



Advisory Board Meeting, February 1-2, 2007

Overview and Action Points for Follow Up

The PROFOR Advisory Board meeting took place at FAO Headquarters in Rome on February 1-2, 2007. The Board discussed a range of issues including the state of the PROFOR portfolio and key outcomes from 2006, findings from the Mid-Term Review (MTR), priority topics for upcoming activities, and the proposed Global Forest Alliance initiative. (See Annex 1 for the Agenda and Annex 2 for list of participants). The following are actions to be taken in follow up to the Board meeting:

- 1) Amendments to the legal agreements and Operational Guidelines in response to recommendations from the MTR
- 2) Confirm priority areas for new activities with input from NFP Facility and in consultation with members of the Collaborative Partnership on Forests (CPF)
- 3) Develop terms of reference for a new technical level staff member to be hired by the PROFOR Secretariat
- 4) Strengthen collaboration with bilateral donor agencies, specifically related to piloting the Poverty-Forests Toolkit and SDC & GTZ pilot projects on avoided deforestation in Madagascar and Laos
- 5) Formally invite the European Commission to be a member of the Advisory Board
- 6) Broaden and diversify membership of the Advisory Board
- 7) Organize the next Advisory Board Meeting in Washington DC

Additional decisions and perspectives shared over the course of the two-day meeting are summarized below by topic.

Progress Report - Portfolio Overview, Finances, Key Outcomes and New Products

Laura Ivers, PROFOR Communications Officer, presented the PROFOR Progress Report, including an overview of the portfolio, finances, key outcomes and new products. As of January 2007, the portfolio was comprised of 20 activities. Of these, eleven are active at the global level (of which seven have country-level components such as case studies), two at the regional level and seven at the national level. Their distribution according to thematic area is as follows: livelihoods (4); governance (5); financing SFM (7); cross-sectoral cooperation (3) and communications (1). A total of 15 activities have been completed since PROFOR's inception at the World Bank. The PROFOR budget was US\$1.58 million for fiscal year 2006 (ending June 2006) and \$560,000 for the first half of fiscal year 2007 (July-January 2006). Total leveraged funds over that period were just over US\$3 million.

Key outcomes for 2006 include PROFOR's work to inform and build coherence within the Debate on Avoided Deforestation, strengthened forest sector policy dialogue in China, and an investment Forum to promote responsible private sector engagement and company-community partnerships in Eastern and Southern Africa. New products highlighted included a new PROFOR website (www.profor.info), Justice in the Forest: Rural Livelihoods and Forest Law Enforcement (in partnership with CIFOR), the ETRN News on MDGs and Forests, and The role of CITES in Controlling Illegal Logging (in partnership with TRAFFIC). Please see PROFOR Progress Report January 2007 for more comprehensive information.

Mid-Term Review – Findings and Responses

Gregor Wolf, PROFOR Manager, presented outcomes from the PROFOR Mid-Term review (MTR), finalized in September 2006. The MTR's overall assessment of the program was positive. It endorsed PROFOR's objectives, highlighted its increasing relevance and underlined the growing demand for the program's services (See Annex III for further information). With regard to the idea of establishing an advisory group as suggested by the MTR, the Board agreed that the World Bank External Advisory Group (EAG) could fulfill this role. On the finding that more effort is needed to mainstream PROFOR into World Bank regions, the Board agreed that this should be a priority and important insofar as PROFOR could play a critical role in overcoming risk aversion to forest sector lending.

Review of Operational Guidelines

Subsequently, Board Members considered MTR recommendations that would require changes to the PROFOR Operational Guidelines and the letters of agreements between donors and the World Bank:

- 1. Core financiers should be members of PROFOR's Management Board, whereas co-financiers of PROFOR-supported projects and in-kind contributors should not necessarily form part of the Board.**

The Board agreed in-kind donors should participate as appropriate, and advised against being too rigid with this issue.

- 2. PROFOR Advisory Board should be expanded to include more diverse membership.**

It was noted that partners such as Forest Trends and WWF have participated in the past on an *ad hoc* basis, and that the Board was originally envisioned to have broader participation. It was agreed that additional stakeholders should be added to the Board, including representatives of beneficiaries and also a World Bank PROFOR Working Group representative. Membership on a term or rotational basis could be a means to manage the size of a broader group. Having the same Board for the NFP Facility and PROFOR was suggested and will be considered. The status of the PROFOR manager as chair of the Advisory Board was discussed in the context of a possible conflict of interest. It was agreed that it would be preferable if another member of the Advisory Board will to assume that role. The Board emphasized that the next meeting should take place in Washington DC, possibly with the PROFOR meeting at the beginning of the week prior to the NFP Facility Board meeting, instead of the end as has been the practice for the last four years.

- 3. PROFOR's resources 70/30 between "strategic" and "opportunistic/rapid response" funding windows.**

The Board agreed that it would be better to not have a specific split. In this context, the PROFOR team proposal for a new approach of doing a call for proposal on specific key themes was well received (See Annex 4 on proposed selection and monitoring process). The Board agreed that clear criteria with a call for proposals around specific themes would be a good approach.

4. Empower the PROFOR manager to make a broader range of decisions, including approval of activity proposals.

Board members agreed that the PROFOR Manager should be able to take decisions on proposals for activities submitted to PROFOR. The proposals will be shared with the donors and Advisory Board for their information before decisions are taken, leaving a reasonable delay for submitting observations.

5. PROFOR Manager should be able to use PROFOR funds for PROFOR-related travel costs (As agreed at the June MTR Meeting).

Donors agreed that the PROFOR Manager should be able to use PROFOR funds for travel costs that relate to the implementation of PROFOR-related tasks. There was some discussion on how best to reflect this in the operational guidelines and within agreements between individual donors and the Bank. Contribution agreements between donors and the Bank may lie at the basis of support to PROFOR. It shall be looked at if amendments are needed before the above can take effect.

6. Increase PROFOR staff

Regarding the topic of increasing the secretariat technical staff, the board suggested that TOR should be developed for a new staff member. The final decision on this matter will be reached by email.

Video Conference on the Global Forest Alliance and FLEG

Gerhard Dieterle, Tapani Oksanen and Nalin Kishor participated in this session via video conference from Washington DC. Gregor Wolf and Gerhard Dieterle presented the concept for the **Global Forest Alliance** – a new partnership initiative that would streamline and strengthen existing World Bank Forest Partnerships to support knowledge generation, technical assistance and capacity building with a view to delivering on four ambitious targets for 2015 related to poverty reduction, carbon sequestration, protected areas and certified production forest. The GFA would house a carbon finance facility that would carry out pilots related to avoided deforestation. Consultations to further develop the GFA concept are planned over the near term. A phased approach to transition existing partnerships into the GFA will be taken.

Tapani Oksanen suggested that there should be more collaboration and coordination in the development and implementation of **National Action Plans to Combat Illegal Logging and NFPs**, and proposed that this be an additional point for partnership with the NFP Facility. He also noted the need for better coordination with PROFOR and others when guidelines on NFP are prepared.

Priority Topics for New Activities

Identification of Priority Topics for New Activities under Thematic Areas

Diji Chandrasekharan, Forest Policy Economist, shared a list of potential topics based on suggestions from the MTR and input from the World Bank Working Group on PROFOR (See Annex 5). The Board discussed the process for identifying priority topics as well as the type of work PROFOR should do, making the following remarks and suggestions:

- Each year priority topics could be identified with a call for proposals related to that specific theme.
- External demand should guide topic selection, with the NFP Facility as well as the CPF, and UNFF providing guidance.

- PROFOR should work on “meta themes” to help develop a better understanding of the state of knowledge on high priority topics, bringing information together and synthesizing it into information that can be implemented.
- PROFOR’s knowledge generation is envisioned to meet different needs: cutting-edge agenda setting pieces, knowledge synthesis, and/or clearing-house mechanism. There was not consensus on which role to pursue and it is likely that PROFOR products will be a blend of these.
- PROFOR activity outcomes should be products that influence policy making and/or can be implemented at the national level.
- PROFOR should continue work on **avoided deforestation**, focusing on analytical dimension such as how to involve people and link with poverty issues. In this context, related work of interest to PROFOR for possible collaboration or complimentary work includes an ITTO assessment of the submissions on avoided deforestation methodologies to SBSTA and SDC & GTZ pilot projects in Madagascar and Laos.

It was agreed that the PROFOR Team would further research current demand, based on, *inter alia*, NFP Facility input and outcomes from the CLI on the MYPOW, and prioritize the current list.

Collaboration with the NFP Facility

Over the course of the meeting, the following areas for collaboration with the NFP Facility were identified:

- **Collaboration in testing Poverty-Forests Toolkit:** Uganda and Ghana (toolkit testing countries) are NFP Facility partner countries. The Toolkit could be used as part of the “welcome package” for NFP partner countries and also incorporated into “NFPs for All” dialogues.
- **China:** The NFP Facility has two active grants there: one dealing with collective forest management (ownership and tenure issues); and another on developing options for the reform of state-owned forest management (pilot activities and review of lessons learned from state forest management reform in transition countries). Prior PROFOR reports on the topic of institutional reform were mentioned.
- **Southern and Eastern Africa Investment Forum Follow-up:** The NFP Facility is working to support small and medium scale enterprises (SMEs) in the region, through the development of databases of stakeholders to link them into a network for information and experience sharing.
- **Climate change and avoided deforestation:** This is a topic for the next phase of the NFP Facility.
- **Strategic Environmental Assessments (SEAs) and NFPs as Complimentary Tools:** The SEA was suggested as a tool that could help inform NFPs. (*See below for more details*)

Advisory Board Members commented that the NFP Facility should use its network of NFP Focal points to help disseminate PROFOR products to get more value for work and limited funds. Collaboration between the NFP Facility and PROFOR should take place when it makes the most sense, acknowledging that sometimes there are better connections with FAO directly.

Indications of Future Funding

An informal tour-de-table resulted in the following indication of future funding. Several donors noted that the GFA would likely influence future contributions.

- Finland intends to contribute €300,000 Euro to PROFOR this year, and is very interested in the added value/efficiency of the GFA.
- Switzerland has a final tranche yet to be dispersed in 2007 (US\$250,000)
- GTZ is able to provide €150,000 for now with possible further funding down the road

- EU recently committed €1.2 million in funding for a three year period.

Other Matters

Means of Implementation (Moi) Study

Laura Ivers updated the Advisory Board on progress with the PROFOR study on Means of Implementation in support of the United Nations Forum on Forests (UNFF). The terms of reference (TOR) for the study respond to the Report of UNFF-6 and have been endorsed by the CPF and UNFF Secretariat. Independent consultants have been hired to draft the paper which will look at existing and emerging resources, financial and otherwise, for activities in support of the Global Objectives of the UNFF. Board members emphasized that the study should focus on the potential means of implementation indicated in the UNFF-6 report and avoid defusing upcoming negotiations at UNFF-7 in April 2007 with ideas that are too innovative to be practicable. Gregor Wolf stressed that the Moi study is a PROFOR-sponsored independent study and by no means a World Bank position paper.

Update on Poverty-Forests Toolkit

Diji Chandrasekharan presented an update on the status of the Poverty Forests Toolkit. At present, an interim version of the toolkit is near completion and will be used to pilot the toolkit in four countries. The pilot will be financed by the Bank-Netherlands Partnership Program (BNPP) and carried out by the International Institute for Economic Development (IIED) in Cameroon, Ghana, Madagascar and Uganda. It was agreed that the poverty toolkit should seek to leverage related ongoing work by bilateral agencies and the NFP Facility, and that opportunities for piloting the toolkit in collaboration with the NFP Facility (in Ghana and Uganda and possibly elsewhere) and bilateral donor agencies (specifically SDC) will also be pursued.

How Strategic Environmental Assessments (SEAs) might inform NFPs

Diji Chandrasekharan provided an overview on how Strategic Environmental Assessments (SEAs) might help inform NFPs, using the example of a SEA completed in Kenya (See Annex 6 for more information). An SEA is planned for Liberia with a view to informing community forestry. In the following discussion, it was noted that an NFP for All process took place in Kenya, and that similar topics emerged as from the SEA. It was also noted that the Dutch government is supporting similar capacity development for National Environmental Assessment Commissions in African countries.

Annex 1: Agenda

Thursday, February 1st

9:00 am Welcome

9:15 am Progress Report – financial reporting, portfolio status, key outcomes, and new products.

10:30 am Coffee Break

11:00 am Mid-Term Review – Key findings, implications for future work, action and responses to date and outstanding issues

1:00 pm Lunch

2:00 pm PROFOR in the context of new developments within the World Bank, specifically the Global Forest Alliance (*via Video Conference with World Bank Washington DC office*)

3:30 pm Coffee Break

4:00 pm Review and adoption of operational guidelines and strategic themes

5:30 pm Meeting adjourns

7:00 pm Group dinner with colleagues from FAO, NFP Facility and other CPF members invited to attend

Friday, February 2nd

9:00 am Wrap-up session

- Identification of follow up actions
- Discussion on fund raising

1:00 pm Meeting Adjourns

Annex 2: List of Participants

Bi-lateral Donor Agencies

Markku Aho, Ministry for Foreign Affairs of Finland
Juergen Blaser, Swiss Organization for Development Cooperation, Switzerland
Frank Jacobs, European Commission
Evy von Pfeil, GTZ, Germany
Fons Gribling, Environment and Water Department (DMW), Ministry of Foreign Affairs of the Netherlands

NFP Facility and FAO Staff:

Michael Martin, Director, Policy and Planning Division, FAO
Jerker Thurnberg, Incoming NFP Facility Manager
Francois Wencélius, Outgoing NFP Facility Manager
Johan Lejeune, NFP Facility Forestry Officer

PROFOR and World Bank Staff

In Rome

Gregor Wolf, PROFOR Manager
Diji Chandrasekharan Behr, Forest Policy Economist
Laura Ivers, Communications Officer

Via Conference Call

Gerhard Dieterle, Forests Advisor/ ESSD Forest Team Leader
Tapani Oksanen, Forest Law Enforcement and Governance
Nalin Kishor, Natural Resource Economist

Annex 3: Outcomes from PROFOR MTR MTR Results: Accomplishments

- PROFOR's objectives continue to be on target
- Agility
- Program efficiently managed
- Highlights the program's growing relevance in supporting the international discussion on forests, including on avoided deforestation
- Delivered on 34 activities with 32 contracting partners
- Focus: 58% global, 6% regional and 36% country level
- High demand for PROFOR products (publications, website hits)
- Successful in leveraging funds (approx. 1:1)

MTR Results: Areas for Improvement

- Lack of a strong monitoring framework
- Dialogue with Regional Departments
- Enhanced focus on key themes – assoc. work programs
- Communications and KM
- Stronger linkages with FAO-housed NFP facility
- Management unit too lean
- Management team to assume greater decision making responsibilities for portfolio development

PROFOR: The Way Forward

- Leverage Bank AAA/ESW
- Revive Bank Regional Workgroups
- PROFOR team more discretionary powers
- Strategic / responsive approach
- Reinforce KM role
- Program to extend until 2010
- New fund raising campaign
- Integrate PROFOR in GFA
- Revised selection criteria and evaluation
- New monitoring framework

MTR Proposed Changes Requiring Donor Endorsement

- Core financiers should be members of PROFOR's Management Board, whereas co-financiers of PROFOR-supported projects and in-kind contributors should not necessarily form part of the Board.
- PROFOR Advisory Board should be expanded to include more diverse membership
- PROFOR's resources 70/30 between "strategic" and "opportunistic/rapid response" funding windows.
- Empower the PROFOR manager to make a broader range of decisions, including approval of activity proposals.
- PROFOR Manager should be able to use PROFOR funds for PROFOR-related travel costs (As agreed at the June MTR Meeting).

Annex 4: Proposed selection and monitoring process

Proposed procedure based on topic specific call for proposals

1. Call for proposals related to a specific topic (PROFOR Secretariat with agreement from Board regarding focus of the call)
2. Review the expressions of interest (PROFOR Secretariat)
3. Select 3-6 Expressions of Interest (based on size of the grant) (PROFOR Secretariat, share with Board)
4. Request proposals (PROFOR Secretariat)
5. Evaluate proposals based on specific criteria and pre-agreed weighting (PROFOR Secretariat, share with Board)

Selection criteria and rating

- Innovative nature of application and relevance in global, regional and/or country discussions on the theme (10)
- Feasibility, significance and sustainability of the work (scope and feasibility of work plan, adequacy of timeline, depth and scale of impact, broader applicability, progress indicators, dissemination strategy) (40)
- Activities are mainstreamed into global political dialogues and/or reflect strong country demand and political will for partnership with PROFOR and are also relevant to broader World Bank country programs and/or international donor discussions (20)
- Qualification and competency of the staff for the assignment (General qualifications, adequacy for the project) (30)
- A minimum technical score is determined for selection - 75

Monitoring progress (implementation)

- Select 30-50% of PROFOR activities for close monitoring
- Request assistance of World Bank regional sector specialist (this could be the PROFOR regional focal person).
- Emphasis of the monitoring will be on progress of the activity (linked to the work program and mainstreaming into policy dialogue) and any mid-course corrections that are necessary
- Financial support (from the budget available for regional staff time) would be provided for this activity.
- An anticipated indirect benefit: increased commitment to the product and dissemination and use of findings.

Monitoring progress (impact)

- PROFOR MTR: "operates often through policy processes that are impacted by a multitude of processes, not just PROFOR, and the isolation of PROFOR's impact from other drivers will be practically impossible. Similarly, many of the processes that PROFOR is working with are truly long-term, and the impacts do not materialize in a few years' time."
- PROFOR will require all recipients to
 - identify monitorable indicators for assessing the impact of their activities
 - provide a baseline of these indicators,
 - update these at the end of the activity.
- Sustainability - assessed based on how effectively the activities and outcomes are integrated into ongoing national, regional and/or global level processes.

Financial/Deliverable Tracking for PROFOR Activities

- Expenditure breakdown
 - Consultant fee
 - Travel expenses
 - Workshops
 - WB Staff time

Annex 5: Potential High Priority Topics

(Based on recommendations from the MTR and informal surveys, without priority ranking or endorsement)

Livelihoods (Poverty-Forest Linkages)

- Measuring forest related contributions to poverty alleviation;
- Increasing access to poorest to carbon finance
- Partnerships in commercial forestry between community, private and state
- Fostering transition towards community ownership and resource rights
- Developing commercial forest based tourism

Governance

- Illegal logging and unsustainable forest management practices
 - role of more responsible private sector companies;
 - tracking tools
- International trade dynamics and forest loss;

Financing SFM

- Avoided deforestation and reduced degradation
- Payments for environmental services - new mechanisms/schemes, distribution and equity aspects
- Fiscal policy reform processes;
- Comparative studies on forest fiscal systems
- Private sector financing for certification adoption and corporate social responsibility;

Cross-sectoral Cooperation

- Land reform implementation, tenure and forest land administration;
- Trends in land conversion for agro-industrial purposes;
- Forest and climate change
- Bio-fuels
 - energy vs. food security
 - feasibility of cellulose based bio-fuels
- Impacts of development policy lending
- Approaches for mosaic landscapes/land use

Annex 6: Using SEAs to inform NFPs

What is an SEA?

A Strategic Environmental Assessment (SEA) is an analytical and participatory approach for mainstreaming and upstreaming environmental, economic and social considerations in policies, plans and programs (PPPs) *to influence* decision-making and implementation processes at the strategic level.

An SEA aims to strengthen in-country mechanisms:

- that identify linkages of PPPs with social, economic and environmental priorities important for sustainability
- that build environmental constituencies and make sure the less powerful stakeholders can also voice their needs
- for continuous improvement of PPPs' environmental, economic and social effects

The SEA process

- Incorporation of perspectives of multiple stakeholders, ensuring participation of vulnerable groups
- Identification of environmental, economic and social sectoral/regional priorities
- Assessment of institutional and governance weaknesses related to environmental, economic and social priorities
- Redefinition of PPPs to address institutional and governance weaknesses taking into account the needs of vulnerable groups
- Monitoring arrangements to adjust PPPs in response to experience, new information or changes in stakeholder preferences

An SEA on Implementation of Forest Act of Kenya

- In 2005 GoK passed a new Forest Bill establishing a new institutional framework for management and development of forest resources
- Implementation of the new policy and institutional framework requires substantial financial and technical assistance
- World Bank was engaged in dialogue with GoK towards preparation of World Bank operation to support policy and institutional reforms, including a forest sector reform

Objective:

Use an SEA to

- Inform and influence the process of implementing the Forest Act
- Inform the design of the NRM project with institutional, economic, environmental and social analyses.

Approach used

- Ensure relevant ministry (MENR) endorsed the process and viewed SEA as an important opportunity for ensuring effective implementation of the Forest Act
- Conduct stakeholder analysis and rapid assessment of political economy.
- Scope environmental, economic & social concerns, intersectoral linkages and opportunities associated with implementation of the Act
- Conduct in-depth assessment of key environmental, economic and social concerns, intersectoral linkages and opportunities (priorities).
- Validate the priority areas identified
- Assess institutional and governance requirements to address priority areas
- Work with GoK and other key stakeholders to formulate an action-policy matrix to assist GoK and other stakeholders address priorities in implementation of the Act

- **Tools used:** consultation, stakeholder analysis, case study, focus groups, analysis of secondary data, institutional and financial gap analysis, economic analysis and environmental assessment

Priority areas identified through SEA

The three priority areas identified in the SEA include:

- **Improving forest governance**
 - Strategic planning (and human resources and management of the Kenya Forest Service (KFS))
 - Improved information: Forest resource survey and inventory
 - Improving enforcement
 - Improving budget allocated for KFS
- **Enabling community participation & benefit sharing agreements for SFM**
 - Identify and prioritize array of partnerships models
 - Enhance incentive structure for sustainable resource use
 - Recognizing diverse uses of forest resources
 - Strengthening capacity for community participation
- (iii) **Establishing an enabling investment framework in the forest sector**
 - Understanding the market for timber products
 - Improve plantation management capacity
 - Improving concession allocation
 - Reducing corruption and political interference

[These priorities have been used to formulate an policy-action matrix]

Adapting SEAs for NFPs

- SEA can inform the planning process of an NFP with findings from consultations and analytical work.
- SEA can be designed to raise awareness and mobilize commitment
- SEA can facilitate harmonization of actions and strengthen cooperation among stakeholders
- SEA can be structured to enable partnerships and bring together stakeholders
- SEA is based on participation
- Adaptation (iterative process) can be part of an SEA

Adapting SEAs for NFPs (cont..)

- SEA can contribute to the strategic planning phase of NFPs
 - review of the relevant sectors
 - Describe and appraise options and scenarios
 - Prepare an action plan (especially in defining priorities)
- SEA can inform formulation of a monitoring system for the programme implementation phase
- SEA can contribute to a framework for period evaluation and revision of NFP