

## OP 4.36 - Forests

These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.

OP 4.36  
November, 2002

Note: OP/BP 4.36, *Forests*, were revised on April 2013 to take into account the recommendations in “*Investment Lending Reform: Modernizing and Consolidating Operational Policies and Procedures*” (R2012-0204 [IDA/R2012-0248]), which were approved by the Executive Directors on October 25, 2012. As a result of these recommendations, OP/BP 10.00, *Investment Project Financing*, have been revised, among other things, to incorporate OP/BP 13.05, *Supervision*, (which have consequently been retired). OP/BP 4.36 have consequently been updated to reflect these changes as well as to clarify the extent of applicability of this OP/BP to Development Policy Lending and Program-for Results-Financing and to reflect the updated title of the Bank’s policy on access to information. Other related Bank policies include [OP 4.01, Environmental Assessment](#), [OP 4.04, Natural Habitats](#), [OP 4.10 Indigenous Peoples](#), [OP 4.11, Physical Cultural Resources](#), and [OP 4.12, Involuntary Resettlement](#).

Questions on this OP/BP may be addressed to the Safeguard Policies Helpdesk in OPCS ([safeguards@worldbank.org](mailto:safeguards@worldbank.org)).

Revised April 2013

### Policy Objectives

1. The management, conservation, and sustainable development of forest ecosystems and their associated resources are essential for lasting poverty reduction and sustainable development, whether located in countries with abundant forests or in those with depleted or naturally limited forest resources. The objective of this policy is to assist borrowers<sup>1</sup> to harness the potential of forests<sup>2</sup> to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests.
2. Where forest restoration and plantation development are necessary to meet these objectives, the Bank assists borrowers with forest restoration activities that maintain or enhance biodiversity and ecosystem functionality. The Bank also assists borrowers with the establishment and sustainable management of environmentally appropriate, socially beneficial, and economically viable forest plantations to help meet growing demands for forest goods and services.

### Scope of Policy

3. This policy applies to the following types of Bank-financed investment projects:
  - (a) projects that have or may have impacts on the health and quality of forests;
  - (b) projects that affect the rights and welfare<sup>3</sup> of people and their level of dependence upon or interaction with forests; and
  - (c) projects that aim to bring about changes in the management, protection, or utilization of natural forests or plantations, whether they are publicly, privately, or communally owned.

### Country Assistance Programs

4. The Bank uses environmental assessments, poverty assessments, social analyses, Public Expenditure Reviews, and other economic and sector work to identify the economic, environmental, and social significance of forests in its borrowing countries. When the Bank identifies the potential for its Country Assistance Strategy (CAS) to have a significant impact on forests, it integrates strategies for addressing that impact into the CAS.

### Bank Financing

5. The Bank does not finance projects that, in its opinion, would involve significant conversion or degradation<sup>4</sup> of critical forest areas<sup>5</sup> or related critical natural habitats.<sup>6</sup> If a project involves the significant

conversion or degradation of natural forests or related natural habitats that the Bank determines are not critical, and the Bank determines that there are no feasible alternatives to the project and its siting, and comprehensive analysis demonstrates that overall benefits from the project substantially outweigh the environmental costs, the Bank may finance the project provided that it incorporates appropriate mitigation measures.<sup>7</sup>

6. The Bank does not finance projects that contravene applicable international environmental agreements.<sup>8</sup>

#### *Plantations*

7. The Bank does not finance plantations that involve any conversion or degradation of critical natural habitats, including adjacent or downstream critical natural habitats. When the Bank finances plantations, it gives preference to siting such projects on unforested sites or lands already converted (excluding any lands that have been converted in anticipation of the project). In view of the potential for plantation projects to introduce invasive species and threaten biodiversity, such projects must be designed to prevent and mitigate these potential threats to natural habitats.

#### *Commercial Harvesting*

8. The Bank may finance commercial harvesting operations<sup>9</sup> only when the Bank has determined, on the basis of the applicable environmental assessment or other relevant information, that the areas affected by the harvesting are not critical forests or related critical natural habitats.<sup>10</sup>

9. To be eligible for Bank financing, industrial-scale commercial harvesting operations must also

a) be certified under an independent forest certification system acceptable to the Bank<sup>11</sup> as meeting standards of responsible forest management and use; or

b) where a pre-assessment under such an independent forest certification system determines that the operation does not yet meet the requirements of subparagraph 9(a), adhere to a time-bound phased action plan acceptable to the Bank<sup>12</sup> for achieving certification to such standards.

10. To be acceptable to the Bank, a forest certification system must require:

a) compliance with relevant laws;

b) recognition of and respect for any legally documented or customary land tenure and use rights as well as the rights of indigenous peoples and workers;

c) measures to maintain or enhance sound and effective community relations;

d) conservation of biological diversity and ecological functions;

e) measures to maintain or enhance environmentally sound multiple benefits accruing from the forest;

f) prevention or minimization of the adverse environmental impacts from forest use;

g) effective forest management planning;

h) active monitoring and assessment of relevant forest management areas; and

i) the maintenance of critical forest areas and other critical natural habitats affected by the operation.

11. In addition to the requirements in paragraph 11, a forest certification system must be independent, cost-effective, and based on objective and measurable performance standards that are defined at the national level and are compatible with internationally accepted principles and criteria of sustainable forest management. The system must require independent, third-party assessment of forest management performance. In addition, the system's standards must be developed with the meaningful participation of local people and communities; indigenous peoples; non-governmental organizations representing consumer, producer, and conservation interests; and other members of civil society, including the private

sector. The decision-making procedures of the certification system must be fair, transparent, independent, and designed to avoid conflicts of interest.

12. The Bank may finance harvesting operations conducted by small-scale landholders,<sup>13</sup> by local communities under community forest management, or by such entities under joint forest management arrangements, if these operations:

- (a) have achieved a standard of forest management developed with the meaningful participation of locally affected communities, consistent with the principles and criteria of responsible forest management outlined in paragraph 10; or
- (b) adhere to a time-bound phased action plan<sup>14</sup> to achieve such a standard. The action plan must be developed with the meaningful participation of locally-affected communities and be acceptable to the Bank.

The borrower monitors all such operations with the meaningful participation of locally-affected communities.

### Project Design

13. In accordance with [OP/BP 4.01, Environmental Assessment](#), the environmental assessment (EA) for an investment project addresses the potential impact of the project on forests and/or the rights and welfare of local communities.<sup>15</sup>

14. For projects involving the management of forests proposed for Bank financing, the borrower furnishes the Bank with relevant information on the forest sector concerning the borrower's overall policy framework, national legislation, institutional capabilities, and the poverty, social, economic, or environmental issues related to forests. This information should include information on the country's national forest programs or other relevant country-driven processes. On the basis of this information and the project's EA,<sup>16</sup> the borrower, as appropriate, incorporates measures in the project to strengthen the fiscal, legal, and institutional framework to meet the project's economic, environmental, and social objectives. These measures address, among other issues, the respective roles and legal rights of the government, the private sector, and local people. Preference is given to small-scale, community-level management approaches where they best harness the potential of forests to reduce poverty in a sustainable manner.<sup>17</sup>

15. As appropriate, the design of projects that use forest resources or provide environmental services includes an evaluation of the prospects for the development of new markets and marketing arrangements for non-timber forest products and related forest goods and services, taking into account the full range of goods and environmental services from well-managed forests.

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1. "Bank" includes IBRD and IDA. "Borrower" includes the member country guarantor of a loan made to a nonmember and, for guarantee operations, a private or public project sponsor receiving from another financial institution a loan guaranteed by the Bank. "Project" covers all operations financed under Bank loans, credits or guarantees and IDA grants, but excludes programs supported by Development Policy Lending (with respect to which environmental considerations are set out in [OP/BP 8.60, Development Policy Lending](#)), or by Program-for-Results Financing (for which environmental provisions are set out in [OP/BP 9.00, Program-for-Results Financing](#), and debt and debt service operations. "Project" also includes projects and components funded under the Global Environment Facility, but excludes such projects executed by organizations identified by the GEF Council as eligible to work with the GEF through expanded opportunities for project preparation and implementation (such organizations include, inter alia, regional development banks and UN agencies such as FAO and UNIDO).
  2. Definitions are provided in [Annex A](#).
  3. The rights and welfare of people affected by projects should be assessed in relation to the requirements and procedures of [OP 4.10, Indigenous Peoples](#), [OP 4.11, Physical Cultural Resources](#), and [OP 4.12, Involuntary Resettlement](#).
  4. See [OP 4.04, Natural Habitats, Annex A, Definitions](#). (In determining the significance of any conversion or degradation, the Bank applies a precautionary approach; see [OP 4.04, paragraph 1](#)).
  5. See [Definitions, item c](#).
  6. See [OP 4.04, Natural Habitats, Annex A, Definitions, item b](#).
  7. For provisions on designing and implementing mitigation measures for projects that may have an impact upon forests and natural habitats, see [OP 4.01, Environmental Assessment](#), and [OP 4.04, Natural Habitats](#).
  8. See [OP 4.01, Environmental Assessment, paragraph 3](#).
  9. Commercial harvesting operations are conducted by entities other than those described in items d and e in the Definitions.
  10. However, the Bank may finance community-based harvesting activities that take place within Category VI Protected Areas, Managed Resource Protected Areas, that are established and managed mainly for the sustainable use of natural

- ecosystems (see [Definitions, footnote 2](#)). In these areas, Bank financial support is restricted to situations where such activities are permitted under the legislation governing the establishment of the area and where the activities form an integral part of the management plan for the area. Any such financial support must comply with paragraph 12 of this OP.
11. A forest certification system puts in place a process where a forest area is inspected by an independent certification body to determine whether its management meets clearly defined criteria and performance standards. The requirements for a certification system to be acceptable to the Bank are outlined in paragraphs. 10 and 11 of this OP.
  12. See [BP 4.36, paragraph 5](#).
  13. "Small-scale" is determined by the national context of a given country and is generally relative to the average size of household forest landholdings. In some situations, small-scale landholders may control less than a hectare of forests; in others they may control 50 hectares or more.
  14. See [BP 4.36, paragraph 5](#).
  15. See [Definitions, item d](#).
  16. See [BP 4.36, paragraph 3](#), for guidance on the assignment of EA categories for forest projects.
  17. See [BP 4.36, paragraph 4](#).

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## [Annex A - Definitions](#)

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