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PROFOR Evaluation

**An Evaluation of the Impacts of Selected
PROFOR Activities Targeting the Private
Sector, Ecosystem Markets and Benefit Sharing**

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This evaluation was prepared by Michael P. Wells, Claudia Alderman, and Carmen Tavera. Many individuals provided information and suggestions: the list of people interviewed for this report is provided in Annex 2.

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ACRONYMS

ADB	Asian Development Bank
AGF	Advisory Group on Finance under CPF
AHEG	Ad-Hoc Expert Group on Finance
BDS	Benefit Distribution System
CBD	Convention on Biological Diversity
CEFI	Community Enterprise Forum International
CEO	Chief Executive Officer
CDM	Clean Development Mechanism
CFEs	Community Forestry Enterprises
CIFOR	Centre for International Forestry Research
CLI	Country-led Initiative
COFO	Committee on Forests
COP	Conference of the Parties
CPF	Collaborative Partnership on Forests
DFID	Department for International Development
DWAF	South Africa's Ministry of Water Affairs and Forests
ECA	Europe and Central Asia
ECOSOC	Economic and Social Council of the
UN ESW	Economic and Sector Work
ETFRN	European Tropical Forest Research Network
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility

FEINEX	Forest Enterprise Information Exchange – India
FGLG	Forest Governance Learning Group
FIP	Forest Investment Program
FLEGT	Forest Law Enforcement, Governance and Trade
FPS	Forest Product Sector
GDLN	Global Development Learning Network
GEF	Global Environment Facility
GFP	Growing Forest Partnerships
GOFs	Global Objectives on Forests in the NLBI
GPFLR	Global Partnership on Forest Landscape Restoration
GtCO ₂ e	Gigatons of Carbon Dioxide Equivalent
HCVF	High Conservation Value Forests
IBRD	International Bank for Reconstruction and Development
ICRAF	World Agroforestry Centre
IDA	International Development Association
IFC	International Finance Corporation
IIED	International Institute for Environment and Development
ITTO	International Tropical Timber Organization
IUCN	World Conservation Union
KfW	KfW Development Finance
LDCs	Least Developed Countries
LFCC	Low Forest Cover Countries
MIGA	Multilateral Investment Guarantee Agency
MOI	Means of Implementation
MOU	Memorandum of Understanding
NFP	National Forest Programme
NFPF	National Forest Programme Facility
NGO	Nongovernmental Organization
NLBI	Non-Legally Binding Instrument on All Types of Forests (2007)
NTFP	Non Timber Forest Products
OAF	Options Assessment Framework
ODA	Official Development Assistance
ODI	Overseas Development Institute
PAs	Protected Areas
PROFOR	Program on Forests, World Bank
PRSP	Poverty Reduction Strategy Paper

PwC	PricewaterhouseCoopers
REDD	Reduced Emissions from Deforestation and Forest Degradation
RFF	Resources for the Future
R-PP	Readiness Preparation Proposal SFM Sustainable Forest Management
SIDS	Small Island Developing States
TFD	The Forest Dialogue
TFESSD	Trust Fund for Environmentally and Socially Sustainable Development
TTL	Task Team Leader
UNCCD	United Nations Convention to Combat Desertification
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
UN-REDD	United Nations collaborative initiative on Reducing Emissions from Deforestation and forest Degradation in developing countries
WBCSD	World Business Council on Sustainable Development
WBG	World Bank Group
WBI	World Bank Institute
WRI	World Resources Institute

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1. Introduction, Methodology, Overall Findings and Lessons

Introduction

The Program on Forests (PROFOR¹) is a multi-donor collaborative partnership. Its goal is to strengthen forests' contribution to poverty reduction, sustainable economic development and the protection of global and local environmental values. The purpose of PROFOR is to contribute to the capacity of institutions and stakeholders in forest policy processes to address more effectively poverty alleviation, national economic development, climate change mitigation and adaptation, and sustainable forest management.

PROFOR describes the initiatives it supports as Activities. By mid-2013 more than 120 closed and ongoing Activities had received financial – and in some cases technical – support since PROFOR was launched in 2003.

This report describes the results of an evaluation/ex post review of 12 selected PROFOR Activities that was carried out to contribute to a better understanding of PROFOR's impacts. These Activities represent four thematic areas: (i) forums designed to promote and facilitate increased private sector investments in the forest sector²; (ii) forest benefit sharing; (iii) payments for ecosystem services; and (iv) forest sector financing.

The objective of this evaluation – which did not include field work – was to assess the impacts of the selected PROFOR Activities, most of which had been completed or were close to completion. The review also considered the baseline knowledge in each of the four thematic areas, the gap the PROFOR activities aimed to fill and, finally, the extent to which PROFOR's work filled this gap.

The evaluation was commissioned by the PROFOR Secretariat and carried out by an independent consulting team. The overall approach was consistent with two previous evaluations of PROFOR impacts completed in 2011³.

This report is structured into four sections plus Annexes. Section I, describes the approach to the evaluation and reports overall findings, lessons and recommendations. Section II discusses the findings by thematic cluster, while Section III provides detailed reports of the 12 Activities which comprised the core of this evaluation. Section IV contains the results of an online survey (February- March 2013) of the participants in 2006 and 2011 Forest Investment Forums supported by PROFOR.

¹ To streamline the text, and with this exception, this report does not use full names where a widely-known acronym is available. Acronyms and abbreviations used are listed in Annex 1.

² This report uses Forums as the plural of Forum, and not Fora.

³ PROFOR Evaluation Series: Impact Note 1 - An Evaluation of the Impacts of Selected Activities Supported by the Program on Forests <http://www.profor.info/sites/profor.info/files/EvaluationSeries-ImpactNote1.pdf> and Impact Note 2 - An Evaluation of the Impacts of Selected Activities Supported by the Program on Forests in Central America <http://www.profor.info/sites/profor.info/files/EvaluationSeries-ImpactNote2.pdf>

Evaluation Approach, Methodology and Constraints

Approach

The PROFOR Secretariat proposed 10 Activities for review, two of which consisted of components that were so diverse that they warranted separate review, giving a final total of 12 Activities (Table 2). The consulting team reviewed these choices and endorsed this selection after conducting a high-level review of the Activity portfolio as well as the selection of Activities that had been reviewed in 2011. While this selection process was collaborative with the PROFOR Secretariat, the reviews of the individual Activities were carried out independently by the evaluation team.

These 12 Activities were allocated by the evaluation team to four different groups, and these groupings have been carried through into the organization of this report: Forest Investment Forums; Benefit Sharing; Payment for Ecosystem Services; and Forest Sector Financing.

In some cases these groupings were obvious and facilitated comparative analysis, especially where there were specific links between the Activities. This was the case where the results or lessons of one Activity inspired or led to a subsequent Activity (Forest Investment Forums), where multiple Activities contributed at different points in time to a key partner's ongoing program (Payments for Ecosystem Services), or where there was a common theme (Benefit Sharing). The last grouping (Forest Sector Financing) contains diverse Activities that were not strongly linked.

PROFOR's financial investments in the selected Activities ranged from \$28,000 to \$435,000 and averaged \$154,000. Only two Activities exceed \$200,000 and both were in the Benefit Sharing group.

It is important to note that this review was not designed to identify the overall progress made by PROFOR since the previous evaluations in 2011, as 9 out of the 12 Activities reviewed here had been initiated, and in several cases completed, prior to the publication of the 2011 evaluation reports. So this is not an update of the earlier studies.

Methodology

The evaluation team's methods were (a) an extensive desk review of relevant documentation, and (b) interviews, in person or by phone, with a selection of key informants and stakeholders, including the task teams that implemented the work, relevant PROFOR Secretariat staff, implementation partners, and national and international clients or intended beneficiaries for each Activity (Annex 3). These interviews and document reviews were guided by a set of evaluation questions (Annex 2). Enquiries included why and how each of the selected Activities had originally been identified and then implemented.

Interviews and document reviews focused on the ways in which PROFOR expects to have impacts, as identified in the current Operational Guidelines (Annex 4): (a) providing analysis, (b) mainstreaming sustainable forest management, (c) testing innovative instruments and approaches, and processes leading to better governance, (d) developing knowledge products and dissemination, and (e) building and strengthening networks,

partnerships, processes and stakeholder dialogue. Our inquiries also included PROFOR's support for the dissemination and uptake of the knowledge gained or methods developed by its Activities, either financially or through the direct efforts of its staff.

A scoring system comparable to that used in our 2011 studies was used to present a comparative summary of the impacts of the different Activities reviewed. These ratings (Significant Impacts; Moderate Impacts; Minor Impacts; Too Early to Tell; Not Applicable) are a subjective attempt to add some quantification to a qualitative assessment, and have led to considerable debate both within the evaluation team and with the PROFOR Secretariat. These rankings are not intended as a stand-alone analysis and should be considered in conjunction with the more detailed and nuanced discussions of each Activity in Section III of this report.

The Activities reviewed included three PROFOR-sponsored Investment Forums held in 2003, 2006 and 2011. It was unknown at the beginning of the review how useful it would be to survey the participants at these Forums on impacts, benefits, and other topics of interest, particularly given the amount of time that had elapsed since these events took place. However, it was decided to send questionnaires to participants in the two most recent Forums: 108 participants in the 2006 Forum and 95 participants in the 2011 Forum. The response rates from the survey were as follows.

Table 1. Responses to Survey of Investment Forum Participants

	2006 Forum	2011 Forum
Number of participants contacted	108	95
Number of completed responses	13	29
Percent response rate	12%	30.5%
Number of emails bounced	18	8
Number did not respond	77	55
Number opted out/ incomplete questionnaire	0	3

A full discussion of the data generated from the 42 survey respondents is found on Section IV of this report.

Constraints

PROFOR has sometimes tried to influence highly complex, large-scale, long-term processes by supporting timely, catalytic Activities on a relatively small scale (e.g., a workshop or publication and dissemination of a study). In such cases, especially, expectations of impacts should be cautious and realistic. Detecting the impacts of individual knowledge products (e.g., applied research studies, workshop discussions and reports, tool kits) is a considerable challenge. Impacts become harder to pin down where PROFOR has sought to contribute to an emerging body of knowledge or help move along a debate.

The sample size of Activities reviewed (12) is relatively small in proportion to the total number of Activities financed by PROFOR to date (120). Thus, the findings reported here are not always applicable, nor can they be generalized to, the entire portfolio. It also proved hard to ensure that all links and potential synergies between the selected Activities and the rest of the PROFOR portfolio have been identified.

The *attribution* of impacts – either positive or negative – has to take into account the actions of multiple actors in a complex institutional landscape. PROFOR's thematic and geographic interests are shared by a variety of organizations with overlapping and broadly compatible objectives (including CIFOR, FAO, ICRAF, IIED and WRI at the international level; other sections of the World Bank; bilateral and other multilateral agencies; and a host of national government agencies and NGOs). This complicates the *attribution* issue, in other words how to assess the importance of PROFOR's *contribution* in areas where other actors – including PROFOR's own partners – have contributed to the same goals.

There are two timing challenges: (i) the need to reconstruct the context of an intervention (e.g., a study, workshop or introduction of a new tool) several years ago, in order to assess the value/impact at the time – i.e., was this a genuine innovation that moved an issue forward vs. simply repeating what others had already done); and (ii) the long-term impacts of some interventions may take some time to become clear, a particular challenge for the evaluation of newly-completed Activities.

These challenges required this evaluation to go beyond answering 'what have we done?' for each individual PROFOR Activity. It was also necessary to assess how the field had moved, what other key players were working on overlapping issues, and whether PROFOR identified and filled important and productive niches at particular points in time. Identifying whether PROFOR and its partners actually caused something to happen, whether it would have happened anyway or something in between – the fundamental evaluation questions – can rarely be confirmed definitively. But a plausible assessment can usually be based on:

- *Timing*: Did the change happen after the Activity?
- *Logic*: Is it reasonable to expect that these inputs would have contributed to the change?
- *Expert Judgment*: Do knowledgeable people – including those involved as Activity partners – agree with the contribution claimed?
- *Alternative Explanations*: What other factors could explain the change?

Table 2. Activities Selected for 2013 Evaluation

Implementation Period and PROFOR Financial Contribution

Selected PROFOR Activities	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	PROFOR Support (US\$000)
FOREST INVESTMENT FORUMS											
A1. Forest Investment Forum, Investment Opportunities and Constraints											75
A2. Eastern and Southern Africa Regional Investment Forum - Investment Opportunities, Constraints to Investment and Potential Solutions											132
A3. Investment Forum on Mobilizing Private Investment in Trees and Landscape Restoration											167
BENEFIT SHARING											
A4. Forest Connect: Toolkit to facilitate support for small and medium forest enterprises											435
A5. Community Contracting for Forest Management											73
A6. Making Benefit Sharing Arrangements Work for Forest Dependent Communities											280
PAYMENTS FOR ECOSYSTEM SERVICES											
A7. Catalyzing payments for ecosystem services and connecting communities (Ecosystem Marketplace)											45
A8. Mapping Emerging Ecosystem Service Markets: The Matrix - A strategic planning tool											28
A9. Developing Ecosystem Service Payments in China											120
FOREST SECTOR FINANCING											

A10. United Nations Forum on Forests: Analysis of the NLBI on financial needs and available sources											189
A11. Best Practices in Financing Protected Areas											150
A12. Mexico Community Forestry Enterprise Competitiveness and Access to Markets											185

Overall Findings

Based on the 12 Activities reviewed, the impacts of PROFOR's Activities are positive across all of the targeted impact areas: influencing policies or policy dialogues, advancing knowledge and understanding, developing new tools and methods and strengthening networks. The impacts can in general be described as very positive when considering the relatively small amounts invested.

This overall finding is consistent with the comparable 2011 evaluation studies.

PROFOR's impacts take different forms that vary by Activity, as described in Section II, and resist any simplistic aggregation. There appear to be four key factors underlying PROFOR's effectiveness in achieving impacts:

1. The PROFOR Secretariat is strong at picking emerging topics for Activities that are or promise to be timely, important and influential within the forest policy arena.

This is a critical strength of the overall PROFOR "brand". PROFOR's reputation and ability to influence others is at least partly based on a broad perception among practitioners that PROFOR supports, works on and is thereby associated with forest issues that are either important or soon likely to become important. Not one of the 12 Activities reviewed here (and none of the 25 Activities reviewed in 2011) led to the question "was this really a worthwhile topic for PROFOR to work on?" That is a strong record for Activities that have sometimes taken some years to complete, in a fairly fast-moving field.

This strength in selecting Activities with high impact potential appears largely attributable to (i) the wide consultations that Secretariat staff engage in before undertaking Activities, both within and beyond the World Bank, to ensure there is a level of interest and demand for the outputs to be generated, (ii) the PROFOR Secretariat team, which has remained stable for several years, is knowledgeable, competent and respected by its peers inside and outside the World Bank, and (iii) PROFOR's flexibility in being empowered to pursue new topics or take a different perspective on known topics without a need for complex bureaucratic decision-making processes.

While this strength in identifying the right topics is a vital ingredient in achieving positive impacts, it does not guarantee that maximum or optimal impacts will ultimately be achieved, as discussed below.

2. Activities are generally effectively implemented and produce high quality outputs that achieve worthwhile impacts at low cost through policy dialogues, knowledge development, new tools and/or practitioner networks.

Our work on the Activities assessed here confirms the high quality of the outputs produced. In some cases this work was subcontracted to NGOs at low cost (A7, A8, A9), while in other cases more complex processes and implementation arrangements were required (A4, A5, A6). Both of these, together with the stand-alone studies (A10, A11, A12) and investment forums (A1, A2, A3), consistently generated outputs that are well regarded by professional peers.

A reputation for quality products is another key component of the PROFOR brand, contributing to positive impacts. This gives PROFOR Activities a level of attention and an assumption of credibility in a crowded field where forest practitioners and policy makers are being bombarded with more new information and tools than they can possibly hope to assimilate and use.

3. The relationship with the World Bank distinguishes PROFOR from any other ‘think tank’ working on forest-related policy issues.

The Bank’s convening power helps to engage partners, to attract participants to events, to mobilize other funding partners, and to focus attention on knowledge products. In terms of achieving impacts, however, it appears crucial that PROFOR is able to draw on the World Bank to amplify policy messages from knowledge products.

As we noted in 2011, PROFOR occupies a unique and valuable role within World Bank comparable to a small foundation, exhibiting imagination, flexibility and the ability to move quickly. The Secretariat sometimes represents the Bank at international events, and at other times provides an important channel to bring external forest-related work into the Bank. To a lesser extent the Secretariat communicates to the outside world the forest sector work taking place inside the Bank.

PROFOR appears to have had a consistently positive impact within the World Bank over extended periods as management’s interest in developing forest-related projects and policies has waxed and waned. The long-term stability and steadily growing body of knowledge within and linked to PROFOR has appeared particularly important in 2013 due to three developments: (i) the future prospects of REDD+ being reconsidered; (ii) an evaluation completed of the Bank’s 2002 Forests Policy implementation; and (iii) a renewed focus within the Bank on landscapes – all in the context of a far-reaching institutional reorganization affecting the entire institution.

The need for innovative sustainable forest financing to encourage the private sector – a major theme for PROFOR – suggests the potential for more collaboration between the World Bank and IFC, possibly involving MIGA. While not necessarily the responsibility of PROFOR, relatively little progress appears to have been made in exploring the potential for investment incentive packages, for example, combining equity, debt and guarantees. While IFC reviews and values PROFOR’s applied research outputs, the PROFOR knowledge products are perceived by IFC as more suited to policymakers and NGOs than its private sector clients.

Not surprisingly, PROFOR’s status and role within the Bank is not well understood by all stakeholders. Some Activity partners are disappointed that PROFOR does not appear to exert more influence over the Bank’s forest and other land use policies and projects. Others are confused about PROFOR’s level of independence from Bank operations in selecting and pursuing research agendas.

Lessons and Recommendations

The lessons and recommendations from the assessments of individual Activities are included in the body of this report. The lessons and recommendations discussed here are those related to at least two Activities and that appear to be more widely applicable. We would emphasize that in some cases these observations and analyses are based on reviews of Activities that were conceived and implemented some years ago, in some cases up to a decade ago. It is possible that the practices observed and commented on have since changed.

1. Involving capable and motivated implementation partners at a strategic level as early as possible has a positive effect on PROFOR Activities’ eventual impacts.

The PROFOR Secretariat has limited direct outreach capacity. Impacts resulting from the effective national-level implementation and uptake of products often depend significantly on partners. PROFOR engages with multiple partners in some Activities - these partners have included individuals and organizations that PROFOR supports financially as well as partners who bring their own funding.

Three particularly positive examples demonstrate the importance of partner engagement:

The success of A4 (see Table 2) can be attributed significantly to the extensive engagement of strong implementing partners from Forest Connect (a network) throughout the Toolkit preparation and testing process. Partner buy-in was strengthened by a participatory preparation process with input from a dozen country teams, although even here it proved a struggle to disseminate beyond networks in capital cities. A key partnership with FAO's National Forest Programmes significantly expanded the number of countries engaged.

The forest financing study of A10 not only responded successfully to an expressed need, but also benefitted significantly from the active participation of all members of the Collaborative Partnership on Forests. The ownership of the study results by the Partnership and the UNFF Secretariat helped ensure that the study was well received by member states and ultimately served as a key to further negotiations.

A12 illustrates how excellent applied research and high uptake potential can be achieved through solid buy-in from a government agency (Conafor in Mexico) given a strategic role from an early stage.

In contrast, relatively slow uptake at the country level of some of PROFOR's knowledge products seems at least partly due to not having enlisted partners or users early enough in Activity development. Specifically, the review team could not find evidence of significant national uptake of the knowledge products generated by Activities A5 and A6. These two Activities were implemented by PROFOR staff and consultants without the direct participation of international or national partners. The PROFOR team did not have the human or financial resources to reach local organizations and track the uptake of knowledge products in the absence of other partners with a field-level presence.

Early involvement and buy-in of partners can help PROFOR pilot new tools in different countries, obtain early feedback on the products to ensure they fully meet country-level needs, engage potential end users, implement capacity building to complement the knowledge products, and possibly help mobilize additional financial resources.

Recommendation: Give more systematic consideration to the choice of partner(s) from the Activity concept stage, considering what is expected, what capacities are required, what financial resources are needed vs. available, and to the extent to which the potential partners share PROFOR goals and ambitions for the Activity.

2. The effectiveness of dissemination planning, budgeting and implementation has a significant influence over the eventual uptake of the knowledge products originating from PROFOR Activities.

Some of the Activities reviewed included a dissemination plan that identified target groups and possible events and other dissemination methods both at the international and national levels. This good practice helps ensure that dissemination costs are built into the project budget from inception (e.g., A5).

While PROFOR's dissemination efforts at the international level are paying off, reaching country level stakeholders sometime proves more challenging (A6). Dissemination plans and their implementation appeared variable across the Activities reviewed. This may be partly due to the growing challenge of communicating the value added of new knowledge products in an era of increasing information overload. But often the barriers to effective dissemination – which directly limit impact – seem attributable to fairly simple issues such as having products only available in English or in very few other languages (e.g. A5, A9), or not generating user-friendly versions of products written initially in academic or technical language (potentially the case for A12).

Dissemination tends to be less of a problem when work is contracted out to NGOs, who usually absorb Activity outputs into their continuing work and are good at dissemination (e.g. A4, A7 and A8). Dissemination of work led from within PROFOR's Secretariat and/or contracted to consulting firms faces the challenge that the individuals and organizations involved often have limited resources, incentives or simply the time available to follow up for anything more than a short period.

Dissemination within the World Bank presents a particular challenge and with some exceptions (e.g., A11) the uptake within the Bank of work contracted to NGOs and consulting firms does not seem high. WB operational staff, short on time and long on responsibilities, seem to find it difficult to keep abreast of and absorb the results of ESW and knowledge products that may be relevant to their work. Some operational staff have suggested the identification of more practical ways in which they could benefit from PROFOR-generated knowledge. For example, peer-reviews of draft documents resulting from their country policy work on emerging forest topics either by PROFOR Secretariat staff or by trusted members of PROFOR's broader network. In other words, more engagement of the PROFOR Secretariat would be welcomed in *applying* as well as *sharing* new knowledge and approaches.

Related to the involvement of partners highlighted above, in some cases the limited dissemination and slow uptake of PROFOR knowledge products seems due to not enlisting potential partners or users early enough. Partners should be in a position to report back to PROFOR on the extent of national uptake (where applicable) and provide feedback on the results of the application of the principles, recommendations or other guidance contained in the knowledge products (A4 is a good example of how this has worked very effectively).

Recommendations:

Give separate and additional emphasis to dissemination planning during the Activity proposal development process, ensuring that the allocation of responsibility is clear and resources made available are adequate. Explicit decisions should be encouraged on whether materials are to be translated into multiple languages and whether user-friendly versions of more technical documents would be useful. Such plans could be formally revisited once the technical product preparation phase of the Activity nears completion, to ensure optimal dissemination. In addition to improving up-front dissemination planning and budgeting, consideration could be given to establishing a fund to boost the dissemination of particularly high quality, timely and potentially influential products.

One possibility could be to set up a general dissemination fund for use on a case-by-case basis. The Secretariat could track dissemination activities and decide to what extent additional funds were needed, while emphasizing local field-level dissemination.

Dissemination within the World Bank (which is not a goal of all Activities) should take more explicit account of the limited capacities (i.e., time) of both the PROFOR Secretariat staff and Bank operational staff. There appears to be an unmet need and opportunity for PROFOR staff and their expert networks to work more closely with Bank operational staff on specific operational applications of the knowledge and tools generated by PROFOR Activities. PROFOR staff could play a facilitation role in introducing appropriate experts, to avoid overstressing their own commitments.

3. Investment forum ambitions and participant expectations should be carefully considered and managed.

The PROFOR-supported forest investment forums reviewed here had many positive aspects. While each had their own focus, they all produced materials that were well received by participants, they provided valuable networking opportunities, they encouraged discussion of one of the most compelling issues in

forestry – how to engage the private sector investment in sustainable forest management, and diverse participants found them informative and useful.

While the results overall were positive, our interviews and surveys of the participants suggest that expectations of follow-up actions were not met. There appeared to be a gap between discussions of “what should happen next” and the understanding of who would be responsible for such actions. Many participants felt that maintaining contact after the Forum and implementing agreed actions that had been discussed would have been desirable, although it is not clear whether tangible investment plans were expected.

This presents a dilemma for PROFOR since the forums were each designed as single Activities to create a platform for discussion but without any plan or budget for specific follow-up actions. However, PROFOR’s 2012 Board report specified that the 2011 forum was “not conceived as a one-off event, but rather as a pivotal milestone in a longer term process of creating a platform for engaging key decision-makers and investors....this forum will build on and consolidate different commitments from participants to the Forum into a final strategy that will specify follow-up policy actions, programs and investments at national level in key Africa countries, but also at global level. This concept does not financially cover follow-up actions, but it is expected that the strategy will catalyze future efforts and investment from other partners”. This language suggests that systematic follow up was intended, even if it was not clear whose responsibility this would be.

At least some interviewees highlighted the continuing challenge – that is certainly not unique to PROFOR or to the forest sector – that the thinking, language and priorities of the private sector is often significantly different from that of the development agencies, NGOs and research institutions, making it hard to agree on tangible next steps. It is not clear that the Forums have bridged this divide, even if they have taken some useful steps towards encouraging dialogue.

Many of the participants called for Forest Investment Forums to continue to take place periodically and also called for communications to be maintained between the forums. While it is understandable that PROFOR cannot commit to fund follow-up actions, planning future events could usefully include background materials recalling the main conclusions and commitments made in the previous forum, while describing key changes in the field since the previous forum.

Recommendations:

Expectations for follow-up actions and which organizations should be responsible should be clarified prior to future Forums. PROFOR should also explore with its partners how best to maintain communication among interested participants after the events.

PROFOR should consider (a) inviting private sector representatives to participate in the organization of future Forums, to help identify and attract more investors and businesses as well as improve the relevance of the agenda to this group, and (b) doing more to engage finance sector representatives of the regions or countries targeted by the Forum.

4. Improved performance reporting and documentation could facilitate learning and enhance future impacts.

PROFOR produces a wealth of material each year for its annual Board meetings, including useful description and analyses of new Activities undertaken as well as those in process. This is an important component of performance reporting and monitoring. We noted that more recent individual Activities do have improved log frames as a basis for monitoring.

PROFOR is not unique within the World Bank or elsewhere in being reluctant to document efforts that have been less than successful. As noted in 2011, we again found that project completion reports tend to be

bland, lacking genuine insight or candor. Outputs are generally well reported, but there is often limited specific information on outcomes, impacts or lessons. While this may have been mainly the case in earlier Activities, there has been a lack of documentation of what are the expected impacts and outcomes from Activities under development.

PROFOR's portfolio is rich in synergies and has a number of mutually reinforcing and complementary Activities with impacts that are important to consider together. While the Board reports have highlighted some key connections between Activities, these connections have become more complex over time as the portfolio has expanded. To maintain the institutional memory of the coherence and rationale of the overall Portfolio, such synergies and connections should be thoroughly documented for all new Activities undertaken. This should facilitate grouping of Activities for more aggregated performance reporting, i.e., at an Activity cluster or portfolio level.

We again found a lack of systematic organization of key documents, especially for earlier Activities that had been closed. The documentation of peer reviews of Activity proposals was variable and in some cases these could not be located.

We recognize that PROFOR has recently given more consideration to performance monitoring.

Recommendation: More systematic documentation in advance and at the conclusion of each Activity would be useful to assess the value and future implications of each completed Activity, including what has been learned. Ideally, establish routines within PROFOR for candid and analytical assessments of the impacts of each Activity, developing a culture where occasional failures are recognized as learning opportunities. Consider carrying out exit interviews with TTLs. While this task would increase the Secretariat's workload, it could contribute significantly to learning.

2. Findings by Thematic Cluster

This section of the report analyzes the context and impacts of the four clusters of PROFOR Activities reviewed. Impacts are assessed under four headings: (a) Influencing policies or policy dialogue; (b) Advancing knowledge and understanding; (c) Developing new tools and methods; and (d) Strengthening networks.

Forest Investment Forums (A1, A2, A3)

Each of these forums was supported as a stand-alone activity even though they eventually formed a series:

- A1. The Forest Investment Forum – Investment Opportunities and Constraints, Washington, DC, USA (2003).
- A2. Eastern and Southern Africa Regional Investment Forum – Investment Opportunities, Constraints to Investment and Potential Solutions, Pietermaritzburg, South Africa (2006).
- A3. Investment Forum on Mobilizing Private Investment in Trees and Landscape Restoration, Nairobi, Kenya (2011).

The common objective was to identify opportunities for and constraints to private investment in the forest sector. The geographic focus was both pan-African and global, while the context, thematic focus, and partners differed⁴.

By 2012 PROFOR was able to report that the 2011 Forum had not been “conceived as a one-off event, but rather as a pivotal milestone in a longer term process of creating a platform for engaging key decision-makers and investors”.

Context of PROFOR’s Engagement

The World Bank had launched a new Forest Strategy in 2002 and a Forest Operational Policy in 2003. Both were informed by the findings and recommendations of an independent evaluation of the WB forest sector work in 2000⁵. A major shift from the 1991 WB forest strategy⁶, the 2002 strategy was strongly emphasizing the role of forests in poverty alleviation and the need to address forest issues beyond conservation and across other economic sectors, therefore, significantly changing the WB approach and role.

The 2003 Forest Investment Forum on investment opportunities and constraints (A1) built on two major initiatives by Bank President James Wolfensohn: the CEO Forum⁷ and the World Bank/WWF Alliance for Forest Conservation and Sustainable Use⁸. These two initiatives were a foundation for the establishment of The Forest Dialogue (TFD) created in 1999 by the World Bank, the World Business Council on Sustainable Development, the International Institute for Environment and Development (IIED) and the World Resources Institute (WRI).

In 2003, forest financing had been characterized by an increase of FDI into developing countries to approximately US\$8-10 billion a year, and a decline in ODA to about US\$1.75 billion a year. However, aggregate forest sector investments were considered to be far short of what was needed to realize the potential of well-managed forest resources to contribute to (a) poverty alleviation, (b) the protection of vital environmental services, and (c) sustainable economic growth in developing and transition countries. Thus, the rationale for bringing together the private sector and international NGO’s to join the Bank in a dialogue to help create the conditions for increased sustainable forest investments.

Three years later, the 2006 Eastern and Southern Africa Regional Investment Forum (A2) took place at a time when a number of new Forest Funds had been established and there were signs of increased interest from overseas investors. This forum aimed to identify emerging investment opportunities and agree on actions that could be taken by Forum participants to create an enabling environment for socially, environmentally, and economically responsible investments in the forest sector in selected African countries.

This Forum also aimed to explore whether partnerships between companies and communities were viable and could improve livelihoods and address poverty. The objective was to create the conditions to benefit

⁴ An additional PROFOR-supported forest investment forum in 2005 was also reviewed: “Developing Partnership Based and Private Sector Financed Approaches to Management of Forest Resources in East and Southern Africa Regions, Nairobi, Kenya, 2005”.

⁵ Forest Strategy - Striking the Right Balance, Lele U. et al., October 2000.

⁶ The 1991 strategy had been developed in response to strong criticism by civil society organizations of WB lending for timber concessions in natural forests. The strategy’s approach was “do-no-harm” and this led to a WB forest portfolio focused mostly on conservation.

⁷ An ad hoc group that includes 31 representatives from the World Bank Group, the private sector, civil society, and governments- assembled in 1998 to consider global forest-related issues, especially options for reducing barriers to sustainable forest management by promoting responsible investments in forest production and management.

⁸ In April 1998 the World Bank and WWF entered into an alliance to work with governments, the private sector, and civil society to reduce the loss and degradation of all types of forests worldwide.

from the growing demand for fiber and other forest goods globally (in particular from China and India, but also from Africa). In 2006, with the notable exception of South Africa and one larger-scale sawmill operating in Tanzania, prevailing levels of efficiency, recovery, and technology in Africa were considered low.

The 2011 Investment Forum on Mobilizing Private Investment in Trees and Landscape Restoration (A3) broadened the focus of the previous Forums to explore landscape restoration beyond forestry and SFM. The aim here was to capitalize on the large body of knowledge and experience on agroforestry, sustainable land management and landscape restoration techniques acquired during the previous three decades. The ambitious aim was to promote investments to help achieve the “triple wins” of climate-smart agriculture: increased incomes and yields, climate change adaptation and greenhouse gas mitigation.

Impacts

Activity	Influencing policies or policy dialogue	Advancing knowledge/ understanding	Developing new tools and methods	Strengthening networks
A1. Forest Investment Forum, Investment Opportunities and Constraints (2003)	Significant Impacts	Significant Impacts	Not applicable	Moderate Impacts
A2. Eastern & Southern Africa Investment Forum (2006)	Minor Impacts	Significant Impacts	Not applicable	Moderate Impacts
A3. Mobilizing Private Investment in Trees & Landscape Restoration (2011)	Minor Impacts	Significant Impacts	Not applicable	Moderate Impacts

The Forums collectively demonstrated value in setting the agenda for promoting and enabling forest investment in developing countries and for bringing together forest sector stakeholders to seriously debate forest sector concerns and identify opportunities for action. Participants from a variety of backgrounds (e.g., government, private sector, international agencies) found the forums informative and useful. The opportunity for formal and informal networking was highly appreciated by all participants.

The following findings underlie the ratings given in the above table:

- The Forums helped to generate new knowledge and to make it available to a wide range of forest sector stakeholders, especially in Africa. High quality background papers and proceedings were appreciated by participants, with over 70 percent of survey respondents having used the forest sector data, analyses of key topics, participant lists, bibliographic references and/or the documented agreed actions.
- More than a third of survey respondents would like such Investment Forums to take place on a regular basis.
- PROFOR’s 2003 Forum was considered a pioneering event. It influenced the forest sector agenda for the next decade, strengthened World Bank’s credibility and relationships with key partners in the private sector and NGOs, while encouraging IFC to give more attention to public-private sector partnerships and corporate social responsibility in the forestry sector. This Forum signaled to forest

sector leaders the changes in World Bank's approach to forests following the launching of the World Bank Forest Strategy in 2002 and the Forest Operational Policy in 2003.

- Complementary forums supported by ITTO and others were inspired by the perceived success of the first global forum in 2003. PROFOR participated in and contributed to these forums.
- The 2006 Forum advanced the understanding of governments, forest companies, finance institutions, NGOs, donors, and other participants of existing opportunities and constraints to increasing responsible investments in the forest sector in the countries involved. This Forum made a strong case for the potential of the forest sector to create off-farm employment and contribute to poverty alleviation in the Africa region under certain conditions.
- The broader 2011 Forum included trees on farms and landscape restoration as an investment opportunity with potential wins for climate change and sustainable development. The 2011 forum was an important milestone in the longer-term process to engage decision-makers, development practitioners and investors in sustainable landscape management.
- The 2011 Forum background papers, discussions and proceedings influenced World Bank forest policy documents, such as the 2012 Action Plan for World Bank Engagement in the forest sector in Africa⁹, which built on several PROFOR activities and integrated elements and ideas contained in the PROFOR Forum materials. Again, the background papers were highly appreciated by participants – including materials on promising technologies that could be scaled-up, the potential for investments of farmers, agribusiness, financial intermediaries, governments and NGOs seeking financial, social or environmental returns, as well as the policy implications of various strategies.
- PROFOR and its partners, The World Agroforestry Centre, EcoAgriculture Partners, IUCN and TerrAfrica were successful in raising awareness about investment opportunities in trees and landscape restoration in Africa. A new Global Landscapes Forum organized by the CGIAR and CIFOR on behalf of the Collaborative Partnership on Forests includes a session dedicated to investing in sustainable landscapes in forests and on farms. The objective of this side event planned for UNFCCC COP19 in November 2013 is to develop the potential of the landscape approach to inform future UNFCCC agreements and the achievement of the proposed Sustainable Development Goals. The 2011 Forum contributed to build the knowledge and momentum for this new initiative.
- There is evidence that some contacts made at the forums resulted in business opportunities and investments, although this was not a primary objective. Expectations that the Forums would play a major role in brokering deals were reported by at least some participants. Plans for future forums should clarify communication of their objectives.

A 2012 PROFOR Board report stated that “This [2011] forum will build on and consolidate different commitments from participants to the Forum into a final strategy that will specify follow-up policy actions, programs and investments at national level in key Africa countries, but also at global level. This concept does not financially cover follow-up actions, but it is expected that the strategy will catalyze future efforts and investment from other partners”. But follow up and dissemination of information on actions after the Forums fell short of at least some participants' expectations. Many interviewees and survey respondents

⁹Bromhead, Marjory-Anne. 2012. Forests, Trees, and Woodlands in AFRICA - An Action Plan for World Bank Engagement.

expressed the desire to know what events and changes had occurred subsequently, including progress on agreed actions, which they had not received information on.

The need for innovative sustainable forest financing to encourage the private sector suggests the potential for collaboration between the World Bank and IFC, possibly involving MIGA. However, there appears not to have been any serious consideration given to developing any private sector investment incentive packages combining equity, debt and guarantees.

IFC's interest in the forums seems to have declined more recently. Their institutional interest in relatively large, fast 'bankable' projects has not appeared a good fit with PROFOR's concept of the Forums. It does appear, however, that the Forums and other PROFOR work influenced the 2010 IFC Forest Sector Strategy (e.g., on partnerships with local communities), and IFC has recently strengthened its forest investment capacity.

While PROFOR engaged with IFC in the preparation of the Forums,¹⁰ IFC's interest and participation does not appear to have led to projects or other investments in the Africa region. According to the 2013 IEG evaluation of the Bank's forest sector work, IFC invested \$1.8 billion in 68 forest projects during 2003-2011, only 4% of which went to Africa. Only 5 of the 68 projects were in natural or plantation forests, equivalent to 2% of the portfolio (cf. 14% for palm oil). A variety of explanatory factors were provided by different interviewees, including: too high transaction costs and risks in Africa; a lack of incentives for IFC staff to engage in complex, risky, relatively small operations even those with potential social and environmental benefits.

In addition to these forums, PROFOR was actively involved as supporter or participant in several other related forums between 2003 and 2011. The PROFOR-supported forums in 2003 (A1) and 2005 (footnote 4) had inspired ITTO to organize four comparable regional events.

Benefit Sharing (A4, A5, A6)

Forest management partnerships that actively and equitably engage local communities with external partners (private companies, NGOs and government) are increasingly viewed as key to sustainable forest management (SFM). The urgency of finding practical tools and methods for such local benefit sharing has accelerated since the inclusion of REDD+ in the UNFCCC in 2007, with explicit recognition that strong local constituent support is essential to reducing deforestation and forest degradation.

This review focused on three Activities funded by PROFOR under this thematic cluster:

- A4. Forest Connect: Toolkit to facilitate support for small and medium forest enterprises.
- A5. Community Contracting for Forest Management.
- A6. Making Benefit Sharing Arrangements Work for Forest Dependent Communities.

10. For example, PROFOR's "Regional Study of the Current Status of Forest Resources in the Countries of the Eastern and Southern Africa Regions and of Opportunities for World Bank and IFC Investment." PROFOR staff also prepared a 2010 note on WB and IFC collaboration opportunities in Mozambique.

Context of PROFOR's Engagement

In 2007, IIED, FAO and partners developed “Forest Connect”– an international alliance/internet-based community designed to better link small forest enterprises to each other, to markets, to service providers and to policy processes such as National Forest Programmes (NFPs). PROFOR's support for Forest Connect: Toolkit (A4) was anchored on IIED's 2008 document “Supporting Small Forest Enterprises – a Cross-Sectoral Review of Best Practices”, as well as a widely-shared view among practitioners that it was imperative to address the lack of capable institutional support networks to assist SMFEs. Calls for such support had been made repeatedly at PROFOR-supported Forest Investment Forums (i.e. A1 and A2) as well as international conferences on local livelihoods and forestry held in Costa Rica, Vietnam and Brazil.

The Community Contracting for Forest Management (A5) aimed to provide insights for collaborative arrangements using an evidence-based approach, and to provide guidance on making and keeping contract-based partnerships and benefit sharing arrangements. Prior to this Activity, while there was an extensive literature analyzing collaborative arrangements in developing countries and the related benefits to communities (including through PES), no comprehensive review of factors that promote the formation and maintenance of these agreements had been based on systematic evidence from field case studies and interviews. For example, a CIFOR-University of Colorado at Boulder study¹¹ which examined a large number of empirical studies on timber concession management agreements between local communities and private firms found only one empirically grounded analysis prior to 2009 of the interactions between communities and timber concession holders. PROFOR's groundbreaking work on forest partnership agreements included not only forest concessions but also plantations, out-grower schemes, PES and case studies from extractive industries. This study thereby filled an important knowledge gap relevant to the World Bank Group forest operations as well as other organizations involved in forest sector activities.

Making Benefit Sharing Arrangements Work for Forest Dependent Communities (A6), on the other hand, sought to inform the design of benefit-sharing arrangements in initiatives specifically aiming to reduce emissions from deforestation and degradation and enhance carbon stocks (i.e., REDD+). Benefit-sharing in the context of natural resources management and the extractive industries was not a new concept. Arrangements to compensate communities for forgoing certain rights over resources or for negatives effects to their environment or livelihoods resulting from resource extraction operations had existed for decades. Mechanisms and regulations for collecting and transferring some share of revenues as compensation or as incentives for changing the behavior of local communities had also become more common, especially for extractive industries.

With the emergence of REDD+ in the international climate change policy arena in 2007, a deeper understanding of benefit-sharing arrangements in the context of forest-based carbon activities was needed. When PROFOR developed the concept note for this Activity in 2010 there were very few studies focused on benefit sharing in the context of REDD+. While several organizations have subsequently launched their own studies of REDD+ design and implementation many people consulted consider the work undertaken by PROFOR the most comprehensive effort taken to date on benefit sharing.

¹¹ Ravikumar A., et al (2012). Towards more equitable terms of cooperation: local people's contribution to commercial timber concessions. *International Forestry Review* Vol. 14(2).

It is also important to note that the work conducted by PROFOR and other organizations¹² on benefit sharing is not only relevant to REDD+ but to other forest carbon projects in the regulated and voluntary markets including the activities of the WB carbon funds.

Key Factors in Rating Impacts - Benefit Sharing Cluster

Activity	Influencing policies or policy dialogue	Advancing knowledge/ understanding	Developing new tools and methods	Strengthening networks
A4. Forest Connect Toolkit	Significant Impacts	Moderate Impacts	Too Early to Tell	Significant Impacts
A5. Community Contracting for Forest Management	Minor Impacts	Significant Impacts	Moderate Impacts	Not applicable
A6. Making Benefit Sharing Arrangements Work	Too Early to Tell	Significant Impacts	Moderate Impacts	Not applicable

Findings underlying the ratings given in the above table were:

A4. Forest Connect: Toolkit to facilitate support for small and medium forest enterprises.

- Although the Toolkit had only been in circulation for a few months when assessed, practitioners had already responded positively and found it valuable.
- Quality of the Toolkit, buy-in, and dissemination was helped by the involvement of 12 country teams in its development and field testing in partnership with Forest Connect members.
- PROFOR’s support was timely and responsive to a well-established need, allowing Forest Connect to develop, test, and promote its first tangible product – a facilitator’s Toolkit to support SMFEs. A sourcebook with information on SMFEs in Ghana was also produced, as well as stories from the field explaining how groups have successfully linked to Forest Connect to help them undertake a variety of activities.
- Beyond the Toolkit itself, Forest Connect’s main partners (IIED and FAO) indicated that financial support as well as outstanding technical input from PROFOR’s staff has been crucial to the achievement of Forest Connect’s goals to date, and enabled substantial synergies with key partners.
- IIED has reported extensive achievements in supporting SMFEs in several countries; while these results are not directly linked with the Toolkit itself, PROFOR’s support for the Forest Connect network as a whole is credited with helping catalyze significant additional activities and processes.

¹² Recently published studies addressing this topic are WWF’s “Guide to Building REDD+ Strategies: A toolkit for REDD+ practitioners around the globe” (June 2013); and TNC’s “Sharing the Benefits of REDD+ - Lessons from the field” (2013).

- Forest Connect’s growing network of 900+ individuals and institutions from 60 countries provides a sound platform for dissemination and uptake.
- Extensive dissemination of the outputs and lessons of Forest Connect has been carried out by FAO and IIED in the international arena via practitioner meetings, formal publications and by email to National Forest Programme (NFP) coaches.
- Developing and launching the Toolkit involved and strengthened synergies among NFP country coaches and an impressive range of organizations, including financiers, producer groups and the International Alliance of Indigenous and Tribal Peoples of Tropical Forests.
- A recent evaluation of Forest Connect emphasized the importance of disseminating the Toolkit beyond networks operating primarily in capital cities.

A5. Community Contracting for Forest Management.

- The study filled a major knowledge gap. By 2009, there was only one empirically grounded analysis of the interactions between communities and timber concession holders. An innovative element of this approach was the analysis of how these factors are influenced by context.
- Discussions surrounding the development of this product helped to shape the concepts and approaches underlying current work involving collaborative arrangements and benefit sharing in the World Bank Group.
- The methodological framework of PROFOR’s work was used by the BioCarbon Fund to conduct an analysis of their experience in the design of CDM afforestation/ reforestation projects.
- The “12 factors for effective and lasting collaborative arrangements” and the “key points in a written contract” identified by the study were taken up by other international forest sector networks and organizations.
- There seem to have been only limited uptake of results and guidance at the national level.
- The process framework used in this work was subsequently used by PROFOR in a follow-up activity on benefit sharing in REDD+.

A6. Making Benefit Sharing Arrangements Work for Forest Dependent Communities.

- PROFOR’S work on benefit sharing proved timely to inform the development of a methodological framework for the Carbon Fund under the Forest Carbon Partnership Facility.
- The various outputs – which were completed as recently as 2012 – are of very high quality, and WB staff and several external organizations consider that PROFOR’s package is the most comprehensive effort taken to date on benefit sharing.
- The Options Assessment Framework, a centerpiece product, remained untested until after its launch due to lack of funding, although the feedback from later national application has been positive. LAO PDR has tested the OAF and its companion Excel tool with positive results. Other countries have expressed interest in applying the OAF.
- For this Activity to reach its potential and have significant positive impacts may require additional efforts to engage key actors, especially those assisting countries with their REDD+ readiness

processes. Some of the key NGOs working in REDD+ became aware of this Activity's outputs only recently; while they have responded positively their earlier participation could have been beneficial.

- The methodological inclusion of non-monetary benefits has been received positively as unusually widening the discussion on benefit sharing. The paper addresses land rights as a benefit, which is very important for forest-dependent communities. It also takes a pragmatic approach when carbon and land rights are unclear, which is useful to all forest-based carbon activities.
- PROFOR's analytical work on benefit sharing for forest carbon is useful to inform agreements related to forest carbon projects in the voluntary and regulated markets, those currently under preparation but also possible future agreement revisions that may take place such as, for example, the community benefit sharing agreement of the BioCarbon Fund Humbo project in Ethiopia.
- While PROFOR's dissemination efforts at the international level are paying off, more needs to be done to reach country level REDD+ stakeholders.

Payments for Ecosystem Services (A7, A8, A9)

All three Activities under this cluster were carried out through separate grants to the NGO Forest Trends, which conceived and implemented the Activities with minimal involvement from PROFOR staff. The PROFOR investments were modest, amounting to less than \$200,000 in total.

- A7. Catalyzing payments for ecosystem services (PES) and connecting communities (the Ecosystem Marketplace).
- A8. Mapping Emerging Ecosystem Service Markets: The Matrix - A strategic planning tool.
- A9. Developing Ecosystem Service Payments in China.

Context of PROFOR's Engagement

In payment for ecosystem services (PES) schemes the beneficiaries of ecosystem services reward the stewards, or providers, of ecosystem services. In practice, PES often involves a series of payments to land or other natural resource managers in return for a flow of ecosystem services over-and-above what would otherwise be provided in the absence of payment. The basic PES idea is that those who provide ecosystem services – like any service – should be paid for doing so. PES therefore provides an opportunity to put a price on previously un-priced ecosystem services like climate regulation, water quality regulation and the provision of habitat for wildlife and, in doing so, brings them into the wider economy.

Before the 1990s the term ecosystem services had remained largely unknown. A 1997 estimate of the total value of the world's ecosystems at \$30 trillion¹³ (twice that of the total gross national products of all countries at the time) attracted considerable attention and helped launch rapidly-growing interest in the valuation of ecosystem services. In the same year a landmark publication provided an overview of the main types of ecosystem services and the main threats to their maintenance¹⁴. The first global survey of ecosystem services, the Millennium Ecosystem Assessment (MEA), was completed in 2005, mapping the physical flow of ecosystem services in different regions and connecting these to human well-being at a

¹³ Costanza, R., et al. 1997. The value of the world's ecosystem services and natural capital. *Ecological Economics*, Volume 25, Issue 1: 3-15.

¹⁴ Daily, G. et al. 1997. Ecosystem Services: Benefits Supplied to Human Societies by Natural Ecosystems, *Issues in Ecology*, 2: 1-18.

variety of spatial scales. While significantly elevating interest in ecosystem services, the MEA was unable to provide adequate scientific information to answer important policy questions.

The World Bank and the major conservation NGOs became interested in the topic¹⁵ - from a policy perspective, this interest was driven by the potential to engage market forces in rewarding investments in ecosystem services, ideally supporting both sustainable economic growth and ecological conservation. But alongside this growth in interest came warnings of over-enthusiasm and a proliferation of poorly-designed PES schemes¹⁶. There were calls for more careful analysis and more convincing case study examples¹⁷.

The three PES Activities reviewed in this report were all implemented by the NGO Forest Trends with support from PROFOR between 2006 and 2008 with a total investment of less than \$200,000. Forest Trends had been founded in 1998 to highlight the market value of natural ecosystems to promote their conservation. Forest Trends is now widely credited for having advanced the concept and practical application of payments for ecosystem services as a powerful conservation tool for forests and ecosystems.

The three PROFOR/Forest Trends Activities all responded to opportunities to advance the field of PES by strategically supporting a highly capable NGO with a credible program and the demonstrated ability to both deliver results and, especially, to disseminate its work effectively. While PES is the common theme, the three Activities are relatively diverse:

- The Ecosystem Marketplace is now well established as the “go to” online PES source.
- The PES Matrix is a complex tool that has not received wide recognition but has recently received considerable additional funding and uptake in Brazil where PES interest has recently taken off and several states have passed PES laws.
- The PES studies in China led to a major policy contribution to shaping environmental laws due to uptake by the Government of China and the Asian Development Bank.

The extent to which ecosystem services have begun to be taken seriously at policy levels was well illustrated in 2007 when environment ministers from the G8+5 countries proposed the Economics of Ecosystems and Biodiversity (TEEB) Initiative which has studied the costs of the loss of biodiversity and the associated decline in ecosystem services worldwide, and compared these with the costs of effective conservation and sustainable use. Forest Trends’ work undoubtedly contributed to building the foundation for this high-level interest and investment.

Interest in PES specifically related to forestry has received somewhat less attention than REDD/REDD+ during the last several years, even though REDD itself is a form of PES. However, the recent lack of REDD momentum has highlighted the importance of continuing to explore and disseminate PES options in forestry.

Forest Trends has expanded and diversified considerably during the last several years while continuing to focus strongly on strategic market and policy issues in the forestry sector, developing new financial tools and building a remarkable global network of actively engaged organizations and experts.

¹⁵ Pagiola, S., von Ritter, K., and Bishop, J. 2004. How much is an Ecosystem Worth? Assessing the Economic Value of Conservation. IUCN, TNC, The World Bank.

¹⁶ S. Pagiola et al. (eds.) 2002. Selling forest environmental services: market-based mechanisms for conservation and development. Earthscan.

¹⁷ Wunder, S. 2008. Payments for Environmental Services and the Poor: Concepts and Preliminary Evidence. *Environment and Development Economics*, 13: 279-297.

PROFOR has recently supported further Activities involving Forest Trends:

- Charting New Waters: State of Watershed Payments (2012). This is “the second installment of the most comprehensive inventory to date of initiatives around the world that are paying individuals and communities to revive or preserve water-friendly features of the landscape”¹⁸.
- South-South Learning: From Payments for Environmental Services to REDD+ in Latin America (2013, completed). Here the lessons of PES systems in Costa Rica, Mexico, and Ecuador were identified and discussed, with a regional and global community of PES/REDD+ experts¹⁹.
- Advancing Ecosystem Market Intelligence (under development). This Activity is expected to help Forest Trends “secure a sustainable institutional platform for ecosystems market intelligence and to scale up and reduce risks in investment in natural capital. The support is expected to help Forest Trends ramp up its analytical and targeted outreach work”²⁰.

Forest Trends is not the only organization working on PES and to some extent PROFOR put a lot of eggs into this one organizational basket. CIFOR, IUCN and others, as well as some of the Bank’s own staff are also engaged in PES; some of these may have had a greater capacity than Forest Trends to document convincing case studies and perform detailed analysis. But the results and impacts of these three Activities have been so positive, especially in relation to the small amounts invested, that they all have to be regarded as well-judged successes. Forest Trends has proven an excellent partner for PROFOR and it is not surprising that they have been engaged to participate in additional, more recent Activities.

Key Factors in Rating Impacts - Payments for Ecosystem Services Cluster

Activity	Influencing policies or policy dialogue	Advancing knowledge/ understanding	Developing new tools and methods	Strengthening networks
A7. Ecosystem Marketplace	Moderate Impacts	Moderate Impacts	Not applicable	Significant Impacts
A8. Mapping Emerging Ecosystem Service Markets	Minor Impacts	Moderate Impacts	Moderate Impacts	Not applicable
A9. Developing Ecosystem Service Payments in China	Significant Impacts	Significant Impacts	Not applicable	Moderate Impacts

Findings underlying the ratings given in the above table were:

A7. Catalyzing payments for ecosystem services (PES) and connecting communities (The Ecosystem Marketplace).

- Developed and managed by Forest Trends, the innovative Ecosystem Marketplace (EM) website describes itself, with considerable justification, as “a leading source of news, data, and analytics on markets and payments for ecosystem services”.

¹⁸ <http://www.profor.info/events/charting-new-waters-state-watershed-payments-2012>

¹⁹ <http://www.profor.info/node/2092>

²⁰ <http://www.profor.info/node/2185>

- This network/web site has emerged as the unquestioned source of information source on Payments for Ecosystem Services (PES). It has considerable international credibility and continues to be updated by Forest Trends and its partners.
- The EM is a key entry point to PES, with current, peer reviewed, good quality information on existing and emerging PES markets. It has become a highly regarded institution in the PES world and is an outstanding knowledge management product.
- The EM has undoubtedly contributed to the significant growth in interest in PES, including within the World Bank.
- The Ecosystem Marketplace depended significantly on PROFOR funding during its development phase – PROFOR’s funding was critical to operationalizing the EM website at a professional, fully functional level. The \$45,000 grant was both timely and highly cost effective.
- While community access is key to informed local decisions on participation in PES arrangements, it has been a struggle to make the EM accessible and useful to non-technical audiences. Forest Trends is developing a Community Portal, but this lacks funding.
- Most of the material is in English, although over time there have been periodic proposals to launch a Spanish version.
- Ideally the web site would include or link to more fully documented case studies with clear methodologies and analysis.

A8. Mapping Emerging Ecosystem Service Markets: The Matrix - A strategic planning tool.

- The Matrix was developed and is managed by Forest Trends, which invests significant efforts in keeping the tool updated with inputs from an impressive network of experts.
- The global matrix was developed in 2008 when the policy environment for PES was less developed than today.
- While this visually complex and comprehensive approach is appealing to some (but not all) users, it has raised interest among a variety of organizations. Current efforts within Forest Trends are focused on making the matrix more accessible to a broader audience of potential users.
- Forest Trends recently received \$560,000 of funding from Fundo Valle (a philanthropy associated with the gigantic Valle mining company) to develop a national-level Brazil version of the Matrix with the Ministry of Environment and an impressive list of participating partners.
- Forest Trends is also working on a new version of the matrix for the Commission for Environmental Cooperation (CEC) – to support cooperation among the NAFTA partners (USA, Canada and Mexico).
- There has been little or no interest within the World Bank, despite increasing attention to PES within the institution.
- Overall, this appears a successful and very cost effective investment of \$28,000.

A9. Developing Ecosystem Service Payments in China.

- The report from this Activity received positive reviews and has been widely cited.

- Interest among influential Chinese government agencies was considerable and the Asian Development Bank contracted a lead author of the report to produce further publications and to work on national ecocompensation regulations for the National Development Reform Commission (the major economic planning office of the central government). The topic received extensive coverage in ADB's 2012 report "Toward an Environmentally Sustainable Future: Country Environmental Analysis of the People's Republic of China".
- Ecocompensation, particularly related to water use, appears to have grown considerably in significance and features in China's 12th 5-year plan released in 2011. Ecocompensation schemes have become more widespread and local governments have felt encouraged to publicize their programs and successes in this area.
- ADB also supported subsequent PES/ecocompensation conferences and is supporting the establishment of a new ecocompensation "knowledge hub" at the Ecosystem Policy Research Centre of the China Agricultural University.
- The World Bank China team followed this Activity with interest but has not been directly involved.
- This appears an extraordinarily cost-effective and successful Activity, which might have been even more influential if the original report had been translated into Chinese.

Forest Sector Financing (A10, A11, A12)

One of PROFOR's four focus areas includes exploring ways in which new financing instruments can help make sustainable forestry more profitable than unsustainable forest exploitation. To this end the following three Activities dealing with the topic of Forest Sector Financing were included in this review.

- A10. United Nations Forum on Forests: Analysis of the NLBI on financial needs and available sources
- A11. Best Practices in Financing Protected Areas
- A12. Mexico Community Forestry Enterprise Competitiveness and Access to Markets

Context of PROFOR's Engagement

The three activities under discussion here have disparate origins. A10, arose from a UN Economic and Social Council resolution (2007/40), in which the Council requested the UNFF Ad-Hoc Expert Group on Finance to develop proposals for the development of a "*financial mechanism/portfolio approach/forest financing framework*". The Council invited the Collaborative Partnership on Forests, of which the World Bank is a member, to assist in the development of those proposals, leading to this Activity. Reaching consensus on sustainable forest management (SFM) financing has been one of the most difficult issues for the United Nations Forum of Forests (UNFF) since its inception in 2000. In 2008 there was scant information on and analysis of global financial flows and needs in the forest sector and this, among other factors, was hampering the negotiations on forest finance under the UNFF. In order to address the information gap and to contribute to advancing the forest finance discussions, World Bank staff on behalf of the Advisory Group on Finance of the Collaborative Partnership on Forests prepared a Concept Note for a PROFOR activity for an analysis of financial flows and gaps.

A11 stemmed from a request from the World Bank's ECA Region to support efforts to improve the financial management of biodiversity conservation in transition and accession countries in Southeastern Europe (Croatia, Bosnia and Herzegovina, and Albania). Expected outcomes included encouraging governments, NGOs and the public in these countries to align their nature protection expenditure with that of Western and Northern Europe, with study outputs providing benchmarks that would contribute to alignment with EU

environmental standards. Work under this Activity focused on Croatia, which by 2009 had identified a network of around 1,000 potential Natura 2000 sites and was preparing a US\$29 million Bank loan for the “European Union Natura 2000 Integration Project. While there was already an extensive body of literature on protected area financing and related policy issues, very little of this work had been taken into account within the region or adapted to the regional context, so the PROFOR-supported study filled an important knowledge gap.

A12 responded to the recognition that extensive investments into community forestry by the Mexican government, the Bank and donors had not been matched by in-depth sector work on the economics of community forestry in Mexico – especially on profitability, contribution to poverty reduction and sustainability. Previous work on the economics of community forestry in Mexico and its potential to be competitive has mostly been done in isolation from critical stakeholders in the sector, or as limited case studies. The resulting *Guideline for the Financial and Economic Evaluation for Community Forestry Projects in Mexico* built on a methodology developed by Gittinger in 1982 for economic analysis of agricultural projects, adapting it for the analysis of community forestry enterprises. It also made use of the 1979 FAO paper on the Economic Analysis of Forestry Projects. The financial calculations in the research report were based on the methodology devised by Cubbage *et al.* (2007, 2010), with some modifications for the specific characteristics of Mexican forests. This was a genuinely innovative and participatory study that took advantage of the availability of an interesting set of data while generating considerable interest within CONAFOR.

Key Factors in Rating Impacts - Forest Sector Financing Cluster

Activity	Influencing policies or policy dialogue	Advancing knowledge/ understanding	Developing new tools and methods	Strengthening networks
A10. UN Forum on Forests: Analysis of the NLBI	Significant Impacts	Significant Impacts	Moderate Impacts	Not applicable
A11. Best Practices Financing Protected Areas	Minor Impacts	Moderate Impacts	Minor Impacts	Not applicable
A12. Mexico Community Forestry Enterprise	Too Early to Tell	Too Early to Tell	Major Impacts	Not applicable

Findings underlying the ratings given in the above table were:

A10. United Nations Forum on Forests: Analysis of the NLBI on financial needs and available sources.

- A highly successful and influential Activity, demonstrated PROFOR’s capacity to respond quickly and flexibly, and then ensure a timely, high quality, widely-cited product that filled a major global knowledge gap concerning financial sources, flows and needs in forest sector.
- A demand-driven Activity, strongly contributed to negotiations of the Non-legally Binding Instrument on All Types of Forests under UNFF.
- The outcome provided substantive inputs to the preparation of official documents for the AHEG 1 and preliminary preparations for the UNFF8, and was presented during the AHEG and UNFF8 meetings. The findings of the study were integrated into the UN Secretary General report and had an important influence in subsequent policy decisions.

- The Activity facilitated progress in UNFF negotiations and influenced policy decisions made during the Special Session of UNFF9 on the implementation of the Non-legally binding instrument on all types of forests, which had stalled.
- The finding that a number of countries were facing a decline in forest financing led to the establishment of a “facilitative process” for SFM to assist these countries.
- Filled a major global knowledge gap concerning forest finance and provides a baseline for assessing future changes in global forest finance. The paper was widely distributed, presented and used in multiple forest finance forums.
- The study continues to be regarded as the leading source in its field (after 5 years), influencing both the GEF 5 strategy development and the design of the FIP.
- Used as educational material in university programs and main reference material in UNFF capacity development workshops.
- Basis for the 2012 expanded Study on Forest Financing by the Advisory Group on Finance of the Collaborative Partnership on Forests.
- Approach and methodology have informed several forest finance country studies.

A11. Best Practices in Financing Protected Areas

- Well-regarded studies were useful to Croatia on the highly-demanding pathway to EU Accession; made significant contributions to the preparation of the Bank’s \$30 million EU Natura 2000 Integration Project; and helped persuade the Croatian Ministry of Finance to support the associated loan.
- Dissemination of lessons to other transition and accession countries in Southeastern Europe as originally envisioned in the Concept Note did not take place due to budget constraints.
- The case for PROFOR support here (vs. project preparation funding) appears to be based on the intention to inform activities in neighboring countries, although the original plan to deliver a product useful beyond Croatia were not realized.

A12. Mexico Community Forestry Enterprise Competitiveness and Access to Markets.

- Mexico is recognized as a leader in community forestry, so the prospects for this study being influential – if effectively communicated – are reasonably high.
- The innovative methodology, survey instruments, and interviewer training materials developed have clear potential to be of value in and beyond Mexico.
- The participation of the community forest enterprises (CFEs) and their sharing of sensitive information is a notable positive feature of the study.
- The National Forest Commission (CONAFOR) staff appears committed to using the results to guide their investment priorities and help enhance the profitability and sustainability of CFEs. Study also resulted on enhanced capacity of entity to carry out future applied research.
- While outputs are of high quality, their use may be limited to a highly-trained audience unless additional, more user-friendly materials are developed and disseminated.

3. Detailed Activity Reports

A1. Forest Investment Forum – Investment Opportunities and Constraints Washington DC, October 22-23, 2003 ²¹

Partners	WWF International, World Business Council on Sustainable Development, IFC, and Forest Trends
Participants	Forum participants included CEOs of multinational and national forest companies and industrial associations, finance institutions, international NGOs, policy research institutions, and bilateral and multilateral organizations
Total Cost	\$75,000
Scale	Global
WB Task Team Leader	John Spears, Advisor, WB Forest Team
Outputs	Forum and Forum proceedings: The Forest Investment Forum – Investment Opportunities and Constraints

Background and Context

The World Bank launched a new Forest Strategy in 2002 and a Forest Operational Policy in 2003. Both were informed by the findings and recommendations of an independent evaluation of the WB forest sector work in 2000²². The 2002 strategy was a major shift from the 1991 WB forest strategy²³, strongly emphasizing the role of forests in poverty alleviation and the need to address forest issues beyond conservation and across other economic sectors, therefore, significantly changing the WB approach and role.

The 2003 Forest Investment Forum built on two major initiatives by the WB President James Wolfensohn: the CEO Forum²⁴ and the WB/WWF Alliance for Forest Conservation and Sustainable Use²⁵. These two initiatives were a foundation for the establishment of The Forest Dialogue (TFD) formed in 1999 by the World Bank, the World Business Council on Sustainable Development, and the World Resources Institute (WRI).

Private foreign direct investment (FDI) in the forest sector considerably exceeds public official development assistance (ODA). In 2003, forest financing had been characterized by an increase in FDI into developing countries to approximately US\$8-10 billion a year, and a decline in ODA to about US\$1.75 billion a year. However, existing levels of investment in the forest sector, both domestic and foreign, fell far short of investment requirements necessary to realize the potential of well-managed forest resources to contribute to poverty alleviation, the protection of vital environmental services, and sustainable economic growth in developing and transition countries. Thus, there was a clear rationale for bringing together private sector

²¹ <http://www.profor.info/knowledge/forest-investment-forum>

²² Forest Strategy - Striking the Right Balance, Lele U. et al., October 2000.

²³ The 1991 strategy was developed in response to strong criticism by civil society organizations of WB lending for timber concessions in natural forests. The strategy's approach was "do-no-harm" and this led to a WB forest portfolio focused mostly on conservation.

²⁴ An ad hoc group that includes 31 representatives from the World Bank Group, the private sector, civil society, and governments- assembled in 1998 to consider global forest-related issues, especially options for reducing barriers to sustainable forest management by promoting responsible investments in forest production and management.

²⁵ In April 1998 the World Bank and WWF entered into an alliance to work with governments, the private sector, and civil society to reduce the loss and degradation of all types of forests worldwide.

representatives and leading international NGO's to join the Bank in a dialogue to help create the conditions for increased sustainable forest investments.

Objective

The 2003 Forest Investment Forum set out to:

- Identify opportunities for investments in environmentally and socially sustainable forestry in developing and economic transition countries;
- Consider actions that the World Bank Group and Forum participants could take to create an enabling environment for responsible private sector investment; and
- Explore the willingness of forum participants to support a process to develop clearly defined and mutually compatible social, economic and environmental investment guidelines specific to the forest sector.

Achievements and Impact

The 2003 Forest Investment Forum brought together nearly 150 senior executives of domestic and multi-national forest product companies, private and public sector financial institutions, and leading conservation agencies from around the world in what was considered a pioneering event.

The Forum proceedings reflect the discussions, the views of each interest group, and the key issues to be addressed, specifically:

- Insecurity of raw material supply and political instability.
- Illegal logging and forest-related corruption.
- Lack of environmental assessment procedures and safeguard policies.
- Lack of consensus on independent certification.
- Inconsistent strategies (e.g., among industry and conservation interests) for the protection of high-conservation-value forests.
- Debate on the impacts of plantation-based forestry (also between industry and conservation interests), highlighting the contribution of small-scale farm and community-owned plantations.
- Markets for forest environmental services are underdeveloped.
- The financial mechanisms and technical assistance support for small and medium-size forest enterprises are inadequate.

This Forum had several important outcomes:

- Provided impetus for the implementation of the 2002 WB Forest Strategy and had influence on the forest sector agenda for the next decade by identifying and highlighting key issues that needed to be addressed to increase private sector contributions to sustainable forest management.
- Demonstrated that reaching consensus between conservation NGOs, WB and the private sector was not impossible.

- PROFOR's activities in the next few years were to a significant extent consistent with issues prioritized at the Forum.
- Strengthened World Bank's credibility and relationships with key partners in the private sector and NGOs, while encouraging IFC to give more attention to public-private sector partnerships and corporate social responsibility in the forestry sector.
- Inspired debates at regional and country level involving the private sector, government, civil society, and bilateral and multilateral development partners.
- Helped dismiss the myth that sustainable forest management was not possible by highlighting some good practices and demonstrations of interest from the private sector.
- At least some new partnerships and initiatives for SFM developed involving the private sector. For example, after the Forum, Axel Springer, a German publishing house, developed and implemented the "Tikhvin Chalna project" also known as "From Russia with Transparency", to encourage forest products companies in Russia adopt good business principles.²⁶

Findings of the Forum were broadly disseminated to key target audiences using diverse modes such as side events at international meetings including the UNFF and the IUCN World Conservation Congress.

A Forest Investment Forum in Nairobi, Kenya in 2005 followed the 2003 event to identify best practices for private sector-community partnerships, to help coordinate investments in the forest sector and encourage pro-poor economic development. Forum discussions centered on alternative approaches to development of public-private partnerships, and contributed to government proposals to launch a number of pilot schemes for testing various partnership-based approaches.²⁷

A Global Forest Leaders Forum on Forests and Climate Change, co-sponsored by TFD and the World Bank Group took place in Washington DC in September 2008. This event is considered the second global forum with Forest Leaders after the 2003 Forum. It was convened to facilitate the preparation of a Global Forest Leaders Statement on Strategies for Addressing Climate Change, targeting UNFCCC negotiators in Poznan and Copenhagen. It involved about 150 CEOs of forest industrial companies, heads of conservation agencies and local community organizations, leaders of indigenous people groups, representatives of financing institutions and private foundations to review forest sector strategy options for addressing climate change through multi-stakeholder approaches and adopt a common vision for the positive role sustainable forest management can play in addressing climate. The recommendations of this Forum contributed to REDD becoming REDD+.

²⁶ In 2003 Alex Springer and UPM Kymmene, a Finnish pulp, paper and timber manufacturer had a project to assure sustainability and legality of wood products sourced from Russia. An additional project was developed in consultation with Transparency International and the Partnership for Transparency Fund to address corruption in sourcing wood products from Russia. At the recommendation of WB staff, Axel Springer engaged another forum participant to do an independent project critique, a desk review of the project, and make recommendations to adopt better business practices to combat corruption. The project partners brought the expert to Russia to talk with the forest products companies about adopting good business principles. They later brought him to a Forest Leadership Forum in the United States to speak on a panel about the project and also into a Stora Enso press conference in Helsinki, by Skype video, to talk about the project.

²⁷ <http://go.worldbank.org/HV3W5XLFM0>

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Significant Impacts	Significant Impacts	Not applicable	Moderate Impacts

A2. Eastern and Southern Africa Regional Investment Forum – Investment Opportunities, Constraints to Investment and Potential Solutions Pietermaritzburg, South Africa, June 13-16, 2006 ²⁸

Partners	IFC, WWF, ITTO, Forestry South Africa, South Africa's Ministry of Water Affairs and Forests (DWAF)
Participants	Forum included participants from Kenya, Madagascar, Malawi, Mozambique, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe. Participants represented government, local community, private forest industry, conservation agency, and financial institution interests in addition to bilateral and multilateral development partners present
Total Cost	\$ 132,000
Scale	Regional
WB TTL	Gerhard Dieterle/John Spears
Outputs	Input study, Workshop and Report of the Forum with a compilation of forum Panel materials in a CD.

Background and Context

There is growing demand for fiber and other forest goods globally in particular from China and India and Africa. Much potential exists for investments aimed at improving the efficiency and profitability of the timber industry in Eastern and Southern Africa. With the notable exception of South Africa and one larger-scale sawmill operating in Tanzania, prevailing levels of efficiency, recovery, and technology in 2006 were low, and experts considered that there was room for new investment to take advantage of the economic potential of forest-based industries to contribute to poverty alleviation, increased trade, and sustainable economic growth. Government management and development of new plantation resources in the Eastern and Southern Africa region had fallen short in recent decades due to a combination of factors, including the failure to mobilize the potential of local communities and small holders to manage such resources.

Objective

To identify emerging investment opportunities and to agree on actions that could be taken by Forum participants to create an enabling environment for socially, environmentally, and economically responsible investments in the forest sector. The Forum was also to explore whether partnerships between companies and communities were viable and could improve livelihoods and address poverty.

²⁸ <http://www.profor.info/knowledge/eastern-and-southern-africa-regional-forest-investment-forum>

Achievements and Impact

Over 110 participants, including more than 40 representatives of forest industries and finance institutions attended the Forum, the first-ever regional multi-stakeholder forest investment forum in Eastern and Southern Africa.

Survey results and individual interviews conducted by the review team indicate that the Forum met or exceeded the expectations of a majority of participants. Published proceedings were reported to be of high quality and a very useful resource. Over 70% of survey respondents reported having consulted the Proceedings for various purposes, which is important, given that additional information and analytical work beyond Forum presentations and discussions is contained in the report. For example, a detailed analysis of investment opportunities, constraints and potential solutions is provided for each country in the region and for different types of forest-based industries ²⁹; an in-depth analysis of access to land, security of raw material supply, accessing capital, strengthening growers associations, enhancing technical and managerial skills, and environmental and social safeguards; and a CD with a compilation of materials, including panel presentations on forest management, forest industrial development and socially and environmentally sustainable investment.

Participants highly appreciated the quality of the panelists, and the way in which discussions were conducted, and considered the opportunities for formal and informal networking among the most important features of the forum.

The anticipated outcomes of this Forum were met to a large extent:

- Identification of improved partnership-based legislative, fiscal and institutional policy arrangements for ensuring improved conservation and sustainable management of forest resources.
- Identification of emerging investment opportunities within the region for improving the efficiency and increasing the profitability of both small and medium scale forest based enterprises and also of larger scale forest industries.
- Interest from companies, participating financial institutions, and private sector investors to pursue specific investment projects of mutual interest.

The Forum took place at a time when a number of new Forest Funds had been established and there were signs of increased interest from overseas investors. Evidence shows that the Forum advanced the understanding of governments, forest companies, finance institutions, NGOs, donors, and other participants of existing opportunities and constraints to increasing responsible investments in the forest sector in the countries involved. Participants also considered solutions and learnt about good practices from within the region, for example, Uganda's combination of long-term concessions and an auctioning system, which are attracting overseas private investment in plantation establishment, while also retaining possibilities for small-scale forest industries to access government-owned plantation resources and ensuring maximization of government forest-based revenues.

The Forum put on the map the potential of the forest sector to create off-farm employment and contribute to poverty alleviation under certain conditions. Case studies on partnerships between private sector and local communities for managing plantations, complemented by local field visits in South Africa appeared to have influenced perceptions of corporate-community partnerships. Individual interviewees observed that:

²⁹ Pulp and Paper Industry; Building and Transmission Poles; Lumber and Wood-Based Panels; Furniture and Joinery; and Bamboo-Based Industries.

- *[The Forum] made clear that small holders and family enterprises could benefit from market access through out-grower schemes and partnerships with bigger players.*
- *It brought various stakeholders together so that big investors are not seen as the enemy of local communities and vice versa.*
- *Governments became aware of the importance of the Lacey Act, FLEGT, and other legal timber requirements for market development. It boosted the need for forest certification and the commodity round table certification scheme. They also became aware that main stumbling blocks are overregulation, corruption, and governance issues.*
- *Created awareness of what a good investment climate is.*
- *Led to an understanding that foreign investors do not need to own the land. They can have arrangements with communities and this is socially more stable than buying land (reduces risks).*
- *Created broad understanding of the need to involve local populations and make them partners in investments.*
- *[The Forum] helped open up the discussion for large-scale investments and what are the criteria to make investments sustainable.*

To what extent the Forum was directly responsible for influencing recent policy or regulatory reform within the region in relevant areas, however, is more difficult to establish.

With regard to concrete new partnerships and investments, the survey provided evidence that the Forum contributed to at least the following: an “investment deal” (1 respondent); businesses attracting capital (2); new business opportunities (4). One “financial advice company” reported assessing a couple of projects identified at the Forum for possible investment and advanced due diligence, but investors found the projects too risky. An international private sector representative noted that: *Africa was spotted in 2006. The conference was an important turning point. Africa gained wider attention since then, and in particular these few countries: South Africa (with more industry tradition), Mozambique and Tanzania, to some extent Kenya and Uganda, and Ghana in West Africa.*

Some participants expressed in the survey that they did not feel the Forum had helped them identify investment opportunities. A South African firm representative responded: *“Whilst we have made significant investments in the forestry sector in Africa since the forum, I cannot attribute such investments as a direct result of our attendance at the forum.”* Another wrote: *“Besides the projects that were already planned, not much new has happened and probably very little as a direct result of the Forum.”* Another participant was disappointed with the limited number of international investors. A local financial institution representative stressed that he felt foreign/international financial institutions had made little effort to identify and work with local financial institutions that have more experience working in the continent³⁰.

³⁰ Full quote: “Very little effort was made by foreign international financial institutions/funders to identify and work with local financial institutions that are actively involved and possibly/probably more experienced in supporting the development of the forestry sector on the African continent. International funders, including the World Bank and IFC, are now viewed as competitors rather than partners with whom local financial institutions we can work with to achieve our common objectives. If another similar event is planned in the near future it is strongly recommended that the foreign financial institutions do their research and thoroughly appraise themselves on the progress, initiatives and projects that local institutions and organizations have embarked upon. Such research should aim at identifying synergies, strengths and weaknesses with an ultimate intention of feeding off local players’ strengths and building on their weaknesses. Such is the nature of a true

Perhaps expectations about investments resulting from the Forum or the role of the Forum in brokering deals were unrealistic. What is true is that a large majority of participants placed significant value to the new contacts they made at the Forum.

A meeting of The Forests Dialogue (TFD) was held in South Africa immediately after this Forum, to catalyze progress toward improving commercial forestry's contribution to poverty reduction, with a summary included in the Forum proceedings.

The Eastern and Southern Africa Forum inspired a series of regional forest investment forums organized by ITTO and partners, including the World Bank³¹: in Curitiba, Brazil (2006); Bangkok, Thailand (2007); and Accra, Ghana (2007). The Accra Forum, in which PROFOR staff made an important contribution, reaffirmed many of the findings of previous forums regarding opportunities and constraints for increased investments in the forest sector³² (see Table 4: Forest Investment Forums held between 2003 and 2011).

Table 4: Forest Investment Forums Held Between 2003 and 2011

Forum Title	Venue	Date	Main sponsor(s)
The Forest Investment Forum – Investment Opportunities and Constraints	Washington DC	Oct 2003	WB/ PROFOR
Developing Partnership Based and Private Sector Financed Approaches to Management of Forest Resources in East and Southern Africa Regions.	Nairobi Kenya	Apr 2005	WB/ PROFOR
International Tropical Forest Investment Forum	Cancun, Mexico	Apr 2006	ITTO
Eastern and Southern Africa Regional Investment Forum – Investment Opportunities, Constraints to Investment and Potential Solutions	Pietermaritzburg South Africa	Jun 2006	WB/ PROFOR
Latin American Tropical Forest Investment Forum	Curitiba Brazil	Nov 2006	ITTO
Asia-Pacific Tropical Forest Investment Forum: issues and opportunities for investing in natural tropical forests	Bangkok Thailand	Aug 2007	ITTO
West and Central Africa Tropical Forest Investment Forum – Issues and opportunities for investment in natural tropical forests	Accra Ghana	Aug 2007	ITTO

partnership. If we had found a way of working together, pooled our financial and other resources we could be talking about the projects that we have jointly implemented since 2006 and be discussing our achievements and lessons learnt rather than planning or considering yet another strategy session. The arrogant attitude whereby large international financial institutions fly into a country, identify and develop a project themselves, and fly out, needs to change.”

³¹ ITTO in cooperation with Forest Trends, Conafor (Mexico) and the WB had also organized the International Tropical Forest Investment Forum, Cancun, Mexico on 26-27 April 2006.

³² The West Africa Forum Highlights Note on the Way Forward includes: new developments that have an impact on the forest sector of the West Africa region (among others, new norms in consumer countries, pressures on land from biofuels, palm oil, etc., increased demand for any forest products from China and India and for legal forest products from Europe and North America, performance-based approaches); constraints to small scale wood and NTFP based enterprises, large scale forest industries, and environmental services payments; and presents priorities for action for all stakeholder groups. Issues in West Africa differ from those of other parts of Africa; in particular many countries are in a post-conflict situation.

Forum Title	Venue	Date	Main sponsor(s)
Global Forest Leaders Forum on Forests and Climate Change	Washington DC	Sep 2008	TFD/ WB
Investment Forum on Mobilizing Private Investment in Trees and Landscape Restoration	Nairobi Kenya	May2011	WB/ PROFOR

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Minor Impacts	Significant Impacts	Not applicable	Moderate Impacts

Lessons and recommendations

Many participants felt that maintaining contact after the Forum and implementing agreed actions is very important. The majority indicated that they would like to know about progress/changes after the Forum. Also, they believe Forest Investment Forums should take place periodically and communication between Forums would be desirable. A forum participant said: *“What I remember of the 2006 conference is good: it was an important benchmark. It got most people interested. The only weakness is that a working group or something post conference to follow on how things are evolving and help put together the next conference is needed.”*

While it is understandable that PROFOR cannot commit to fund follow-up actions, in planning future events it may consider (a) including a section in the background materials recalling the main conclusions and commitments made in the previous forum; and (b) describing and analyzing any changes that have taken place in the field since the previous forum. PROFOR could also explore with its partners whether it would be possible for any of them to maintaining communication among interested participants after the event and assess the possibility of mobilizing resources for this purpose.

Survey respondents suggested (a) inviting private sector representatives to participate in the *organization* of future Forums to help identify and attract more investors and businesses as well as improve the relevance of the agenda to this group, and (b) doing more to engage finance sector representatives of the specific developing countries targeted by the Forum, some of whom felt excluded/underappreciated by the international agencies.

A3. Investment Forum on Mobilizing Private Investment in Trees and Landscape Restoration
Nairobi, Kenya, May 15-27, 2011 ^{33 34}

Partners	World Agroforestry Center (ICRAF), EcoAgriculture Partners, IUCN and TerrAfrica
Participants	Forum participants included a wide range of multilateral and bilateral entities, research organizations, media, international and national NGOs, communities, government, forest private sector and finance institutions.
Total Cost	\$195,533 of which PROFOR \$167,000 and co-financing \$28,533
Scale	Global with a special focus on the Africa region
WB TTL	Peter Dewees
Output	Publication with the proceedings of the Forum

Background and Context

A landscape approach is a conceptual framework that allows for a structured way of viewing the broader impacts and implications of any major investment or intervention in the rural sector. It describes interventions at spatial scales that attempt to optimize spatial relations and interactions among a range of land cover types, institutions, and human activities in an area of interest. Development practitioners and organizations have increasingly adopted the landscape approach to plan, manage and monitor their interventions but its full potential is yet to be realized.

Reforestation measures for degraded lands, strategies for the sustainable management of forest resources, and agroforestry practices that incorporate trees into farming systems are increasingly demonstrating their promise for producing commercialized tree products. Although the level of investment so far has remained modest, the challenge is to find ways to scale up promising investments in a way that will have a clear impact at the landscape level. These types of investments can help achieve the “triple wins” of climate-smart agriculture: increased incomes and yields, climate change adaptation and greenhouse gas mitigation. Market trends are promising for a wide range of tree-based technologies, including tropical fruits, cashews, honey, timber and wood products, lipids, gums and resins, tree crops, and agroforestry systems.

The 2011 forum was conceived by its partners as a follow-up of the Hague Conference on Agriculture, Food Security, and Climate Change and an important milestone leading up to the United Nations Framework Convention on Climate Change (UNFCCC) talks in Durban in December 2011.

Objective

The Forum objectives were “conceived as an element in a strategy shared by PROFOR and other partners to raise awareness among, and to engage with, key policy and decision makers in Africa, so as to catalyze policy reforms and investments to scale up landscape restoration and management systems.” The Forum was to capitalize on the very large body of knowledge and experience on landscape restoration techniques acquired during the last three decades, to focus on dissemination of the most promising systems, and on generating interest in investment, in particular to:

- Raise awareness among key investors and decision makers;

³³ The Project Concept title for this Forum is “Landscape Restoration and Management Forum”.

³⁴ <http://www.profor.info/profor/node/2062>

- Identify factors that constraint more widespread adoption of forest and tree-based landscape restoration measures;
- Secure commitments from decision makers, donors and different types of investors for follow up action.

According to PROFOR's report on project implementation, the Forum was not conceived as a one-off event but rather as a pivotal milestone in a longer term process of creating a platform for engaging key decision makers and investors.

Achievements and Impact

The forum brought together over 100 participants from the of private sector, financial institutions, forest and agribusiness companies, local communities, national forest associations, national government policy leaders, research institutions and development partners. As in previous Forums, participants worked to identify immediate investment opportunities, the main constraints to investment, and policy and institutional reforms needed to overcome those constraints. Private company representatives were given an opportunity to share their perspectives on the scope and potential for investing in landscape restoration.

The Forum generated a wealth of useful documentation that was highly appreciated by the participants:

1. An introductory note on trees, landscape restoration, and the potential for investment by multiple categories ranging from individual farmers to agribusiness and financial intermediaries seeking financial returns, as well as government, NGOs and donors expecting social or environmental returns.
2. Background papers: Tree-based and other land management technologies for landscape restoration in Africa (World Agroforestry Center); Scaling-up Landscape Investment Approaches in Africa: Where do Private Market Incentives Converge with Landscape Restoration Goals? (EcoAgriculture Partners); Opportunities and constraints for investing in forests and trees in landscapes (IUCN, IIED and Independent Consultant).
3. A key publication "Investing in trees and landscape restoration in Africa – what, where and how", with a summary of Forum proceedings and, particularly useful, the identification of policy implications. A Summary of the proceedings was presented at Forest Day 5 in Durban (also in CD with background material), and is available in English and French.

Overall, 80% of survey respondents and individuals interviewed said that the Forum had met or exceeded their expectations.

A majority felt that broadening the Investment Forums to encompass landscape restoration beyond forestry and SFM was useful, and many were optimistic concerning the opportunities for increased investment in landscape restoration. For example, a participant commented: *Indeed a very useful concept and approach. My country's economy is based on agriculture and therefore a focus on agroforestry would be useful. The agroforestry systems should meet the needs of the farmers. Hence emphasis on fertilizers, fruit, fodder, and fuelwood trees is mostly preferred.*

Others felt that while the concept was useful, the tools and the format for attracting private sector interest had not yet been successfully developed:

- *The Forum has been influential in shifting focus away from REDD+ and towards a more realistic livelihoods approach. That is a better conceptual foundation than REDD+, but we need to do more work to make it attractive for investment and understandable to all stakeholders.*
- *Very useful approach, but it will take time and effort for increased investments to happen.*

- *It is a useful approach but requires to be refined for implementation. Private land owners need a buy-in for this approach to be successful.*
- *Increased investment in landscape restoration is required but the tools in use are not viable. It all should be organized in a different way.*

As in previous forums, some of the contacts made among participants in the 2011 Forum led to partnerships or business opportunities. For example, a forest company with international finance but operating locally signed an MOU with ICRAF for disseminating information on dryland afforestation. A participant expressed that while investments had yet to materialize he was following on various leads. Other responses were: *“The answer is no”* [to whether investments had materialized], *“however, it is potentially yes, as we have been invited by ICRAF to participate and be part of a donor initiative involving natural regeneration”* and *“Still working on it”*.

Five respondents rated the choice of participants as unsatisfactory. The reason seems to be the reduced number of potential investors present. But one organizer thought the Forum had *excellent participation from the private sector compared to other similar events*.

As with other Forums, the wide range of participants was considered a plus, helping improve communications between diverse stakeholders: *The event revealed what I found to be surprisingly large gaps in the discourse between the private sector (completely uniformed about, for example, agroforestry or NTFPs or what international agency people regard as the key national and international forest issues) vs. people working in development that had little idea of what the private sector actually did, unfamiliar with their priorities and language.*

PROFOR and its partners, The World Agroforestry Centre, EcoAgriculture Partners, IUCN and TerrAfrica were successful in raising awareness about investment opportunities in trees and landscape restoration in Africa.

The draft Concept Note ³⁵ had proposed an Action Plan in which participants would engage in follow-up policy reforms, programs and investments to promote landscape management and restoration in key African countries, and this would be the main deliverable. The Forum did not deliver an Action Plan as such, but identified policy implications for potential follow-up and action by Forum partners and participants.

Many participants interviewed had expected to learn more about next steps as well as the process by which further progress could be made in promoting investments in trees and landscape restoration. One Forum organizer remarked: *We have done some of our agreed actions but doubt any other participants are aware of this and we are unaware of what anyone else has done or if any kind of follow-up is planned.* A participant remarked: *The conclusions were fairly good but the whole forum was not truly driven by such private sector thinking which really would have real impacts/results in the field. So, the participants/organizers selection was not very optimal. I do not know what is the outcome and has there been follow up of the agreed conclusions.*

As many as 85% of the survey respondents considered that maintaining communication among Forum participants and following-up on implementation of agreed actions after the Forum (or between Forums) was essential or desirable.

³⁵ The final Concept Note was not available for this assessment.

The Forum partners have all expressed their commitment to continue working towards the promotion and uptake of the landscape restoration approach and related investments. They believe that the Forum was helpful in refining their approach and that it achieved its awareness-raising objective.

We understand that recent DFID funding commitments to PROFOR and IUCN will help design and implement landscape restoration initiatives. A new Global Landscapes Forum organized by the CGIAR and CIFOR on behalf of the Collaborative Partnership on Forests includes a session dedicated to investing in sustainable landscapes in forests and on farms. The objective of this event planned on the sides of UNFCCC COP19 in November 2013, is to develop the potential of the landscape approach to inform future UNFCCC agreements and the achievement of the proposed Sustainable Development Goals. The PROFOR sponsored 2011 Forum has contributed to build the knowledge and momentum for this new initiative.

It is important to note that this and other PROFOR-supported forums are mutually reinforcing, thus increasing the likelihood of longer-term impacts. While this review focuses on the Forums, the following WB/PROFOR initiatives should be mentioned because of their importance to making progress in the topics covered by this and previous Forums:

- The development at the end of 2012 of the World Bank's Africa Region Strategic Action Plan for the forest sector in Africa³⁶. The document focuses on the work of IBRD/IDA within the World Bank group and does not include IFC's role³⁷. The Action Plan builds on many PROFOR activities including the Forums' background documents and insights from discussions.
- A project to assess the forest landscape restoration potential in Ghana.
- The preparation of a major publication in partnership with the European Tropical Forest Research Network: "*Good Business: Making Private Investments Work for Tropical Forests.*"³⁸

³⁶ Bromhead, Marjory-Anne. 2012. Forests, Trees, and Woodlands in AFRICA - An Action Plan for World Bank Engagement.

³⁷ ABSTRACT: The purpose of the paper is to outline an approach for Bank engagement in forests, trees, and woodlands on farms in Sub-Saharan Africa for the coming five years. The paper takes the framework of the Africa development strategy, which has two main pillars: supporting employment and competitiveness, and building resilience and reducing vulnerability; and one underlying foundation: strengthening capacity and governance. It is consistent with the pillars of the bank forest strategy from 2002, which highlight the contribution of forests to economic development, poverty reduction, and protection of global public goods. Several other World Bank corporate strategies are also relevant for the implementation of this action plan. The primary messages of this paper are linked: enhanced forest, tree and woodland management can play a key role in achieving the goals of the Africa Strategy. Employment generation, improving competitiveness as well as building resilience and reducing vulnerability are the overall objectives of the World Bank's forest engagement in Sub-Saharan Africa; and in many countries the most effective approaches will be outside the traditional forestry institutions and will involve working through operations and reforms supported through other sectors.

³⁸ Issue 54 of the European Tropical Forest Research Network, December 2012: *Good Business: Making Private Investments Work for Tropical Forests.*

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Minor impacts	Significant Impacts	Not applicable	Moderate Impacts

Box 1 below contains selected responses from fund managers, investment advisors and business representatives interviewed (and not from NGOs, governments or development agencies). They are presented to illustrate private sector participant's views, but do not represent the opinions of the authors of this evaluation.

Box 1: Selected responses from Fund Managers, Investment Advisors and Business Representatives

- This (2006) conference is one of many things that are influencing decision makers. There is increased understanding in the region about how important the private sector is to build sustainable forestry. In the past the industry in the region had been relying on government and WB support. Communicating the experiences from private companies operating in the region raised awareness among participants about opportunities. For example, since 2003/4 the Sawlog Production Grants Scheme has been working in Uganda. Nobody had done this type of work before. Sharing that experience was useful. On the other hand, the conference was probably useful to them to keep the funding going.
- The forum was useful for meeting with private investors operating in the region and to learn more about available financing mechanisms. It was very useful for networking. It did not lead to any direct investment in Uganda to my knowledge. This is not related with how successful the conference was. The political situation and availability of land in Uganda are the main reasons for lack of investment.
- Lots of opportunities need to be unraveled. The delivery in Africa has not been great: the financial crisis since 2008/9 has slowed down investments (not so much developing country investments but those from America and Europe).
- It is true that as a result of the current financial market situation with very low rates of return some people may be interested in investing in riskier projects with higher returns. However, return from forest plantations take too long to come. It is the same everywhere.
- Some investments are successful (such as Green Resources in Tanzania), some fail. One example is not sufficient to determine whether investments are viable/profitable or not.
- Market imperfection: You can use a house as collateral. If you plant trees, they grow so slow that the banks do not accept the plantation as collateral. You need to be very wealthy to plant trees; it means that you do not need the money.
- The main weakness of the conference is that the forums are attended by the same people all the time: governments, NGOs, multilateral institutions, but very few new investors. The existing ones were already present in the region or in the sector. It is important to do intelligence work and try to expand the pool of private sector participants. I also participated in the 2011 Nairobi Forum from the private sector perspective, as part of a forest company. Again, I did not see many new potential investors: Aga Khan, one or two private individuals, but not many. How could this be improved? It would require a lot more preparation. A small group trying to develop prior proposals. The landscape approach sounds a great idea but is too open-ended, and no one comes with clear proposals or concrete mechanisms for materializing investments. As far as my knowledge goes, private sector entities have not been invited to contribute to the preparation of

the forums.

- The Funds interested in forestry were mostly investing in Australia, LAC and the USA, where there are fewer risks. It is only now that they are considering Africa, and maybe the forums contributed to that. Prior to 2006 INDUFOR did some studies in Mozambique and these were used for investments in the country. Increased democracy in the region, currency stabilization makes it more attractive. But this is taking place very slowly.
- Following-up after the meetings requires funds. In the 2011 meeting several participants agreed to follow up and take initiative on some issues but nobody has funds or time to actually do it. Financial resources to implement selected outcomes of the conference could be made available through, for example, focus groups or something like that.
- Funds at the international level that could be tapped into by the private sector for commercial forestry do not really exist. There is a general idea that if forest investments are commercial operations they do not require funding. This is incorrect.
- IFC has been present in the Forums (not sure if in the last one) but they have not been very active in forest plantations but mostly in the forest industry. My company had an IFC loan for both green activities and industrial ones. The terms of this loan were purely commercial. IFC is not suitable for small transactions (10s of millions of dollars for it to be relevant). In Africa there are very few operations that would meet those criteria. Due diligence, legal costs, etc., are rather extreme. They are not alone in that. Other banks are also like that (multilateral or national finance institutions). Private commercial banks are difficult and not very relevant for long-term investment. They need someone behind to take some of the risk. The African Development Bank and the European Investment Bank present some opportunities. They are already in the sector or considering it, and may be looking for investment opportunities. What I would like to see is more are institutions looking for equity investments.
- In the 2011 Forum they didn't like plantations. They think only about on-farm trees. So from the investment side we were disappointed. The meeting was a non-starter for us really.
- What sort of money is needed in the forest sector? Raising equity to invest in forestry, rather than loans. Loans are not the way.
- Latin America emerged as a forest investment opportunity in the last 15 years (mostly Brazil and Uruguay, later Chile and Argentina). Africa and SE Asia emerged as an interesting target for investment in 2005. Investments in SE Asia have increased, but development has been difficult, challenging and not as quick as in LAC due to palm oil production and undesirable deforestation. A lot needs to be done in terms of quality of investments.

A4. Forest Connect: Developing a Toolkit to Facilitate Support for Small and Medium Forest Enterprises³⁹

Partners	International Institute for Environment and Development (IIED), United Nations Food and Agriculture Organization (FAO), Forest Connect
Beneficiaries	Small and medium forest enterprises, Forest Connect members, NGOs and other organizations aiming to support forest producers.

³⁹ <http://www.profor.info/profor/node/1894>

Duration	Phase 1: 07/01/2008 to 06/30/2009; Phase 2: 7/9/2010 to 12/31/2011
Total Cost	Phase 1: US\$157,000; Phase 2: US\$282,000
Scale	Global
WB TTL	Diji Chandrasekharan Behr
Outputs	<ul style="list-style-type: none"> • Supporting Small and Medium Forest Enterprises – A Facilitator’s Toolkit (April 2012) • Testing and enriching guidance modules (Workshop proceedings, 2011) • Sourcebook: Small and Medium Forest Enterprises in Ghana (2012) • Climate-smart, on-farm, tree-based enterprises in Malawi (2012) • Forest Connect website (http://forestconnect.ning.com). • Forest Connect in Burkina Faso, in Ghana, Guatemala, Nepal (Asia Network for Sustainable Agriculture & Bioresources)

Background and Context

Small and medium forest enterprises (SMFEs) in most developing countries often represent over 80% of forest enterprises and provide more than 50% of formal forest jobs – plus many more informal and seasonal jobs. SMFEs are believed to accrue wealth locally, empower local entrepreneurship, strengthen social networks and engender local social and environmental accountability. In least developed countries, however, SMFEs and their associations are often weak. They face problems such as isolation, excessive bureaucracy, unstable policies or regulations biased toward large-scale operators, insecure tenure, inaccessible credit, poor market information, inadequate technology and advice, poor infrastructure, and insufficient business know-how.

In response, IIED, FAO and partners developed “Forest Connect” in 2007 – an international alliance/internet-based community designed to better link small forest enterprises to each other, to markets, to service providers and to policy processes such as National Forest Programmes (NFPs)⁴⁰. To date, Forest Connect currently involves partner institutions in 13 countries: Burkina Faso, China, Ethiopia, Ghana, Guatemala, Guyana, India, Laos, Malawi, Mali, Mozambique, Nepal and the Democratic Republic of Congo. The Forest Connect co-management team is led by FAO and IIED, supported by a steering committee and a network of 900+ interested individuals and institutions from 60 countries, linked by a social networking site.

The Activity arose from a Call for Proposals issued by PROFOR in 2007. This work was carried out in two Phases, with proposals for both Phases being extensively reviewed by PROFOR staff and revised accordingly by IIED, the Activity’s initial proponent.

PROFOR’s support for Forest Connect was anchored on IIED’s 2008 document “Supporting Small Forest Enterprises – a Cross-Sectoral Review of Best Practices”, as well as a widely-shared view among practitioners that it was imperative to address the lack of capable institutional support networks to assist SMFEs. Calls for such support had been made repeatedly at PROFOR-supported Forest Investment Forums (i.e. A1 and A2 discussed earlier in this report) as well as at international conferences on local livelihoods and forestry in Costa Rica, Vietnam and Brazil.

⁴⁰ Countries agreed on a common approach known to national forest programmes (NFPs) and in 1997 adopted a set of principles to guide NFP development and implementation. NFP processes are under way in more than 130 countries. <http://www.fao.org/forestry/nfp/en/>

Objective

The goal behind the Activity was to help build social, economic and environmental sustainability amongst SMFEs and their associations by helping them connect to:

- Emerging markets – by strengthening associations and enhancing market links.
- Service providers – by strengthening information about, and markets for, financial service and business development service providers – based around sustainable practices.
- To NFPs – to help shape policies that control the broader business environment.

Implementation

This Activity was implemented by IIED and FAO, with additional funding by the NFP Facility. This Activity has been characterized by its extensive collaboration with FAO's NFP facility, which provided extraordinary support for development of the toolkit, diverse input from the NFP facility coaches in the design of the toolkit, and ensured their buy-in into its eventual roll out. The implementing partners were very engaged throughout the extensive preparation and testing of the Toolkit, and provided over 50% of the funding.

The toolkit was developed through original research, market studies, networking, and through workshops and collaboration with key partners such as the NFP facility. Furthermore, the Toolkit was developed in a demand-driven process with extensive input from 12 country teams which came together with specialists at two PROFOR-supported international workshops (in the UK in 2008 and Ethiopia in 2010). The Toolkit was tested in partnership with Forest Connect members, with initial lessons and case studies shared at the second workshop for further revisions of the product. NFP's country coaches participated in Toolkit reviews and have committed to help roll out the Toolkit into the day-to-day operations of NFPs, thus helping the Toolkit become operational in more countries than would have been reached by Forest Connect alone.

Personnel from parallel PROFOR projects in India (Forest Enterprise Information Exchange –FEINEX⁴¹) and in Central America (Rainforest Alliance⁴²) took part in the UK workshop and were elected to Forest Connect's Steering Committee. The proponent for the India Activity (CEFI- Community Enterprise Forum International) took the lead on developing two Toolkit modules while the Rainforest Alliance led the development of another.

Achievements and Impact

PROFOR's support for this Activity was timely and responsive to a well-established need. Staff of IIED and FAO spoke highly of PROFOR, reporting that financial support as well as outstanding technical input from PROFOR's staff has been essential to the achievement of Forest Connect's goals to date.

PROFOR funding allowed Forest Connect to develop, test, and promote its first tangible product – a facilitator's Toolkit to support SMFEs. A sourcebook with information on SMFEs in Ghana was also produced, as well as stories from the field explaining how groups have successfully linked to Forest Connect to help them undertake a variety of activities.

⁴¹ <http://www.profor.info/knowledge/forest-enterprise-information-exchange-feinex>

⁴² <http://www.profor.info/knowledge/strengthening-value-chain-indigenous-and-community-forestry-operations>

The Toolkit has been well received by practitioners. It was published in hard copy in English, French and Spanish, thus making it broadly accessible⁴³, and is online at the PROFOR and Forest Connect websites. The toolkit was written for “facilitators,” which includes not only international donors, but also – and critically – government extension services and national NGOs. Although the Toolkit was not aimed at enterprises, it is expected that they will find some of the materials useful.

Given that the Toolkit had been in circulation for only a few months at the time of this assessment, its full impacts are not yet measurable. However, a field-based independent evaluation of Forest Connect was completed in March 2013⁴⁴. The evaluation entailed extensive discussions with Forest Connect’s two lead partners (IIED and FAO) and field visits to two of twelve partner countries (Nepal and Ethiopia). Over 60 partners, stakeholders and observers were also interviewed about their experiences, opinions and perceptions of Forest Connect in general and/or of the performance of the national hubs. Representatives from other Forest Connect countries plus international stakeholders/ observers were also interviewed ex-situ. The report provides lessons and recommendations broken down into four areas: Knowledge Exchange; Communication Platforms, Peer to Peer Learning and In-country Support Processes.

The evaluation’s overall conclusion was that:

“The Forest Connect alliance has well above-the-norm levels of individual and institutional goodwill, a healthy self-critical ethos, appropriate-level national presence and influence, a strong emphasis on proactively seeking and sharing best practice, proportionate (if highly personalized) governance structures - and, for the length of time it has formally been operating, a very impressive list of publications and on-the-ground successes with regard to incubating new and supporting existing SMFEs.”

The author of the above evaluation indicated that people in the field have found the Toolkit “an extremely useful product”, with two reservations. First, while Toolkit hard copies are available in Kathmandu and Addis Ababa (the countries sampled), they had not been disseminated to the field. No out-of-capital city facilitator/supporter of SMFEs had a copy of the Toolkit, and less than half had heard of its existence. Second, the Pocket Guide of the Toolkit, while extremely practical for field use, had a text font too small for easy reading. Additionally, the evaluator has recommended, and we support, publishing the Toolkit in CD format to make it useful for people with access to computers but not to reliable Internet.

In terms of dissemination, the Activity’s proponents (FAO/IIED) have extensively disseminated of the outputs and lessons of Forest Connect, including the Toolkits through practitioner meetings, formal publications and by email to the NFP coaches.

Thus, the sustainability prospects for this Activity are high – running in parallel with the dissemination of the Toolkit, the backbone of the Forest Connect project involves ongoing work to support small forest enterprises in six partner countries – Burkina Faso, Ghana, Guatemala, Guyana, Mozambique and Nepal. In addition IIED and FAO separately support Forest Connect partners in China, the Democratic Republic of Congo, Ethiopia, Malawi, Lao PDR and Mali. The Forest Connect growing network of currently consisting of 900+ interested individuals and institutions from 60 countries provides a sound platform for knowledge dissemination and for connections between well-matched potential partners.

⁴³ Note that PROFOR’s website currently includes only the English version of the Toolkit.

⁴⁴ An independent evaluation of Forest Connect was completed by Andy Inglis in March 2013. The evaluation report can be found at <http://pubs.iied.org/pdfs/G03613.pdf>

Beyond the Toolkit itself, PROFOR's support to Forest Connect has enabled substantial synergies with key partners, such as:

- Strong collaboration with the FAO's NFP Facility which provided extensive support in the development and testing of the Toolkit. In addition NFP coaches have committed to promoting in-country roll-out.
- Forest Connect country partners from Ghana, Guatemala and Mozambique are now part of the Reference Group for the Bank-supported Growing Forests Partnerships (GFP) initiative, which aims to create a national platform for civil society organizations to identify and prioritize forest investments⁴⁵. Overlap between the GFP core countries and the Forest Connect alliance is helping to build synergies between these initiatives.
- There have also been concerted efforts to increase the complementarity of Forest Connect alliance activities with those of the EU, DGIS and DFID funded Forest Governance Learning Group (FGLG), which operates in seven African and three Asian countries.
- Linkages have been reported with investors such as Root Capital and Deutsche Bank, and SMFE support organizations such as Agricord.
- Presentations on small forest enterprise support have helped inform recent international Forest Governance Learning Group meetings. ⁴⁶
- Others, including the Global Alliance for Community Forestry, the International Farm Forestry Alliance and the International Alliance of Indigenous and Tribal Peoples of the Tropical Forests.

IIED has also reported substantial achievements in their support of SMFEs in several countries. While these results are not directly linked with the toolkit itself, PROFOR's partnership with the Forest Connect network as a whole is reported to have helped catalyze additional activities and processes such as the ones listed below:

- **Burkina Faso:** TreeAid built on an initial diagnostic of SMFEs in the country in order to help develop business plans at community level through the FAO market access and development methodology. Activities have allowed the TreeAid team to secure resources from the EU project 'Village Tree Enterprises'.
- **Ghana:** The Forest Connect team led by Tropenbos tapped into interest surrounding the domestic market which has emerged through the negotiation of the EU Voluntary Partnership Agreement. An active national working group has recently been established to address needs and opportunities for SMFEs.
- **Guatemala:** PROFOR funding helped consolidate a national steering committee for Forest Connect. The lead organization Utz Che has pursued the development of market brands for its members, prepared a website for broader communication among SMFEs and promoted more government support for SMFEs.

⁴⁵ Four facilitating partners (FAO, IUCN, the World Bank and IIED) comprise the Catalytic Group of the Growing Forest Partnership. The Catalytic Group manages the process and reports to and is overseen by a Reference Group made up of people active in the forest sector across the world.

⁴⁶ FGLG, which operates in seven African and three Asian countries, focuses on social justice in forestry with a thematic emphasis on local rights and enterprise.

- **Guyana:** The Forest Connect team led by Iwokrama has conducted detailed analyses of some of the main barriers to SMFEs, particularly for crafts produced by Indigenous Peoples. Two workshops helped develop products that better suit the tourist market, and a website was developed to promote and sell the new products while providing a repository of information on national SMFE support agencies.
- **Mozambique:** The Forest Connect team led by Centro Terra Viva published a report on the extent and nature of SMFEs in the country, followed by analytical work on three value chains (5 timber furniture producers, 7 bamboo producer groups and one honey producer) to identify useful entry points for training and capacity building. Trainers are now being identified and a training manual developed using resources on the Forest Connect website.
- **Nepal:** The Forest Connect team led by the Asia Network for Sustainable Agriculture and Bioresources (ANSAB) completed an electronic directory of 863 SMFEs in Nepal, organized a national workshop which included important decision makers on the opportunities for SMFE development, and now lead an active task force on improving policies for small forest enterprises.

In contrast with these impressive examples of successfully linking Forest Connect with key groups and organizations, the network reports it has found it difficult to establish contact with World Bank operations and country teams – TTLs have apparently shown little interest in using or promoting Forest Connect tools. Liberia is an exception, where PROFOR staff facilitated linkages between a Bank project and Forest Connect leading to support to a local NGO to for SMFE work.

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Significant Impacts	Moderate Impacts	Toolkit – Too early to Tell	Significant Impacts

Lessons and Recommendations

The implementation of this Activity provides some important lessons. Specifically, the success of this Activity can be attributed to the fact that it responded to a well-established demand and the fact that the Activity's implementing partners were highly engaged throughout the extensive preparation and testing of the Toolkit. Moreover, the development and buy-in of the Toolkit was bolstered by having been developed via a participatory process with input from 12 country teams and specialists in the field and key partners such as FAO's NFP. The link with the NFP's country coaches resulted in a commitment to help roll out the Toolkit into the day-to-day operations of NFPs, thus helping the Toolkit become operational in more countries than would have been reached by Forest Connect alone. Finally, Forest Connect's growing network, currently consisting of 900+ individuals and institutions from 60 countries provides a sound platform for dissemination of the Toolkit and other information and products of interest to members.

In regard to recommendations, based on the findings of the independent evaluation of Forest Connect by Andy Inglis we support the following three actions:

1. Ensure that the Toolkit is fully disseminated to the field, rather than remaining "stuck" in capital cities as is sometimes the case with publications.
2. The Pocket Guide of the Toolkit, while extremely practical for field use, has a font too small for easy reading. Thus consideration may be given to re-issue it with larger text.

3. Consider publishing the Toolkit in CD format for people with access to computers but not to reliable Internet.

A5. Community Contracting for Forest Management ⁴⁷

Partners	N/A
Beneficiaries	Individuals and organizations promoting partnerships and developing benefit sharing arrangements
Duration	2/18/2009 to 8/11/2010
Total Cost	\$180,000 (PROFOR \$75,000; World Bank BB \$30,000 and the Trust Fund for Environmentally & Socially Sustainable Development (TFESSD) (Finland/Norway trust fund) \$75,000)
Scale	Global
WB TTL	Diji Chandrasekharan, PROFOR Secretariat
Outputs	<p>Main output: Rethinking Forest Partnerships and Benefit Sharing – Insights on Factors and Context that Make Collaborative Arrangements Work for Communities and Landowners.</p> <p>Four briefs: (i) Summary of Findings, (ii) Making Partnerships Work in Forest-Based Carbon Activities, (iii) Potential Roles for Civil Society, and (iv) Better Partnerships between Private Sector and Communities.</p>

Background and Context

This Activity responded to the recognition of the increased importance of communities and indigenous peoples' involvement in sustainable forest management. The area of community-controlled forests has increased significantly globally and now accounts for about a quarter of global forests and involves up to one billion people (Elson D., 2012)⁴⁸. Partnerships between communities and external partners (private companies, NGOs and government) are considered an important tool to enhance the contribution of investments in the forest sector to alleviating poverty and advancing development. Benefit sharing arrangements can offer communities an additional source of income and enable the adoption of more sustainable natural resource management practices. Many developing countries have over time developed national policies that are supportive of community involvement in the management of forests, ranging from return of full forestland ownership rights to communities to co-management arrangements, or concessions for sustainable forest management in government-controlled forests. The private sector is the largest investor in the forest sector in developing countries (Simula, M. 2008)⁴⁹. Private forest companies engage with local communities to gain access to land, labor or for forest-product supply. While far from the norm, increasingly, companies are adopting corporate social responsibility standards and are aware of the need to

⁴⁷ <http://www.profor.info/node/2049>

⁴⁸ Elson, D. (2012). Guide to investing in locally controlled forestry, Growing Forest Partnerships in association with FAO, IIED, IUCN, The Forests Dialogue and the World Bank. IIED, London, UK.

⁴⁹ Simula, M. (2008). Financing Flows and Needs to Implement the Non-legally Binding Instrument on all Types of Forests.

avoid and/or mitigate the reputational, environmental and social risks of forest investments. At present, however, there are still many investments with negative social and environmental impacts. Moreover, the opportunities brought about by collaborative arrangements are in many cases not fully realized and in some cases agreements perpetuate inequitable practices.

While there is extensive literature analyzing from various angles the types of collaborative arrangements in developing countries and the extent to which these agreements benefit communities (including a growing body of studies reviewing the experience of PES), before the PROFOR ESW on collaborative arrangements, there was no comprehensive review of factors that promote the formation and maintenance of these agreements using evidence from field case studies and interviews. According to a CIFOR-University of Colorado at Boulder paper published in 2012⁵⁰ that examined a large number of empirical studies on agreements between local communities and private firms for good timber concession management, by 2009 there was only one empirically grounded analysis of the interactions between communities and timber concession holders. PROFOR's seminal work encompassed forest partnership agreements beyond forest concessions, including plantations, out-grower schemes, PES and case studies from the extractive industry. PROFOR's study thus, filled an important knowledge gap relevant to WBG forest operations and to the work of other organizations involved in forest sector activities.

Objective

The main objective of the study was to provide insights for collaborative arrangements using an evidence-based approach and to provide guidance on making and keeping contract-based partnerships and benefit sharing arrangements. The target audience included government, private sector, non-governmental organizations, development partners, and managers of forest programs offering payments for carbon sequestration and REDD/REDD+.

Proposal Development and Implementation

PROFOR staff developed the conceptual framework for this work, which was subject to and responded to a rigorous, well-documented peer review involving Bank and FAO experts. WB staff working in several relevant departments (Sustainable Development Network, Social Development Department, Legal Vice-Presidency, and Environment and Carbon Finance areas) was consulted at the early stages of concept development as well as at least one IFC staff.

The proposal development team prepared a dissemination plan that identified target groups and possible events and other dissemination methods both at the international and national levels. This good practice helps ensure that dissemination costs are built into the project budget from inception. It should be noted, however, that there was no explicit strategy for dissemination within the World Bank group or a documented strategy for promoting WB up-take of project results.

The core implementation team was composed of two Bank's Natural Resources Economists (one of whom led the team), and three external consultants. There was no external partner involved, which may, as discussed below, have contributed to difficulties in tracking the uptake at national level of the findings and recommendations of the study and to receiving feedback on their application.

⁵⁰ Ravikumar A., et al (2012). Towards more equitable terms of cooperation: local people's contribution to commercial timber concessions. *International Forestry Review* Vol. **14**(2).

The study examined a broad range of partnerships and benefit sharing arrangements in the forest sector and extractive industries. Examples included bilateral and multilateral collaborative arrangements involving communities and private entities, government, and non-governmental organizations. A specific feature of the study was that it examined a broad range of collaborative arrangements in the extractive industry, for the production of forest goods (timber and non-timber forest products) and arrangements for payments for environmental services.

The PROFOR study involved: (i) an extensive literature review (including from the negotiation and dispute resolution field); (ii) twenty-seven “mini” case studies on specific collaborative arrangements⁵¹ plus a review of additional specific agreements provided by experts; (iii) an online survey (translated into French and Spanish) of people with direct experience in collaborative arrangements; and (iv) telephone interviews. The above enabled the team to draw on existing analysis but also gather new data relevant to the study. Although the study did not obtain input from community members,⁵² this and other limitations of the data collection methodology and how these were addressed was fully discussed in the PROFOR report⁵³.

A special feature of the PROFOR study was the identification of important factors in developing and keeping contract-based partnerships and benefit sharing arrangements. These factors were first identified through literature review and validated through the survey and interviews. The approach also involved an analysis of how these factors are influenced by context (for example, the extent of reliance of the community on forest resources for their livelihood has an important influence on individual factors). This was another innovative element of the work.

The main report was supplemented by four briefs that were included in the World Bank Agriculture & Rural Development Notes (Issue 45, January 2009)⁵⁴. Each brief highlighted different elements of the findings of the study: forest-based carbon project development, role of civil society, and community-private sector arrangements. The implementation team actively pursued the dissemination of the findings of the study although not all opportunities identified in the dissemination plan were used. Among others, the report was shared at the World Forestry Congress 2009, at a workshop coordinated by TFESSD in Helsinki, in at least one FCPF meeting, and at the October 2010 FAO Committee on Forestry (COFO20). A CD with the study report was distributed to 1,700 participants at Forest Day 4. The briefs for the private sector were shared with IFC staff and discussed in the context of corporate social responsibility.

Achievements and Impact

High quality project outputs consistent with the project objectives were produced on time and within budget. The findings of the study have been considered by several related international initiatives and organizations (e.g., the CIFOR-University of Colorado at Boulder publication quoted above) and quoted as references by other studies such as the 2012 TNC publication on “*Sharing the Benefits of REDD+, Lessons from the field*” by Kelley, et al; and the work by Peskett, L. (2011) “*Benefit-Sharing in REDD+: Exploring the Implications for Poor and Vulnerable People*” - WB and REDD Net.

⁵¹ Altogether the PROFOR team reviewed some 60 collaborative arrangements.

⁵² Only one community member was interviewed.

⁵³ PROFOR’s website indicates that they are funding a number of follow up case studies in several countries where the views from community members are being elicited.

⁵⁴ The four Notes include: Summary of findings; Partnerships for carbon project developers; Partnerships for civil society; and Partnerships for private sector and communities

Findings of the PROFOR study were taken up by the “*Guide to investing in locally controlled forestry*” by Dominic Elson for the Growing Forest Partnership (GFP) initiative (2012) ⁵⁵. This is significant because the production of the *Guide* was an effort involving many important international networks and institutions working in the forest sector. For the preparation of the *Guide* GFP had engaged The Forests Dialogue ⁵⁶ to co-ordinate 11 wide-ranging dialogues involving investors, rights-holders, governments, donors and others on this topic. This indicates that the PROFOR work was examined by a large number of experts and practitioners and that they found the recommendations emerging from the PROFOR study useful. The *Guide to investing in locally controlled forestry* integrated the “12 factors for effective and lasting collaborative arrangements” (see box 27, page 77 in the *Guide*) and the “key points in a written contract” (section 7.2, pages 112-114) from the PROFOR study. The *Guide* was presented at COFO21, helping to disseminate the findings of the PROFOR report. It is also expected that with time the GFP partners will contribute to the application of these factors in concrete local collaborative arrangements.

Interviews with relevant WB and IFC staff showed that professionals engaged in forest sector work involving collaborative arrangements with communities (among others, WB staff engaged in project development and management for the various Carbon Funds, and IFC community development and forest sector staff) are aware of this PROFOR product. While none of the interviewees had consistently applied the recommendations emerging from the PROFOR study, they reported that the discussions surrounding the development of this product helped shape the concepts and approaches underlying current work involving collaborative arrangements and benefit sharing in the WBG. The BioCarbon Fund told the review team that they used the methodological framework of PROFOR’s work to conduct an analysis of their experience in the design of CDM afforestation/ reforestation projects. IFC expressed that while the principles and recommendations of the study are useful to their work, their private sector clients require tools very different from those that may be needed by governments or development NGOs.

Concerning the effectiveness of PROFOR’s dissemination efforts within the WBG, some interviewees feel that PROFOR’s products are no different from other WB knowledge products in that they compete for attention from the operational teams. In the opinion of some, Tasks Managers have to deal with many operational issues and processes and often cannot devote enough attention to technical aspects. It is also difficult for operational staff to keep abreast of all new guidance documents and tools relevant to their work. It was suggested that the PROFOR team might look into mechanisms beyond the production of written materials as a possible way to increase up-take of their analytical work by WB operational staff (see section on recommendations below).

Tracking uptake at the country level was more difficult. There is some evidence that the study has been reviewed and quoted by national practitioners working on national REDD+ activities such as in the report titled *The Inclusion of Indigenous Peoples in REDD Project in Mondul Kiri Province, Cambodia* by Chanthy Sam (2010) that incorporated the 12 key factors for good and lasting collaborative arrangements with communities.

However, our review was unable to find more evidence of use of the results of the study at the national level. People interviewed in the context of the PROFOR Activity impact review were only occasionally aware

⁵⁵ The Growing Forest Partnership has four “facilitating partners.” These are: (1) the International Institute for Environment and Development (IIED), (2) the International Union for the Conservation of Nature, (3) the Food and Agriculture Organization, and (4) the World Bank.

⁵⁶ See The Forest Dialogue on Locally Controlled Forests
<http://environment.yale.edu/tfd/dialogues/locally-controlled-forestry/>

of the existence of the publication⁵⁷. The PROFOR web statistics show only 160 page views for this activity since 2009 (very little when compared with, for example, 1,529 page views since 2012 for the *Making Benefit Sharing Arrangements Work for Forest Dependent Communities* outputs).

Factors hampering national level dissemination of the report and local uptake are:

- The Dissemination Plan prepared at project inception had considered targeting stakeholders in forest strategy development at local level; however, implementation was limited to international events as shown above.
- The report is available in English only. It may be advisable to at least include French and Spanish translations of the summaries in the PROFOR website to reach a larger audience.
- PROFOR did not involve institutional partners with country and local level work during the conceptualization of the study and its implementation (except the above-mentioned WB staff and the FAO expert based in Mongolia). The study report was not produced with a local community audience in mind and it requires some capacity building and technical assistance for uptake by communities. PROFOR alone does not have the capacity to reach local communities and track uptake of knowledge products in the absence of other partners with field level presence.

The topics of community contracting and benefit sharing remain important and are applicable to natural resources management beyond forests and to other extractive industries. The PROFOR study significantly contributed to advancing understanding of factors that help establish and maintain collaborative arrangements in the forest sector that also benefit communities. The process framework used in this work was subsequently used by PROFOR in a follow-up activity on benefit sharing in REDD+ (see review of activity A6).

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening Networks
Minor Impacts	Significant Impacts	Moderate Impacts	Not applicable

Lessons and Recommendations

- The Activity development team prepared a dissemination plan that identified target groups and possible dissemination events and methods at the international and national levels, and included the costs in the Activity budget. This is a good practice.
- The report is available in English only. It may be advisable to include French and Spanish translations of the summaries in the PROFOR website to reach a larger audience. As much as possible PROFOR should budget for document translation in all knowledge products Activity proposals.

⁵⁷ For example, the review team interviewed CCMSS in Mexico who, in addition to representing a large network of community forest associations, also serve as the CTC-REDD Secretariat. Staff interviewed was not aware of this study nor of the subsequent benefit sharing work by PROFOR discussed in Activity A6.

- PROFOR does not have the capacity to directly disseminate and promote the uptake of knowledge products at national and local levels. Uptake at national and local levels may improve if PROFOR involves partners that have significant country/local presence and operational capabilities at the product development stage (for example, international NGOs, UN entities, multilateral development banks, etc.). These organizations could also complement the studies with capacity building activities for local target groups. This type of partners would also be in a position to report back to PROFOR on the extent of national uptake and provide feedback on the results of the application of the principles, recommendations or other guidance contained in the knowledge products.
- IFC staff interviewed suggested that PROFOR materials could also target the private sector (in their view current materials look more at the community angle). The fact that private companies prefer “how-to” guidance to analytical documents should be taken into consideration.
- Given the relevance of PROFOR’s work on collaborative arrangements to the private sector we suggest that the IFC CommDev website (<http://commdev.org/>) provides a link to the study report in the PROFOR site (and to other relevant PROFOR products).
- WB operational staff seems to find it difficult to keep abreast of and absorb the results of ESW and knowledge products that may be relevant to their work. There may be room for complementing written materials with other means to help operational staff benefit from the guidance and tools developed by PROFOR and to make these available to WB country clients.

A6. Benefit Sharing in the Forest Sector⁵⁸

Partners	Forest Carbon Partnership Facility (FCPF)
Beneficiaries	Main audience: development partners and World Bank staff involved in forest carbon initiatives. Ultimate beneficiaries: countries undertaking REDD+ work
Duration	15 months (3/31/2010 – 3/28/2011) extended until 6/5/2012
Total Cost	Initial budget: \$281,000 (PROFOR \$150,000; 131,000 other sources); actual cost: \$475,996 (PROFOR \$280,000; co-financing by BB, TFESSD and BNPP \$195,996)
Scale	Global
WB TTL	Diji Chandrasekharan, PROFOR Secretariat
Outputs	A booklet with an overall summary of findings + a CD with the following knowledge products: <ul style="list-style-type: none"> • Making Benefit Sharing Arrangements Work for Forest-Dependent Communities. Overview of insights for REDD+ Initiatives (Diji Chandrasekharan Behr). • Identifying and Working with Beneficiaries when rights are unclear: Insights for REDD+ Initiatives (John W. Bruce with Robin Nielsen) • Assessing Options for Effective Mechanisms to Share Benefits: Insights for REDD+ Initiatives (Pricewaterhouse Coopers) + and an interactive tool developed by

⁵⁸<http://www.profor.info/knowledge/making-benefit-sharing-arrangements-work-forest-dependent-communities>

	<p>Pricewaterhouse Coopers for Assessing Options for Benefit Sharing</p> <ul style="list-style-type: none"> • Benefit Sharing in Practice: Insights for REDD+ Initiatives (D. Chandrasekharan Behr, E. Mairena Cunningham, G. Kajembe, G. Mbeyale, S. Nsita, and K. Rosenbaum) <p>Three Notes on Frequently Asked Questions (FAQ) prepared with FCPF:</p> <ul style="list-style-type: none"> • Note 1: What does Benefit Sharing mean in REDD plus context? • Note 2: Key considerations for Benefit Sharing • Note 3: Mechanisms for Sharing Benefits
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Background and Context

There is growing recognition that the success of activities and programs to reduce greenhouse gas emissions from deforestation and forest degradation (REDD+) will rest in large part on the effective cooperation and support of forest-dependent people. This means that countries embarking on REDD+ activities and their development partners should consider benefit-sharing options and decide on the most suitable and effective approaches.

Benefit-sharing in the context of natural resources management and the extractive industries is not a new concept. Systems by which communities could be compensated for forfeiting certain rights over resources or for the negative effects to their environment or livelihoods resulting from a resource extraction operation have existed for several decades. Mechanisms and regulations for transferring a portion of the revenues obtained from the exploitation of resources as compensation for any negative effects resulting from such activities or as incentives for changing the behavior of local communities have also become more common. Experiences concerning how to collect and distribute the revenues have been analyzed, particularly for the extractive industry sector. IFC, among others, has done a considerable amount of analytical work and developed “how-to” guidance for companies concerning how local communities could benefit from industries (oil and gas industry, agribusiness, forestry and infrastructure)⁵⁹. Experience with regards to payments for environmental services has increasingly been documented and analyzed (see (A7), (A8) and (A9)). In the forest sector, benefit-sharing arrangements are often associated with the granting of concessions on public forestland but there are other types of such agreements, for example, in the context of projects under the Clean Development Mechanism (CDM). With the emergence of REDD+ in the international climate change policy arena in 2007 the need to gain a deeper understanding of benefit-sharing arrangements in the context of forest-based carbon activities became apparent.

While several organizations have engaged in researching and analyzing different aspects of the design and implementation of REDD+, by 2010, the year PROFOR developed the concept note for this Activity, the number of studies specifically focused on benefit sharing in the context of REDD was quite limited⁶⁰. Many questions had emerged which required answers, among others, the nature of the benefits, who would benefit, what were the normative frameworks needed to enable benefit-sharing, what mechanisms could be set in place for distributing such benefits efficiently and effectively including decision-making mechanisms,

⁵⁹ See <http://commdev.org/> an IFC website that provides practical knowledge and tools focusing on social, environmental and economic development issues for companies, civil society, local and regional governments.

⁶⁰ See, for example, Angelsen, A. (2008) *Moving ahead with REDD Issues, options and implications*. CIFOR; or the report coordinated by the Meridian Institute for the Government of Norway: *Reducing Emissions for Deforestation and Forest Degradation (REDD): An Options Assessment Report* (2009). An early effort to focus on social issues in relation to REDD is Peskett, L. et al (2008): *Making REDD work for the poor* Prepared on behalf of the Poverty Environment Partnership (PEP).

what capacities would be required to ensure the system would deliver REDD+ objectives? The issue of “rights” was central to many of these questions. While land tenure systems in relation to sustainable forest management had been explored, the issue of carbon rights was new⁶¹.

This PROFOR Activity was thus a pioneering effort to advance global knowledge on benefit sharing for REDD+ both within the WB and among international organizations involved in REDD+.

Objective

The activity was developed to inform the design of benefit-sharing arrangements in initiatives to reduce emissions from deforestation and degradation and enhance carbon stocks (REDD+). The study was to draw on experiences in the forest and other sectors to provide insights on how REDD+ initiatives can:

- Identify “legitimate beneficiaries” – by examining how beneficiaries are (a) defined by carbon rights, (b) have been identified in social agreements associated with forest, mining or agriculture concessions and (c) have been identified in government facilitated community based forest management schemes;
- Identify appropriate mechanisms for sharing benefits – by describing characteristics of national or subnational funds that are effectively distributing benefits to local communities, and
- Learn from practical experiences in benefit sharing.

The study was also to develop guidance on (a) how to facilitate benefit sharing in situations when rights to resources are unclear, and (b) how to assess current legal, policy and institutional capacities to determine the best mechanisms for transferring benefits either from the national or subnational level to the local level.

Proposal Development Process and Implementation Performance

The PROFOR Secretariat led the preparation of the Concept Note in consultation with other World Bank staff. The peer review is well documented, including responses to comments. The Activity design team reviewed available literature on benefit sharing at the time of concept preparation and considered other studies published by various organizations as the work progressed⁶². It also built on previous work by PROFOR on collaborative arrangements with local communities for natural resources management (see review of PROFOR activity A5).

Implementation was led by the PROFOR Secretariat and supported by individual consultants plus PricewaterhouseCoopers (PwC) selected through a competitive bidding process. Small teams worked in parallel under PROFOR coordination on specific elements of the Activity (see output authors in the box above) but in most cases the teams did not interact or see the complete set of outputs.

Unlike other PROFOR Activities, the development of these knowledge products did not involve external partners. This could be the reason why Washington, DC-based NGOs involved in FCPF work (e.g., BIC and WRI), UN-REDD and other relevant organizations working on REDD+ issues learnt about PROFOR’s benefit sharing work only recently.

⁶¹Two key studies on this issue are: Takacs, D. (2009). *Forest Carbon: Law + Property Rights*. Arlington, VA: Conservation International; and Hepburn, S. (2009). *Carbon Rights as New Property: The Benefits of Statutory Verification*. *Sydney Law Review*. Vol 31: 239–271.

⁶²Examples of relevant studies published in 2011 are: Peskett, L., and Brodnig, G. (2011). *Carbon rights in REDD+: exploring the implications for poor and vulnerable people*. World Bank and REDD-net; Costenbader, J. (2011) *REDD+ Benefit Sharing: A Comparative Assessment of Three National Policy Approaches*. Forest Carbon Partnership Facility and UNREDD Programme. Washington DC.

A well-documented decision meeting attended by several Bank specialists in July 2011, systematically considered review comments as well as a dissemination plan that included using the Global Development Learning Network (GDLN) for country-level dissemination in cooperation with FCPF and the WBI. The budget was increased to reflect the complexity of the task and an enhanced dissemination plan. A suggestion by decision meeting participants to pilot the approach was not implemented due to a lack of funding, and the team was therefore unable to test the centerpiece Options Assessment Framework (OAF) tool. At the time this was not seen as a major setback because in 2011/12 it was apparent that many FCPF countries were lagging behind in getting to the question of benefit sharing mechanisms, therefore, other opportunities for piloting the tool would emerge.

Participants at the decision meeting faced two challenges: (i) reaching consensus on the meaning of benefit sharing; and (b) deciding whether REDD+ participant countries should work on this issue in the absence of a compliance market for forest carbon.

The main dissemination effort targeting country-level practitioners (mostly FCPF participant countries) was a series of virtual regional dialogues on benefit sharing organized in cooperation with FCPF using the WB GDLN. Dialogues for Anglophone Africa and East Asia took place during 2012. The invitation letter contained a link to PROFOR's benefit sharing documents as well as the three FAQ notes. This generated country-level interest in the application of the OAF tool (see discussion below). The lack of translation of the 3 main documents and the OAF to other languages has been a major barrier to country level dissemination so far (Note: Spanish and French versions of a booklet summarizing this work were produced after the first draft of this review report and are available in the PROFOR webpage).

The task team pursued several avenues for disseminating results and promoting uptake by international practitioners and within national REDD+ processes. All outputs are available at the PROFOR and REDD-Desk websites and there is a link in the FCPF site to [Benefit Sharing for REDD+: Questions countries are asking](#), an additional joint (PROFOR-FCPF) product of this Activity. Fliers on the products were made available at an FCPF Participants Committee. The outputs were presented at, among others, COFO21⁶³, and Forest Day 5. Diji Chandrasekharan and Kenneth Rosenbaum's article *Supporting SFM through benefit-sharing arrangements*, which appeared in the European Tropical Forest Research Network (ETFRN) News, summarizes findings from two of the above products (*Making benefit sharing arrangements work for forest-dependent communities* and *Identifying and Working with beneficiaries when rights are unclear*, and used the examples from *Benefit Sharing in practice: insights for REDD+ initiatives*). Unfortunately, because of a decision to keep the World Bank delegation small, PROFOR's work could not be presented at the September 2012 IUCN World Conservation Congress in Korea⁶⁴. TFD organized a Mini-Dialogue on REDD+ Benefit Sharing at the same meeting. PROFOR's work featured in the presentation made by IUCN, however, it was not specifically discussed.

On March 2013, TFD organized a Scoping Dialogue⁶⁵ on REDD+ benefit sharing, which was hosted by the World Bank. The three PROFOR products were included as reference material in the Background Paper for the REDD+ Benefit Sharing Dialogue, and the second product on identifying beneficiaries when rights are unclear was extensively referred to in the paper. The Dialogue was certainly a good opportunity to make the PROFOR products known to a larger audience.

⁶³ On September 27, 2012, during World Forest Week, PROFOR and FAO co-organized a panel discussion entitled "A Fair Share of the Pie," which brought together experts looking at the issue of benefit sharing.

⁶⁴ A side event on Law and Governance for REDD+ took place at the World Conservation Congress. The event focused on benefit sharing and had presentations by CI, FAO (on behalf of UN-REDD) and IUCN.

⁶⁵ See Scoping Dialogue on REDD+ Benefit Sharing, Washington DC, 24-24 March 2013
<http://environment.yale.edu/tfd/dialogue/redd-benefit-sharing/redd-benefit-sharing-dialogue-united-states/>

It should be noted that the team leader for this product has been invited to peer review other documents related to the topic of benefit sharing in REDD+⁶⁶. This is an interesting vehicle to ensure the insights emerging from PROFOR's work are considered and possibly integrated into other relevant work.

Achievements and Impact

Project outputs released in February 2012 were as planned. Key REDD+ players and WBG operations staff generally consider the outputs to be of a high quality and useful to their work. Below are observations made during interviews regarding process and contents:

- The PROFOR package is the most comprehensive effort taken to date on benefit sharing.
- The consideration of non-monetary benefits widens the discussion on benefit sharing; it is useful to think beyond the PES approach. Other organizations working on REDD+ such as WWF shared this view.
- The paper is framed in the local context. It addresses land rights as a benefit, which is very important for forest-dependent communities. It also takes a pragmatic approach when carbon and land rights are unclear, which is useful to all forest-based carbon activities.
- PROFOR's work is timely, as it will inform the development of the Methodological Framework of the Carbon Fund under the FCPF currently under development.
- Given that there are a number of forest-carbon projects in the voluntary and regulated markets, the analytical work on benefit sharing is useful to inform agreements with governments and local communities (those currently under preparation but also possible future agreements revisions).

While some interviewees were of the opinion that the discussion on benefit sharing arrangements may be premature and may distract countries from other REDD+ -readiness activities (in particular MRV and safeguards) or disrupt the sequence of REDD-readiness work, the review team and other organizations contacted during the review do not share this view. The work conducted by PROFOR and other organizations⁶⁷ on benefit sharing is not only relevant to REDD+ but to other forest carbon projects in the regulated and voluntary markets including the activities of the WB carbon funds.

Some interviewees told the review team that the guidance seems to implicitly favor a "project approach" to REDD+ as opposed to a national or sub-national approach. While pragmatic, this requires some clarification in the documents.

⁶⁶ For example, D. Chandrasekharan reviewed the publication by Peskett, L. and Brodnig, G. 2011. Carbon rights in REDD+: exploring the implications for poor and vulnerable people. World Bank and REDD-net.

⁶⁷ Recently published studies addressing this topic are WWF's "Guide to Building REDD+ Strategies: A toolkit for REDD+ practitioners around the globe" (June 2013); and TNC's "Sharing the Benefits of REDD+ - Lessons from the field" (2013).

The review team used the concept logframe (see box below) as a basis for assessing the Activity's impact. It should be noted, however, that PROFOR's team has since realized that they were working under an unrealistic schedule. When the Activity concept note was developed the schedule proposed followed the timeframe envisaged by FCPF for the R-PPs. By the time PROFOR completed the Activity products most FCPF participant countries had not reached the point where they would consider benefit-sharing mechanisms. As a result, the expected Activity outcomes have yet to be realized (see section on Lessons and Recommendations below). Nevertheless, prospects of this Activity achieving its outcomes seems high provided the task team continue its efforts to disseminate the products and to engage key players, especially other development partners assisting countries with their REDD+ processes.

Activity (A6) Logframe:

Expected mid-term outcome: "Better understanding among FCPF and UN-REDD participant countries of how benefit sharing transfer mechanisms and actual benefits should be structured to ensure that local partners benefit from REDD and that incentives on the ground are changed."

Means of verification: "Review of REDD strategies or REDD strategy options (and interim products from the REDD strategy option development)."

Long-term impact anticipated: "Countries explicitly address legitimate beneficiary questions in their benefit sharing regime, and benefit sharing arrangements that countries chose reflect elements that are identified in the study."

By mid-2013, several months after completion of the products, evidence of product uptake is as follows: ⁶⁸

1) *Uptake of insights and recommendations from the 3 PROFOR products:*

World Bank:

FCPF: Preparation of the FCPF Carbon Fund Methodological Framework is ongoing. The Methodological Framework will provide technical and programmatic guidance to countries preparing a REDD+ Emissions Reduction Program (ERP) for inclusion in the Carbon Fund pipeline and portfolio. A Design Workshop on Safeguards, Benefit Sharing, Feedback and Grievance Mechanism took place during the last week of February 2013. Discussion paper No. 7 addressing "*The Use and Distribution of Emission Reduction Program (REP) Revenues and other Benefits*" prepared by WRI and edited by the Facility Management Team for discussion by the Carbon Fund Working Group considered PROFOR's benefit sharing work (among other literature) and included the Activity outputs in the list of "potential resources." The References and Bibliography section includes the following products: *Assessing Options for Effective Mechanisms to Share Benefits: Insights for REDD+ Initiatives* and *Benefit Sharing in Practice: Insights for REDD+ Initiatives*. Informal feedback on the design workshop indicates that discussions focused, among others, on:

- The need for flexibility so countries can develop their own approach to benefit sharing, yet the need to provide guidance to help them do this. A single guidance tool may not be adequate. Different countries may need different guidance tools depending on the approach they are taking (e.g. PES versus community forestry).
- Overlaps between benefit sharing issues and other methodological issues, e.g. safeguards, carbon rights and forest tenure, grievance mechanisms, non-carbon benefits. Participants did not want benefit

⁶⁸This list is not comprehensive as this review did not contact all participating countries and not all countries contacted provided a response within the review time frame.

sharing to be treated as an isolated issue; rather it must be seamlessly integrated into the overarching ER Program.

- The need to avoid raising expectations, since it is not clear what benefits will be generated and how much benefits will be generated. Calling it a “benefit-sharing plan” assumes benefits will be generated and focuses on how to share them. There should be more focus on how to ensure benefits are generated in the first place.

It should be noted that the above points do not refer to PROFOR’s products but to the principles that should guide the contents of the Methodological Framework with respect to benefit sharing that emerged from the design workshop. These principles are covered in PROFOR’S own work (e.g., the call for flexibility, the importance of considering the inter-linkages between benefit sharing and other issues such as rights, social safeguards and non-carbon benefits, and the need to avoid raising expectations) and it can be safely assumed that PROFOR’s work influenced the discussion.

Final decisions on the way forward with respect to benefit sharing in the context of the Carbon Fund Methodological Framework may determine the extent to which the PROFOR products may continue to be relevant in their current form to FCPF participant countries.

BioCarbon Fund: The BioCF which became operational in 2004 provides financial resources for Afforestation and Reforestation (A/R) Clean Development Mechanism (CDM) projects and for other land-based projects currently excluded from the CDM such as REDD+ and sustainable agricultural land management. CDM A/R projects represent a large proportion of the BioCF project portfolio. In these projects there is a significant time lag between the signing of contracts with intermediate organizations and the actual payments to beneficiaries, which only take place after the project is verified and validated. A/R project developers only address benefit sharing and other social issues in-depth upon obtaining CDM registration⁶⁹. As a result, the BioCF does not have much direct experience with benefit sharing, hence their interest in PROFOR knowledge products⁷⁰. Now that more CDM A/R projects have been duly validated and carbon payments have started, intermediary organizations are coming to WB for advice on how to establish effective benefit sharing mechanisms. In this context the BioCF has shared the PROFOR knowledge products with national partners (see also discussion on Activity A5). A set of indicators recently developed to assess how robust the benefit sharing mechanism developed by BioCF partners are, used, among others, PROFOR’s work as a basis.

IFC: Staff interviewed confirmed that there was an exchange of information and views between the PROFOR team and IFC at the early stages of the Activity. This ensured that IFC experiences with the extractive industry were considered. The IFC Sustainable Business Advisory Department works with the investment section on capacity building, compliance with safeguards, and to create more benefits for stakeholders. They get involved with different field projects including those related to forests and agribusiness operations. This includes land rights and benefit sharing. A new area of work is benefit sharing in the water sector. While PROFOR’s products are of general interest to IFC and have informed their views, there is not much scope for using the products in their work with private sector clients. The reason is that the products have been developed with a different audience in mind, mostly WBG staff, national governments, and international NGOs/research organizations.

UN-REDD: Against the review team expectations, there is little evidence of cooperation between PROFOR and UN-REDD on this topic, except for the fact that UNDP country office staff attended the virtual regional

⁶⁹ This is an important difference with REDD+ where social issues need to be addressed ex-ante.

⁷⁰ The analysis of their early experience with CDM project development can be found in “BioCarbon Fund Experience: Insights from Afforestation and Reforestation Clean Development Mechanism Projects” (December 2011).

consultations on benefit sharing jointly organized by PROFOR and FCPF, and that PROFOR Secretariat staff peer reviewed the 2011 UN-REDD/FCPF report on “REDD+ Benefit Sharing: A Comparative Assessment of Three National Policy Approaches”.

UN-REDD developed its own approach to benefit sharing, the Benefit Distribution System (BDS)/ positive incentives approach, used by countries being supported by the UN such as in the case of Vietnam, Paraguay, Panama and Ecuador. While it seems that PROFOR and UN-REDD arrived independently of each other to the same benefit-sharing principles, collaboration with UN-REDD would have been desirable to avoid duplication of efforts and the use of a different terminology that may create some confusion at the national stakeholder level.

2) National-level application of the Options Assessment Framework tool:

Lao PDR: This was the first country to apply the OAF tool⁷¹. A draft report with the title *Assessment of the Forest Resource Development Fund (FRDF) of Lao PDR for New Financing Sources* that contains the results of applying the OAF to a timber revenue benefit-sharing scheme is awaiting government approval for public release. The country learnt about the OAF through the June 2012 virtual workshop. The resources for its application came from a technical assistance project funded by Finland (no WB or PROFOR funds were used). The government intends to use a similar approach to assess benefit sharing for REDD+.

The feedback on the use of the tool is very positive:

- Simple, good sets of indicators with clear instructions on how to apply these; the OAF includes a useful spreadsheet that can be updated. Useful examples. Good instructions for scoring.
- Beyond REDD+ the tool could be used for other benefit sharing mechanisms involving, e.g., timber, ecotourism, watersheds and biodiversity offsets. The tool could easily be adapted for other innovative forest finance mechanisms, including environmental funds.
- The tool adapted well to the national context in Lao PDR.

Kenya: An allocation of \$170,000 from an existing WB Natural Resources Management Project ⁷² was made to pilot the OAF but no activity had yet taken place when the review team contacted the government. Effective coordination with UN-REDD, which is providing funding to Kenya to address REDD+ governance issues including carbon rights and benefit sharing ⁷³, is needed.

Indonesia: The national team is considering how to use existing national mechanisms for making REDD+ payments. The initiative for Financing Instruments for REDD+ in Indonesia (FREDDI) is considering the application of OAF after they reviewed tool along with other benefit sharing literature, including CIFOR sources (e.g., “REDD+ challenges and choices”, chapter 8, “Who should benefit and why, discourses on

⁷¹ To the knowledge of the review team no other country has so far applied the OAF tool as of May 2013.

⁷² Kenya’s R-PP was approved by the PC on October 2010, however, FCPF funds have yet to be released.

⁷³ According to the most recent Kenya R-PP update in the FCPF website UN-REDD has agreed to provide support with a total amount of US\$180,000 for the following key REDD+ activities: (a) Undertake a comprehensive gap analysis of the forest related legal framework relevant to REDD+, and provide assistance for drafting REDD+ provisions to clarify and regulate major REDD+ legal issues prioritized by the Government through the R-PP, focusing on land tenure issues; (b) Advance the knowledge base and national dialogue on key governance issues for REDD+ in Kenya, particularly anti-corruption, carbon rights and benefit-sharing arrangements. This will serve to underpin a solid implementation of Kenya’s REDD+ Readiness Preparation Proposal (R-PP); (c) Support to a workshop and high-level panel discussion on green economy investments in forests. The workshop will seek to advance and promote the role of forestry and REDD+ in overall national economy.

benefit sharing”; and “Study on Indonesia deforestation fund, fiduciary issues and safeguards”) and UN-REDD documents (e.g., “REDD+ Benefit Sharing: A Comparative Assessment of Three National Policy Approaches”, which includes a review of forest concession policy in Indonesia).

Colombia has also expressed interest in using the OAF but until now has not taken action.

Toward the end of 2012, PROFOR started exploring whether there would be demand from this tool in French-speaking countries. DR Congo is considering its use. National stakeholders in Ghana are aware of PROFOR’s benefit sharing documents and tools, but have not considered using them until other work on REDD+ is completed.

As more countries apply the OAF it should benefit from early lessons and gain momentum. Our enquiries for this evaluation stirred interest among institutions and individuals working on REDD+ who had been unaware of PROFOR’s benefit sharing work.

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Too early to tell	Significant impacts	Moderate Impacts	Not Applicable

Lessons and Recommendations

OAF: Tools cannot be considered finalized, particularly for such a complex topic, without testing them through pilot application. While there are valid reasons why the OAF tool was not piloted during the Activity implementation timeframe, PROFOR should explore avenues for testing the OAF at the country level to assess its utility and effectiveness. It would also be useful to ascertain whether Lao PDR, the first country to use the OAF, further applies it to the design of its REDD+ benefit sharing mechanism and with what results.

The introduction to the benefit sharing knowledge products in the PROFOR website does not draw attention to the interactive tool. While the Excel based tool can be downloaded from the webpage most people interviewed had not realized this was available. PROFOR may consider adding a few words to point readers to the tool.

Involvement of partners in knowledge product development: While it may be more expedient to work with a team of consultants under PROFOR guidance, the review of Activities A5 and A6 seem to point to the fact that lack of engagement of partners with country level presence and operational capacity in product development may delay their uptake. Product quality is critical, but the process to develop the product is equally important. Partners’ product ownership and active engagement may help involve countries and national stakeholders in product development, accelerate dissemination at the national and local level, and more importantly, provide feedback to PROFOR on the use of the product. The main target audiences of PROFOR knowledge products are WBG staff and international organizations. Partner organizations may be able to help make the contents of these products accessible to local stakeholders through capacity building activities.

A7. Catalyzing payments for ecosystem services and connecting communities ⁷⁴

Partners	Forest Trends
Beneficiaries	Payments for ecosystem services community
Duration	2006
Total Cost	\$45,000 PROFOR contribution
Scale	Global
WB TTL	NA
Outputs	Ecosystem Marketplace http://www.ecosystemmarketplace.com

Background and Context

Payments for ecosystem services (PES) and ecosystem markets were vague concepts a decade ago that were just starting to attract significant levels of attention. Created in 2003, the Ecosystem Marketplace was intended to be a “Bloomberg” for ecosystem marketplaces – an internet-based information clearing house consolidating information on a variety of environmental markets into a single platform.

The Ecosystem Marketplace concept had originated with the Katoomba Group, launched by Forest Trends in 1999 as an international working group dedicated to advancing markets and payments for ecosystem services – including watershed protection, biodiversity habitat, and carbon sequestration. This Group is comprised of leading experts from forest and energy industries, research institutions, the financial world, environmental NGOs, and communities.

Objective

This project is designed to provide information to motivate market activity among policy makers, private companies, and NGOs. In addition, it seeks to democratize information and understanding on these markets among landowners and communities that have traditionally been excluded from the benefits of market mechanisms.

Implementation Performance

The Ecosystem Marketplace began as a specific product designed to address problems of increasing information overload related to PES and a tendency for “everyone to look at their own little piece.” Originally conceived through an informal collaboration, Ecosystem Marketplace later became a project of Forest Trends in 2004/5, emphasizing ground truthing, convening and external communications, all related to PES. The web site was designed as a one-stop shop with user-friendly formatting, practical tool kits and ‘how to’ guides; it soon became known as a natural first stop for people interested in PES and then became an online meeting place for people getting involved in PES for the first time.

⁷⁴ <http://www.profor.info/node/21>

Achievements and Impact

The Ecosystem Marketplace now describes itself, with considerable justification, as “a leading source of news, data, and analytics on markets and payments for ecosystem services (such as water quality, carbon sequestration, and biodiversity).”

A genuine innovation, the Ecosystem Marketplace is highly regarded as an excellent entry point to the world of PES, with current, peer reviewed, good quality information on existing and emerging PES markets. It has become an institution in the PES world. The Ecosystem Marketplace has contributed to PES becoming better known, partly by helping people realize how many case study examples there are.

PROFOR funding was critical to operationalizing the website at a professional, fully functional level. As a \$45,000 grant it appears extraordinarily cost effective.

There have been a few criticisms:

- It has been a continuing struggle to make the Ecosystem Marketplace accessible and useful to non-technical audiences. This is partly due to the complexity of the PES schemes themselves, many of which have technical methodologies. Forest Trends has not had dedicated funding to complete a Community Portal that is under development, while aware that community access is key to informed local decisions on whether to participate in PES arrangements.
- Most of the material is still only in English, although over time there have been periodic proposals to launch a Spanish version.
- Ideally the web site would include or link to more fully documented case studies with solid methodologies and analysis.

On a wider front, there is still a lack of convincing PES models, although interest has clearly grown. The 2005 Millennium Ecosystem Assessment and the 2011 report The Economics of Ecosystems and Biodiversity (TEEB) both gave this topic a considerable boost in attention.

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Moderate Impacts	Moderate Impacts	Not applicable	Significant Impacts

Lessons and Recommendations

None.

A8. The Matrix: Mapping Payments for Ecosystem Services ⁷⁵

Partners	Forest Trends
Beneficiaries	Wider Payments for Ecosystem Services (PES) community
Duration	2008
Total Cost	\$28,000 towards total costs of \$123,000.
Scale	Global
WB TTL	NA
Outputs	PES Matrix chart and report . Payments for Ecosystem Services: Market Profiles ⁷⁶

Background and Context

This Activity is closely linked to Forest Trends' Ecosystem Marketplace established in 2003, A7. The Ecosystem Marketplace did not provide a comprehensive analysis of the current status of environmental markets, however, hence the need for a matrix. The idea originated with and was implemented by Forest Trends. The Ecosystem Marketplace team had taken a first cut at mapping the current status of environmental markets. PROFOR funding allowed this prototype to be developed into a full matrix.

As described by Forest Trends, "To map this PES landscape we researched the main PES and each of their sub-categories (compliant carbon forestry, voluntary carbon forestry, government-mediated watershed protection, compliant biodiversity offsets, among others) and their key characteristics (size, environmental impact, community impact, market participants and shapers, and emerging trends). To collect the information on such a broad spectrum of topics, we pulled together a team of authorities in PES. Each authority then performed interviews, literature searches, and web searches to collect information for a specific category of market. The result of this research is a large spreadsheet showing each market and their defining characteristics side by side. This poster-sized chart is powerful way to view and think about PES markets. We've dubbed it "the Matrix." To create a more reader-friendly format for accessing this information we've split up the Matrix into 'market profiles' that are essentially executive summaries or narratives for each market".

Objective

PROFOR supported the development of a matrix as a tool that maps the key parameters of PES markets in forestry and other sectors.

The objective was to develop a matrix which maps the size, environmental and community impacts, participants and shapers, and market trends for PES in forestry and other sectors. The matrix was to include: (i) PES payment type – voluntary, compliant, or government-mediated; (ii) PES sub-category – compliant carbon forestry, voluntary carbon forestry, government-mediated watershed protection, compliant

⁷⁵ <http://www.profor.info/node/2026>

⁷⁶ http://ecosystemmarketplace.com/documents/acrobat/PES_Matrix_Profiles_PROFOR.pdf

biodiversity offsets, among others; and (iii) key characteristics – size, environmental impact, community impact, market participants and shapers, and emerging trends.

Implementation Performance⁷⁷

While PROFOR staff was not directly involved, this was a significant collaborative effort with many PES experts and teams contributing their knowledge. Different teams performed interviews, literature searches, and web searches to collect information for their specific PES market category (as listed above). The preparatory work had been done with a minimal budget. The seed funding provided by PROFOR, even though modest by PROFOR standards, was essential in raising the overall effort up to a level where it could be properly documented and then replicated.

All Activity goals were achieved. The early versions of the matrix were comprehensively updated on the basis of expert consultations, then published and disseminated as a tool in a variety of formats (a chart, a report and a summary brief).

The output from this work was a large spreadsheet displaying information on each PES market together with defining characteristics. The large, poster-sized chart, dubbed “the Matrix”, is a visually powerful way of displaying and communicating information about PES markets. It is a “high-level orientation” tool that provides a quick way of showing actual and potential collaborators “where we are and where they are.” The emphasis in use is on communication, orientation and priority setting. People coming into and interested in the PES field are important target audiences.

Achievements and Impact

The PES Matrix is considered a living document by Forest Trends which continues to invest significant efforts in keeping the tool current and updated. This has been a challenge in a landscape of payments and markets that are still emerging, changing rapidly, and spread out across geography and institutions. A network of specialized and regional experts maintain a flow of market information to the Matrix.

The global matrix developed in 2008 when the policy environment for PES was less developed than currently. Subsequently there been significant developments in individual countries. Brazil now a leader in PES markets (Costa Rica and Honduras are others) and the states of Acre, Amazonas and Matto Grosso all have PES laws.

Forest Trends has recently received \$560,000 of funding for 3 years from Fundo Valle (a philanthropy associated with the gigantic Valle mining company) to develop a Brazil-only version of the Matrix. The process of identifying key stakeholders to help and adapt the “engineering” of the global matrix to the Brazilian context recently began, with meetings held in four different parts of Brazil. The Ministry of Environment has indicated its wish to be a participating partner. A key goal is for the Brazilian instrument to be as user friendly as possible.

Another potential user is the Commission for Environmental Cooperation (CEC) – to support cooperation among the NAFTA partners (USA, Canada and Mexico). Forest Trends is working with CEC to update, tailor and use a new version of the matrix.

⁷⁷ A PROFOR Completion Report could not be located for this Activity.

There has been little or no interest within the World Bank, despite increasing attention to PES within the institution.

Overall, this appears a very cost effective and successful investment of \$28,000.

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Minor Impacts	Moderate Impacts	Moderate Impacts	Not applicable

Lessons and Recommendations

None.

A9. Mobilizing Ecosystem Service Payments in China ⁷⁸

Partners	Sara J. Scherr, Ecoagriculture Partners; Michael T. Bennett, Peking University; Molly Loughney and Kerstin Canby, Forest Trends.
Beneficiaries	PES community and Ecocompensation practitioners in China
Duration	2006
Total Cost	\$75,000 PROFOR contribution
Scale	China
WB TTL	
Outputs	Report: Developing Future Ecosystem Service Payments in China: Lessons Learned from International Experience (2006)

Background and Context

In 2005 China had arguably two of the world's largest publicly-funded Payment for Ecosystem Services (PES) schemes. Over RMB 50 billion (\$8 bn.) had been invested in 7.2 million ha of cropland under the Sloping Land Conversion Program, while the government was investing RMB 2 billion (\$0.3 bn.) annually on 26 million ha of forest through the Forest Ecosystem Compensation Fund. However, attempts within China to expand and diversify PES arrangements had encountered many barriers and showed less progress than, for example, in Latin America.

⁷⁸ <http://www.profor.info/node/20>

PES is referred to as “ecocompensation” in China although the concept of the latter is much broader, having originated as an earmarked tax on extractive development to fund the Environmental Protection Bureau, then later being taken up by local governments for water rights trading programs.

Objective

To support renewed efforts at engaging the private sector in biodiversity conservation in China, by supporting a lessons-learned review of international PES schemes. Key intended audiences included The China Council on International Cooperation on Environment and Development Ecocompensation Taskforce.

Proposal Development Process

The idea for this Activity originated from Forest Trends, a Washington, DC-based NGO and frequent PROFOR partner. A report and a workshop were the planned outputs. The PROFOR grant to Forest Trends included another global-scale PES Activity, A8, although the two Activities were implemented separately.

Implementation Performance

The Activity was completed as planned, with the report discussed at a major conference and two workshops where international experts shared their experiences. Although the PROFOR Completion Report states that the report was printed in both English and Chinese, our understanding is that the report itself is only available in English even though workshop materials were prepared in Chinese.

Achievements and Impact

The main report from this Activity did exactly what it set out to do: “capture the international evolution and current status of major types of Payments for Ecosystem Services, summarize the lessons that international experience provides regarding how best to design and implement PES schemes, and synthesize findings especially relevant for China.”

The report has been widely cited and received positive reviews. Some commentators noted that the report also did a good job in explaining the situation in China to the international community.

Directly as a follow up, the Asian Development Bank (ADB) subsequently contracted Michael Bennett, a lead author of the report, to produce further publications on this topic and to work with the National Development Reform Commission (the major economic planning office of the central government) on drafting national ecocompensation regulations for China. ADB also supported several subsequent PES/ecocompensation conferences and is supporting the establishment of a new ecocompensation “knowledge hub” at the Ecosystem Policy Research Centre of the China Agricultural University.

Ecocompensation, particularly related to water use, appears to have grown considerably in significance and features in China’s 12th 5-year plan released in 2011. Ecocompensation schemes have become more widespread and local governments have felt encouraged to publicize their programs and successes in this area. The topic receives extensive coverage in ADB’s 2012 report “Toward an Environmentally Sustainable Future: Country Environmental Analysis of the People’s Republic of China.”

These notable advances seem at least partially attributable to the report and workshops supported by PROFOR as well as the continuing discourse led by ADB. The World Bank China team has followed this Activity with interest although has not been directly involved.

This appears an extraordinarily cost-effective and successful Activity, which might possibly have been even more influential if the original report had been translated into Chinese.

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Significant Impacts	Significant Impacts	Not applicable	Moderate Impacts

Lessons and Recommendations

While the presentation of the original report in English only does not appear to have been a significant negative factor, ideally such reports would be translated into the national language.

A10. United Nations Forum on Forests. Analysis of the NLBI on financial needs and available sources ⁷⁹

Partners	UNFF Secretariat, members of the Advisory Group on Finance (AGF) of the Collaborative Partnership on Forests (CPF) (i.e., FAO, the GEF Secretariat, ITTO, UNFCCC Secretariat, and WB)
Beneficiaries	The UNFF has universal membership therefore all UN member states indirectly benefit.
Duration	5 months (June – October 2008) – Originally planned as 6 months
Total Cost	Concept Note budget \$150,000 – Actual cost to PROFOR \$88,625.80
Scale	Global
WB TTL	Gerhard Dieterle (ARD Forest Team Leader), with Patrick Werkooijen (ARD Forest Team) and John Spears (ARD Forest Team Consultant)
Output	Financing Flows and Needs to Implement the Non-legally Binding Instrument on All Types of Forests. Simula, M. (2008) for UNFF

Background and Context

The Non-Legally Binding Instrument on All Types of Forests (NLBI) was adopted on April 28, 2007. The NLBI has four Global Objectives on Forests (GOFs) of which the fourth is to “*reverse the decline in official development assistance for sustainable forest management and mobilize significantly-increased new and additional financial resources from all sources for the implementation of SFM.*”

Reaching consensus on sustainable forest management (SFM) financing has been one of the most difficult issues for the United Nations Forum of Forests (UNFF) since its inception in 2000. The various UN common

⁷⁹<http://www.profor.info/knowledge/analysis-financing-flows-and-needs-implement-non-legally-binding-instrument-nlbi-all-types>

interest groups (e.g., the G77 and China, Juscanz and the EU) have different political positions on SFM finance.

The eight session of the UNFF (20 April – 1st May 2009) met to consider “*means of implementation for SFM*”, which includes forest finance, as well as a separate agenda item for a possible decision on a “*voluntary global financial mechanism/portfolio approach/forest financing framework for sustainable forest management.*” In 2008 there was scant information on and analysis of global financial flows and needs in the forest sector and this, among other factors, was hampering the negotiations on forest finance under the UNFF.

In order to address the information gap and to contribute to advancing the forest finance discussions, World Bank staff on behalf of the Advisory Group on Finance (AGF) of the Collaborative Partnership on Forests (CPF) to which WB is a member, prepared a Concept Note for a PROFOR activity for an analysis of financial flows and gaps.

Objectives

The project was intended to provide a systematic and objective analysis of the funding sources and gaps vis-à-vis the NLBI to support the planned UNFF open-ended Ad-Hoc Expert Group on Finance (AHEG) meeting. The analysis would present an overview of the specific elements of the NLBI, including Global Objectives on Forests, national measures and international cooperation and corresponding (related) existing sources, and lessons learned. The outcome was expected to provide substantive inputs to the preparation of official documents for the AHEG 1 and preliminary preparations for the UNFF8, and was to be presented during the AHEG and UNFF8 meetings. The activity was considered relevant to other World Bank initiatives related to climate change finance such as the Forest Investment Fund and the Global Forest Partnership.

Proposal Development Process and Implementation

The AGF determined the scope of the project, prepared the terms of reference for the task and jointly selected the consultant to be contracted by the UNFF Secretariat with PROFOR funds. The selection of the consultant was critical due to the demanding nature of the assignment and limited time available (a few months). The expected outcome was a “comprehensive analytical report on existing funding sources, their relation to the provisions of the NLBI, requirements and gaps, current trends and preliminary projections for the future regarding forest-related finance.” The study encompassed both ODA funds allocated for forest sector work as well as funds for forest conservation.

The most challenging aspect of the process was the lack of adequate and readily available data. There was little data on foreign and domestic private sector investment and financing, and national level data on issues such as domestic expenditures and revenue in the forest sector was not available for many developing countries. The study therefore focused on external sources, using existing global and regional-level sources and databases. A survey among bilateral and multilateral forest sector donors was also conducted.

The selected consultant, Markku Simula, provided intellectual leadership, developed a data collection methodology and otherwise met the expectations of the Concept Note. CPF members beyond the AGF provided inputs to the analysis and reviewed the drafts prepared by the consultant. The PROFOR team provided coordination, substantive input and support to the work of the consultant.

In spite of the data limitations, this study has provided the best analysis to date of this topic. The study fully met the UNFF expectations. Although the cost was modest, PROFOR’s contribution was pivotal as it seems unlikely that other AGF members would have been able to mobilize and allocate the required funding at such short notice.

The following are key findings of the report:

- Current financial flows are insufficient to achieve SFM (gap between needs and actual finance flows);
- The gap analysis showed which countries were receiving the least funding (e.g., SIDS, LDCs, and low forest cover countries (LFCC)) and also areas in which support was needed but little financing was provided (thematic gaps);
- The trend in ODA flows to forests had been reversed upwards (later confirmed by the updated CPF Study in 2012) but growth was not significant;
- Importance of the private sector as the main source of forest finance;
- Lack of demand for forest ODA in developing countries due to low political priority given to forests, which results in underutilization of available resources; and
- The significance and limitations of forest climate financing.

The report, the first contribution of the CPF, was well received by AHEG (there were no points of contention according to various interviewees) and its findings incorporated in the UN Secretary General report to UNFF8. ⁸⁰ The results of the analysis were also presented to targeted audiences such as WB staff working in the design of the Forest Investment Program (FIP) and the Global Environment Facility (GEF).

The report is available in the PROFOR, CPF and UNFF websites, and there is ample evidence through the interviews conducted that the study and its results are known to the global forest community.

Achievements and Impact

The most important and immediate impact of the study was on the decisions made during the Special Session of UNFF9 (November, 2009) concerning the “*means of implementation*” of the NLBI. While UNFF8 could not reach a decision with respect to forest finance ⁸¹, the Special Session to UNFF9 achieved consensus on the way forward. A key decision was the establishment of a “*facilitative process for SFM*” ⁸² to be initiated immediately following the Special Session to UNFF9, to address the special needs of countries that had faced decline in forest financing as identified in the 2008 study (e.g. Africa, LDCs, low-forest-cover countries, and small island developing States). The facilitative process is still ongoing.

⁸⁰ ECOSOC Document E/CN.18/2009/9

⁸¹ According to some interviewees the findings of the 2008 study were used by member states during UNFF8 to justify divergent positions on forest finance: developing countries used the finding on the large gap between needs and available funds to insist on the establishment of a new and dedicated global forest fund, while donor countries pointed to the need to fully utilize available ODA funds.

⁸² The functions of the *facilitative process* are: Assist in mobilizing new and additional financial resources from all sources for SFM; assist countries in mobilizing, accessing and enhancing the effective use of existing financial resources; identify, facilitate and simplify access to all sources of finance for SFM; identify obstacles to, gaps in and opportunities for financing SFM; assist countries in developing national financing strategies for SFM; facilitate the transfer of environmentally sound technologies and capacity-building to developing countries; provide advice, and share examples of good practice in improving the enabling environment for SFM, in order to attract public and private-sector investment and philanthropic funding; enhance coordination, cooperation and coherence among relevant funding sources and mechanisms to improve the implementation of the NLBI and to improve the effective and efficient use of available financial resources.

The study was also useful for other forest finance processes. A special version of the study was produced as an input to the design of the FIP following a presentation to the WB FIP team, and the Bank analysis on financing needs was largely based on the study. The GEF 5 strategy on sustainable forest management was also informed by the study, which continues to be a key reference for forest financing negotiations under the UNFF, as demonstrated by several country statements during the AHEG 1 and AHEG 2 meetings.

While the report's content is becoming outdated, its data has become the standard baseline against which changes in global forest finance can be measured overtime. It has also had an effect on subsequent forest finance work by the UNFF and others:

- A UNFF follow-up “*Study on Forest Financing*” was prepared by the AGF in 2012. This new study expands and updates the information provided in the 2008 report but the overall approach is largely the same. It should be noted that some interviewees were of the opinion that the figures provided in the earlier paper had a more solid foundation than those in the updated report, which may affect forest finance discussions in UNFF10.
- The UNFF Secretariat is still using the 2008 study as key reference in the sub-regional consultation and training workshops organized in the context of the *facilitative process*.⁸³
- More importantly, as a key input to the facilitative process, UNFF commissioned INDUFOR to carry out a large number of more detailed studies (macro level and country case studies) on forest finance for Africa⁸⁴, LDCs, LFCCs and SIDS, and these studies have largely applied the approach and method developed for the 2008 analysis.
- The report has been used as educational material in some universities such as the University of Helsinki in Finland and that of Nancy in France. A search in Google Scholar revealed eight citations in recent research and policy papers including a December 2012 paper commissioned by UNFF on the economic contributions of forests.⁸⁵ Other PROFOR papers and activities also quote the findings of the 2008 study.⁸⁶

This was clearly a highly successful and influential Activity that demonstrated PROFOR's capacity to respond quickly and flexibly, then ensure a timely, high quality, widely-cited product that filled a major global knowledge gap concerning financial sources, flows and needs in forest sector.

⁸³ For example, see documentation provided for the *Second workshop on forest financing in Africa and Least Developed Countries*, Nairobi, Kenya, 8 - 10 January 2013.

⁸⁴ For example, the Africa studies include two macro-level analysis encompassing 54 African countries and two case studies, Tanzania and Tunisia. The objective is to improve the understanding of financing and investments through: Assessing the present financing flows and channels; Assessing the demand for financing; Identifying gaps and challenges in mobilizing (additional) financing; Seeking lessons and success stories; Studying the enabling environment that would be conducive for enhanced forest financing.

⁸⁵ Arun Agrawal, Ben Cashore, Rebecca Hardin, Gill Shepherd, Catherine Benson, Daniel Miller- Background paper 1: Economic Contributions of Forests, Draft December 22, 2012. Prepared for UNFF

⁸⁶ For example, Rethinking Forest Partnerships and Benefit Sharing.

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Significant Impacts	Significant Impacts	Moderate Impacts	Not Applicable

Lessons and Recommendations

The success of this Activity was due to the following factors: Firstly, the Activity was designed in response to an expressed need by the Parties involved in the negotiations of the NLBI, which ensured that the results of the study would become known to most countries and stakeholders in the forest sector, and considered by member states and institutions engaged in the negotiations; Secondly, PROFOR's flexibility and ability to provide the funding, coordination, and high quality substantive support to the Activity was key to delivering a final high quality product in less than six months on behalf of the CPF/AGF. Without PROFOR's involvement it is highly unlikely that UNFF or other CPF members (including the World Bank) would have been able to mobilize the financial and technical resources required to produce a timely output. Thirdly, the involvement in and ownership of the study results by the UNFF Secretariat and CPF members was very important to ensure that the study would indeed be well received by member states and facilitate negotiations.

A11. Best Practices in Financing Protected Areas ⁸⁷

Partners	World Bank ECA Region; Ministry of Culture, Republic of Croatia
Beneficiaries	Ministry of Culture, Republic of Croatia
Duration	3/20/2009 to 4/30/2010 (2 month extension granted)
Total Cost	\$149,400 (PROFOR); \$20,000 (WB Staff time and travel)
Scale	Regional, with emphasis on Croatia
WB TTL	Karin Shepardson
Outputs	<ul style="list-style-type: none"> • Valuation of Tourism Benefits for Croatia's Protected Areas (Mar. 2010) • Sustainable Financing Review for Croatia Protected Areas (Oct. 2009)

Background and Context

Croatia applied for EU membership in 2003 and was granted candidate country status in 2004. Following the completion of negotiations, Croatia signed the EU Accession Treaty in 2011 and ratification is expected to be concluded during 2013.

Natura 2000 is an EU-wide network of nature protection areas recognized as the centerpiece of EU nature & biodiversity policy. Countries seeking to join Natura 2000 must meet European environmental requirements

⁸⁷ <http://www.profor.info/profor/node/1898>

which require engaging in better management of natural resources, developing new approaches for public and private collaboration, and finding sustainable methods to finance the expansion of their protected areas.

To support efforts to improve the financial management of biodiversity conservation in transition and accession countries in Southeastern Europe (Croatia, Bosnia and Herzegovina, and Albania) PROFOR supported: (i) a synthesis of best practices in financing mechanisms and levels in Europe, Latin America and the Caribbean; (ii) a study of public willingness to pay to protect nature and biodiversity; and (iii) a review of current financing levels and mechanisms in Croatia.

This work mainly focused on Croatia, which by 2009 had identified a network of around 1,000 potential Natura 2000 sites and was preparing a US\$29 million Bank loan for the “European Union Natura 2000 Integration Project.”

Objectives

The objectives were (i) to help improve the financial management of biodiversity conservation in Croatia (partly based on information obtained by visitor surveys), and (ii) to help governments in the region better value national parks, forests and biodiversity. Expected outcomes included encouraging Croatia and governments, NGOs and the public in neighboring countries to align their nature protection expenditure with that of Western and Northern Europe, with study outputs providing benchmarks in these countries that would contribute to alignment with EU environmental standards.

These formal objectives seem over ambitious for a \$150,000 background study. Certainly, one might anticipate that work of the type conducted here would make a contribution to the long-term process of building an enhanced level of understanding and appreciation of protected area management issues. But the idea that an Activity of such modest scope “*will likely encourage the Croatian government and maybe even other regional governments to align their nature protection expenditure with that of Western and Northern Europe*” seems unnecessarily optimistic.

Documentation of the internal World Bank peer review process for the Activity proposal proved hard to find or reconstruct, which is a risk from conducting such reviews by emails that have not been systematically archived.

Implementation Performance

The Activity was carried out and supervised by the ECA Region, which provided strong guidance to the consultants who prepared the reports. Croatian officials were helpful in arranging the field work and visits to the protected areas. PROFOR's contribution was supplemented by a \$20,000 allocation from the Bank's budget to cover staff time and travel. As planned, two substantive studies were completed, generating high quality and timely reports: (i) a review of international best practices for financing nature protection and their applicability to Croatia, giving recommendations on feasible entrance fees, concession arrangements, and private sector involvement, and (ii) an estimate of the value of tourism benefits at eight protected areas in Croatia.

Buy-in from both the Croatian government and the Bank's ECA region was strong. The Activity was timely given the impending the preparation of the Bank's \$30 million EU Natura 2000 Integration Project, which benefited greatly from the Activity's economic analysis of Croatia's protected areas as well as the international review of conservation financing best practices. This does raise the question of whether such studies should have been funded through the loan preparation budget, although the intention to inform activities in neighboring countries is an argument supporting the case for PROFOR support.

Achievements and Impact

The studies were useful to Croatia on the highly-demanding pathway to EU Accession. The outputs also made significant contributions to the preparation of the Bank's EU Natura 2000 Integration Project, not least by helping persuade the Croatian Ministry of Finance to support the associated loan. Bank staff familiar with this project have argued forcefully that the Natura 2000 loan was prepared to an extremely high standard, with the work financed by PROFOR providing critically-important inputs on the financial aspects of park management. In the long term, the two studies are likely to help guide Croatia's priority investments and services in protected areas and to define best options and opportunities for revenue generation.

On the other hand, the impact of this Activity in countries outside Croatia is less certain. The dissemination workshop, originally planned to include representatives from Albania and Bosnia-Herzegovina, was eventually limited to attendees from Croatia, apparently for budgetary reasons. While the reports were circulated by email and are available online, the systematic dissemination of lessons to other transition and accession countries in Southeastern Europe as originally envisioned in the Concept Note did not take place. Our recent enquiries to regional WWF, IUCN and UNDP-GEF biodiversity conservation programs did not detect awareness of the PROFOR-supported work done in Croatia. While far from conclusive, this does suggest that the reports produced may not have been disseminated as effectively as expected.

The Completion Report for this Activity lists two expected actions in Croatia that did not take place, although it is beyond the scope of PROFOR to track or influence these:

1. *"As a result of the discussion of the findings of the two reports, the Ministry of Culture (now the Ministry of Environment and Nature) decided to create a new staff position focused on the economic issues of protected areas."* According to an official at the Ministry, this did not take place due to restrictions on employment imposed by the country's economic crisis. The Nature Protection Directorate is trying to address this issue by allocating this responsibility to staff of the Project Implementation Unit of the Bank-financed European Union Natura 2000 Integration Project.
2. *"A preliminary agreement with Ministry of Finance was made to establish an inter-government (likely with NGO representation) technical working group to help pursue this work and in particular to tackle the policy issues related to more sustainable park finance."* The working group was not established, nor are there plans to do so in the near future.

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Minor Impacts	Moderate Impacts	Minor Impacts	Not Applicable

Lessons and Recommendations

Achievement of the regional objective of this Activity appears to have been hampered by both the lack of a strong plan for dissemination of the findings of the studies to countries outside Croatia, and by insufficient budget to carry out this task. Hence, PROFOR may want to ensure that future Activities of this type include an up-front plan and budget for targeted and strategic dissemination and of the knowledge gained by the work.

A12. Mexico Community Forestry Enterprise Competitiveness & Access to Markets ⁸⁸

Partners	World Bank Latin America and Caribbean Region , CONAFOR
Beneficiaries	The National Forestry Commission (CONAFOR)
Duration	7/15/2009 to 12/31/2012
Total Cost	\$150,000 (PROFOR) \$80,000 (CONAFOR cash and in-kind)
Scale	Mexico
WB TTL	Robert R. Davis
Outputs	<ul style="list-style-type: none"> • Guía para la Evaluación Económica y Financiera de Proyectos Forestales Comunitarios en México • Financial and Economic Evaluation Guidelines for Community Forestry Projects in Latin America • Competitiveness and Market Access of Community Forestry Enterprises in Mexico (title translated – Original title is “<i>Competitividad y Acceso a Mercados de Empresas Forestales Comunitarias en México</i>”)

Background and Context

Mexico has the most advanced community forestry sector in Latin America, with hundreds of villages managing and operating commercial forestry enterprises that have emerged during the last 25 years for both timber and non-timber products.

The Bank has consistently supported environmental, forestry and biodiversity projects in Mexico over the past 20 years.⁸⁹ In the forestry sector alone, the National Forestry Commission (CONAFOR) has implemented three Bank-funded projects – Community Forestry I and II (closed), and starting in 2012 the Forests and Climate Change Project. The latter, a US\$775 million project entails a Bank loan of US\$350 million.

The Activity arose from the recognition that – despite extensive investments into community forestry by the Mexican government, the Bank and donors – in depth sector work on the economics of community forestry in Mexico focusing on profitability, poverty reduction, and sustainability was lacking. Previous work on the economics of community forestry in Mexico and its potential to be competitive has mostly been done in isolation from critical stakeholders in the sector, or as limited case studies.

⁸⁸ <http://www.profor.info/profor/node/1901>

⁸⁹ Bank managed projects led to the creation of the Natural Protected Areas Commission and the National Protected Area Trust Fund (through an initial GEF contribution). The National Forestry Commission (CONAFOR) implemented the Bank/GEF financed “Payment for Environmental Services” amounting to US\$142 million. CONAFOR also worked with the Bank to develop the country’s Climate Change Adaptation Strategy and the National REDD Strategy (through the Bank’s Forest Carbon Partnership Facility). In 2008, CONAFOR absorbed the activities initiated by the GEF Community and Indigenous Biodiversity Conservation Project. With CONABIO, the Bank implemented the GEF Mesoamerican Biological Corridor Project (closed in 2009). At the regional level, the Bank worked with Mexico, Belize, Guatemala and Honduras in the Mesoamerican Barrier Reef System (closed in 2007).

The *Guideline for the Financial and Economic Evaluation for Community Forestry Projects in Mexico* built on the methodology developed by Gittinger in 1982 for economic analysis of agricultural projects,⁹⁰ adapting it for the analysis of community forestry enterprises. It also made use of the 1979 FAO paper on the Economic Analysis of Forestry Projects.⁹¹ The financial calculations in the research report were based on the methodology devised by Cabbage *et al.* (2007, 2010), with some modifications to adapt them to the specific characteristics of Mexican forests.

Objectives

The Activity aimed to provide the first robust analysis of the financial status of a representative sample of Community Forestry Enterprises (CFEs). The research question being addressed is: have investments in community forestry been an equitable transfer/subsidy to the rural poor (raise the income of disadvantaged communities) or an investment on a profitable, competitive and sustainable industry (or both).

The objectives of the study itself seem appropriate for a \$150,000 applied research study. The above long term objectives, stated in such ambitious language, are not unusual in PROFOR or in the World Bank more broadly. While we do not discount the importance of the identification of areas where a study such as this *could* make a contribution, whether or not such objectives are achievable by this study alone is another matter.

Implementation Performance

The Bank's LAC Region was the proponent and has been responsible for coordinating and supervising the research. Bank staff has remained greatly vested and involved in all aspects of the work, which drew on experienced consultants to help develop the methodology and analyze the data. Following some early delays there was exemplary collaboration between the key individuals and organizations involved in the research. The study was designed using a highly participatory process – government, NGO, academic and private sector stakeholders participated in three separate workshops to discuss the research goals and to design and test the survey instrument. CONAFOR played a key role in ensuring the success of the data collection process and providing a link to government policy making. Unlike many Bank products, the report was drafted and refined in Spanish, facilitating the direct involvement of non-English speaking partners in Mexico.

The research itself included surveys of 30 randomly selected CFEs in 12 states. The survey instrument consisted of 8 modules (186 questions), including geographic data, number of employees, silviculture, management plans, use and sale of timber and forest products, sawmill practices, value added, decision making processes, credit and subsidies, administrative costs, and financial data—all potentially sensitive information. Field surveys were administered by a highly effective and motivated team of Mexican forestry extension officers led by CONAFOR. Having local agents conduct the interviews helped the CFEs feel comfortable with disclosing confidential financial information with anonymity guaranteed, a unique feature of this study.

The research carried out under this Activity appears to be unique in both scope and depth. As mentioned earlier, previous work on the economics of community forestry in Mexico and its potential to be competitive had not involved critical stakeholders in the sector or were limited case studies. While not a research study, it is worth mentioning that for the past year, IPAM and the United States Forest Service International

⁹⁰ Gittinger, J. Price. 1982. *Economic Analysis of Agricultural Projects*, 2nd Ed. The Economic Development Institute of the World Bank, the Johns Hopkins University Press. Baltimore. 505 p.

⁹¹ Gregersen, Hans M. and Arnoldo H. Contreras. 1979. *Economic Analysis of Forestry Projects*. FAO Forestry Paper 17. Food and Agriculture Organization of the United Nations. Rome. 193 p.

Programs have been implementing a project aimed at Strengthening Community-based Forest Enterprises in the Amazon by training project partners in simplified financial analysis for CFEs, completing participatory case studies of CFEs, and developing policy recommendations with partners to support community forestry in the Amazon region.⁹² This data, together with the one collected under this Activity may provide useful insights into the economics and competitiveness of CFEs.

Achievements and Impact

The main report on the study titled “Competitiveness and Market Access of Community Forestry Enterprises in Mexico”⁹³ was approved by CONAFOR in early June 2013. Key CONAFOR staff appears seriously committed to using the results of the study to guide their investment priorities and help enhance the profitability and sustainability of CFEs. There are also strong indications that the process of designing and carrying out this study, and the dialogue it has generated, has strengthened CONAFOR’s ability to carry out more applied policy research in the future. Moreover, the survey instruments, methodology and interviewer training materials have the clear potential to be of value in and beyond Mexico.

Mexico is recognized as a leader in community forestry and is already a focus of international attention. The prospects for the results of this study being influential – if effectively communicated – are therefore reasonably high. This Activity appears highly innovative and impressive in many ways, but its ultimate success and influence seems likely to depend on some key decisions involving the dissemination of the study results and their policy implications, which may require additional budgetary resources.⁹⁴

Specifically, the report, while an extremely impressive research product is, perforce, technical in nature and therefore unlikely to be accessible outside a limited audience. The participating CFEs –who were promised a copy of the results, seem unlikely to be able to make productive use of such a document. Consideration should therefore be given to developing more user-friendly study outputs, and possibly a Tool Kit that could be used by CFEs (perhaps with the support of extension officers or NGOs) to carry out their own analyses of business profitability. A possible model could be the current project underway by IPAM and the United States Forest Service International Programs mentioned earlier, where project partners are being trained to do simplified financial analysis of CFEs, and are completing participatory case studies of CFEs.

At the time of this evaluation, CONAFOR aims to disseminate the findings of the report at a national Forestry Expo in September 2013, but has no plans for international dissemination beyond posting the report on the CONAFOR and PROFOR websites.

Impact Rankings

Influencing policies or policy dialogue	Advancing knowledge/ Understanding	Developing new tools and methods	Strengthening networks
Too Early to Tell	Too Early to Tell	Major Impacts	Not applicable

⁹² <http://www.ipam.org.br/uploads/conteudos/c3d07ff9c60197c1800f63d6550a5041b395f096.pdf>

⁹³ Title translated - Original title is “*Competitividad y Acceso a Mercados de Empresas Forestales Comunitarias en México*”.

⁹⁴ The TTL for this Activity indicated that he is considering submitting a follow up proposal to PROFOR to carry out a second phase of work including further data analysis, dissemination of the research findings (including a workshop with the participating CFEs and another for Bank staff), and the possible creation of “user friendly” products derived from the research report.

Lessons and Recommendations

This Activity is an example of the excellent work that can be achieved through strong buy-in from the country's authorities, the active involvement of the Activity's proponent (in this case the LAC region), strong local level support and the use of qualified and committed consultants.

As discussed earlier, consideration should be given to developing more user-friendly study outputs, and possibly a Tool Kit that could be used by CFEs (perhaps with the support of extension officers or NGOs) to carry out their own analyses of business profitability.

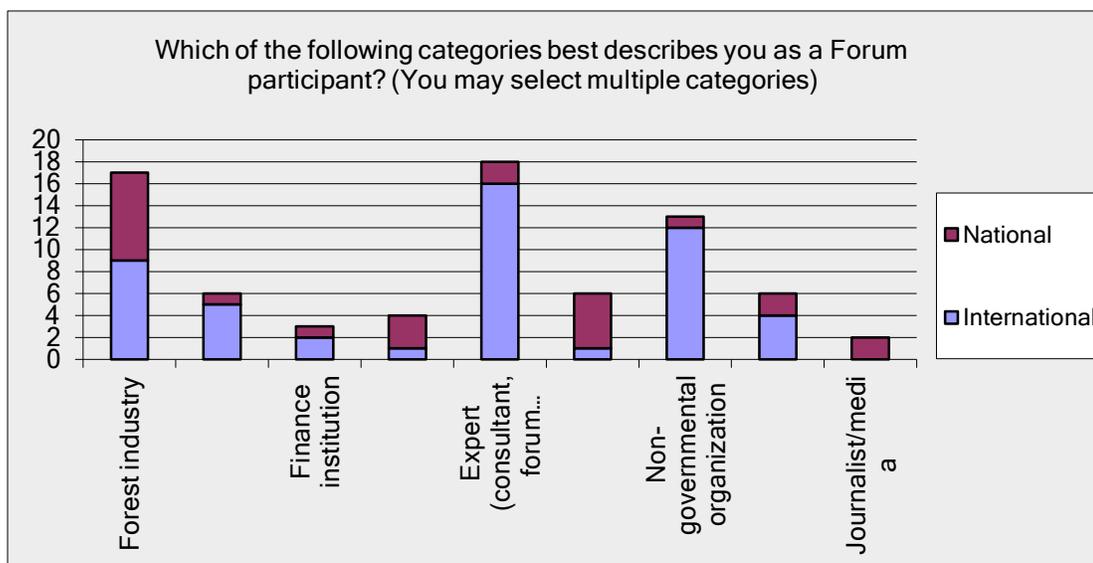
The Forest Connect (A4) network could be used to boost dissemination of the study reports.

4. Survey of Forest Investment Forums Participants

Survey conducted February – March 2013

Question 1: Please indicate which PROFOR Investment Forum(s) you have attended		
Answer Options	Response Percent	Response Count
Investment Forum on Mobilizing Private Investment in Trees and Landscape Restoration, Nairobi, Kenya 2011	62.8%	27
Eastern and Southern Africa Regional Forest Investment Forum - Investment Opportunities: Constraints to Investment and Potential Solutions - Pietermaritzburg, South Africa, 2006	25.6%	11
I attended both Forums	11.6%	5
Answers		43

Question 2: Which of the following categories best describes you as a Forum participant? (You may select multiple categories)			
Answer Options	National	International	Response Count
Forest industry	8	9	17
Forest investment fund	1	5	6
Finance institution	1	2	3
Timberland Management Organization	3	1	4
Expert (consultant. forum resource person)	2	16	18
Government	5	1	6
Non-governmental organization	1	12	13
Multilateral organization	2	4	6
Journalist/media	2	0	2
Other (please specify)			1
Answers			43



Question 3: What is your nationality?

Nationality	Number of people
Belgian	1
British	7
Canadian	1
Costa Rican	1
Democratic Republic of Congo	1
Dutch	1
Finland	3
German	1
Ghanaian	1
Indonesian	1
Irish	1
Kenyan	5
Malawian	2
New Zealander	1
Norwegian	2
South African	4

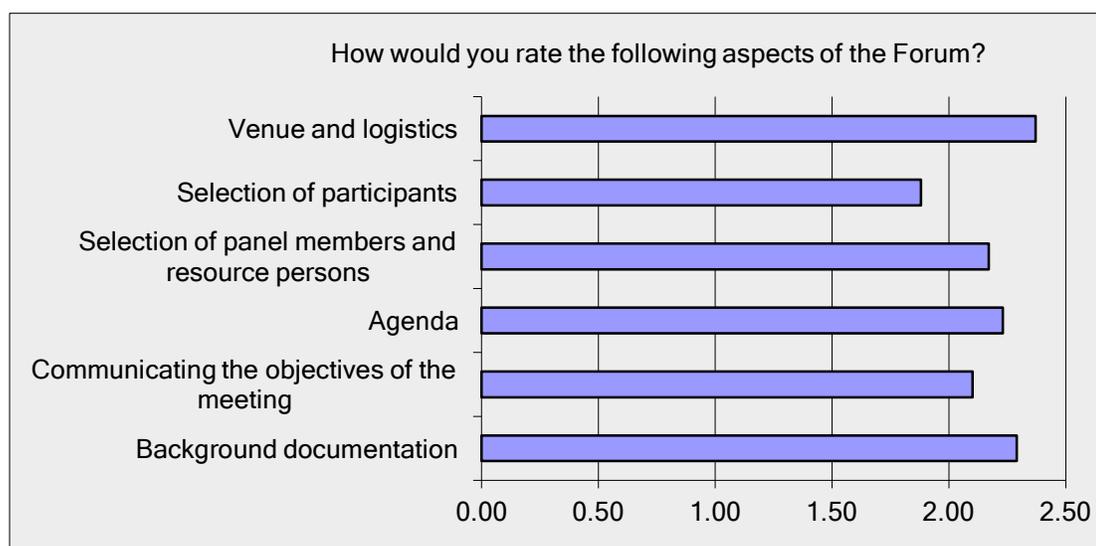
Swedish	4
Swiss	1
Tanzanian	1
North American	1
Zambian	2
Answers	42

Question 4: **What is your country of residence?**

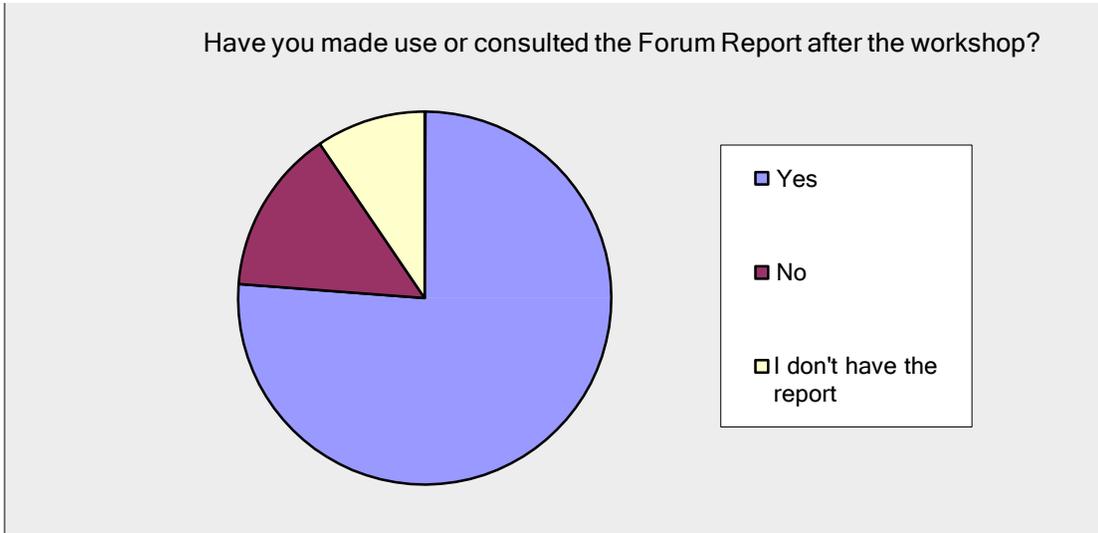
Country of Residence	Number of people
DR Congo	1
Finland	3
Ghana	1
Indonesia	2
Italy	2
Kenya	9
Malawi	1
Malawi & S. Africa	1
New Zealand	1
Norway	1
South Africa	4
Sweden	1
Switzerland	3
Tanzania	2
Timor-Leste	1
Uganda	2
United Kingdom	4
USA	2
Zambia	2
Answers	42

Question 5: How would you rate the following aspects of the Forum?

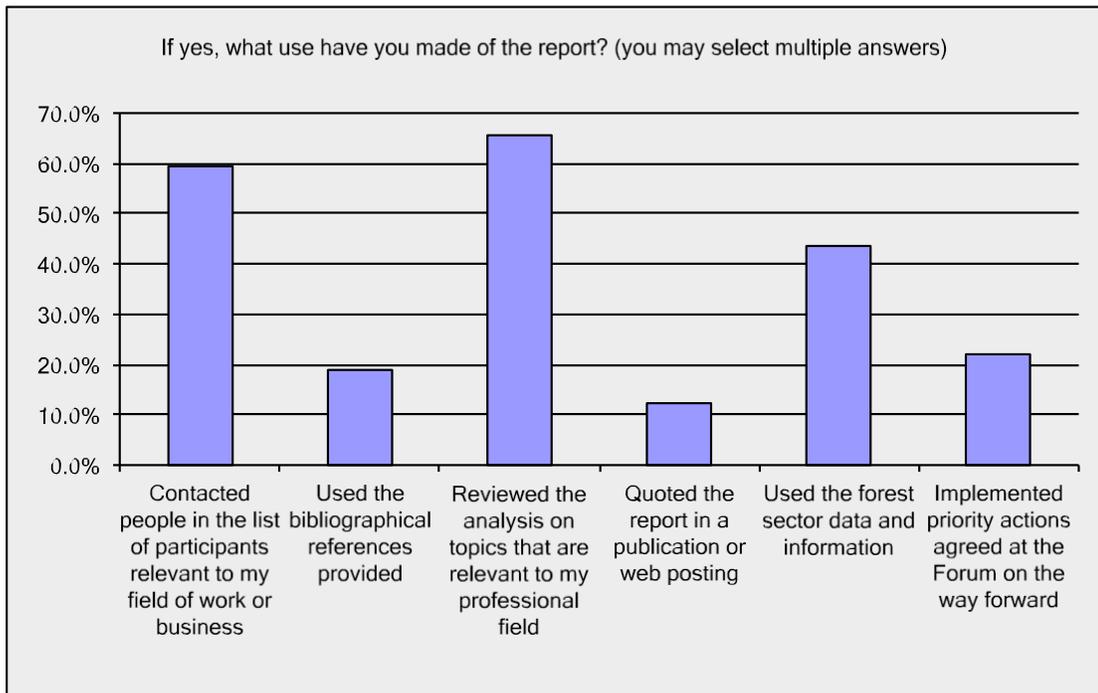
Answer Options	Excellent	Good	Moderately Unsatisfactory	Unsatisfactory	Rating Average
Background documentation	15	24	3	0	2.29
Communicating the objectives of the meeting	11	25	5	1	2.10
Agenda	11	27	2	0	2.23
Selection of panel members and resource persons	11	27	4	0	2.17
Selection of participants	8	22	9	2	1.88
Venue and logistics	17	23	0	1	2.37
Answers	42				



Question 6



Question 7

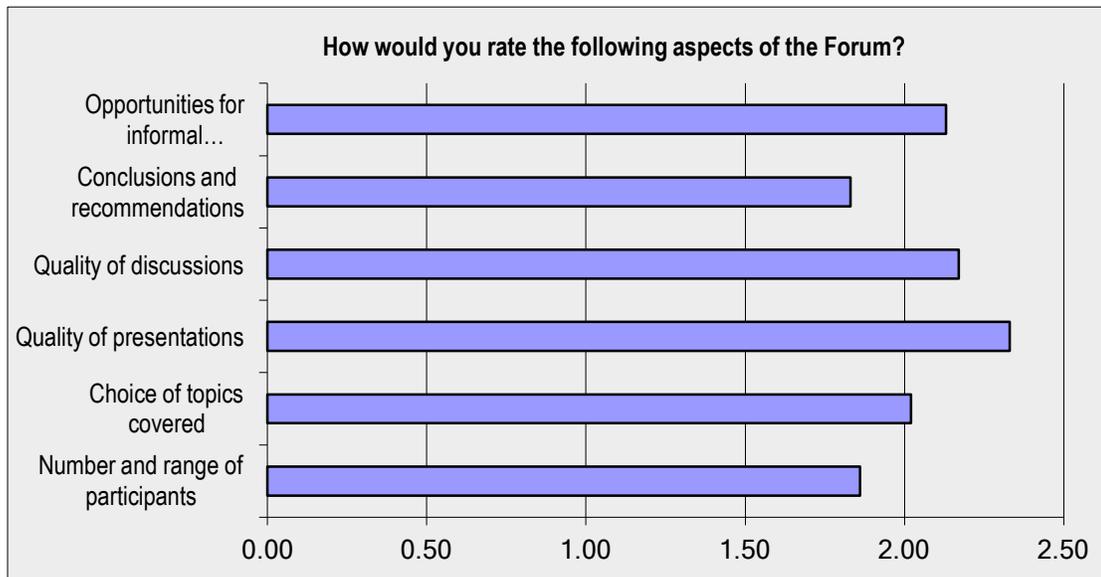


Comments:

- Followed up with a specific meeting for investors
- Used for Miti Magazine
- Report was cited in the Guide to Investing in Locally Controlled Forestry. Currently being used in a project evaluating small-holder landscape restoration.

Question 8: How would you rate the following aspects of the Forum?

Answer Options	Excellent	Good	Moderately unsatisfactory	Unsatisfactory	Rating Average
Number and range of participants	5	28	7	2	1.86
Choice of topics covered	8	28	5	1	2.02
Quality of presentations	14	28	0	0	2.33
Quality of discussions	11	27	4	0	2.17
Conclusions and recommendations	3	28	10	0	1.83
Opportunities for informal interactions/networking	11	24	4	1	2.13

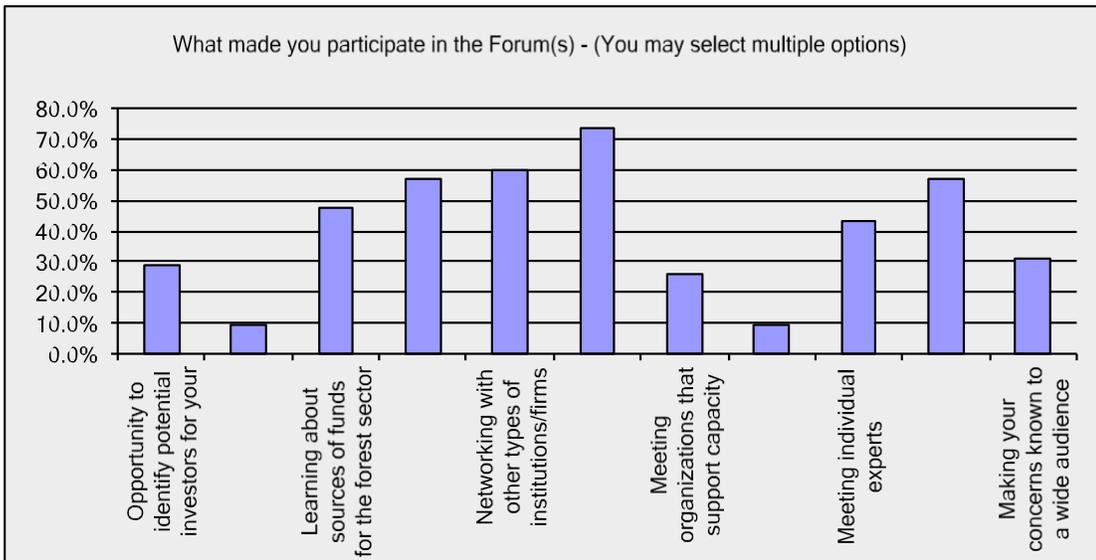


Comments:

- Limited time for discussions
- Involving the private sector was very productive and gave new perspectives. Discussion excellent because of good choices of people and good moderation
- The focus on investment and its key determinants could have been much more both at industrial scale and in small/medium enterprises.

- The participants were all very knowledgeable in their field of experience and interaction was easy and efficient. Moreover all participants were very transparent and open.
- Not enough participants from the private sector
- There was a lack of private sector investors.
- At Kenyan conference the investment aspect was unclear, being dominated by agroforestry and the landscape concept.
- Limited/no international investors

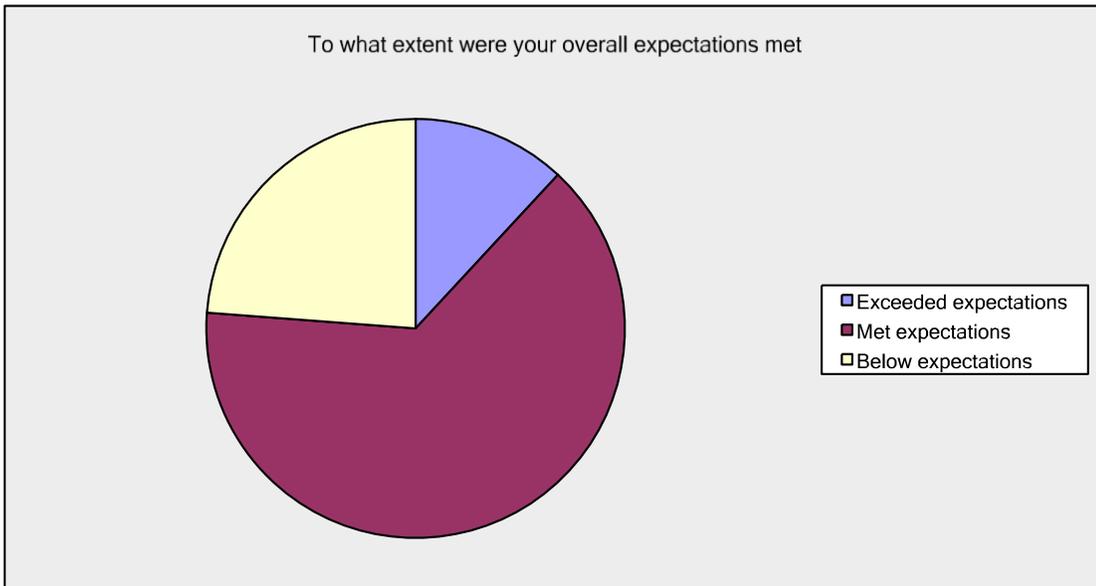
Question 9: What made you participate in the Forum(s) - (You may select multiple options)		
Answer Options	Response Percent	Response Count
Opportunity to identify potential investors for your business	28.6%	12
Opportunity to identify potential businesses in which to invest	9.5%	4
Learning about sources of funds for the forest sector	47.6%	20
Networking with peers	57.1%	24
Networking with other types of institutions/firms	59.5%	25
Obtaining information on current forest sector activities and trends	73.8%	31
Meeting organizations that support capacity development	26.2%	11
Meeting government officials	9.5%	4
Meeting individual experts	42.9%	18
Sharing your knowledge and expertise	57.1%	24
Making your concerns known to a wide audience	31.0%	13
Other (please specify)		1
Answers		42



Comment:

- I was sent by the World Bank Office in Indonesia to accompany a group of Indonesian delegates to the Forum.

Question 10

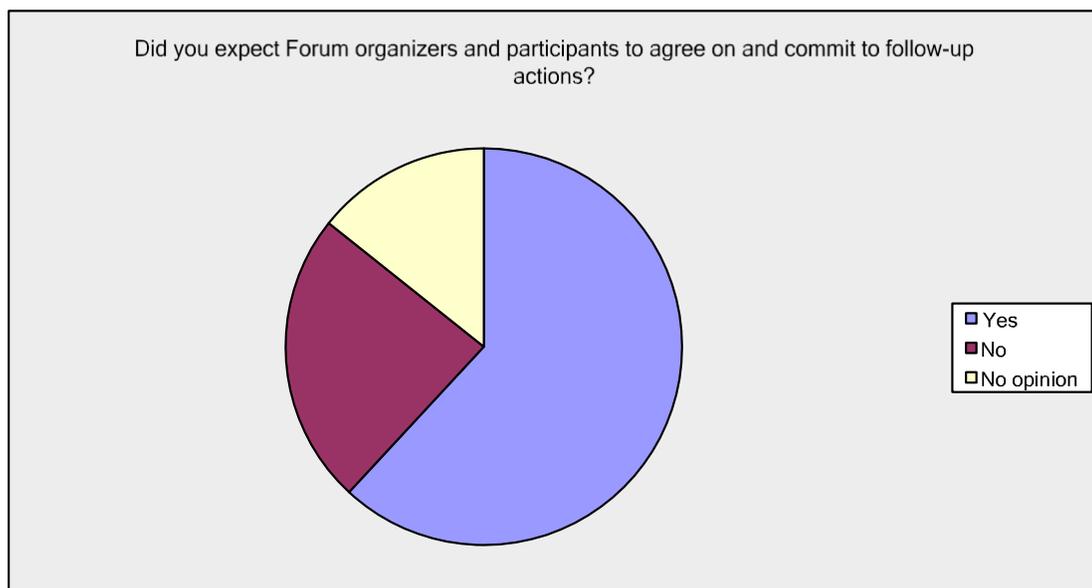


Comments:

- The spread of participant profiles was wide and focus on investment was not as deep as I had hoped.
- Participation to the forum resulted in finalizing an MOU between ICRAF and our Company. We have moreover been invited to subsequent forums related to our interests.

- South Africa meeting met expectations but Kenya one did not.
- I obtained the insight into what the DFIs and other investors were looking for, I met some interesting people and heard about what forestry projects were planned
- Would have liked to see more private sector participants
- Poor follow up and indifference when government officials contacted.
- Forum was a good opportunity to assess trends in the industry and network. However there was a lack of serious investors ready to do business in the African space.

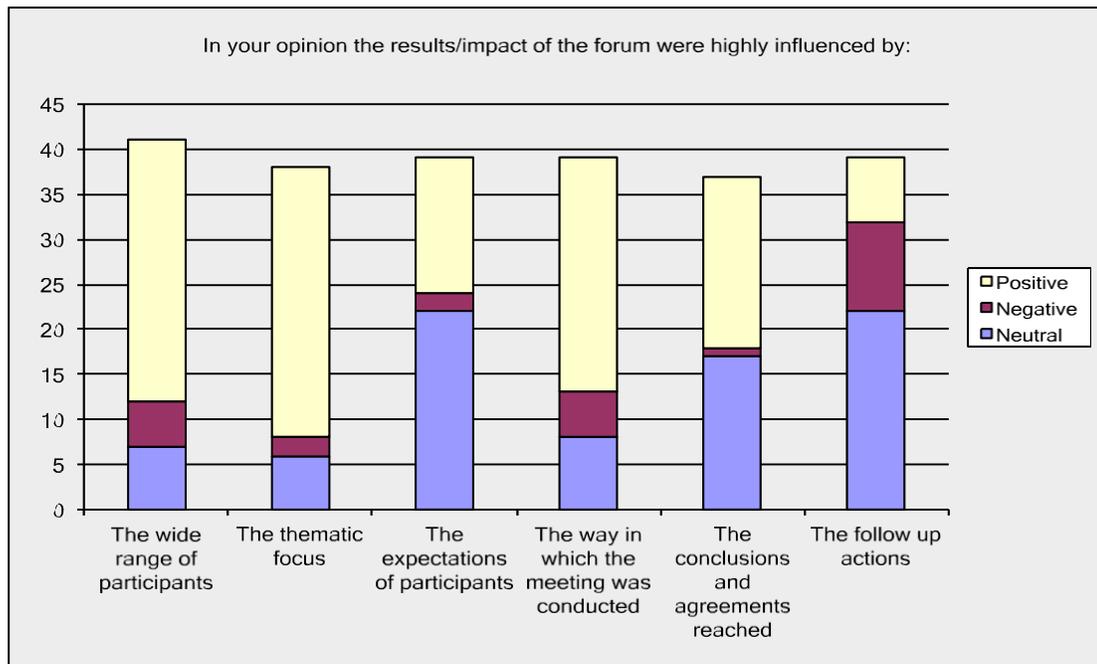
Question 11



Comments:

- Expected organization to mention procedures of accessing funds for investing in forest / agroforestry
- Sharing quality information on state of play and directions and their drivers would have been sufficient, without unrealistic expectations of joint follow-up by the diverse audience.
- This initiative is new and doesn't make sense without a follow up. Participants need to share their experiences after the forum and the platform of attendance can still be opened to more and other players in the different domains and industries from different countries.
- It depends on the agenda.
- Given the name of the Forum, I had expected that investments would somehow follow.
- If one goes to the trouble of organizing a gathering of this nature one expects some action thereafter.

Question 12



Comments:

- The conclusions were fairly good but the whole forum was not truly driven by such private sector thinking which really would have real impacts/ results in the field. So, the participants/organizers selection was not very optimal. I do not know what is the outcome and has there been follow up of the agreed conclusions.
- There were no follow up actions to my knowledge.
- A follow up would have been rather natural way of concluding - but perhaps that is now under way.
- A deeper focus on investment would have been highly positive. Lack of this when combined with divergent profiles of participants meant that expectations had to be modest.
- We have been contacted by John Spears for further information about our experiences on the ground. PROFOR allowed one of its representatives to visit our operations, which resulted in our presence in a blog.
- There were too few investors present.
- Very little effort was made by foreign international financial institutions/funders to identify and work with local financial institutions who are actively involved and possibly/probably more experienced in supporting the development of the forestry sector on the African continent. International funders, including the World Bank and IFC, are now viewed as competitors rather than partners with whom local financial institutions we can work with to achieve our common objectives. If another similar event is planned in the near future it is strongly recommended that the foreign financial institutions do their research and thoroughly appraise themselves on the progress, initiatives and projects that local institutions and organizations have embarked upon.

Such research should aim at identifying synergies, strengths and weaknesses with an ultimate intention of feeding off local players strengths and building on their weaknesses. Such is the nature of a true partnership. If we had found a way of working together, pooled our financial and other resources we could be talking about the projects that we have jointly implemented since 2006 and be discussing our achievements and lessons learnt rather than planning or considering yet another strategy session. The arrogant attitude whereby large international financial institutions fly in to a country, identify and develop a project themselves, and fly out needs to change.

Question 13: If you were looking for potential investors did investments materialized as a result of contacts made at the Forum(s)?

Answer Options	Response Percent	Response Count
Yes	14.3%	6
No	35.7%	15
Not applicable	50.0%	21
Answers		42

Comments:

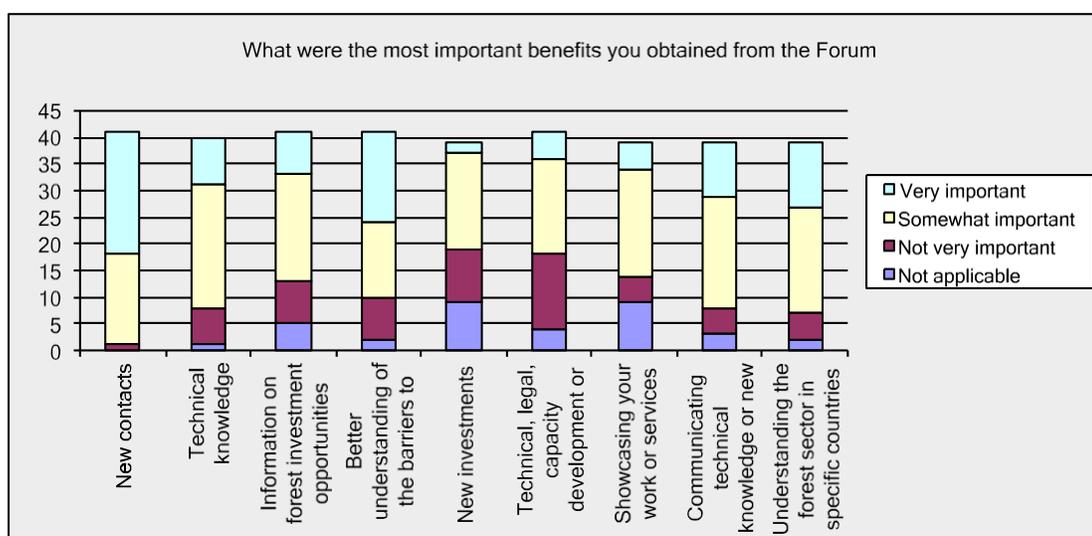
- The answer is no, however it is potentially yes as we have been invited by ICRAF to participate and be part of a donor initiative involving natural regeneration.
- Received one potential contact but no follow up action as agreed.
- Besides the projects that were already planned, not much new has happened and probably very little as a direct result of the Forum meeting.
- Still working on it.

Question 14: If you were looking for businesses in which to invest did you conclude any investment deals?

Answer Options	Response Percent	Response Count
Yes	2.4%	1
No	21.4%	9
Not applicable	76.2%	32
Answers		42

Question 15: What were the most important benefits you obtained from the Forum

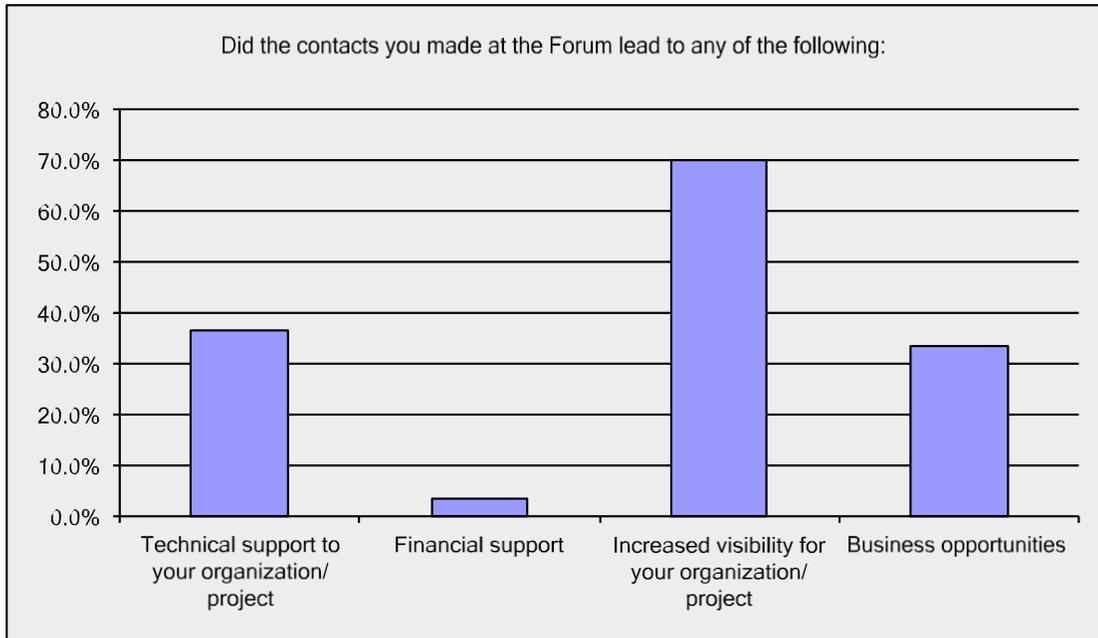
Answer Options	Very important	Somewhat important	Not very important	Not applicable	Response Count
New contacts	23	17	1	0	41
Technical knowledge	9	23	7	1	40
Information on forest investment opportunities	8	20	8	5	41
Better understanding of the barriers to investment	17	14	8	2	41
New investments	2	18	10	9	39
Technical, legal, capacity development or other support	5	18	14	4	41
Showcasing your work or services	5	20	5	9	39
Communicating technical knowledge or new approaches	10	21	5	3	39
Understanding the forest sector in specific countries	12	20	5	2	39
Other benefit (please specify)					2
Answers					42



Comments:

- Though I ticked "communicating technical knowledge or new approaches" very important, actually my expectations were not met, though this would have been required by me.
- Share earlier work on investment: there is a tendency to start anew each time.

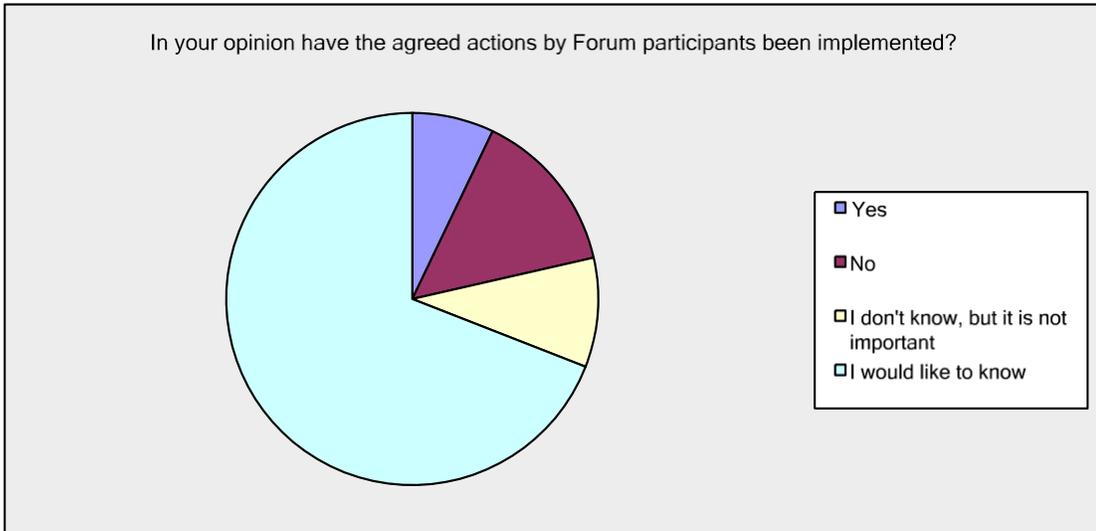
Question 16



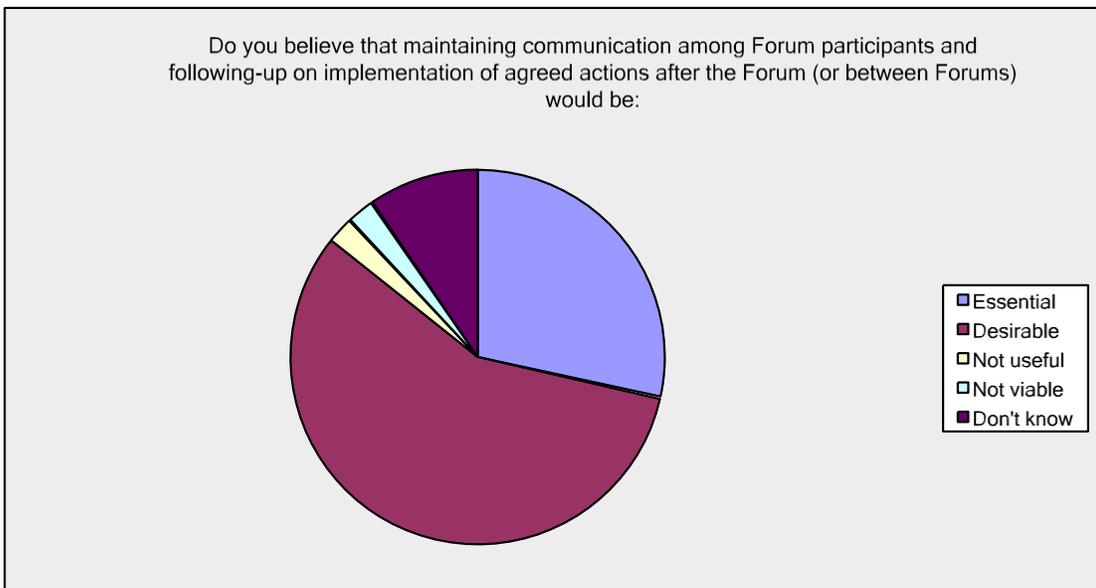
Comments:

- None of the above
- Better insight for the work of e.g. the AHEG process of the UNFF
- Networking.
- Whilst we have made significant investments in the forestry sector in Africa since the forum, I cannot attribute such investment as a direct result of our attendance at the forum.

Question 17



Question 18

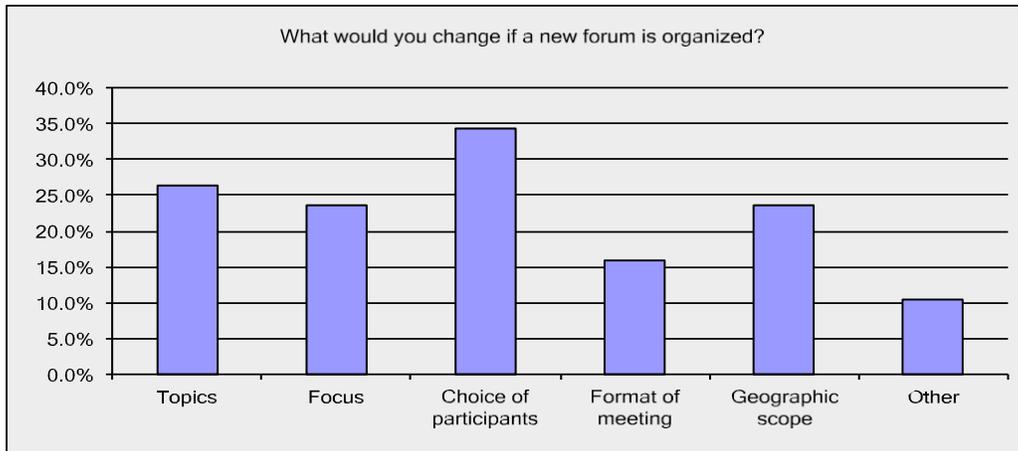


Comments:

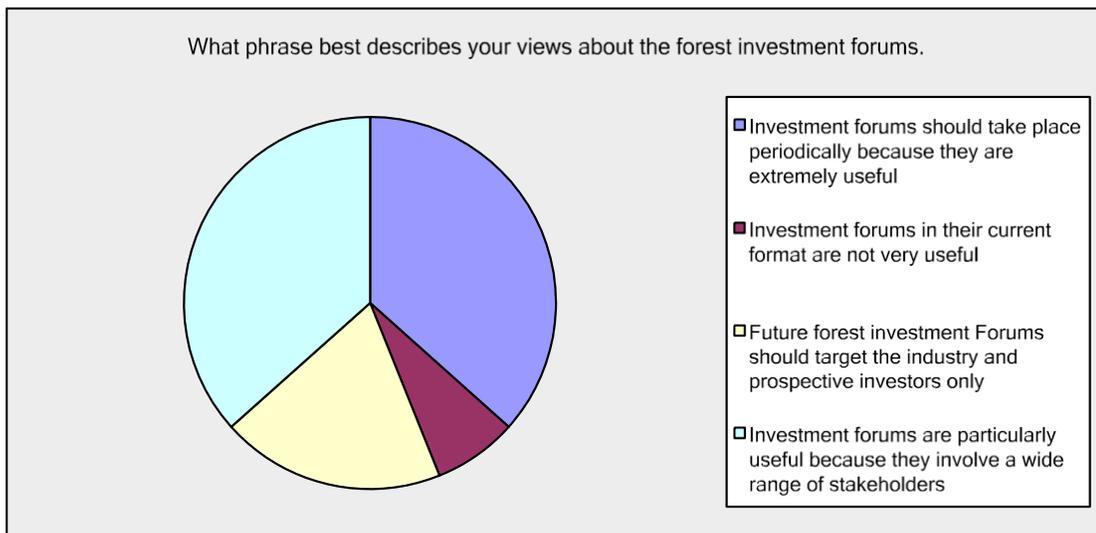
- This would be very important and new tools should be found how to proceed.
- If a process for supporting the means of implementation of SFM could be initiated a follow-up would be and could be beneficial
- But not easy to achieve; but information exchange on it, with the report having been distributed, would be good.
- In this sector we all benefit from each other's experiences.

- This survey comes late in relation to the actual forum. Invitations to follow up fora or regular email information on similar events would have been appreciated. Movers and shakers did continue to communicate, but that does not seem to be reflecting to the whole community.
- To inform future forum and add to lessons learned in each case as well as document successful case studies.
- Setting up a platform for exchanging information and tracking implementation of agreed actions would be very beneficial.
- Whilst there are many individuals who love attending forums and strategy sessions real development will only take place when such individuals are made to report on the progress they have made since the previous forum. Otherwise it becomes just another strategy session where the previous strategy/policy/action plan is merely dusted off and re-presented/formulated. If the previous forum were successful then the nature of this questionnaire should be talking about our achievements and lessons learnt rather than re-having another forum.

Question 19



Question 20



Question 21: If you attended the 2011 forum in Nairobi, Kenya, please tell us what you think about the likelihood of increased investments in landscape restoration. Is this a useful concept/approach?

Answers

- Indeed a very useful concept approach. My country's economy is based on agriculture and therefore a focus on agroforestry would be useful. The agroforestry system should meet the needs of the farmers. Hence emphasis on fertilizers, fruit, fodder and fuelwood trees is mostly preferred
- The forum was very challenging and important as it timely convened when the forest degradation in Africa is alarming.
- Increased investments in landscape restoration is required but the tools in use are not viable. It all should be organized in a different way.
- I only attended part of the Nairobi forum, whilst I attended all sessions at the South African forum, which I found more useful.
- It is a useful approach but requires to be refined for implementation. Private land owners need a buy in for this approach to be successful.
- Yes, the landscape approach will most likely pave the way for investments, but the role of forestry should receive sufficient attention.
- If presented more in business terms and not simply as a good way to use land.
- The likelihood of increased investments in landscape restoration is high. It is a useful concept and approach provided it happens in a professional and sustainable way, supported by considerable initial investments with participation of the players that will provide the market.
- Extremely relevant approach.
- Landscape restoration sounds like something for a corporate social responsibility budget...
- Not useful, concept/approach be based on market access and profitability with landscape restoration as added value
- Yes, it is a very useful concept/approach
- The format used in Nairobi was a holdover from an earlier era of industrial investment in forestry. This format is less suited for catalyzing investment in landscape restoration, which at this stage is mostly a non-industrial activity.
- Not clear how this approach relates to investment opportunities
- The 2011 forum has been influential in shifting focus away from REDD+, and towards a more realistic livelihoods approach. That is a better conceptual foundation than REDD, but we need to do more work to make it attractive for investment, and understandable to all stakeholders.
- A useful concept and approach but still lacking real investment to pursue at appreciable scale.

- Too few participants from private sector.
- Landscape restoration as concept is not very applicable as investment object as such, but there will be increasing opportunities for related investment opportunities if some of the investment barriers are overcome.
- Very useful approach, but it will take time and efforts until increased investments will happen.
- It was very useful and full of insights.
- A lot more understanding of the sector is required before meaningful private investment could be achieved.
- Very Low.
- I think so.

Survey Participants

2006 Forum Participants to Whom Survey Was Sent

Charles	Bengough	Andrew	Keck
Chris	Nicholson	Allan	Amumpe
Dennis	Neilson	Allan	Amumpe
Dave	Dobson	Anna	Masinja
Emile	Jurgens	Anthony	Kenny
Mike	Howard	Lubinda	Aongola
Nic	Olivier	Bwalya	Chendauka
Ollav	Bjella	Carl	Van Loggerenberg
Olli	Haltia	Gordon	Carrihill
Olman	Serrano	David	Mbugwa
Patrick	Abbott	Patrick	Akitanda
Paul	Jacovelli	Colin	King
Pipin	Permadi	Dale	Dor
Arlito	Cuco	Darlington	Duwa
Agus	Sarsito	Andriamanjato	Mamitiana
Alima	Issufo	David	Malloch-Brown

Dutliff	Smith	Aubrey	Nsuntsha
Edward	Mufandaedza	Mwaniki	Ngibuini
Eric	Jecty	Mzi	Memani
John	Ngalande	Masizakhe	Zimela
Darlington	Duwa	Jaswant	Rai
Anna	Masinja	Nerina	Burger
Franz	Kottulinsky	Ole	Sand
Peter	Haddock	Phillip	Diro
Graeme	Harrison	Peter	Keyworth
Hilmar	Rencken	Michael	Peter
Hege	Salvesen	Petri	Lehtonen
Jack	Verschuur	Phil	Cottle
James	Mayers	Phumla	Ndaba
Jeanette	Clarke	Rentia	Van Tonder
John	Feely	Peter	Nixon
Johnny	Raharindranto	Rito	Mabunda
John	Cantrill	Portia	Molefe
Kelly	Droege	Rory	Mack
Bright	Kumwembe	Russell	Morkell
Lubinda	Aongola	Dartey	Samuel
Mads	Asprem	Shaun	McCartney
Marcelino	Foloma	Winston	Smit
Marcelino	Foloma	Steven	Ngubane
Mike	Edwards	Tarja	Myllymki
Linda	Mossop-Rousseau	Claude	Ramilison
Monika	Branks	Tomas	Jonsson
Mamy	Rakotondralambo	Trevor	Thompson
Muino	Taquidir	Mike	Underwood Choudary

Kelvin	Mutafu	Harrison	Kojwang
Agus	Sarsito	John	Mudekwe
Andrew	Tillery	Gerald	Kamwenda
Christina	Wood	Lee	Cunningham
Daniel	Kanyi	Davy	Nkhata
Dwight	O'Donnell	John	Ngalande
Frank	Brodbeck	Paulos	Mwale
Onyango	Gershon	Peter	Lowe
Gerhard	Rambeloarisoa	Rainer	Haggblom
George	Wamukoya		

2011 Investment Forum Participants to whom Survey Was Sent

Anna-Leena	Simula	Lennart	Ackzell
Arthur	Stevens	John	Mussa
Benson	Kanyi	Joseph	Nkinzo
Rosemary	Fumpa-Makano	Patrick	Sieber
Chris	Buss	Paulino	Mugendi
Christine	Yankel	Per	Karlsson
Dominic	Elson	Rino	Solberg
Mafa	Chipeta	Rosemary	Fumpa-Makano
Geoffrey	Onyango	Stewart	Maginnis
Helen	Thornton-Mutiso	Stuart	Clenaghan
Jan	Heino	Thomas	Mbeyela
Jerker	Thunberg	Wanjiru	Ciira
Jean-Paul	Deprins	Wellington	Baiden
Kai	Windhorst	Ajayi	Yes
Kenya	Mutiso	August	Temu
Lars	Laestadius	Andrew	Wardell

Andre	Aquino	Kakula	Diasotuka
Allan	Amumpe	Liam	OMeara
Alphan	Njeru	Mahamane	Larwanou
Anja	Oussoren	Marta	Monjane
Ben	Henneke	Merja	MÄkelÄ
Frank	Msafiri	Michael	Malmberg
Bernard	Giraud	Mine	Pabari
Bruno	Hugel	Matthews	Manda
Constance	Neely	Agnes	Mgomezulu
Charles	Gachoki	Leah	Waruguru
Christophe	Boussemart	Nuhu	Hatibu
Christian	Peter	Richard	Mbithi
David	Kuria	George	Achia
David	Boyer	Patti	Kristjanson
David	Tye	Paul	Stapleton
David	Hewett	Peter	Gondo
Romano	Kiome	Patrick	Verkooijen
Romano	Kiome	Robert	Meara
Godwin	Kowero	Robert	Mogendi
Gaius	Elenga		
Patrick	Warui		
Helen	Gichohi		
Jan	Vandenabeele		
Jean-Pierre	Rennaud		
Junko	Nishikawa		
Judy	Curtain		
Juergen	Blaser		
Julie	Solberg		

ANNEXES

Annex 1. Evaluation Questions

Selection

- How rigorous was the proposal development process? Was there peer review?
- Were comments received incorporated in the final proposal/Concept Note?

Implementation performance

- What was the experience with implementation of the activity?
- Problems encountered during implementation
- Actual and budgeted expenditure
- Activities planned and those actually completed

Achievements and impact

- Were the outputs proposed consistent with those achieved
- Quality of the outputs
- Were the outputs peer reviewed?
- To what extent were the outputs taken up as inputs into policy processes?
- To what extent were outputs catalytic in stimulating other related processes?

Follow-up and sustainability

- What has been the longer term impact and relevance of the activities supported?
- Are there indications that activities been followed up, and that outcomes have been mainstreamed?

Annex 2. People Interviewed

* Refer to Section III of this report for the list of Survey Participants in 2006 and 2011 Investment Forums

First Name	Last Name	Affiliation
Markku	Aho	Ministry for Foreign Affairs of Finland
Andre	Aquino	World Bank
Tijen	Arin	World Bank
Ellysar	Baroudy	World Bank, BioCarbon Fund
Marnix	Becking	Netherlands
Michael T.	Bennett	Forest Trends
Arjun	Bhalla	IFC
Olav	Bjella	Green Resources
Juergen	Blaser	Switzerland
Saadia	Bobtoya	REDD+ IUCN Ghana
Mario	Boccucci	UN-REDD, UNEP
Beto	Borges	Forest Trends
Benoit	Bosquet	World Bank, FCPF
Carter	Brandon	World Bank
John	Bruce	WB Consultant, Land and Development Solutions International
Chris	Buss	IUCN
Jeff	Campbell	Christiansen Foundation
Kerstin	Canby	Forest Trends
Nathaniel	Carroll	Forest Trends
Diji	Chandrasekharan	PROFOR
Bwalya	Chendauka	
Herbert	Christ	Germany
Tim	Clairs	UN-REDD, UNDP
Majella	Clarke	Advisor REDD+ Lao PDR
Stuart	Clenaghan	Green Gold Forestry Limited
Frederick	Cubbage	NC State University, Dep. Forestry & Environmental Res.
Crystal	Davis	Forest Governance Initiative, WRI
Penny	Davis	Ford Foundation
Flore	de Preneuf	PROFOR

Jean-Paul	Deprins	Better Globe Forestry
Peter	Deweese	PROFOR
Gerhard	Dieterle	World Bank
Erik	Fernandez	World Bank
Alfred N.	Gichu	REDD+, Kenya
Renee	Gonzalez	Fondo Mexicano para la Conservacion de la Naturaleza, Mexico
Ignacio A.	Gonzalez Hernandez	CONAFOR, Mexico
Steve	Gretzinger	IFC
Sophie	Grouwels	FAO
Nicklas	Hagelberg	UNEP
Olli	Haltia	Dasos Capital Oy
Craig	Hanson	WRI
Bjoern	Hecht	GIZ
Neeta	Hooda	World Bank
John	Hudson	DFID
Andy	Inglis	Consultant charged with evaluation of Forest Connect Project
Paul	Jacovelli	Sawlog Production Grant Scheme, Uganda
Michael	Jenkins	Forest Trends
Ian	Johnson	Club of Rome, formerly World Bank
Nathalie	Johnson	World Bank
David	Kaimowitz	Ford Foundation, formerly CIFOR
Peter	Kanowski	CIFOR
Nalin	Kishor	PROFOR
Godwin	Kowero	Africa Forest Forum
Igor	Kreitmeyer	Ministry of Environment and Nature Protection
Karoliina	Lindroos	Indufor Oy
Joshua	Litchenstein	Bank Information Center
Duncan	Macqueen	International Institute for Environment and Development
Catherine	Mastermann	Gaia Allison, DFID
Craig	Meisner	World Bank
Christian	Mersmann	FAO Advisor
Hossein	Moeini	UNFF Secretariat
Ramon	Mollenhauer	World Bank

Augusta	Molnar	Rights and Resources Initiative
Robin	Nielsen	Consultant
Leslie	Ouarzazi	REDD+ Advisor, Democratic Republic of Congo
Steven	Panfil	Conservation International
Robert	Ragland Davis	World Bank
Simon	Rietbergen	World Bank
Peter	Riggs	Ford Foundation
Kenneth	Rosenbaum	Consultant
Zenia	Salinas	World Bank
Klas	Sanders	World Bank
Sunrita	Sankar	IFC
Darius	Sarshar	New Forests
Sara J.	Scherr	EcoAgriculture Partners
Fabian	Schmidt	GIZ
Neil	Scotland	DFID
Karin	Shepardson	World Bank
Agustin	Silvani	Conservation International
Markku	Simula	Indufor Oy
Benjamin	Singer	UNFF Secretariat
Andrew	Sovinc	Ad-Interim Chair for WCPA Europe
John	Spears	World Bank
James	Spurgeon	Sustain Value
Tefera	Tadesse	Natural Resources Management Directorate, Ethiopia
Dafna	Tapiero	IFC
Jan	Vandenabeele	Better Globe Forestry
Juergen	Voegele	World Bank
Andy	White	Rights and Resources Initiative
Iwan	Wibisono	FREDDI, Indonesia
Ivan	Zuniga	Consejo Civil Mexicano para la Silvicultura Sostenible, Mexico

Annex 3. Activities Eligible for PROFOR Support

PROFOR will support global, regional, national, and subnational level collaboration among Governments, the World Bank, donors, the private sector, regional and non-governmental organizations, and civil society to:

- **provide analysis** with a focus on (a) the role of forest resources in poverty alleviation, sustainable economic growth, addressing climate change adaptation and mitigation, and in protecting and valuing environmental services, (b) forest law enforcement and governance (FLEG), including issues related to tenure, community rights, benefit sharing, trade in timber and wood products, etc., (c) sustainable forest management, including biodiversity conservation; and (d) reducing emissions from deforestation and forest degradation (REDD+);
- **mainstream various aspects of sustainable forest management (SFM)** and forest governance within international agreements, national development strategies, policy dialogue, and other relevant policy and technical instruments;
- **test innovative instruments and approaches, and promote processes** leading to better governance outcomes in forestry;
- **develop knowledge products and dissemination** to a targeted audience; and to
- **build and strengthen networks, partnerships, processes, and stakeholder dialogue.**

Source: PROFOR Operational Guidelines (May 2010)