

# THE INSPECTION PANEL

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

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## IPN REQUEST RQ05/1

February 4, 2005

### NOTICE OF REGISTRATION

**Re: Request for Inspection**  
**CAMBODIA: Forest Concession Management and Control Pilot Project (FCMCPP)**  
**(Credit No. 3365-KH and Trust Fund No. 26419-JPN)**

On January 28, 2005, the Inspection Panel received a Request for Inspection, dated January 21, 2005, (the "Request") related to the above-referenced Project (sometimes also referred to as the "FCMCPP"). The NGO Forum on Cambodia submitted the Request on its own behalf and on behalf of affected local communities living in the districts of Tbeng Meanchey in Preah Vihear Province; Siem Bok and Sesan in Stung Treng Province; and Anlong Veng in Oddar Meanchey Province, Cambodia. These four districts are respectively located in the concession areas of the companies Chendar Plywood, Samraong Wood, Everbright and Pheapimex.

The Requesters state that they have "*received letters from a number of villagers, signed in March 2004*" asking them "*to represent their request ....*" They also state that the "*local community representatives who signed the letters have requested that their names be kept confidential.*" The Request includes two signed letters from representatives of affected communities and a report prepared by the NGO Global Witness for the affected communities "*providing details of the case and the violations of World Bank policies which occurred.*"

The Requesters state that the Project supports the logging concession system in Cambodia, and the Project's objectives are "*to demonstrate the effectiveness of a comprehensive set of forest management and operational guidelines and control procedures in forest concession areas, and to establish an effective forest crime monitoring and prevention capability.*"

The Requesters believe that "*in its commissioning and supervision of the FCMCPP, the Bank has violated a number of its operational policies leading to harm or potential future harm to people living in the project-affected areas.*" In their view, the Project has "*endorsed forest concession management plans of six forest concession companies*" that "*have a poor record with regard to the protection of community rights and livelihoods.*" The Requesters claim that trees the villagers tap for resin will again be "*cut illegally*" when the logging activities resume, and that the villagers will be subject to the "*kinds of abuses*" they have suffered in the past.

The Requesters allege that *“through flawed project design and poor implementation”* the World Bank *“has promoted the interests of the logging concession system and concessionaires”* although *“the companies have already caused harm to the forest-dependent communities and will continue to do so.”* They add that by assisting the companies in preparing sustainable forest management plans (SFMPs) and environmental and social impact assessments (ESIAs), the Bank is *“using loan money to benefit logging companies that have a track record of timber theft, tax evasion and human rights abuses.”* In the Requesters’ view, by endorsing such management plans and impact assessments with no additional check and balances requirements, the Bank has *“increased the likelihood”* that these companies will maintain their logging concessions, and has strengthened the companies’ position *“making it even more difficult for adversely affected communities to hold them accountable.”* The Requesters allege that the Bank *“has contributed to a set of outcomes that stand to inflict harm on forest-dependent communities in the near future.”*

The Requesters claim that the Bank has violated its own policy on Forests by providing technical assistance to *“undeserving”* logging companies *“to facilitate their future logging operations.”* They also claim that the Cambodian government has not met *“all or even many”* of the criteria for measuring a *“government’s commitment to move toward sustainable management of (primary moist) tropical forests.”* The Request includes a detailed account of specific instances of Bank policy violations.

The Requesters also state that the Bank did not comply with its policy on Environmental Assessment because it classified the Project as a Category B, rather than Category A. The Requesters believe that severe impacts will result from the Project, such as immediate degradation caused by industrial-scale logging, damage to watersheds, and harmful impacts on a significant portion of Cambodia forests and the large population who depend on the forests for their livelihood. The Requesters claim that the erroneous categorization of the Project as Category B lowered the level of the environmental analysis to be carried out. They further claim it appears that *“no meaningful environmental assessment was carried out before the Project began.”* The Requesters also complain about *“lack of public consultation during the project planning and flawed public consultations during its implementation stage.”* In addition, they claim that the Bank did not comply with the policy provision requiring disclosure of the Project documents, because it failed to ensure that copies of the SFMPs and the ESIAs were made available to the community representatives.

The Request also alleges that the Project will adversely affect indigenous peoples, namely the Kuoy people represented among the Requesters, who live in the forests in the north and northeast part of Cambodia. According to the Requesters, the Bank has not complied both with the letter and the spirit of the Bank policy on Indigenous Peoples, as the Bank *“does not appear to have identified ‘issues concerning indigenous peoples’ in the course of planning or implementing the FCMCPP ...”*

The Requesters further claim that the FCMCPP will lead to the degradation of Natural Habitats because the Project failed to recognize the concessions areas as natural habitats in any meaningful sense, increasing the *“probability of severe imminent damage.”* They also claim that, although the six logging concessions areas approved under the Project *“contain both spirit forests and sites of archeological importance that undoubtedly constitute cultural property,”* no survey of these sites has been carried out during Project preparation.

The above claims may constitute violations by the Bank of various provisions of the following operational Policies and Procedures:

OP/BP 4.01	Environmental Assessment
OP/BP 4.04	Natural Habitats (September 1995)
OPN 11.03	Cultural Property
OD 4.20	Indigenous People
OP/BP 4.36	Forestry
OP/BP 8.40	Technical Assistance
OP/BP 13.05	Project Supervision
BP 17.50	Disclosure of Information

All communications with the Requesters in connection with this Request will be sent until further notice to Messrs. Kep Kannaro and Russell Peterson at the addresses listed below.

In accordance with paragraph 17 of the Panel's Operating Procedures (the 'Operating Procedures'), I am notifying you that I have, on February 4, 2005, which is also the date of the dispatch of this notice, registered this Request in the Inspection Panel Register.

In accordance with paragraph 18 of the IDA Resolutions that established the Panel (the 'Resolution'), paragraphs 2 and 8 of the "*Conclusions of the Board's Second Review of the Inspection Panel*" (the '1999 Clarifications'), and paragraph 18 (d) of the Operating Procedures, Bank Management must provide the Panel, no later than March 8, 2005, with written evidence that it has complied, or intends to comply, with the Bank's relevant policies and procedures in relation to the above-referenced Project. The subject matter that Management must deal with in a response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarifications.

After receiving the Management response, the Panel will, as outlined in the 1999 Clarifications and as provided by paragraph 19 of the Resolution, "*determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*"

The Request has been assigned IPN Request Number RQ05/1.

Yours sincerely,



Edith Brown Weiss  
Chairperson

TO:

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CC:

The Executive Directors and Alternates  
International Development Association