



Program of Work and Financing Report for 2007

(Prepared January 2008)

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I. Overview of the PROFOR Portfolio and key activities

For the year 2007, the PROFOR portfolio comprised 19 activities under implementation. Of these, seven were active at the global level (including country-level components), four at the regional level and eight at the national level. Their distribution according to thematic area is as follows: livelihoods (4); governance (4); financing SFM (6); and cross-sectoral cooperation (3) and knowledge management (2). Communications, which also contributes to knowledge management, is considered an ongoing activity in addition to those under the four thematic areas. In this overview section, the strategic relevance of activities under each thematic area is briefly explained. Details on each activity are included in the project summaries in Annex 2.

Livelihoods

In 2007, PROFOR's livelihood activities continued to emphasize implementing tools to elucidate the linkages between forest resource use and access and livelihoods, especially the activities associated with the poverty-forests linkages toolkit. The PROFOR-supported activities listed under this thematic pillar have all completed data collection and are entering or have recently completed phases of informing policy dialogue regarding poverty-forests linkages. For example, in Uganda the piloting of the poverty-forest linkages toolkit will inform the redrafting of the Poverty Eradication Action Plan. In Nicaragua, information on forest access is being used to inform the rewriting of the forest policy and findings are periodically shared with the Nicaraguan Forestry Institute (INAFOR).

Activities listed under the other thematic pillars of PROFOR also furthered understanding of how private sector activities and improved forest governance can improve forests' contribution to livelihoods of rural poor.

At the global level

Poverty-Forests Linkages Toolkit: This year, the Poverty-Forests Linkages Toolkit, a participatory rural appraisal methodology intended to further understanding of the ways in which forests might contribute towards poverty reduction, was piloted in four countries (Cameroon, Ghana, Madagascar and Uganda) with leveraged funding from the World Bank-Netherlands Partnership Program (BNPP). The Toolkit includes a range of tools for better enumerating how forests contribute to poverty reduction and mainstreaming forest poverty linkages in national policy dialogue. This is already happening: for example, in Uganda, the activity will inform the redrafting of the Poverty Eradication Action Plan. While in Cameroon, the findings of the toolkit are to inform the Forest Environment Sectoral Programme (PSFE) as well as the PRSP.

At the regional level

Forest Resource Access and Livelihood: Access to forest resources by poor communities is subject to numerous factors, including but not limited to, questions of land tenure. In partnership with CIFOR, and through methodological tools and field work, PROFOR examined key variables affecting access to forest resources and their benefits in Bolivia, Brazil, Guatemala and Nicaragua. Data was collected on the 'bundle of rights' being transferred to communities under the tenure reforms, using a tool we refer to as the 'tenure box' which specifies the rights (access, use, withdrawal, management, exclusion and alienation) by the holder (state, collective, individual) for each site. Community mapping, small questionnaires and focus groups were used to capture the community access to forestland and the principal forest resource for each site.

Policies and Incentives for Miombo Management: In Southern Africa, an assessment of policies and incentives for Miombo woodland management is helping to improve understanding of the linkage between rural livelihoods and Miombo woodlands, with a view to informing the development of social and economic policies which have poverty alleviation as their primary objective. . Field and analytic studies were

recently completed and findings shared in a workshop in October 2007. They have contributed to developing and strengthening networks of researchers and policy analysts in the southern Africa region, and have brought about extensive exchanges of knowledge and experience regarding how forests contribute to the livelihoods of the rural poor.

Private and Community Forestry Developing Livelihoods by Securing Property Rights in South-East Europe: Here the objective is to explore ways of enhancing private and community forestry's abilities to participate in policy development, the forest-wood chain or service markets, as well as improving the livelihood gained from private and community forests (which will stimulate their activation), contribute to enforcement of existing regulation of resource management and executing property rights to fight forest crimes, benefit national forest programs' implementation through greater participation. This will be done through status quo analysis, sharing of findings at national workshops and regional and national conferences.

Governance

PROFOR activities under this thematic area are breaking new ground on the question of what makes for effective forest sector institutions by going beyond consideration of traditional institutions to evaluation of the influence of informal institutions as well as the impact of institutional choice on forest sector outcomes. Grounded in national level case studies, this work is intended to provide globally relevant findings on institutional effectiveness. At the national level, PROFOR activities continue to lay the foundation for forest sector reform, specifically with regard forest tenure and use rights, with analytical work and stakeholder dialogues at the national level in China and Honduras.

At the global level

Institutional Choice and Recognition in Forestry: Effects on the Formation and Consolidation of Local Democracy: World Resources Institute (WRI), in partnership with PROFOR, is researching the effects of institutional choices by governments, international development agencies and other organizations on three dimensions of democracy: representation, citizenship, and the public domain.

Some of the key findings from this activity include: institutional choice is a local democracy tool and forestry interventions can be structured to build local democracy; institutional pluralism carries risks, as it can push local government to perform better through enhancing public accountability, or drain democratic authorities of resources and undermine their legitimacy; local government can support poverty alleviation when efforts are made to target for gender, caste, origin, ethnic and class.

The project has been used by DFID's Governance and Social Resource Development Center, informed USAID's Transformative Linkages initiative, 'Translinks' and CDD projects in the Bank.

At the regional level

Informal Institutions and Forest Governance: It is increasingly agreed that informal institutions matter in forest resources governance, however the characteristics that distinguish the positive or negative influence of informal institutions are not yet well understood. With PROFOR support, CIFOR is analyzing informal arrangements or rules-in-use work as incentives for good governance of forest resources and which have negative effects on forests and human welfare. The cases analyzed are in the Guatemalan highlands and the recognition of customary practice as the basis for recognition of indigenous rights to municipal forests- and their conversion to indigenous community lands; Bolivian TCOs and the role of indigenous customary land claims and land use practice and *colono de facto 'sindicatos'*; Nicaragua and the role of indigenous customary governance institutions in shaping the configuration/perimeters of the tenure reform 'indigenous blocs' and governance-management organizations; Brazil, Puerto do Moz and previous informal mechanisms for access to forest land and responses to the new regulatory framework under the extractive reserves. Progress to date includes assessments regarding the level of available data, training workshops and implementation of field work. The findings from this activity have been used in conjunction with the preliminary findings of the Forest Resource Access and Livelihoods activity specified above. This was done to enhance the complementarities of the two projects.

At the country level

Collective Forest Reform in China: China is committed to reforming its collective forest areas, with the State Forestry Administration (SFA) leading the process. The reform is in part spurred by China's new emphasis on delivering more assistance to rural areas and a more favorable policy environment for the rural poor. One of the main tasks of this reform process is the development of feasible guidelines for tenure and policy reform for China's vast collective forest areas. To this end, PROFOR is supporting close examination and analyses on identifying: (i) the best forest tenure system to achieve the objective of sustainable forest management and improved livelihoods, (ii) the supportive policies and regulations needed to implement the tenure reform, (iii) the support services needed by forest farmers, and the kind of farmer organization(s) to be developed to manage and use the forests, and (iv) the most appropriate business models in a more decentralized forest management arrangement. To date the project has ensured that this task was agreed with and included in the China country program, worked closely with SFA to develop detailed terms of reference, work plan, and budget to carry-out the study, and have initiated the selection process for the consultancy.

Enhanced Financing Options for SFM

Financing options for SFM is an active thematic area, with timely global activities related to the emerging opportunities on avoided deforestation and new approaches to means of implementation for sustainable forest management (SFM) in relation to the United Nations Forum on Forests (UNFF). PROFOR is also working with Forest Trends to identify the best approaches to mobilize the private sector for investments in payments for environmental services (PES) that generate multiple benefits (PES schemes with co-benefits). At the regional and country level, forest development has helped bring together key players to promote progressive private sector-community engagement in Indonesia, and foster private engagement in socially, economically and environmentally sustainable investments. In China support to build forest policy analysis capacity is informing discussions regarding policy reforms and potential investments.

At the global level:

Options for Means of Implementation for the United Nations Forum on Forests (UNFF): Central to the discussion on global commitments and a non-legally binding instrument (NLBI) within the UNFF is the issue of means of implementation, particularly financial mechanisms and resources for sustainable forest management and conservation of all types of forests. At its sixth session in May 2006, the UNFF identified potential mechanisms to support action toward the four global objectives and sustainable forest management (SFM) more broadly. In response, PROFOR developed a background paper to assess the various means of implementation in terms of their ability to contribute to the Global Objectives of the UNFF by effectively mobilizing resources to support implementation of SFM, build capacity, and carry out analytical work and piloting of policy options.

The study recommends a multi-dimensional strategy to forest financing through a 'Portfolio Approach'. This financial management approach can be applied to the broad objectives of UNFF and could capitalize on emerging opportunities, and could consist of a number of financial products and services that would raise resources and support, including monetary resources, knowledge resources, capacity development, public support and awareness, for effective action on the ground. A combination of products and services from the four elements of the portfolio - public funding, payment for ecosystem services, engaging the private sector, mobilizing philanthropic leaders for resource generation – may provide the win-win, mutual gains solution the UNFF is striving to create. The study also found that UNFF might serve as a catalyst to bring together diverse stakeholders under a "Forest Financing Mechanism" (FFM). The study met broad acceptance at the seventh session of UNFF and made an important contribution to the formulation of a Non-legally Binding Instrument on Forests (NLBI).

Certification of Ecosystems Markets: This activity encompasses the planning phase of an initiative to promote combined certification of Payments for Ecosystem Services (PES) - for carbon, water and biodiversity – with certified forestry operations, focusing on emerging voluntary markets. The focus is primarily on PES

that are carbon-led with additional benefits. Certified agro-forestry operations are also included. The principal preliminary findings are that there is growing demand for forest-based and other land use carbon credits, and that the development of new methodologies are all helping to drive this demand. Also, new market products for ‘conservation carbon’, de-linked from the current focus on ‘additionality’, are also likely to emerge in the near future, further increasing demand. Similarly, the increased attention to Reduced Emissions for Deforestation and Degradation (REDD) and Avoided Deforestation is also likely fuel interest in LULUCF/AFOLU carbon credits, particularly those that have additional positive attributes. However, there is also concern on the part of several market actors that the proliferation of standards and potential new products could complicate the process of communicating with and convincing new buyers to enter into these markets, and undermine future growth.

TFD Dialogue on Forests and Poverty Reduction: This activity involves promoting a multi-stakeholder dialogue on how the poor can engage with, and benefit from commercial forestry. To date the TFD has convened 20 stakeholders in Guarayos, Bolivia for two days of field visits and dialogue focused on pro-poor forestry in the country, and 42 national and international participants in Santa Cruz de la Sierra, Bolivia. TFD plans to hold one more regional, field-based dialogue on Pro-Poor Commercial Forestry in 2008 (most likely in Russia). The dialogues will then continue in Indonesia, Bolivia and South Africa. The activity will also develop a semi-technical document outlining key drivers and enablers summarized as universal and specific for pro-poor commercial forestry; develop a set of guidelines/policies that commercial forestry should review to maximize its potential to be pro-poor; and formulate a business case for pro-poor forestry.

At the country level:

Building Forest Policy Analytic Capacity in China: Through support to capacity building for forest policy analysis in China, PROFOR is helping to equip policymakers with analytical tools to help guide reform processes, plan investments and generally support sound sector management. More specifically, through a learning-by-doing approach, this work is helping to develop a basic capacity within the State Forest Administrations (SFA) Forest Economics Development Research Center (FEDRC) to predict the impacts on forest product supply, land allocation and other related resources of developments and changes in forest management institutions (tenure, forest farm organization), timber taxation and forest products marketing, international trade and other policies being targeted for reform. The project has made FEDRC researchers aware of the value and power of quantitative tools and the need for greater capacity in China. As a consequence, FEDRC has established a Study Office on China’s Timber Supply with the long-term purpose of constructing China timber supply models to forecast China’s timber supply and trends, furthermore, analyzing the influence of China’s timber production on world timber supply and supplying macro-policy recommendations and suggestions for China’s timber production. A completed modeling of the timber supply in Heilongjiang Province in China’s northeast and working paper suggests a large potential for economically expanding the sustainable supply of timber there. The project has substantially developed the skills and capacity of FEDRC staff to plan and conduct research using modern economic methods and approaches and led FEDRC management to identify forest supply research as a priority for continuing their work.

Indonesia Forest Development Forum: Aimed to support the Government of Indonesia’s efforts to achieve multi-stakeholder consensus on options to consolidate and implement strategies restructure the forestry and forest industry sector, a multi-stakeholder Forum was held in Jakarta on 2-3 May 2006, sponsored by the recently created National Forestry Council (DKN). It focused on identifying priority areas of investment needed to restructure the industry and establish community-based plantation. It also developed recommendations for policy and institutional reforms to create an enabling environment for socially, economically and environmentally sustainable investment in both forest-based industries and in community-based plantation establishment. Agreement was reached among the government, industry, community, academic and NGO representatives on an action program focused on the role of intermediary institutions to provide extension, legal aid, business development, marketing and watchdog assistance relating to containment of illegal logging and corruption. As DKN follows up on the agreed

actions, the Ford Foundation and a DFID-Norway Partnership has established a \$6 million grant fund "Partnership for Governance" has pledged to assist with this. This fund is particularly concerned with continuing to promote civil society organizations' role in bridging the gap between communities and bureaucracies to improve forest governance and reduce illegal logging.

Analysis of Forest Land Use Options for Reducing Carbon Emissions from Deforestation and Degradation (REDD): The analysis under this activity sought to clarify possible strategies for reducing emissions from deforestation and degradation (REDD) in Indonesia's major forest land use types and to identify pilot projects for testing the potential of "avoided deforestation" payments. The project financed nine multi-stakeholder studies that assessed options for adjusting historical approaches to forest conservation, sustainable forest management and forest land use. They analyzed how adjustment to forest conservation and land use strategies could lead to quantified and verifiable reduction in carbon emissions. Strong emphasis was given to linking climate change REDD initiatives to conservation and development strategies that would address poverty alleviation by engaging local communities as beneficiaries of programmes for effective management of Protected Areas, for sustainable management of natural forests and for establishment by local communities and small holders of plantations and agro forestry crops such as oil palm on non forest and degraded lands. The studies have contributed to improved understanding of climate change/forest land use relationships, and provided input to the deliberations of a multi stakeholder Indonesia Forest Carbon Alliance and contributed substantive input into the discussions over creating a World Bank-managed Forest Carbon Partnership Facility.

Cross-Sectoral Cooperation

PROFOR's activities under this theme are largely focused on the interface between forests and other competing land uses. They look at the trade-offs and potential complementarities between different uses and the influence that related macro-economic policy decisions have on the forest sector. At the global level, PROFOR is collaborating with Eco-Agriculture Partners to develop a methodology to measure the performance of landscape mosaics in delivering biodiversity and forest conservation to enable clear assessment of environmental and livelihood benefits delivered by different uses. At the country level, PROFOR is active in Indonesia in assessing impact of energy reforms on forests. PROFOR and the Bank recently completed a study on land administration in the Brazilian Amazon which offers proposals on more effective institutional approaches to land tenure in the Amazon.

At the global level:

Measuring Biodiversity and Forest Conservation in Landscape Mosaics: PROFOR is collaborating with Eco-Agriculture Partners, IUCN and WWF to develop approaches to measuring the performance of mosaic landscapes in delivering flows of environmental and livelihood benefits. It has concluded that multi-stakeholder landscape planning, management and measurement fundamentally are a process of negotiation that require deliberate, transparent and 'principled' facilitation. It produced *Principles of Engagement with Stakeholders* which pertain mainly to situations in which a powerful, external actor seeks to pursue its goals on a large spatial scale in locally beneficial, equitable and sustainable ways. They can apply also when other drivers motivate localities to cooperate in landscape level land use, planning and management. The project explored and tested a variety of methods for engaging different configurations of stakeholders in formulating goals for segments of landscape that stakeholders found meaningful, and identified associated performance indicators. An online Landscape Measures Resource Center (LMRC) was developed which takes users through a 7-stage process of choosing, measuring and tracking outcome indicators for landscape planning and management to study landscapes. It is being designed as a tool for adaptive management that resident leadership of multi-stakeholder platforms and their technical service providers can use together to foster meaningful communication and interaction.

At the country level:

Brazilian Amazon Land Administration Study: The ways which land is acquired, owned and used in the Brazilian Amazon have generated a pattern of undesirable outcomes that are to a large degree wasteful, inefficient, unsustainable, and fail to achieve a balance between development and conservation. In

collaboration with the World Bank, PROFOR supported analytical work examining land administration questions in the Brazilian Amazon. The study explains why land management institutions are falling short of reconciling environmental management, economic growth and agrarian reform goals by examining their role and operation in a variety of settings which present different economic incentives to land users, and to offer proposals for more effective approaches to land tenure in the Amazon. The study, completed in June 2007 and delivered to the government of Brazil, concludes that: (i) the race for property rights has generated a chaotic land tenure; (ii) the creation of protected areas has successfully pre-empted new occupations or illegal appropriation of land and improved environmental management, but challenges from informal and illegal occupation, and opposing interest groups remain; and (iii) the race for property rights is likely to become more intense as the economic potential of the region continues to expand. The study recommends that there is need for stronger cooperation and action among traditionally isolated stakeholders towards regularization of land held in possession under conditions of “good-faith” in areas where such occupation is appropriate.

Analyzing Paths to Sustainability in Indonesia: Smallholder Livelihoods and Adaptation Strategies at the Forest's Edge. CSIRO initiated the second phase of this activity financed by AusAID and PROFOR in 2007. The focus of the PROFOR-supported work has been on conducting analytical and descriptive work for a case study in East Kalimantan, Indonesia that will identify economic agents' behavior around the use of natural resources, including forests and their products, in response to potential economic or energy policy changes. This case study will contribute to an agent-based model that captures household level behavioral responses. This model will contribute to a larger framework of multi-scale modeling policy changes under consideration at national level. Through the case study, policy-makers at the regional and national level have begun to engage in dialogue on the real world application of this multi-tier modeling approach, which will be important for building the findings and results into the national development planning and budgeting context over the next year.

Communications and Knowledge Management

In 2007, PROFOR continued to contribute to knowledge-sharing events, including at the UNFF and the World Bank Sustainable Development Network Week. PROFOR initiated several new knowledge-sharing activities and developed a knowledge brief based on the findings of the PROFOR-supported study on Land Administration in the Brazilian Amazon. An ongoing knowledge-sharing exercise includes the development of an Ecosystem Marketplace Matrix that will provide a comprehensive analysis of the suite of environmental markets and prioritization of markets in terms of potential for growth, return on investment, or environmental benefit. The matrix will be broadly disseminated through the NFP, World Bank, and UNFF networks. Another ongoing knowledge-sharing project is a study that captures the lessons learned in Cameroon over the course of 10 years of forest sector reforms. This study will highlight key features of the reforms process in developing countries and address questions that improve support to these countries during reforms.

Additional communications and knowledge management components are integrated within individual PROFOR activities and include partner relationship development, support for activity implementation, events, reports, and press relations.

The website content was updated and also used to launch the request for proposals. The current average for unique visitors per day to the site is 107, up from 77 last year. Publication highlights from 2007 include the finalization of the UNFF Non-Legally Binding Instrument Means of Implementation study, the Brazilian Land Administration Study, publishing *Forest Law and Sustainable Development* and the Poverty-Forests Linkages Toolkit Case Studies. The draft Poverty-Forest Linkages Toolkit is available on the PROFOR website. The website provides opportunities for toolkit users to provide feedback that will be considered during the revision of the toolkit. Once the toolkit is final, the website for the toolkit will enable users to share experiences with each other.

II. Key Outcomes for PROFOR in 2007

The following are this year's most significant outcomes.

1. Support for Analyzing potential for Reduced Emissions from Degradation and Deforestation (REDD) in Indonesia: Informing the COP 13 in Bali

PROFOR, in coordination with other development partners, supported the Indonesian Ministry of Environment and Ministry of Forestry to develop realistic methodologies, scenarios, and proposals for action on REDD for discussion at COP 13 in Bali, and subsequent implementation. Rigorous analytical work has been completed. The studies have informed constructive sessions on methodologies for assessment of historic and anticipated future carbon emissions under various forest land use scenarios, on possible carbon financing arrangements and the related institutional and payment mechanisms, and on the likely impact of alternative land use strategies that could reduce deforestation and degradation. The final output will be a consolidated report with concrete proposals for action to achieve REDD.

2. PROFOR Means of Implementation Paper at UNFF

PROFOR supported the Means of Implementation background paper which was well received at UNFF 7. The paper addressed the challenge of finding a global financing architecture that delivers additional financing resources in a predictable manner and also considered new opportunities in relation to potential forest carbon finance and the challenge of linking broader sustainable development needs to this potential. The paper established unequivocally that traditional ODA is not adequate to meet the challenge faced by the forest sector and urged the development of a new "Portfolio Approach", combining ODA and various sources of private sector funding, to leverage other forms of financial support.

3. Understanding Co-Benefits in Ecosystem Services

PROFOR is supporting a collaborative effort led by Forest Trends with a range of international development organizations to explore the potential for combining certification of sustainable forest operations with certification required for the payment for ecosystem services (PES). The activity explores the feasibility of generating additional revenue from co-benefits, attempts to accelerate the market growth of PES, particularly in tropical regions and lower the transaction costs of conducting PES certification.

4. Examining Opportunities to Invest in Community Based Plantations, Sustainable Management of Natural Forests, and Restructured Forest Based Industries in Indonesia and Mozambique

PROFOR supported a series of workshops, papers and a Forum to seek commitment by government, industry and local communities to implement existing investment related recommendations in Indonesia. PROFOR support for the high visibility Forum and technical support to the working group (DKN) has resulted in the Indonesian Ministry of Forestry recently issuing a new regulation, officially recognizing the DKN as an advisory agency to the Minister of Forestry responsible for providing inputs for policy formulation, evaluation, and revision. Similar work is under way in Mozambique, where PROFOR has defined key parameters for a comprehensive forest sector analysis and reform.

III. Budget and Funding Projections for PROFOR

The actual budget for fiscal year (FY) 2007 and the first half of FY 2008 (along with current commitments for the remaining approved projects in FY2008) 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 existing commitments from donors, the funding for fiscal year 2007 was just over US\$1.4 million.

Table 3 contains allocations and indicative commitments to World Bank regions to date. The portfolio for FY 2008 will continue to be developed.

Table 1: Budget for fiscal years (FY) 2007 and the first half of FY 2008

Thematic Area	Level	FY07	FY08		TOTAL
		Actual	Actual (July-Dec.)	Commitments (Jan.-June)	
Livelihoods	Global	\$56,578	\$0	\$15,713	\$72,291
	Regional	\$12,000	\$37,510	\$224,194	\$273,704
	Country	\$0	\$0	\$0	\$0
	Subtotal	\$68,578	\$37,510	\$239,907	\$345,995
Governance	Global	\$30,148	\$0	\$120,600	\$150,748
	Regional	\$13,741	\$33,713	\$71,223	\$118,677
	Country	\$177,853	\$0	\$169,147	\$347,000
	Subtotal	\$221,742	\$33,713	\$360,970	\$616,425
Financing SFM	Global	\$240,486	\$50,000	\$62,500	\$352,986
	Regional	\$3,237	\$5,400	\$2,455	\$11,092
	Country	\$84,715	\$117,736	\$261,991	\$458,442
	Subtotal	\$328,438	\$167,136	\$326,946	\$822,520
Cross Sectoral Cooperation	Global	\$112,000	\$0	\$48,000	\$160,000
	Regional	\$0	\$0	\$0	\$0
	Country	\$135,473	\$14,489	\$180,038	\$330,000
	Subtotal	\$247,473	\$14,489	\$228,038	\$490,000
Knowledge Management		\$8,776	\$26,300	\$78,215	\$113,291
Technical Staff*	Global	\$291,934	\$75,809	\$160,950	\$528,693
TF Administration fee (5%)		\$37,727	\$61,235		\$98,962
TOTAL		\$1,204,668	\$416,192	\$1,395,026	\$3,015,886

* World Bank Regional Staff's time was charged directly to individual activities and is not included here.

Table 2: Sources of funding

Sources of Funding	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008*	TOTAL	Overall Commitments
European Commission						\$573,972	\$573,972	€1,200,000
Finland			\$239,920		\$787,650		\$1,027,570	€800,000
Germany					\$243,108		\$243,108	€180,000
Italy						TBD		€210,000
Japan	\$300,000	\$300,000	\$300,000				\$300,000	\$900,000
Netherlands								€0
Switzerland		\$375,000	\$125,000	\$375,000	\$374,502		\$875,740	\$875,000
United Kingdom	\$802,450	\$844,650	\$1,380,297	\$881,550		\$1,031,000	\$4,939,947	£2,750,000
SUBTOTAL	\$1,102,450	\$1,144,650	\$2,296,173	\$1,006,832	\$1,405,260	\$1,604,972	\$8,560,337	
World Bank		\$260,000	\$260,000	\$280,000	\$280,000	\$140,000	\$1,220,000	
TOTAL	\$1,102,450	\$1,404,650	\$2,556,173	\$1,286,832	\$1,685,260	\$1,744,972	\$9,780,337	

* To November 30, 2007

Table 3: PROFOR Commitments to Activities Active in 2007 led by World Bank Regions *

Support to World Bank regions	PROFOR Commitment
Africa	\$60,000
South Asia	--
East Asia	\$895,000
Latin America	\$207,000
Eastern Europe and Central Asia	--
Middle East and North Africa	--
TOTAL	\$1,162,000

* Actual transfers may have occurred in FY06.

Leveraged Funds

PROFOR has been successful in leveraging additional funds with the following activities:

Policies and Incentives for Miombo Management: This activity leveraged funds from the World Bank-administered Trust Fund for Environmentally and Socially Sustainable Development which contributed an additional \$280,000.

Forests-Poverty Linkages Toolkit. \$535,000 came from the Bank-Netherlands Partnership Program (BNPP).

Institutional Choice and Recognition in Forestry-Effects on the Formation and Consolidation of Local Democracy: The Netherlands Ministry of Foreign Affairs and Embassy to Senegal, as well as USAID, brought \$188,855 to this activity.

Analysis Of Forest Land Use Options For Reducing Carbon Emissions From Deforestation And Degradation: DFID, AusAID, and GTZ contributed \$210,000.

Certification of Ecosystems Markets: Private and bilateral donors committed an additional \$373,500 to this activity.

Measuring Biodiversity and Forest Conservation, Production and Livelihood Outcomes in Multifunctional Agriculture—Forest Landscape Mosaics: International NGOs and other organizations put in \$224,024.02.

Analyzing Paths to Sustainable in Indonesia: Small Holder Livelihoods and Adaptations Strategies at the Forest Edge: A PROFOR commitment of \$200,000 was instrumental in obtaining \$2.2 million from AusAID for the overall work on Analyzing Paths to Sustainability in Indonesia.

Staffing

In 2007, in addition to a World Bank-financed Manager, the PROFOR Secretariat was comprised of one PROFOR-financed full-time staff at any one point. From January to June 31, that staff was a communications officer, from August 15 onwards a Natural Resource Economist. A new communications officer joined the team on December 15. Members of the Sustainable Development Network Forests Team contribute to PROFOR work as well. Last, but not least, World Bank regional staff as well as staff from the Carbon Finance Unit provide support in implementing PROFOR activities.

Annex I. Overview Chart of Activities According to Thematic Area

This chart includes all activities that were in some way active during calendar year 2007. Additional information on the background and status of each activity is provided in Annex II according to the same order as the chart.

Livelihoods							
Project	Active Since	Level	Accomplishments to date	Partners	Total PROFOR Funding	Funding Used to Date	Status
Forest Resource Access and Livelihoods	04/06	Regional	3 case studies (Bolivia, Brazil, Guatemala) complete. Nicaragua study delayed due to hurricane. Studies informing policy discussions.	CIFOR	\$118,704	\$58,919	Ongoing
Policies and Incentives for Miombo Management	07/06	Regional	Case studies and synthesis report. Contributed to stronger networking among re-searchers and policy analysts in region.	World Bank, CIFOR	\$15,000	\$12,000	Completed 12/07
Piloting of Poverty-Forest Linkages Toolkit to inform National Poverty Reduction Strategy Processes	02/07	Global	Piloted in Cameroon, Ghana, Madagascar, and Uganda. Findings already feeding into PRSP discussions. Design feedback being sought.	IIED, CIDT	\$15,000	0	Ongoing
Private & Community Forestry Developing Livelihoods on basis secure property rights in S.E. Europe	12/07	Regional	(see status)	CEPF			Contract issued 12/07

Governance							
Project	Active Since	Level	Outputs	Partners	Total PROFOR Funding	Funding Used to Date	Status
The Role of Informal Institutions and Forest Governance	10/06	Regional	4 case studies (Bolivia, Brazil, Guatemala and Nicaragua) and synthesis report	CIFOR	\$118,706	\$59,834	Ongoing
Institutional Choice and Recognition in Forestry: Effects on Formation and Consolidation of Local Democracy	10/06	Global	Case studies in Benin, Botswana, Brazil, China, India, Nicaragua, Malawi, Mali, Mozambique, Russia, Senegal, South Africa, Zambia.	WRI, Netherlands Ministry of Foreign Affairs, Netherlands Embassy to Senegal, USAID	\$134,000	\$62,187	Extended to 03/08
Reforms for China's Collective Forests: Analytical Support on Tenure, Rural Institutions, Forest Policy and Regulation	02/07	Country	Field data collection, National and international workshops, Background/technical documents.	World Bank	\$250,000	\$107,060	Ongoing
Linking Land Tenure Regularization and forest management in Honduras: A Practical Approach	2004	Country	(this activity report was not available at the time report was being finalized)	SAG, CODEFOR, NFP Facility, World Bank			Completed 06/07

Financing SFM							
Project	Active Since	Level	Outputs	Partners	Total PROFOR Funding	Funding Used to Date	Status
Analysis of Forest Land Use Options for Reducing Carbon Emissions from Deforestation and Degradation	08/07	Country	9 studies completed which inputted into multi-stakeholder Indonesia Forest Carbon Alliance and establishment of FCPF	DFID, GOI MOF, AusAid, WB/WWF Alliance, Carbon Fund	\$125,000	\$20,534.75	Ongoing
UNFF6 – Alternative Means of Implementation	12/06	Global	Options paper on means of implementation	CPF, Forest Trends, UNFF Secretariat, Dutch Government	\$112,086	\$112,086	Completed 05/07
The Next Generation of Certification of Ecosystem Markets	06/07	Global	Phase 1 completed: planning of initiative to promote certification of PES combined with certified forestry operations	Forest Trends	\$125,000	\$65,500	Ongoing
Indonesia Forest Development Forum	02/07	Country	Background papers, Forum and policy recommendations	Indonesian Ministry of Forestry, WWF	\$150,000	\$143,036	Completed 06/07
TFD Dialogue on Forests and Poverty Reduction	6/07	Global	Convened 20 stakeholders for field-based visit and dialogue on pro-poor forestry in Bolivia	TFD	\$79,150	\$40,000	Ongoing
Building Forest Policy Analytic Capacity in China	2006	Country	Economic supply models and analysis of tax policies, timber supply and other policy variables	SFA Forest Economics Development Research Center.	\$150,000	\$137,000	Ongoing

Cross-Sectoral Cooperation							
Project	Active Since	Level	Outputs	Partners	Total PROFOR Funding	Funding Used to Date	Status
Measuring Biodiversity and Forest Conservation Production and Livelihood Outcomes in Multifunctional Agriculture: Forest Landscape Mosaics	7/06	Global	Framework for methodology application; in learning networks; six pilot landscapes Created online Landscape Measures Resource Center	IUCN/FLR, WWF and Ecoagriculture Partners.	\$160,000	\$79,176.07	Ongoing
Brazilian Amazon Land Administration Study	2006	Country	Synthesis report. Policy recommendations. Recommendations for WB lending.	World Bank, Environment Ministry, Ministry of Land Development, TNC	--	130,000	Completed 06/07
Analyzing Paths to Sustainability in Indonesia: Smallholder Livelihoods and Adaptation Strategies at the Forest Edge	05/07	Country	Undergoing analytical and case work on ecological and social impacts of macro-policy reform in Indonesia.	CSIRO, AusAID	\$200,000	\$25,079	Ongoing

Knowledge Management							
Project	Active Since	Level	Outputs	Partners	Total PROFOR Funding	Funding Used to Date	Status
Mapping Emerging Ecosystem Service Markets Matrix	12/07	Global	(see status)	Forest Trends	\$28,000	0	Contract issued 12/07
Cameroon Sector Policy Reform Report	10/07	Country	(see status)	World Bank	\$45,000	0	
Communications, knowledge management and information sharing¹;	2003	Global	Website; publication series; awareness raising events; set of style standards and templates	World Bank, CPF, Forest Trends	\$9,276 (for CY07)	\$9,276	ongoing

¹ The Communications function supports the PROFOR generally but also supports the knowledge management of individual activities.

Annex II. Current PROFOR Activity Reporting

(as provided by PROFOR grant recipients)

Livelihoods

Forest Resource Access and Livelihoods

Thematic Area: Livelihoods **Level:** Regional **Completion Date:** June 2008

Objective

To analyze the relationship between tenure, governance and livelihoods through forest access and use; helping poor sectors formulate resource-related development demands for authorities.

Activity and output: progress to date (This project is being done in conjunction with “The Role of Informal Institutions in Forest Governance” Project code: 7138176)

As in the case of the ‘sister’ project “Informal Institutions...” partner contracts in all four countries were completed for all sites. There are approximately two community sites for each Case Study. Assessments were made regarding the level of available data and expectations for field plans adjusted. Training workshops were conducted with all the researchers in each country (except for the North of La Paz, Bolivia) and field work has been underway over the last several months. The Team leader (Deborah Barry) has conducted field monitoring visits in Guatemala, Nicaragua and Bolivia and Pablo Pacheco for Brazil.

The additional eight context studies for each site focus on the geographic, biophysical, and socio-economic dynamics of land use change surrounding the areas where tenure reforms are finished, and have been useful for understanding the challenges (land use competition, power relations and latent/overt conflicts, etc.) that surround the local communities. They will also be very useful for the writing of our cross-regional analyses on Forest Resource Access and Livelihoods.

As of this report, partner researchers have finished or are winding up the field work, and are writing the site reports, due by mid-December. Nicaragua is the exception. Hurricane Felix hit very hard on the group of indigenous villages (site) that constitute a case study. The CIFOR project coordinator and consultant and partners visited the villages in late October to assess the situation and were able to re-negotiate a new timetable. The village where the value-chain analysis is being applied was not affected by the hurricane, but by the surrounding reconstruction efforts to deal with its impact. The partner (URACCAN) will be through with this part of the work on schedule, but not in the other sites. We are calculating a 2 month delay in the production of these case studies as the same team is working on both communities and both topics.

Data has been collected on the ‘bundle of rights’ being transferred to communities under the tenure reforms, using a tool we refer to as the ‘tenure box’ which specifies the rights (access, use, withdrawal, management, exclusion and alienation) by the holder (state, collective, individual) for each site. Community mapping, small questionnaires and focus groups were used to capture the community access to forestland and the principal forest resource for each site. A basic value chain analysis is being conducted in four sites: A community concession for timber production in the Peten, Guatemala; Brazil nut production in Pando, Bolivia; community timber producers in Layasiksa, RAAN; and timber Porto do Moz, Para, Brazil.

Findings

Preliminary findings: Guatemala: Peten and the community concessions. Despite tenuous tenure rights due to the nature of the concession model (renewable every 25 years and no alienation rights), the community organizations and their enterprises have used these as the basis for broadening their access to authorities, assuming forest management, and building some capacity for processing and (more limited) commercialization of their timber. They have also been successful in bringing credit facilities into the remote Peten region. Clearly, increased benefits are accruing to the concession organizations with high quality forests. Success can be attributed to a large donor effort from the beginning, but it is clear that the protagonist role of these communities has been fundamental. The role of a secondary level organization –Acofop– has been determinate in: helping each concession obtain legal recognition, representing 16 concessions in a single voice, keeping abreast of external pressures against the community model, denouncing incursion and building alliances with external actors in their support, etc. The last three have proven essential to exercising their rights of exclusion. Success has dramatically increased governance and peace in the region as a whole, which has now ironically attracted interests that are blatantly attempting to undermine the concessions. National and international investments in archeological tourism vie with illegal land markets fueled by drug lords as the principal threats to the future stability of the community concessions. A larger scale value-chain analysis is necessary to determine whether or not the community enterprises are ‘conquering’ the value-chain or as a group (sub-sector) providing logs and some sawn wood to industry and exporters.

The Guatemala case is in striking contrast to the TCO (Community Territories of Origin-Indigenous) in Guarayos, Bolivia. In both cases, communities received access to very large forest areas and are located at the ‘edge’ of the agricultural frontier. In Guatemala under a concession agreement and in Bolivia, full title. Although we have not yet made a comparison, it is striking to see the initial trends, where the TCO communities have not been able defend their territory from major incursion, are saddled with complex and corrupt processes of ‘*saneamiento*’ (resolution of third party claims) previous to titling and where donor projects have not proven capable of significant strengthening of internal technical or organizational capacity of the community organizations. Levels of and benefits from timber production for communities are likely to be far inferior to Guatemala. Informal access (illegal logging) on this TCO forest is widespread.

Bolivia, Pando: For NTFP’s such as Brazil nuts, the fair trade and organic markets have established complex and demanding regulations, norms and standards for export, one of which is the prohibition of nut harvest from forests where timber is extracted. This is producing serious contradictions for communities whose incomes have quadrupled from nut export, but who seek to complement incomes from timber management, particularly in the face of the encroaching informal/illegal logging into the region.

Impacts

Nicaragua and Bolivia are highlighted here, due to limited space and the timely relevance of the project under current conditions in these countries.

Nicaragua: The World Bank is currently funding a number of activities with the Forestry Institute (INAFOR) in Nicaragua through the FLEG program. CIFOR has participated in the analysis and rewriting of the new Forest Policy and is working with others on the component assessing "decentralization, simplification of permitting procedures, and auditing", with primary responsibility for decentralization. This involves undertaking a diagnosis of the current legal situation, institutions and experiences of decentralization and designing a strategy to promote further and appropriate decentralization. The team is also coordinating with others on a strategy for community forestry and developing a national strategic plan for forest management, meeting regularly with a technical team from INAFOR that includes the director and deputy director.

The combination of these two PROFOR studies makes it possible to integrate information at various scales (community and municipal, regional and central government) and in different arenas (for example, from indigenous/cultural issues to the economics of logging permits), as well as presenting the opportunity to discuss the PROFOR-CIFOR research with INAFOR personnel at the highest levels. Nevertheless, it is important to recognize that one of the current obstacles to decision-making currently, particularly promoting significant institutional changes, is the degree of centralization clearly identified in the current central government administration.

Bolivia: At this moment the possible expansion of the World Bank's portfolio into the forestry sector and its integration into the land reform and administration process is under discussion. CIFOR staff is directly involved in the forest sector diagnosis, analysis and prioritization of issues and helping the governmental Ministry and agencies (Ministry of Rural Development, Agriculture and Environment-MRDyMA and the *Direccion Forestal*) to formulate their petition to the WB and other multi-lateral and bi-lateral donors. As the research sites were chosen to focus on the most important tenure reform configurations (Community Territories of Origin-TCOs and community control of ex-barracas for Brazil nut production), findings and suggestions are beginning to be channeled into the policy reflection process before they are even formally written up. The fact that CIFOR is participating in the development of a policy dialogue and learning program with the government, NGOs and community/indigenous organizations under the Rights and Resources Initiative is allowing for faster feedback and input into the policy and proposal formation processes. Like in the case of Nicaragua, CIFOR staff is well positioned, with current knowledge of the problems and trends unfolding –at multiple scales (community, municipal, regional and central government).

Some of the difficulties arise from the tension at the macro-political level with the polarization between the state governors or '*prefectos*' of lowlands (Amazonian states) and the highlands political culture and model for economic development. The forest sector is now emerging as part of the land reform battlegrounds where increased polarization can be felt between industrial and community interests. The current government appears to be very keen on incorporating a more equitable and community-based vision for their 'forest reform' incorporating it into their plans for land reform. At the same time they want to introduce significant reforms in the forestry sector institutions that go beyond proposals from current donor projects.

Opportunities and/or obstacles/issues related to implementation of activity

Nicaragua: Hurricane Felix hit the RAAN during the implementation of the field work. This affected the project not only logistically but also in terms of the shift in local concerns and priorities. One of the field sites was not directly affected but being located in the RAAN, it was suddenly subject to new emergency rules regarding logging and the use of wood. Those rules officially prohibited all logging in the remaining forests that were unaffected by the hurricane, regardless of outstanding contracts, community benefits or the existence of an FSC certified operation. Nevertheless the community has reached an agreement with the regional government and INAFOR to continue its operations, for the time being.

Tasba Raya was hit directly by the hurricane, however, the study has the advantage of fitting into a longer-term (two year) study also involving Uraccan and the same researchers, to help the design of this indigenous territory and implement a local development plan. The timing of the field visits, both prior and after the hurricane, will allow the partners to capture any shift in priorities and incorporate this into the current study and use the analytical framework to help orient the development plan.

Guatemala: Results from the case study in Guatemala have already provided key inputs to leaders of the community concessions in the Peten, who are facing major threats to the accumulated success of their access to forests, forest resources and markets. One threat is more of an internal nature, and is related to the cumbersome collective commercialization strategies of their recently created enterprises for timber and non-timber (*xate-palma comedora*). The value chain and benefits distribution analysis has provided concrete data to community leadership (collected by them under CIFOR and partner guidance) that is helping them craft their proposals for internal reorganization and define new parameters for interaction

with donors. The principal external threat is the proposed development of a major Mayan archeological site and its transformation into a global tourism investment scheme, intent on undermining their rights to the forest concessions. Results from the research project have highlighted their organizational weaknesses, fine-tuned their analysis of access to power and authorities. A more in depth description of the issues from their perspective has given them greater visibility in the policy dialogue ‘tables’ established by the government with multiple stakeholders, where they are in a serious disadvantage for defending their forest tenure and resource rights.

Progress against milestones and indicators

Most of the milestones for the project have been met, including the development of shared methods and tools for all the case studies. Although, given the differences in the capacity of local partners, site conditions and pre-existing data, not all will be applied uniformly. Policy relevance and uptake by distinct actors (community organizations, federations, government agencies or ministries, donors) in each of the countries is somewhat different, both in terms of the levels and timing.

Changes to original activity time schedule

Most of the case studies work is on schedule. The exceptions are in Nicaragua, for reasons explained above (Hurricane Felix) and in the case of the North of La Paz, where our partner researcher dropped out of the project due to a family illness. Both of these cases will most likely fall behind (maximum two months) the projected due date of January 31st.

Next steps

January will be month of intense writing by CIFOR staff and consultants to produce the 4 case studies for this grant. Simultaneously, four case studies from the Role of Informal Institutions on Forest Governance will be produced. Between February and June, site or country-level workshops will be organized utilizing the most relevant findings from the research for each. Efforts will be made to include WB and other donor staff where pertinent.

Replication potential

In the Peten, Guatemala some of the methods and tools developed in this study will be used and taken to scale under a new GEF project for institutional strengthening of the entire set of communities in the Peten, funded by the WB and JICA. In Bolivia, simplified versions of the conceptual framework for analysis, methods and tools may be expanded and applied to several other sites in the country under future donor contracts. (IFAD, SIDA, FAO, maybe WB). Bank staff working in Honduras on land administration projects has expressed interest in the possibility of exploring the expansion of this work into the indigenous region of Yoro. The ‘tenure box’ is also being applied and tested in work being undertaken in Liberia through another CGIAR institution.

It is important to mention that this work is co-funded by IDRC and the Ford Foundation.

PROFOR Funding	\$ 118,704
Other sources	\$ NA
Total	\$ NA
PROFOR Funds used to date	\$ 58,919
Total Funds used to date	\$ NA

Thematic Area: Livelihoods **Level:** Regional-Southern Africa **Completion Date:** December 2007

Objective

The objective of this activity is to develop a framework for an improved understanding of the linkage between rural livelihoods and Miombo woodlands, better to inform the development of social and economic policies which have poverty alleviation as their primary objective.

Activity and output: progress to date

This activity is nearing completion. There are four primary sets of activities and outputs: household studies, national level analyses, technical assessments, and policy reviews.

The project has been supporting several household studies, in Zambia and Mozambique. These have been designed to develop a clearer picture of the role of Miombo woodlands in household consumption and are an outcome of intensive, seasonal structured household surveys, which have formed the core of the original work supported by this project. These have been carried out following the methodology described in Cavendish (1999a,b and 2002), and developed further and modified by Campbell et al (2002).

The first study, in two districts in Zambia, showed that even amongst so-called 'farming households,' income from collecting forest products (in Mufulira and Kabompo districts) was far more important in meeting households' needs than the individual contributions of all other sectors. Rather than just being complementary to other activities, the study revealed that forest income is actually quite central to household livelihoods. At the same time, the study noted that these practices which enable households to make a living are likely not sustainable. Continued access to woodland resources is highly threatened by a number of factors that include high rates of deforestation, elite capture of high value resources, and poorly organized marketing of forest products. The second study, undertaken in villages located in the buffer zone of the Gorongosa National Park (GNP) in the Sofala Province, Mozambique considered similar dimensions to woodland resource use, but also examined the impact of household shocks (sickness and fire) on woodland resource dependence as well as the impact of a carbon sequestration PES scheme. In addition to confirming the high levels of dependence on woodland resources for household income, households experiencing shocks were more likely to depend on NTFPs for sale, than other households. Conversely, households participating in the PES scheme were less likely to depend on woodland resources for income than other households.

Two national level assessments were carried out, the first in Zambia on the contribution of dry forests to economic development derived from a synthesis of empirical household studies, policy research, silvicultural and ecological studies, and other primary sources. This synthesis was modeled after studies described in Campbell (1996), as well as earlier Bank-financed studies such as Bradley and McNamara (1993) (which described the contribution of dry woodland management to the Zimbabwean economy). A second country case study reviewed community-based woodland management opportunities in Mozambique and synthesized the results of other primary studies. It focused on the fact that a strong policy objectives is supported only by a weak legal framework for community-based Miombo management.

A technical review has been completed which considered Miombo silviculture, and how management systems could be improved or otherwise put in place to increase productivity. The review pointed out how much of our understanding of Miombo silviculture is only weakly informed by an appreciation of their importance for rural poverty alleviation, and is instead, largely a reflection of earlier priorities on timber production.

Finally, two policy papers have been completed. The first considers barriers and opportunities for Miombo woodland management, and the second identifies the scope for policy reform specifically to more fully enable poor rural households to manage Miombo woodlands.

Findings (either preliminary or final)

Preliminary findings are reviewed in the previous section. The research team convened in a workshop in Zambia in November to present its findings. The reports from the workshop are available on-line at: <http://www.cifor.cgiar.org/miombo/index.htm>

Impacts

Impacts will be clearer once the activity has been completed. The various reports and studies which have been prepared are to be consolidated into a regional piece of AAA for southern Africa, and are expected to give prominence to the importance of woodland management in household poverty alleviation strategies.

PROFOR funding complemented TFESSD funding for this activity, and also leveraged additional financing via CIFOR's Poverty and Environment Network. Specifically, PROFOR funding provided an opportunity for the Task Manager to participate in the final Zambia workshop, and to begin editing of the final AAA.

Opportunities and/or obstacles/issues related to implementation of activity

The key and critical opportunity this project exploited was in establishing a partnership with CIFOR. This enabled us to tap into its regional network of researchers and institutions, and gave the activity a profile we might not otherwise have had.

Progress against milestones and indicators

The original milestones envisaged completion by end-November 2007. We are on track for submission of the final versions of the various outputs by end-December, but it will likely take us some months to finish the final Bank-reviewed output.

Changes to original activity time schedule

No significant changes

Next steps

Once the final version of the AAA is completed and internally reviewed, we expect to hold a Videoconference with key regional partners to launch it.

Replication potential

The model of working with the CG centers in developing and implementing a targeted program of policy and empirical research is well-established, but little used, Bank-wide. The benefits to doing so are significant, and the transactions costs are kept to a minimum if the framework has been agreed.

Budget

PROFOR Funding	\$ 15,000
Other sources	\$ 280,000
Total	\$ 295,000
PROFOR Funds used to date	\$ 12,000
Total Funds used to date	\$ 250,000

Thematic Area: Livelihoods **Level:** Global

Completion Date: June 2008

Objective

The PROFOR Poverty-Forests Linkages Toolkit is designed to provide national government and other interested parties with easily comprehensible quantitative data on the value of forestry to poor rural households. A multi-organization team is testing, evaluating and communicating the toolkit in four countries – Cameroon, Ghana, Madagascar and Uganda – between February 2007 and June 2008.

Activity and output: progress to date

The timetable for the project is on track, with Phase 3 (Survey implementation) completed in Madagascar and Uganda and due for completion in Cameroon and Ghana by the end of November 2007. Since submission of the Inception Report in May 2007, the main emphasis in all four countries has been on training and field testing (Phases 2 and 3), with policy engagement (Phase 1) as a continuous activity throughout this process, at both district and national levels.

Findings

The findings listed below are preliminary and for the villages surveyed.

In Cameroon preliminary findings indicate that in all communities, forests have been in a state of decline and as a result the communities rely increasingly on agricultural and decreasingly on forest products for their livelihood (with a few exceptions). Also contributing to this trend is the fact that the fertile volcanic soils in the region make the land good for agriculture.

For all men and rich women in Mapanja, forest products constitute a large percentage of their cash income (74% and 84.5%, respectively), while poor women rely more on agricultural products (65% of cash income). Some of the most important forest products are bush meat, honey and wild vegetables. The village has put in place a forest officer who is in charge of forest management and has started to manage their forest through community forestry.

The villages of Woteva/Lysoka rely much more heavily on agriculture than on forest products. Cash income earnings from agriculture in the villages range from 56% to 73%, while the earnings from forest products range from 8% for the poorest community members to 37% for the rich. Some of the most important forest products in these communities include bush meat, fuel, wood and wild vegetables.

Some of the major problems that were identified by the rich and poor in all communities included: government restriction of access, species decline and extinction, poor road infrastructure, seizure of timber resources by forestry officers, theft of forest resources and low prices for forest products. All communities were very concerned about security of access to forest products and services and reported that they are afraid that soon access to the forest will be refused to their children.

In Ghana key preliminary findings include that in Akropong, a relatively wealthy cocoa-farming community, the landscape is dominated by small farms plots of cash and subsistence crops. As population and agricultural practices have expanded in the community, the result has been a long-term decline in natural forest products. This deterioration in resource supply led the community to protect one remaining area of natural forest (Adwenase) and embark on informal, small-scale programs of tree and non-timber forest product planting. However, this Community Forest is not located nearby and therefore, is not often visited.

In Akropong, there is reduced reliance on forest products with increasing affluence. However, even for the more affluent groups within the village, forest products make up approximately 20% of their annual combined (cash and non-cash) income. The dependency almost doubles (to 38%) among the most disadvantaged. All residents rely on a greater range of forest products for their non-cash needs than their cash needs.

Wealthy and poor residents rely on different forest products (wealthy: bushmeat and mushrooms; poor: snails and firewood) as their main source of cash income. Poor women rely on the largest range of forest products for cash while poor men utilize the largest range of forest products for non-cash needs. Bush meat (i.e., hunting) is predominantly a male activity. Mushroom and snails appear to be the most widely used non-timber forest products. Medicinal plants are also widely used by all residents.

Some of the major problems that were identified by the community included: a lack of forest volunteers, boundary problems, illegal farming and logging in the forest and the use of agro-chemicals.

In Madagascar, in the villages of the Sofia Region, a little over 40% of the population was considered poor. Non-cash revenues from forest resources represented about 75% of total revenues for all income groups. For poor women, forest resources represented 29%, poor men 22%, non-poor women 23% and non-poor men 33% of their non-cash revenues.

While all men valued fishing for cash revenue, income groups differed on the resources they valued for non-cash revenue. Poor men relied on the forest primarily for palm fronds, raffia and bamboo for building enclosures, while men who were not poor sought their water in the forest. Wealthier women relied on the forest for artisanal materials such as palm fronds and raffia, followed by firewood, while poor women's non-cash forest resources were firewood and fish.

The biggest forest-related problem identified by all groups in these villages was the spread of fire, followed by drought due to deforestation and shift-and-burn agriculture techniques. Destruction from cyclones was also identified as a serious and unmanageable problem.

In the villages of the Vatovavy Fitovinany Region, too, 40% of the population was considered poor. In this region, dependence on forest resources for non-cash revenues ranged from 38% for poor men to 40% for rich men and women. Dependence on the forest for cash revenues was low in this region (maximum 22% of cash revenues for poor women) with a stronger dependence on agriculture. Poor women and men valued firewood and water the most for cash and non-cash revenues while middle-class and rich women relied on fibrous vegetation for artisanry for their cash revenue and valued roots and vegetables for their non-cash revenues. Wealthy men depended primarily on wood for furniture as their primary source of cash and non-cash asset.

Like the communities in the Sofia Region, the fear of the spread of fire, as well as shift-and-burn agricultural techniques, featured as a prominent concern in the Vatovavy Fitovinany Region. Drought did not feature as prominently as a problem in this region.

In Uganda, in all Parishes, as many as 40% of the households consider themselves poor, generally indicating that they own no land. However, their ability to grow food crops through access to others' land is a big source of livelihood for many residents.

The landscape around Nyantonzi and Kasenene Parishes is gently sloping and constituted of government-owned forests, government forests on public land, privately-owned forests, and privately-owned individual household woodlots. Some parts of the natural forests have been converted into agricultural fields while others remain intact. Most cash and non-cash income in Nyantonzi and Kasenene Parishes comes from farm products (ranging from 42% for wealthy men to 73% for women). The forest

products that contribute to the total annual cash income of villagers include timber, fruits, tobacco, rice, sorghum, millet, beans, maize and groundnuts. Some men from Nyantonzi also hunt wild game for sale and home consumption.

The rugged landscape around Ncundura and Muhindura Parishes is under intensive agricultural production with some scattered trees and woodlots found on farms. There is only one natural forest. Ncundura and Muhindura Parishes also receive most of their cash and non-cash income from farm products (which range from 52% to 66% of total income). Some products harvested from both farm and off-farm trees/forests include fuel wood, medicinal herbs, fiber, grass, honey, fruits, vegetables, seeds, craft materials, water and bamboo. The sale of forest-based bamboo is a source of income among the very poor. Some people hunt bush meat from the forest. Women and children obtain more forest products than men.

The principle problems identified by rich and poor villagers from all four villages were: water shortages due to deforestation, crop destruction by animals, landlessness, lack of benefits from forest revenues, forest destruction for agriculture, an increase in evil spirits (likely diseases such as malaria), interference with tree planting, and trans-boundary issues (harvesting and grazing by Rwandans).

Impacts

In Cameroon, there is interest among South West Provincial Delegates of the Ministry of Forestry and Wildlife and the Ministry of Economy, Planning and Regional Development to use the results of the toolkit in the annual report of the Village Development Plan in promoting the findings to central administration. The results of the field testing (including forestry livelihood indicators) will be included in Cameroon's revised Poverty Reduction Strategy Paper. This will be a valuable contribution to the elaboration of the Village Development Plans. In Ghana, local government District Planning and Budget Officers, who are responsible for the development of district poverty profiles and development plans, expressed enthusiasm in the use of these results for planning purposes. At the national level, the country coordinator plans to discuss this research with a range of national stakeholders. A Lecturer in Forestry at the Kwame Nkrumah University of Science and Technology plans to adapt the toolkit and incorporate into the syllabus for final year students in Community Forestry.

In Madagascar, at the regional level, officials from the Environment, Water and Forest Circumscription found the plenary session with villagers a useful forum for discussion of a new action plan for forest resource management in the area, with the results of the toolkit giving them direction on how best to implement the new plan. At the national level, FONIALA has continued to communicate with policy makers involved in Madagascar's poverty deduction strategy called the Madagascar Action Plan (MAP) and the Directorate General of Waters and Forests. The senior advisor to Madagascar's president, a member of the secretariat of the MAP, has expressed his appreciation of the toolkit process' contribution to reaching the MAP's objectives.

In Uganda, the toolkit will help to increase and improve forest data collection in Uganda. The preliminary toolkit findings are timely as there are discussions underway on a needed revision of the Poverty Eradication Action Plan, into which they could feed.

Opportunities and/or obstacles/issues related to implementation of activity

Some of the opportunities are associated with the interest generated at the policy level. The obstacles at the survey stage, include linguistic issues with defining poverty, elements of the toolkit, etc. These obstacles were seen as useful as they help refine the toolkit. An opportunity that has been used is to request all users of the toolkit outside of the piloting exercise to provide feedback via the PROFOR website where a link has been made available for feedback.

Progress against milestones and indicators

The activity is progressing to schedule and final delivery is anticipated for June 2008.

Changes to original activity time schedule

None

Next steps

Completion of the following two phases:

Phase 3: Evaluating priorities at the district level

Next, forest officers work with district officials to discuss and evaluate the outcomes of the local situation assessments and decide what data on use of forests by the poor could be usefully included in district-to-national reporting.

Phase 4: Presenting information and priorities back to the national level

The toolkit identifies why and how to share the data with national agencies to spread knowledge on the role of forests in the cash and non-cash incomes of the poor. It discusses ways in which national data collection could be modified to incorporate the roles forests play in contributing to livelihoods of the poor, and therefore helping to identify ways to reduce those communities' poverty and make the appropriate changes to national policies.

Replication potential

The team is exploring the possibility of applying the toolkit in other countries in Africa (including Liberia). The toolkit is already being widely used in individual activities and in the IUCN Livelihoods and Landscapes Initiative, and being promoted within the Bank for potential use.

Budget

PROFOR Funding	\$15,713.36
Other sources	\$ 534,287
Total	\$ 550,000.36
PROFOR Funds used to date	\$ 0
Total Funds used to date	\$ 275000.36

Private and Community Forestry – Developing Livelihoods On The Basis Of Secure Property Rights In Selected Countries Of South East Europe (SEE)

(Project Concept)

Thematic Area: Livelihoods **Level:** Regional

Completion Date: June 2009

Objectives

A major objective is to explore ways of activating private and community forestry and the enhancement of their abilities to fully participate in policy development, the forest-wood chain or service markets. National administration and private/community forest owner associations will be assisted within the frame of the country national forest programme (NFP) processes in searching solutions for the challenges and opportunities of private and community forestry. This work will be facilitated by regional and national conferences/workshops and an updating status quo analysis on the forestry sector in the three target countries. Further objectives are:

Gaining livelihood from private and community forests play a key role in their activation. Currently the economic potential of private and community forestry is negligible resulting in a low interest level for sustainable forest management. The livelihood approach in private and community forest policies will be strengthened in cooperation with national project partners.

The activity plans to contribute to enforcement of existing regulation of resource management and executing property rights to fight forest crimes.

National forest programmes' implementation will benefit as the NFP relevant parts for private and community forestry will be in cooperation with national administrations effectively assisted by workshops and conferences organised in the project. With objectives 1-3 better governance in forestry and cross-sectoral issues of private/community forests will be addressed as well.

Building up of networks for exchange of experiences and lessons learnt at the sub-regional level. This is especially important as three countries will participate directly in implementation.

Background and issues to be addressed

10-40% of the forest area in the selected countries is in private or community ownership. Due to poor governance and institutional shortcomings as well as the lack of capacities small-scale private and community forestry has in these countries difficulties to enter forest products' and services' markets and to meet criteria of sustainable forest management. As a result there are often mismanagement and illegal activities leading to further disinterest in sustainable forest management and endangering the execution of property rights (link with the World Bank's ENA-FLEG initiative). Private and community forest owners have consequently major difficulties to adequately participate in policy fields of national and cross-sectoral dimensions such as e.g. national forest programme implementation. In sum, the modern time existence of non-state forest property in these countries faces the common problem of not-enabling policy frameworks for their proper functioning.

Mobilising the unused forest resources of small holders and thus enable investment in the forest-products and services value chain is a major challenge in these countries without much progress so far. In the selected three countries initiatives of organisation of private forest owners of different scale are in place with active contacts to CEPF. These organisations together with national administration build the basis of implementation searching also for supporting the country NFP implementation.

However, the similar problems of the countries provide a good chance to address these issues and search for solutions at the sub-regional scale, which differs from the usually country-based approach of development assistance. This is all the more important as this target group will often not specifically approached by national policies or international organisations and development on the basis of own

resources is extremely slow. Therefore the project responds at its scale to a strategic problem in the countries' forestry sector as it is also specified in the country NFPs. The project strengthens national initiatives in high need of assistance in their strategic moment of development as e.g. the NFPs' implementation is ongoing in all three countries and addresses an issue of common problem in the SEE sub-region.

Activity and output

Status quo analysis on private and community forestry available and representative for the SEE region in the three national languages and English

Country NFP implementation processes assisted in their parts relevant for private and community forestry by 2 international conferences (kick-off and closing) and 3 national workshops on private/community forestry issues

Partner organisations and stakeholders consulted on the 4 specific project issues linked to private/community forestry (livelihood, governance, financing SFM, cross-sectoral issues)

Relevant regional examples/initiatives of solutions of the "livelihood" and "innovative SFM financing" project aspects explored and introduced in the target countries at the national workshops

National forest management regulation discussed and improvement proposals elaborated

Results available in all three country languages and English

Expected outcomes, impacts and knowledge generation

Information level of the countries private/community forestry is improved and updated
 Information exchange between forest sector stakeholders, government agencies and civil society actors has been improved and linked to the country NFP implementation processes

Ways of improvement of the framework conditions for sustainable forest management in private/community forests are taken up into national forest policy implementation (NFP) providing for better governance of the forest resources

Country specific ways of inclusion of the small-scale forest holders into the forestry-wood chain are explored and included into the NFP processes' implementation with relevance to livelihood generation in rural areas

The private/community forestry part of the country NFP processes is in general and substantially supported

Regional income generation and diversification examples have a positive effect on decision makers and forest owners in the countries

Enhanced situation and level of forest regulation and property rights enforcement

Budget

PROFOR Funding	\$ 150,832
Other sources	\$ 30,000
Total	\$ 180,832
PROFOR Funds used to date	\$ 0
Total Funds used to date	\$ 0

Governance

The Role of Informal Institutions in Forest Governance

Thematic Area: Governance **Level:** Regional **Completion Date:** June 2008

Objective

This research seeks to understand how informal institutions, in their relationship with formal institutions, influence forest resources governance in selected countries in Latin America; explain the effects that informal rules-in-use, norms and agreements have on access, use and conservation of forest resources and bring to light the kind of incentives that may favor greater stakeholder involvement in sustainable forest management or highlight detrimental effects on forest conservation by facilitating illegal acts and discrimination against the poor.

Activity and output: progress to date (This project is being done in conjunction with “Forest Resource Access and Livelihoods, Project code: 7138176)

Since the last report, partner contracts in all four countries were completed for all sites. There are approximately two community sites for each Case Study. Assessments were made regarding the level of available data and expectations for field plans adjusted. Training workshops were conducted with all the researchers in each country (except for the North of La Paz, Bolivia) and field work has been underway over the last several months. The Team leader (Deborah Barry) has conducted field monitoring visits in Guatemala, Nicaragua and Bolivia. Pablo Pacheco has done the same for Brazil.

The CIFOR team included an additional study of the larger context for each site. These pieces focus on the geographic, biophysical, and socio-economic dynamics of land use change surrounding the areas where tenure reforms have taken place. Studies were produced for 8 sites across the four countries, in Spanish and Portuguese, and have been useful for understanding the challenges (land use competition, power relations and latent/overt conflicts, etc) that surround the local communities. These are not intended as publishable pieces, rather important inputs for gauging future policy activities and as analyses that will help set the stage for comparison at the regional level.

As of this report, partner researchers have finished or are winding up the field work, and are writing the site reports, due by mid-December. Nicaragua is the exception. Hurricane Felix hit very hard on the group of indigenous villages (site) that constitute a case study. The CIFOR project coordinator and consultant and partners visited the villages in late October to assess the situation and were able to renegotiate a new timetable. Work has been resumed, and will be between 2 and 3 months behind schedule. (See storyline on the RAAN, Nicaragua).

The basic data collected on the ‘bundle of rights’ that make up the tenure agreements for each site, mapping access to forestland and the principal forest resource for each site constitutes the core analysis of community access to forest resources and serves as the background for the analysis of the role of informal institutions in key areas of governance or market access. For the four of the case studies on informal institutions, previously unrecognized customary practice and long term, de facto local organizations have been chosen for the importance of their role in serving as the basis for the tenure claims and/or in influencing or countering regulations and norms for forest resource management. The cases analyzed are in the Guatemalan highlands, the recognition of customary practice as the basis for recognition of indigenous rights to municipal forests- and their conversion to indigenous community lands; Bolivian TCOs, the role of indigenous customary land claims and land use practice and colono de facto ‘*sindicatos*’; Nicaragua- the role of indigenous customary governance institutions in shaping the configuration/perimeters of the tenure reform ‘indigenous blocs’ and governance-management

organizations; Brazil, Puerto do Moz- previous informal mechanisms for access to forest land and responses to the new regulatory framework under the extractive reserves.

Findings

Preliminary: (For Informal Institutions) In all the countries under study, the tenure reforms have transferred rights to large forested territories or lands, where multiple communities or settlements are the beneficiaries of these rights. Some of these have internal governance systems (customary or de facto) at the community level, but there is no previous existence of a greater landscape level operational structure for governance or collective resource management at the larger landscape level. Proposals for establishing an officially acceptable organizational form for this has become one of the major difficulties. In most cases, legal recognition of tenure and the actual titling process requires the establishment of an organization with collective *personaria juridica* following a pre-determined proposal based on organizational forms from other spheres of society: producer associations, NGOs, enterprises, etc. Here, the role of representation and lines of accountability become major challenges for local communities, when the either have no previous existing system or their customary system is not recognized. Surprisingly, little has been learned or borrowed from the experiences in agriculture, where secondary level organizations and rural unions have produced many lessons for what works and what doesn't. Curiously, the discussion on the recognition of customary institutions in the case of indigenous communities appears to be far behind that taking place in Africa.

Markets: Although this theme has not been a stated focus of the project, field work has highlighted the importance of the role of Informal networks that operate as extensions of the timber industry and concessions into and dominating the 'market space/value chain' between communities and the domestic and international markets. These operators (proveedores, coyotes, etc) are invisible to the policy realm, often making the policy prescription unrealistic, or producing undesired results. While these operators do provide newly founded forestry communities with rapid sales, they also obfuscate the information, connections to and profits from markets for communities. We see this as an important realm of investigation for the future.

Impacts

Nicaragua: The World Bank is currently funding a number of activities with the Forestry Institute (INAFOR) in Nicaragua through the FLEG program. CIFOR has participated in the analysis and rewriting of the new Forest Policy and is working with others on the component assessing "decentralization, simplification of permitting procedures, and auditing", with primary responsibility for decentralization. This involves undertaking a diagnosis of the current legal situation, institutions and experiences of decentralization and designing a strategy to promote further and appropriate decentralization. The team is also coordinating with others on a strategy for community forestry and developing a national strategic plan for forest management, meeting regularly with a technical team from INAFOR that includes the director and deputy director.

The combination of these two studies makes it possible to integrate information at various scales (community and municipal, regional and central government) and in different arenas (for example, from indigenous/cultural issues to the economics of logging permits), as well as presenting the opportunity to discuss the Profor-Cifor research with INAFOR personnel at the highest levels. Nevertheless, it is important to recognize that one of the current obstacles to decision-making currently, particularly promoting significant institutional changes, is the degree of centralization clearly identified in the current central government administration.

Bolivia: At this moment the possible expansion of the World Bank's portfolio into the forestry sector and its integration into the land reform and administration process is under discussion. CIFOR staff is directly involved in the forest sector diagnosis, analysis and prioritization of issues and helping the governmental Ministry and agencies (Ministry of Rural Development, Agriculture and Environment-MRDyMA and the Direccion Forestal) to formulate their petition to the WB and other multi-lateral and bi-lateral donors. As the research sites were chosen to focus on the most important tenure reform

configurations (Community Territories of Origin-TCOs and community control of ex-barracas for Brazil nut production), findings and suggestions are beginning to be channeled into the policy reflection process before they are even formally written up.

Opportunities and/or obstacles/issues related to implementation of activity

Examining the role of the informal institutions in this work is one of the most challenging parts of the project. It is sensitive politically and culturally, particularly with respect to practices within the indigenous organizations (informal land renting and sales within the territories), cultural reticence to share the informal sphere and language barriers. In the cases of Guatemala, Nicaragua and Bolivia the delicacy of inquiring into the informal networks (especially illegal market operators) requires building on key partner relations and the confidence bonds that CIFOR staff has established in the region with community leaders. Hopefully, some of the results can be shared internally in the community/indigenous organizations in constructive ways. This seems most likely in Bolivia.

Progress against milestones and indicators

Most of the milestones for the project have been met, including the development of shared methods and tools for all the case studies. Although, given the differences in the local partners and site conditions, not all will be applied uniformly. Policy relevance and uptake in each of the countries is somewhat different, both in terms of the levels and timing.

Changes to original activity time schedule

Most of the case studies work is on schedule. The exceptions are in Nicaragua, for reasons explained above (Hurricane Felix) and in the case of the North of La Paz, where our partner researcher dropped out of the project due to a family illness. Both of these cases will most likely fall slightly behind (maximum two months) the projected due date of January 31st.

Next steps

January will be month of intense writing by CIFOR staff and consultants to produce the 4 case studies for this grant. Simultaneously, four case studies from the Role of Informal Institutions on Forest Governance will be produced. Between February and June, site or country-level workshops will be organized utilizing the most relevant findings from the research for each. Efforts will be made to include WB and other donor staff where pertinent.

Replication potential

In the Peten, Guatemala some of the methods and tools developed in this study will be used and taken to scale under a new GEF project for institutional strengthening of the entire set of communities in the Peten, funded by the WB and JICA. In Bolivia, simplified versions of the conceptual framework for analysis, methods and tools may be expanded and applied to several other sites in the country under future donor contracts. (IFAD, SIDA, FAO, maybe WB). Bank staff working in Honduras on land administration projects has expressed interest in the possibility of exploring the expansion of this work into the indigenous region of Yoro.

Budget (Financial reports will be provided by CIFOR, Bogor)

PROFOR Funding	\$ 118,706
Other sources	\$ 37,450
Total	\$ 156,156
PROFOR Funds used to date	\$ 59,834
Total Funds used to date	\$ NA

Institutional Choice and Recognition in Forestry: Effects on the Formation and Consolidation of Local Democracy

Thematic Area: Governance **Level:** Global **Completion Date:** March 2008

Objective

To identify means to support emerging local democratic institutions as a sustainable form of community inclusion in forestry.

Activity and output: progress to date

PROFOR funding first supported the Bali Workshop (June – July 2006) where 17 commissioned cases (Annex A) were presented and lessons were drawn out. The workshop was followed by peer and project-leader comments and rewriting (October 06 – July 2007). Thirteen of the articles revised and resubmitted in October passed internal and external peer review by January. They were then edited by the project leader (Ribot) in collaboration with authors. At an August Synthesis Workshop, the editorial team—Ribot, Chhatre and Lankina—convened to finalize case articles and draft a synthesis article. Eight of the thirteen articles plus a new case from Indonesia were selected for a journal special issue and copy edited. This October WRI published 10 Institutional Choice Working Papers (Annex B). The synthesis and nine articles were formatted for December submission as a journal special issue.

Findings

Institutional Choice (IC) is a Local Democracy Tool: Choices of local partners do influence the formation and consolidation of local democracy—representation, citizenship, and the public domain. Forestry interventions can be structured to build local democracy.

Institutional Pluralism Carries Risks: Where there are democratic local governments, a plurality of parallel institutions can either a) push local government to perform better through lobbying and enhancing public accountability, or b) drain democratic authorities of resources and take over their functions, undermining their legitimacy. Without democratic local institutions pluralism can enable the strongest groups to capture decisions. Institutional arrangements can be structured to support local democratic government by giving local government a clear oversight role for public resources and decisions.

Targeting is Key: Crook and Sverrisson's (2001) conclusion that local government does not support poverty alleviation does not hold everywhere. Nevertheless, it is clear that correcting for gender, caste, origin, ethnic and class biases, and systematic affirmative targeting of the poor, must be built into all local NRM and local democracy projects. Affirmative targeting mechanisms must also be applied to electoral processes—which are insufficient to assure equitable representation.

Public Control of NRM Fosters Democracy: Retaining significant powers in the public domain makes democratic local government relevant. Local people engage as citizens with local authorities that hold sufficient powers to respond to their needs. Relevant public powers and functions are essential to a vibrant local democracy.

Impacts

Influencing Donor Views: DFID's Governance and Social Resource Development Center summarized IC findings from Ribot 2007 (Annex B) and drew out recommendations on their web page (<http://www.gsdr.org/go/display&type=Document&id=2733>).

Influencing Donor Investment: USAID's Transformative Linkages initiative, 'Translinks', IQC called for IC research and improvement of IC in practice.

Informing Donors, Practitioners and Researchers: Invited presentations of findings were made to: USAID Biodiversity Team; NORAD Governance Team, Bonn International Center for Conversion (co-sponsored by GTZ); Max Planck Institute for Social Anthropology; University of Tokyo; The World Bank Sustainable Development Network Week & Learning Week; and Universities of Illinois, Michigan, and Florida.

Influencing Language (and hopefully practice) at WB. The IC concept is now being used at the World Bank by CDD task team leaders. This is the IC project leader's observation since the IC Sustainable Development Network talk (above).

Direct Use of Findings: IC project leader is using findings in advising The World Bank's "Africa Local Council Oversight and Social Accountability" (ALCOSA) project in Uganda, Tanzania, Ethiopia, and Kenya (Director: Serdar Yilmaz).

Opportunities and/or obstacles/issues related to implementation

The results are sufficiently robust to develop guidelines for forestry interventions to assure they support local democracy (see 'next steps').

Progress against milestones and indicators

Original Milestones

1. Knowledge production
2. Policy recommendations
3. Diffusion
4. Change on the ground
5. Capacity Building

Indicators of Progress

- Identified promising arrangements for increasing local representation in forestry decision making, and -Generated knowledge about effects of different institutional mixes on representation. (Witnessed in documents.)
- Presented in publications and DFID web page (Annex B).
- 20 IC publications (Annex B)
- 9 talks (Annex B).
- advising WB ALCOSA project (see above).
- 17 young policy researchers trained in IC analysis (Annex A & Working Paper #24).
- 10 developed advanced skills in writing for publication (Annex B).

Changes to original activity time schedule

The project was extended through March 08 due to intensive supervisory and editing work with young policy researchers.

Next steps

Woodrow Wilson Center for International Scholars Launch. WWICS will host an IC launch to stimulate public debate in DC on the role of NRM interventions in fostering local democracy—March 2008.

Forest Governance Infrastructure Assessment Tool. WRI project leader will develop a simplified tool to identify local institutional arrangements likely to produce democratic practice and to guide the choice and establishment of local democratic institutional arrangements. The tool will be presented at CIFOR's Workshop on Forest Governance and Decentralization in Africa (Durban, April 08). The IC next steps is to test this tool for ease of use by development practitioners and to evaluate its effectiveness.

Citizenship and Public Domain as Critical Elements of Local Democracy. To support forestry interventions as a local democracy lever the project should deepen its study of 1) the formation of citizenship through decentralized forestry and 2) the role of forestry in the creation of an active public domain.

Replication potential

The Governance Infrastructure Assessment Tool (above) is a means for replicating the research findings and their application at a larger scale. The project findings apply to decentralization reforms—write large—across natural resource types and sectors.

Budget

PROFOR Funding	\$ 134,000
Other sources	\$ 188,855
Total	\$ 322,855
PROFOR Funds used to date	\$ 62,187
Total Funds used to date	\$ 251,042

Reforms for China's Collective Forests: Analytical Support on Tenure, Rural Institutions, Forest Policy and Regulation

Thematic Area: Governance **Level:** Country **Completion Date:** March 2008

Objective

Understanding, defining and assessing tenure types and management models in collective forest areas; describing and assessing forest business models; reviewing farmers' institutional and self-organized associations

Activity and output: progress to date

- 1) Tenure study: field surveys have been carried out in 9 provinces and completed. More than 300 villages and 3000 households were surveyed. Field reports for each surveyed provinces were in the process of drafting (two reports are complete). An overview report of national tenure reform using surveyed information is almost complete. The goal is to have the first set of reports (one overview and 9 provincial field reports) drafted by end of January.
- 2) Forest business model: field survey in one province is finished and in the second designated province is under preparation. The plan is to finish survey by end of December and draft report by January;
- 3) Farmer association: field survey is finished and report being under drafting.
- 4) Workshop on tenure and regulatory reform: the date was tentatively set on February 28-29 and needs to be confirmed by SFA.

Findings

Forest tenure: tenure types change during the reform for all 9 surveyed provinces were documented and have been reported to SFA. Results with regard to pattern change, determining factors and preliminary outcomes of tenure changes were also produced and reported in different forms to SFA.

More details regarding findings are available in a draft report entitled Collective Forest Tenure Reform in China: General Report Based on Village Level Survey. [For PROFOR Donors' information, this report is available upon request]

Impacts

- 1) Team leaders have reported to SFA policy and legislation department several times with regard to findings and recommendations for the upcoming tenure reform resolution. Jintao Xu has been invited as exterior reviewer of the State Council Resolution on Collective Forest Tenure Reform. Xiaojie Weng of Fujian Society of Forest Economics participated in drafting and revision of the resolution.
- 2) Researchers have been invited to several government held workshops to report findings of tenure reform surveys.

Opportunities and/or obstacles/issues related to implementation of activity

Interests of central and local government on the tenure reform issues have been high and information from the surveys have been highly demanded by various government agencies.

Progress against milestones and indicators

It was expected that thematic reports and synthesis reports were complete by end of December. Currently draft thematic reports should be able to be done by this date and synthesis report done by end of January.

Changes to original activity time schedule

Another major milestone was the workshop, initially scheduled in October. Currently it is postponed to early 2008 (end of February) due to political reason (time conflict with CPC 17th national congress).

Next steps

- 1) Tenure study: Complete thematic report (provincial survey report and overview report.
- 2) Forest business model: complete survey in the second province and draft report by end of December;
- 3) Farmer association: complete report by end of December.
- 4) Workshop: to be held in early 2008.

Replication potential

None

Budget

PROFOR Funding	\$250000
Other sources	\$ 0
Total	\$ 250,000
PROFOR Funds used to date	\$107,060
Total Funds used to date	\$ 107,060

Enhanced Financing Alternatives for SFM

Analysis of Forest Land Use Options For Reducing Carbon Emissions From Deforestation And Degradation (Redd)

Thematic Area: Financing for SFM **Level:** Country **Completion Date:** March 2008

Objective

To clarify Possible Strategies for Reducing Emissions from Deforestation and Degradation (REDD) in Indonesia's major forest land use types and to identify pilot projects for testing the potential of “ avoided deforestation” payments.

The project contributed directly to PROFOR's goals of fostering innovative financing mechanisms in ways that will contribute to poverty alleviation.

It also fitted well with the three main thrusts of the World Bank's 2002 Revised Forest Strategy which are: to maximize the potential of sustainably managed forest resources to contribute to poverty alleviation, to sustainable economic growth and to protection of environmental services of both local and global importance.

Activity and output: Progress to date

This PROFOR project aimed to analyze the reduced level of emissions that could be anticipated through introduction of improved land use and land conversion strategies in five forest land use categories , namely: protected areas , production forests , forests being managed to provide raw material for the pulp and paper industry , for the oil palm industry and in peat lands.

The Project made a significant contribution to financing a series of multi stakeholder studies that assessed options for adjusting historical approaches to forest conservation, sustainable forest management and forest land use. These studies analyzed how adjustment to forest conservation and land use strategies could lead to quantified and verifiable reduction in carbon emissions. Strong emphasis was given to linking climate change REDD initiatives to conservation and development strategies that would address poverty alleviation by engaging local communities as beneficiaries of programs for effective management of Protected Areas, for sustainable management of natural forests and for establishment by local communities and small holders of plantations and agro forestry crops such as oil palm on non forest and degraded lands.

Findings and Outputs

The studies identified a series of “Readiness” capacity building activities for implementation beyond COP 13. These include strengthening of capacity for measurement and monitoring of forest change and carbon emissions, further exploration of potential carbon buyers and sellers, strengthened capacity for more effective forest governance (aimed especially at containment of illegal logging). They also include provision for further development and testing of REDD Payment Distribution Mechanisms.

They identified criteria and principles for selection of pilot projects for implementation between 2009 and 2012 that will create opportunities to test the effectiveness of those land use strategies that would be most likely to slow deforestation and degradation.

The nine completed studies cover the following topics:

- ◆ Measurements , Standard Setting and Monitoring
- ◆ REDD Scenarios and Carbon Markets

- ◆ Payment Mechanisms: Distribution and Institutional Arrangements.
- ◆ Improving the Management of Protection Forests through Reduced Emissions from Deforestation and Degradation
- ◆ Strategies to Reduce Carbon Emissions from the Pulp, Paper and Plantations Sector
- ◆ Strategies to Reduce Carbon Emissions from the Oil Palm Sector
- ◆ Production Forest Land Use Strategy
- ◆ REDD Implementation on Peat lands.
- ◆ Consolidated Executive Summary : Comparative Strategies for Reducing Emissions from Deforestation and Degradation

Impacts

The studies have contributed to improved understanding of Climate Change/ Forest Land use relationships. They provided input to the deliberations of a multi stakeholder Indonesia Forest Carbon Alliance that includes representatives of Government Ministries, of Indonesia's National Forest Council (DKN), of local communities, leading conservation agencies of forest and agribusiness related industrial companies and leading policy researchers.

They have contributed substantive input to ongoing discussions relating to establishment of a World Bank managed Forest Carbon Partnership Facility. They have also provided useful input to a World Bank initiated and ongoing independent Consultative Process that is reviewing possibilities for creation of a Global Forest Partnership that would build on the experience already gained through the Bank's earlier partnerships with PROFOR, The World Bank/WWF Alliance and the EU funded Forest Law and Governance Programme (FLEG).

Opportunities and/ or obstacles/ issues related to implementation of activity

Past governance in Indonesia was marked by a lack of accountability to local communities and local governments, and one of today's challenges for the Indonesian forestry sector is to overcome this legacy. A decentralization process has significantly increased the role of local governments in decision making, but in the forestry sector the process has also been characterized by a large amount of uncertainty over roles and lack of local government preparedness. The Indonesia Forest Carbon Alliance and Indonesia's National Forest Council (the DKN), have demonstrated Indonesia's ability to bring together a diverse range of local and national forestry stakeholders and DKN's potential to influence national forest land use policy.

To summarize, the project has created a spring board from which to launch a pipeline of follow up Readiness and Pilot project activities that will link REDD strategies to cross-cutting issues such as land-use, poverty alleviation protection of indigenous peoples; rights and governance.

Constraints to Implementation of Project Findings and Recommendations

Many of the policy and institutional reforms that will be needed to slow deforestation and degradation have been extensively researched and well documented. Practical implementation of those reforms has been vigorously resisted for more than a decade, particularly by politically powerful large scale private sector interests sometimes supported by corrupt government officials.

Indonesia's current government is strongly committed to bringing about positive changes and playing a leadership role in the global climate change debate during COP. However it is not yet clear whether a combination of rising international concerns about global warming, renewed government commitment plus substantial REDD "avoided deforestation" payments will provide adequate incentive to trigger adoption of the extremely difficult and politically sensitive land tenure, pricing reform and safeguard policies that will be needed to bring about a major shift in past government forest land use policies.

Past experience suggests that by engaging civil society and environmentally conscious forest product consumers in global forest dialogue, GOI could help to counter the past influence of those powerful commercial interests that have been resisting pressures to adopt more social and ecologically responsible corporate behavior.

Reports generated by an earlier PROFOR initiative that financed DKN input to a Forest Development Forum held in May of 2006, contain useful illustrations of the efforts launched by some more responsible private sector companies to develop mutually beneficial partnerships with local communities and small holders.²

Progress against milestones and indicators

All of the initial objectives listed in Section 2 were achieved by the activity.

There were no significant changes to the original activity time schedule, though the elaboration of the results of the analysis and consultation is going to continue over a period of 3 months after COP13

Budget

PROFOR Funding	\$ 125,000
Other Sources Carbon Fund	\$ 210,000
TOTAL COSTS	\$ 335,000
PROFOR funds used to date	\$ 20,534.75
Total Funds used to date	\$ 210,000

² See: "Planting Trees, Growing Businesses" by Dominic Elson (IFC) "Is HTR a New Paradigm in Community Based Tree Planting in Indonesia?" (by Meine van Noordwijk from ICRAF and colleagues) "Forestry Companies perspectives : Improving Community Roles in Plantation Development Through Partnerships" (by Ani Adiwinata Nawir of CIFOR and COMFORLINK)

Objective

Central to the discussion on global commitments and a non-legally binding instrument (NLBI) within the UNFF is the issue of means of implementation, particularly financial mechanisms and resources. At its sixth session in May 2006, the UNFF identified potential mechanisms to support action toward the four global objectives and sustainable forest management (SFM) more broadly. In response, PROFOR developed a background paper to assess the various means of implementation in terms of their ability to contribute to the Global Objectives of the UNFF by effectively mobilizing resources to support implementation of SFM, build capacity, and carry out analytical work and piloting of policy options.

Activity and output: progress to date

The study was presented, and met with broad acceptance at the seventh session of UNFF and formed the basis for the adoption on a Non-legally Binding Instrument on Forests (NLBI).

Findings

The paper reviews the current and emerging financial resources for sustainable forest management (SFM) and elaborates a range of innovative approaches to mobilize new and additional financial resources for SFM that contribute to the achievement of the of the Global Objectives of the United Nations Forum on Forests (UNFF).

The main findings of the review are:

- A major shift is necessary for SFM to become a mainstream element of national development strategies for countries large and small. There is a need to establish an inextricable link between forests, economic development and poverty reduction;
- Private sector investments are becoming increasingly important which is resulting in a shift away from ODA which will result in different roles by Governments and Donors
- There is a need for concerted efforts by all players to make use of new financing opportunities for SFM. Such efforts would include financial arrangements for transparency and accountability, building the capacity of local institutions to engage in these new opportunities, and building the intermediary financing and technical support institutions that can ensure links to the development agenda.

The main recommendation of the study is to create a new voluntary Forest Financing Mechanism (FFM) which is built on a so-called "portfolio approach". Instead of selecting a single (or small) set of fundraising instruments (e.g. state based contributions), a portfolio of products and services should be created for raising financial resources from a variety of actors aimed to meet diverse SFM objectives. Such an approach would mix the following major financial product and service 'types':

- Public funding from domestic national and sub-national budgetary allocations
- ODA (bilateral and multilateral grants and loans)
- Payments for ecosystem services
- Private sector investments in SFM
- New financial resources from philanthropic leaders and political figures and celebrities

Options for the institutional, governance and management setup of the proposed FFM are numerous and require further discussions in preparation of the UNFF's next session in 2009.

Impacts

As a result of the adoption of the NLBI, UNFF member states are now obliged to develop, based on the study, a voluntary Forest Financing Mechanism (FFM), to be discussed over the next 2 years and to be adopted at UNFF 8 in April 2009.

PROFOR, as well as the planned Global Forest Partnership (GFP) are being seen by the European Union, the United States and other governments as models for FFM and there is a strong probability that these partnerships may serve as an implementing tool for the FFM.

Next steps

As part of the Collaborative Partnership on Forests (CPF), PROFOR and the World Bank have been requested to play a leading role in the development of a voluntary Forest Financing Mechanism (FFM) in the run-up of the UNFF 8 meeting. PROFOR has already leveraged US\$ 303,000 from the Dutch Government to actively engage in this process. Also, the Dutch Government has agreed to finance a Dutch secondment to the Bank to strengthen the Bank's capacities in supporting the development of the FFM in context with the emerging Global Forest Partnership at the World Bank.

There is a strong probability that the Bank will be requested to host and manage the future FFM.

Replication potential

PROFOR should be further engaged in similar activities. Brokering new and innovative approaches for forest financing is at the core of its mission and the use of comparably small funds promise to result in major impacts and leverage of new funding. At a time when public attention is focused on climate change and models for reducing emissions from deforestation and degradation PROFOR has to play a prominent role in connecting this debate to development and poverty aspects.

Budget

PROFOR Funding	\$136,566
Other sources	0
Total	\$136,566
PROFOR Funds used to date	\$136,566
Total Funds used to date	\$136,566

Thematic Area: Financing SFM

Level: Global/Regional **Completion Date:** January 2008

Objective

To implement the planning phase of an initiative to promote combined certification of Payments for Ecosystem Services (PES) - for carbon, water and biodiversity – with certified forestry operations, focusing on emerging voluntary markets. The original objective has been modified to focus primarily on PES that are carbon-led with additional benefits (notably water and biodiversity conservation but also positive community impacts), given that greater market demand currently exists for such products, versus for PES for water and biodiversity. Additionally, certified agro-forestry operations have also been included.

Activity and output: progress to date

Forest Trends held an initial planning workshop involving over 40 international experts involved with PES and forest and agro-forestry certification, and subsequently formed a steering committee from the participants to provide advice on the implementation of the subsequent activities.

Forest Trends has already completed and submitted the analytical review of existing initiatives to combine forestry and agroforestry certifications with PES for carbon, water and biodiversity. PROFOR has accepted this review and released the associated second tranche of project funds. Forest Trends is currently finalizing interviews with leading PES market actors and will submit the associated report to PROFOR in early December. It will also submit the final project report by the end of the calendar year. In addition, Forest Trends has identified leading candidate sites, in collaboration with GTZ and the initiative's steering committee members, and conducted site visits to the majority of these locations. Indications are positive that GTZ will provide funding for technical and marketing assistance to these initiatives to develop payments for PES. GTZ and Forest Trends will also collaborate to seek additional funding for these and other pilot sites from other donors.

In a related vein, Forest Trends has obtained funding to support the development of draft methodologies for Agriculture, Forestry and Other Land Uses (AFOLU) under the Voluntary Carbon Standard (VCS). These methodologies encompass: Sustainable Forestry Management, Afforestation/Reforestation/Revegetation, Agricultural Soil Carbon, and Avoided Deforestation. Forest Trends anticipates that these methodologies will be validated in a number of the identified combined certification pilot sites.

Findings

The principal preliminary findings are:

- 1) There is growing demand for forest-based and other land use carbon credits, and that the development of new methodologies, such as: the recently developed VCS/AFOLU; the VER+, developed by TUV-SUD; Plan Vivo/Earth Carbon, developed/being developed by the Edinburgh Centre for Carbon Management; and the Climate Community and Biodiversity Alliance design standards, are all helping to drive this demand;
- 2) In addition, new market products for 'conservation carbon', de-linked from the current focus on 'additionality', are also likely to emerge in the near future, further increasing demand;
- 3) Similarly, the increased attention to Reduced Emissions for Deforestation and Degradation (REDD) and Avoided Deforestation that will be the focus of deliberations at the upcoming UNFCCC Conference of the Parties (COP) in Bali in December, is also likely fuel interest in LULUCF/AFOLU carbon credits, particularly those that have additional positive attributes.
- 4) However, there is also concern on the part of several market actors that the proliferation of standards and potential new products could complicate the process of communicating with and convincing new buyers to enter into these markets, and undermine future growth.

5) There is increasing need for practical guidance and assistance to be provided to forest and agro-forest owners/managers regarding how to analyze the potential of their forest/agro-forest holdings to determine their suitability for tapping into PES markets, and also for similar recommendations regarding alternative management practices that would qualify for PES 'additionality' and address 'permanence' issues (together the associated estimated costs and PES benefits), in order to inform the owners/managers' decision-making and to help spur the growth of forest-/agro-forest-based PES.

Impacts

Forest Trends has interacted with staff of the World Bank's Biocarbon Fund and with representatives of the IFC regarding the potential for linking the activity with their ongoing operations.

In addition, the ongoing collaboration with GTZ and exploratory discussions with several donors, notably the Dutch Government, regarding the potential for supporting the expansion of the pilot activities offer good potential for increasing the scale of the proposed implementation activities.

Moreover, Forest Trends plans to support a number of combined forest and PES certification initiatives under the auspices of the recently approved large-scale grant from the GEF to promote the development of PES linked to the conservation of significant biodiversity.

Opportunities and/or obstacles/issues related to implementation of activity

There is now a significant opportunity to validate the recently-developed methodological guidance and standards for forest- and agro-forest based carbon under the VCS, VER+ system, Plan Vivo/Earth Carbon, and the CCBA, in addition to under the Clean Development Mechanism, linked to sustainable forest/agro-forest certification.

The main challenge experienced has been scheduling interviews with a number of the market actors to obtain their views and recommendations, which has delayed the submission of the second report due under the contract.

Progress against milestones and indicators

The original milestones and status of the indicators are as follows:

1. Signing of the contract; completed - \$12,500 released.
2. Submission and acceptance of the Analytical Review; completed - \$50,000 released
3. Submission of a report synthesizing the views and recommendations of leading PES and certification experts; pending, due to be submitted in early December, 2007.
4. Submission of the final report; pending, due to be submitted in late December 2007, which is the term of the contract.

Changes to original activity time schedule

Although the submission of the report synthesizing the views and recommendations of leading PES and certification experts is somewhat behind Forest Trends' internal schedule (a timeframe was not stated within the contract deliverables), it, and the final report, will be submitted before the contract term ends on December 31, 2007.

Next steps

Forest Trends will complete the remaining deliverables for PROFOR, and also continue to interact with the leading candidate pilot sites, GTZ, and other interested actors to describe the site-specific conditions and opportunities, and technical and other assistance required by the pilot proponents to obtain PES. Forest Trends anticipates that it will collaborate with GTZ to hold a conference for other potential donors to support the identified pilot activities and, ideally, to expand the scale of such support to include additional pilot sites.

In addition, the Tropical America Katoomba Group will provide increased resources for assistance to develop PES within the region, including a significant focus on support for existing certified community forest/agro-forest owners (or for those in the process of obtaining such certification) to obtain combined

PES certification. Forest Trends also anticipates that under the soon to be implemented GEF large-scale grant several combined certification initiatives will be supported in other regions.

Replication potential

As noted earlier, there is good potential for replication via the evolving work of the Katoomba Group to focus increasingly on providing technical assistance to community-based PES activities, and also via the funding to be provided by GTZ, GEF and other donors.

Budget

PROFOR Funding	\$125,000
Other sources	\$373,500
Total	\$498,500
PROFOR Funds used to date	\$62,500
Total Funds used to date	\$304,500

Thematic Area: Financing SFM **Level:** Country **Completion Date:** July 2007

Objective

The main objective of the activity was to support the national process aimed at improving the enabling conditions for industry revitalization and community involvement in plantation development. Expected outcomes of the Indonesia Forest Development Forum and preparatory activities were the following:

1. Convergence of ongoing efforts to revitalize the forest industry.
2. Critical review, adoption, and dissemination of Working Group recommendations.
3. Enriched policy dialogue.
4. Informed development of financing/investment options in the forestry sector.
5. Increased support for the role of forestry sector Small and Medium Enterprise's (SME) in contributing to rural development and poverty alleviation.
6. Identification of next steps for MoF and other related actors for contributing to a sustainable future forest industry.

Activity and output: progress to date

In April and May 2007, the Indonesian National Forestry Council (*Dewan Kehutanan Nasional*, DKN), with assistance from PROFOR and the WWF-World Bank Alliance, held a series of regional multi-stakeholder meetings that culminated in a two-day national Forestry Development Forum. The regional meetings, which were held in the major forestry regions of Sumatra, Kalimantan, Papua, and Sulawesi, served as forums for local representatives from government, civil society, and academia to discuss and provide inputs to the national forestry sector policy roadmap. Results from these 'consolidation meetings' were a key input to the Forum which was held in Jakarta on May 2-3 2007.

The WBOJ commissioned several reports for presentation at the Forum. These provided key lessons for forestry policy development from international research institutions with extensive experience in the Indonesian forestry sector (CIFOR and ICRAF), from major private forestry companies (ComForLink), from an international organization active in promoting the small scale wood processing sector (IFC-Pensa), and from multi-stakeholder forestry representatives (DKN). The reports were the following:

- Nawir, Ani Adiwinata (CIFOR) & the Community Company Forest Link (ComForLink): 'Perspektif industri: pendekatan hilir dalam meninjau dan meningkatkan peran masyarakat dalam pembangunan hutan tanaman melalui kemitraan', CIFOR
- Meine van Noordwijk, S Suyanto, Suseno Budidarsono, Niken Sakuntaladewi, James M. Roshetko, Hesti L. Tata, Gamma Galudra and Chip Fay (ICRAF). "Is Hutan Tanaman Rakyat a new paradigm in community based tree planting in Indonesia?"
- Elson, Dominic (IFC). Planting Trees, Growing Businesses: The role of micro, small and medium sized enterprises in the revitalization of the forestry sector in Indonesia
- Dewan Kehutanan Nasional (DKN). Konsolidasi Dan Percepatan Pelaksanaan Restrukturisasi Kehutanan (Consolidation and Acceleration of Forest Industry Restructuring Activities)

The National Forestry Development Forum, subtitled "Consolidation and Acceleration of the Implementation of Forestry Sector Restructuring" brought together forestry stakeholders from the Central Government, regional governments, communities, NGOs, the business sector, academia and international research organizations to provide inputs to MOF's forestry 'roadmap'. Discussions were focused on community based forest plantations, forest industry and trade restructuring, and forestry governance and national forest management. The Forum included a statement by the Minister of Forestry which highlighted the importance of the multi-stakeholder approach. The Forum facilitated the open discussion of multiple viewpoints and set a new standard for transparent and accountable forestry policy development in Indonesia.

Findings

Discussions at the Forum resulted in a considerable amount of agreement among key forestry stakeholders on major issues related to forest sector restructuring. For policies related forest product development, parties agreed on the importance of the development of the non-timber forest products and environmental services sectors, of capacity building, and of conflict resolution related to land access. Improvement in governance and in the legal and business framework were deemed to be important for general forest development. Participants also agreed that there is a need for each group of stakeholders to work on internal agreement to improve the effectiveness of future multi-stakeholder policy consolidation processes. In regards to policy development processes it was agreed that different stakeholder perspectives need to be taken into account, with lessons from the field playing a key role in creating stakeholder consensus.

The reports which were presented at the Forum provided a series of specific findings and recommendations for the industry restructuring process.

Impacts

The Forum process played an important role in raising the profile of DKN as an institution with the ability to bring together Indonesia's diverse forestry stakeholders to discuss important forestry policy developments, and to improve the role of all stakeholders in policy development. This is an important step toward achieving an equitable, sustainable and revitalized Indonesian forestry sector. MOF decree No 39/2007 which was signed on September 13 2007, formally recognizes the role of DKN to provide inputs to the Ministry of Forestry. Under the decree, DKN would be responsible for (a) providing inputs to the MoF in formulating, implementing, and evaluating MoF's performance as well as revising forest policy, (b) gathering inputs from forestry stakeholders to be used in forestry policy formulation and evaluation (c) acting as intermediary among the key forestry stakeholders, (d) facilitating the relationship between forestry-related sectors, and (e) managing forestry-related information.

Opportunities and/or obstacles/issues related to implementation of activity

Past governance in Indonesia was marked by a lack of accountability to local communities and local governments, and one today's challenges for the Indonesian forestry sector is to overcome this legacy. The decentralization process has significantly increased the role of local governments in decision making, but in the forestry sector the process has also been characterized by a large amount of uncertainty over roles and lack of local government preparedness. At the Forum, DKN demonstrated its ability to bring together a diverse range of local and national forestry stakeholders. Its role in facilitating improved forestry governance was solidified and confirmed by the MOF decree described in Section 5 above. DKN with its ability to facilitate multi-stakeholder dialogue, both at the national and regional levels, and to influence national policy has the potential to be a key partner in World Bank activities related to the Indonesian forestry sector. This includes activities that address cross-cutting issues such as land-use, poverty alleviation, and governance.

Progress against milestones and indicators

All of the initial objectives listed in Section 2 were achieved by the activity.

Changes to original activity time schedule

There were no significant changes to the original activity time schedule.

Next steps

At the Forum the following next steps were agreed upon:

- Developing specific activities based on the inputs that were gathered from the various stakeholder groups
- Facilitating the adoption of the above activities into MOF's operational programs
- Developing at least four pilot projects for addressing issues related to forest resource rights
- Identifying policies for minimizing transaction costs related to forest product utilization
- Creating inputs for bureaucratic reform as well as re-organization of the MoF and forestry related institutions at the local level

Many of these country driven activities will require substantial funding and present an opportunity for PROFOR and other donors to increase their engagement in the Indonesian forestry sector.

Replication potential

The emergence of a democratic, multi-stakeholder body with the mandate to advise the national government on forestry issues has presented a unique opportunity for PROFOR and other donors to support forest governance reforms in Indonesia. The strengthened role of the DKN that this activity has helped bring about, and the continuing need to support national forestry reforms creates a compelling case for further engagement.

Budget

PROFOR Funding	\$ 150,000
Other sources	\$ 55,000
Total Costs	\$ 205,000
PROFOR Funds used to date	\$ 143,036
Total funds used to date	\$ 198,036

TFD Dialogue on Forests and Poverty Reduction (Activity 1) and Technical Assistance in Forest Governance (Activity 2)

Thematic Area: Financing for SFM **Level:** Global **Completion Date:** June 2008

Objective

- *Primary Activity:* Promote and sponsor a multi-stakeholder dialogue initiative on how the poor can engage with, and benefit from commercial forestry.
- *Secondary Activity:* Provide logistical and technical assistance to INAFOR in the implementation of a set of FLEG activities and participative events in Nicaragua, agreed upon by INAFOR and the World Bank as part of a broader joint work plan for forest sector reform.

Activity and output: progress to date

Activity 1: From 18-19 September, TFD convened 20 stakeholders in Guarayos, Bolivia for two days of field based visits and dialogue focused on Pro-Poor Forestry in Bolivia. Then from 20-21 TFD convened 42 national and international participants in Santa Cruz de la Sierra, Bolivia. See the attached output “Co-Chairs Summary” for a review of the discussions and findings from the Pro-Poor Commercial Forestry Dialogue in Bolivia.

TFD will plan to hold one more regional, field based dialogue on the Pro-Poor Commercial Forestry topic in 2008 (most likely in the Komi Region of Russia) bringing the total of regional dialogues to four. Then TFD will finalize the initiative (and outputs, outcomes) with a final workshop in late 2008 or early 2009.

Activity 2: By August 31, consultants for the FLEG activities had signed contracts to begin activity implementation. During the first week of September, the National Forest Authority (INAFOR) is conducting a workshop along with Advisory Team members and all of the consultants. The purpose of this meeting is to ensure the integration of the activities within the broader framework of the revised forest policy and development of INAFOR’s strategic plan and minimize the operating costs of individual activities. CATIE, in addition to acting as the project’s fund administrator, will likely be incorporated in the Technical Advisory Team (joining representatives of the WB, GTZ, MAGFOR and INAFOR).

A regional CITES workshop was conducted in August with participation of the CITES administrative authorities, national forest authorities and customs agencies from each of the Central American countries. The purpose of the workshop was to initiate a process of technical consultation and consensus building at the regional level in order to establish the technical and administrative regulations and joint actions to improve the CITES compliance. Experiences among countries with CITES monitoring and control were exchanged. A methodology for standardizing and adjusting the measurement of commercial mahogany was validated.

As follow up to the regional CITES workshop, the Nicaraguan CITES authority met with the director of the Export Procedures Center and the INAFOR CITES liaison to discuss next steps. They agreed to organize a workshop for the key organizations to devise mechanisms to improve inter-institutional communication and coordination.

Findings

Activity 1: The three Pro-Poor Commercial Forestry dialogues (South Africa, Indonesia and Bolivia) have yielded a very rich amount of information regarding how the poor can benefit from commercial forestry in practice. There are a number of motivating factors and elements that create an enabling environment for the development of pro-poor commercial forestry projects. There are also rather more formidable

obstacles in the way of these pro-poor projects. Businesses and communities need to be made aware of the potential and we need to develop close collaborations of all stakeholders to overcome the obstacles. Once we have convened the dialogue in Russia, there will be enough information and data to formulate a best case scenario for businesses and communities to follow when developing these projects.

Activity 2: There are no specific findings to report.

Impacts

Activity 1: In terms of impacts, several World Bank staff and donor representatives have participated fully in this dialogue process. Also the Co-Chairs Summaries, the primary output from the individual dialogues, have been disseminated widely. Once this dialogue initiative is final, we will produce a *TFD Review* explaining the major findings and this document will be promoted heavily by the TFD Steering Committee through panel discussions, presentations and individual meetings with key stakeholders. The other products from this initiative that will have direct impact is the “business case” for pro-poor commercial forestry and the set of guidelines for business and communities in developing these projects.

Activity 2: The FLEG project is ongoing although this activity has been completed. At the time of the activity’s completion, there were no specific impacts to report.

Opportunities and/or obstacles/issues related to implementation of activity

Activity 1: After each of the dialogues there has been a very strong desire to continue the dialogue by local participants. Unfortunately, TFD does not have the capacity, funding or mandate to continue these dialogues at a local level. It is a shame to lose the momentum and expectations that develop as a by-product of TFDs dialogues. Perhaps this is an opportunity for the World Bank and its donors to discuss. A major challenge (particularly in Bolivia) has been the capacity of the local partners to organize the logistics on the ground. Our dialogues are often in very remote locations and the expectations of the global initiative are not easily understood. In the future it will be necessary for SC members and staff from the TFD Secretariat to make *several* trips prior to the dialogue to the location to meet with local partners.

Activity 2: There exist potential opportunities to continue close collaboration with both Nicaraguan government partners as well as civil society and international cooperation agencies. In particular, opportunities for collaboration abound in the area of forest sector development, the decentralization of forest sector administration and community – private sector partnerships.

Progress against milestones and indicators

Activity 1:

1. Continuing discussions regarding commercial forestry's ability to be pro poor continue in Indonesia, Bolivia and South Africa – *discussions that began at all the regional dialogues have continued informally, lead by our local partners.*
2. A semi technical document outlining key drivers and enablers summarized as universal and specific (i.e. critical in higher value added operations versus say lower value added operations) for pro poor commercial forestry – *preliminary results so far, to be finalized at the workshop.*
3. A set of guidelines/policies that commercial forestry should review to maximize its potential to be pro poor – *preliminary results so far, to be finalized at the workshop.*
4. A business case for pro poor forestry - *preliminary results so far, to be finalized at the workshop.*

Activity 2:

Milestone: Literature compilation and review and a draft paper proposing a model for Company - Community partnership ready for consultation.

1. Support development of Terms of Reference for technical consultancy. *Completed.*

2. Conduct 2-4 visits to Southern Atlantic Coast Autonomous Region in order to develop inputs for the TORs and validate draft of TORs with key stakeholders (regional government; local INAFOR officials; community representatives; forest operators). *Field visits and validation completed.*
3. Assist INAFOR in review of technical proposal submitted by consultant. *Completed.*
4. Provide technical assistance to consultant, including development of literature review of best practices for social responsibility in timber company – community partnerships. Particular emphasis will be given to experiences in Bolivia, Guatemala, Mexico and Peru, and – as needed – information will be gathered directly from the stakeholders via email and/or phone. *Completed.*

Milestone: Support INAFOR and the Nicaragua CITES authority in the development of a proposal for a system of Third party independent verification of legality of origin of timber.

Result: Report of CITES Regional Workshop. *Completed.*

1. Support preparation of workshop agenda. *Completed.*
2. Support preparation of participant list. *Completed.*
3. Support logistics prior to and during workshop as needed. *Completed.*
4. Prepare draft report of workshop and circulate to key stakeholders. *Completed.*

Changes to original activity time schedule

Activity 1: The Bolivia dialogue took place on schedule. The Russia Dialogue and final workshop timeline will be set in early 2008 based on other TFD Dialogue initiatives.

Activity 2: The activity time schedule was not altered and the activity was completed according to schedule.

Next steps

Activity 1: Convene the Russia Dialogue and then the final workshop. Produce and promote results.

Activity 2: Following the completion of this activity, the FLEG project continued as planned.

Replication potential

Activity 1: This dialogue process can be easily replicated in any other region of interest to the World Bank or its donors.

Activity 2: The FLEG project has significant replication potential. In fact, similar initiatives were initiated prior to the Nicaragua project in other regions of the world.

Budget

PROFOR Funding	\$ 79,150
Other sources	\$ 35,000
Total	\$119,150
PROFOR Funds used to date	\$ 40,000
Total Funds used to date	\$ 60,000

Building Forest Policy Analytical Capacity in China

Thematic Area: Financing SFM

Level: Country

Completion Date: March 2007

Objective

The project aims to build on the current skills and interests of the China State Forest Administration (SFA) Forest Economics Development Research Center (FEDRC) **to provide forest policy decision-makers 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.

Activity and output: progress to date

The project has supported teams of FEDRC researchers to conduct background and original survey research on timber supply economics. An international consultant has mentored and advised the research team in the selection of research topics, sites and methodology. The project co-sponsored an international workshop in 2006 on Supply and Trade of China's Forest Products.

After a preliminary literature survey and pilot modeling exercise using World Bank project data, the project concentrated on modeling timber supply in Heilongjiang Province in China's northeast. Heilongjiang accounts for around 10% of China's total timber production and forest management is dominated by State Forest Farms. The possibility that forest policy and institutional reforms, that in China have so far centered on private and provincial forest areas in the south, could be extended to these areas makes Heilongjiang an area of particular interest.

An engineering economics model was considered the technique of choice on the basis of data availability and the approach's value as a teaching tool for FEDRC staff. The approach involves the collation of data on the cost of timber land management, site productivity, transport costs and other physical and economic information, and their integration to yield a prediction of the supply of timber at different

Findings

The completed model and working paper (attached) suggests a large potential for economically expanding the sustainable supply of timber in Heilongjiang. The model aggregates cost of production

Impacts

The project has substantially developed the skills and capacity of FEDRC staff to plan and conduct research using modern economic methods and approaches. It has led FEDRC management to identify forest supply research as a priority for continuing FEDRC work. The specific finding of a large potential supply response in the State Forest Farm subsector will be a subject of follow up analysis by the World Bank forest sector analysis.

Opportunities and/or obstacles/issues related to implementation of activity

FEDRC was recognized as a very constrained and limited institution at the beginning of the project. Several internationally assisted projects have attempted to build FEDRC capacity over the last ten years with limited success. This project has encountered similar difficulties and has attempted to focus on a specific set of tools and policy issues. The work completed so far, in the context of FEDRC is encouraging, but nonetheless costly and time consuming.

In addition to the capacity building and specific policy insights developed by the work, the project has been helpful in developing a connection for the Bank within the SFA that is not directly related to the World Bank's ongoing plantation investment projects. Until the initiation of the second China PROFOR project on Collective Forest Tenure Reform, this was the Bank's only formal association with an SFA

agency outside of its project operations. This led to associated work on forest law enforcement and governance, and has been supportive of the agreement to proceed with Bank-led forest sector analysis.

Progress against milestones and indicators

After significant delay the project has completed its planned operations, with the exception of a final publishable paper and dissemination workshop.

8. Changes to original activity time schedule

Next steps

Subject to PROFOR concurrence in extending the project closing date, a dissemination workshop will be organized by FEDRC and a revised paper suitable for submission to an international academic journal will be prepared with assistance by an international consultant.

Planned World Bank forestry ESW for FY 2008-2009 will pick up on the estimated supply response potential as an entry point into dialog with Government on the need for and potential of reform in the State Forest Farm subsector.

Replication potential

The project demonstrates lessons in three respects:

Methodologically. The engineering economic technique employed by the research is extraordinarily well suited to the study of policy problems often encountered in developing country forestry. It is economical in data demands, is relatively accessible and understandable to foresters and policy makers, and is not highly demanding of economic expertise. It is much more widely applicable than its usage would suggest and the project's continuation to support publication of results in a widely available journal would be highly desirable.

Institutionally. FEDRC is a problematic partner. SFA support for FEDRC indicates recognition that an internal forest policy analysis capacity is considered desirable and valuable. Nevertheless, the unit is not well structured to conduct quality research and is in need of more in-depth and extensive assistance than can be provided on a project basis. Private sector, academic and international analytic capacity is available in China and, while also in need of development, should be considered in the future.

Substantively. Timber supply is the forest policy question in China today. All the reform measures being implemented and considered by Government and others (tenure reform, forest farm restructuring, public investment policy, timber trade, etc.) relate to the need and potential for mobilizing domestic resources to sustainably increase the supply of timber. The work of this project could be directly extended to examine supply response of forest producers elsewhere in China in reaction to implemented or prospective policy reforms.

Budget

PROFOR Funding	\$150,000
Other sources	\$ 0
Total	\$150,000
PROFOR Funds used to date	\$137,000
Total Funds used to date	\$ 137,000

Cross-Sectoral Cooperation

Measuring Biodiversity and Forest Conservation, Production and Livelihood Outcomes in Multifunctional Agriculture—Forest Landscape Mosaics

Thematic Area: Cross-sectoral Cooperation **Level:** Global **Completion Date:** June 2008

Objective

Developing methods for assessing the performance of landscape mosaics that integrate conservation, production and livelihoods goals

Activity and output: progress to date

IUCN and EP conducted a workshop with WWF and university collaborators in Fall 06 to explore relationships between our respective frameworks for assessing integrated landscape performance. We concluded that multi-stakeholder landscape planning, management and measurement fundamentally is a process of negotiation that requires deliberate, transparent and ‘principled’ facilitation. Our deliberations produced a draft set of principles which was circulated to collaborators for comment. The resulting document ‘Principles of Engagement with Stakeholders’ is presented in Annex 1. The Principles pertain mainly to situations in which a powerful, external actor seeks to pursue its goals across a large spatial scale in locally beneficial, equitable and sustainable ways. They can apply also when other drivers motivate localities to cooperate in landscape level land use planning and management.

IUCN and EP teams came together again in Feb 07 on the Ugandan side of the Mount Elgon landscape within the programmatic context of the IUCN-supported Mt. Elgon Regional Ecosystem Conservation Program (MERECP). The African Highland Initiative’s (AHI) Landcare initiative, which partners with EP in Kapchorwa District, co-hosted the visit. A group of 13 scientists, local officials and local people interacted for four days to explore and test a variety of methods for engaging different configurations of stakeholders in formulating goals for segments of landscape that stakeholders found meaningful, and identifying associated performance (outcome) indicators.

Following the field trip to Mt Elgon the IUCN and EP teams have pursued the further development and testing of methodological resources for assessing multifunctional landscape performance as follows:

- IUCN has been reviewing how conservation and development groups are evaluating their progress in improving flows of environmental and developmental benefit flows at a large spatial scale. Four different approaches are being explored:
 - 1: Expert-driven approaches in which technical specialists design indicator sets and establish baselines against which progress can be measured
 - 2: Participatory processes through which stakeholders negotiate landscape scale outcomes and determine scales against which they can be measured.
 - 3: Simple simulation models built with the participation of local stakeholders have proven very powerful in understanding landscape scale processes and in tracking performance
 - 4: Visualization approaches in which participatory drawing is used to communicate and negotiate landscape scale outcomes. The drawings become a record of these decisions and a baseline against which progress can be measured.
- EP has been working with a Landscape Measures Steering Committee, which includes members of the IUCN team, to develop an online Landscape Measures Resource Center (LMRC). The website uses a blog format to enable interaction and feedback. It is being designed as a tool for adaptive management that resident leadership of multistakeholder platforms and their technical service providers can use together to foster meaningful communication and interaction. The LMRC will take users through a 7-stage process of choosing, measuring and tracking outcome indicators for landscape planning and management.

A foundation of the LMRC is EP's Framework for Understanding Ecoagriculture Landscapes, in Annex 2. From this working paper a Landscape Performance Scorecard (LPS) and its companion Institutional Performance Scorecard (IPS) were derived. These simple-to-use methods engage stakeholders in assessing how their landscape performs in delivering a range of potential production, conservation and livelihood benefits, and how institutions in the landscape perform in coordinating efforts across sectors. Field testing in four landscapes confirms that findings from the LPS exercise help stakeholders identify which of many potential indicators of change may be meaningful to measure in their particular settings. Annex 3 presents the main elements LPS tool. Field testing of the IPS is on-going.

Findings

The IUCN team has found a divergence between advocates of expert-driven indicator sets and those who favor participatory processes. Experts have had trouble reaching agreement on indicators and it has been difficult to reconcile the different sectoral and disciplinary perspectives. Expert driven approaches discourage buy-in from local stakeholders. Locally constructed indicator sets are less scientifically rigorous but lead to more meaningful debates and probably better decisions.

The participatory techniques have worked well and practical guidelines for them have been disseminated for further experimentation. Several international and national resource management agencies are using participatory approaches and variations on the capital assets framework which seem to be emerging as the norm.

Modeling approaches work well provided the commitment and skills are available locally. A training course that IUCN held on participatory modeling of landscape processes found enthusiastic support for the dissemination of the technologies.

Visualization approaches have been the most successful and have been enthusiastically adopted by stakeholder groups in several landscapes where we are working. These techniques are user friendly and get rapid local buy-in.

Optimal results are obtained by the deployment of an appropriate mix of these techniques according to local circumstances. A discussion document on Action Learning in Landscapes aims to give coherence to this view, presented in Annex 4.

The EP team also has found widespread interest in the 'bottom-up' (constructivist) approach to identifying and measuring locally-relevant landscape performance indicators. Our aim is to develop methods that foster meaningful communication about landscape performance between residents in a landscape and external experts. Many prospective landscape level planning and management entities do not have ready access to GIS capability, for example. To overcome this we are devising ground-based spatial analysis methods that include repeat photo-monitoring, which potentially can be integrated with remote GIS data when they are available.

Opportunities and/or obstacles/issues related to implementation of activity

The process of multistakeholder negotiation and the application of many of the techniques for generating indicator sets is time-consuming. As they develop locally relevant monitoring systems, multi-stakeholder groups benefit from regular access to facilitators and others experienced in methods.

Rates of change of indicators at a landscape scale are slow and it is necessary to wait for at least a year to make repeat measures to determine if the frameworks are likely to produce useful results.

Modeling, visualization and spatially-referenced analysis skills need further development.

Progress against milestones and indicators

While the contract specifies no explicit milestones or indicators, meetings described in item 3, above provided for coordination of our activities and exchange of information on approaches to the project. We anticipate intensifying our interaction again in the final period of the project through incorporating methods that IUCN is testing into the LMRC, joint participation at an expert meeting and on-going professional exchanges.

Changes to original activity time schedule

It is proposed to continue field work at a number of landscapes in order to accumulate evidence and experience against which the validity of the various approaches can be assessed. PROFOR has approved completion of this activity by mid-2008.

Next steps

Repeat visits to study landscapes in the five countries.

Further validation of approaches against field experience with academics working in these areas, and with members of the Landscape Measures Steering Committee.

An expert meeting to review progress and make choices on the final set of recommendations that will be made to PROFOR.

Replication potential

Preliminary work is being developed at a number of sites where IUCN and WWF are attempting landscape scale interventions. WWF already is adopting some of these approaches at field locations. The Landscape Measures Steering Committee is committed to replicating viable methods through their various programs.

Budget

PROFOR Funding	\$ 160,000.00
Other sources	\$ 224,024.02
Total	\$ 384,024.02
PROFOR Funds used to date	\$ 79,176.07
Total Funds used to date	\$ 288,508.46

Thematic Area: Cross-sectoral Cooperation **Level:** Country **Completion Date:** June 2008

Objective

The study seeks to explain why land management institutions are falling short of reconciling environmental management, economic growth and agrarian reform goals by examining their role and operation in a variety of settings which present different economic incentives to land users, and to offer proposals for more effective approaches to land tenure in the Amazon.

Activity and output: progress to date

The study was completed in June 2007 and delivered to the Brazilian government as part of the World Bank-Brazil ESW program. Prior to delivery all major agencies were briefed on the main findings and proposals through a series of workshops in Brasilia and Belem. However, as of November, 2007 the Brazilian government informed the Bank that it did not wish to permit publication of the study by the Bank, citing the critical tone of the piece. Discussions are being held by the Rainforest Unit in Brasilia with government to resolve the impasse and permit and publication and a widespread dissemination of the findings in cooperation with the World Bank Institute.

Findings

The results of the so-called race for property rights have generated a chaotic land tenure situation in the Brazilian Amazon: Up to half of the registered titles to private land in the Legal Amazon are considered to be under suspicion of illegality. Over 42 million hectares are held in possession (*posses*) with INCRA's interpretation of their property rights differing widely from that of the possessors. Approximately 28 percent of the land (143 million ha) is considered legally unallocated, although virtually all of it is contested by various public and private agents. Another 70-100 million ha are privately held but considered likely to be based on fraudulent documentation. There is no consistent record of the physical location of lots registered in Amazonian land registries. On average 40 land-related killings have occurred annually over the past 5 years, and 1,800 violent episodes were recorded in 2004 in the region.

In many cases the creation of protected areas has successfully pre-empted new occupations or illegal appropriation of land, leading to improved environmental management, but challenges from informal and illegal occupation, as well as opposing interest groups, remain for protected areas. Until recently most protected areas were far from the reach of economic activities and the kind of passive protection offered by most protected designations was sufficient. But now 84 percent of protected areas are within the profitable reach of economic activities and face increasing pressure due to the growth of infrastructure (e.g., roads, electrical grid) and the rise of commodity prices (timber, minerals, meat, and soybeans).

The race for property rights in the Brazilian Amazon is likely to become more intense as the economic potential of the region continues to expand through road building and increased opportunities for agricultural expansion, spurred by profitable commodity production scenarios. In this situation the incentives driving the race for property rights will only become stronger.

To avoid perpetuating the same land problems into the future, an alternative scenario would require strong cooperation and coordinated action among many stakeholders who have tended to not work together in the past—essentially a new type of social and political pact—to remove key obstacles to peaceful and sustainable land administration in the Amazon.

In spite of much existing conflictivity, there are many shared interests and incentives among most landholders in the region for achieving a system of transparent and regularized tenure. Cooperation and coordinated action would need to focus on intensified efforts at reclaiming public land that is clearly the result of illegal acquisition. Reclaiming public land creates space for the consolidation and creation of protected areas and agrarian reform settlements.

The second focus of coordinated action would logically be the regularization of land held in possession under conditions of “good-faith” in areas where such occupation is appropriate. More specifically, a pact for coordinated action would involve uniting the interests of economic development interests, environmentalists, and land reform proponents around a grand plan for regularization. Under such a plan the goals of each of these groups would be targeted through coordinated government initiatives to reclaim public lands illegally held in exchange for the allocation of these lands to land reform, the regularization of existing possessions held in good faith, and the expansion and consolidation of the protected areas.

Regularizing land tenure and creating normal land markets would improve incentives for intensification of land use in these areas, providing legitimate and productive land users with the security to invest in their landholdings. This strategy would involve the “sealing off” of new frontiers to unorganized and illegal occupation. Main elements in coordinated approach would also need to include the extension of the recadastre exercise to all properties, cancellation of the registrations of illegally held lands and the identification of public lands (discriminação). A coordinated approach for land regularization as described here has also the potential for significant environmental gains. Regularization and titling would be the basis to charge for compensation for legal reserves. It would reduce pressure on existing conservation units by creating credible commitments to their sustainability and channeling new occupation away from them into land markets. It would likewise reduce pressure on new conservation areas. It would create the conditions of tenure security necessary for the operation of a formal land market in older areas, spurring investment and increased productivity. In practice, making such a pact work would need to be backed up by federal-level enforcement with the clout to make credible commitments and consistent judicial interpretations of policies and regulations.

The technical requirements to support land regularization are of a manageable scale and would require a complete georeferencing of each parcel of land in the region, matched one-to-one with the property’s entry in the land registry (cartorio).

Impacts

Full impact will be achieved with full dissemination. Preliminary impact is being had in the evolution of the land regularization activities in Pará State where a project researcher has been named to head the state land agency and is actively promoting the procedural and policy approaches advocated in the study.

Opportunities and/or obstacles/issues related to implementation of activity

As noted above, the Brazilian government is holding up publication of the report due to its controversial nature. Discussions are being held to resolve the impasse.

Progress against milestones and indicators

The study was completed on time as planned for delivery by June, 2007.

Changes to original activity time schedule

As noted, the publication schedule has been significantly slowed down by the adverse reaction of the Brazilian government to what it believes is an overly critical tone in the study. This is expected to be resolved through discussion during January-February, 2008 allowing for publication and dissemination in 2008.

Next steps:

Immediate next steps are to resolve the impasse over publication with government, carry out the planned dissemination with public sector, private sector and civil society stakeholders (in conjunction with WBI) and create the conditions for a new alliance of state, private and civil society actors to advocate for the specific policy/procedural/legal reforms called for in the study.

Replication potential

The biggest potential for replication in the study is that state governments and federal land administration agencies would act on the study's recommendations.

Budget

PROFOR Funding	\$130,000
Other sources	\$70,000
Total	\$200,000
PROFOR Funds used to date	\$130,000
Total Funds used to date	\$191,000

Analyzing Paths to Sustainable in Indonesia: Small Holder Livelihoods and Adaptations Strategies at the Forest Edge

Thematic Area: Cross-sectoral Cooperation **Level:** Country **Completion Date:** June 2008

Objective

To conduct analytical and descriptive work for a case study in East Kalimantan that will identify economic agents' behavioral responses around the use of natural resources, including forests and their products, in response to potential economic or energy policy changes. This case study will contribute to an agent-based model (see fact sheet, attached) that captures household level behavioral responses. This model will contribute to a larger framework of multi-scale modeling of macro policy changes under consideration at national level. This work is intended to help national and regional economic development planning agencies to understand better how macro-scale policy reforms can have significant effects (positive and negative) on natural resources and the environment, as well as on the communities that depend on them.

Activity and output: progress to date

The case study is being developed by consultants based on household surveys and interviews conducted by field teams managed by the Centre for Social Forestry (CSF) at the Mulawarman University in Samarinda, in coordination with CSIRO and World Bank. The case study will also incorporate information about household adaptation strategies (for example, in response to fuel price changes) and results from an expert consultation workshop to review interim findings. Progress is reported regularly to Bappenas and key stakeholder agencies through status reports, workshops, and working group meetings. During project development the team established institutional linkages and identified sources of data available from CIFOR, IPB (Institut Pertanian Bogor - Bogor Agricultural University, the premier forestry, agriculture, and land use university in Indonesia), UNMUL (Universitas Mulawarman, a regional university with forestry and natural resource orientation based in Samarinda, the capital of East Kalimantan), and local government, as well as SUSENAS (Survei SocioEconomi Nasional - the national socioeconomic survey) and other national survey results from BPS (from the Macro Team under Component 1, through Bappenas), which will ensure compatibility and comparability of methods and findings.

This work is being completed in several parts: an overall profile of East Kalimantan, its resources, people and position in national development context; analysis of the population and individuals' resource use patterns based on a typology of households; and detailed interviews with household representatives to develop behavioral responses (adaptation approaches) for relevant macro policy changes for each typology. The household survey has been completed and provides the data for developing a household typology. Households were queried about livelihood strategies (= What do you do?) and their motivations for choosing these strategies? (=Why do you do what you do?). 3,000 households were surveyed (chosen to be statistically representative) in six districts: Kota Samarinda, Kota Balikpapan, Kabupaten Paser, Kabupaten Kutai Kartanegara, Kabupaten Panajam Paser Utara, and Kabupaten Kutai Barat.

A cluster analysis has been completed to group similar households within regions. In total 3 main types of agents were identified, each with several subtypes, for a total of 21 household typologies for the region. Profiles for each household typology were developed based on the characteristics households have in common within each cluster. Then, typologies and behavioral responses were enriched through follow up interviews with a subset of households, followed by statistical analysis to determine dominant strategies for each household type. In total 560 interviews have been conducted.

Results from the survey and interviews were translated into a descriptions (household type plus qualitative description of indicated responses to policy changes), which were reviewed in a workshop with

regional stakeholders as an expert-based validity check. The clustering and typologies were reviewed and potential scenarios and behavioral responses were discussed. The what-if scenarios are based on policy options and their most likely secondary effects.

Findings

Based on the workshop response, regional policy makers are now engaged in the modeling process from the ground up. The classification of typologies and sets of behavioral response strategies for each household typology for each macro policy change can already directly help policy makers to understand potential responses to macro level policies. A descriptive discussion of these responses and the manner in which they could enhance or undermine the results expected from macro-level policies will be incorporated into a case study report. Further, the results will be translated into the response functions (or agent rules) for the agent-based model, which will be specified in a model design and coding of the agents in a RePast simulation framework.

Policy makers anticipate that the agent-based model will benefit local governments (specifically the provincial level economic development planning agency (Bappeda)) by providing an analytical tool for understanding the consequences of macro-policy decisions on dynamics within a region. The model is spatially explicit, enabling users to analyze economic, social and environmental dynamics between and within districts. The model will provide a tool for regional planning in the context of macro-policy decisions and will quantify results in diagrams, and visualize results in maps. The policy makers are intrigued by the prospect of a modeling approach that allows them to 'test run' new policy scenarios and so avoid unforeseen consequences especially for the environment and natural resources.

Impacts

The project has already had an impact on communication pathways and institutional relationships between Bappenas and its counterpart agencies. Through the case study, policy makers at regional and national level have begun to engage in a dialogue process in the real world application of this multi-tier modeling approach. Working groups regularly bring together officials from planning and economic development agencies at regional and national level. These working group meetings and workshops provide a venue where ideas from the field can be discussed at the center, where central officials can see real impacts in the field, and where the modeling framework can focus their attention on specific policies and responses of economic agents managing resources.

This growing engagement will be important for building the findings and results into the national development planning and budgeting context over the next year. The GoP's medium-term planning cycle calls for a new strategic plan for the period 2009-2014, corresponding to the term of the next elected government. The planning and development process for this medium term plan will be CY 2008, which provides an opportunity for integration of key analytical results, discussion of priority policies, and dissemination of key findings. The project will also potentially contribute toward a GOI policy framework to promote sustainability, which may attract development policy lending in future. Political impact of PROFOR's fund include the fact that the PROFOR team (including Bank members) have a lot of influence over the whole project in terms of managing the relationship with Bappenas and the local government. Furthermore, both the macro and micro side (case study and agent based modeling) of the project will be able to say useful things about the impact of policies related to climate change (change in energy pricing, etc), so that will be another benefit that goes beyond the original intention when the project was conceived. This is very important and valuable, but goes beyond forests,

Opportunities and/or obstacles/issues related to implementation of activity

In addition to the opportunity to link to the national planning process (outlined above), there is also an opportunity to link case study results to ongoing discussions about climate change (mitigation, adaptation, and energy use) in the national development planning process. For example, the field based

component (being supported by PROFOR) will contribute to an understanding of agents' energy use and adaptation efforts, as well as their responses to relative price changes, including forest use. The typology work will also provide a richer understanding of societal winners and losers in the face of climate change impacts or mitigation policies (e.g., higher fuel prices). These linkages have been recognized and a workshop and other venues are planned for presenting results.

The project has faced and overcome some difficulties in establishing engagement with key agencies due to administrative reasons (MOU with AUSAID, now signed). The project must also compete for agency attention against other priority issues. Linking results to development planning process and climate change discussions is raising the profile of the work.

Progress against milestones and indicators

Progress is on track for development of major milestones. See Status Report from August, plus recent workshop results and attached draft report outline.

Changes to original activity time schedule

Efforts have been made to shorten the timeline for delivery of major outputs to coincide with Bappenas' need for inputs to the National Development Planning Process in June 2008. Case study inputs are expected to be completed by April 2008, though interactive modeling efforts and workshops will continue as Bappenas and the key stakeholder agencies engage in a discussion of alternative policies and approaches.

Next steps

Draft case study report (outline attached) will provide an overview of the study rationale and context, a snapshot of economic, social and development issues in East Kalimantan with a focus on land use, natural resources, and governance; a discussion of the decentralization context and its effect on NR planning mechanism, as well as the important link to national and regional planning; an overview of the Agent Based Model and how it can be used to benefit East Kalimantan in terms of development planning and response to macro policies; and results and discussion of policy implications and scenarios, as well as recommendations for follow up.

Intensive workshops on modeling approach with Bappenas Core Team, Regional Planning Agencies, Regional Universities and other Jakarta agencies. The workshops would introduce the principles of the agent based modeling approach, provide opportunities to work with the East Kalimantan results and typologies, and allow participants to work interactively to analyze scenarios and behavioral responses based on the actual model.

Presentation of results at national and regional workshops with more senior policy makers. A final update of the report will include summary results from policy scenarios analyzed using the agent based model.

Replication potential

BAPPENAS and the working groups are now actively considering development of a second case study site in Central Java (Jepara and surrounding districts). This area was chosen because it represents a more populous and urbanizing area on Java, but still with strong links to natural resource use, both through timber and rattan imports for the furniture industry and through the fisheries industry, which is a key livelihood strategy for many households. This case study will expand the reach of the approach and provide a useful regional cross check that will strengthen confidence in the results.

Budget

PROFOR Funding	\$ 200,000
Other sources	\$ 130,000
Total Costs	\$ 330,000
PROFOR Funds used to date	\$ 25,079
Total funds used to date*	\$ 126,246

* Estimated as full access to CSIRO spending records were not available

While the AUSAID - CSIRO contribution is indicated as USD 130,000, their overall contribution to the broader activity (i.e., the three components including training, macro modeling and agent based modeling) is USD 2.2 M. The case study discussed here is a subcomponent of the agent-based modeling.)

Knowledge Management and Communications

Mapping Emerging Ecosystem Service Markets: The Matrix; Strategic Planning Tool **(Project Concept)**

Thematic Area: Knowledge Management **Level:** Global **Completion Date:** June 2008

Geographical Focus: Global – this project is not place specific and therefore does not require national government endorsement

Objective

The past few years have witnessed a rapidly growing interest in environmental markets, with major financial players increasingly serious about ecosystem service investment opportunities. As with all nascent markets, however, lack of information has proven a barrier to market growth. Created in 2003, the Ecosystem MarketplaceSM, a project of Forest Trends, represents a first step in overcoming this information gap. The Marketplace is intended to be a “Bloomberg” for ecosystem markets, including a daily summary of news, as well as weekly analysis, and monthly news bulletins on a variety of issues related to environmental markets. In short, this internet-based information clearinghouse consolidates information on new ecosystem markets into a single platform. It is, therefore, the first global information service to report on developments in these new ecosystem service-based markets, and the first marketplace facilitating conservation transactions between buyers and sellers of these services.

Background and Issues to be addressed

Even with the information collected by the Marketplace, however, investors are still essentially flying blind. There exists neither a comprehensive analysis of the suite of environmental markets nor a prioritization of markets in terms of potential for growth, return on investment, or environmental benefit. Without such a scoping document, investors are left with no firm sense of overall opportunities presented by environmental markets, which markets are closest to rapid growth, or the specific obstacles that must be addressed to release this growth. As a first step, the staff of the Ecosystem Marketplace recently evaluated the range of ecosystem service markets and, through consultations with various stakeholder groups, has taken a first cut at mapping the current status of environmental markets. The result is the Ecosystem Marketplace Matrix – a map of environmental markets providing facts and figures on the current size, potential growth rates, and market participants in 21 different ecosystem services markets. While an important step as the first attempt to offer a comprehensive bird’s eye view of ecosystem services markets, it is still not complete. In order to improve the accuracy and depth of the matrix, a great deal of directed research and analysis remains to be done to identify priority markets with the greatest investment opportunities. This project will help to catalyze markets for ecosystem services and connect communities through intermediary groups such as NGOs by providing information on financial incentives for the protection and enhancement of natural ecosystems.

Activity and Outputs

Using the Ecosystem Marketplace Matrix as the framework and starting point for this project, we will take a more in-depth look at the state of environmental markets through a comprehensive scoping study. This state-of-the-art review will make the Ecosystem Marketplace Matrix the premier source of information on ecosystem service markets.

Mapping Conservation Banking

Interest in environmental markets has skyrocketed in recent years, with carbon trading and water quality trading leading the charge. Expanding the use of market mechanisms to conserve biodiversity, however, has proven to be a more formidable task. This is due to a variety of complications in biodiversity markets which do not arise in standard pollution trading markets: whereas the latter tend towards large trading areas and single, unified commodities and currencies, biodiversity is localized and diverse, with no

obvious single tradable unit. In spite of these obstacles, there have been many innovative policy developments encouraging biodiversity conservation through market mechanisms, namely wetland mitigation and conservation banking. Under U.S. law, before a developer or private owner is allowed to harm a wetland or “take” an endangered species, they must obtain a permit from the relevant government agency. This has generated a demand for “mitigation credits” in the United States that has, in turn, led to the creation of a variety of new businesses specializing in creating, enhancing, or restoring wetlands in order to sell the credits to needy developers.

The Ecosystem Marketplace is well into their third year of covering the intricacies of the mitigation/conservation banking industry, making the group a leading source of industry knowledge. Over the past year, the Ecosystem Marketplace has established itself as the de-facto industry publication for both the Wetland Banking and Conservation Banking industries in the US. In a new book entitled “Banking on Conservation: Species and Wetland Mitigation Banking,” the Ecosystem Marketplace tracks the market trends – for instance, stacking multiple land-use values in order to optimize economic and ecological benefits – and recent significant U.S. EPA legislation that will enable even greater private sector involvement in this arena. The EM will also be compiling the first-ever database and registry of conservation banks in the US. This database will have its own dedicated web-site and is likely to become a major tool for these markets over the course of 2008. It will also likely serve to educate and inspire similar mitigation markets around the world.

Mapping Markets: Biodiversity Offsets

Recently, experience with regulatory regimes, such as wetland and conservation banking in the USA, tradable forest conservation obligations in Brazil and habitat compensation requirements in places like Australia have been supplemented by growing interest in the potential of voluntary “biodiversity offsets” in developing countries, driven by the business case for developers. Biodiversity offsets are conservation actions intended to compensate for the residual, unavoidable harm to biodiversity caused by development projects, so as to ensure at least no net loss of biodiversity and, where possible, net gain. (Before developers contemplate offsets, they should have first sought to avoid and minimize harm to biodiversity.) Biodiversity offsets could help achieve significantly more, better and more cost effective conservation outcomes, and could assist companies that impact biodiversity by securing their license to operate and helping them manage costs and liabilities. Thus they offer a potential mechanism to address high priority threats and achieve sustainable biodiversity conservation outcomes. Governments, companies, industry associations, investors, environmental NGOs and community development groups have all expressed interest in exploring the further development of the approach. However, for biodiversity offsets to be routinely mainstreamed into development projects we will need accepted and cost-effective methodologies and standards, based on sound science, for measuring impact and establishing prioritized offsets; and examples of practical partnerships that have demonstrably achieved no net loss of biodiversity that have involved and benefited local communities.

Mapping Markets: Voluntary Carbon

The voluntary markets are unique in their ability to tap into sources of greenhouse gas (GHG) emissions that are currently beyond the reach of regulated markets: sources in the US, as well as non-point sources such as individual drivers and their automobiles. But the voluntary carbon markets need some discipline and transparency if they are going to serve a useful environmental purpose. Although regulated carbon markets get all the press, attention, and money, and despite the fact that there are no exact figures on the size of voluntary carbon markets, it has been estimated that the voluntary carbon markets transact anywhere from 5 to 20 million tons of CO₂e per annum, selling at anywhere from \$.35 to \$38 per ton of CO₂e. The vastness of these ranges is an indication of how desperate this market is for transparency and reliable information. The development of certifiers and registries will help to alleviate concerns over the quality and delivery of the carbon in voluntary transactions, paving the way for more transactions and increased liquidity in the voluntary carbon market.

Research and evaluate the current status of environmental markets

Mapping the markets entails undertaking a comprehensive analysis of the suite of ecosystem service markets, their potential and required elements for developing them further. This involves formalizing the matrix so it can effectively serve as an institutional map of services that would influence activities by major institutions (World Bank, USFS, WWF, TNC, WRI, etc.) and major private sector players. With the help of PROFOR, Forest Trends and the Ecosystem Marketplace will consult with active participants in ecosystem services markets, including potential buyers of ecosystem services, farmer and farmer user organizations, and select national and local government representatives, to assess the benefits and potentials of the major types of ecosystem service markets. Completing the matrix includes prioritizing markets, identifying tipping points, identifying people who can fill in the gaps and making the matrix available in a variety of formats: as an information database, as a “guided virtual tour” of the markets, and as a more traditional publication for widespread dissemination.

Expected outcomes and impacts:

Outcomes & Outputs (Indicators) –

- An updated and robust Ecosystem Marketplace Matrix, provided from expert and stakeholder consultation
- Other organizations (World Bank, Goldman Sachs, International Tropical Timber Organization, NGO’s and other research institutions) will adopt the framework terminology and strategies for these environmental market opportunities
- Increase stakeholder awareness of the wide diversity of potential environmental markets
- Priority Ecosystem Market Matrix (in a variety of formats) and corresponding Policy Brief (poster and publications, to be published and disseminated widely)

Expected Knowledge Generation:

Using the Ecosystem Marketplace Matrix as the framework, we will take a snapshot of the state of environmental markets that includes transaction volumes, metrics, important buyers and sellers, intermediary providers, as well as analysis on the gaps in these markets. This state-of-the-art review will make the Ecosystem Marketplace Matrix a view into the premier source of information on ecosystem service markets.

The Matrix will also build into the development of the Ecosystem Marketplace as a tool, helping to direct government, businesses, investors and NGOs who are engaged in project development. The matrix represents a snapshot analysis of the robust information being collected and developed through the Ecosystem Marketplace. As a planning tool, the matrix, coupled with the Ecosystem Marketplace will have the potential to assist businesses to find opportunities to more cost-effectively meet regulatory obligations, gain information on regulations that affect business decisions, and access strategic analysis that helps structure deals and contracts; governments to learn more about regulatory, monitoring, and enforcement trends related to market mechanisms for conservation outcomes; local communities and landowners working with intermediaries like NGOs to identify potential buyers and investors of ecosystem services on their land and increase their own participation in shaping the policies and regulations that will help them achieve financial gain; policymakers to better achieve their conservation mandates and create policies that spur development of ecosystem markets; and environmentalists to understand markets as an additional tool for conservation and to become better advocates for policies that effectively conserve ecosystems and the services they provide.

We will put into place an extensive dissemination strategy including a feature on the Ecosystem Marketplace (30,000 viewers) a feature on Bloomberg (300,000 financial viewers) maybe a publication like Environmental Finance and broad dissemination through the NFP, World Bank, UNFF networks.

Activity proponents, and Proponents comparative advantage in implementing activity:

Forest Trends, an international, non-profit organization, was created in 1999 by leaders from conservation organizations, forest products firms, research groups, multilateral development banks, private investment funds and philanthropic foundations. Forest Trends' mission is to expand the value of forests to society; to promote sustainable forest management and conservation by creating and capturing market values for ecosystem services; to support innovative projects and companies that are developing these new markets; and to enhance the livelihoods of local communities living in and around those forests. We analyze strategic market and policy issues, catalyze connections between forward-looking producers, communities and investors, and develop new financial tools to help markets work for conservation and people.

Forest Trends focuses on market-based mechanisms because they are powerful and promise long-term means to: ensure the maintenance of ecological functions and services provided by forests; generate economic benefits; and promote the equitable distribution of benefits among diverse stakeholders. Our approach integrates the fundamental dimensions of ecology, economy, and equity because our goal is for impact of a scale that is meaningful globally.

In 2000, Forest Trends launched the Katoomba Group, an International Working Group on Markets for Ecosystem Services, consisting of experts from forest and other industries, the finance community, and environmental NGOs. The Katoomba Group addresses key challenges for developing markets for ecosystem services, from enabling legislation to establishment of new market institutions, to strategies of pricing and marketing, and performance monitoring. It seeks to achieve that goal through strategic partnerships for analysis, information-sharing, investment, market services and policy advocacy. In 2003, at the international meeting of the Katoomba Group held in Rüşchlikon, Switzerland, Forest Trends and the Katoomba Group developed the idea of "The Ecosystem Marketplace." The Ecosystem Marketplace is the first global information service to report on developments in these new ecosystem service-based markets, and the first marketplace facilitating conservation transactions between buyers and sellers of these services. It seeks to become the world's leading source of information on markets and payment schemes for ecosystem services; services such as water quality, carbon sequestration and biodiversity.

Budget

PROFOR Funding	\$ 28,000
Other sources	\$ 95,000
Total Costs	\$ 123,000
PROFOR Funds used to date	\$ 0
Total funds used to date	\$ 0

Cameroon Sector Policy Reform Report
(Project Concept)

Thematic Area: Knowledge Management

Level: Country **Completion Date:** June 2008

Geographical focus

An in-depth analytical work has been conducted on forestry reforms in Cameroon over the last 10 years. While this work focuses on the forestry sector in one country (Cameroon), the detailed analysis of the process as well as the efforts made by the author to draw lessons from this process may undoubtedly benefit the reforms in other sector and also in other countries in Africa and developing world.

Objective

The study analyses the process of forest sector reform in Cameroon: its phasing, technical, political, and economic drivers, achievements, shortcomings, and lessons learned. It highlights the role the Bank played in the process, and address concerns expressed by various actors at different junctures. The past 10 years of forest sector reforms yielded many important lessons and are likely to significantly influence the work of the WB in this delicate area of policy dialogue with its client countries especially in Africa.

The report is almost completed, and since the team would like to disclose it to a wide range of public, the request to PROFOR mainly consists in supporting the translation in French and the publication of the document.

Background and issues to be addressed

The forest sector in Cameroon has undergone a reform process of unprecedented scope and depth. Over the past 10 years the Government of Cameroon has introduced a sweeping package of policy instruments, both regulatory and market-based. These changed the rules for access to, use of, and distribution of the benefits from the forest, thereby altering pre-existing economic, social and environmental perspectives on this natural resource. Overall, the reforms largely contributed to improve governance and transparency in the sector. However, the reform process was not a uniform or systematic progression from concentration and patronage to sound governance and accountability. Its progress was uneven.

Late 1990s, the genesis of forest reform was mostly exogenous, imposed from outside using the leveraged conditionalities of the World Bank and International Monetary Fund. Within the World Bank, the issues of how conditionalities were imposed, and of how reforms should be introduced to build genuine national commitment, have been and continue to be subjects of exacting self-examination. While the reform package has been perceived by many to be a product of the World Bank, the analysis reveals that it was rather a complex interactive process in which the Bank played for sure a strong catalytic role, but also learnt on new ways to apply conditionalities, identified converging interests and created alliances.

Activity and outputs

While the report is almost completed, the team would like to get support from PROFOR to publish about 250 copies of the document in both French and English languages. A round consultation with the Government representatives, the major donor partners, NGOs (WWF, IUCN, REM, CED) as well as research institutes (CIFOR, CIRAD), will be needed. Once the consultation is over, the activity will also cover the following tasks (i) editing the existing document, (ii) translating it in French and (iii) publishing it (~250 copies).

CIFOR, WWF, IUCN, REM, CED

Activity timeline, key milestones and indicators for progress

This activity could be led in four months, starting beginning of November 2007.

Expected outcomes and impacts

The analytical work led on forestry reforms in Cameroon highlights key features of reforms process in developing countries and questions the best ways to support countries in these reforms, such as the role of the Bank as well as the use of conditionalities. The large dissemination of the report will help sharing knowledge and building on lessons learnt for the new operations.

Expected knowledge generation

There is a real expectation from the Cameroonian Government, that expects to get advantage of this analytical work make further progress on the reform agenda.

Moreover, while this analytical work focuses on the forestry sector in one country (Cameroon), the detailed analysis of the process as well as the efforts made by the authors to draw lessons from this process may undoubtedly benefit the reforms in other sector and also in other countries in Africa and developing world.

The purpose to get support from PROFOR to ensure a wide disclosure of this report on reform process in Cameroon undoubtedly responds to the objective of sharing information and generating knowledge both in the forestry sector but also in other sectors.

PROFOR Funding	\$ 45,000
Other sources	\$ 70,000
Total Costs	\$ 115,000
PROFOR Funds used to date	\$ 0
Total funds used to date	\$ 0

Communications

In 2007, PROFOR continued to contribute to knowledge-sharing events, including at the UNFF and the World Bank Sustainable Development Network Week. PROFOR initiated several new knowledge-sharing activities and developed a knowledge brief based on the findings of the PROFOR-supported study on Land Administration in the Brazilian Amazon. An ongoing knowledge-sharing exercise includes the development of an Ecosystem Marketplace Matrix that will provide a comprehensive analysis of the suite of environmental markets and prioritization of markets in terms of potential for growth, return on investment, or environmental benefit. The matrix will be broadly disseminated through the NFP, World Bank, and UNFF networks. Another ongoing knowledge-sharing project is a study that captures the lessons learned in Cameroon over the course of 10 years of forest sector reforms. This study will highlight key features of the reforms process in developing countries and address questions that improve support to these countries during reforms.

The website content was updated and also used to launch the request for proposals. The current average for unique visitors per day to the site is 107, up from 77 last year. Publication highlights from 2007 include the finalization of the UNFF Non-Legally Binding Instrument Means of Implementation study, the Brazilian Land Administration Study, publishing *Forest Law and Sustainable Development* and the Poverty-Forests Linkages Toolkit Case Studies. The draft Poverty-Forest Linkages Toolkit is available on the PROFOR website. The website provides opportunities for toolkit users to provide feedback that will be considered during the revision of the toolkit. Once the toolkit is final, the website for the toolkit will enable users to share experiences with each other.

Additional communications and knowledge management components are integrated within individual PROFOR activities and include partner relationship development, support for activity implementation, events, reports, and press relations.

Completed products:

Publications:

Forest Law and Sustainable Development: Addressing Contemporary Challenges Through Legal Reform. Lawrence C. Christy, Charles E. Di Leva, Jonathan M. Lindsay, Patrice Talla Takoukam. Published in 2007 by the World Bank. ISBN 0-8213-7038-3

Benchmarking Public Service Delivery at the Forest Fringes in Jharkhand, India – the report of the citizens report card study – published electronically September 2006.

Role of CITES in Combating Illegal Logging ~ Current and Potential. Chen, H.K. (2006). TRAFFIC International, Cambridge, UK. On-Line Publication Series No.13.

Justice in the Forests: Rural Livelihoods and Forest Law Enforcement and Rural Livelihoods. Marcus Colchester with Marco Boscolo, Arnoldo Contreras-Hermosilla, Filippo Del Gatto, Jessica Dempsey, Guillaume Lescuyer, Krystof Obidzinski, Denis Pommier, Michael Richards, Sulaiman N. Sembiring, Luca Tacconi, Maria Teresa Vargas Rios and Adrian Wells. Bogor, Indonesia: Center for International Forestry Research (CIFOR), 2006. ISBN 979-24-4618-4.

Forests in Landscapes, edited by Jeff Sayers and Stewart Maginnis. This joint publication with IUCN was published in July 2005 by Earthscan, is the culmination of this work. 1000 copies have been distributed - 500 via PROFOR and IUCN to key constituencies and the other 500 have been purchased through Earthscan. The publication has received very positive reviews. More information:

<http://www.profor.info/pubs/sfm.html> Hard copy distribution: 1000 copies have been distributed - 500 via PROFOR and IUCN to key constituencies and the other 500 have been purchased through Earthscan

Forest Institutions in Transition: Experiences and Lessons from Eastern Europe. Published June 2005. It is the result of a review of 17 forest organizations in both transition economies, as well as in several forest-rich

OECD economies: <http://www.profor.info/governance/ForestInstitutionsinTransitiontm.htm> Hard copy distribution: 300 copies – distribution ongoing for additional 600 copies.

Tools for Civil Society Action to Reduce Forest Corruption - Drawing Lessons from Transparency International (TI)- This report examines Transparency International's approach to fighting corruption and whether this approach might be applicable to the forest sector. Hard copy distribution: 1000 copies printed and disseminated.

“Forest Fiscal Systems – A Workshop Summary” (*available in English, French and Spanish*) – three page briefing note summarizing outcomes of October 2003 Forest Fiscal Systems Workshop. Hard copy distribution English (800) French (400) and Spanish (400).

Reforming Forest Fiscal Systems: An Overview of Country Approaches and Experiences (available in English, French and Spanish) - book including country background papers, introduction by workshop moderator, and workshop proceedings. These are available at: <http://www.profor.info/forestfiscalsystems.htm>.

Environmental Fiscal Reform for Sustainable Development and Poverty Reduction – An OECD Environment and Infrastructure Division publication - includes proceedings as a chapter.

The Forest Investment Forum: Investment Opportunities and Constraints (October 2003) – Book with proceedings and analysis of outcomes. This is available at:

<http://www.profor.info/financingSFM/forestinvestmentforum.htm>

“Economic Incentives for SFM and Land Restoration” (*available in English and Spanish*) – eight page briefing note summarizing outcomes of the February 2004 workshop. These are available at:

<http://www.profor.info/colombia.htm>

Institutional Change in Forest Management: Experiences of Countries with Transition Economies: Problems and Solutions – (*available in English and Russian*) Book including case studies and presentations delivered at February 2003 Workshop. Hard copy distribution: 1200 (three print runs).

Publication series in Russian 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:

<http://www.profor.info/governance/transitionsconomies.htm>

Implementing the Proposals for Action of the Intergovernmental Panel on Forests and the Intergovernmental Forum on Forests – (*available in English, French and Spanish*) - Summary of the IPF/IFF Proposals for Action intended to facilitate national-level implementation of the proposals for action. English version produced June 2002, French and Spanish versions produced in 2004. These are available at:

<http://www.profor.info/pubs/austproforsum.htm> Hard copy distribution: English (1200) French (400) and Spanish (500). FAO and GTZ have contributed greatly to distribution through workshops.

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 This is available at: <http://www.etfrn.org/etfrn/resource/news.html> Hard copy distribution: 4,000.

European Tropical Forest Research Network (ETFRN) Special Report on Forests and the MDGs - a second joint ETFRN edition by the NFP Facility and PROFOR cosponsored special edition of ETFRN.

“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.

Articles in periodicals:

Working Paper #23. Accountability In Decentralization And The Democratic Context: Theory And Evidence From India. Ashwini Chhatre. January 2007.

Working Paper #26. Enclosing The Local For The Global Commons: Community Land Rights In The Great Limpopo Transfrontier Conservation Area. Marja Spierenburg, Conrad Steenkamp, And Harry Wels. August 2007.

Working Paper #27. Indigenous Peoples, Representation And Citizenship In Guatemalan Forestry. Anne M. Larson. August 2007.

Working Paper #28. Dilemmas Of Democratic Decentralization In Mangochi District, Malawi: Interest And Mistrust In Fisheries Management. Mafaniso Hara. August 2007.

Working Paper #29. Undermining Grassland Management Through Centralized Environmental Policies In Inner Mongolia. Wang Xiaoyi. August 2007.

Working Paper #30. 'Fragmented Belonging' On Russia's Western Frontier And Local Government Development In Karelia. Tomila Lankina. August 2007.

Working Paper #31. Engendering Exclusion In Senegal's Democratic Decentralization: Subordinating Women Through Participatory Natural Resource Management. Solange Bandiaky. October 2007.

Working Paper #32. Party Politics, Social Movements, And Local Democracy: Institutional Choices In The Brazilian Amazon. Fabiano Toni. October 2007.

Working Paper #33. State Building And Local Democracy In Benin: Two Cases Of Decentralized Forest Management. Roch Mongbo. October 2007.

“Décentralisation, pluralisme institutionnel et démocratie locale : Etude de cas de la gestion du massif forestier Missirah/Kothiary (région de Tambacounda, Sénégal) » by Papa Faye, CODESIRIA-CIRAD, January 2007.

“Representation, Citizenship and the Public Domain in Democratic Decentralization” by Jesse C. Ribot; Development, 2007.

“Choose Democracy: Environmentalists’ Socio-political Responsibility” Editorial by Jesse Ribot, Global Environmental Change 16, 2006

“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.

Publications currently under production:

Poverty-Forests Toolkit Linkages Synthesis Report and Case Studies. Materials has been received from authors in January 2007. Process of editing, desk-topping, design and printing is being initiated.

Articles being finalized:

Working Paper #34. Institutional Choices In The Shadow Of History: Decentralization In Indonesia. Takeshi Ito. Forthcoming (December 07) [Being Formatted].

Working Paper #35. Institutional Choice And Recognition: Effects On The Formation And Consolidation Of Local Democracy Program. Papa Faye. Forthcoming (January 08) [Being Edited And Formatted].

Working Paper #36. Institutional Choice and Recognition in the Formation and Consolidation of Local Democracy. (Special issue introduction). Jesse C. Ribot, Ashwini Chhatre, Tomila V. Lankina. Forthcoming (December 07)