all 'concept notes' have to be submitted by April 2008; this will just be the start of the review process.

A point was raised about the role of conflict in deforestation in DRC.

It is important to consider the war dimension. 700,000 people have been displaced, mostly farming families. There needs to be more discussion on the impacts of the conflict and of large-scale population displacements.

A question was asked about the structure of the body governing the pilot programme and how it would reflect the interests of people in the countries concerned.

The main governance body will be formed of 10 representatives from developing countries and 10 from donor countries, plus participants from a carbon fund. There will also be an advisory panel and observers from various groups. This will ensure an equal role for sellers and buyers, recipients and donors.

A participant asked how much money a carbon market could generate.

Flooding of the market is a risk, but can be mitigated if demand is addressed. There is a suggestion that if the EU has to cut emissions by 40%, 5-10% of this could be supplied by REDD. This is not the only solution, but it could complement other activities.

Conservation Contracts for Forest Communities: Frank Hawkins, Conservation International, US

Governments and communities deliver environmental benefits (carbon, biodiversity) to the global community. The global community has a willingness to pay for this but, for various reasons, direct market mechanisms involving the resource holders do not currently exist.

One solution could be contracts between a government and contract-holders (such as an NGO) for limited term rights over the management of forest resources, supported by a multi-national investment fund or investors. The contract could cover conservation and social benefits, developed with the participation and consent of local communities. The actors in the contract would be:

- Asset owners – government, local communities. Rights could be delegated by government to the communities.
- Investors – governments, private investors, or private sector dealmakers could act together through a funding mechanism.
- Contractees – could be communities or intermediaries or a combination.
- Validators – carbon asset specialists, biodiversity NGOs, remote-sensing agencies.

In such conservation contracts, investors could bundle social and environmental benefits to reduce costs; the linkage between project funding and government revenue would reduce the risk for contract holders; and communities would benefit from a greater role in the management of natural resources, thus increasing equity.

Conservation contracts would be eligible for Forest Carbon Partnership Fund (FCPF) support but also for biodiversity and social investment from other sources, such as the Global Environment Facility (GEF). They would also provide a complementary mechanism for funding the conservation of carbon stocks in low deforestation countries.

Such contracts are already in operation in a number of countries, where they lower the transaction costs for delivering development, integrate environmental services into the development process, and provide sustained support for development.

There is potential for conservation contracts in DRC. They would be permitted under the Forest Code and fit in with community management concessions. They could involve an annual fee paid by timber producers, with a portion being distributed back to provinces and communities, and could require a minimum 'in-kind' contribution to local economic development. They would

bring considerable social and conservation benefits to areas of high conservation value but with no other attraction for donors.

The most important next step is to define investor engagement. Sites need to be prioritised to maximize biodiversity impact, and then pilot studies carried out.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10802_171207hawkins.pdf

Conservation Contracts for Forest Communities: Mohammed Bekhechi, World Bank

Conservation concessions were modelled on existing logging concessions. They have developed to take account of the specific biodiversity and other environmental services and sustainable development needs of forest-rich countries.

A new generation of legal instruments for environmental services have been developed to address carbon market needs but these are modelled on private sector transaction contracts. A 'one size fits all' approach for environmental services may not be appropriate and may need to be reviewed in the future.

Key issues to consider when drafting a contract for conservation or environmental services are:

- The roles, status, rights and obligations of the parties.
- Community involvement, including benefit sharing aspects.
- The role of intermediary or broker.
- Transparency of the contracting process and disclosure of transaction documentation.
- Implementation, enforcement and sustainability aspects.
- Contract stability and dispute resolution mechanisms.

It is also important to define the scope and area covered by the contract, who pays, how much and to whom, and liability, dispute resolution and grievance mechanisms.

Specific issues for DRC include: the rule of law and development of a supporting legal and institutional framework needs to be applied to land and forests; the Forest Code needs to be implemented; and there is a need for institutional strengthening.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10796_171207bekhechi.pdf

Linking Communities with Innovative Financing Mechanisms for SFM: Stuart Wilson

There is a need for a new model as an alternative to industrial logging and protected areas. The old model has failed and there are now new opportunities presented by PES and REDD. In addition, DRC's legal framework, as outlined in the 2002 Forest Code, is an unfinished process, and so there are opportunities for the consideration of new ideas for delivering SFM.

Any new system has to contribute to poverty reduction as well as SFM. Community forest management (CFM) has an important role to play. It offers sustainable and broad based benefits for forest peoples, who are better conservators of forests, and provides a broader tax base for the government. It is also very relevant to the process of preparing for REDD.

However, there is no clear vision of how CFM could be implemented and a process of promoting CFM has not progressed beyond discussions within the country. Its development will be a long process, and should entail the development of a road map and pilots. The government needs to be engaged in the process and to take a leading role. A long-term vision for CFM needs to be developed with communities, and have an impact on ongoing processes such as institutional reviews and development of legal frameworks. The key issues for CFM in DRC are:

- Asset creation – establishing clear rights to exploit forest resources.
- Support for sustainable forest exploitation.
- Enabling market access.

- Underpinning all the above with capacity building for communities and the forestry service.

Establishing a pilot project could be achieved through a step-wise approach of research, design, implementation, adoption of the results by government, and incorporation of the results into ongoing government programmes and projects. This is a process of system change, rather than a discrete project.

Research has demonstrated that in weak governance environments, forests are more sustainably managed by communities. Recognising and respecting communities' rights to forests reinforces this situation. Participatory land use planning should continue, expand and be applied to the whole of the DRC forest estate to bring maximum benefit to forest peoples and to the government.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10810_171207wilson.pdf

Discussion

It was argued that NGOs sometimes have no impact on, or may be in competition with, local communities, and that they are, therefore, not the best way to channel resources.

It was acknowledged that communities understand their own assets very well and have to be fully engaged in the process to ensure maximum benefits are achieved. The aim is to get communities to a position where they understand all their options, and can negotiate contracts or develop CFM as soon as possible. However, this requires capacity building and, NGOs can have an important role as intermediaries between investors and communities, assist with contract development, and act as temporary 'agents' to help implementation.

A participant asked whether models from elsewhere, such as the US, could be applied to DRC.

Existing models are not applicable everywhere. When the first conservation contracts were drawn up, existing logging contracts were used with the word 'logging' replaced by 'conservation'. But issues such as tax, social development, or loss of employment are different in each country and it is important to identify the assets in an area and tailor the package to local circumstances.

Session VII: Alternative models for DRC

Endowment Fund for Protected Areas: Brigitte Carr-Dirick, WWF CARPO, Cameroon & Guy Dubonnet

Conservation trust funds are already operational in protected areas in a number of countries. A trust fund is a private law mechanism to finance a specific goal - management of an area, a national network of protected areas, or sustainable resource management by local communities or NGOs.

The key elements are:

- Legal structure: trust fund or foundation.
- Board of directors: mixed and independent.
- Multi-form fundraising strategy.
- Financial structure: endowment or sinking.
- Investment strategy: international markets – managed by a professional investment manager.

The advantages of a trust fund are that it enables long-term planning of revenues, has transparent governance and empowers and mobilises communities and other stakeholders. However, it is important to adopt a light management structure so as not to lose the benefits through high administrative costs.

UNESCO and *Institut Congolais pour la Conservation de la Nature* (ICCN) have analysed the feasibility of creating a trust fund for DRC. The conditions are considered favourable because there are globally important biodiversity resources to be financed. Therefore, if the legal and tax conditions were right and sponsors or investors could be identified, the mechanism would work.

A profile for a DRC trust fund has been developed. The objective is to fund management costs for priority protected areas, and engage local communities in the sustainable management of natural resources in peripheral zones. The

legal structure would be an international foundation. The fund would be managed by a board of directors representing government, civil society, the private sector, the scientific community and donors.

The Belgian government has allocated 1 million euros for the fund, which will be integrated into a multi-donor fund. Further funds need to be mobilised. A small steering group will be established to undertake preparatory work and it is hoped this can be done in time for the next roundtable meeting. Establishing a fund in DRC will be less complicated than in some countries and it will be possible to build on experience from elsewhere.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10799_171207carr-dirick.pdf

Debt Conversion for Environmental Finance: Christophe Besacier, Ministry of Foreign Affairs, France

The notion of debt conversion is not new, however allocation of part of the funds to the environmental sector is. There are lessons that DRC can learn from Cameroon. The Forest and Environment Sector Programme (FESP) in Cameroon is open to financing from all donors as well as civil society, NGOs and the private sector, and is centred around five priorities:

- Environmental management of forest activities.
- Sustainable management of production forests and promotion of forest products.
- Biodiversity conservation and promotion of wildlife resources.
- Community management of forest and wildlife resources.
- Capacity building, training and research.

All partners have signed a code of conduct based on the principles of the Paris Declaration: empowerment, harmonisation, alignment and mutual accountability. The partners have adopted a results-oriented approach, and there is a programme for planning, monitoring and evaluation.

A partners' common fund provides finance for technical assistance, training, studies and audits. The fund is managed by GTZ and the Ministry for Forests,

in collaboration with FESP's technical and financial partners. Financing is based on a five-year framework.

In a regional context, the Congo Basin Forest Partnership is working on innovative financing mechanisms for the conservation and sustainable management of forest ecosystems. These include conservation trust funds, debt relief mechanisms, public-private partnerships and payments for carbon sequestration. Within the Congo Basin, a key debt relief mechanism is the Heavily Indebted Poor Countries (HIPC) Initiative which implements adjustment and reform programmes supported by the World Bank and International Monetary Fund (IMF). Cameroon and DRC (with Congo Brazzaville, Burundi and the Central African Republic) are entitled to benefit from debt reduction within the HIPC framework. Integration of the forest and environment sector in the Poverty Reduction Strategy Papers is mandatory prior to the allocation of resources to the sector within the framework of HIPC.

DRC has included the forest and environment sector in its priorities for a poverty reduction framework. It is also a focal part of the French aid programme, and needs to become a focal part of aid programmes of other partners.

Financial governance in DRC needs to be improved to enable the allocation of debt relief funds to budgetary support, and tools such as a conservation trust fund and a common fund for improving forest governance need to be developed.

The PowerPoint presentation is available at:
www.chathamhouse.org.uk/files/10797_171207besacier.pdf

Discussion

It was pointed out that, at the UNFCCC CoP 13 in Bali, deforestation was seen by some as a technical problem to be tackled through management plans and better mapping; however it should be seen as a political problem requiring political solutions. How would proposals in any alternative models address the political situation and political problem of deforestation?

Conservation is very political in DRC and is connected to conflict and peace. Much of the country is still in a conflict situation. Any action programme has to take account of this; however, financing of protected areas is independent of this and needs to be worked on as a separate issue. If there are no protected areas, there can be no trust fund.

The political situation in DRC makes it crucial that developments take place within a regional context and with support from multiple donor country partners.

A number of participants stressed the global importance of DRC on the climate change agenda and the need for real support from the international community, in terms of following through on investment commitments and in providing technical assistance and capacity building.

It was suggested that the 'old' model has delivered well in some areas, although it has also brought problems, such as forest destruction and the displacement of people. Therefore, are there other ways of managing protected areas?

Protected areas are important but are not the only way to manage forests. Structures need to reflect diversity within countries. Choices need to be made on issues such as running costs, international importance and biodiversity; not all areas can be made into protected areas, and there needs to be prioritisation of sites, with different mechanisms working alongside each other. Local communities must be involved in these decisions and in priority setting.

It is important that work should be coordinated across the COMIFAC region to ensure that policies complement each other and that countries learn from each other.

Session VIII: Next steps

In this session, participants were asked for their views on the way forward. The key points are summarised below:

DRC government vision

It is crucial that the DRC government sets out a clear vision and roadmap for the country's forests. These forests are important globally and the government needs to take a lead. Other governments must pledge support to DRC and work with DRC closely to understand what is needed.

DRC is at the heart of the forest areas of Central Africa and is in a position to give a lead to other countries in the region. It is vital that these countries take a regional approach and work in harmony.

Institutional framework

The measures in the 2002 Forest Code need to be implemented. This should be a priority for the new minister and needs to be closely monitored.

Reinforcing state agencies at the local level is also crucial.

Establishing trust funds

In the short-term, these can be established to achieve quick progress. France, Belgium and the UK are ready to give support and resources.

Mapping data

There is a need for improved data collection, analysis and dissemination. The University of Michigan has computer facilities that could be made available to assist with these tasks.

Comprehensive approach to land use

Deforestation needs to be discussed within the context of other land uses, to ensure that, for example, agricultural policies do not work against forest policies.

Pilot studies

Pilot sites should be identified to test methodological issues related to efforts to reduce deforestation and forest degradation. Civil society must play a role and communities engaged in any pilot study.

Capacity building

Capacity building is needed at state, provincial and local levels, and within local communities.

Role of the World Bank

The World Bank has played an important role to date. It has great convening power and needs to state its firm commitment to supporting alternatives to

industrial logging. The World Bank needs to translate its words into money and actions. Specific actions could include:

- taking a lead on implementing pilot studies.
- leading discussions with financial institutions on programmes for reducing deforestation.
- instigating reforms on land tenure and forest rights.