

IPN REQUEST RQ06/04

July 11, 2006

NOTICE OF REGISTRATION

Re: Request for Inspection Brazil: Paraná Biodiversity Project (GEF TF 051007)

On July 10, 2006, the Inspection Panel (the “Panel”) received a Request for Inspection (the “Request”), dated June 23, 2006, related to the Brazil: Paraná Biodiversity Project (the “Project”) financed under the Global Environmental Facility (GEF Trust Fund No 051007). The Request was submitted by a non-governmental organization (NGO) based in the State of Paraná, Brazil. The Requesters have asked the Panel that their names and their organization’s name be kept confidential. The Request for Inspection is composed of a formal letter to the Panel, dated June 23, 2006, and a letter with annexes, dated March 21, 2006, sent to the Inspection Panel and the World Bank by an umbrella NGO, the NGO Network of the Atlantic Forest – RMA. The Requesters asked that the March 2006 letter with annexes be considered an integral part of the Request.

The Project aims “*a) to support biodiversity conservation and sustainable natural resource management in the Biodiversity Corridors with a view to protect two highly threatened ecoregions in the Recipient's territory: the Inland Atlantic Rainforest and the Araucária Forest regions; and (b) to design and implement a model for improving biodiversity conservation in the Recipient's territory.*”¹ These objectives are to be achieved through four Project components: “Education and Capacity Building”, “Biodiversity Management”, “Control and Protection”, and “Project Administration”. These Project parts are “*subject to such modifications*” as the Bank and the State of Paraná, the recipient, may agree upon in order to achieve the Project objectives.

¹ Global Environmental Facility, Trust Fund Grant Agreement between the State of Paraná and the IBRD acting as implementing agency of the GEF, May 29, 2002, Schedule 2 (Project Description).

The Requesters state that the approval of the Project carried “*an unprecedented and very positive expectation that it would generate actions*”² aimed at preserving the State of Paraná’s biodiversity. According to the Request, the conservation of the biomass of the Araucária Forest and the Atlantic Forest is a “*great priority*” in the State of Paraná because studies have shown that the Araucaria Forest, which once covered 76,000km² of the State and is home to four endangered species of flora, is now reduced to 0.8 percent of its original area.³ GEF funds (about US 8 million) were thus provided for the conservation of the biodiversity of the biomass in these severely threatened natural areas.

However, according to the Request, “*methodological changes*” made to Project implementation after it was approved have resulted in a change of Project activities, which will prevent the achievement of the original Project objectives and will worsen the current situation. The Requesters claim that the original Project objectives are far from being achieved because the Project focus has shifted: the activities planned under the Project to protect against the destruction of the last existing preserved natural areas in the State of Paraná, such as the Araucária Forest, are currently not being implemented. Rather the Project resources are being used for the recovery of degraded areas. The Requesters argue that a review of current Project activities against the performance indicators agreed during Project preparation can show the changes in Project implementation they complain about.

According to the Request, Project implementation is focusing on restoring degraded areas by planting seedlings “*on properties that have been stripped of native areas (Legal Reserve and Permanent Preservation Area)*.”⁴ The Request claims that many landowners have reached agreements with the State to ensure that their degraded areas be restored. As a result, if this restoration work is continued, these areas may have native vegetation areas but there is no guarantee that they will have significant biodiversity, the preservation of which is the original focus of the Project. The Requesters believe that the Project’s priority focus should be on the last remaining areas containing natural formation - the ones with still the least altered of the biome – because these natural areas maintain a more representative biodiversity than secondary or already degraded areas.

The Requesters believe that the “*misdirected implementation*” of the Project may miss the opportunity “*to reverse or minimize the serious loss of biodiversity of the biomass in question, at least where the Project is implemented.*” In their view, this is a “*strategic error that could have grave consequences*” because it could result in losing not only substantial resources but also the “*last opportunity to make an effort to preserve the region’s biodiversity.*” The Requesters believe that it would take decades to transform degraded areas with low biodiversity into mature environments, while the “*destruction of natural areas is ongoing, in some cases with the endorsement of the Government of the State of Paraná through its licensing unit, the Paraná Environmental Institute (IAP).*”

² Request for Inspection, letter dated March 21, 2006, Annex 1 (Deforestation in Parana), p. 4.

³ Request for Inspection, letter dated March 21, 2006, Annex 1, p. 1.

⁴ Request for Inspection, letter dated March 21, 2006, p.1.

The Requesters further claim that the destruction of preserved areas is also proceeding fast because of four main activities: “*illegal removal of native timber by local lumberyards;*” “*management that results in deforestation;*” “*implantation of monocultures of trees after clear cut deforestation;*”, and “*implantation of agricultural monoculture, after clear cut deforestation.*”⁵ In light of this, the Requesters believe that the Project should work directly with the owners of those lands that are crucially important for the conservation of biodiversity. To do otherwise, they claim, leads the landowners to “*seek alternative uses for their properties*”, which in turn may result in the destruction of the lands and may not achieve the conservation objectives for the biome. The Requesters state that “*the absence of a policy for protecting these better-conserved areas indicates a trend that chronologically is not supported in terms of results.*”⁶

In their correspondence with the Bank, the claimants had requested the World Bank to conduct a technical audit to assess the results of the Project with respect to its original objectives. They now request that an Inspection Panel process be initiated so that “*the Project can be quickly redirected towards the achievement of its original objectives.*”

The above claims may constitute non-compliance by the Bank with various provisions of the following operational Policies and Procedures:

OP/BP 4.01	Environmental Assessment
OP/BP 4.04	Natural Habitats
OP/BP 4.36	Forestry (1993)
OP/BP 13.05	Project Supervision

Until further notice, all communications with the Requesters in connection with the Request will be sent to the Executive Secretary of the NGO Network of the Atlantic Forest, whom the Requesters appointed as their representative.

Pursuant to paragraph 17 of the Panel’s Operating Procedures (the ‘Operating Procedures’), I am notifying you that I have, on July 11, 2006, registered this Request in the Inspection Panel Register.

In accordance with paragraph 18 of the IDA Resolution that established the Panel (‘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 August 9, 2006, 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.

⁵ Request for Inspection, letter dated March 21, 2006, Annex 1, p. 5.

⁶ Request for Inspection, letter dated March 21, 2006, Annex 1, p. 5.

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 RQ06/4.

Yours sincerely,

A handwritten signature in cursive script that reads "Edith Brown Weiss".

Ms. Miriam Prochnow, Executive Director
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The Executive Directors and Alternates
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