

KNOWFOR Evaluation: Co-financing and funds leveraging under PROFOR

Introduction

The goal of PROFOR-funded activities is to play a catalytic role, whether that be through unlocking additional finance, spurring innovation in forestry, promoting linkages with other sectors, or spreading new knowledge and creating dialogue spaces on various topics. This means that oftentimes it is difficult to put an exact value on the influence that an activity has had, in numerical terms, or, the numerical calculations need to be qualified with some assumptions. Nevertheless, we have made a preliminary attempt to value the impacts of PROFOR funded activities, using some plausible assumptions.

For this analysis, PROFOR-funded activities from the past three years have been used to understand their influence in terms of: raising co-financing, leveraging additional finance, and disseminating knowledge and spurring innovation. We have defined co-financing as the upfront investment in cash or in-kind pledged by donors, the recipient government and/or the Bank, to complement the PROFOR funding. This amount is already specified in the concept note for the activity.

Similarly, we have defined additional funding leveraged as the influence that the PROFOR-funded activity has had on any projects or programs where it has been used, either in the design or implementation phases. In our methodology, the calculation of this percentage is based on the judgment of the TTLs involved, and is in most cases estimated at **20%**, unless otherwise stated so. The leveraged outcomes are listed below in the sections for each category of activities (Country, Regional and Global level activities).

The activities have been grouped into three categories, for purposes of presenting the information on co-financing, leveraging and dissemination of knowledge and impacts.

- 1) Country-level
- 2) Regional, and
- 3) Global

Findings

1. Country-level activities

The country-level analysis provides the most comprehensive and accurate information in terms of quantitative results on impact of PROFOR funded activities. This is for obvious reasons; it is easier to trace the influence of specific projects in a country because the scope is narrower and the activity is more focused, with tangible outputs. Even then, there are a handful of cases where it may be clear that an activity had influence, but the calculation of the amount or percentage of influence becomes a judgment call.

- For these reasons, the analysis presented below in the Annex on country level activities, takes a conservative estimate of 20% of the total value of the leveraged projects/programs as having been influenced directly by the PROFOR activity in question. The evaluation team thought this amount was reasonable and in every country level case it has been confirmed with the team

responsible for that activity. In cases where a different amount was suggested, this has been reflected.

At the country level, PROFOR has funded 27 activities in 20 countries in the past three years. PROFOR funding allocated for these activities has totaled **\$6, 221, 787**, and has raised co-financing of **\$3, 420, 800**. In addition, direct leveraging stands at **\$313, 456, 450** as a result of these activities. This gives the following leveraging ratios:

- \$1 of PROFOR funding raised \$ 0.63 in co-financing
- \$1 of PROFOR funding raised \$ 69.09 in direct leverage

PROFOR's country level activities are aimed at fulfilling in-country demands in terms of knowledge gaps and key analytical activities needed to spur innovation and investment. The 'just-in-time' nature of these activities ensures that the impact leads to concrete, measurable results and clear outcome pathways for development. Just as in the case of the global and regional activities, the country-level activities have begun to take on a more programmatic, 'forest-smart' approach. This means that within the Bank, and at the level of the country governments, an increasing number of sectors are working together with forestry to ensure effective and lasting development results.

The themes and topics covered in PROFOR's country level activities include: Reforestation and Restoration, Coastal Forest Management, Resilience and Disaster Risk Management (DRM), Forests and Poverty, Forests and Energy, Governance, and Integrated Landscape Management. The outcomes that these themes have influenced include improved livelihoods and ecosystems services, promotion of participatory processes for NRM, increased climate resilience, and eradication of poverty.

Box 1. Case Study: Tunisia – Supporting the Elaboration of a National Silvo-Pastoral Strategy

With support from a PROFOR-funded activity, Tunisia elaborated a new strategy for sustainable forests and rangelands management for the period 2015-2024. PROFOR organized regional workshops and developed an economic valuation of forests and pastoral lands degradation in support of the strategy. A legal analysis of the forestry code and the institutional framework governing natural resources was conducted to provide recommendations for improvement. Furthermore, integrated landscape management plans were prepared for landscapes in Beja, Bizerte, Silana, Sidi Bouzid and Kasserine provinces, as well as recommendations made for the co-management of these landscapes.

The national strategy for the sustainable development of forest and rangelands aims to reconcile the conservation of forests and rangelands with socioeconomic development by promoting the involvement of community-based organizations and private owners in co-management of forests and rangelands.

This activity helped several ministerial departments in Tunisia, and in particular the Ministry of Finance, to understand the important role and benefit of forests and rangelands in Tunisia and the necessity to invest in these ecosystems. It also helped to inform the Tunisia Country Partnership Framework, as well as helping to finalize the newly adopted "National Strategy for the Sustainable Development and Management of Forests and Rangelands (2015–2024),".

The activity brought together key stakeholders and reviewed the national strategy through a roundtable of development partners. As a result, there were requests for projects to operationalize the strategy including an AFD project for 50mn euros; and an IFAD project for \$24mn. The roundtable helped to

harmonize the approach for territorial development and secure AFD/IFAD's commitment to tackle NRM and Landscape restoration, with a focus on forests in addition to agriculture.

Overall the activity has contributed to helping Tunisia embrace an unprecedented opportunity to unleash the potential for higher growth thanks to a more dynamic private sector, higher productivity and innovation, and a more efficient public sector

2. Regional activities:

At the regional level, PROFOR has funded 16 activities in the past three years. PROFOR funding allocated to these 16 activities totals **\$2, 831, 801**. This funding has resulted in co-financing of **\$2, 161, 070**. Information on direct leveraging suffers from the same lack of accuracy and traceability as the global level activities. Nevertheless, it is calculable to a reasonable degree for 8 out of the 16 activities, and for these 5 it totals **\$ 59, 791, 000**. Therefore:

- \$1 of PROFOR funding raised \$ 0.76 in co-financing
- \$1 of PROFOR funding raised \$ 34.38 in direct leverage (based on info available on 8 out of 16 activities).

The regional level activities have impacts similar to the ones from the global level activities. The products include workshops, studies, and tools. The themes and topics covered include Climate Change and Resilience; Economic Analyses; Forestry and Mining; Agriculture and Agroforestry; and Information and Communication Technologies (ICTs). The outcomes that these themes have influenced include improved agricultural production and food security, informed policy making on forest dependence, poverty and migration, policy reform on domestic timber utilization, improved data and knowledge on forest resources, enhanced climate resilience of local ecosystems, improved rural livelihoods, improved monitoring and evaluation of forest ecosystems, conservation of biodiversity, carbon sequestration, soil protection, and regulation of water flows.

Some of the regional activities have achieved a high level of impact, leveraging other financing instruments and providing the theoretical bases for larger programs. For example, the Congo Basin Mining and Conversion activity in the Africa region continues to have wide ranging impacts, leveraging REDD+ financing in RoC and DRC, as well as a commercial agriculture project. The full extent of this impact is difficult to measure as some of the agreements are not yet in place.

Similarly, the Africa drylands resilience regional activity influenced a large program – the NEPAD Africa Landscape Action Plan, as well as the Resilient Landscape Alliance (see box below)

Box 2. Economics of Drylands Resilience in Sub-Saharan Africa

In Africa, dryland regions make up 43% of the total land area, account for 75% of the area used for agriculture (defined to include production of both crops and animals), and are home to 50% of the population. Poverty is heavily concentrated in dryland regions; about 75% of Africa's poor people live in countries in which at least one-quarter of the population lives in dryland zones.

A paradigm shift was needed in the approach to drylands development. In this context, the World Bank teamed up with a number of partners (TerrAfrica, FAO, IFPRI, ILRI, ICARDA, and CIRAD to prepare a

report on “The Economics of Drylands Resilience in Sub-Saharan Africa,” designed to contribute to ongoing dialogue among policy makers and practitioners about measures to reduce the vulnerability and enhance the resilience of populations living in drylands regions of sub-Saharan Africa.

PROFOR supported the component on contributions of landscape approach and tree-based systems. The resulting reports gave the theoretical foundation to the NEPAD Africa Landscape Action Plan that was launched by NEPAD in Lima Dec 2014. The landscape report also served as the underlying work to the idea of creating a Resilient Landscape Alliance, launched in Paris in 2015. The report on tree-based systems will help the design of World Bank projects that are increasingly focusing on including agroforestry as a source of income, resilience and provision of ecosystems in Africa.

3. Global activities

At the global level, PROFOR has funded **29** activities in the past three years. PROFOR funding allocated to these 29 activities totals **\$7, 323, 257**. This funding has resulted in co-financing of **\$4, 644, 307**. Direct leveraging could only be calculated for 7 out of the 29 activities. For these 7 activities, total funds leveraged were around \$ 48, 148, 000.

- \$1 of PROFOR funding raised \$ 0.60 in co-financing
- \$1 of PROFOR funding raised \$ 30.47 in direct leverage (based on 5 out of 30 activities)

The supported activities have included creating toolkits and apps, conducting workshops, preparing analytical studies, establishing facilities, creating roadmaps, developing databases, and promoting new knowledge and innovative approaches. These activities have covered a wide range of themes and topics, including Gender, Forest Governance, Small and Medium Forest Enterprises, Energy, Poverty Reduction, Resilience and DRM, Tenure rights, Benefit-sharing Mechanisms for REDD+, Mining/Extractives and Private Sector Engagement. The outcomes that these themes have influenced include creating ICT tools for forest knowledge management, improving measurement of impacts of forest sector projects, linking forests to national and international post-2015 development agendas, supporting market-driven conservation finance, and improving policy decision making through highlighting the importance of forest ecosystems in shaping national/regional responses to climate change.

A significant achievement of the global activities has been the influence they have had on other programs. For example, the PROFOR global activity “ICTs in Forest Governance Application” influenced the ENPI-FLEG 2 program, as well as the Forest Investment Program in Lao PDR. Similarly, the Forest Dialogue on Benefit Sharing resulted in the creation of an Options Assessment Framework for Benefit Sharing in Mexico – which complemented the country’s REDD+ readiness and emissions reduction program. The framework can also be adapted to other country cases.

The global level work has a strong emphasis on a programmatic approach that links forest outcomes to those in other major development sectors. This is in line with the ‘Forest-Smart’ approach that has been adopted by PROFOR since the release of the WBG Forest Action Plan. The FAP outlines the WBG’s strategy on forests for the next few years until 2020.

Box 3. Case Study: Biodiversity Offsets Toolkit

In many African countries, native forests are under pressure from rapidly-spreading roads, dams and other infrastructure, as well as the allocation of large forest areas to mining, commercial agriculture, and other non-forest uses. Biodiversity offsets are one of the tools available to address such pressures.

PROFOR under this activity produced a biodiversity Offsets User Guide containing key information about biodiversity offsets that practitioners should know about, with references provided where readers could obtain further information. In addition, in response to a strong expression of interest from the Government of Mozambique, this activity also provided legal technical assistance for incorporating biodiversity offsets into the Government's official Environmental Impact Assessment (EIA) process.

Finally, two pilot Country Roadmaps were completed to assess the potential for large-scale biodiversity offset systems in Liberia and Mozambique. [The Liberia Biodiversity Offsets Roadmap](#) emphasizes industrial-scale mining. Since adequate funding for Liberia's protected areas remains a challenge, biodiversity offsets offer the potential for improved financial sustainability. The new Liberia Forest Sector (REDD+) Project, approved in April 2016 with support from the World Bank and Government of Norway, provides a vehicle for moving forward the Roadmap's key recommendations.

[The Mozambique Biodiversity Offsets Roadmap](#) (also available in [Portuguese](#)) proposes using Mozambique's BioFund to transfer biodiversity offsets funding from infrastructure and extractive industry projects to selected CAs that are ecologically similar to the project-affected areas. Implementation has begun of the Roadmap's recommendations, through the Government's recently revised Environmental Impact Assessment Regulations.

Limitations:

- 1) The long life of knowledge products – makes it more difficult to calculate the impact due to the inability to monitor all the impacts accurately. This is why these estimates can in some cases be considered to be modest. For example, for one of the products – the Forest Poverty Toolkit, the TTL was informed many years after the activity was completed, that the product had been picked up by evaluators in an African country and utilized in projects on the ground. If the TTL had not been informed, there would have been no knowledge of this uptake. This is because resources have not been set aside to monitor the continuing impacts of KPs after the end of the activity. As another example, the Forest Governance programmatic activity has resulted in a number of products including a ready-to-use diagnostic tool, stakeholder workshops, e-courses and targeted pieces. These products have been applied in various countries, where the impacts have been far reaching because of the nature of the topic. As well, it is difficult to assess the impact of the knowledge dissemination activities such as e-courses where a wide range of practitioners and policymakers may utilize the methodologies and approaches produced by the PROFOR activity.
- 2) Estimates of leverage are based on informed judgment of the TTLs. The information provided by them is difficult to triangulate. The direct leverage is difficult to quantify, mostly because of

the wide-reaching impacts and the larger audience that the activities are targeting. In some cases, the activities have been picked up by projects and programs within the World Bank or other organizations as a result of demand expressed by them, and can be tracked. In other cases, this information is harder to trace.

- 3) It is difficult to capture efficiency gains in our calculations. That is to say that it is difficult to capture whether the projects/programs that were influenced, were designed and/or implemented in a manner that improved the efficiency of fund utilization – thereby doing more with less.

Conclusions, trends and ways forward

In conclusion, PROFOR has funded a range of activities that have increasingly become more multi-sectoral, multi-faceted, programmatic, and landscape-based in nature. This expanding focus has also led the program to be able to increase its leverage and diversify its portfolio. The figure on direct leveraging has increased from what it was at PROFOR's inception. At inception, every \$1 of PROFOR funding resulted in around \$8 of direct leverage. This figure has now grown to around \$60. Some of the activities have influenced programs and projects that are quite large in terms of value.

There are several activities at various levels (global, regional and country) that have been recently approved in the PROFOR pipeline. Many of these are at very early stages of implementation (or not yet started), so calculating amounts for co-financing and direct leverage is not possible with much accuracy. Nevertheless, most of them have an indicative amount of expected co-financing specified, and this is the value that has been reflected in the analysis. For the subset of activities listed in the Annex **SEE EXCEL SHEET**. These activities provide a taste of what's coming up in the pipeline, and the direction that PROFOR is taking with its funded activities. The signs are positive, as they point to an expected higher level of leveraging, owing to a more programmatic, forest-smart approach that integrates other sectors and themes with forests.

In terms of the ways forward, PROFOR must now look at better tracking and monitoring of its activities, in order to better gauge its impact. Some of the options considered have been to either allow the project team extra budget for this, or to make it the responsibility of the PROFOR secretariat to monitor an activity 1-2 years after its completion to assess its uptake. The forthcoming PROFOR KM strategy will outline this new focus for more effective tracking and monitoring.

Lastly, this exercise as part of the KNOWFOR evaluation, has helped PROFOR to assess the value of its activities. Using the methodology outlined in this note, PROFOR intends to conduct the same analysis annually to keep track of its activities and the impact it has, so as to continuously improve on the value for money that it provides.

Summary of the numbers:

Country-level:

\$1 of PROFOR funding raised \$ 0.63 in co-financing

\$1 of PROFOR funding raised \$ 69.09 in direct leverage

Regional: (based on

\$1 of PROFOR funding raised \$0.76 in co-financing

\$1 of PROFOR funding raised \$ 34.38 in direct leverage (*based on info available on 8 out of 16 activities for which leverage can be calculated*).

Global:

\$1 of PROFOR funding raised \$ 0.60 in co-financing

\$1 of PROFOR funding raised \$ 30.47 in direct leverage. (*based on 7 out of 29 activities for which leverage can be calculated*)