



**Program of Work  
and Financial Report  
Calendar Year 2011**





*The Program on Forests is a multi-donor partnership, hosted by the World Bank, formed to pursue the shared goal of enhancing forests' contribution to poverty reduction, sustainable development and the protection of environmental services (including biodiversity conservation and mitigating the impacts of climate change). Through improved knowledge about different approaches to sustainable forest management, PROFOR seeks to encourage the transition to a more socially and environmentally sustainable forest sector, supported by sound policies and institutions that take a holistic approach to forest conservation and management. For more information, please visit [www.profor.info](http://www.profor.info)*

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## ABBREVIATIONS AND ACRONYMS

AFR	Africa Region
ASM	Artisanal and Small Scale Mining
CBD	Convention on Biodiversity
CDM	Clean Development Mechanism
CGIAR	Consultative Group for International Agricultural Research
CIFOR	Center for International Forest Research
CITES	Convention on International Trade in Endangered Species
COP	Conference of the Parties
CPF	Collaborative Partnership on Forests
CY	Calendar Year
DfID	United Kingdom Department for International Development
DRC	Democratic Republic of Congo
EAP	East Asia and Pacific Region
ECA	Europe and Central Asia Region
EFI	European Forest Institute
ESMAP	Energy Sector Management Assistance Program
EU	European Union
FAO	Food and Agriculture Organization
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
FLEG	Forest Law Enforcement and Governance
FLEGT	Forest Law Enforcement, Governance and Trade program of the EU
GEF	Global Environment Facility
GFP	Growing Forest Partnerships
GHG	Greenhouse Gas
GPFLR	Global Partnership for Forest Landscape Restoration
GtCO <sub>2</sub> e	Giga-tons of carbon dioxide equivalent
IAITPTF	International Alliance of Indigenous and Tribal Peoples of the Tropical Forests
ICCWC	International Consortium on Combating Wildlife Crime
ICRAF	World Agroforestry Center
ICT	Information and Communication Technology
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFFA	International Farm Forestry Alliance
IIED	International Institute for Environment and Development
ILCF	Investing in Locally Controlled Forests
IUCN	World Conservation Union
IUFRO	International Union of Forest Research Organizations
KM	Knowledge Management
LCR	Latin America and the Caribbean Region
MDB	Multilateral Development Bank
MNA	Middle East and North Africa Region
MoU	Memorandum of Understanding



## ABBREVIATIONS AND ACRONYMS

NFP	National Forest Program
NGO	Non-governmental Organization
NRM	Natural Resource Management
NTFPs	Non-Timber Forest Products
ODI	Overseas Development Institute
PER	Public Expenditure Review
PPCR	Pilot Program on Climate Resilience
PROFOR	Program on Forests
REDD	Reducing emissions from deforestation and forest degradation
SAR	South Asia Region
SBSTA	Subsidiary Body for Scientific and Technological Advice
SFA	State Forest Authority
SFM	Sustainable Forest Management
SMFEs	Small and Medium Forest Enterprises
TF	Trust Fund
TFD	The Forests Dialogue
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
UNODC	United Nations Office on Drugs and Crime
UN-REDD	United Nations Collaborative Program on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
VPA	Voluntary Partnership Agreement
WCO	World Customs Organization
WRI	World Resources Institute



## INTRODUCTION

As the International Year of Forests comes to a close, PROFOR observes its own anniversary: this year marks the tenth year the Program has been hosted by the World Bank. The convergence of the themes supported by PROFOR and incorporated into our Operational Guidelines at our inception 10 years ago – sustainable livelihoods, forest governance, forest financing, and cross sectoral policies – with the International Year’s theme of ‘Forests for People’ seems today remarkably prescient. We have been repeatedly struck how these programmatic pillars continue to be highly relevant, even in a rapidly changing global policy environment.

Indeed, we have been consistent. Looking over one of the early Annual Progress Reports (for CY2003, the first full year PROFOR was in operation in Washington DC), we find that we supported a range of activities related to forest governance, to the development of National Forest Program activities; and the economics of landscape restoration. Demand-driven country-specific work was focused on Russia, India, Brazil, Kenya, Guyana and Honduras. The 2003 progress report proposed a number of partnerships, and outlined activities which would follow up on recommendations from UNFF 3. Most activities straddled multiple thematic areas, e.g. one activity looked at the relationship between illegal logging and rural livelihoods, and another considered how finance from adjustment lending would have cross-sectoral impacts on forests. PROFOR supported around 20 activities in the portfolio then.

If anything, the challenges which were evident 10 years ago have only been amplified. The articulation of the costs of deforestation is perhaps clearer, though the solutions seem to be still distant. The challenges of meeting demands for food, fuel, fiber and forest products are even greater – with the world’s 7 billion mouths to feed and people to house and clothe – all of which place even greater pressures on forests and tree resources. More than ever, the solutions to many of these challenges are outside the forests.

This is perhaps the most significant single change in perspective that we have noted in the global discussion, and it is influencing us both in terms of managing our portfolio and in developing our future work program: smart forest policy increasingly depends on thinking about what happens outside the forest. The future of forests depends on what happens on farms, in fragmented rural landscapes, and in urban areas.

In those first couple of years, PROFOR generated some influential pieces of work, for example: Marcus Colchester’s *Justice in the Forest*, Jeff Sayers and Stewart Maginnis’ book, *Forests in Landscapes*, and an early piece on forest governance written before a lot of thought had been given to this, *Tools for Civil Society Action to Reduce Forest Corruption*. At the same time, PROFOR provided inputs for policy change at the national level, through pieces on institutional reform and concession policies (Russia), forest tenure (India), public-private partnerships (Kenya), and payments for environmental services (Colombia). The Forest Investment Forum was an early model activity, which we continue to replicate with different emphases.

Even in those early efforts, there was an acknowledgement that PROFOR offered a unique delivery model, and had particular advantages because of this:



“PROFOR may have an advantage as an “independent” source of funding that may appeal to client country governments as having less political overtones than funding coming from the World Bank or even a specific donor agency. In this sense, PROFOR funded activities may serve a special role in terms of convening a range of stakeholders including government, private sector, and NGOs....” (PROFOR CY2003 Program of Work and Financing)

The advantage of operating this way was well-recognized within the Bank too,

“PROFOR has been well received as an institutional model for trust funds within the World Bank. It was considered to be a best practice example and therefore showcased at the donors meeting in Paris in March 2004....This was due to two major strengths attributed to PROFOR activities: effective working partnerships with multiple stakeholders and a funding source available to external organizations, as well as to World Bank regional activities.” (PROFOR CY2003 Program of Work and Financing)

The model has worked well. One of the evaluators reviewing our program last year made exactly this point.

“PROFOR appears to occupy a unique funding niche, characterized by its close relationship with World Bank operational departments, combined with flexibility, nimbleness and relative autonomy. In some ways, PROFOR operates with many of the advantages of a small foundation.... It would be hard to imagine how most, if not all, of these Activities considered here could have been undertaken had PROFOR’s support not been made available.” (Michael Wells, consultant)

In this ***Program of Work and Financial Report***, we provide a snapshot of PROFOR’s last year, and outline ways in which we think PROFOR made an impact in 2011. Coupled with our proposed work plan, this should give you an idea of where we’ve been and where we think we are going.

More detailed accounts of all on-going and recently closed activities are included in the separate Annexes to this report. We hope the overall report will give you a sense of the breadth and depth of PROFOR’s contribution in an increasingly complex global forest policy environment.

*PROFOR Secretariat  
February 2012*



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## PROFOR IN 2011: A SUMMARY

Is the Program on Forests branching out? Many of the activities PROFOR financed in 2011 focused on the role of trees beyond the dense canopy of tropical moist forests and considered the linkages between forests and energy, mining, and agriculture. This cross-sectoral approach holds special appeal at a time when development partners and governments are looking for "green growth" opportunities. But in truth, cross-sectoral work has always been one of the four areas of PROFOR focus, along with forest governance, livelihoods, and financing sustainable forest management.

Over the years, our work in these four thematic areas has created a wealth of evidence and analysis that has helped inform different rounds of forest policy discussions and reforms. In 2011, PROFOR added 15 new activities to its roster and continued to support 32 activities carried over from the previous year; 27 activities were completed and closed during the course of the year.

This year's PROFOR progress report will cover:

- The ways in which our analysis and knowledge products have been gradually mainstreamed into national strategies, international discussions and policy dialogue;
- How we nurture emerging ideas by providing the evidence and additional analysis which governments, development partners, and private sector actors need in order to take good ideas to scale;
- When and where we have gone out on a limb to test innovative ideas.

***Mainstreaming knowledge in a crowded field.*** Because PROFOR is essentially a think-tank interested in smarter forest policy outcomes, we pay close attention to the ways in which knowledge is mainstreamed into national and global programs. This is where we hope to have the greatest impacts.

For example, we were pleased to see Guatemala take on board a conversion tool that helps calculate timber volumes from standing mahogany trees. The methodology was approved by CITES to bolster efforts to protect mahogany from commercial extinction. Guatemala's experience is starting to resonate in Peru, where political conditions were previously unfavorable. In Burkina Faso, a governance questionnaire, filled out by stakeholders at a national workshop, is building a constituency for reform at a time when the country must put its house in order to maximize the impact of planned investments from the Forest Investment Program backed by multilateral development banks (MDB). In China, PROFOR is filling a critical knowledge gap by providing baseline data on the second phase of a collective forest tenure reform that has affected about 70 million rural households. The findings will be directly useful to policy makers who are seeking to make adjustments and to plan the next phase of reform.

Mainstreaming takes time. Ideas take root where and when the political winds and economic conditions are right - often long after our activities are closed. In 2011 for example, two products from 2008 met with renewed interest: the Poverty-Forests Linkages Toolkit (in the context of REDD readiness in Uganda) and a study on Managing the Miombo Woodlands of Southern Africa (in the context of the Durban COP). The Internet revolution has made knowledge uptake both easier and more diffuse because products are no longer retired and shelved and can surface at the tap of keyword search. We have tried to capitalize on this.

***Incubating emerging themes.*** PROFOR's four thematic pillars are flexible and broad enough to cover enquiries into pretty much any topic of interest to forest practitioners, from biochar applications, to forest sector public expenditure reviews, to strategies for curbing illegal wildlife trade. While some of these topics don't get much traction, others gain momentum and credibility, buoyed by world trends and well-planned interventions. In the last year, the PROFOR-sponsored Nairobi Investment Forum and related background studies have marshaled evidence for investing in trees and landscape restoration, for example. The ideas of forest landscape restoration and sustainable land management were not new. But PROFOR worked with partners at EcoAgriculture Partners, IUCN, TerrAfrica, the World Agroforestry Centre, and the World Bank, to build a comprehensive case for private sector and public-private partnerships to create positive synergies in terms of productivity, climate change resilience and the mitigation of greenhouse gases on a meaningful scale. The ball is now in the court of private sector actors who have expressed interest in landscape restoration and agroforestry investments. In the short term, one of the most encouraging outcomes of the Nairobi Forum is the fact that 'deals were done' there.

In Brazil, PROFOR is playing an important intermediary role by bringing lessons from a successful Prototype Carbon Fund project (the Plantar business model) to inform policy choices just when the World Bank is working to support Brazil's low carbon growth strategy. The PROFOR-financed study on financial and institutional arrangements for scaling up renewable charcoal production in the State of Minas Gerais (where 60 percent of Brazil's iron is produced) makes the case for a programmatic Clean Development Mechanism (CDM) approach. This approach would help scale up plantation programs in time for the State of Minas Gerais to wean itself from unsustainable charcoal by 2018, as required by law, without having to switch to coal in the iron production process.

***Testing innovative ideas.*** Do we have something new to say? In the course of its interactions with the Advisory Board, World Bank colleagues, CPF members, and other partners, PROFOR gains insights into evolving forest management challenges and opportunities. What if information technology could improve forest governance? What would happen if forest program coordinators had a better understanding of forest finance? Those types of questions feed our pipeline of activities.

Last year, PROFOR found new ways to apply existing information and knowledge in the forest sector, and development work in particular. The launch of two primers - one on ICT (***Forest Governance 2.0***) and the other on public financial management (***Forest Sector Public Expenditure Reviews***) exemplified our ability to think outside the box. The idea of applying controlled delivery mechanisms (long used in drug enforcement) to forest law and governance work is another example which will no doubt yield interesting lessons in the coming year.

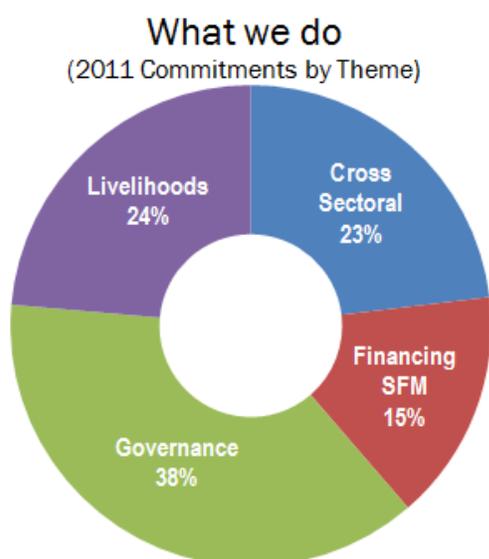
Innovation is not only about mapping new territory for potentially interesting forest management solutions. It's also about questioning "sacred cows". In that spirit, PROFOR supports activities that question received wisdom when solid data seems to be lacking. Did forest outcomes in China really improve after collective forest tenure reform allocated 80 percent of the country's forests to individual households? How robust is the evidence behind smallholder biochar systems? And do we have the methodological tools to determine whether forest certification schemes are effectively improving forest management practices? This is where our work gets wonkish but also quite exciting.

We hope you will enjoy reading about our work in its different phases in more detail in the following narrative and in individual activity progress and completion notes.

## ACHIEVEMENTS AND IMPACTS IN 2011

### PROFOR IN 2011, BY THE NUMBERS

In 2011, the Program on Forests (PROFOR) initiated 17 new activities, and had an active portfolio of 47 projects. This was similar in number to that in CY2010 (48). During CY2011, 27 activities were brought to closure.



PROFOR continues to organize its work around its four thematic areas — although sometimes this distinction becomes blurred because of complementarities between the different themes. Across the four areas, thirty activities were implemented through the Programmatic Window (in coordination with the Bank's Operational Regions). The number of activities under the Strategic Window (activities implemented mainly by the Secretariat) totaled 17. Compared to previous years, the balance of activities implemented through the Programmatic Window increased, while the number of activities implemented by the Secretariat through the Strategic Window decreased. The reduction of the numbers of activities under the Strategic Window in CY2011 reflects the greater emphasis we have given to our regional work program.

The Forests and Livelihoods theme was tackled in 15 activities. Activities which sought to address Cross-sectoral Impacts on Forests accounted for 14 activities. While demand for work on Forest Governance activities is still strong, we saw a reduction in the number of activities in our portfolio from 17 in CY2010 to 12 in CY2011. The theme of Forest Financing was featured in 6 activities.

Disbursements and outstanding commitments reached \$6.5 million, a 45 percent increase over CY2010 levels, but consistent with projections in the 2011 Work Program (\$6.8 million). There was a significant expansion in PROFOR's disbursements and outstanding commitments under the theme of Forests and Livelihoods, to \$1.4 million (up 280 percent compared to CY2010). Disbursements and outstanding commitments in the themes of Innovative Financing and Cross Sectoral dimensions of forests almost doubled, to \$0.9 million and to \$1.4 million, respectively. Disbursements and commitments under the Governance theme increased slightly to \$2.2 million (represented mainly by the financing of a single activity in Liberia for \$1.15 million). Overall, Administration, Communications and Management held steady at CY2010 levels and accounted for \$0.5 million.

Geographically, activities implemented in the Africa Region (AFR) accounted for 37 percent of the disbursements and commitments. 27 percent was about evenly spread between the Latin America and the Caribbean (LCR) and the East Asia and Pacific (EAP) regions; and, the remainder, around 12 percent, was shared among the Europe and Central Asia (ECA) (9 percent), South Asia (SAR) (2 percent) and Middle East and North Africa (MNA) (1 percent). Global activities implemented by the Secretariat through the Strategic Window accounted for 26 percent of disbursements and commitments.

## HIGHLIGHTS FROM 2011

PROFOR's objective is to contribute to the capacity of institutions and stakeholders working on forest policy processes to address more effectively poverty alleviation, national economic development, climate change mitigation and adaptation, and sustainable forest management. As laid out in our Operational Guidelines, it does this by:

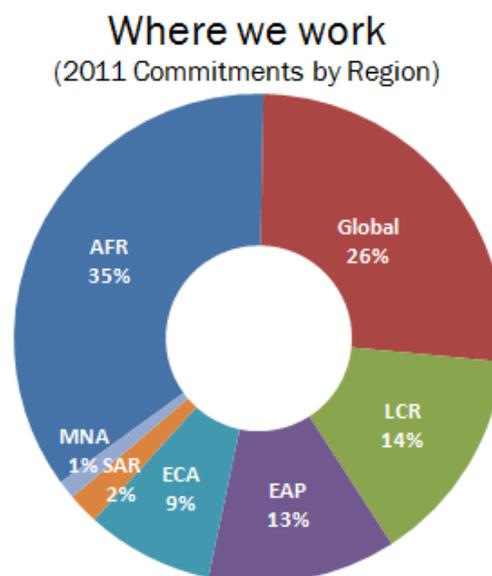
- carrying out analyses of emerging themes,
- mainstreaming ideas and approaches into the policy dialogue,
- developing knowledge products such as toolkits and new methodologies,
- testing innovative approaches, and
- strengthening networks and partnerships.

In 2011, PROFOR activities touched on all of these pillars. We have chosen in this Annual Progress Report to focus on three particular themes which are deeply engrained into our operations: activities which support *innovation*, the *incubation* of emerging ideas until they are mature for wider dissemination, and then achieving an impact by *mainstreaming* new approaches and themes into the global forest policy discussion.

We highlight below just a selection of achievements in each of these three areas. More detailed updates on all activities in PROFOR's portfolio are included in Annex III to this report.

One of our big challenges in 2011 was in coping with increased demand for PROFOR support in the face of budget constraints which limited our ability to take on new activities. In order to accommodate growing demands within a constrained budget framework, we shifted resources from our Strategic Window (activities implemented by the Secretariat) to our Programmatic Window (activities implemented by the Bank's operational regions). In doing so, we disbursed and committed record levels of funding through our Programmatic window.

In order to constrain future spending, the Secretariat has virtually stopped any new programming which is not already accounted for in our pipeline budget. A number of activities planned for CY2011 were postponed or cancelled, or rolled over to the CY2012 work program. These activities included further evaluative work which had been earlier programmed. Plans for CY2012 are discussed separately in our *Proposed Work Program and Financial Projections*.



## MAINSTREAMING KNOWLEDGE IN A CROWDED FIELD

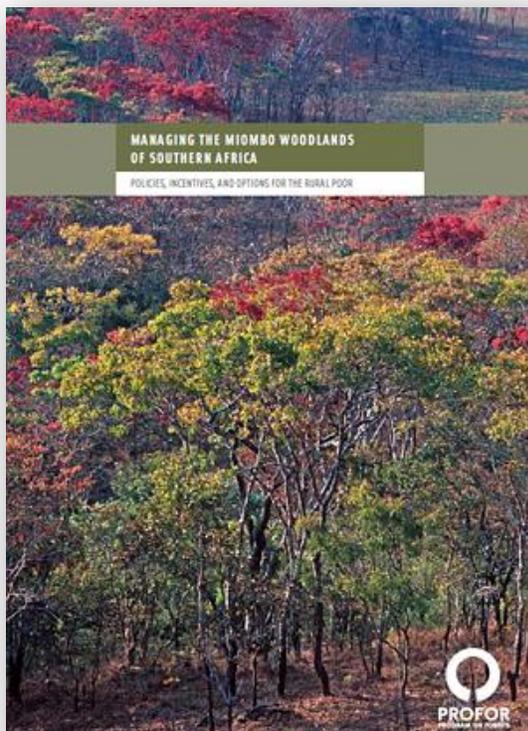
PROFOR seeks to inform forest policy by mainstreaming various aspects of sustainable forest management and forest governance within international and national programs and policy dialogue. This policy impact is the "end prize" of our analytical and guidance work. Impacts may take years to manifest themselves. Attributing causality is also challenging when so many products and ideas are the result of partnerships and cross-fertilization. However, we are sometimes able to identify pathways between relevant, timely analysis and tools and subsequent policy choices.

We have outlined below a few promising activities from 2011 that may ultimately shape forest policy choices. Those examples also highlight why PROFOR analysis matters in the crowded field of think tanks, NGOs and research centers:

- We are able to draw on the World Bank to amplify policy messages.
- We are closely linked to significant investment operations through our work with World Bank regional and climate change colleagues.
- Because of regional colleagues' ongoing dialogue with government agencies, we are able to produce well targeted knowledge products that respond to specific country needs.
- Much of our work is oriented toward practical guidance and tools rather than pure research. We produce knowledge that people can use.

### *Managing the Miombo Woodlands of Southern Africa*

The UNFCCC Conference in Durban in December 2011 provided an excellent opportunity to highlight the value of dry forests and woodlands — a theme which had been relatively neglected in global climate discussions compared to the attention given to their high-density Amazon, Congo



and Indonesian cousins. The PROFOR Secretariat responded to this opening by updating and then publishing work which had originally been completed in 2008 for the World Bank Africa Region to inform its regional work on forests. The outcome, ***Managing the Miombo Woodlands of Southern Africa: policies, incentives and options for the rural poor***, brought these findings to a much wider audience at the Dry Forests Symposium in Durban (organized by CIFOR with PROFOR sponsorship) and Forest Day 5 (organized by the Collaborative Partnership on Forests with PROFOR sponsorship).

About 300 copies of the book were shared during the two events, and findings from the study featured prominently in the presentation that Andrew Steer, World Bank Envoy for Climate Change, delivered in front of hundreds of key forest policy makers and experts at a Forest Day 5 Discussion Forum which was sponsored by FAO and the World Bank:

### The Right Fit for Sharing REDD+ Benefits

Forest-dependent communities will have to subscribe to the motivation and objective of REDD+ for it to be successful and sustainable. This is where the design of a country's benefit sharing mechanism will make a difference by determining who is involved in REDD+ activities and the ways in which benefits are shared.

PROFOR's recently completed work on "Making Benefit Sharing Work for Forest-Dependent Communities: Insights for REDD+" includes a tool developed by PricewaterhouseCoopers (PwC) that provides guidance to governments attempting to choose, for example, between input-based and performance-based mechanisms (in other words, rewarding community efforts or only carbon outcomes) or sorting out the most effective scale of intervention (national or subnational).

The tool was introduced by Richard Gledhill, Global Leader for Climate Change and Carbon Market Services at PwC, in Durban to a crowded group of Forest Day 5 participants during the Issues Marketplace. More substantively, it has been adopted by the Forest Carbon Partnership Facility (FCPF) who will roll out the tool and other findings from the three-part study in training sessions scheduled for May 2012. Because FCPF countries are at different stages of the REDD+ readiness process, the training sessions and material will be tailored to meet specific country capacity and needs.



The FCPF will work with World Bank Institute and its Global Development Learning Network to organize the training.

*Left: PwC's Richard Gledhill listens to feedback at Forest Day 5. Photo: Flore de Preneuf*

"Change and Adaptation in African Dryland Landscapes." Key messages included the fact that dry woodlands are critical safety nets for poor rural households, and are an integral part of farm-forest-livestock production and management systems in southern Africa. The presentation highlighted the role dry woodlands can play in 'Climate Smart Agriculture,' because of their role in income generation, improving food security and building resilience in farming systems to climate shocks. These themes were also highlighted through two blog posts on the PROFOR website ("Notes from a muthi market" and "Free lunch, in the shade of a marula tree").

*Impact:* As we have noted, the miombo study was nothing new. What PROFOR did was to take advantage of a platform to which it had access — Forest Day 5 — to give the miombo study a profile with an influential group of policy makers who might not have been familiar with its policy-oriented findings. We did this

by working closely with the Bank's climate change team and with Special Envoy Steer, and by drawing together the links between dry forest management and food security, resilience to climate shocks, and the potential for mitigation by better forest and tree management. The wider message was particularly resonant, as this was 'Africa's COP,' and helped mainstream a wider understanding that the dry forests and woodlands of Africa provide a wide range of environmental goods and services which are inextricably linked to people's broader livelihood portfolio. These areas play an especially important role in supporting vulnerable households, including those headed by women, those affected by HIV/AIDS and those increasingly affected by climate variability.

### Assessing Forest Governance in Burkina Faso

Burkina Faso has experienced extensive degradation of its natural resources — forests, farm and grazing lands, lakes, and rivers. Around 90 percent of its population depends to varying degrees on these natural resources for their livelihood. Deforestation is estimated at 1 percent annually, and

### Going Granular in Ghana

PROFOR first supported the mapping of landscape restoration opportunities at the global level. While the global mapping work did much for increasing awareness about the potential for forest landscape restoration, it was not so helpful in providing guidance at a smaller scale or for informing specific investment decisions. Ghana, a country where forest degradation rather than deforestation is a greater threat to maintaining the ecological integrity of forest areas, is eager to assess and harness the potential of forest landscape restoration. This interest suggested that a more detailed national level mapping exercise could better inform its future forest investment plans. With PROFOR support, a careful, participatory process was launched to help expand the horizon of the Forestry Department beyond its traditional focus on timber exploitation in Forestry Reserves, to understanding the impact and extent of degradation taking place outside forest reserves, where activities such as subsistence farming and slash and burn are taking a toll on the landscape.

Foster Mensah, Executive Director of the Centre for Remote Sensing and Geographic Information Services at the University of Ghana, was highly appreciative for the support PROFOR provided to help develop a fine-grained assessment of forest resources in Ghana. He pointed out that: "The mapping work is exposing stakeholders to the fact that trees may be gone in 15-20 years if nobody intervenes through restoration efforts. Mapping is really advocacy work, making policy makers aware of where Ghana stands today."

Ghana has entered into a Voluntary Partnership Agreement with the European Union to ensure that timber exports are legally sourced. In addition, Ghana has been an active partner in developing a carbon market Readiness Plan through the Forest Carbon Partnership Facility, and has been preparing (with the support of the African Development Bank) its plans for forest investment from the FIP. Discussions with members of the team which is developing Ghana's FIP investment plan indicate that the maps will provide a solid foundation for planning investments outside forests which generate direct economic benefits, reverse degradation and address climate change.



*Right: Stakeholder consultation in Kumasi, Ghana, October 2011. Photo: Lars Laestadius, World Resources Institute*

the associated loss of income has been estimated at 1.23 percent of GDP. The proximate causes of deforestation include agricultural expansion, pastoralism on fallow ground during the dry season, wood removals from forests mainly for domestic uses, the overexploitation of non-timber forest products, and overall, poor governance.

Burkina Faso has been selected as a pilot country for the MDB-backed Forest Investment Program (FIP). Improving forest governance is critical to the successful implementation of its FIP program. Thus, Burkina's Ministry of Environment and Sustainable Development has been motivated to identify the main weaknesses in forest governance and to implement appropriate interventions to mitigate these.

Building on the diagnostic framework developed by PROFOR and our several partners, our forest governance team worked closely with the Ministry in developing a clearer sense of the key weaknesses in the forest governance framework. The diagnostic work relied on systematically assessing the views of a large number of knowledgeable stakeholders, who were likely to be impacted by the proposed plan for FIP investments. The diagnostic work supported a unique one-day national workshop at which multi-stakeholder groups were exposed to a comprehensive framework to analyze forest governance issues and were invited to score a forest governance

questionnaire, customized to the specific circumstances of the country. Collation, validation and cross-checking of the information helped identify the strengths and weaknesses of forest governance. Some of the more prominent issues in Burkina Faso relate to the need to:

- deepen participatory processes and to give stakeholders a role in monitoring and implementation, especially at decentralized levels;
- improve media coverage of the forests sector (depth, frequency and local language coverage) and to strengthen the follow-up, from reporting to action;
- incorporate specific forest governance remedial actions into Government's overall anticorruption policy;.
- consider a practical body or mechanism for speedy and fair resolution of conflicts among local communities and forest users, especially at the decentralized levels;
- develop a robust system of tracking financial flows and for a thorough study of the issue of budgeting (level and availability), the effectiveness of reforms, and expenditure control; and to
- step up government efforts to provide the necessary incentives for increased participation of the private sector.

*Impact:* The workshop helped bring different stakeholders to a common level of understanding and appreciation for governance bottlenecks. The assessment unearthed new information, transparency and accountability gaps, and institutional challenges which impede good governance. The process of diagnosis itself is expected to increase the desire for reform, but whether diagnosis sets the course of reform remains to be seen. A followup workshop in March 2012 will help stakeholders prioritize actions to remedy governance problems as the country gears up to launch its FIP investment plan over the next three to four years.

### **Forests and Rural Livelihood in the Kyrgyz Republic: Development Potentials**

What are the structural and institutional constraints to generating income from Non-Timber Forest Products (NTFPs) and to ensuring the benefits accrue to poor rural communities in the Kyrgyz Republic? What is the export potential of NTFPs such as walnuts?



*Women gathering the wild walnut crop from the forest.  
Photo: Kip Loades, Flickr*

In 2009-2011, PROFOR supported analysis to provide a stronger factual base for the growing debate in the country concerning forest management. At the request of the State Agency for Environment and Forestry, special attention was paid to issues of management of municipal forests. The activity was implemented by the Rural Development Fund, a Kyrgyz-based NGO, which focused the study on five forestry enterprises. In addition, a specialist conducted a detailed analysis of the value chain for one of the most important NTFPs in the area —

walnuts. The main report, Forest Management and Use in the Kyrgyz Republic, contains key

recommendations to alter the current dynamics of forestry management. A Walnut Value Chain Survey in turn, shows that improvements in the efficiency of the walnut value chain in Jalalabad could improve the income and livelihoods of many participants, increase employment through value addition and increase the national GDP through exports. Regional economic growth, if equitably distributed, could also serve to reduce ethnic tensions and division. Support to improve the efficiency of value chains of walnuts and other NTFPS would also help to promote sustainable walnut-fruit forestry management practices, currently under threat from increased population pressure, deforestation and livestock farming

*Impact:* Results from the two reports were shared at workshops with high buy-in and participation from government institutions as well as other relevant stakeholders. Because this activity was designed to respond to a specific government demand for policy analysis, its findings are expected to help inform implementation of government and donor interventions to improve forest management, with a focus on the relationships between State Forest Enterprises inherited from the Soviet era (leskhoz) and local villagers in harvesting timber and NTFPs. In particular, the formulation of specific recommendations for overcoming policy and market value chain problems should help increase the benefits that communities derive from forests and their products. The background study on walnuts also fills a valuable information niche for potential private sector investors as data on informal activities can be hard to come by. The study appears in the first two search results when the words “Kyrgyz walnut value” are typed in the search engine Google. Both the overall Kyrgyz report and the walnut study are knowledge products that do not aim for a mass audience but achieve relevance by meeting specific demands for analysis and data.

#### INCUBATING NEW IDEAS: EMERGING THEMES AND NEW DIRECTIONS

The idea of mainstreaming our findings into forest policy processes is central to PROFOR’s work and where we believe we can have significant impact. We are always in search of new opportunities and platforms for weaving our findings into local, national, regional and global forest policy dialogues. But before we can really ‘take things to scale,’ an essential prior condition is that these ideas are ‘ready to go:’ in the sense that they can withstand scrutiny from critics and proponents alike. Indeed, part of PROFOR’s work is geared toward bolstering emerging themes until they can stand on their own. We highlight here a couple of the emerging themes we have focused on last year: green growth and landscapes. Our work on these issues is contributing to generate a critical mass of evidence and analysis to support further action and mainstreaming.

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#### Green growth: why markets can be good for forests and trees — and for people.

Early in the preparations for the planned Rio+20 United Nations Conference on Sustainable Development the preparation committee focused on the challenge of supporting a transition to a green economy. Once the challenge had been tabled, member states and major groups involved in the preparation process quickly identified areas for emphasis such as green jobs, energy access and sustainability, food security and sustainable agriculture, water, and improved resilience. These areas reflect the realities which are confronting governments worldwide — a growing population which in 2050 population will exceed 9 billion; the need to increase food supply by 70 percent globally; the need for crop production systems that are resilient to climate change; the need for measures to address the growing demands for biofuels and woodfuels; and the need to resolve conflicts over the use of arable land for food, fiber, and fuel. The preparations show that an agenda for green growth will need to focus on improving productivity, internalizing externalities and improving efficiency.

Forests are conspicuously absent as an area of emphasis in the run-up to Rio, yet forest goods and services are critical to every area that is named (from energy to water, food, jobs and resilience). Several of the activities PROFOR supported last year provided robust analysis that could help place forests more explicitly at the center of sustainable development discussions and provide the basis for action once policymakers turn to solutions for implementing the green growth agenda.

### **The role of forests in low-carbon growth**

One of the hallmarks of a wider body of analytic work over the last several years has been an effort to assist countries in defining how to transition to low carbon growth. The Energy Sector Management Assistance Program (ESMAP), a multidonor partnership hosted by the World Bank, has been assisting 14 countries in preparing Low Carbon Development Strategies. PROFOR was approached by ESMAP to collaborate in developing a policy brief which considers the role of forests in low carbon growth. The policy brief reviews low carbon growth strategies for three countries (Brazil, Mexico, and Indonesia). It succinctly captures the importance of curbing deforestation and forest degradation, restoring degraded lands, and enabling sustainable wood energy production for low-carbon growth. The policy brief emphasizes that, while changing the incentive structures which encourage deforestation is important, low-carbon growth will also need to focus on drivers of degradation, which stem mainly from woodfuel, logging and agriculture.

The policy brief points out that wood-based biomass is not a transitional fuel, but is and will remain a critical part of the energy mix in poor, middle income, and developed economies. Woodfuel plantations will reduce forest degradation only if they are established in a manner which explicitly offsets the unsustainable harvesting of forests as a result of agricultural expansion or logging. The emphasis on sustainable bioenergy use in low carbon strategies is justified given current consumption rates – in Mexico, bioenergy accounts for just 8 percent of primary energy consumption, while in Brazil bioenergy from native forests is central to iron and steel production.

*Impact:* Currently the draft brief is being used to inform internal World Bank discussions regarding low emissions development and green growth. It has helped position issues related to forest degradation and biomass based energy in these discussions.

### **Brazil: Scaling up Renewable Charcoal Production**

In Brazil, the state of Minas Gerais is responsible for 60 percent of the national production of iron and steel. To date the industry has relied heavily on charcoal produced from wood which has been harvested from natural forests. The government of Minas Gerais recently approved legislation which will require, by 2018, sustainable firewood and charcoal production practices and which virtually bans the production of charcoal from deforestation. By 2018, 95 percent of the charcoal consumed in the State must be produced from plantations. The challenge will be in overcoming the financial and institutional constraints to using wood sourced from plantations.



*Improved charcoal kilns  
Photo: [www.charcoalproject.org](http://www.charcoalproject.org)*

PROFOR supported a study on scaling up renewable charcoal production which assessed barriers, risks, opportunities and measures to mitigate GHG emission in the forestry and pig iron sectors. As part of this activity, a workshop with 20 stakeholder representatives was convened. The workshop showcased successful business models such as the Plantar Business model (a CDM project) financed by the Prototype Carbon Fund.

*Impact:* The first output from this work, a study in financial and institutional arrangements for scaling up renewable charcoal production in the State of Minas Gerais, has informed the national low-carbon development strategy for Brazil. The study and stakeholder workshop both demonstrated that CDM projects can offer incentives for large scale charcoal plantations, and that a programmatic CDM approach may be a reasonable alternative model for charcoal production for the pig iron industry.

### *Impact of Artisanal and Small Scale Mining in Protected Areas*

In Brazil, we are demonstrating that a green growth agenda can be advanced when the externalities of unsustainable energy consumption are internalized. Bringing about a transition of informal sector economic activities into the formal sector can accomplish similar objectives. In West Africa (primarily in Liberia and Gabon), PROFOR has been supporting a study on artisanal and small scale (ASM) mining. Some of the environmental concerns associated with ASM stem from mining practices, which can include primary forest clearance, dam construction, and the digging of deep



*Artisanal mining in Northeastern DRC*

*Photo: AFP*

pits without backfilling and the indirect impacts of these — erosion and encroachment. The study found that the main reason for ASM was the lack of economic alternatives. Government's common response —eviction of artisanal and small scale miners from forest areas because their activities were considered illegal — fails to address the primary cause of the project.

The outcome from this work was integrated into a larger initiative on Artisanal and Small Scale Mining in Protected Areas and Critical Ecosystems (ASM-PACE) led by WWF in collaboration with a private sector partner.

*Impact:* In Gabon, this study has gained government attention and has fostered an interest in creating a win-win solution to the problem of ASM in protected areas. Engagement with this project has increased government's interest in creating a managed-space which would allow Gabonese miners to mine legally while also contributing tax revenues to the government and respecting Gabon's pristine forests. This approach would reduce the impact of forest clearance, erosion and other negative externalities associated with ASM.

## Forest Connect II

Research has shown that investments in small and medium scale forest enterprises (SMFEs) can produce better outcomes than investments in industrial-scale forestry. The latter can avoid exacerbating poverty, but it seldom has been shown to actually reduce poverty. In contrast SMFEs offer better prospects for rural development, especially when forest enterprises are organized in groups or represented by associations that have strong social and environmental goals.

PROFOR has supported a series of efforts to build social, economic and environmental sustainability amongst small and medium scale forest enterprises (SMFEs). Forest Connect II, which assembled a series of guidance notes to do this, was completed in 2010, and a second phase was launched to finalize these notes into a toolkit.

Woodworker,  
Kenya.  
Photo: Flore  
de Preneuf



Working with IIED, Forest Connect has supported the testing and enrichment of guidance modules for facilitating the development of small and medium forest enterprises. The guidance modules, and the toolkit which makes these accessible for wider dissemination, can be used to build social, economic and environmental sustainability among SMFEs by connecting them to emerging markets, service providers and the National Forest Programme processes.

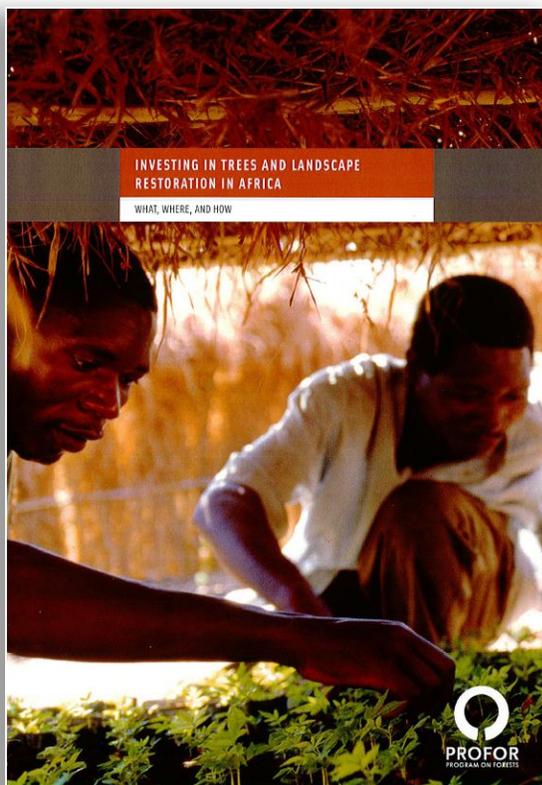
*Impact:* Forest Connect has been active in a large number of countries, and some clear lessons are evident from a number of these. In Burkina Faso, for example,

Forest Connect has provided valuable insights about the NTFP sector (structure, information needs, governance of producer associations) and the challenges and priorities of SMFEs themselves. This information has been enormously important for informing the development of rational and well justified plans for supporting SMFEs in the NTFP sector. In Ghana, the multi-stakeholder Forest Connect steering committee has helped prioritize support for marketing a set of key small forest enterprise commodities. The consultative approach adopted by the project has made it possible to address needs of stakeholders (e.g., honey producers and domestic lumber traders). In Guatemala, exchanges between community-managed ecotourism initiatives supported the development of an integrated communications strategies and a national platform for SMFE tour operations. In Guyana, increased awareness about the small forest enterprise sector has motivated the Guyana Forestry Commission to expand the number of community forest areas in the country from 27 in 2007 to 62 in 2011 – including both indigenous peoples associations and other community forest associations. In Mozambique, the diagnostic carried out by Forest Connect on SMFE's challenges drew attention to major issues having to do with legislative rights, market access and a lack of enterprise organization. The findings have informed inputs to possible mechanisms to reduce deforestation within the National REDD+ strategy. In Nepal, the diagnostic study on SMFEs and their associations within Nepal improved the accessibility of the information on the SMFEs.

## Promoting Investments to-Scale in Landscapes for Green Growth

New investment models must be found to underpin green growth. Investments that internalize the costs of land-use conversion can improve efficiency and enhance productivity and resilience. Landscape-scale investments broaden the spatial nature of the investment, and extend it beyond the farm boundary to include investments and their impact in riparian areas, protected areas, wildlife habitat and human environments. Similarly, market incentives and subsistence requirements need also to be addressed when supporting investments in reforesting hillsides, planting trees on farms, improving soil management and forging partnerships. Private investors may need incentives to help them deal with risk and to invest in areas with high potential for public gains. The development of agricultural and forest product supply chains in ways that benefit landscape restoration may in some cases require short term tradeoffs between ecological and economic goals.

The PROFOR-supported Investment Forum in Nairobi in May 2011 aimed to mobilize private investment by raising awareness of the opportunities for investments in trees and sustainable land



management and restoration. It took existing expertise from partners such as EcoAgriculture Partners, IUCN, TerrAfrica, the World Bank and the World Agroforestry Centre and packaged it in a way that would be meaningful for private sector participants and provide a platform for future decisions and policies. In Indonesia, the “Forests Indonesia Conference: Alternative futures to meet demands for food, fiber, fuel and REDD+” focused on the challenges and opportunities facing Indonesia’s forests today against the broader trends of climate change and global trade and investment.

*Impact:* The Nairobi Investment Forum brought together 100 participants — financiers, entrepreneurs, community organizers, market developers, governments, and donors. The Forum and its background papers created a common understanding of the constraints and opportunities for enhancing local livelihoods, increasing resilience, while creating good returns for investors. The background papers that informed the Forum deliberations were also widely disseminated online and in print at subsequent events such as Forest Day 5 in Durban.

The Forests Indonesia Conference provided a forum for almost 1,000 key leaders from all sectors to discuss the challenges and opportunities faced by Indonesia in the sustainable use of its forests. One clear result was to put forests back on the agenda in Indonesia. The President of Indonesia, who opened the conference, also called on business leaders to enhance the environmental sustainability of their operations and recognized that the government needed to do more to address the primary sources of Indonesia’s greenhouse gas emissions.

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## Landscapes: Which ones and Where? And Why?

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After the Durban UNFCCC COP and the side events of Forest Day 5 and Agriculture and Rural Development Day, the Vice President of the World Bank's Sustainable Development Network, Rachel Kyte, posted a blog in which she described the need to "break down the silo mentality that can affect expert communities working on narrow themes". Rachel reflected on the well known reality that agriculture (large and small) is one of the main drivers of deforestation and forest degradation in many parts of the world, and that growing demands for food, energy and income would continue to exert pressure on the forest "frontier" in the future. She succinctly captured the positive achievement associated with forestry and agriculture experts, concerned about climate change, reaching agreement to find joint solutions at the landscape level. Rachel also urged everyone to consider an integrated approach to climate change action. "Adaptation-based mitigation is a no-regrets option" she wrote. PROFOR's behind-the-scenes effort helped frame Rachel's perspective. We summarize here some of the highlights from a few PROFOR activities which aimed to enhance the evidence base for taking an integrated landscape approach to climate change.

*Rachel  
Kyte at  
Forest  
Day 5,  
Durban  
Photo:  
Neil  
Palmer,  
CIAT*



### **Using Forests to Enhance Resilience to Climate Change**

An integrated approach to managing natural resources requires cross-sectoral coordination. There are few efforts which have systematically positioned the role of forests with respect to other sectors. In the context of climate change, a justification for an integrated and landscape oriented approach is the role of trees and forests in enhancing resilience to climate change.

The UNFCCC (2007) estimates that the global cost of adaptation to climate change in agriculture, coastal zones, forestry, fisheries, health, infrastructure, and water supply combined will reach \$44 billion to \$166 billion per year by 2030. For developing countries, the cost will be between \$28 billion and \$67 billion.

There is extensive evidence about how forests can help build resilience, across multiple sectors, in adapting to climate change, though this has been inconsistently documented at the country level. This PROFOR activity, launched in partnership with CIFOR, is developing three in-depth country case studies where forests are important for resilience in other sectors (agriculture, energy and urban water). It also examines the institutional and policy requirements to effectively use forests for adaptation.

A 'state of knowledge' report has been completed, which seeks to document some of the country specific cases where forests have reduced the costs of adaptation. For example, in Vietnam, the planting and protecting of nearly 12,000 hectares of mangroves cost US\$1.1 million per year, but was shown to save annual expenditures of US\$ 7.3 million for dyke maintenance. In Orissa, India, similar investments in mangrove forest establishment could help reduce the loss of lives to super cyclones by 92 percent and lower the costs of property damage.

*Impact:* The report has informed the development of a methodology for assessing how forests can contribute to adaptation strategies in the agriculture, water and energy sector in the three case-study countries of Lao PDR, Honduras, and Burkina Faso respectively. It is helping to anchor country level analytic work in upcoming investments associated with the Forest Investment Program (in Lao PDR and Burkina Faso) as well as a development policy credit that would partly be used to reforest the Guacerique Basin, which is the source of water for Tegucigalpa, Honduras.

### **Impacts of Climate Change on Rural Landscapes in Brazil**

The linkage between agriculture and forests is very pronounced in Brazil. Agricultural expansion remains a major driver of deforestation in Brazil. Agricultural expansion also generates significant negative feedback loops by causing climate change, which in turn is drastically changing the structure and composition of Brazil's remaining forests. Changes in land use — which are being driven by climate change — are directly affecting livelihoods by changing the distribution of land under different uses. By modeling the impacts of these feedback loops, more informed policies and investments can be made to try to minimize the negative impacts of climate change on food security.

In Brazil, an agro-eco-zoning model has been developed to project the suitability of different zones for different crops, pasture and forest types. This model is currently being used to help define the structure of financial lending in the agriculture sector. PROFOR is supporting a refinement of climate change projections for Brazil by integrating global, regional, and local scale models. Higher resolution climate projections will then be used to refine the national agro-eco-zoning model, and will help identify cropping areas that are less vulnerable to climate change impacts, based on temperature projections through 2020, 2030 and 2050.

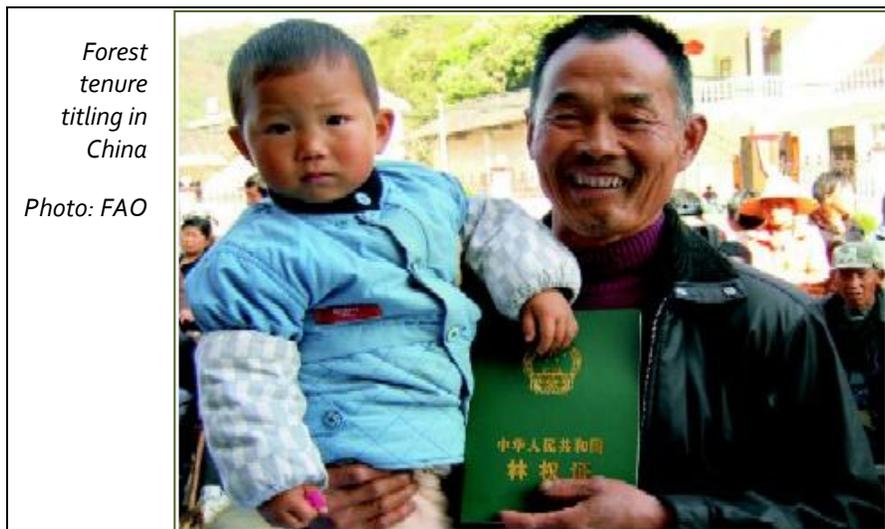
*Impact:* This activity is contributing to the South American initiative, particularly in the Amazonian region to produce high resolution climate scenarios for impact assessments, and an EU sponsored activity to enhance climate data collection, storage, and access. Official zoning risks and forest land conversion issues have been and continue to be central matters of public policy in Brazil, impacting decision making at federal, state and municipal levels. It is anticipated that, robust projections of climate change and impact assessments on land and water use through 2050 and beyond will enable policy makers to identify key issues in current forest land use systems. These projections are expected to help in providing adequate lead time for appropriate policy instruments to guide strategic cross sectoral investments for both reducing deforestation and forest land degradation and improving adaptation to climate change.

### **Impacts of China's Forest Tenure Reform: Implications for policy makers**

This PROFOR activity is examining how the second round of collective tenure reform underway in China affected household livelihood strategies and investments, allowed for well-functioning markets for forest land, and influenced forest resource management and provision of local public goods. The aim is twofold —to document the impact of the reform process, as well as to inform the formulation of policy measures needed to accompany future reforms. Collective tenure reform is impacting 70 million rural households and 147 million hectares of forest land (roughly 60 percent of China's forest land).

Preliminary findings from the data analysis show that the reform process has resulted in a 150 percent increase in the area under afforestation compared with areas where there were no reforms. The reform process has also created some risks. Households which are facing significant economic constraints sometimes choose to sell off their land or their timber. If a large number of households opt to sell their land or to harvest their timber, the reform could have unintended ecological

outcomes. By identifying these risks, this study aims to inform the formulation of supporting policies that can help ensure that villages and households fully benefit from the reform.



Forest tenure titling in China  
Photo: FAO

*Impact:* The State Forest Administration (SFA) is in the process of carrying out a mid-term evaluation of the impact of collective forest tenure reform.

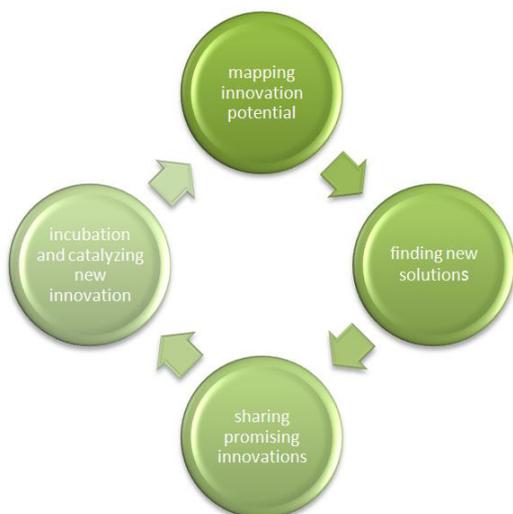
The PROFOR-supported researchers working on this activity have been invited to participate in the mid-term evaluation. This is a tremendous opportunity for the activity to contribute to policy processes. The results from

the PROFOR analysis will be reported to SFA in a workshop planned for the fall of 2012, and will be used as inputs for follow-up policies and regulations.

DFID has been funding a global initiative coordinated by Rights and Resources Group to document forest tenure reform in the developing world and assess the impacts on forest management and poverty alleviation, as well as REDD. Researchers working on this PROFOR activity have been invited to speak at activities organized under the initiative, including dialogue among ministers of major forest nations (MegaFlorestais) and training of future forest leaders from developing countries, providing an opportunity to share lessons from China for other countries.

SUPPORTING INNOVATION

Informing PROFOR through Cycles of Innovation



PROFOR has a specific mandate, in its Operational Guidelines, to identify and to support innovation. We see this support as critical for informing the rest of our work, and to help find new ways to apply existing information and knowledge in the forest sector. PROFOR products tend to go through a process where an initial idea has first been developed through PROFOR's knowledge work, nurtured and incubated through other subsequent measures, and then mainstreamed and scaled up both within and outside of PROFOR's immediate portfolio.

From our perspective, innovation processes can be divided into four distinct stages: i) mapping innovation potential ii) finding new solutions iii) sharing promising innovations, and iv) incubation

and catalyzing new innovation. Many PROFOR products and processes can be grouped into one of these four categories. Some highlights of PROFOR innovation activities from 2011 using this typology are described below.

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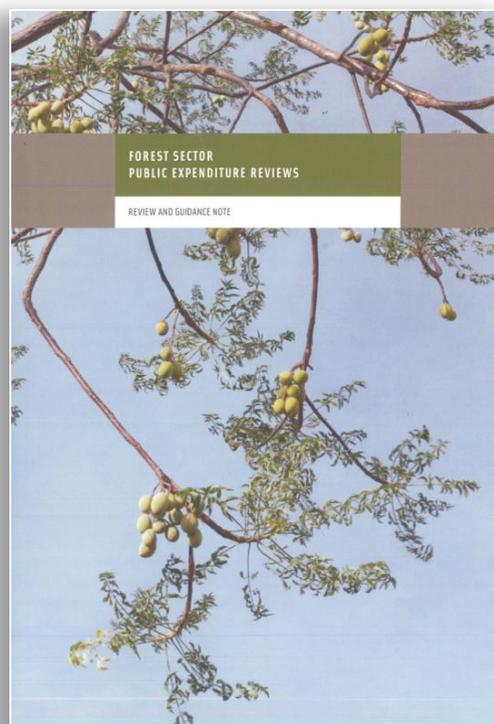
### Mapping the potential for innovation

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Innovation processes start by understanding the operating environment. This is essential for ensuring that new solutions are practical and useful — a primary difference between innovation and invention.

### ***Evaluating the Effectiveness of Public Spending in the Forests Sector***

PROFOR's review of studies of public spending in the forests sector found that, globally, very few forest sector public expenditure reviews (PER) had been undertaken. Of more than 60 agricultural/NRM/environment PERs reviewed, only 14 focused to any degree on forests. Few of these seemed to be very robust because of inconsistencies in definitions and data problems. They also suffered from a lack of clear linkages between public expenditures with intended outcomes. The review also suggested that levels of sectoral spending could be difficult to capture when multiple institutions have responsibilities for delivery against different aspects of a country's forest policy (e.g. production forests, protected areas and law enforcement). The report provides practical support and guidance by defining a common framework for a forest sector PER; and focuses on how to address these deficiencies.



The development of a clear public expenditure management framework for forests is especially important in the context of REDD+ initiatives. Without an understanding of how spending on forests features in budgetary processes, forest carbon finance could be poorly targeted.

The study was complemented by the preparation of Guidelines for ensuring that there is a common platform for understanding how specific activities — such as Forests Sector Public Expenditure Reviews — should be carried out. The next stage would be to design appropriate ways of monitoring forest sector financial flows and pilot this methodology in a few countries.

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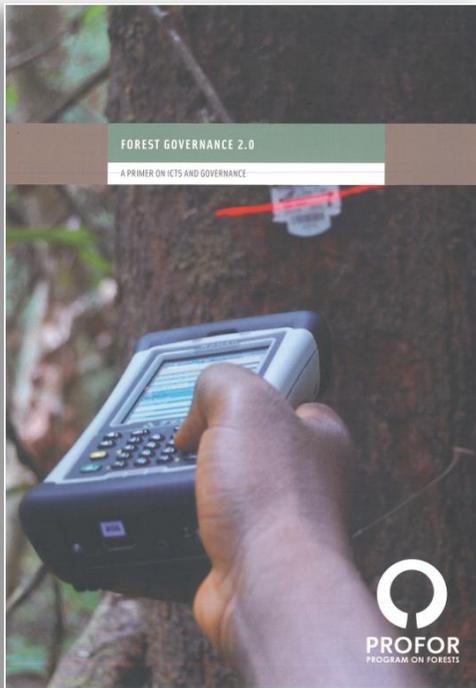
### Finding new solutions

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Innovation can be based on new inventions or by applying existing knowledge in new and unprecedented ways. Many PROFOR products seek to adapt knowledge developed in other contexts to specific forest sector needs.

## **Forest Governance 2.0: A Primer on Governance and ICT**

PROFOR's study on forest governance and ICT highlighted the range of interesting ICT applications which have been deployed to improve forest governance. The report demonstrates that increased access to ICT has led to innovation and that more traditional uses of ICT for mapping, measuring and monitoring forests carbon, have become more efficient, cost-effective and inclusive. At the



the same time, the increased use of technology has led to new ways of working that would not have been feasible previously. For example, crowdsourcing and participatory mapping have been made possible by new devices and the convergence of 'small ICT' (e.g. cell phones and Internet) and 'big ICT' (remote sensing and earth observation systems).

At the same time, the report also encourages realism. There have been few systematic approaches to ICT development and application, and its use is often limited to one-off experiments. Linking ICT innovations to wider institutional reforms remains a challenge.

In summary, ICT technologies can be used to support and to promote good forest governance. But ICT alone does not change the landscape and projects have to be well designed and sustainable within a supportive institutional context. It is essential that technology development and the use of ICT be driven by an appetite for reform rather than by the availability of technology.

Findings from the study have already influenced the design and preparation of several World Bank operations, such as the Russian Federation Forest Fire Response Project, the DRC Forests and Economic Diversification Project, and the Africa Regional Strategic Work Plan for Forests.

## **Tools for International Law Compliance and Forest Control and Supervision**

PROFOR has continued to support the extensive work launched by the FLEG Trust Fund (now closed) in Central and South America. One specific innovative approach which grew out of this early work involved developing mahogany yield tables and a computer application to monitor logging and trade in CITES regulated species. In the past, highly inaccurate conversion factors made rates of timber extraction appear unrealistically low; this allowed for extensive illegal logging when controls were concentrated at shipping ports. Based on extensive information collected along the value chain, national yield tables and volumetric conversion factors were developed in Guatemala. The system calculates the relationship between the Diameter at Breast Height (DBH) of a tree and the expected timber volume of sawnwood. For the first time, authorities are able to confirm that sawnwood production volumes are logically linked to allowable cut and the legality of sourcing can be assumed. To make the conversion tables more user-friendly, a spreadsheet software program called the VERITAS Timber Volume Calculator was developed. It gives accurate estimates of legal processing volumes based on allowable cut.



Originally, this innovation aimed to help forest authorities with monitoring tasks, but the private sector is also interested in using it for operational planning in production and marketing. The systems were initially developed for mahogany in Guatemala and Peru, but the step-by-step system for the development of national conversion tables and the related software are applicable beyond these countries and to other tree species as well.

Another innovation of the program was to develop best social and environmental practices in logging contracts between forest industries and indigenous communities. This included selection, monitoring and follow-up of community social control of forest industry-indigenous community timber contracts in Contamana, Pucallpa and Atalaya provinces in Peru. Reports and lessons learned material from this activity will form the basis for the development of a practical toolkit for forest control and supervision, expected to be disseminated globally (outlined in the CY2012 work program).

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### Sharing promising innovations

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What if there are great innovative ideas out there but information is not presented in a useful way? Furthering innovation sometimes means consolidating ideas and packaging them in a way that is relevant to practitioners and easier to share.

### ***Biochar Systems for Smallholders in Developing Countries***

Biochar is a traditional system to improve soil fertility by incorporating the by-product of an energy generating process (biomass pyrolysis) into the soil. Development organizations are increasingly interested in biochar systems, to support sustainable intensification of agriculture and land based climate change mitigation and adaptation, but lack a clear understanding of the benefits and pitfalls associated with smallholder biochar systems. PROFOR is supporting efforts to generate independent knowledge on the use of biochar systems in low and middle income country conditions, with a particular focus on systems accessible to smallholders that are already integrated in the local economy. Lessons from existing systems in Kenya, Senegal and Vietnam will be compiled to assist the development of practical, evidence-based protocols to promote smallholder biochar initiatives.

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### Catalyzing new innovation

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Innovations tend to lead to additional innovations. PROFOR's cycle of support to forest governance processes is a good example of the interplay between innovation, incubation, and mainstreaming. Past support for innovation has been followed by incubation activities, and these in turn have catalyzed new innovations. In some cases, the final phase may be a collection of "lessons learned" – risks and failures being an inherent part of the innovation process.

### *Establishing a Network of Controlled Delivery Units for Forest Law Enforcement*

'Controlled deliveries' are law enforcement operations which track illicit goods through the supply chain in order to identify key operators higher in the value chain, rather than low-level field operators. They require extensive international collaboration and appropriate institutional arrangements. PROFOR's work on controlled deliveries (CD) of illegal timber aims to build knowledge of CD techniques among forest law enforcement professionals. In conjunction with this activity, a workshop was organized in Shanghai, China in December 2011 with 50 participants from 18 African and Asian countries and experts from the World Bank, the World Customs Organization,



INTERPOL, the UN Office on Drugs and Crime, South Africa, Belgium and the Netherlands. The workshop covered forest and wildlife crime and law enforcement in China, global wildlife and timber smuggling routes, wildlife and timber methods and detection, controlled delivery techniques (including financial aspects), prosecution and group activities aimed at building a network of practitioners. The workshop identified a number of institutional and operational challenges and innovation needs that need to be addressed before CD operations can become mainstreamed in forest and other environmental law enforcement. These include legislative issues, political support; and technical and logistical resources.

This PROFOR-supported activity was one of the first ones implemented by the International Consortium on Combating Wildlife Crime (ICWC) established in 2011 and comprising of CITES Secretariat, INTERPOL, the United Nations Office on Drugs and Crime (UNODC), the World Bank and the World Customs Organization (WCO). WCO was the main organizer for the Shanghai workshop.

### *Workshop on Evaluating the Impacts of Forest Certification*

Forest certification is widely promoted as a voluntary mechanism for delivering sustainably managed timber to the market. Despite wide-ranging support for certification, an empirically robust evaluation of its impacts on forest management has not been carried out. Most studies which have attempted to assess the impact of certification have had methodological shortcomings. For instance, a 2010 review identified only one case study on forest certification which met robust evaluation criteria. There is also a lack of a good understanding — or evaluation methodology — of market impacts of certification at firm and farm levels. Because of these deficiencies, it is not possible to assess the impacts of forest certification on forests, firms, employees, and rural communities with much precision. With PROFOR support, forest researchers from CIRAD, CIFOR and University of Florida launched a process to develop a robust methodology for evaluating the impacts of forest certification.

This activity financed a preparatory event in the US and a workshop in Montpellier, France in November 2011. The workshop focused on forest certification research and how to measure the certification impacts. The workshop involved around 25 scholars and researchers from the organizing organizations, other forest management institutions, and representatives of forest producer country from Brazil, Cameroon, Indonesia and South Africa.

The findings from the workshop will be made available in a PROFOR discussion paper later in 2012. The main objective of the paper of this work is to provide guidance for setting up empirically rigorous evaluation studies of forest certification. This advice should help certification bodies and come up with new ways to track the the impact of their schemes.

## ADMINISTRATIVE OVERVIEW OF 2011

### STAFFING

Veronica Jarrin joined the PROFOR Secretariat as an Operations Analyst in July 2011. Veronica replaced Jane Li who left PROFOR to join the IFC, and is providing able assistance in tracking and reporting on PROFOR's finances. An Ecuadoran national, she joined us from the World Bank's Latin America and Caribbean region where she contributed to the preparation and implementation of Bank-financed projects as well as carrying out portfolio management.

Jeff Alumai joined the World Bank Agriculture and Rural Development Department to work with the Forests Team in May 2011 as a Junior Professional Associate. He has been providing good support to PROFOR on a number of activities which are being implemented by the Secretariat. He comes to us from the Economic Policy Research Centre at Makerere University, Kampala, Uganda, and had previously worked as the Policy Coordination and Development officer for the Millennium Science Initiative (MSI) project at Uganda National Council for Science and Technology.

### COMMUNICATIONS AND KNOWLEDGE MANAGEMENT

Last year tested and validated the solidity of our redesigned website launched at the very end of December 2010. Overall, content was more accessible, more up to date and viewed by more people than the previous year (10,968 unique visitors in 2011 vs. 6,748 in 2010). Our growing presence on social media platforms also started paying off by drawing additional visitors lured by bite-sized or nontraditional formats (short videos on Vimeo, still images on Flickr, 140-character messages on Twitter).

The evolution of our pageview numbers, month by month, showed that traffic was strongly correlated with publishing activity and events such as the Nairobi Investment Forum in May (when e-mail invitations, a press release and several blogs all pointed back to the PROFOR site) and our periodic newsletters (May, July and November last year). Our traffic growth slowed slightly in the fall when more focus was put on finalizing publications and preparing activities in Durban than on generating new web content. (In addition: January's high pageview count reflects the work that accompanied the launch of the redesigned site; August represents a normal seasonal low.) These trends highlight the payoff of continuous attention to online content development and marketing. Other numbers of interest:

- Our knowledge products (measured in terms of single downloads of pdf files) were downloaded 3,326 times by our Profor website users.
- Our 51 videos on Vimeo were played 1,128 times and loaded over 25,000 times last year.
- We had 725 followers on Twitter as of February 24, 2012 - three times more than a year ago.

By definition, however, PROFOR's web activity does not reflect our other extensive efforts to disseminate knowledge in print or oral formats. Our experience in 2011 showed that face to face presentations and printed matter still carry a lot of weight with our busy constituents. We assume

our readers sometimes want a break from PDFs on computer screens and do their reading and learning in a variety of combinations and formats.



We printed and distributed 500 copies of *Forests, Fragility and Conflict*, 500 copies of *Forest Sector Public Expenditure Reviews*, 500 copies of *Forest Governance 2.0*, 300 copies of *Managing the Miombo Woodlands of Southern Africa* and 300 copies of the Overview to *Investing in Trees and Landscape Restoration in Africa* (with CD). In addition to renewing and expanding our mailing list to reach a core group of influential forest development actors and practitioners, we made repeated efforts to carry out thematic mailings targeting for example the ICT community (with *Forest Governance 2.0*), lead economists at the World Bank (*Forest Sector PERs*) and the security, post-conflict community (*Forests, Fragility and Conflict*). All five reports were also made available on a special "PROFOR 2011" CD.

Our outreach within the World Bank included well-attended seminars where PROFOR activity leaders and invited speakers addressed themes such as "Reducing Emissions from Land Use Change in Indonesia" (Dominic Elson, Treyvalor Consulting) and ongoing findings from PROFOR work on "Collective Forest Tenure Reform in China" (Jintao Xu, World Bank). We also took advantage of a number of gatherings at the Bank such as the 4th Potomac Forum on Illegal Logging and Associated Trade (May 2011) and the First Roundtable of the UNDP-World Bank Expert Group on Extractive Industries and Conflict Prevention (September 2011) to share relevant PROFOR publications on governance.

Outside the Bank, major dissemination and speaking opportunities were structured around the following calendar. Forest Day 5 in particular represented an opportunity to communicate PROFOR knowledge on dry forests and landscape approaches to a wide, influential audience via presentations made by Rachel Kyte, the World Bank's Vice President for Sustainable Development, and Andrew Steer, World Bank Special Envoy for Climate Change.

May	September	November	December
Nairobi Forum on Mobilizing Private Investment in Trees and Landscape Restoration*	-San Diego conference on landscapes, forests and farming. -African Ministerial Conference on Climate Smart Agriculture in Johannesburg -Forests Indonesia in Jakarta*	- Forest Certification Workshop in Montpellier* - Asia Pacific Forestry Week in Beijing - ENPI-FLEG Workshop in Chisinau	-Dry Forests Symposium* -Forest Day 5, Durban*

\* Sponsored by PROFOR

## BUDGET AND FINANCIAL PROJECTIONS

Disbursements and outstanding commitments for PROFOR-financed activities in CY2011 totaled \$6.5 million, a 45 percent increase from CY2010, but closely approximated by projected disbursement and commitment levels described in the planned CY 2011 Work Program. Disbursements totaled \$4.2 million and outstanding commitments reached \$2.3 million. PROFOR initiated 17 new activities, and maintained an active portfolio of 47 projects. The portfolio is, however, being scaled back to reflect budgetary constraints: by comparison, during the previous CY, we launched 26 new activities.

During CY2011, 27 activities were brought to closure (compared with 17 activities the previous year). Disbursements and commitments in the Programmatic Window totaled \$4.3 million, an 85 percent increase above the previous year, while the Strategic Window held steady at 2010 levels and totaled \$2.1 million. Much of the increase in the Programmatic Window was due to the high level of disbursements incurred and commitments made and carried over, including those under the Liberia activity.

In CY2011, a total of \$2.8 million in donor contributions were received: from Switzerland (\$0.3 million), United Kingdom (\$1.6 million) and Finland (\$0.9 million, including a new commitment of 0.4 million Euros paid in CY2011). The committed donor contributions for CY2012 are \$2.1m, counting the unpaid secured contributions from EC (\$2.0 million) and Switzerland (\$0.1 million). The pipeline Work Plan has been scaled back to ensure that new programming is consistent with the availability of funding. With the support of Bank management, the Secretariat has launched a program to replenish the PROFOR Trust Fund, both by seeking additional contributions from PROFOR's existing donor pool, and by expanding the group of donors supporting the program.

In addition to donor fundraising, PROFOR activities continue to generate significant co-financing through partnerships. For every dollar committed to a PROFOR activity implemented during the CY2011, at least another \$0.90 was generated in co-financing, a similar ratio from CY2010. The proportion is in reality much higher, but it has been difficult to assess this because of cash and in-kind costs which are covered through partnerships and by other funders and which may not be fully reported to PROFOR. Total PROFOR costs of around \$75,000 for Forest Day 5, for example, were only a small proportion of the \$481,000 raised by CIFOR for this event, in addition to CIFOR's own staff and travel costs which supported implementation.

Actual CY2011 expenditures and projected expenditures for CY2012 and CY2013 are shown in Table 1. Sources of funding are shown in Table 2. Tables 3 and 4 show expenditures by thematic areas and by window. Table 5 summarizes actual costs analysis by expense items in PROFOR's Strategic Window. The Strategic Window includes Portfolio Administration and Management, Communications, Monitoring and Evaluation and other costs incurred by the Secretariat.

**Table 1**  
**PROFOR Financial Report**  
**As of December 31, 2011**

	Actual			Projection		
	CY2002-2009	CY2010	CY2011	CY2012	CY2013	
<b>Trust Fund Income</b>						1/
PROFOR Paid-in Contribution	15,565,901	3,177,295	2,792,037	2,116,266	-	2/
PROFOR Investment Income	595,937	57,984	36,483	31,744	-	3/
FLEG TF Balance	1,696,975	-	-	-	-	4/
FLEG Investment Income	21,352	5,298	-	-	-	
Other Receipts/Income	14,795	-	21,949	-	-	
<b>Total Income</b>	<b><u>17,894,961</u></b>	<b><u>3,240,576</u></b>	<b><u>2,850,470</u></b>	<b><u>2,148,010</u></b>	<b><u>-</u></b>	
<b>Disbursements</b>						
Programmatic Window	272,219	1,323,003	2,266,645	2,594,896	4,308,540	5/
PROFOR Strategic Window	8,691,915	2,115,237	1,799,388	1,562,076	2,673,405	6/
FLEG Strategic Window	692,823	-	-	-	-	7/
Administrative Fees (Non-Project)	778,295	158,863	139,602	105,813	-	8/
<b>Total Disbursements</b>	<b><u>10,435,253</u></b>	<b><u>3,597,103</u></b>	<b><u>4,205,635</u></b>	<b><u>4,262,785</u></b>	<b><u>6,981,945</u></b>	
<b>Outstanding and Net Commitments</b>						9/
PROFOR Programmatic Window	1,442,892	935,008	2,041,896	-	-	
PROFOR Strategic Window	-	-	283,078	-	-	
Net Commitments	-	(1,442,892)	(935,008)	(2,324,974)	-	
<b>Total Commitments</b>	<b><u>1,442,892</u></b>	<b><u>(507,884)</u></b>	<b><u>1,389,966</u></b>	<b><u>(2,324,974)</u></b>	<b><u>-</u></b>	
<b>Total Disbursements + Commitments</b>	<b><u>11,878,145</u></b>	<b><u>3,089,219</u></b>	<b><u>5,595,601</u></b>	<b><u>1,937,812</u></b>	<b><u>6,981,945</u></b>	
<b>Fund Balance Retained</b>	<b><u>-</u></b>	<b><u>6,016,817</u></b>	<b><u>6,168,174</u></b>	<b><u>3,423,043</u></b>	<b><u>3,633,241</u></b>	10/
<b>Total Actual Cash Fund Balance</b>	<b><u>6,016,817</u></b>	<b><u>6,168,174</u></b>	<b><u>3,423,043</u></b>	<b><u>3,633,241</u></b>	<b><u>(3,348,704)</u></b>	11/

**Note:**

- 1/ CY13-15 Projections for Programmatic Window are based on CY11 Plans and for Strategic Window on CY10 Plans when the program by the Secretariat had not scaled down. Projections include Disbursements + Carried-over Commitments.
- 2/ Donor contribution is presented in detail on the Funding Sources table.
- 3/ Projected investment income for CY2012 is estimated at 1.5% of PROFOR paid-in donor contribution of the year.
- 4/ FLEG TF is aggregated fund balance of FLEG parent TF053912 and two HQ managed Child TFs, TF055097 and TF055098, by end of CY2008. All donor contribution has been received and administrative fees paid. FLEG TF closed on 12/31/2010.
- 5/ Programmatic Window refers to Child Trust Funds and other activities established for regional task team leaders to execute projects based on the approved concepts notes.
- 6/ PROFOR Strategic Window disbursements include expenditures of HQ managed activities under Child TF051840, TF051864 and a few Child TFs, including co-term staff costs, consultant fees, contractual services, travel, communications and other miscellaneous expenses for PROFOR related programs.
- 7/ FLEG Strategic Window disbursements are for expenditures of HQ managed activities under Child TF055097 & TF055098. The disbursements in CY2010 are included in the PROFOR Strategic Window as part of the alignment process.
- 8/ The 5% administrative fees are a standard cost recovery fee applied by the Bank for TF administration.
- 9/ Commitments in Programmatic & Strategic Windows refer to cash balance left in the child TFs out of total grants transferred from parent TFs after deduction of actual expense disbursements as of Dec 31, 2011 that are carried over to CY2012.
- 10/ Fund balance retained from the previous calendar year.
- 11/ CY2011 fund balance consists of outstanding commitments of \$181,032 in PROFOR strategic window. They are expected to be disbursed in CY2012.

**Table 2**  
**PROFOR Donor Contribution**  
**As of February 28, 2012**

Donor Name	Country	Contr Curr	Amount in Contr Curr	Amount in USD	Paid in Contr Curr	Paid in USD	Unpaid in Contr Curr	Unpaid in USD
Netherlands - Ministry of Agriculture Nature and Food Quality	Netherlands	EUR	209,538	306,567	209,538	306,567	0	0
Germany-Deutsche Gesellschaft Fur Technische Zusammenarbeit (GTZ)	Germany	EUR	380,000	542,648	380,000	542,648	0	0
Italy - Ministry of Foreign Affairs	Italy	EUR	460,000	648,166	460,000	648,166	0	0
Japan - Ministry of Agriculture, Forestry and Fisheries	Japan	USD	900,000	900,000	900,000	900,000	0	0
Swiss Agency for Development and Cooperation (SDC)	Switzerland	USD	1,775,000	1,775,767	1,674,896	1,675,663	100,104	100,104
Finland - Ministry for Foreign Affairs	Finland	EUR	2,434,200	3,317,527	2,434,200	3,317,527	0	0
EU-Commission of the European Communities	EU	EUR	4,800,600	6,637,023	4,560,561	6,314,433	240,039	322,590
United Kingdom - Department for International Development (DFID)	United Kingdom	GBP	5,448,852	9,523,801	5,448,852	9,523,801	0	0
<b>Total</b>				<b>23,651,499</b>		<b>23,228,805</b>		<b>422,694</b>

Note:

1. SDC unpaid contribution: \$100,104 on or before 5/1/2012

2. EC contribution: payment of €1,260,187 in CY11 was made end-Feb 2012; and, €240,039 final payment is pending upon confirmation that 90% of total funds are committed. Exchange rate of 1 EUR = 1.325399 USD is applied.

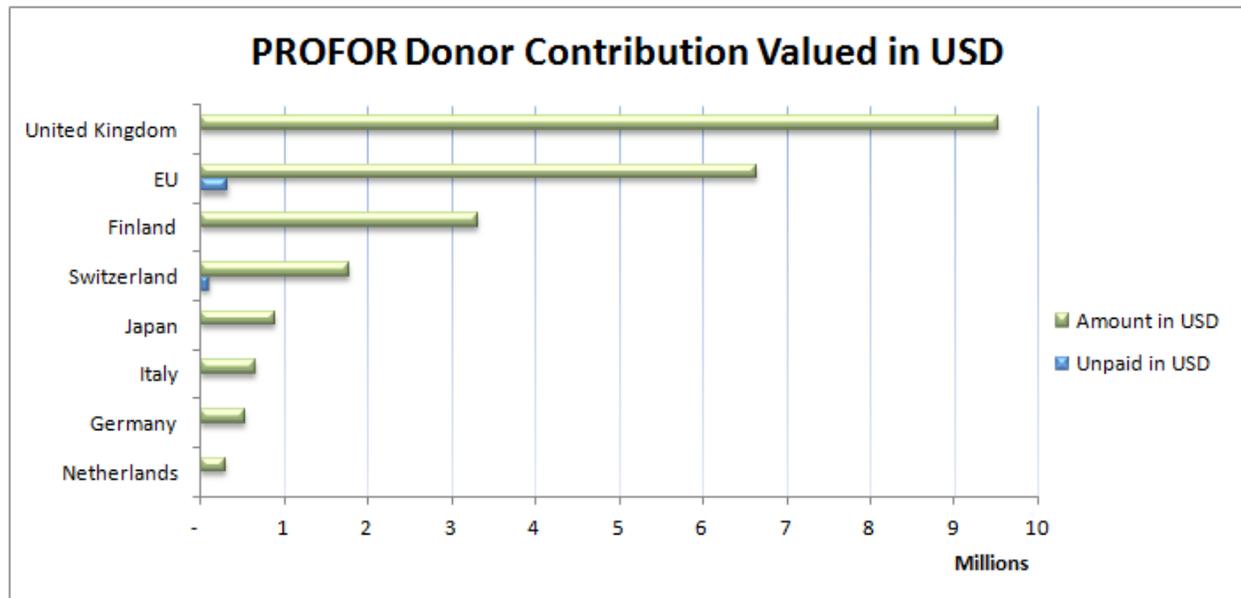


Table 3

## PROFOR Cost Analysis by Thematic Areas

Thematic Area	Actual + Outstanding Commitments				Plan		1/
	CY2010		CY2011		CY2011		
	US \$	#	US \$	# of Activities	US\$	# of Activities	
<b>Programmatic Window</b>							
Cross Sectoral	586,696	8	1,060,474	10	245,000	3	
Financing SFM	299,212	2	633,292	4	630,000	5	
Governance	1,294,578	7	1,778,989	7	1,050,000	4	
Livelihoods	146,870	7	835,785	9	130,000	2	
Carryover Commitments					2,377,900	20	
<b>Total Disbursements + Commitments</b>	<b><u>2,327,356</u></b>	<b><u>24</u></b>	<b><u>4,308,540</u></b>	<b><u>30</u></b>	<b><u>4,432,900</u></b>	<b><u>34</u></b>	
<b>Strategic Window</b>							
Cross Sectoral	200,296	4	297,554	4	350,000	2	
Financing SFM	162,919	3	281,058	2	300,000	2	
Governance	737,216	10	439,133	5	-	0	
Livelihoods	358,506	7	551,569	6	327,500	3	
Carryover Commitments					609,367	11	
Mgmt & Admin	545,160		513,154		561,514		
<b>Total Disbursements + Commitments</b>	<b><u>2,004,097</u></b>	<b><u>24</u></b>	<b><u>2,082,467</u></b>	<b><u>17</u></b>	<b><u>2,148,381</u></b>	<b><u>18</u></b>	
<b>Non-Project Costs</b>							
Administrative Fees	<u>158,863</u>		<u>139,602</u>		<u>196,688</u>		
<b>Total Disbursements + Commitments</b>	<b><u>4,490,316</u></b>	<b><u>48</u></b>	<b><u>6,530,609</u></b>	<b><u>47</u></b>	<b><u>6,777,970</u></b>	<b><u>52</u></b>	

1a/ Outstanding Commitments refer to Child TFs only in the Programmatic or Strategic Window

1b/ Plan CY2011 includes original pipeline (likelihood A and B only) + Carryover Commitments for all Thematic Areas

Table 4

## PROFOR Cost Analysis by Window in CY2011

Window	Disbursements	Commitments	Total		
	US \$	US \$	US \$	%	# of Activities
Programmatic Window	2,266,645	2,041,896	4,308,540	67%	30
Strategic Window	<u>1,799,388</u>	<u>283,078</u>	<u>2,082,467</u>	<u>33%</u>	<u>17</u>
<b>Total</b>	<b>4,066,033</b>	<b>2,324,974</b>	<b>6,391,007</b>	100%	47
(+) Administrative Fee	<u>139,602</u>	-	<u>139,602</u>		
<b>Total</b>	<b>4,205,635</b>	<b>2,324,974</b>	<b>6,530,609</b>		

**Table 5**

**PROFOR Strategic Window - Actual Costs Analysis by Expense Items**

Expense Items	CY2009		Actual			Projection			
			CY2010		CY2011	CY2012	CY2013		
	US\$	%	US\$	%	%				
Staff Costs	577,898	25%	668,805	33%	664,404	37%	688,870	709,536	1/
Short Term Consultnt/Temp	369,356	16%	442,393	22%	217,700	12%	224,231	442,393	2/
Consulting Firm	1,132,448	49%	605,405	30%	557,779	31%	362,556	623,567	3/
Travel	90,559	4%	257,267	13%	209,286	12%	136,036	257,267	4/
Others	155,347	7%	30,227	2%	150,229	8%	150,384	640,642	
<b>Total Disbursements</b>	<b><u>2,325,607</u></b>		<b><u>2,004,097</u></b>		<b><u>1,799,398</u></b>		<b><u>1,562,076</u></b>	<b><u>2,673,405</u></b>	5/

Note:

1/ Staff costs in CY2011 covers 4 core PROFOR Secretariat staff, and 12 other HQ and regional Bank staff who supported PROFOR programs through various activities. CY2012 staff costs are projected at 3% rate of increase.

2/ 19 short term consultants/temps were hired in CY2011 to execute projects in Strategic Window. CY2012 STC/STT costs are projected at 3% rate of increase.

3/ 8 consulting firms were contracted in CY2011 to implement 17 projects and 1 consulting firm was contracted for communications-related activities.

4/ PROFOR consultants and Secretariat staff made 22 trips in CY2011 to implement projects, meet clients, conduct field testings, organize workshops, and build partnerships.

5/ Projection for disaggrated expenses under this Window is based on similar levels of disbursements/commitments in CY11. Projection for CY15 is for 6 months.

## ANNEX I: PROFOR SECRETARIAT STAFF

	<p><b>Peter Dewees</b> has been <i>PROFOR Program Manager</i> since May 2009. He is also Lead Forests Specialist in the World Bank Agriculture and Rural Development Department. Previously, he worked as Lead Environment Specialist in the Bank's Europe and Central Asia region, where he was responsible for activities related to forestry, watershed management, and nature protection, with a particular interest in the role and impact of EU accession. Prior to joining ECA, he held the position of Lead Natural Resource Management Specialist in the Africa Region, where, in addition to his natural resource management portfolio, he also worked on issues related to environmental policy and institutions; refugee resettlement and reintegration; the conservation and development of cultural heritage; woodfuel management; and community-driven natural resource management activities in Eastern and Southern Africa. He holds a DPhil from Oxford University.</p>
	<p><b>Tuukka Castrén</b> is a <i>Senior Forests Specialist</i> and work on forest law enforcement and governance through PROFOR in the World Bank Agriculture and Rural Development Department.. Prior to working at the World Bank, he was with the Ministry for Foreign Affairs, Department for Development Policy in his native Finland, where he first joined the Ministry as an economic adviser, and later became the senior adviser for development policy. He has also worked in private sector forest consulting for many years earlier in his career. Mr. Castrén has university degrees both in forestry and economics from the University of Helsinki.</p>
	<p><b>Diji Chandrasekharan Behr</b> is a <i>Natural Resource Economist</i> with PROFOR, and works on the livelihood and cross-sectoral pillars of PROFOR. Her professional interests include adaptation to climate change, impact of sectoral policies on forest resources and forest dependent people, community-based natural resource management, and institutional dimensions of natural resource use (specifically, tenure and rights). Diji has worked in South Asia and more recently in East and West Africa. She is also involved in conducting analytical studies and strategic environmental and social assessments. Diji holds a Masters in Agriculture and Applied Economics from the University of Wisconsin-Madison, and a Ph. D in Natural Resource Management and Policy from Cornell University.</p>
	<p><b>Nalin Kishor</b> is a <i>Senior Natural Resources Economist</i>, and also works on forest land enforcement and governance through PROFOR in the World Bank Agriculture and Rural Development Department. His work interests focus on the governance of sustainable forestry and natural resource management, trade growth and income distribution, institutional reforms, incentive compatible systems and diagnostics approaches and indicators for forest governance. He is a co-author of, <i>The Quality of Growth (OUP)</i> , a book on sustainable development. He holds a Ph. D in economics from the University of Maryland--College Park, with a specialization in natural resource and environmental economics.</p>

	<p><b>Flore de Préneuf</b> joined PROFOR in April 2010 as <b>Communications Officer</b>. Her professional background is in journalism and photography. Based in Jerusalem in 1998-2002, she was a freelance contributor to Liberation, the Financial Times, the Washington Post and the Los Angeles Times and Middle East correspondent for Salon.com, among other French- and English-language publications. Since 2005, she has worked at the World Bank in a range of communications positions. She holds an MPhil in Russian and East European Studies from Oxford University and a degree in economics and political science from the Institut d'Etudes Politiques in Paris.</p>
	<p><b>Veronica Jarrin</b> has been PROFOR Operations Analyst since July 2011. Her main responsibilities include the trust fund's financial management and work program coordination. She is an Ecuadoran national with a five-year "Bachelor plus" degree in Finance from the Monterrey Tech in Mexico. Prior to joining PROFOR, Veronica worked in the Latin America and Caribbean region at the World Bank's offices in Ecuador, Mexico and Washington DC for more than a decade, contributing to the preparation and implementation of Bank-financed projects as well as carrying out portfolio management for several units.</p>
	<p><b>Edgar Maravi</b> is a <b>Natural Resources Specialist</b> for the PROFOR team, and works on activities mainly in Latin America. Originally from Peru, his professional interests revolve around forest policy and legislation reform; forest governance, forest administration reform and climate change. Prior to joining the Bank in 2004, he was Director of WWF-Peru. He has also worked at the Smithsonian Tropical Research Institute, and held various positions in rural development in the public sector and international agencies in Peru. He holds a Master's Degree in Public Policy from Harvard University and a degree in Agricultural Engineering, specializing in tropical agronomy, from the Universidad Agraria in Peru.</p>
	<p><b>Godfrey Jeff Alumai</b> is a Junior Professional Associate (JPA) in the World Bank Agriculture and Rural Development Department working with the Forest Team. Before joining the JPA program, Jeff was an Assistant Research Fellow at the Economic Policy Research Centre (EPRC) in the Department of Macroeconomics at Makerere University, Kampala, Uganda. Prior to joining EPRC, Jeff worked as the Policy Coordination and Development officer for the Millennium Science Initiative (MSI) project at Uganda National Council for Science and Technology (UNCST); and a part time lecturer at Kyambogo University, Uganda. Jeff holds a Masters in Development and Natural Resource Economics from the Norwegian University of Life Sciences, Norway and a BA in Economics from Makerere University, Uganda.</p>
	<p><b>Genalinda A. Gorospe</b> joined the PROFOR team in 2008 as the <b>Program Assistant</b>. She has worked more than 15 years for the World Bank and IFC in areas of international finance, corporate governance, procurement and budget monitoring, event planning and office management. Her previous positions included working with the Philippine Veterans Bank as Chief, Loans &amp; Discounts department and as Executive Assistant to the Ambassador of Yemen to the United States. She holds a Bachelor's degree in Accounting/Banking &amp; Finance from the Philippine Women's University.</p>

## ANNEX II. OVERVIEW OF ACTIVITIES, BY THEMATIC AREA

This chart includes all activities that were in some way active during calendar year 2011. Additional information on the status of each activity is provided in Annex III.

CROSS SECTORAL														
Activity	Region / Level	ID	Status	Planned Delivery Date	PROFOR Funding	PROFOR Disbursed (2/10/11)	Co-financing	Total Funding	Cofinancing source	Fees Costs	Staff Costs	Travel Costs	Other Costs	
Assessment of Forest Landscape Restoration Potential in Ghana	AFR	TF096980	Completed	09/30/11	150,000	149,993	34,200	184,200	IUCN, Gov. of UK	135,000	14,993		-	
Biochar Systems for Smallholders in Developing Countries	LCR	TF097404	Completed	12/31/11	50,000	47,031	32,000	82,000	WB's BioCarbon Fund , Carbon War Room.	32,378	10,563	4,908	415	
Economic Growth and Drivers of Deforestation in the Congo Basin	AFR	TF093774	Completed	04/30/11	121,771	121,771	558,000	679,771	DIFD, FCPF, Norway, TFESSD	111,108	1,960	8,703	-	
Forest Indonesia Conference: Alternatives futures to meet demands for food, fiber, fuel and REDD+	EAP	P124086 (in EAP)	Completed	12/31/11	27,000	26,793	244,843	271,843	Norwegian Embassy, UK Climate Change Unit, AusAID, CLUA, CIFOR			11,134	15,659	
Forestry in Sub-Saharan Africa: Challenges and Opportunities	AFR	TF094281	Completed	01/15/12	150,000	141,378	24,000	174,000	FAO-CP	96,000	43,200	10,800	-	
Implications of Changes in Agro-food and Fuel Prices on Rural Livelihoods and Forests in Syria	MNA	TF094632	Completed	12/31/11	150,000	98,115	413,908	563,908	IFPRI, WB	131,040		15,178	1,897	
West Africa Forests Strategy	AFR	TF094706	Completed	04/30/11	148,885	148,885	15,000	163,885	WB	115,242	31,885		1,758	
Landscapes of Opportunity	Global	P117427 PO7152712 & Others	Completed	09/30/11	161,365	161,365	54,700	216,065	IUCN, Netherlands DGIS, DFID, Forestry Commission of Great Britain and US Forest Service	81,167		30,637	49,561	
Large-scale Land Acquisition for Agriculture or Natural Resource-based uses	Global	P115663 P123183	Completed	12/31/11	342,210	340,409	980,000	1,322,210	World Bank, TFESSD, SDC support, FAO cooperative program, Hewlett Foundation, and the Bill and Melinda Gates Foundation.	250,000	40,409		50,000	
Chile - Forests, Trees and Conservation in Degraded Lands	LCR	TF010227	Underway	10/31/12	150,000	13,116	25,000	175,000	Fundacion Chile, CONAF			732	-	
Impacts of Climate Change on Rural Landscapes in Brazil	LCR	TF099225	Underway	04/16/12	150,000	29,390	130,000	280,000	WB	30,000	10,000		-	
The Role of Forests in Low Carbon Growth Strategies	Global	TF098897	Underway	06/30/12	50,000	9,100	8,250	58,250	WB	16,800			-	
Using Forests to Enhance Resilience to Climate Change	Global	P112670 & TF099755 (P126771)	Underway	12/13/12	200,000	83,506	510,000	710,000	TFESSD, WB		82,793		713	
Nepal Forest Sector Strategy	SAR	TF096071	Underway	02/29/12	142,300	112,180	9,500	151,800	FCPF and FAO CP	71,638		32,003	8,539	
					<b>14</b>	<b>1,993,531</b>	<b>1,483,033</b>	<b>3,039,401</b>	<b>5,032,932</b>		<b>1,070,373</b>	<b>235,803</b>	<b>114,095</b>	<b>128,542</b>

FINANCING SFM														
Activity	Region / Level	ID	Status	Approval Date	Planned Delivery Date	PROFOR Funding	PROFOR Disbursed (2/10/11)	Co-financing	Total Funding	Cofinancing source	Fees Costs	Staff Costs	Travel Costs	Other Costs
Landscape Restoration and Management Forum	AFR	P125756 & P117427	Completed	02/03/11	03/30/12	167,000	164,354	28,533	195,533	WB	117,753	-	21,473	25,128
Evaluating the Effectiveness of Public Spending in the Forestry Sector (Oxford Policy Mgmt Ltd)	Global	P121305 PO7154396	Completed	03/19/10	02/06/12	140,791	140,791	16,140	156,931	WB	124,287	7,351		9,153
Analysis of Alternative REDD+ Financing Instrument Mechanisms, Indonesia	EAP	TF099409	Underway	03/09/11	03/31/12	149,950	135,697	57,000	206,950	N/A	42,047	56,388	8,254	1,459
Innovative Financing for Sustainable Forest Management in the Southwest Balkans	ECA	TF097987	Underway	10/01/10	10/31/13	299,812	29,772	62,000	361,812	WB, Sida Hybrid TF and the Environmental Services Project.	29,771			-
Redesigning the Mexican Forest Fund to Support Sustainable Forest Management	LCR	TF099407	Underway	03/18/11	07/31/12	100,000	2,589	20,000	120,000	WB	174			2,415
PES Lessons to inform South-South Cooperation on REDD+ in Latin America (Strategic)	LCR	TF010687	Underway	08/17/11	08/31/12	150,000	74,297	60,000	210,000	WB, Gov. of Costa Rica, Mexico and Ecuador	2,940	20,432		19,085
<b>Total</b>						<b>6</b>	<b>1,007,553</b>	<b>547,499</b>	<b>243,673</b>	<b>1,251,226</b>	<b>316,972</b>	<b>84,171</b>	<b>29,727</b>	<b>57,240</b>

GOVERNANCE														
Activity	Region / Level	ID	Status	Approval Date	Planned Delivery Date	PROFOR Funding	PROFOR Disbursed (2/10/11)	Co-financing	Total Funding	Cofinancing source	Fees Costs	Staff Costs	Travel Costs	Other Costs
Development of National Timber Yield Tables for Mahogany	LCR	PO7153311 PO7147160 (P118824)	Completed	11/24/09	03/30/12	67,124	67,124	77,440	144,564	FLEG	67,124			-
Liberia Chain of Custody System Project	AFR	TF096170	Completed	03/08/10	12/31/11	1,150,000	883,201	851,200	2,001,200	FLEG TF and Gov of Liberia	252,997	4,500		701,982
Mekong Regional FLEG Plan Development Phase I	EAP	TF094063 P116594	Completed	03/18/09	07/26/11	131,259	131,259	52,442	183,701	Gov. of Finland	83,562	217	19,923	27,556
Pilot Project on Timber-Supply Audits to Forest Industry in Guatemala INAB	LCR	PO7154684 (P118824)	Completed	05/01/08	12/31/11	115,096	115,096	73,800	188,896	FLEG	115,096			-
Field-testing Governance Building Blocks (Uganda)	Global	P118837	Completed	08/20/09	09/30/10	150,166	150,166	168,573	318,739	FLEG TF, funded by the EU and DFID; and, WB BB	27,585	104,605	12,939	5,037
Governance Indicators Symposium	Global	P122845	Completed	07/22/10	07/29/11	171,917	171,917	87,424	259,341	BB, FAO, EFI	29,835	44,012	47,651	50,419
Information Technology and Management in Forest Governance	Global	P118846	Completed	03/22/10	12/30/11	123,644	123,644	39,100	162,744	WB, EU and DFID -funded FLEG TF	35,194	58,469	14,347	15,634
Certification and Verification as a tool for SFM in Southeast Asia	EAP	TF096856	Underway	05/06/10	06/30/12	214,750	149,998	-	214,750	None	119,663	20,296	6,744	29
Establishing a Network of Controlled Delivery Units for Forest Law Enforcement	Global	TF010338	Underway	05/31/11	06/29/12	150,000	101,825	100,000	250,000	Gov of Netherlands and Belgium				98,000
Reform of State Forest Management in Northeast China	EAP	TF096883	Underway	05/10/10	06/30/12	150,000	116,168	50,000	200,000	WB	46,168			-
Field-testing Governance Building Blocks (Burkina Faso); Field Manual on Forest Governance Diagnostics	Global	P118837	Underway	01/17/11	04/30/12	385,000	288,614	21,450	406,450	FIP and FLEG TF	54,192	226,682	24,534	2,326
Workshop on Evaluation of SFM Certification	Global	P127960	Underway	11/07/11	04/13/12	42,600	37,417	70,000	112,600	CIRAD, CIFOR, University of Florida, WB	5,100		7,317	25,000
<b>Total</b>						<b>12</b>	<b>2,851,556</b>	<b>2,336,428</b>	<b>1,591,429</b>	<b>4,442,985</b>	<b>836,516</b>	<b>458,781</b>	<b>133,455</b>	<b>925,983</b>

LIVELIHOODS														
Activity	Region / Level	ID	Status	Approval Date	Planned Delivery Date	PROFOR Funding	PROFOR Disbursed (2/10/11)	Co-financing	Total Funding	Cofinancing source	Fees Costs	Staff Costs	Travel Costs	Other Costs
Desert Cloud Forests in Yemen and Oman: Adapting a Unique Ecosystem to Climate Change	MNA	TF097421	Completed	05/28/10	02/29/12	20,000	20,000	-	20,000		20,000			-
Forests and Rural Livelihoods in the Kyrgyz Republic - Development Potentials	ECA	TF095391	Completed	11/01/09	11/30/11	120,000	93,096	-	120,000		97,174		17,235	-
Improving Rural Livelihoods and Sustainable Dry Woodland Management in Eastern and Southern Africa	AFR	TF095258	Completed	09/17/09	01/15/12	150,000	59,259	25,000	175,000	WB	115,128	34,872		-
Lessons Learned from an Agro-Silvo-Pastoral Technology Transfer from Costa Rica to Cameroon	AFR	P117899 (ARD)	Completed	09/22/11	01/31/12	30,000	22,568	302,000	332,000	TFESSD	8,000	6,000		10,000
Targeting Watershed Rehabilitation Investments In Turkey	ECA	TF094282	Completed	04/01/09	01/16/12	160,036	140,000	17,600	177,636		140,000			-
Forest Connect II (IIED)	Global	P121502 PO7156060	Completed	09/01/10	06/19/12	255,000	255,000	356,710	611,710	IIED, FAO and the NFP Facility	255,000			-
Forests and Fragile States	Global	P120757	Completed	01/04/10	04/29/11	166,451	166,451	29,393	195,844	WB	128,829	-	33,797	3,825
Pro-Poor REDD – How will we know?: A Toolbox for Social Impact Assessment of Multiple-Benefit Forest Carbon Projects	Global	PO7152226 (P112065)	Completed	07/31/09	03/30/12	101,457	101,457	137,283	238,740	WB, USAID, Morgan Stanley, Royal Norwegian Embassy, University of Dar Es Salaam, GEF, CCBA, Rainforest Alliance, FFI, Rockefeller Funds, CARE International, Tanzania Forest Conservation Group.	62,803	6,857	1,224	30,573
Support for Forest Day 5: Moving Forests into Landscapes and Dry Forests Day	Global	P126473	Completed	09/20/11	04/30/12	74,419	74,419	7,500	81,919	WB	1,984	18,943	23,608	29,884
Impacts of China's Forest Tenure Reform: Implications for Policy Makers	EAP	TF099436	Underway	03/22/11	12/31/12	148,800	53,696	83,600	232,400	Beijing University, the Rights and Resources Initiative, the Environment for Development network at Gothenburg University, the University of Berkeley, RFF, and Indiana University.	45,300		2,157	-
Mexico Community Forestry Enterprise Competitiveness and Access to Markets	LCR	TF094818	Underway	05/01/09	12/31/12	150,000	45,509	80,000	230,000	Conafor	34,342	8,449	6,630	4,073
Scaling up Renewable Charcoal Production in Brazil	LCR	TF099987	Underway	03/08/11	06/30/12	50,000	20,062	70,160	120,160	Carbon Fund	20,000	3,052	1,140	969
The Impact of Artisanal and Small-scale Mining in and around Protected Areas	AFR	TF096902	Underway	05/12/10	06/30/12	149,045	43,908	300,000	449,045	W/WF-Netherlands, W/WF CARPO, W/WF DRC, and Africa Biodiversity Collaborative Group (via USAID), Tiffany & Co. Foundation, and W/WF USA.	43,908			-
Benefit Sharing in the Forest Sector - Phase II	Global	P122024	Underway	03/31/10	06/05/12	280,000	217,316	195,996	475,996	TFESSD, BNPP, WB	100,830	107,871		8,616
Community Forestry and REDD+	Global	TF098987	Underway	02/05/11	12/31/12	147,500	-	48,000	195,500	WB	-	-	-	-
<b>Total</b>					<b>15</b>	<b>2,002,708</b>	<b>1,312,741</b>	<b>1,653,242</b>	<b>3,655,950</b>		<b>1,073,298</b>	<b>186,044</b>	<b>85,791</b>	<b>87,940</b>
<b>TOTAL</b>					<b>47</b>	<b>7,855,348</b>	<b>5,679,701</b>	<b>6,527,745</b>	<b>14,383,093</b>		<b>3,297,158</b>	<b>964,799</b>	<b>363,068</b>	<b>1,199,705</b>