



**Program of Work and Financing Report
for 2004**

(Prepared January 2005)

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I. Overview of the PROFOR Portfolio and key activities

The PROFOR portfolio is comprised of activities relevant to the program's four thematic areas – livelihoods, governance, financing SFM and cross-sectoral cooperation – and aims to balance activities among major target regions of the globe, and similarly between activities focused at the global, regional and country levels. Additionally, knowledge management - the sharing and dissemination of PROFOR's work and outcomes – forms an integral part of the portfolio.

At present, there are 23 activities in the portfolio. Of these, twelve are active at the global level (including country-level components), two at the regional level and nine at the national level. Their distribution according to thematic area is as follows: livelihoods (4); governance (7); financing SFM (8); cross-sectoral cooperation (2); and knowledge management. In this overview section, the strategic relevance of activities under each thematic area is briefly explored. Details on each activity are included in the project summaries in Annex II.

1. Livelihoods. Meeting subsistence needs, reducing vulnerability, overall poverty reduction, and increased participation in market activities are all important in the approach taken in this area. A livelihoods approach seeks to identify the main contributions that forests can make to the livelihoods of the poor, including subsistence products from forests that complement what can be produced from the household farm, income from employment in public or industrial forestry or forest product processing, and household or small-scale activities in the informal sector.

PROFOR activities in this area focus on developing tools and a knowledge base to better document the relationship between forests and the livelihoods of the forest dependent poor. Since Poverty Reduction Strategy Papers (PRSPs) have emerged as overarching instruments for development planning and implementation for the World Bank, bilateral donors and many developing country governments, the international forest community has been concerned about how best to ensure forest issues are appropriately integrated into PRSP development and implementation, a concern PROFOR is working to address. Another key area of interest is the trend toward increased community ownership of forests and the potential for this trend to contribute to improved livelihoods. Additional work under this theme has contributed to initial assessment of the potential for unintended negative impacts from forest law enforcement efforts on livelihoods of the poor.

At the global level: PROFOR is working with partners to devise a rapid appraisal methodology to assess forest-livelihood linkages from field research and case study examples. This will assist planners and practitioners to explore how locally and sustainably managed forests can help to enhance rural livelihoods, conserve biodiversity and achieve Millennium Development Goals (MDGs). Improved information on forests' contribution to livelihoods is also intended to provide a sound basis for incorporating forest issues into PRSPs. This work builds on the knowledge base from field work and research efforts in identifying the different ways forests can (and cannot) benefit the poor.

At the country level: Case studies are being carried out to document the important role of forests and natural resources in poverty reduction and livelihood security in Guinea, Nepal, Tanzania, Indonesia, Honduras and India. Knowledge generated from these case studies will contribute to the global work noted above and inform how forest issues should be incorporated into PRSPs. In India, a methodology for measuring Joint Forest Management program impacts on poverty is also under development. A recent expert consultation on global experiences with community forestry was held in India with the National Forest Commission to inform the national forest sector reform process.

2. Governance Issues. Forest governance encompasses topics relating to how forest resources are managed, ranging from how decisions about forest use are made and who is involved in the decision-making process, to the enforcement of forest laws and policy on the ground. PROFOR aims to enhance transparency and accountability in the forest sector and help to align government, private

sector and civil society interests and responsibilities to establish more equitable forest use decision-making practices.

In general, PROFOR activities in this area help to facilitate good forest sector governance by providing opportunities for countries to learn from one another's experiences in forest sector and institutional reform. Face to face dialogue and synthesis materials on topics such as institutional change management, decentralization, concession management, land tenure issues, forest fiscal systems, and private and public financing help to inform national reform processes and dialogue. Additional activities are helping to improve knowledge on options and tools for addressing illegal logging and other forest crimes.

At the global level: At the Interlaken Workshop on Decentralization, a community roundtable discussion organized with partners provided an opportunity for discussion and sharing of experiences with decentralization of forest governance and forest institutional reform. Innovative approaches to addressing corruption in other sectors might provide solutions in the forest sector, and the findings from an initial review of the potential application of corruption fighting tactics used in other sectors has been completed with results soon to be disseminated. Additionally, a review is soon to be completed on the potential of existing international instruments, specifically CITES, to help control illegal timber trade.

At the country level: In Russia, dialogue on institutional change and key issues such as concession management has helped to inform the institutional reform process and to disseminate and generate information through workshops and publications. In Honduras, other countries' experiences in managing tenure, institutional, industrial, market and policy transitions is helping to inform challenging choices policy makers are facing in their forest sector reform process. In India, a pilot assessment of the public's perception of the forestry service delivery in Jharkhand was carried out using a citizens report card approach allowing rural families to rate public services. The information gathered through this pilot will contribute to building an information baseline on the impacts, achievements and shortcomings of Joint Forest Management (JFM). On the basis of the findings of the pilot, the Government of Jharkhand has agreed to support a full-scale report card study for the state.

3. Enhanced Financing Options. Creating a sustainable forest sector requires innovation in both the practice and financing of forest management. A particular area of interest is reform of market structures to make sustainable forestry more profitable than unsustainable forest exploitation. This encompasses the assessment of potential forest revenue generation from both traditional and innovative financing options, including the restructuring of existing economic and fiscal instruments, and the development of markets and mechanisms to capture the environmental services provided by forests, such as carbon sequestration, biodiversity conservation and watershed protection.

Recent and ongoing PROFOR activities have helped to clarify global dialogue and understanding in this area through events such as the Forest Investment Forum, the Forest Fiscal Systems Workshop, the Workshop on Payments for Environmental Services and Forest Landscape Restoration, and through contributions to the international dialogue at the UNFF on economic aspects for sustainable forest management. These initial activities have helped to identify key issues to be pursued and set the foundation for follow-on work at the regional or national level.

At the global level: In October 2003, the Workshops on Forest Fiscal System Reform and the Private Sector Investment Forum stimulated global level discussion on these issues. The Forest Fiscal System Workshop yielded case studies from participating countries that have been broadly disseminated. The Investment Forum honed in on private investors concerns and areas for opportunity in relation to issues such as certification, combating illegal logging, safeguard policies and long-term material supply. Outcomes from both these activities have been broadly disseminated to key target audiences using diverse modes including side events at international fora including the UNFF and IUCN World

Conservation Congress. The findings from these events are now serving to inform potential regional and national level work.

Through its support to Forest Trends, PROFOR is helping to improve information on markets for environmental services through the establishment of the Ecosystems Marketplace and related work to share experience with payments for environmental services, which have largely been in the Americas, with countries in Africa and Asia. This work will help to assess the potential for developing markets in those countries.

At the regional level: The Workshop on Payments for Environmental Services (PES) and Forest Landscape Restoration held in Bogotá in February 2004 served as a platform for key individuals within Latin America to discuss the future for markets for environmental services and to share their experiences with PES for watershed management, biodiversity conservation and climate mitigation. In follow-up to the Forest Investment Forum, plans for a regional forum for countries from Southern and Eastern Africa are underway, with the event to take place in Kenya. Additionally, in follow up to the Forest Investment Forum, the International Tropical Timber Council (ITTC) decided to sponsor similar events in each of its producer regions, with the first to take place in Brazil.

At the country level: The Bogotá Workshop on PES served the purpose of informing Colombia's preparation of a new forest law. The Workshop yielded concrete recommendations on PES, forest restoration, and economic and non-economic incentives for SFM that were subsequently submitted to the Government of Colombia. In Kenya, follow-on work from the Forest Investment Forum is underway to advance farm forestry through establishing public-private partnerships, better coordinate investments in the forest sector and provide input to the draft Forest Bill.

4. Cross-Sectoral Cooperation. Sustainable forest management requires coordinated cooperation across several sectors to ensure that policies and practices are not undermined by activities stimulated by general macroeconomic policy shifts or changed levels of investment in other sectors such as agriculture, energy, mining, and transportation. At present, activities under this thematic window focus on the development of guidelines to identify when forests are vulnerable to potentially adverse impacts arising from large macroeconomic adjustment programs. Recent developments suggest a need to reassess and modify the earlier approach proposed for PROFOR activities in this area.

Update: The World Bank Board of Executive Directors has recently (September 2004) approved a new Operational Policy, OP 8.60, governing development policy lending. The social and environmental due diligence requirements in the new policy are more detailed and stringent than in Operational Directive 8.60, which the new policy supersedes. In light of this new operational policy, the Forest Team of the Bank has been tasked to develop a clear and practical set of guidelines which will assist Bank staff and client country institutions responsible for the design and implementation of development policy operations to meet due diligence requirements, especially in the context of forest outcomes. Initial Bank analytical work (referred to as Economic and Sector Work (ESW) within the Bank) on Development Policy Lending (DPL) and forest outcomes to help the development of policy and practice in this key area will be completed by June 30, 2005.

Implications for PROFOR work: The above ESW on DPL and forest linkages will draw upon emerging lessons from a comprehensive review of the literature and a large number of country cases and examples from the Bank's adjustment lending portfolio. Thus, it will comprehensively address the global level analysis which was earlier envisaged to be executed through PROFOR. In addition, by enabling a compilation of the pipeline of proposed DPL operations for all regions of the Bank, it will mostly also address the regional level analysis proposed for PROFOR. The important implication is that PROFOR resources could be mostly deployed for country specific analysis.

The recommendations from this ESW linked with other ongoing work in the Bank (e.g., poverty-forest mapping at global and national scales, Country Poverty Assessments and the Environment that build sectoral linkages with poverty assessment teams, Strategic Environmental Assessments, and

Environmental Governance work, etc.) would provide a basis for selecting countries in which to pilot the recommended good practices of due diligence. The proposed PROFOR activity in Brazil (for which there are significant DPL operations in the pipeline) and Guyana would provide opportunities to accelerate action learning and testing of these emerging methodologies. This will subsequently find wide application in the ongoing due diligence work of the Bank and its clients in this area. Countries from other regions would be included to build up a comprehensive knowledge base on this issue.

5. Knowledge Management. Knowledge management – encompassing the generation of new knowledge and tools, synthesis and analysis of existing information to identify new insights, and the communicating and sharing of this information with target audiences – is central to PROFOR’s operational approach and a key component of every PROFOR activity. At the global level, PROFOR’s communications infrastructure aims to put in place the outreach networks, communication mediums and tools, and partnerships necessary to support the knowledge management outputs specific to each activity. This infrastructure continues to be developed and monitored with the aim of improving access to target audiences and to ensuring that those audiences find what they receive to be meaningful and, most importantly, information they can apply.

Global level: The communications infrastructure at the global level consists of the PROFOR website, PROFOR’s contact and email distribution lists, promotional materials such as the brochure, and PROFOR templates for publications (electronic and hardcopy) and presentations that provide consistency across PROFOR products. Partnerships are also important to PROFOR’s outreach, and partners to date include ETRN News, IISD, IUCN, and WWF. Outreach at this level includes side events and tabling of materials at international fora such as the UNFF, the World Forestry Congress, IUCN World Congress, and at PROFOR organized workshops.

Regional and national level: Knowledge management activities at these levels in collaboration with activities largely includes assistance to prepare workshops, creation and/or dissemination of workshop proceedings, briefing notes and other materials.

World Bank: PROFOR organizes a brown bag lunch discussion on an average of every two months at the World Bank to facilitate discussion on interesting issues such as decentralization, community forestry and forests-poverty linkages. PROFOR also disseminates its publications to the World Bank Public Information Centers (PIC) and to internal World Bank distribution lists. PROFOR prepares briefing materials and contributes publications to events such as the World Bank Annual Meetings and ESSD week.

II. Budget and Funding Projections for PROFOR

The actual budget for fiscal year (FY) 2004 and the first half of FY 2005 are summarized in Table 1 below according to thematic area and level of activity. Known sources of funding are summarized in Table 2. Based on current commitments from donors, including the Bank, the funding for fiscal year 2005 is projected to be US\$2.5 million. Table 3 contains allocations and indicative commitments to World Bank regions to date. The portfolio for FY 2005 will continue to be developed.

Table 1: Budget for fiscal years (FY) 2004 and the first half of FY 2005

Thematic Area	Level	FY04	FY05 (July-Dec04)
Livelihoods	Global	\$177,000.00	\$135,000.00
	Regional	-	-
	Country	\$100,000.00	\$146,000.00
Governance	Global	\$237,000.00	\$55,000.00
	Regional	-	-
	Country	\$190,000.00	\$100,000.00
Financing SFM	Global	\$150,000.00	\$135,000.00
	Regional	-	-
	Country	\$215,000.00	\$125,000.00
Cross Sectoral Cooper:	Global	-	-
	Regional	-	-
	Country	-	-
Knowledge Management		\$37,623.00	\$19,500.00
IPFE (DGF Funded)		\$150,000.00	
Admin/Staffing	Global	\$397,750.00	\$218,000.00
	Regional	\$40,000.00	\$20,000.00
Trustfund Overhead		\$57,233.00	\$81,515.00
Total		\$1,751,606.00	\$1,035,015.00

Note: the amounts indicated under administration, communications, WB Trust Fund Overhead are actual amounts spent as of January 15, 2005; Administration includes: Staff costs, Consultants; Travel and Travel expenses; WB Trust Fund Overheads are a flat rate of 5% calculated on the basis of the total funding pledges made in a given fiscal year.

Table 2: Sources of funding

Sources of Funding	FY2002	FY2003	FY2004	FY2005	FY2006
Finland	\$566,769.00		\$126,175.00	TBC	TBC
United Kingdom		\$802,450.00	\$844,650.00	\$1,380,297.00	£500,000.00
SDC		-	\$375,956.00	\$375,000.00	\$125,000
Japan		\$300,000.00	\$300,000.00	TBC	TBC
World Bank			\$260,000.00	\$315,000.00	
Total	\$566,769.00	\$1,102,450.00	\$1,906,781.00	\$2,070,297.00	

Note: Figures in **bold** are committed amounts; future Finnish and Japanese contributions to be confirmed; Pound Sterling Rate for FY06 not converted to USD; World Bank contribution towards staff time and from DGF grant disbursed in FY04; TBC= to be confirmed.

Table 3: Allocation and Commitments to World Bank Regions

Support to World Bank regions	FY2004 Global Programs	FY2005 Global Programs
1) Africa	120,000	50,000
2) South Asia	100,000	146,000
3) East Asia	75,000	75,000
4) Latin America	75,000	50,000
5) Eastern Europe and Central Asia	90,000	50,000
6) MENA	0	TBD
<i>Regions Subtotal</i>	460,000	371,000

Note: Figures in **bold** are committed amounts; for some activities in FY05 future funding is to be discussed. TBD= to be discussed.

III. Initial Lessons Learned

PROFOR has been operational at the World Bank since the adoption of the Bank's new Forests Strategy in November 2002. Two years into the program, some initial lessons learned have emerged. However, for several of the activities it is premature to draw conclusions and lessons are expected to emerge as implementation progresses.

Working in partnership has provided expertise and contributed to PROFOR's outreach

PROFOR has benefited from partnership with international organizations and research groups with highly qualified staff, well established programs and targeted networks for dissemination. Examples of partners include CIFOR, IUCN, ODI, Forest Trends and Winrock-International. To date, these relationships have amplified PROFOR's capacity and outreach networks.

PROFOR and the NFP Facility at FAO host back-to-back steering committee meetings, and, in conjunction, a half-day joint meeting on partnership between the two programs. However, this partnership has fallen short of its potential to date and efforts to undertake more joint activities are underway. Areas for collaboration have been identified and dialogue on how to proceed is ongoing.

Demand for real world experience sharing between countries and practitioners is very high

Within the forest sector, the demand for experience sharing between countries is very high. In particular, there is interest in topics such as institutional reform, forest fiscal systems, concession systems, innovative financing, decentralization, etc. PROFOR has supported activities related to this, but there remains much that can be done in this area. To yield the most results from events centered on experience sharing, adequate preparation is needed to ensure participation of key individuals that will be able to follow through on knowledge gained and recommendations that emerge from such events. Further thought could also be given to how best to capture and further share knowledge from PROFOR activities.

Responsiveness to country requests yields positive inputs to national level policy dialogue

In several cases, PROFOR has responded to direct requests from countries (including Russia, Honduras, Colombia, India and Costa Rica) to undertake analytical work and/or prepare workshops on key thematic topics. Such country-driven partnerships have proven to enable effective input to policy dialogues at the national level.

Russia: PROFOR funding resulted in three workshops on institutional changes, concession policies/forest leasing arrangements and federalism and decentralization. This advanced the policy dialogue and served as a catalyst in forest sector reform. In turn, this has helped unblock lending in a World Bank forest sector project, as various regions in Russia have sought to implement best practice reforms.

Kenya: Work is underway to advance farm forestry through establishing public-private partnerships, better coordinate investments in the forest sector and provide input to the draft Forest Bill. PROFOR support has leveraged additional funding from IFC, FAO and the Finnish government.

India: PROFOR, World Bank and Forest Trends presentations on forest tenure, forest sector regulation policies and community forestry made to the National Forest Commission, state governments and NGOs advanced the debate on forest sector reform.

Colombia: A seminar on payments for environmental services provided key policy advice to the Colombian government on revising the forest law.

PROFOR has a unique role as an “independent” and flexible program

PROFOR’s ability to be responsive to requests such as those by Russia, Honduras, and Kenya has helped to move national policy dialogue forward, and in some cases shifted the national policy landscape toward a more proactive forest sector. This responsive approach to emerging opportunities has proven to be highly effective and should continue to be a part of PROFOR operations. Inputs from PROFOR have catalyzed changes that advance the World Bank’s analytical and operational work, for example in Russia where the PROFOR sponsored workshops contributed to moving reforms along and to raising the profile of forests as a national priority.

Additionally, PROFOR may have an advantage as an “independent” source of funding that may appeal to client country governments as having less political overtones than funding coming from the World Bank or even a specific donor agency. In this sense, PROFOR funded activities may serve a special role in terms of convening a range of stakeholders including government, private sector, and NGOs.

PROFOR has enabled the provision of timely and targeted knowledge for decision makers

In the case of Honduras, identifying specific policy issues and questions that were bogging down the reform process and providing dialogue with policy makers from countries in the region with experience in tackling the specific issues and questions helped to move the reform process along by enabling Honduran policy makers to better evaluate their policy options and likely impacts.

The knowledge capture from PROFOR activities has varied. An area needing further consideration is how to ensure better capture of knowledge generated and quality synthesis of knowledge shared through PROFOR activities.

PROFOR is an effective vehicle for developing institutional relationships and leveraging financing for activities

PROFOR has served in many cases (Forest Investment Forum, Forest Fiscal Systems, activities in Kenya, etc.) as leverage for additional funding support from partner institutions. This has helped to build PROFOR’s relationships and networks. For example, through the outcomes of the Forest Investment Forum, and specific joint work in Kenya, a solid working relationship has developed with the International Finance Corporation (IFC). This relationship includes work on advancing public-private sector partnerships and increasing investments under the corporate social responsibility initiative. The Forum also prompted follow-up work by the ITTO.

PROFOR is viewed as a model for trust fund establishment and management

PROFOR has been well received as an institutional model for trust funds within the World Bank. It was considered to be a best practice example and therefore showcased at the donors meeting in Paris in March 2004. Since this meeting, a newly created trust fund (PROFISH) was modeled on PROFOR. This was due to two major strengths attributed to PROFOR activities: effective working partnerships with multiple stakeholders and a funding source available to external organizations, as well as to World Bank regional activities.

IV. Areas for Action

Two years into PROFOR's implementation at the World Bank, an assessment of what is working well and what should be improved is timely. Based on the lessons learned to date and the activities in the current portfolio, attention should be given to the following priority areas for action:

- Develop a more strategic and systematized approach to expanding the PROFOR portfolio, while maintaining sufficient flexibility to take advantage of emerging opportunities for timely and targeted input to policy dialogues and decision making processes. Procedures are under review and will be discussed at the January 2005 donor's meeting.
- Proactively foster synergies between PROFOR, bilateral and multilateral donor agencies, and World Bank initiatives so as to enhance cooperation for improved development outcomes in key countries. Initial steps have been taken (in Kenya, Honduras, Ukraine and India) and greater emphasis will be made in future to integrate PROFOR activities with national initiatives undertaken by bilateral donors in key countries and Bank country programs.
- Enhance cooperation with the NFP Facility to improve the impacts of both programs and to avoid duplication of efforts.
- Strengthen the strategic nature of PROFOR by giving greater consideration to PROFOR's activities in relation to long-term trends and issues in the forest sector.
- Expand donor support for PROFOR – including identification of new funding partners. This could be particularly important in light of the potential outcomes of discussions on the future international arrangement on forests (UNFF and CPF).
- Identify opportunities for increased knowledge sharing at the regional level based on activities from global and country level activities.
- Take stock on progress towards achievement of PROFOR goals and assess measures to monitor PROFOR impacts. As a first step, the current logical framework should be reviewed.
- Increase World Bank regions' involvement and "ownership" in PROFOR. The World Bank Working Group on PROFOR is likely to facilitate this.

Annex I. Overview Chart of Project Proposals According to Thematic Area Annex I. Overview Chart of Project Proposals According to Thematic Area

Livelihoods						
Project	Level	Outputs	Partners	Budget FY04	Budget FY05	Budget FY06
Forest Law Enforcement and Rural Livelihoods	Global	Case studies; Workshop	CIFOR, DFID	\$42,000	Funding completed.	Funding completed.
Development of Forest-Poverty Linkages Methodology to inform National Poverty Reduction Strategy Processes	Global	Poverty reduction toolbox, synthesis of existing experience, new approaches for poverty monitoring.	CIFOR, IUCN, ODI, Winrock	\$135,000	\$135,000	TBD (\$150,000 – moving from global to country specific work)
Measuring forest programs poverty impacts in India	India	Pilot framework for measuring impacts	CIFOR, DFID, Forestry Departments	\$100,000	\$100,000	TBD
Forest Policy Dialogue with Government of India	India	Present Global findings on tenure, deregulation, and markets, plus share experiences with community forestry from China, Mexico and Vietnam.	MoEF, NFC, World Bank South Asia Rural Development and Country Operations, Forest Trends	-	\$46,000	TBD

Governance						
Project	Level	Outputs	Partners	Budget FY04	Budget FY 05	Budget FY 06
Reducing Corruption and improving governance in forestry: lessons from TI	Global	Forest crime-fighters toolkit	Forest Integrity Network, TI	\$50,000	Funding completed	Funding completed
CITES Instrument	Global	Assessment of CITES as tool to combat illegal timber	TRAFFIC	\$37,000	\$25,000	Funding completed
NFPs and Decentralization	Global	Community Roundtable at Interlaken Workshop on Decentralization April 2004; follow-on work in Indonesia	CIFOR, FAO, ITTO, NFP Facility, UNFF Sec., WRI, WWF, Swiss, Indonesian Govs.	\$30,000	Funding completed	Funding completed
Review of Ecosystem approach and Sustainable Forest Management	Global	Earthscan publication forthcoming.	IUCN, ITTO, FAO, CBD, UNFF Secretariat	\$120,000	\$30,000	Funding completed
Russian Forest Sector Reform	Russia	Consultations; workshops	FINNIDA, GEF, Russia, SIDA, World Bank	\$90,000	\$50,000	TBD
Forest sector transition in Honduras	Honduras	Case studies, workshop	SAG, CODEFOR, NFP Facility, World Bank,	\$75,000	\$50,000	TBD
Evaluating the efficiency of public service delivery (including forestry) on the forest fringe	India	'Citizens' report card' survey	Public affairs center, Bangalore, MOEF	\$25,000	\$25,000 TBD (\$25,000)	TBD (\$25,000)

Financing SFM						
Project	Level	Outputs	Partners	Budget FY04	Budget FY 05	Budget FY 06
Catalyzing Payments for Ecosystem Services and Connecting Communities	Global	Ecosystem Marketplace, Field-Tested Tools and Resource Materials for PES, Katoomba Group work in China	Forest Trends Katoomba Group, DFID, SURDNA, Packard Foundation, Citigroup, UNEP, TerrAfrica, IUCN, U.S. Forest Service	-	\$85,000	TBD
Implementing the IPF/IFF proposals for action	Global	Evaluation of global flows of financing for SFM	CPF, UNFF	\$25,000	Funding completed.	Funding completed.
Enabling environment for private sector investment in SFM	Global	Forest Investment Forum; Pilot new approaches to investment	IFC, WBCSD, WWF	\$75,000	Funding completed.	Funding completed.
Forest Fiscal System Reforms	Global	Case studies; Workshop	DFID, Ministries of Forestry and Finance	\$50,000	\$50,000	TBD (\$25,000)
Improving Participation in and Coordination of PROFOR and NFP Related Activities in the Africa Region	Regional	Analytical reports; knowledge capture and sharing;	World Bank ; bilateral partners	\$40,000	-	TBD
Economic incentives for land restoration and SFM	Regional	Review experience with PES for forests in LA; Workshop and proceedings.	CI, CIFOR, Colombian Ministry of Environment, Forest Trends, ITTO, IUCN-SUR, NFP Facility	\$95,000	Funding completed.	Funding completed.
Building Forest Policy Analytic Capacity in China-- Building Basic Models of Forest Supply	China	Studies, workshops and policy recommendations.	SFA, FEDRC.		\$75,000	\$75,000
Developing Partnership Based and Private Sector Financed Approaches to Management of Forest Resources in the East and Southern Africa Regions	Kenya	Analysis of macro context and policy/institutions; Stakeholder consultations	Bilateral donors, IFC, WWF,	\$80,000	\$50,000	TBD (\$40,000 – focusing shirting to regional)

Cross-Sectoral Cooperation						
Project	Level	Outputs	Partners	Budget FY04	Budget FY 05	Budget FY 06
Screening Brazil Competitiveness Programmatic Operation	Brazil	Identification of potential impacts on forests from DPL	WB Country office, bilaterals, international environmental NGOs			TBD (\$140,000)
Screening the PRSC for Guyana	Guyana	Identification of elements with potential adverse impacts; forest legislation; assessment of mining sector impacts on forests	WB Country office, bilaterals, international environmental NGOs		TBD	TBD (\$150,000)

Knowledge Management						
Project	Level	Outputs	Partners	Budget FY04	Budget FY 05	Budget FY 06
Communications infrastructure and activities	Global	Website; publication series; awareness raising events; set of style standards and templates	ETFRN, WWF, IUCN, World Bank	\$40,000	\$60,000	TBD
International Partnership for Forestry Extension	Global	Organizational arrangements among IPFE university members; and pilot activities in key areas of likely activity, to test IPFE concepts	CIFOR, FAO, ICRAF, SILVA Network, World Bank Institute, universities	\$150,000 (DGF Funding)	Funding completed.	

Annex II. PROFOR Project Proposal Summaries

Livelihoods

Forest Law Enforcement and Rural Livelihoods

Level: Global

Partners: CIFOR, DFID

Background and purpose: International concern about illegal forestry activities has grown markedly over the last two years, with numerous initiatives to support forest law enforcement. However, governments must take measures to ensure that efforts to enforce forestry laws do not negatively affect rural livelihoods. There are several reasons why such efforts might have such an effect:

- Existing legislation often prohibits forestry and agroforestry activities that poor rural households depend on for their livelihoods, including some that are relatively sustainable (and others that are not);
- Millions of rural households live in areas that governments have classified as “forestlands” and claim to own. Existing laws considers these households encroachers even though in some cases their families have lived on the land for generations;
- Most forestry laws make it difficult for small farmers, indigenous people, and local communities to engage in commercial logging and timber processing legally since they require large amounts of paperwork and input from professionals that these groups have no access to;
- Forestry and wildlife departments often enforce forestry and protected area legislation more vigorously and with less respect for due process in the case of poor rural households, since these households are not as well connected and lack money for large bribes.

In some countries, forestry and wildlife officials regularly engage in illegal forestry activities – often to the detriment of poor rural households. Measures that give these officials more power and resources could increase their ability to act with impunity.

Approach: To turn these general ideas into concrete practical policies and strategies, a more in-depth understanding is required of: how rural households currently use forest resources; the relative contribution to legal and illegal timber production of large and small-scale producers; the provisions of forestry and conservation laws that discriminate against poor rural households and to what extent they can be justified on economic or environmental grounds; how these laws are currently enforced and how new law enforcement efforts might differ; existing opportunities for community participation in forest law enforcement; and the practical advantages and disadvantages of different policy options for addressing rural livelihood issues in forest law enforcement contexts.

Each of these factors is likely to vary significantly depending on the dominant type of forest exploitation and forest tenure, the accountability and capacity of government forestry departments, and the level of international attention and independent public scrutiny. This project provided initial insights and policy guidance on these issues in five selected case studies in Bolivia, Cameroon, Canada, Honduras or Nicaragua, and Indonesia. The countries for the case studies were chosen on the basis of their representativeness of livelihoods and forest law enforcement issues as well as on the basis of the availability of knowledge and previous studies relevant to the subject.

Outputs: A preliminary report of approximately 20 pages addressing the issues at a general conceptual level, illustrating the main points with examples, based on a brief literature review and the experience of the authors.

Case studies from Bolivia, Cameroon, Canada, Honduras or Nicaragua, and Indonesia were developed based mainly on literature reviews and secondary data, interviews with key informants, and the experience of the individual authors. The case studies address the issues discussed above in a common format and provided input to the synthesis report, the workshop and subsequent project development.

The synthesis report based on the preliminary report, the case studies and a broader literature review and key informant interviews presents a well-written and compelling analysis of the potential risks and opportunities that forest law enforcement efforts in different contexts present for rural livelihoods.

A two-day workshop held November 2003 reflected on the case studies and the synthesis report; assessed further research needs; and developed a concept note for a research project and partnership options.

Status: FY04: The project was initiated in February 2003 (with 50,000 British Pounds Sterling from DFID). A preliminary report was presented at the African Ministerial on Forest Law Enforcement and Governance. **FY05:** The synthesis report and case studies are ready for publication, pending resolution of issues surrounding the Canadian case study.

Budget

FY04 \$42,000.00

Development of Forest-Poverty Linkages Methodology to inform National Poverty Reduction Strategy Processes

Thematic area: Livelihoods

Level: Global

Partners: CIFOR, IUCN, ODI, Winrock-International

Background and purpose: There is growing interest in the role that forests can play in alleviating poverty and reducing vulnerability of the poor to household, economic and environmental shocks. As of 2001, a series of international workshops in Italy, Scotland, Finland and Germany focused on the contribution of forests to livelihoods and the policies needed to strengthen their contribution.

Despite this interest, poverty advocates and forest department staff have failed to make a compelling case to policy makers in government finance ministries and development agencies on the contribution that forests make towards poverty reduction. As a consequence, forests' role in poverty reduction is not reflected in a significant and meaningful way in two major policy instruments (Poverty Reduction Strategy Papers (PRSPs) and national forest programs (NFPs)). The implication of this is that national policies which guide efforts to reduce poverty are missing critical information about the current or potential role that forests play in rural livelihoods, thereby neglecting the forest-dependent poor in poverty assessments.

Most countries have little data on how forests contribute to the livelihoods of poor households. Furthermore, the data that does exist rarely gets presented in ways that are meaningful to those designing PRSPs and NFPs. Most forestry experts understand very little about PRSPs and how they might influence them, and poverty specialists rarely are involved in NFPs. Often the specialists involved lack the necessary skills and abilities to effectively design and advocate well conceived and articulated policies, programs, and projects. Prior to addressing the policy makers, more ground work needs to be undertaken.

To the extent PRSPs fail to incorporate forest-related issues, the latter are unlikely to get the attention the series of international workshops have suggested they deserve in national efforts to reduce poverty and vulnerability. Several reviews of PRSPs and interim-PRSPs to date have found that although an increasing number of PRSPs and interim-PRSPs make reference to forests and forestry, these references tend to be rather superficial. There is little analysis of the role forests currently play in rural livelihoods or their potential role, nor of the measures required to capture that potential. Efforts to monitor the implementation of the PRSPs have not reflected the full potential that forests may contribute.

Approach: A working group partnership was formed in late 2003 among staff from IUCN, ODI, CIFOR, PROFOR and Winrock-International. This partnership seeks to build on the knowledge base from field work and research efforts in identifying the different ways forests can (and cannot) benefit the poor. The aim is devise a rapid appraisal methodology to appraise forest-livelihood linkages from field research and case study examples to explore how locally and sustainably managed forests can help to enhance rural livelihoods, conserve biodiversity and achieve Millennium Development Goals (MDGs).

The focus of case studies will be to assess the potential contribution of forests in reducing poverty and vulnerability. Case studies will document the important role of forests and natural resources in poverty reduction and livelihood security. While the primary focus will be on the household or community level, the methodology will provide links to national level indicators of welfare such as MDGs. While the case studies are being prepared, the methodology will be revised and refined and the lessons learned shared between the case study teams. Where case studies occur in countries with a PRSP, interviews and discussions will occur at the national level on whether the links between forests and poverty are adequately addressed.

Outputs: Common methodological framework to enable a more systematic integration of forests in future poverty reduction efforts; Presentations at the 17th Commonwealth Forestry Conference on “Forestry’s Contribution to Poverty Reduction”; Case study results and a synthesis report on the findings; Development of a resource kit for use by forest agency staff and decision-makers and training for use of the resource kit in key countries.

Status: FY04: Workshop held in Tanzania in June 2004 to discuss methodology and test methods with all research groups in Shinyanga field site; Working group began testing the methodology in six case study sites (located in Guinea, Nepal, Tanzania, Indonesia, Honduras and India). **FY05:** A second meeting (with Tapani Oksanen and Bob Fisher as peer reviewers) in Bangkok in November 2004 reviewed progress thus far on using the methodological framework in the six case study countries (Mexico and Laos cases may be added) and plan for completion of the case studies. The methodological approach was presented at the RECOFTC workshop at World Conservation Congress in Bangkok in November 2004.

Budget

FY04	\$135,000.00
FY05	\$135,000.00
FY06	TBD
Total	\$270,000.00

Impacts of Forest Programs on Poor, Forest-Dependent People in India

Thematic area: Livelihoods

Level: Country (India)

Partners: State Forestry Departments (currently Jharkhand), CIFOR, World Bank South Asia Rural Development and Country Operations teams

Background and purpose: In India, states have begun to share the rights and responsibilities with communities for managing forests through joint forest management arrangements. Preliminary indications are that this process, together with associated project investments has a significant impact on poverty. However, there is no systematic and rigorous assessment to date. Concurrently, while community forestry can bring a number of benefits, there have been some instances of loss of livelihoods for some households, especially those who depend on forests but who are not part of the communities involved in participatory forest management. Thus, more rigorous and systematic measurement of all poverty impacts is needed. The strategic objective of this project is to improve the capacity of state governments to measure forestry program impacts on poverty reduction in a systematic (as distinct from an *ad hoc*) way, and thereby provide a tool for increased accountability, learning, and program adaptation. In turn, this will enable public expenditure on forestry and other aspects of forestry programs to address poverty reduction objectives more effectively.

Approach: In 2003, Oxford Policy Management, support by DFID, completed a background study with the government of Madhya Pradesh on options for measuring community forestry program impacts on poverty reduction. Building on this work, PROFOR funded a study in the State of Jharkhand to review the options and move towards an implementation, testing and dissemination phase. Jharkhand was a logical choice because the state is presently preparing a Bank-funded project to improve forest livelihoods. Further, this work was viewed as a strong complement to the comprehensive forest sector study recently completed by the Bank to support the lending project design and guide longer-term forest sector development in the state. The tools and methods developed through this study will be implemented on a pilot basis once the World Bank funded forest project gets underway. The work is being led by CIFOR, with assistance from national experts, and Jharkhand-based NGOs and research institutions.

Outputs: The proposed project is leading to an improved understanding of the poverty-forestry nexus and how forests can be managed with communities to improve local livelihoods. The state government is fully supporting this initiative. The work is developing a robust methodology for low-cost, yet objective and systematic monitoring of poverty impacts from community forestry programs in the Indian context. The methodology will be adapted and tested beyond pilot sites in the first three states, and used as a practical model for replication in other states in India.

Status: FY04: The study was initiated in December 2003 with initial scoping work and discussions with Indian state authorities and other stakeholders. A broad stakeholder workshop was completed in February 2003 to discuss conceptual approaches, agree on components and definitions of forest livelihoods, and identify appropriate monitoring indicators. **FY05:** A comprehensive literature review has been completed in draft form. Monitoring tools have been designed with a goal of developing a simple, yet rigorous system where communities will gather much of the needed information. Pilot communities have been identified with the cooperation of the State forest department and NGOs. Field testing is scheduled for early 2005 to assess the effectiveness of the monitoring tools, and gather baseline information for longer-term monitoring program.

Budget	
FY04	\$100,000.00
FY05	\$100,000.00
FY06	TBD
Total	\$100,000.00

Forest Policy Dialogue with Government of India

Thematic area: Forest Policy and Livelihoods

Level: Country (India)

Partners: Ministry of Environment and Forests, National Forest Commission, Prime Minister's Office, Department of Economic Affairs, Central agencies responsible for rural development, World Bank Forests Team and South Asia Rural Development and Country Operations, Forest Trends

Background and purpose: The Indian forest sector has been in transition during the past three decades from a primary focus on commercial production from natural forests and plantations, to community-based forest management as a key approach to address rural poverty and support national goals for forest protection and conservation. As per the provisions of 1988 National Forest Policy, on June 1, 1990, the Ministry of Environment and Forests issued guidelines for the establishment of partnerships between forest based communities and the state Forest Departments for initiating Joint Forest Management in the country. Most states soon passed their own JFM Resolutions. By 2003, the area of forest under JFM was approximately 173,000 km², or 23 percent of the country's total forest area. More than 84,600 JFM committees have been registered. The transition from JFM to a model approaching what could be defined as community forest management, has been uneven with state governments at different levels of implementation. To assist the central and state government with this transition, the Bank is undertaking a program of comprehensive forest sector studies in three states (Jharkhand, Assam and Madhya Pradesh) that will contribute to a national policy report in June 2005.

Approach: To complement its analytical work, the Bank is engaged in a policy dialogue with the central government. Based on discussions with the Ministry of Environment and Forestry (MOEF), and the National Forest Commission (NFC) beginning in March 2004, the World Bank was invited to make a formal presentation to the NFC, which is assessing forest policy and administration for the Parliament of India, and is chaired by the former Chief Justice of the Supreme Court. The NFC chair specifically requested the Bank to submit inputs from the sector studies as well as share global experiences in community forestry. With the latter, PROFOR funds and expertise were used to support the participation of Forest Trends to share global experiences with NFC and other stakeholders. PROFOR staff contributed selected case studies from their own global programs.

Outputs: The dialogue has opened a number of doors for further discussions on forest sector reform. The Bank's sector reports, when completed will be added as an annex to the NFC's report to Parliament, in addition to the material presented by Forest Trends. Also, the Bank and Forest Trends will review the Commission's draft report prior to submission to Parliament. The Prime Minister's Office is now more engaged in forest policy reform directly with the Bank and Forest Trends. The work is leading to a greater awareness among senior policy makers in India on issues surrounding JFM, and how other countries have addressed these same issues in the transition to community forestry. The work will guide ongoing and longer-term policy reform governing the forest sector in India and more specifically, further evolution of community forestry programs.

Status: FY05: The initial policy events were held in December 2004 to share preliminary results from the Bank's sector work, and global experiences with community forestry from Forest Trends. Separate meetings were held with: (1) senior representatives of rural development agencies from the GOI, and the Department of Economic Affairs; (2) the National Forest Commission; and (3) the Joint Secretary of the Prime Minister's Office. The final event was a one-day workshop with NGOs, tribal leaders and state government agencies. Power points and other materials were distributed.

Budget

FY05	\$46,000.00
FY06	TBD
Total	\$46,000.00

Governance

Reducing corruption and improving governance in forestry: lessons from the Transparency International approaches

Thematic area: Governance

Level: Global

Partner: Forestry Integrity Network (FIN) of Transparency International

Background and purpose: This analytical study by FIN will begin to lay the foundation for producing a practical and operational forest crime-fighter's toolkit (which will be produced separately through subsequent work). Transparency International (TI) has had significant success in fighting corruption and initiating strategies aimed at improving governance in a host of countries the world over, and thereby accumulated a wealth of experience in this area.

Approach: This study will examine TI's experience in developing or relying on Integrity Pacts, the TI Corruption Perception Index, Bribe Payers Index, the Business and Wolfesburg Principles, Citizen Watch Initiatives, Public Hearings, Competitive Prices, TI Whistle Blower protection mechanisms, practical application of TI's Corruption Fighters Toolkit and/or other possible TI supported anti-corruption strategies and activities. It will highlight how they can be adapted and usefully applied to addressing illegal logging and forest related corruption. In addition to TI's work in addressing corruption and improving overall governance, it is expected that the study will also draw upon past and ongoing efforts at controlling corruption and criminal acts specifically in the forest sector. This will help ensure that the analysis (and an eventual toolkit based upon it) will have general applicability across a range of countries with their own special characteristics, and at the same time, have enough practical examples for potential replication and scale-up.

Output: Analytical assessment of applicability of TI strategies for fighting corruption to the forest sector.

Status: The paper has been completed and received by PROFOR secretariat in December 2004. It is currently is under review to assess most appropriate format for publication and dissemination.

Budget

FY04	\$50,000.00
Total	\$50,000.00

The role of CITES in controlling illegal logging

Thematic area: Governance

Level: Global

Partners: TRAFFIC--East Asia

Background and purpose: This project seeks to better document the role that the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) could play in assisting range states (countries where species occur) to tackle illegal trade. This will be attempted through a review of the relevant provisions of the Convention and an examination of how CITES has been used to address the problem of illegal logging for several CITES-listed tree species.

Approach: The core of this project will be a desk-based review of CITES processes and procedures related to reducing illegal wildlife harvests, and their application thus far to controlling the illegal harvest and trade in CITES-listed timber species. The study will include brief case studies of CITES species from each of the Convention's three appendices: Alerce *Fitzroya cupressoides* (Appendix I—species imminently threatened with biological extinction), Agarwood *Aquilaria malaccensis* (Appendix II—species not currently threatened but may become so if trade is not regulated), Big-leaf Mahogany *Swietenia macrophylla* (listed in Appendix III from November 1995; included in Appendix II effective 15 November 2003), and Ramin *Gonystylus* spp. (Appendix III—species listed by an individual State in an effort to enlist international cooperation to control trade from their country).

Information from published sources and correspondence will be augmented by selected interviews or questionnaires with personnel in key range and consumer States for the species mentioned above. The relevant States include: Peru, Bolivia, Brazil, Chile, Indonesia and Malaysia, USA and United Kingdom.

The following will be covered within this study: (a) CITES requirements relevant to ensuring that specimens in trade are not acquired illegally (including within the Convention and associated Resolutions and Decisions); (b) Review of CITES data to document timber seizures reported; (c) Operational definitions of illegal logging and illegal timber, and existing prohibitions and penalties associated with these practices in the target countries (these aspects of the task will draw upon the broad and growing literature and data available from all sources on these subjects); and, (d) CITES specific policy statements, legislation, implementation and enforcement actions related to reducing illegal logging for CITES-listed tree species in the target countries.

Outputs: A report (in English and Spanish) on the findings of the reviews and interviews.

Status: A draft of the study will be available for comments by end-January 2005. The draft report will undergo a review process before finalization as a TRAFFIC-PROFOR publication (in English and Spanish).

Budget

FY04 (disbursed)	\$37,000.00
FY05 (committed)	\$25,000.00
Total	\$62,000.00

Decentralization, Federal Systems of Forestry and National Forest Programs

Thematic area: Governance

Level: Global

Partners: CIFOR, Intercooperation, Swiss Development Cooperation, Indonesian Government, WRI, WWF, FAO, IITTO, NFP Facility, UNFF Secretariat

Background and purpose: Throughout the world, local and regional governments are becoming more involved in forest issues. They are promoting tree plantations, creating parks, putting out forest fires, managing forests, regulating forest use, collecting taxes from forestry activities, making land use plans, providing environmental education and extension services, and taking sides with regards to conflicts over forests.

In principle, decentralizing decision-making over forests could have many advantages. It could make it easier to adapt forest policies to local conditions and increase the participation of local people in decision-making. It could make it easier to enforce forestry regulations since local people have better knowledge of what happens on the ground. It could also help ensure that more of the benefits provided by commercial forestry activities remain in the traditionally marginalized regions where many of these activities take place.

However, simply increasing the participation of local and regional governments in forestry activities will not necessarily guarantee any of these things. Unless these governments themselves are accountable to the local population, giving them greater powers may not increase local participation. Decentralization might strengthen the power and influence of local elites at the expense of other local groups. Local governments may also lack sufficient technical and institutional capacity and financial resources to formulate appropriate forestry policies and implement them.

Approach: At the Swiss and Indonesian country-led Interlaken Workshop on Decentralization in support of the UNFF in April 2004, PROFOR hosted a Community Roundtable discussion on experiences with decentralization of forest governance and management. The workshop was intended to bring together countries that have longer experiences with decentralization processes to share lessons learned, while countries that have just recently embarked on such processes can present some of their initial results and some of their major concerns. The discussion benefited greatly from contributions from international experts on the decentralization of natural resources, who were able to bring different analytical and global perspectives.

Outputs: A Community Roundtable segment of the Interlaken Workshop; Proceedings from Indonesia on Strengthening Decentralization in the Forest Sector.

Status: FY04: Roundtable successfully completed with PROFOR-sponsored participants from Guatemala, the Philippines and Zimbabwe. **FY05:** Workshop held in August 2004 in Indonesia to build upon recommendations from Interlaken and identify key factors for success in decentralization for pilots.

Budget

FY04	\$30,000.00
Total	\$30,000.00

Review of the conceptual understanding and practical experience of the relationship between the ecosystem approach and SFM

Thematic area: Governance

Level: Global

Partners: IUCN, ITTO, FAO, CBD, UNFF Secretariat

Background and purpose: While many international agreements, governments, private sector companies and civil society organizations have committed to implement both an ecosystem approach and sustainable forest management (SFM), there is a general lack of clarity on how these two concepts relate to each other. As a result, delegates to international fora on forest and forest-related issues have many different interpretations as to whether and how an ecosystem approach and SFM relate to each other.

In response to challenges arising from this definitional problem, recommendations were made to take necessary actions to clarify the conceptual basis of the ecosystem approach in relation to sustainable forest management at both the sixth Conference of the Parties (COP-6) to the Convention on Biological Diversity (CBD), and Resolution 3/4 of the United Nations Forum on Forests (UNFF).

Approach: Based on the request made by the CBD and UNFF, the objective of this study is to evaluate the link between the concepts of an ecosystem approach and SFM and, using case studies, to review the differences and similarities in the application of these approaches with a view to improve the conservation of biological diversity and sustainable use, and specifically:

- Outline the historical evolution and key operational features of the ecosystem approach and of contemporary SFM concepts.
- Review practical experiences in the application of SFM and the Ecosystem Approach.
- Explore how spatial and temporal perspectives inherent in the ecosystem approach and SFM can contribute to how we understand and address the economic, environmental and social trade-offs involved in land-use policy and practice.
- Suggest key policy and institutional interventions for operationalizing these concepts, and optimizing synergies between them, in contemporary resource management and planning.

Outputs to date:

Discussion paper for UNFF-4: A discussion paper, Ecosystem Approaches and Sustainable Forest Management, was jointly prepared and submitted by IUCN, PROFOR and the World Bank for the 4th session of the UNFF. The paper attempted to:

- Inform discussions at both the country level and within the UNFF and the CBD on the need for action or decisions to further the objectives of SFM and EsA;
- Suggest areas for further debate on the concepts of SFM and EsA to support the adoption of these concepts in national forest programs; and
- Clarify for all concerned forest interest groups the issues and opportunities for integrating some of the concepts underlying EsA into SFM for improved forest management.

A copy of this paper can be downloaded from:

http://www.iucn.org/themes/fcp/publications/files/esa_sfm/unff_final_sfm_esa.pdf

Expert Workshop on Sustainable Forest Management and the Ecosystem Approach: A follow-up workshop was organized by IUCN, PROFOR and the World Bank between 12 and 14 May 2004 bringing together experts from various countries in the Swiss Jura. Participants discussed and brainstormed on the relationship between the EsA and SFM concepts and assess how these two concepts can help operationalize the growing consensus that 21st century forest management should

address broader, multi-stakeholder, multi-scale and multiple function objectives. Based on discussions from the workshop, a set of regional and thematic case studies on this subject were commissioned, and terms of references for the contributing authors were finalized.

More information on the expert workshop is available at:

http://www.iucn.org/themes/fcp/experience_lessons/governance_esa_sfm.htm

Publication of initial findings: The commissioned authors submitted draft papers between June to October 2004. The key findings from these papers were then distilled into a special issue of the joint IUCN/WWF *Arborvitae* newsletter, entitled Changing Realities: Ecosystem Approaches and Sustainable Forest Management. This 12-page communications piece offered a summary of the key findings of the study to date, reviewing and clarifying the relationship between EsA and SFM. An important conclusion from the case studies documented is that many of the issues that the EsA principles highlight are already being addressed on the ground. The real value of EsA therefore is not as a competing concept to SFM, but as a set of general guidelines that help enrich the debate and provide a broad conceptual framework for resource management.

Downloadable PDF copies of Changing Realities: Ecosystem Approaches and Sustainable Forest Management are available at:

<http://www.iucn.org/themes/fcp/publications/arborvitae/avspecials/avspecials.htm>

Sponsored Workshop on Ecosystem Approaches and Sustainable Forest Management study at the WCC:

A sponsored workshop on Ecosystem Approaches and Sustainable Forest Management was held at the 3rd IUCN World Conservation Congress in Bangkok in November 2004. Approximately eighty participants attended this workshop and contributed to a lively discussion and debate on the topic. The participants represented a diversity of stakeholders, including various IUCN members and partners from around the world, several of whom contributed practical examples from a range of different countries such as India, Nigeria, Thailand, Canada, etc. The main message drawn from the workshop was that new approaches to forestry are needed. While this does not advocate creating another set of guidelines, it calls for being adaptive while still echoing the principles outlined in the CBD and the Criteria and Indicators (C&I) of the UNFF.

More information on the sponsored workshop is available at:

http://www.iucn.org/themes/fcp/experience_lessons/governance_esa_sfm.htm

Current Status: The full and final findings of this study will be published in the form of a book by Earthscan in April 2005. The book is expected to be launched at UNFF-5 in May 2005 and will be distributed among key leaders and stakeholders in the forest sector.

Budget	
FY04	\$120,000.00
FY04	\$30,000.00
Total	\$150,000.00

Support for Russian Forest Sector Reform

Thematic Area: Governance

Level: Country (Russia)

Partners: FINNIDA, GEF, Government of Russia, SIDA, World Bank

Background and purpose: In Russia, the importance of forest conservation, sustainable management and of forests' contribution to local livelihoods and economic development is increasingly recognized. In 2002 the President of Russia committed to reform the sector to improve the investment climate and foster sustainable development. As a result, forests have now reached center-stage of Russia's reform agenda, and the Government is remodeling the institutional and economic framework of the sector. The new vision is reflected in the new 2003-2010 Concepts for Forest Industry (December 2002) and for Forest Development (January 2003), and more recently, in the new draft of the Forest Code of the Russian Federation (expected to be submitted to the Parliament in early 2005).

In January 2003, the Russian Ministry of Natural Resources requested assistance from PROFOR, and a number of other donors to initiate a program of activities to assist in development of the reform process in the Russian forests sector. PROFOR supports analytical and consultative activities aimed at critical issues in governance, livelihoods and the sustainable management and conservation of Russia's forest resources. The idea of offering in-depth forest policy support was developed at a time in which the overall reform climate demanded quick action and development of models for institutional, legal and policy change. What began as an *ad hoc* dialogue has since been transformed into a successful and popular series of targeted, on-demand, thematic workshops and publications jointly sponsored by the World Bank, PROFOR and the Ministry of Natural Resources.

Objective: The overall objective of the Forest Policy Reform assistance, for which PROFOR's seed funding has been used, is to support the ongoing Russian forest policy and institutional reform process (new Forest Code and associated regulations), which would favor transition to more sustainable, transparent and otherwise sound forest management in the overall framework of ongoing economic and administrative reform. This in turn should result in a more favorable investment climate for responsible forest industry operations in Russia, which is the world's biggest producer of boreal softwood products.

Approach: PROFOR support to this objective (in collaboration with the World Bank and MNR) is provided through workshops familiarizing key forest staff and policy makers with international best practice approaches, and the publication and dissemination of the recommendations and proceedings of those workshops. These activities focus on identified key challenges:

- Improve the investment climate by creating an enabling policy, legal and institutional framework;
- Increase efficiency of existing forest financing mechanisms;
- Strengthen foundations for forest governance and fight against illegal logging;
- Implement change in forest management; and
- Build human resource capacity for sustainable management.

Outputs: *Workshops:* In February 2003 the World Bank/PROFOR sponsored and coordinated an international workshop on: Institutional Changes in Forest Management in Countries with Transition Economies. This workshop was held in Moscow in conjunction with the National Foresters' Congress in the Kremlin. There were representatives from 16 regions in Russia, as well as from 18 other Northern and Eastern European countries. It provided an opportunity for decision-makers within the Russian forest sector to benefit from the experience of Western European countries as well as from other transition countries which had gone through recent policy and institutional reforms. The workshop resulted in a number of conclusions and recommendations to inform policy

makers on the process of forest institutions and policy reform. These recommendations were subsequently published and disseminated in English and in Russian.

In June 2003, a Workshop on Problems and Prospects of Forest Concessions in Russia provided an opportunity to discuss forest concession arrangements and experience relevant to the Russian situation and resulted in a publication on the topic. The recommendations from that workshop informed the drafting of the revised Forest Code, which now proposes to discontinue the system of non-competitive, administrative allocation of 5-year leases and extend the maximum length of leases from 49 to 99 years.

Publication series: The PROFOR supported dialogue led to the launch of a primarily Russian-language publication series - *Changes in Forest Management in Transition Economies*. The series has been started in response to an increased interest from government officials, policy-makers and practitioners in the forest sector of Russia and other countries with transition economies in exchanging experiences and lessons from recent and ongoing changes in the national and local management of this globally important economic and environmental resource. See table for status of series:

Issue/Topic	Publication Status	
	Russian	English
1. Institutional Changes in Forest Management	<input type="checkbox"/> Dec. 2003	<input type="checkbox"/> Sept. 2003
2. Development of Forest Concessions	<input type="checkbox"/> Apr. 2003	Ready for editing
3. Fire Management at an Ecoregional Level	<input type="checkbox"/> June. 2003	Ready for editing
4. Federalism and Decentralization in Forest Management	<input type="checkbox"/> July. 2003	(based on English proceedings)
5. Training Needs in Forest Sector Reform	Feb. 2005 (printing)	-
6. Public Enterprises for Forest Management	Feb. 2005 (printing)	-
7. Forest Certification: How Markets Can Support the State	July 2005 (plan)	-
8. Curbing Illegal Logging Activities	July 2005 (plan)	-
9. Transforming Forest Organizations in Service Delivery Institutions	Sept. 2006 (tentative)	-
10. Management of High Conservation Value Forests	Feb. 2006 (tentative)	-

Additional related aspects: PROFOR has supported the Russian participation in several important international forestry fora, including the World Forestry Congress in Canada.

PROFOR supported work has contributed to the working group that drafted the policy document "Russian Forest Sector Development Scenarios until 2015" and subsequent dialogue on options presented.

Through PROFOR support, initial dialogue on illegal logging in 2003 and 2004 that led up to the government decision to take the lead in initiating a FLEG process for Europe and North Asia and to host a Ministerial Conference in 2005.

Budget

FY03	\$90,000.00
FY04	\$50,000.00
FY05	TBD
Total	\$140,000.00

Honduras: Forest Sector in Transition

Thematic area: Governance

Level: Country (Honduras)

Partners: Secretary of Agriculture and Livestock (SAG) and State Forest Agency (AFE-COHDEFOR), SIDA, NFP Facility, World Bank Latin America and Caribbean Country Operations, and Forest Trends.

Background and purpose: The forest sector in Honduras is in transition. Major changes include: modernization of the role of the state; decentralization and devolution of decision-making powers; and the increasing acknowledgment of the need to recognize forest land rights of forest populations and indigenous peoples and create incentives for local government actors to take lead roles in the conservation and management of public forest lands. These shifts in forest ownership and tenure imply redefinition of government policy and institutional frameworks with dramatic implications for forest conservation and livelihoods of significant percentages of the rural poor and forest-dependent households.

The objective of the proposal is to assist key Honduran forest sector leaders (Congressmen, Ministers, private sector, academic, NGO, organized community forestry groups) to make informed choices on strategic forest land and institutional issues being raised by the new Government's forest sector reform process and to involve in the process the next generation of leaders that will set the agenda for tomorrow.

Approach: The project will explore two fundamental questions:

What is the appropriate role for the State in relation to the current public forest lands?

How can the current situation -- with national public forest lands constituting more than 70% of the country's land area managed solely by central government -- be transformed to a more rationale situation, taking into account equity considerations?

Outputs: (i) Practical syntheses and case studies of experiences and lessons-learned in managing tenure, institutional, industrial, market and policy transitions in key forest countries.

(ii) A workshop with the current and 'next generation' of policy, stakeholder and market leaders from the Honduran forest sector, including Congressman, Ministers and representatives of municipal government, organized forestry groups and associations, NGOs, industry, academia and forest land owners, and

(iii) Dissemination of information from the syntheses and workshops to key policy, academic, forest sector and civil society organizations and forums, and bi-lateral/multi-lateral agencies.

Status: FY04: The workshop took place in May 2004. Presentations and case studies from the workshop are available from the Forest Trends website. **FY05:** Government plans to use these materials for ongoing capacity building and training. Proceedings of the workshop (in English and Spanish) are forthcoming; while follow-on work on community tenure and the roles of communities and municipal governments in forest conservation and management is under preparation.

Budget

FY04	\$75,000.00
FY05	\$50,000.00
Total	\$125,000.00

Evaluating the Efficiency of Public Service Delivery on the Forest Fringe in India: A User Report Card Approach

India: A User Report Card Approach

Thematic area: Governance (w/ links to Livelihoods)

Level: Country (India)

Partners: Public Affairs Center (PAC), Bangalore, India, Ministry of Environment and Forestry (Govt. of Jharkhand), WB-Country Operations

Background and purpose: Recent assessment of rural poverty in India identifies the state of Jharkhand to be of particular concern because the absolute numbers of poor are high and increasing. Jharkhand's forest dependant poor are especially vulnerable in this context. Forest fringe communities represent about 60% of the total state population and over 90% of the state's tribal people. Tribal groups strongly identify with forests for subsistence and cultural/spiritual reasons, as a safety net, and as a primary source of income. As part of its reengagement in the sector in India, the World Bank is involved in developing a participatory forest management project in the State with a total project cost of US\$65 million.

Combating rural poverty and improving livelihoods in the forest fringe areas depends in an important way on increasing access to and the productivity of forest resources on which the rural population is highly dependent. But it depends equally importantly on ensuring improvements in delivery of services such as roads, credit, drinking water, health, education, sanitation, livestock and agricultural extension services, electricity and energy, all of which contribute to welfare in direct and complementary ways.

In Jharkhand (as in most developing countries) these services are typically provided by the public sector and the efficiency of public service delivery has been constantly called into question. Public service delivery agencies are seen as overstuffed, under-resourced, corrupt and indifferent to the needs of their clients. Thus, there is a need for reforms related to improving governance, promoting transparency and accountability and reducing corruption, aligning staff skills and incentives with agency objectives, strengthening institutions, etc. Reforms are clearly called for, but need to be backed by diagnostic tools to pinpoint the nature of the problems and potential solutions.

Approach: A Citizens Report Card (CRC) is a powerful diagnostic tool in this context. It consists of gathering information on several aspects of these services, via an objective and structured survey of the users and intended beneficiaries. In addition, it can benchmark the quality of public services and help monitor changes over time. Through inquiring about the delivery of different public services such as forests, health, irrigation, water supplies and credit, in several project sites, the approach will allow a comparison of the relative efficiency of the most important service delivery sectors and help identify the problems in service delivery as well as approaches to addressing these problems. Building up an information baseline will be a special focus of this study. The findings from this survey will be of crucial importance in improving governance for service delivery at the forest-fringe, as well as in monitoring the progress and impacts of project interventions.

Outputs: In raising awareness about poor quality service delivery, public service agencies are held to achieving a higher standard of service delivery in forest fringe regions. This in turn empowers communities to demand and monitor better performance. Enhanced delivery on development programs then positively impact livelihoods, providing a good test case for exploring further this direct linkage between governance and livelihoods. Final products include a report highlighting the governance and institutional weaknesses related to five public service delivery sectors (forests, water, primary education, credit, health) and suggestions for reforms.

Status: Public Affairs Foundation contracted to undertake survey; identification of focus districts; survey in pilot sites began in March '04 and completed in June '04. 400 rural families were asked to

respond on the quality of five services provided publicly-forestry, primary education, drinking water, health and rural credit. The survey found relatively low overall levels of satisfaction with these services, but a rather large variation in satisfaction across services. A draft report is currently under finalization and will be soon available for dissemination as a PROFOR publication. On the basis of the findings of the pilot, the Government of Jharkhand has agreed to support a full-scale CRC study for the state.

Budget

FY04	\$25,000.00
FY05	TBD
Total	\$25,000.00

Enhanced Financing for SFM

Catalyzing Payments for Ecosystem Services and Connecting Communities

Thematic Area: Enhanced Financing for SFM

Level: Global

Partners: Forest Trends cooperating with the Katoomba Group, DFID, SURDNA, Packard Foundation, Citigroup, UNDP, UNEP, TerrAfrica, IUCN, U.S. Forest Service

Background and purpose: Worldwide, there is growing interest in market-based approaches to conservation. Public regulation and protected area systems, while critical, are insufficient to stop widespread resource degradation. For natural resources to be conserved they must be more valuable than the alternative uses of land and in order for them to be well-managed, good stewardship must be rewarded over bad stewardship. Markets and payments for ecosystem services, such as carbon sequestration, watershed protection, and biodiversity conservation are emerging as a viable alternative to protect and restore ecosystems while rewarding landowners for good land management practices. However, these approaches currently exist as pilots and certain barriers obstruct their development to an ecologically significant scale and among communities in developing countries.

Lack of information - about buyers and sellers, about how these markets work, about how to design and monitor payment systems - is the most fundamental barrier obstructing market development around the world. This lack of information leads to high transaction costs, confusion on how to value ecosystem services, high uncertainties and risk, and general suspicion of market mechanisms. This project is designed to overcome this barrier of information in order to motivate market activity among policy makers, private companies, and NGOs. In addition, it seeks to democratize information and understanding on these markets among landowners and communities that have traditionally been excluded from the benefits of market mechanisms.

Approach: A three-pronged approach will be used:

(1) **The Ecosystem Marketplace**, an internet-based clearinghouse and companion bulletin update, will serve as a 'one-stop-shop' of information on ecosystem service markets worldwide. By overcoming the informational and cost barriers that hinder low-income producers from accessing these markets, the Ecosystem Marketplace will democratize knowledge of and participation in these markets and generate action in a way that is significant for low-income rural communities. Additionally, the Marketplace will help to improve livelihoods of local communities by increasing incomes for low-income rural populations and communities who can deliver ecosystem services and biodiversity protection via improved forest stewardship.

(2) **Field-Tested Tools and Resource Materials for PES Project Planning, Design and Implementation** will be developed as resources for communities, NGOs, and policymakers whose content on how to plan, design, and implement payments for ecosystem services. The tools will provide practical guidance on establishing markets and payment schemes for ecosystem services and will be designed through guidance from community groups and others. They range from informational guides for project developers to pilot biodiversity offset projects around the world.

(3) In 2005, the **Katoomba Group activities will focus specifically on China**, a critical hot spot for the future of the global forest, and in Africa, most likely Tanzania, where ecosystem service markets have been particularly slow to develop.

Outputs: (1) The Ecosystem Marketplace will consolidate information on ecosystem markets into a single platform. It will enable policy development based on experience, market facilitation based on increased transparency and predictable information flow, and the ability to leverage innovation internationally. A timely bulletin update and an accompanying website for a broad audience of market participants, regulators, policy makers, NGOs, community groups and academic institutions

will be developed. The Ecosystem Marketplace will cover a range of transaction types including: CO2 emission reduction trades; water quantity and quality trades; wetlands and stream restoration trade; endangered species and biodiversity trades; and innovative policy developments, key announcements and investor moves.

It is anticipated that the Ecosystem Marketplace will play a highly catalytic role in promoting new markets and payments for ecosystem services by:

- Greatly reducing the “learning costs” for individuals and institutions who wish to initiate ecosystem service market activities;
- Providing critical, practical and up-to-date information about market developments to inform planning and investments;
- Serving as a market clearinghouse by enabling buyers, sellers and intermediaries to identify potential business partners and business service providers;
- Creating centers of expertise on markets for ecosystem services, through the regional nodes, that can support market players in those critical countries and regions;
- Facilitating horizontal information-sharing and learning by market actors; and
- Undertaking strategic analyses of the development and performance of new ecosystem service markets and payment schemes, based on the systematic collection of market information; and
- Providing a neutral source of information relevant to developing national and international policy and legal frameworks for ecosystem market development.

(2) Field-tested tools and resource materials for PES project planning, design and implementation that consolidate and develop training and support materials.

(3) Katoomba Group Activities in China and Africa:

Strategic planning meeting; Conburi, Thailand, November 20-21, 2004.

- National Katoomba Group Meeting; Beijing/ Shanghai, China, June, 2005: A diverse group of experts will work with Chinese policymakers in the State Environment Protection Agency and others to develop the state and scale of ecosystem service payments in China. Dialogue will draw from the experience of pilot field projects, from the experiences of Katoomba Group members working on projects around the world, and from global analyses.
- Regional Katoomba Group Meeting; Uganda or Tanzania, October, 2005: A diverse group of experts to work with East African policymakers, NGOs and other practitioners will meet to explore the potential role of ecosystem service markets in East African conservation and poverty reduction efforts and to begin to develop projects in this region.

Status: Project approved in December 2004, contracts underway

Budget	
Marketplace	\$35,000.00
Resource Materials	\$25,000.00
Katoomba Group	\$25,000.00
Total	\$85,000.00

Implementation of IPF/IFF Proposals for Action to Foster Sustainable Forest Management: A Retrospect and Prospects

Thematic area: Enhanced Financing for SFM

Level: Global

Partners: CPF and UNFF

Background and purpose: The United Nations Forum on Forest's work in support of sustainable forest management (SFM) is guided by its Multi-Year Program of Work comprised of sixteen elements based on the proposals for action of the Intergovernmental Panel on Forests (IPF) and the Intergovernmental Forum on Forests (IFF). At the third session of the UNFF (UNFF3) "Economic aspects of forests" was one of the major elements for discussion. To inform discussion, a paper was prepared providing a review of the status of efforts to implement proposals for action related to this element. The paper provided the basis for the Secretary General's report for UNFF3.

Approach: Using illustrative and promising examples of policy reforms, projects and programs at the national and international levels, this report describes the emerging global trends in implementation of the IPF/IFF proposals for action related to the economic aspects of forests. It also highlights the future challenges and key areas where international agencies, especially the UNFF, can best assist countries to accelerate progress in achieving SFM.

Output: Report of the Secretary General on the Economic Aspects of Forests for UNFF3.

Status: Secretary General's report completed, and resource person participated in ad-hoc expert group on technological transfer and finance December 2003. Follow-up work could include support to the Country-led Initiative in support of UNFF5: International Expert Meeting on Innovative Financial Mechanisms: Searching for Viable Alternatives to Secure Basis for the Financial Sustainability of Forests

Budget

FY04	\$25,000.00
FY05	TBD
Total	\$25,000.00

Enabling environment for private sector investment in SFM

Thematic area: Enhanced financing for SFM

Level: Global

Partners: World Bank, International Finance Corporation (IFC) World Business Council for Sustainable Development (WBCSD), WWF International and Forest Trends

Background and purpose: The project aims to explore how an enabling environment for responsible private sector investment in socially and environmentally sustainable forestry and forest industry projects can be created in developing countries and countries undergoing economic transition, and to identify approaches to improved forest management investments.

Approach: Phase 1: An Investment Forum was co-hosted by the World Bank, IFC, WBCSD, WWF International, Forest Trends and PROFOR in October 2003.

Phase 2: Follow up on outcomes from the 2003 Forum at the regional and national level. This will include analysis of the effectiveness of harmonized safeguard policies in selected regions and countries as a policy instrument for achieving SFM.

Outcomes: The Forum provided an opportunity for lively discussion that served to successfully hone in on key constraints needing further address, specifically:

Insecurity of raw material supply and political instability. These represent risks for investors and threaten the continuity of manufacturing operations. Special emphasis was given to the need for the reform of timber concessions, with the aims specifically of: introducing greater transparency into timber allocation processes; involving local communities in the dialogue; achieving equitable revenue sharing; encouraging value-added processing; and guaranteeing to responsible timber companies the long-term security of raw material supply.

Illegal logging and forest-related corruption. Illegal activities in many countries are a deterrent to responsible private sector investment. Numerous initiatives have been launched to address these issues, and some governments have displayed a willingness to put the issues of forest-related corruption and improved forest governance high on their agendas.

Lack of environmental assessment procedures and safeguard policies. This can both deter socially and environmentally responsible companies and encourage investment by irresponsible operators. Weak institutional mechanisms for the monitoring of environmental procedures and safeguard policies furthermore can impede the implementation of such procedures and policies.

Lack of consensus on independent certification. There is much confusion in the marketplace over the merits of the different certification schemes. Attempts to achieve mutual recognition so far have been unsuccessful, and the emphasis has shifted to development of minimum standards or legitimacy thresholds, and to the definition of processes for measuring step-by-step progress toward SFM.

Inconsistent strategies for the protection of high-conservation-value forests (HCVFs). The different strategies employed by industry and conservation groups to protect HCVFs and to integrate biodiversity protection into forest management practices must be brought into accord. Examples of successful collaboration were identified during the forum, and these and ways of encouraging their wider replication are discussed below.

Debate on the impacts of plantation-based forestry. Given the worldwide trend toward greater reliance on plantation forests, there is a need for agreement between the conservation community and industry on where and how plantation forests can be developed such that any potentially negative social and environmental impacts can be avoided. Small-scale farm and community-owned plantations can play a key role in contributing to income generation and to economic growth.

Markets for forest environmental services are underdeveloped. An enabling environment must be developed to help accelerate private sector investment in environmental services such as carbon sequestration, biodiversity protection, and water services must be encouraged through developing an enabling environment for such investment. Encouraging progress has been made in recent years, and some 280 deals have been concluded. However, uncertainties about these markets and their potential financial benefits remain a constraint to the replication of such deals.

The financial mechanisms and technical assistance support for small and medium-size forest enterprises are inadequate. The forum discussed opportunities for partnerships between larger forest industrial companies and small-scale, low-income producers. A number of partnerships are making a significant contribution to community livelihoods and to resolving problems such as the clarification of land rights. However, community bargaining power and the ability to mobilize capital remain weak.

The proceedings from the Forum address these constraints and possible solutions in more detail.

Status: Forest Investment Forum held October 2003. Proceedings published and distributed. National and regional level follow-up being pursued. Activities underway for Forest Investment Forum to take place in Kenya (see project on developing partnership-based and private sector financed approaches to management of forest resources in the East and Southern Africa regions.)

Budget

FY04	\$75,000.00
Total	\$75,000.00

Forest Fiscal Systems Reform

Thematic Area: Enhanced financing options for SFM

Level: Global

Partners: DFID, Ministries of Forestry and Finance, World Bank Country Operations

Background and purpose: The importance of well-designed and effectively implemented forest fiscal systems – specifically concession and revenue systems - has long been appreciated. Issues of resource tenure and security, royalties and benefit distribution, set the fundamental parameters for the private sector's utilization of an often publicly owned asset. Experience has shown that a well-designed and effectively implemented concession and revenue system can be a far more effective instrument in maximizing the forest sector's contribution to growth and development than a narrow, regulatory based approach.

An active debate on concession policies and forest fiscal systems has taken place for a number of years. Several countries, encompassing a diverse range of forest types and associated industries, are implementing or considering reforming forest fiscal systems. While their situations are different, in all cases the objective is to identify the practical ways to ensure that forests can be utilized sustainably and make a more positive contribution to national poverty reduction objectives (as defined in PRSPs or similar statements of policy) through stimulating growth and providing regular and enhanced revenue flows to governments.

Approach: This project initiates a process to engage key policy makers in selected countries to review experience of fiscal reforms for forests and share lessons on emerging best practices and strategies to move from current policies to best practices. The first phase would focus on tropical natural forests in selected countries from Africa, Asia and Latin America, including Brazil, Cambodia, Cameroon, Ghana, Honduras, Indonesia and Nicaragua. The policy makers would include officials from the ministry of forestry, but also the ministry of finance, and other key stakeholders from civil society and the private sector. The first phase of the process would include the preparation of short presentations in country by policy makers themselves. The policy makers would then have the opportunity to share this experience with other countries through an international workshop co-hosted by DfID and the World Bank in Washington D.C. on 19-21 October 2003. Policy makers will also develop an action program for reform of forest fiscal systems. A compilation of workshop proceedings were completed by February 2004. Follow-up work in key countries is also planned.

Outputs: Case studies on forest fiscal system reform, lesson sharing on best practices, international workshop and proceedings, and an action program for forest fiscal systems reform.

Status: FY04: Workshop took place and was a success based on feedback from participants collected via a structured questionnaire and quality of discussion. An Aide Memoire, briefing note and web page have been created as Workshop outputs; a workshop publication (based on 5 country papers) has been completed as a PROFOR publication in English, French and Spanish. Nalin Kishor attended follow-up meeting on Env. Fiscal Reforms (EFR). Aide Memoire included in OECD publication, "Environmental Fiscal Reform for Sustainable Development and Poverty Reduction". **FY05:** Outcomes of workshop presented at UNFF-4 along with an update on progress. Follow-up might include an international level meeting in Ghana in the first half of CY 2005.

Budget	
FY04	\$50,000.00
FY05 (committed)	\$50,000.00
Total	\$100,000.00

Improving Participation in and Coordination of PROFOR and NFP Related Activities in the Africa Region

Programmatic Area: Financing SFM

Level: Regional

Background and Purpose: The intellectual and strategic foundation of the Africa region forest work is in the World Bank Forests Strategy and policy, and the regional forest sector strategy, approved respectively in November 2002 and March 2003. Forest sector policy dialogue and donor portfolios have become defining areas for engagement by governments and other stakeholders in the Africa region. As one set of examples, some of the World Bank's forest lending and adjustment operations and Economic and Sector work (Tanzania, Cameroon, Congo for example) are being regarded as promising models for other African and non-African countries to follow.

In line with the PROFOR aim of transferring knowledge and sharing experiences to strengthen the capacity of national forest programs (nfps) and other forest related processes, there is an opportunity to engage with governments in Africa to capture new knowledge on approaches for SFM that the region is currently unable to capture. PROFOR activity in the region should serve to help overcome structural limitations that implementation of effective forest strategies must deal with: lack of environmental sensitivity, financing and human resource limitations, uncertainties posed by continuously evolving emphases on instruments, resources and management approaches.

Approach: In order for the Africa region to successfully integrate PROFOR concepts and thematic areas in forest management, the following approaches have been taken: 1) integration of PROFOR objectives in the Africa region's forest ESW, 2) incorporating PROFOR principles into primary development programs and strategies, 3) laying the foundation for lending inclusive of PROFOR objectives and 4) PROFOR principles working through Africa region partnerships

Integration of PROFOR objectives in the Africa region's forest ESW: Re-vitalization of forest operations has been guided by ESW and diagnostic work in the Africa region. The Africa region has developed a significant pipeline of ESW to promote and inform the region's lending practices with eight non-lending pipeline and special activities being planned between FY04 and FY06. This work has encompassed PROFOR's four thematic areas, thereby reinforcing the importance of PROFOR objectives, particularly to the Africa region's forest program.

Incorporating PROFOR principles into primary development programs and strategies: The Africa region is in the process of re-casting and presenting its forest sector program according to PROFOR concepts and priorities to demonstrate that these are a key to achieving the broader sustainable development objective.

Laying the foundation for lending inclusive of PROFOR objectives: ESW and primary development strategies and programs which incorporate PROFOR objectives lay the groundwork for many of lending programs and operations in the Africa region.

PROFOR principles working through Africa region partnerships: The Bank and external partners can help to promote the realization of the objectives of better forest management and conservation through working together analytically and financially and sharing their experiences and information. Partner organization in AFR includes DFID in Cameroon, European Union in Dem. Rep. of Congo, AFD in Gabon and WB-WWF Alliance.

Status: Initial scoping exercise and report completed. Potential further work in the Congo Basin to be determined.

Budget

FY05	\$40,000
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Economic Incentives for Land Restoration and SFM

Thematic area: Enhanced Financing for SFM

Level: Regional

Partners: Colombian Ministry of Environment, CI-Colombia, IUCN, CIFOR, NFP Facility, ITTO, Forest Trends, World Bank RUTA project (Costa Rica)

Background and purpose: The value of ecosystem services provided by forests, including climate stabilization, carbon storage, potential protection of hydrological function and biodiversity conservation is becoming better recognized. Economic benefits from emerging markets for carbon, water and biodiversity conservation are catching the attention of forest policy makers and resource managers. Different types of mechanisms are emerging, from public payment systems to user rights, new trading schemes to numerous private deals.

The purpose of this activity is to take stock of the experiences with payments for environmental services from forests and biodiversity throughout Latin America and to provide input to the dialogue in Colombia on a new forest law, which may develop new economic and financial instruments for the implementation of Colombia's National Forestry Plan as well as aspects related to land restoration and rehabilitation of degraded ecosystems.

Approach: A regional workshop will be held with presentations on experiences with payments for environmental services from forests and biodiversity throughout Latin America. It will draw together policy makers and conservation practitioners to discuss both payments for environmental services and forest restoration in order to strengthen the relationship between rural development, forestry and other conservation approaches. Knowledge shared at the workshop will be synthesized and disseminated to interested audiences.

Outputs: A three-day regional workshop in Bogotá, Colombia; a synthesis report of presentations delivered and discussion held at the workshop (in Spanish and English); a synopsis of the type of forest restoration efforts throughout the region and draft policy recommendations for Colombian forests; and identification of experiences and best practices to be documented and shared.

Status: The workshop took place in February 2004. An eight-page synthesis report was produced in both Spanish and English, and has been disseminated broadly. The workshop yielded recommendations for Colombia's forest law, which has yet to be adopted. Presentations from workshop available at Conservation International website: <http://www.conservation.org.co/>

Budget

FY04	\$95,000.00
FY05	
Total	\$95,000.00

Building Forest Policy Analytic Capacity in China-- Building Basic Models of Forest Supply

Thematic area: Innovative Financing of SFM; Governance

Level: Country (China)

Partners: State Forestry Administration—Forest Economics Development Research Center.

Background and purpose: China's forestry sector continues a radical transformation. A pattern of forest depletion has been reversed in China and replaced by the world's largest afforestation process. Centralized command and control of the sector is being replaced with various forms of private, localized and frequently highly autonomous management arrangements. China is increasingly integrated into and significant in the world wood economy, becoming in a period of less than ten years one of the world's largest importers of wood and wood products and an increasingly important exporter (and re-exporter) of wood products including pulp, paper and furniture.

Managing forest policy for this increasingly complex, sophisticated and market-driven sector, is placing new and largely unexpected challenges on Government authorities, which, having initiated change, are increasingly hard pressed to ensure that reforms continue and succeed in environmental, economic and social terms. In particular, capacity to conduct modern economic analysis of possible policy reforms and initiatives with China, and within the State Forestry Administration (SFA) is seriously limited. The sector has been judged to be seriously lagging behind other sectors in such critical economic reform areas as taxation, regulation, land tenure and enterprise reform. As a result, there is a risk that future reforms will not be based on well-reasoned analysis. The SFA is committed to establishing the necessary capacity both within China generally and, especially, within the Forest Economics Development Research Center (FEDRC). FEDRC recognizes that it is stretched beyond its ability to provide the SFA and others quality economic analysis and has identified supply analysis as an area of particular capacity building need. This proposal is the result of an initiative by SFA and consultation with the Bank on methodology and approach.

Approach: The proposed project aims to build on current skills and interests of FEDRC to provide forest policy decision-makers with well justified advice and perspective on the impacts of alternative policy reforms and initiatives on the supply of forest goods and services and to institutionalize a stronger, collaborative and modern policy analysis capacity within the sector and the SFA.

Outputs: Outputs include reports and workshops exploring timber and forest supply from major components of the Chinese forestry sector (e.g. geographic regions and management arrangements, such as small farmer, communes and state forest farms) in relation to alternative policy and institutional options. Particularly important policy questions to be examined will include timber and enterprise taxation, land tenure and regulatory and transport policies.

The study will be part of the ongoing work program of FEDRC and will feed into development of the Bank's investment and policy dialogues with the Chinese Government. A series of reports, studies and workshops for national and international audiences will result, with recommendations for Chinese forest policy reforms related to topics such as timber taxation, licensing and regulation and land tenure.

Status: FY05: Contracts underway with FEDRC and international consultant; Workshop planned for June/July 2005

Budget	
FY05	\$75,000.00
FY06	\$75,000.00
Total	\$150,000.00

Developing Partnership Based and Private Sector Financed Approaches to Management of Forest Resources in the East and Southern Africa Regions

Thematic Area: Enhanced Financing for SFM

Level: Country (Kenya - with implications for other countries in the region)

Partners: FINNIDA, JICA, DFID, USAID and other bilateral donors, IFC, WWF, Kenya Timber Industries Employers Association, Forest Action Network, Kenya Forest Working Group, and Kenya Forest Research Institute.

Background and purpose: A combination of corruption and illegal excisions in the latter half of the 1990s reduced the area of industrial plantations in Kenya government forest reserves from 160,000 hectares to about 120,000 hectares (of which something between 20,000 and possibly as high as 40,000 hectares of logged-over forest lands have not yet been replanted). These forest excisions have created major environmental, economic and social problems. Illegal logging in indigenous forests has mushroomed and is negatively impacting on the biodiversity and the vital water catchment protection functions of Kenya's remaining upland forests. Further, uncertainties about the possibility to sustain the industrial round wood (IRW) requirements for Kenya's sawmilling, wood based panel and pulp and paper industries led to a government decision in the late 1990s to ban logging and to close down most sawmilling enterprises. As a result, many displaced forest workers are living in shanty townships, wood costs have soared, and the future survival of Kenya's pulp, paper and wood-based panel industries is under serious threat.

The Ministry of Environment and Natural Resources has initiated a series of forest inventory and other studies that will help to clarify the area of plantations remaining and their projected yields. A Forest Restructuring Committee is studying possibilities for institutional reform of the government's Forest Department.

A Forest Bill currently being considered by Parliament will, if ratified, shift the emphasis for management of part of the industrial plantation estate to local communities, smallholders and the private sector. A Forest Department Forest Sector Reform document recommends that the government should introduce participatory management-based approaches in 15,000 hectares of government plantations and pilot schemes in a further 25,000 hectares. The Forest Bill places very strong emphasis on community involvement and on the need to expand farm forestry.

A Forest Investment Workshop hosted by the World Bank and PROFOR in Nairobi in November 2004 identified several possible business-community or business-smallholder partnership-based approaches that could be suitable for pilot scale testing. To kick start the process of forest recovery, a World Bank/PROFOR mission met with government and with representatives of leading industry association's business interests and conservation organizations to discuss possible next steps. In addition to an updated inventory of remaining forests (likely to be supported by an FAO project), another topic of immediate priority was the need for updated information on the financial viability of forest investments and strategies for attracting private sector investment. Also of concern is the topic of business-community or business-smallholder partnership arrangements for the management of both natural forests and on-farm tree resources.

Approach: This work will build upon PROFOR results from designing equitable concession and fiscal policies, as well as analysis on the constraints and opportunities for private sector investment.¹ Two senior consultants will, in collaboration with Bank Regional and ESSD staff, undertake preliminary studies of these issues in Kenya.

¹ See Institutional Changes in Forest Management (PROFOR 2003)
Reforming Forest Fiscal Systems (PROFOR 2004) and
The Forest Investment Forum : Investment Opportunities and Constraints.(PROFOR 2004)

A multi-stakeholder task force will be created which includes representatives of key government ministries, private sector firms, financial, conservation and policy research institutions. It is expected that this task force would play a key role in guiding these reforms. In addition, in partnership with the work of the World Bank/WWF Alliance, the task force will oversee capacity development for independent certification of forest harvesting and management operations.

In early 2005, a work program could potentially:

- Expand an already identified list of promising existing or potential initiatives
- Generate criteria for fine-tuning and reducing the list to a manageable size
- Further investigate the initiatives on the list
- Identify which initiatives would benefit from targeted external support
- Design appropriate technical and financial interventions in support of a selected number of initiatives

Much of what is being suggested in this work program could benefit from further analysis of lessons being learned from similar privatisation schemes that are being tested in other countries of the East and Southern Africa regions. These will be further explored as the work proceeds. It has been suggested that at a later stage, PROFOR might wish to consider providing “seed” funding to finance a regional Forest Investment Forum that would provide an opportunity for countries in the region to share such experiences. This could usefully build on earlier Bank/IFC experience of hosting a multi-stakeholder Forest Investment Forum in Washington D.C. in October of 2003.²

This Bank/PROFOR catalytic activity has been carried out in close collaboration with IFC other donors and technical assistance agencies such as Finland, Belgium, USAID, JICA, DFID, the EU, the Netherlands FAO, UNDP and IUCN. It is likely that some elements of this proposed work program could be folded into ongoing activities being supported by such donors. It is relevant to note that in addition to the Bank, three of PROFOR’s current donors have ongoing forest related bilateral aid programs in Kenya that are financing activities of direct relevance to this ongoing PROFOR initiative. They are FINNIDA, DFID and JICA. Discussions are ongoing about possibilities to engage more directly with FAO’s nfp Facility.

Outputs: Three reports are anticipated on the following topics:

- Kenya Forestry : Economics and Financial Viability by Roger A. Sedjo (Resources for the Future)
- Forestry Partnerships in Kenya A Review of Issues for business- farmer, and government community – business arrangements for wood production :James Mayers (IIED)
- Kenya Interim Industrial Wood Supply Strategy : John Spears (World Bank)

Status: Study on advancing farm forestry through public-private partnerships underway; analysis of industrial wood supply underway.

Budget

FY04	\$80,000.00
FY05	\$50,000.00
Total	\$130,000.00

² (See “The Forest Investment Forum: Investment Opportunities and Constraints.” PROFOR 2004 That Forum was jointly supported by the World Bank/IFC/WWF/ Forest Trends and the World Business Council for Sustainable Development.

Cross-sectoral Cooperation

Forest Impacts and Opportunities in a Development Policy Lending (Adjustment Lending) in Brazil

Thematic Area: Cross-sectoral Cooperation

Level: Country (Brazil)

Background and purpose: At the PROFOR donors meeting in October 2002, it was agreed that PROFOR should seek to extend the analysis of the potential impacts on forests that can result from large economic adjustment-type operations. The Latin America and Caribbean Region's portfolio is serving as a pilot to test approaches to screening impacts on forests (see project description above), and the Brazil Competitiveness Programmatic Operation (CPO) was initially identified as a case study within the region. However, recent developments have indicated that this operation may soon be altered significantly from its original design, and may in the process become less interesting as a case study for the purposes set out for this PROFOR activity. Accordingly, reconsideration of which of the several forthcoming programmatic operations in Brazil might be best for this purpose is currently underway.

When a decision on this is made, the objectives of the PROFOR activities will be:

- to analyze the potential significant impacts of reforms proposed in the selected programmatic operation on forests, and people dependent on those forests;
- to explore ways that these significant impacts – if adverse – might be anticipated so that they can be ameliorated or offset;
- to examine ways in which positive impacts of the selected operation on forests might be improved or enhanced; and
- to draw out the broader lessons for adjustment-type activities (from any source) to incorporate in a best practice guide for global discussion and dissemination.

The first task is a *prima facie* identification of elements of the reform package that might have indirect impacts upon forests. Aspects of the selected operation which bear further examination, in the context of potential forest impacts, would include things such as intentions to: improve basic infrastructure services (presumably including roads near forests), reform land markets, and decentralize various government powers to local level administrations and communities. These, and a number of similar reforms commonly proposed in programmatic operations have the potential to impact upon forests adversely, but also to actually produce improved forest outcomes, depending on how they are designed and applied.

The second task is to explore further some ideas on tradable development rights relating to forested areas which have been developed in Brazil. These ideas will assist in determining the extent to which reforms based on the outcome of this analysis are relevant to the competitiveness of the adjustment operation, and how they could be incorporated into this structure. Some pre-existing research suggests that trading could drastically lower compliance costs for retention of forests on agricultural or grazing land (increasing political acceptability) and yield a superior environmental outcome. It could establish a large scale market for environmental services, encouraging forest regeneration in key biodiversity corridor areas in the Atlantic Forest, and promoting intensification rather than extensification of agriculture in the Amazon.

This could be a powerful market mechanism to protect marginal Amazonian lands from deforestation, complementing ongoing Brazilian efforts to set up a comprehensive national forest and protected areas systems. Stronger enforcement of laws to deter deforestation may be a necessary counterpoint in the proposed project on competitiveness, since increased competitiveness of the soy and cattle sectors would tend to increase pressures for deforestation. Stronger enforcement of the legal reserve requirement would boost federal property tax (ITR) revenues, since many landholders

currently make excessive claims of their tax-exempt legal reserve. However, at the same time, increased collection of ITR boosts the incentive to put land under legal reserve or private reserve status. Furthermore, legal reserve trading could provide a means of implementing biodiversity corridor rehabilitation under the GEF Parana Biodiversity Project and the PPG-7 Ecological Corridors Project.

Activity	International Partners	PROFOR Resources
1. Analysis of specific impacts of reforms and policies on forests, especially infrastructure and decentralization	WB country offices & OPCS; bilateral agencies;	- consultancies = \$23,500 - travel, workshops = \$22,800
2. Analysis and policy recommendations on tradable development rights for forests	WB country offices; Brazilian research agencies; bilateral agencies	- consultancies = \$52,000 - travel, workshops = \$26,600
3. Report preparation		= \$15,000
TOTAL		\$140,000

Best practice for eliminating adverse forest outcomes and enhancing beneficial forest outcomes from adjustment lending: Case of the Poverty Reduction Support Credit (PRSC) for the Cooperative Republic of Guyana

Thematic area: Cross-sectoral cooperation

Level: Country

Background and purpose: At the PROFOR donors meeting in October 2002, it was agreed that PROFOR should seek to extend the analysis of the potential impacts on forests that can result from large development policy lending (DPL) – adjustment - operations. The Latin America and Caribbean Region’s portfolio is serving as a pilot to test approaches to screening impacts on forests (see project summary above). The PRSC for Guyana is a case study in applying the approach.

The objectives of the PROFOR activities are:

- to analyze the potential significant impacts of reforms supported by the PRSC on forests;
- to explore ways that these significant impacts – if adverse – might be anticipated so that they can be ameliorated or offset;
- to examine ways in which positive impacts of the PRSC program on forests might be improved or enhanced.

Approach: The first task is identification of elements of the reform package that might have indirect impacts upon forests. Three elements in the policy matrix of the PRSC document which bear further examination in respect of potential impacts upon forests, are: (i) the measures envisaged for the possible follow-on PRSC III related to decentralization of functions and fiscal powers to local governments and communities; (ii) the macroeconomic objective in the program points to the possibility of an increased reliance on revenue contributions from forests and mining; and (iii) rationalization and expansion of the sugar sector is also contemplated in the overall PRSC supported program, which may have forest implications.

The second task relates to passage of appropriate forests legislation, which is envisaged as a key reform measure under PRSC II. In view of the projected macroeconomic and decentralization proposals noted above, and likely advocacy by the mining and sugar industries will be critical to ensure that the current draft of this legislation is adequate to protect the basic national sustainability and protection goals for forests. An expected timetable for development and passage of the legislation will be coordinated with PRSC II processing.

The third task relates to expansion of the mining sector, which in the past in Guyana has led to significant impacts on forest areas. Continued expansion, as projected in the Government’s program supported by the PRSC and other donors can be expected to maintain pressures on forests. Environmental liabilities created in forests and elsewhere by poorly managed expansion will inhibit modernization and rationalization of the mining sector itself, in addition to whatever damage is done to forests’ potential.

Activity	International Partners	PROFOR Resources
1. Analysis of specific impacts of reforms and policies on forests, esp decentralization, reliance on increased forest revenues, expansion of sugar sector	WB country offices & OPCS; bilateral agencies	- consultancies = \$17,000 - travel, wksps = \$17,000

2 Incorporation into developing forest legislation of adequate measures to protect forests in view of mining and sugar sectors	WB country offices; bilateral agencies; international environmental NGOs	- consultancies = \$15,000 - travel, wksp = \$21,000
3. Comprehensive environmental assessment of mining sector impact on forests.	international environmental NGOs	- consultancies = \$35,000 - travel, wksp = \$45,000
TOTAL		\$150,000

Knowledge Management

International Partnership for Forestry Education (IPFE)

Programmatic Area: Knowledge Management

Level: Global

Partners: CIFOR, FAO, ICRAF, SILVA Network, World Bank Institute, universities (including Australian National University, Canterbury, Oregon State University, University of British Columbia, Universities of Andes, Freiburg, Melbourne, Oxford, Southern Cross, Stellenbosch, and Yale).

Background and purpose: At the outset of the 21st Century, university forestry education is profoundly challenged by changes in national higher education systems which have diminished capacity to support specialist programs with the relatively modest student numbers that characterize forestry. As a result, many individual educational institutions can no longer sustain the desired breadth and depth of forestry education, with adverse implications for those societies' capacities to deliver forest products and services. At the same time, technological and educational changes are enabling new forms of learning resources and collaborative learning. The IPFE is a consortium of institutions committed to forestry education, working together to enhance and facilitate university-level forestry education. IPFE's purpose is to strengthen university-level forestry education worldwide by facilitating and supporting collaborations that capitalize on the comparative advantages of and synergies among diverse institutions committed to education about forests and forestry.

Approach: Through various forms of partnership and cooperation, IPFE seeks to enhance the individual and joint capacities of member institutions to deliver world-class forestry education, by: (a) identifying and sharing existing educational resources more effectively; (b) developing and sharing new resources to meet contemporary needs and to fill gaps; and (c) facilitating the efficient provision of these resources to members, and helping to close the knowledge and educational gaps among institutions and regions - including through the accession or creation of resources that would not be available to individual members acting unilaterally. IPFE aims to catalyze, facilitate and support collaboration between its members by:

- identifying existing learning resources which might be available within the partnership, new learning resources which members wish to access, and the forms of delivery which might be possible;
- establishing appropriate 'clearing house' and delivery mechanisms for sharing and using such learning resources;
- working with existing networks (*eg* World Bank Global Development Learning Network, FAO and its regional entities, relevant CGIAR Centers) to maximize synergies, efficiencies, scope, and reach;
- securing the funding and academic collaboration necessary to support the development and sharing of new educational resources, and the technologies for their delivery, according to agreed priorities and protocols;
- providing leadership, coordination, and support through an appropriate representative governance structure, including an IPFE Secretariat.

Status: DGF funding of \$150,000 dispersed. Interim management committee and Secretariat for IPFE has been established. After a call for proposals, six pilot projects were identified as initial IPFE activities. Based on proposals submitted, a gap analysis was carried out to help identify where support to forestry education is most needed.

Communications and Knowledge Management

Programmatic Area: Knowledge Management

Level: Global

Background and purpose: Communications are central to PROFOR's operational approach, specifically with regard to the generation and dissemination of information and experiences on concepts, approaches, strategies, tools, and best practices related to PROFOR's thematic areas of work. PROFOR's communications infrastructure and activities at the global level aim to put in place the materials, tools and networks necessary to support the communication outputs specific to each PROFOR project and ensure that they reach the appropriate target audiences in an effective manner. It is important to note that all communication aspects of each project are incorporated into the budget of each project, with support in facilitating the production and assuring the quality of such products coming from this global communications infrastructure and activities project.

Approach: PROFOR's communications approach is based on the following:

- Communication of lessons learned, best practices, case studies and analytical tools relating to PROFOR's thematic work through publications, website, briefing notes, newsletters, workshops, and other appropriate modes;
- Tailoring these communication products to meet the specific needs of PROFOR's varying target audiences (client countries, donor agencies, NGOs, international organizations, international forest policy community) and outreach to target audiences for awareness raising through website, brochure, publications, briefing notes, workshops, etc;
- Networking with partners (international organizations, NGOs, governments, etc.) undertaking complementary work, so as to have access to the best available information and knowledge and access to communication channels, networks, and means for PROFOR to disseminate communication products;
- Supporting project-specific outputs such as workshops, publications, briefing notes, stakeholder dialogues and public awareness-raising products (i.e. newspaper articles, radio shows, posters) to ensure consistency in products and to maximize their dissemination and uptake by various target audiences; and
- A feedback system for partners and clients to evaluate what communication services are most effective and to identify additional materials/resources needed.

Outputs: PROFOR branding including set of style standards and templates (presentations, publications, briefing notes, newsletters, etc.); PROFOR global website; PROFOR publication series (style and distribution management); awareness raising events (i.e. book launches, presentations, side events and material tabling at international conferences, brown bag lunches at Bank); and mainstreaming of PROFOR concepts within the Bank.

Status: A logo, program brochure, publication template (exterior and interior), briefing note template, and revised website were developed in FY03/04 and continue to provide the basis for PROFOR branding and outputs. Recent PROFOR communication activity highlights:

Dissemination and outreach: PROFOR materials are disseminated to a PROFOR contact database and to relevant workshop participant lists in both electronic and hard copy format. Outputs are posted on the website in electronic format and are available by request through the website. Materials are also distributed to World Bank Public Information Centers (PICs) throughout the world, distributed at World Bank internal events such as ESSD week, and tabled at all PROFOR workshops and events as well as at international events such as the IUCN World Conservation Congress, the World Forestry Congress, the UNFF and UNFF intersessional and country-led initiatives, CBD meetings, and World Bank annual meetings. PROFOR makes use of the Forests-I distribution list managed by IISD and the UNFF Secretariat as well as of partner publication and networks – such as IUCN's *Above Vitae* and *ETFRN News*.

PROFOR website: the website (at: <http://www.profor.info>) provides summaries of PROFOR activities and outputs. A new feature to the website is a publication order form which enables more targeted dissemination of materials. Electronic PROFOR periodic updates inform target audiences of new material and significantly increase visits to the website.

Publication outputs to date: *European Tropical Forest Research Network (ETFRN) Special Report on National Forest Programs (no 41-42 Autumn 2004)* - The NFP Facility and PROFOR cosponsored special edition of ETFRN

The Forest Investment Forum: Investment Opportunities and Constraints – Proceedings and analysis. 2004.

“Economic Incentives for SFM and Land Restoration” (English and Spanish) – eight page briefing note summarizing outcomes of the February 2004 workshop.

“Forest Fiscal Systems – A Workshop Summary” (English, French and Spanish) – three page briefing note summarizing outcomes of October 2003 Workshop.

Reforming Forest Fiscal Systems: An Overview of Country Approaches and Experiences (English, French and Spanish) - book including country background papers and workshop proceedings.

“Aide Memoire on the International Workshop on Reforms of Forest Fiscal Systems to Promote Growth, Poverty Reduction and Sustainable Forest Management”- published in OECD Division 44 *Environmental Fiscal Reform for Sustainable Development and Poverty Reduction. 2004.*

Institutional Change in Forest Management: Experiences of Countries with Transition Economies: Problems and Solutions (English and Russian) – studies and presentations from February 2003 Workshop.

Implementing the Proposals for Action of the Intergovernmental Panel on Forests and the Intergovernmental Forum on Forests – (English, French and Spanish) - Summary of the IPF/IFF Proposals for Action intended to facilitate national-level implementation of the proposals for action.

Russian Publication series covering following topics: Problems and Opportunities in Forest Concession Development; New Approaches to Fire Management at an Eco-regional Level; and Training Needs in the Forest Sector Reforms. These are available at:

Articles in periodicals:

“The Reward of a Small Purchase of CO₂ Emissions” *Abore Vitae*, May 2004.

“Practicing What We Preach: The Reward of a Small Purchase of CO₂ Emissions” *World Bank Today* (an internal communications publication), December 23, 2004.

“Responsible Forest Investment” *World Bank Development News*, October 17, 2003.

Speaker events: PROFOR organizes brown bag lunch events at the World Bank on an average of every other month.

Budget	
FY04	\$40,000.00
Fy05	\$60,000.00
Total	\$100,000.00