



Advisory Board Meeting, February 7-8, 2008

Overview and Action Points for Follow Up

PROFOR held its fifth Advisory Board meeting at FAO Headquarters in Rome on February 7 and 8, 2008. The Board discussed a range of issues including the latest developments of forest activities at the World Bank, the state of the PROFOR portfolio and key outcomes from 2007, the recent request for proposals as revised at last years meeting, and priority topics for upcoming activities. (See Annex 1 for the Agenda and Annex 2 for list of participants). The group also heard by videoconference from World Bank management on the relevance of PROFOR work within the World Bank, and from the authors of three PROFOR-funded activities, as well as one activity requesting funding for the coming year.

Throughout the day and a half of discussion, the following points were identified for follow up:

- Review the details of the Operational Guidelines, and prepare information for new donors and Advisory Board members that summarizes PROFOR's working modalities
- Have budget reporting tables better reflect cost categories, level and origin of co-financing, and duration of each PROFOR activity
- Provide donors with medium term funding outlook (including anticipated income)
- Adopt an e-based reporting format to facilitate monitoring of activities
- Continue collaboration between NFP Facility and PROFOR, potentially structuring it around one area of work per year
- Focus research on gap analysis and synthesis and bring players together
- Undertake flagship activity on one or more key topics agreed by the Board

Also, the following comments made throughout the meeting are provided for the record:

- Advisory Board expressed no objections to PROFOR exploring alternative institutional arrangements for better aligning its activities with other World Bank partnership programs, specifically exploring the integration of PROFOR and FLEG
- Advisory Board endorsed increase in PROFOR budget expenditure for technical staff related to hiring one additional technical level staff commensurate with the requirements of the annual work plan
- Advisory Board felt there is a need for PROFOR to play catalytic and advisory role in REDD and pilot methodological approaches under its four thematic pillars. Targeted guidance in this area should be provided to those doing roll-out
- Advisory Board acknowledged that the role of forests in water management could possibly become a new priority theme. For now it should be included under proposed adaptation work.
- Advisory Board expressed appreciation for efforts of PROFOR team in making progress delivering on some key strategic issues at a time of considerable change and uncertainty.

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

Latest Developments within the World Bank Relevant to PROFOR's Work

PROFOR Manager Gregor Wolf made a presentation that covered the World Bank's portfolio of forest activities, new initiatives, conclusions of the Forest Strategy Review of Implementation as they relate to PROFOR, and progress on the Global Forest Partnership (GFP). The portfolio of World Bank activities that are exclusively dedicated to, or contain an element of forestry work through development policy or investment lending totaled over \$136 million at the end of Fiscal Year 2007.

A description of the Bank's work in Reduced Emissions from Deforestation and Degradation (REDD) and the new Forest Carbon Partnership Facility (FCPF) launched in Bali in December 2007, both strongly supported by PROFOR, was provided.

The group heard background on how the idea of a GFP came into being, and the latest developments within the World Bank related to it: strong support reaffirmed by senior management, stakeholder consultations concluded, two exploratory meetings held and additional funding being sought through the World Bank's development grant facility to continue to develop the concept in a consultative and participatory manner.

It was agreed that as the World Bank organizes its forestry work and instruments further, PROFOR should play an important role as interface between climate change discussions and sustainable forest management (SFM). PROFOR could also play a role in promoting a portfolio approach for UNFF NLBI, bringing better results at local level, and leveraging its World Bank networking abilities to ensure cross-sectoral synergies in SFM.

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

Diji Chandrasekharan Behr, Natural Resource Economist on the PROFOR Team, presented the PROFOR Progress Report, including an overview of the portfolio, finances, key outcomes, new products and a review of the recently revised Request for Proposals (RFP). Over the course of calendar year 2007, there were 19 activities, five of which were completed during the year. Of these, seven were active at the global level, four at the regional level and eight at the national level, although some global activities had national components. Their distribution according to thematic area is as follows: livelihoods (4); governance (4); financing SFM (6); cross-sectoral cooperation (3) and knowledge management (2). The PROFOR budget was US\$1.2 million for fiscal year 2006 (ending June 30, 2007) and \$422,192 for the first half of fiscal year 2007 (July-December 2007). Total leveraged funds on the 19 projects active during 2007 were just over US\$ 2.3 million.

Key outcomes for 2007 include PROFOR's support on

- analytical work that looked at the potential for Reduced Emissions from Degradation and Deforestation (**REDD**) in Indonesia, which informed the COP 13 in Bali and whose final output will be a consolidated report with concrete proposals for action to achieve REDD;
- the **Means of Implementation background paper** regarding considerations for financing the NLBI was submitted and well-received at UNFF 7;
- a collaborative effort led by Forest Trends to explore the potential for **combining certification of sustainable forest operations with certification** required for the payment for ecosystem services (PES); and
- its work on the **Poverty-Forest Linkages Toolkit**, which underwent pilots in four countries over the last year all of which are beginning to show signs of influencing national policy processes.

Please see PROFOR Progress Report January 2008 for more comprehensive information.

During this presentation, questions from new Board members on how PROFOR operates pointed to the need for synthesized information for incoming members on PROFOR's modalities, and additional details in Operational Guidelines. This has been identified as an action point for follow up.

Request for Proposals – Process, Outcomes and Lessons Learned

At last year's Board meeting it was agreed that with respect to the 70% of PROFOR activities that need to respond to strategic directions, a new approach with a call for proposals on specific key themes would be used.

At this year's meeting, Diji Chandrasekharan Behr and Gregor Wolf presented the process and outcomes of a new targeted request for proposals and some of the lessons that came out of the process.

The targeted request for proposals was issued in October 2007 with a specific list of topics it was looking to support under PROFOR's four thematic pillars (see Annex 3-Request for Proposals). Approximately 20 proposals were received as of the time of the meeting in the following thematic areas: Livelihoods (7), Governance (6), Innovative Financing (3), and Cross-Sectoral (1). Proposals spanned the following levels: Global (8), Regional (2), Country (10).

The screening process comprised the following elements

- PROFOR screening for fit with RFP
- Technical screening involving Bank colleagues with relevant regional and thematic expertise. To facilitate some uniformity in the review process, we requested reviewers to use specific screening criteria
- PROFOR reviewed final scores against minimum score requirement and identified "finalists"
- Final selection will be based on score, qualitative assessments, and portfolio considerations

Ten activities passed the initial PROFOR screening and of those, three responded to the other selection criteria and an additional four received qualitative assessments that suggested high potential if specific aspects can be discussed with and adapted by the proponents.

PROFOR reported several lessons it had drawn from the process. The process generated technically strong proposals yet submissions did not generate a cohesive body of work that builds on state of knowledge and/or prior PROFOR activities and products. The relevance of activities to stakeholders from a country perspective was hard to assess from the proposals. Also, the process pointed to a greater need to balance proponents' thematic interest with the country level or regional interest. Potential uptake and potential influence were hard to evaluate because preparation process of proposals were not fully known, level of endorsement unclear, and in many cases dissemination strategies were not very innovative, or occurred only at the end of the activity. Concept notes did not explicitly show up front how the proposed work would also contribute to enhance national/regional capacity. In general, there was insufficient familiarity across proponents of others' proposals/work implying that PROFOR will need to facilitate networking. And finally, PROFOR needs to be even more specific in future requests for proposals, detailing the type of work, potential countries, processes, etc. that should be undertaken.

In response to the findings Board members emphasized PROFOR's role pushing the knowledge frontier by being able to synthesize existing research and extrapolating applicability to other regions or themes. The Board expressed no objections to PROFOR making specific tenders for proposals along these lines. They cautioned PROFOR against getting into a situation where it is viewed as a funding window for research northern NGOs are already planning to undergo.

Video Conference with World Bank Management and with Activity Implementers

Through a series of videoconferences, the members of the Board first heard from World Bank Environment Director Warren Evans on the role of PROFOR in the changing context of the World Bank's work in forestry, now dominated by climate change discussions. The focus on climate change is a good stimulus to get a broader audience to focus on the role of sustainable forest management and broadening forest partnerships. He saw a continued strong role for PROFOR's analytical work that would complement the mitigation and adaptation work being done in the context of climate change, and stressed the need to scale up this work.

With regard to the latest funds, Warren Evans described that as countries seek to capture carbon credits, they will need to make significant changes. Existing World Bank mechanisms might not be flexible enough for that (especially for middle income countries) so softer funds like the proposed Forest Investment Fund could meet those needs. But there would continue to be a need for improving capacity through tools such as PROFOR, FLEG and the readiness mechanism of FCPF, and the Bank will be looking at all the programs comprehensively to maximize each one's contribution.

Via video-conferencing, the Board also heard from the implementers of three PROFOR-funded activities underway in calendar year 2007:

- REDD activities in Indonesia presented by John Spears and Mario Boccucci of the World Bank (described in Progress Report section);
- the recently completed Brazilian Amazon Land Administration Study, presented by Malcolm Childress of the World Bank, which concludes that the race for property rights in the Brazilian Amazon is generating a chaotic and untenable land tenure situation that urgently needs to be addressed through more coordinated action from the local administrative to the federal level on land regularization, as well as a "social pact" that would bring formerly disparate groups together to resolve sustainable land administration;
- The four pilots of the Poverty-Forests Linkages Toolkit taking place in Cameroon, Ghana, Madagascar, and Uganda, presented by Neil Bird of the Overseas Development Institute. The pilots are having encouraging results and are attracting attention among policymakers. The process also revealed areas for improvement such as careful selection of, and allowing appropriate time to, the facilitator to build the proper rapport with local communities.

Lastly, the Board heard from James Mayers of International Institute for Environment and Development (IIED) who have submitted a proposal entitled the Forest Connect Initiative. Research that IIED has already undertaken reveals that the private sector is not sufficiently involved in discussions around national forest policies. Most frameworks are biased against smaller enterprises, although small and medium forest enterprises (SMFEs) play a prominent role in the forest sector. The proposed activity would like to create mechanisms for networking SMFEs and allowing them to benefit from associations and gain access to markets. And this can only be done through promoting federations and alliances which include the private sector.

Priority Topics for New Activities

Identification of Priority Topics for New Activities under Thematic Areas

Diji Chandrasekharan Behr shared a preliminary list of topics to be continued from the recently-issued request for proposals (1-3) and potential topics based on recent trends in SFM research (4-6). The proposed priority topics are:

1. Examining **benefit-sharing** arrangements emerging from various reforms inside or outside forestry sector, to characterize effective and efficient ones in forest sector and outside, and distill key elements of such regimes

2. Ensuring that **carbon payments** for avoided deforestation, afforestation and reforestation become **pro-poor** and are directed towards local development
3. Forest and **bioenergy** nexus, and Forest and energy: moving towards sustainable fuelwood and charcoal production
4. Explore forests' role in **adaptation** to include diagnostic tools regarding use of trees and forests in adaptation strategies, integrating climate uncertainty into forest management planning, financing for adaptation
5. **Contracts For Enhancing Livelihoods** and Improving Governance
6. Improving Forest Sector **Governance** on the expenditures side

The Advisory Board endorsed these topic areas. See Annex 3 for more details on proposed topics 1-3, and Annex 4 for more detail on proposed priority topics 4-6.

Other Matters

Possible Changes to Current Program Implementation

The PROFOR team suggested the following changes to how it implements the program

- Scale up PROFOR's input to the uptake and dissemination aspects of PROFOR-supported activities
- Work with Bank regional colleagues by discussing regional work plan priorities, and where these align with PROFOR priorities and themes, provide support
- Develop flagship or key global/regional products (for example clustering multiple country cases to draw overall lessons)

Proposed Changes for Monitoring PROFOR Activities

- Rather than reviewing interim and final products, move to a more proactive engagement with activity implementers, throughout implementation, to strengthen methodology, implementation, analysis, etc. as need be (as portfolio grows, this would imply the need for additional staff)
- Move to an electronic reporting system so that implementers would be required to report against elements agreed in their activity concept notes.

The Advisory Board endorsed these proposed changes, including increasing staff as portfolio expands.

UNFF NLBI

Gerhard Dieterle, Forest Advisor at the World Bank, described that one of the key recommendations of the PROFOR-supported Means of Implementation Paper was that forest financing follow a multi-dimensional strategy, or 'Portfolio Approach'. This approach could be applied to the broad objectives of UNFF and could capitalize on emerging opportunities. Now that UNFF has adopted a Non-legally Binding Instrument on Forests (NLBI), its member states are now obliged to develop a voluntary Forest Financing Mechanism (FFM), to be discussed over the next 2 years and adopted at UNFF 8 in April 2009.

An individual from the Dutch Ministry of Agriculture will be seconded to the World Bank's Forests Team to help countries develop the voluntary FFMs. PROFOR has agreed to allow its trust fund arrangement to internalize funds that are to support the secondees' work.

Indications of Future PROFOR Activity Funding Projections

The PROFOR team presented the following breakdown of estimated spending for the coming year:

- Funding the current request for proposals (up to six activities): \$ 900,000 - \$1,000,000
- Funding to Bank regional analytical work (two to three activities): \$ 400,000 - \$600,000
- Flexible “Opportunistic/Rapid Response” Window: \$ 300,000
- Initiation of flagships: \$ 300,000
- UNFF NLBI: \$ 100,000-150,000
- Staff: \$ 250,000

An informal tour-de-table resulted in the following indication of future funding

- The United Kingdom commits to contribute £1.5 m (March 2008-March 2011)
- EC maintained its 2006 commitment of €1.2 million in funding through 2010. It also indicated that if PROFOR were to be consolidated with other partnership programs, such as FLEG, their cumulative contributions to those partnerships would not decrease but would also be consolidated.
- The Netherlands is requesting PROFOR management to submit a request for funding indicating that prospects for support are promising.
- Germany (GTZ), Finland and Switzerland needed to consult with their ministries following this donor meeting before providing a final figure but indicated continued interest in supporting PROFOR.

Annex 1: Agenda
PROFOR Advisory Board Meeting 2008
February 7-8, 2008
FAO Headquarters, Rome

Agenda

Thursday February 7, 2008

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| 9:00am | Welcome |
| 9:15am | Institutional Highlights for CY07: Implementation of the WB Forests Strategy and the role of PROFOR |
| 10:45am | Coffee Break |
| 11:15am | Progress Report – portfolio status, budget review, key outcomes, and new products

Outcome of PROFOR’s Targeted Request for Proposals <ul style="list-style-type: none">- Selection Process of proposals- Brief description of proposals- How effective was this approach? Should we do it again? |
| 1:00pm | Lunch |
| 2:20pm | Video Conference with Washington, DC <ul style="list-style-type: none">- <i>WB Management on PROFOR</i> - Kristalina Georgieva, Director of Strategy and Operations, Sustainable Development Network, World Bank- <i>PROFOR and REDD: Indonesia case study</i> - John Spears, Agriculture and Rural Development Consultant, and Mario Boccucci, Senior Climate Change Specialist, World Bank- <i>Brazil Land Administration</i> – Malcolm Childress, Senior Land Administration Specialist, World Bank |
| 3:50pm | Coffee Break |
| 4:00pm | Video Conference with London, UK <ul style="list-style-type: none">- <i>Poverty-Forests Linkages Toolkit</i> – Neil Bird, Research Fellow, Forest Policy and Environment Programme, Overseas Development Institute |
| 4:30pm | Video Conference with Edinburgh, Scotland <ul style="list-style-type: none">- <i>Forest Connect Initiative</i> - James Mayers, Head Natural Resources Group, International Institute for Environment and Development (IIED) |
| 5:00pm | PROFOR Administration and Finance Discussion <ul style="list-style-type: none">- New contributions |
| 6:00pm | Meeting Adjourns |
| 7:30pm | Group dinner with colleagues from FAO, NFP Facility and other CPF members invited to attend |

Friday February 8, 2008

- 9:00am PROFOR: The Way Forward
- Monitoring PROFOR
 - Potential new strategic topics
 - UNFF NLBI development
 - PROFOR's knowledge management strategy
 - PROFOR's way of working (third window, joint initiatives, other)
- 12:00 Wrap-up Session
- Identification of follow up actions
- 1:00pm Meeting Adjourns

Annex 2: List of Participants

Bi-lateral Donor Agencies

Markku Aho	Ministry for Foreign Affairs of Finland
Juergen Blaser	Swiss Organization for Development Cooperation, Switzerland
Jeffrey Campbell	Ford Foundation
Paola Campostrin	Ministry of Foreign Affairs, Italy
Fons Gribling	Environment and Water Department (DMW), Ministry of Foreign Affairs of the Netherlands
John Hudson	Department for International Development, United Kingdom
Frank Jacobs	European Commission
Ueli Mauderli	Swiss Organization for Development Cooperation, Switzerland
Lavinia Monti	Ministry of Foreign Affairs, Italy
Evy von Pfeil	GTZ, Germany

NFP Facility and FAO Staff:

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

PROFOR and World Bank Staff

In Rome

Gerhard Dieterle	Forests Advisor/ ESSD Forest Team Leader (Chair of the Meeting)
Gregor Wolf	PROFOR Manager
Diji Chandrasekharan Behr,	Natural Resource Economist
Anne Davis Gillet	Communications Officer

Video-Conference Presentations

World Bank Management on PROFOR

Warren Evans	Director for Environment, World Bank
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PROFOR and REDD: Indonesia case study

John Spears	Consultant, World Bank
Mario Boccucci	Senior Climate Change Specialist, World Bank

Brazil Land Administration

Malcolm Childress	Senior Land Administration Specialist, World Bank
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Poverty-Forests Linkages Toolkit

Neil Bird	Research Fellow, Forest Policy and Environment Programme, Overseas Development Institute, London, UK
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Forest Connect Initiative

James Mayers	Head Natural Resources Group, International Institute for Environment and Development (IIED), Edinburgh, Scotland
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Also attending:

Klas Sander	Natural Resource Economist, World Bank
Nalin Kishor	Forestry Governance Technical Specialist, World Bank

Annex 3: Request for Proposals

PROFOR Request for Proposals

PROFOR has two “windows” for submitting applications: (i) request for proposals on priority topics (RFP) window and (ii) rapid-response window. The RFP will be focused on priority topics associated with the four thematic areas of PROFOR. Proposals submitted to the rapid response window are accepted on a flexible basis for very special instances where there is a unique opportunity to contribute to an urgent forest sector policy matter(s), typically through targeted analytical work

PROFOR invites eligible applicants to submit proposals on the following priority topics listed under its four thematic pillars¹:

I. SUSTAINABLE LIVELIHOODS

Access to markets often remains a weak link in efforts to enhance community benefits from forest resources. Efforts in other sectors (e.g., agriculture, dairy, fisheries, etc) provide evidence of effective arrangements to increase access for formerly marginalized groups (e.g., women), improve market information, and facilitate value-addition and investment.

(i) Improving market access for forest dependent households.

Proposals should focus on how associations, federations, networks can enhance economic activities of small and medium-scale forest based enterprises through provision of services and technical support.

(ii) “Democratizing” forest markets

In the agriculture sector there has been growing success in initiatives to use current technology and innovative institutional arrangements to improve access to market information, ensure quality, link raw material producers, processors and purchasers, and reduce exploitation of primary producers.

Proposals should examine policy measures necessary to replicate successes in the agriculture sector to the forest sector, and how to motivate such policy changes.

II. GOVERNANCE

Discussions on and activities associated with forest sector governance and law enforcement are increasingly focusing on how to ensure governance reforms and improved law enforcement recognize traditional uses of forest resources and support sustainable community engagement in forest activities (be it through management, use or access). Recent work in this area revealed that although there have been numerous studies and presentations highlighting the importance of ensuring pro-poor governance reforms and improved law enforcement, few have developed concrete instruments for designing and/or assessing pro-poor governance.

¹ For additional information on the four thematic areas of PROFOR please visit www.profor.info

(i) Instruments for developing and/or determining pro-poor governance reforms

Proposals should:

- Identify and/or develop on instruments for enabling and/or evaluating pro-poor governance reforms². These instruments could include tools for quantifying poverty-governance linkages (e.g., petty corruption versus good governance, what is the economic impact on rural poor), developing minimum standard requirements for participatory forest management, instruments for reviewing laws, forest tenure diagnostic tools, etc. The instruments could be developed based on approaches tested in other resource extraction sectors (mining, fisheries, etc.).

(ii) Benefit sharing regimes in forest sector – the move towards contractual arrangements

Over the past two decades there have been numerous reforms aimed at increasing local (forest dependent households) participation in and/or local benefits from forest management. As part of these reforms various benefit sharing regimes have emerged. These range from social contracts and joint management to increased access and use rights through participatory management. In the context of environmental services benefit sharing regimes are charted out in contractual arrangements.

Proposals should:

- Characterize effective and efficient benefit sharing regimes, specifically on the nature and structure of contractual arrangements between governments and other stakeholders
- Examine type and duration of benefit sharing contracts, how liabilities are handled, how flexibility is maintained, and how contracts are structured to reflect actual institutional support
- Involve collection of primary data regarding existing contract-based benefit sharing regimes.

III. ENHANCED FINANCING OPTIONS

Recent developments in global discussions on climate change and sustainable forest management indicate that avoided deforestation can offer a market-based mechanism for compensating national, regional and local governments for measures to conserve forests. Similarly existing CDM mechanism and the voluntary carbon market offer a market-based mechanism for compensating afforestation/reforestation activities.

(i) Avoided deforestation and SFM:

Proposals should focus on preparing countries for participating in reduced emissions from deforestation and degradation (REDD) schemes. The proposal should chart out key elements of the “REDDiness” process such as:

- stakeholder consultations,
- detailed study on avoided deforestation scenarios,
- required fiscal, institutional, and policy reforms,
- identification of upfront technical and investment needs,

² For PROFOR pro-poor governance reforms that promote the roles and rights of traditional and indigenous communities in forest management are pro-poor governance reforms

- in-depth financial, economic and risk assessment for each alternative REDD-strategies, and
- identification of principal avoided deforestation strategy for the country through meaningful consultation process.

The proposal should specify the specific elements that PROFOR will support. It is expected that proposals will have cofinancing. The proposals should be submitted in collaboration with Bank regional colleagues and endorsement from the FCPF.

(ii) Making carbon payments for avoided deforestation, afforestation/reforestation more pro-poor

A repeated challenge in emerging carbon markets has been how to make carbon payments pro-poor. There have been numerous innovative approaches working with communities and the voluntary carbon market to develop mechanisms for compensating communities for afforestation/reforestation efforts. Examples exist in India, are emerging in Indonesia, and are being piloted in Madagascar.

Proposals should focus on:

- Frameworks for making carbon payments to community managed forests and/or small land holders. The framework should help design a system that has low transaction costs, does not heavily rely on subsidies, is equitable, and effective at targeting incentives to ensure benefits reach the rural poor.
- Reviewing existing forest dependent community-oriented arrangements for carbon payments and existing compensation arrangements both in the forest and non-forest sectors that have effectively targeted rural poor households
- Examining and comparing different models, processes, and/or arrangements from a financial, environmental, distributional, institutional, and overall sustainability standpoint.

IV. CROSS-SECTORAL AND MACRO-ECONOMIC MEASURES

Increases in price of fossil fuels and growing concerns regarding climate change have raised the profile of bioenergy (more specifically biofuel and biodiesel). The use of biofuels (e.g., ethanol) and biodiesel as fuel substitutes has gained widespread publicity. Along with publicity on the potential of these transportation fuels has come growing concern regarding the impact of corn-, soy-, and cropseed based fuels on the price of staple crops and animal feed, and land use. The net energy balance of these first generation bioenergy sources has also raised questions regarding environmental benefits.

In contrast, the “next generation of bioenergy”, specifically cellulosic biomass based bioenergy is seen as having significant potential to: provide large energy supply from plants, displace fossil energy, diversify and amplify the biomass feedstocks, be suitable for multiple conversion processes and products, have a higher performance for energy balance and GHG reductions, and increase opportunities for production in diverse landscapes.

(i) Forest and bioenergy nexus:

Proposals should focus on cross-sector issues linking bioenergy and forests in the context of climate change such as:

- Assessment of factors affecting demand for land for production of bioenergy feedstock (e.g., impact of fluctuations in the price of fossil fuels on demand for bioenergy feedstock)
- Modeling of forest scenarios with changing ‘clean-energy’ scenarios
- Developing new and adapted economic models to assess the multi-market implications of expanding biomass-based energy uses.

(ii) Forest and energy: moving towards sustainable fuelwood and charcoal production

While bioenergy is gaining popularity, the questions of sustainable fuelwood and charcoal production remains a challenge. Fuelwood and charcoal are often the primary forest-based energy sources for the rural poor and, in many contexts, a source of forest degradation.

Proposals should examine:

- Assist in developing a regulatory framework for sustainable production of fuelwood and charcoal, including production standards
- Model trade-offs between bioenergy, fuelwood and charcoal production.
- Whether incentives for production of cellulose-based bioenergy feedstock production (could) affect access to fuelwood and charcoal?

Proposals associate with this RFP should be submitted on or before December15, 2007.

Proposals should follow PROFOR application guidelines available at:

http://www.profor.info/pdf/Guidelines_for_application_for_PROFOR_funding_2006.pdf

The completed concept note should be submitted to:

Eliane Kanyunyi
PROFOR Secretariat
Mailstop: MC5-514
The World Bank
1818 H Street, NW
Washington DC, 20433
USA
E-mail: profor@worldbank.org



2008 – Additional Topics

Adaptation (Livelihoods/Innovative Financing/Cross-Sectoral)

Bali Action Plan (developed during COP 13 calls for concrete actions in the area of adaptation)

Forests role in adaptation acknowledged but under represented in analytical work PROFOR has surveyed. There are initiatives that are starting (some with funding, some without) looking at forest and adaptation.

Proposed areas of work under this topic

- Diagnostic tools regarding use of trees and forests in adaptation strategies
- Planning for climate change – integrating uncertainty into forest management planning (e.g., Mexico CFM Plans, etc.)
- Financing Adaptation:
 - Develop and pilot approaches to enabling tree-based adaptation strategies
 - Develop and pilot approaches for private sector financing of tree-based adaptation strategies
 - Develop and pilot insurance programs for forest-dependent communities
- Policies for enhancing use of trees/forests in adaptation strategies
- Work in countries identified in climate change analysis as of significant concern for adaptation that also have heavy forest reliance or forest issues



2008 – Additional Topics (Cont.)

Contracts For Enhancing Livelihoods and Improving Governance

(Livelihoods/Governance)

- Lot of work on SMEs and communities and market access. Less work (in forest sector) on contractual arrangements in partnerships involving community
- Anticipate an increased use of contracts (REDD, PES, community engagement in forest management, community engagement in partnerships)
- While there has been a lot of work done on contracts in many sectors and on concession contracts in the forest sector, some identified gaps include:
 - Limited information on what contracts have worked and which have not
 - How can design of contract be improved to make them effective

Proposed Approach:

- Developing guidance on contract design based on type of contract:
 - Developing a typology of contracts
 - Building a library of contracts for use by potential drafters
 - Conducting analyses on the legal process involved and community and country context assessment required to draft an effective contract
 - Guidance material for designing effective contracts
- Developing methods for enabling transparent contractual and licensing arrangements



2008 – Additional Topics (Cont.)

Improving Forest Sector Governance, the expenditures side of the equation (Governance)

- Mechanisms for improving forest revenue have been examined in different countries. Currently through FLEG and other related activities, have studies on forest revenue streams, mechanisms for reducing rent capture, etc.. PROFOR also worked on forest fiscal systems. Less on public expenditure (PE) in forest sector, how to strengthen forest department capacity to carry out strategic planning and, in association, plan and monitor their budget and expenditure.
- In agriculture, public expenditure reviews are conducted to identify what aspects of sector need to be reformed.
- In emerging work on forest governance that is done through budget support to governments, there is interest to do so by improving forest department capacity to manage its budget and funds, and monitor expenditure
- There are synergies to developing work on PE and linking with work on forest revenue

Proposed approach:

- Scoping exercise: examine what is known regarding forest expenditure, forest budget planning and tracking, identify capacity in select countries, and explore potential value to linking expenditure work with revenue monitoring work
- How does planned expenditure matched budget-needs assessment
- Develop material to strengthen capacity of forest sector in budget-needs assessment/planning budget, monitoring/tracking expenditure, and budget mgt.