



# THE ECONOMIC VALUE OF VIRUNGA NATIONAL PARK

## KEY FINDINGS AND RECOMMENDATIONS

*The Economic Value of Virunga National Park*, authored by independent consulting firm Dalberg Global Development Advisors, was commissioned by conservation organization WWF. The report and its contents are strictly embargoed until 00:01 GMT 1 Aug 2013. Excerpts found here are indicated with quotation marks.

For a copy of the report, park images or to schedule an expert interview, please contact Alona Rivord at [arivord@wwfint.org](mailto:arivord@wwfint.org) or +41 79 959 1963. Additional information and resources are available at [panda.org/virunga](http://panda.org/virunga).

### BACKGROUND

Virunga National Park, located in eastern Democratic Republic of the Congo (DRC), is Africa's oldest national park. Founded in 1925, the park was recognized by UNESCO for its outstanding natural value in 1979 and inscribed as World Heritage Site. Virunga "is known for its wildlife-rich network of forests, savannas, rivers, lakes, marshlands, active and dormant volcanoes and permanent glaciers," the report says. The park has the highest level of biodiversity in Africa. Over 3,000 species have been found in the area, hundreds of which live nowhere else. It is the only place in the world that is home to three types of endangered great apes: mountain gorillas, eastern lowland gorillas and eastern chimpanzees.

In 2007, 85 percent of Virunga National Park was allocated as oil concessions by DRC government. Concession holder Total SA of France announced in May, 2013 that [the company would respect the current limits of the park](#). "To date, Soco International PLC (Soco) is the only oil company that has indicated that it will explore for oil within park boundaries," according to the report. "Soco's area of interest is the Virunga's lowland savanna area around Lake Edward and the lake itself." UK-based oil company Soco is traded on the London Stock Exchange and is a component of the FTSE 250 index.

In June of this year, the UNESCO World Heritage Committee [called for the cancellation of all Virunga oil permits](#) stating that oil and mining exploitation and exploration are incompatible with World Heritage status. The committee also urged governments to ensure that companies based in their territories do not damage World Heritage properties.

### VIRUNGA'S SOCIAL AND ECONOMIC VALUE

Dalberg finds that the potential future economic value of Virunga National Park could be more than US\$1.1 billion per year in "a stable situation characterized by the absence of conflict, secure access to the park, and sufficient resources to protect the ecosystem." Some of the values identified include the following:

- The potential future yearly value of tourism linked to Virunga's extraordinary landscapes and rare wildlife is US\$235 million. Revenue sharing schemes, of up to 30 per cent, ensure that communities benefit directly, and that education, health care and local infrastructure are funded. Further, the tourism industry could be the source of over 7,000 jobs in park management and other necessary services.
- Yields from fishing in Lake Edward and in Virunga's other lakes and rivers have the potential to triple if managed sustainably. Fishing could be the source of 28,000 jobs and could bring in US\$90 million in revenue each year. Additionally, about 50,000 local residents rely on Lake Edward for drinking water.
- The planned development of two new hydropower plants near the park could double the amount of green electricity available to local communities. Hydropower also has the potential to generate 10,000 jobs and US\$10 million annually. "Access to electricity has been recognized to have substantial benefits for poverty reduction, promotion of production, health and education," the report says.

- The analysis finds that Virunga's potential future non-use value could be US\$700 million per year. This value, comprised of option, existence and bequest factors, is "represented by knowing that the park's resources can be used in the future."
- Ecosystem services provided by the park, like a fresh water supply, erosion control and carbon sequestration, could have an annual value of US\$63 million. "If properly maintained, the forest offers an opportunity to sell carbon credits and to supplement the funds needed to carry out reforestation activities within the park and its surroundings," according to the report.
- Other values include research grants and future medical discoveries, which could be worth US\$13-14 million per year.

## RISKS ASSOCIATED WITH OIL DEVELOPMENT

Oil exploration and extraction in Virunga National Park would threaten the long term value of the park, the analysis finds. In addition to the inherent environmental risks, oil exploitation could limit sustainable economic development prospects in the country, lead to greater instability, harm residents' health and compromise human rights. Other risks highlighted in the report include the following:

- "The most critical risks associated with oil development include: large scale clearance of vegetation, introduction of invasive plants, fragmentation of habitats, increased likelihood of poaching, which could threaten the survival of local species, and pollution from oil spills, gas flaring and waste dumping," the report says.
- The forest clearing necessary for seismic testing, drilling and the laying of pipelines could disrupt animal migration patterns, and could be used by poachers, illegal loggers and rebel groups.
- The threat of pollution and environmental damage from oil extraction could put at risk the health and livelihoods of 50,000 people that directly depend on Lake Edward for jobs, food and water, the report finds. "The potential contamination of Virunga's water resources will affect not only the farmers and fishermen of Lake Edward, but also communities in other countries downstream that rely on the waters of the White Nile basin." Nearly 5,000 oil spills have been reported in the Niger Delta, along with toxic contamination of groundwater, soil and creeks. In DRC's Bas Congo province, a pipeline leak caused a 1.5 metre thick oil slick on rivers nearby, according to the study.
- During exploratory drilling, pollutants can be released into the air, soil and water causing health problems including poisoning and respiratory infections. Residents of Bas Congo and the Niger Delta have attributed lung disease, gastric problems and skin irritation to oil pollutants.
- "Historical evidence in oil producing countries shows that rather than reducing poverty and inequality, oil has adverse social and economic effects and in many cases fuels conflict," the report says. In the Niger Delta, it has been found that oil "fuelled communal and ethnic tensions and underpinned the proliferation of arms." If oil is discovered in Virunga, "it could worsen deep-rooted conflict dynamics within DRC, including border conflicts with its neighbours," the authors suggest.
- The oil industry is not likely to generate a significant number of jobs for those living near Virunga National Park, according to Dalberg's analysis, and instead the so-called 'oil curse' could disrupt the economic development of DRC. "Under the oil curse, the source country's currency appreciates causing a decline in the competitiveness of existing export sectors, oil price volatility destabilizes government revenues prohibiting long-term planning, and large cash flows increase the risk of misallocated resources. In the case of the Niger Delta, poverty and inequality indicators have worsened since the discovery of oil." Similarly, in DRC's own oil port city of Moanda, "the population remains in poverty and no social infrastructure constructed by operators is visible."

## WWF'S RECOMMENDATIONS

Based on the findings of *The Economic Value of Virunga National Park*, WWF urges governments and oil companies to take immediate steps to protect the park from oil exploration. WWF also encourages all stakeholders to work together to unlock Virunga's potential as a sustainable source of direct income to local communities, the park management and the Democratic Republic of the Congo (DRC) government. Please see report pages 4 and 5 for WWF's complete call to action, which includes the following:

- WWF calls on Soco to publicly commit to stopping permanently all exploration and exploitation within Virunga, respecting the park's current boundaries, and respecting all World Heritage Sites.
- WWF calls on Soco investors to caution the company about the risks of stranded assets, reputational risk and operational risk.
- WWF calls on the DRC government to uphold and respect DRC law and regulations that prohibit environmentally harmful activities such as oil exploration and exploitation in protected areas including Virunga.
- WWF calls on all governments to hold accountable those companies proven to circumvent national laws and international treaties in the pursuit of unsustainable financial gains.