

**WELL-MANAGED FORESTS HAVE THE POTENTIAL TO REDUCE POVERTY, SPUR ECONOMIC DEVELOPMENT AND CONTRIBUTE TO A HEALTHY LOCAL AND GLOBAL ENVIRONMENT.**



**SUSTAINING FORESTS FOR ALL**

The Program on Forests (PROFOR) was created in 1997 to support in-depth analysis, innovative processes, knowledge-sharing and dialogue to promote sound forest policy that leads to better outcomes in terms of livelihoods and financing, governance, conservation, cross-sectoral coordination and climate change.

Initially based at UNDP in New York, the program moved to the World Bank in Washington DC in 2002, to coincide with the launch of the Bank's new forests strategy. Since then, the program has been managed by a core team based in the Bank's Agriculture and Rural Development department with support from multiple donors.

In 2011, these donors included the European Union, Finland, Germany, Italy, Japan, the Netherlands, Switzerland, the United Kingdom and the World Bank.

PROFOR contributes to building the capacity of institutions and stakeholders in forest policy processes to address more effectively poverty alleviation, national economic development, climate change mitigation and adaptation, and sustainable forest management.

- 1** Improving people's livelihoods through better management of forests and trees
- 2** Enhancing forest law enforcement and governance
- 3** Financing sustainable forest management
- 4** Coordinating forest policy across sectors

These themes have guided PROFOR through different times — the birth of the National Forest Programme (NFP) Facility, the heyday of the Non-Legally Binding Instrument, the REDD wave and current concerns with food security and green growth. PROFOR analysis and field work have helped ground the international debate throughout these policy trends by providing rigorous, evidence-based analysis that aims to set the path for innovative thinking and informed decision-making.

**PROFOR FOCUSES ON FOUR BROAD THEMES:**



## FOUR THEMES...

**IMPROVED LIVELIHOODS** — In many countries, forests contribute to the livelihoods of indigenous peoples and the rural poor through subsistence uses, environmental services, employment and income-generating activities.

PROFOR contributes to a better understanding of forests as a source of livelihoods and a source of income for small and medium forest enterprises. It also explores the impacts that forest-related policies and initiatives may have on local communities.

**GOOD FOREST GOVERNANCE** — Strong forest governance is the keystone of sustainable forest management. Illegal logging and poaching have devastating consequences for forests, the people and species that rely on forests, and the larger national economy. Poor governance also compromises the future viability of global forestry carbon schemes to mitigate climate change.

PROFOR aims to enhance accountability in the forest sector and contribute to a better understanding of forest law enforcement and governance by supporting technical assistance and fostering stakeholder dialogue.

**INNOVATIVE FINANCING** — Sustainable forest management seeks to achieve a balance between society's increasing demands for forest products and benefits, and the preservation of forest health and diversity. Achieving this equilibrium requires new financing approaches in the forest sector, both in terms of how forest resources and services are valued and the sources of investments in the sector.

PROFOR explores ways in which private investment and new financing instruments, such as payments for environmental services and climate-related REDD+ initiatives, can help make sustainable forestry more profitable than unsustainable forest exploitation.

**CROSS-SECTORAL COHERENCE** — Sustainable forest management requires cooperation across several sectors to ensure that sound policies and practices are not undermined by shifts in macroeconomic policy or activities in other sectors such as agriculture, mining, and transportation.

PROFOR fosters mechanisms for coordinating policy across sectors. Its analysis highlights trade-offs as well as win-win situations where healthy forests generate local and global goods. It also seeks to expand the boundaries of the forests debate by looking at issues such as food security, land tenure, energy or green growth.

PROFOR'S THEMES ARE COMMON TO MUCH OF THE GLOBAL DISCUSSION ABOUT FORESTS AND **CLIMATE CHANGE**. FOR EXAMPLE DEFINING FOREST GOVERNANCE INDICATORS TO BENCHMARK REFORM, OR PROVIDING GUIDANCE ON PUBLIC EXPENDITURE REVIEWS IN THE FORESTS SECTOR, WILL HELP COUNTRIES RESPOND TO GROWING PRESSURE TO IMPROVE THEIR FORESTRY SYSTEMS TO PARTICIPATE IN REDD+ PROGRAMS. AN APPRECIATION FOR THE COMPLEX LINKAGES BETWEEN FORESTS AND LIVELIHOODS AND A DEEP UNDERSTANDING OF DRIVERS OF DEFORESTATION IN A GIVEN AREA WILL ALSO DETERMINE THE FATE OF MANY CLIMATE CHANGE INITIATIVES.



## ...AND MULTIPLE QUESTIONS

Analytic work is the backbone of PROFOR's portfolio. Our understanding of complex forest related subjects starts with formulating pertinent questions and finding skilled analysts to probe for lessons and answers. For example:

**HOW WELL IS PUBLIC MONEY BEING SPENT IN THE FORESTS SECTOR?** — With the prospect of greatly increased financial flows coming from forest carbon finance, the question of the allocation and efficiency of spending in the forests sector has become of great interest. PROFOR sifted through 61 public expenditure reviews (PERs) to articulate a best practice approach to conducting them in the forests sector. These guidelines should help practitioners conduct credible PERs (on behalf of donors or ministries) that identify whether

forest policy and lending are convergent, and inform policy, donor finance and budget development.

**DOES TIMBER FUEL CONFLICT?** — The short answer is no. However, timber revenues have helped prolong armed conflict in places like Liberia. And extensive areas of the world's forests are found in states showing degrees of fragility. Over the last year, PROFOR has supported the development of a review and synthesis of some of the key issues associated with forests, fragility and conflict, and offered guidance about how these issues might be addressed by governments and donors in post-conflict states. The findings have helped inform the preparation of the 2011 *World Development Report* on Conflict and Development.



PROFOR HAS CARRIED OUT OVER 90 ANALYTIC ACTIVITIES IN 2002-2010. BROWSE FINDINGS AND DOWNLOAD REPORTS AT [WWW.PROFOR.INFO/PROFOR/KNOWLEDGE](http://WWW.PROFOR.INFO/PROFOR/KNOWLEDGE)

**UNDER WHAT CONDITIONS WILL FOREST DEPENDENT COMMUNITIES BENEFIT FROM MONEY INVESTED IN REDD+?** — The question of how to divide benefits — whether from sustainable forest management or forest carbon projects — is of recurring interest given the great variety of land tenure and forest management regimes around the world. Numerous experts have stated that clarity over carbon rights will be central to getting REDD benefits to the right communities. But PROFOR has found that the situation is more nuanced than this. It found for example that a sustained, incremental approach to legal reform may work best and that elite capture of benefits intended for local communities is always a risk. The findings of this activity are being integrated into upcoming training sessions organized around the subject of forest carbon finance.

**DO LARGE SCALE FARMLAND ACQUISITIONS POSE A RISK TO LOCAL COMMUNITIES AND FORESTS?** Volatility in food prices, concerns regarding food and energy security, and potential markets for carbon trading involving forests have spurred a new wave of large scale land acquisition by private investors in developing economies. Concerned by the potential impact of this wave of land-acquisition on forests, PROFOR provided seed financing for a team led by the World Bank's Development Economics Group to examine the magnitude and cause of the new wave of acquisitions, and to identify how to tackle social and environmental issues raised by these purchases, particularly in regards to forests. The study and resulting publication *Rising Global Interest in Farmland* received wide attention and prompted the development and adoption of principles for responsible agro-investment by an array of partners including IFAD, FAO, UNCTAD and the World Bank.

## OUR REACH

### INFLUENCING WORLD BANK ENGAGEMENT IN THE FORESTS SECTOR

When PROFOR moved from UNDP to the World Bank in 2002, it gained privileged access to the largest source of multilateral financing for forests and a chance to inform and influence the Bank's operations at a time when the institution was reengaging in the forests sector.

Many of PROFOR's activities respond to questions and needs identified by the Bank's experts, forests team and regional operational staff. This close relationship provides a precious two-way channel between analytic work and fieldwork. It gives PROFOR a deep understanding of the forestry sector in a wide range of countries as well as a solid ap-

preciation for shifting priorities and opportunities. PROFOR is also able to transfer ideas generated in the international arena and test them at the national level in the course of activities championed by regional staff.

« In this manner, PROFOR occupies a unique funding niche: It combines the advantages of a small foundation (flexibility, nimbleness, speed and relative autonomy), with significant convening power and access to decision makers through its relationship with the Bank. »

### INFORMING FOREST POLICY DIALOGUE

Through its activities, PROFOR has always sought to influence forest policy dialogue at the national, regional and international levels by leveraging partnerships. Recent examples:

A mapping exercise, developed in coordination with the Global Partnership for Forest Landscape Restoration, revealed that there are more than 1 billion hectares of degraded forest lands which could be rehabilitated to address key global challenges such as food security and climate change. The idea made its way from the hallways of the Global Partnership on Forest Landscape Restoration to the pages of *The New York Times* and *The Economist*, into the speech of the World Bank's Vice President for Sustainable Development at Forest Day 4, and most importantly into the minds of the UNFCCC negotiators who have moved from a narrow focus on avoided deforestation to a recognition of the full potential of REDD+ activities. The next step is to assess restoration opportunities at the country level. PROFOR is currently supporting national assessment work in Ghana and sponsoring a forum to help mobilize private investment in trees and landscape restoration in Africa.

At the regional level, an ongoing in-depth analysis of the drivers of deforestation in six countries of the Congo Basin is helping define methodological tools to better understand the potential impact of development in different sectors on future forest cover. The work has already broadened the carbon debate beyond forestry and is beginning to shape REDD+ readiness plans.

At the national level, PROFOR has a strong track record of working with local partners to improve forest law enforcement and governance, particularly in Latin American countries. PROFOR's support for the development of country specific mahogany yield tables, for example, is helping law enforcement agencies and private processing units in Guatemala and Peru identify disparities between licensed harvesting volumes and sawwood exports of this endangered species. The methodology has been endorsed by CITES.



## FORGING PARTNERSHIPS

PROFOR support strengthens the Bank's collaboration with other development partners, in particular with the NFP Facility, with members of the Collaborative Partnership on Forests (CPF), with the European Union's programs on forest law enforcement, governance and trade (FLEGT), and with a variety of REDD+ related initiatives.

In 2009-2010, PROFOR merged its governance work with a parallel Forest Law Enforcement and Governance Trust Fund financed by the European Union. The merger has boosted PROFOR's expertise in this field and resulted in cost-savings for the EU.

In 2010, PROFOR became a sponsor of Forest Day, the annual gathering organized by CIFOR on behalf of the CPF in conjunction with the UN climate change conference, bringing to the table expertise in adaptation and governance.

In the process of generating and sharing analysis and tools, PROFOR has formed a large and flexible network with NGOs, government and international organizations, as well as leading think-tanks and the CGIAR network. For example, PROFOR joined forces with FAO to convene country representatives, donor partners and various NGOs in Stockholm in 2010 to discuss governance diagnostic tools and agree to develop a common framework for assessing forest governance in different countries. This is seen as a crucial

ingredient into the implementation of international initiatives such as the Forest Investment Program and FLEGT Voluntary Partnership Agreements. This common framework should ultimately promote donor harmonization and more effective development results.

## RAISING AWARENESS

PROFOR produces publicly available goods — reports, guidance notes, workshops, reviews that summarize best practice, and toolkits — to help key forest stakeholders address a wide array of technical forest issues.

In particular, the PROFOR Secretariat has taken an increasingly proactive approach to communicating knowledge on its website [www.profor.info](http://www.profor.info). Knowledge products are fully searchable and tagged by keyword, interim findings are shared before the formal publication process, and studies are boiled down to key points in video interviews. Regular newsletters keep donors and stakeholders up to date.

By leveraging social media tools such as Twitter, PROFOR is also reaching new audiences around the world. It is spreading forest ideas among business people, activists, journalists, scientists — people from all walks of life who care about the future of the world's forests and are increasingly vocal on matters ranging from biodiversity to corruption, certification and climate change.



AN OPEN SOURCE OF FOREST IDEAS FOLLOW US AT  
[WWW.TWITTER.COM/FORESTIDEAS](http://WWW.TWITTER.COM/FORESTIDEAS)



PROFOR's steady presence and forest policy expertise have both influenced and been an asset to the World Bank. Since the Bank agreed to host the Secretariat at the request of PROFOR's Advisory Board in 2002, it has financed about 10% of PROFOR's annual budget (contributing over the years more than \$1.5 million).



## HOW WE OPERATE

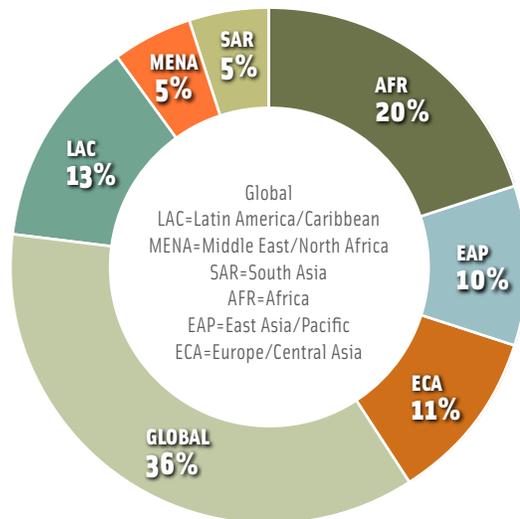
The work program is managed by a small Secretariat in the Agriculture and Rural Development Department at the World Bank. Proposals for PROFOR activities are an outcome of discussions with global partners and donors and with World Bank central and regional technical staff who liaise closely with counterparts and local stakeholder groups in developing countries. The Secretariat consults with bodies such as the CPF, the European Forest Institute, the FAO and the UNFF Secretariat to help identify priority topics. PROFOR's Advisory Board provides guidance about the overall direction of the program.

PROFOR supports activities that are meant to be innovative, support knowledge dissemination, and are consistent with PROFOR's strategic framework.

At the implementation stage, the Secretariat develops partnerships with local, national and regional stakeholders who work closely with us to deliver knowledge products and analysis on a contractual basis.

### WHERE WE WORK

(2010 Commitments By Region)



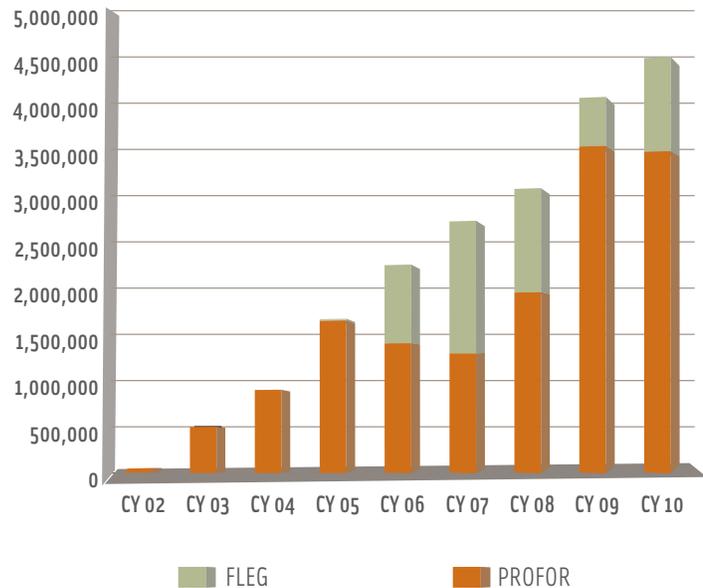
## AN EXPANDING PROGRAM

PROFOR has expanded dramatically in the last several years, from a relatively modest program which responded somewhat reactively to new demands for good analytic work, to a program which is now tightly focused and strongly aligned around its four core themes.

In 2010, PROFOR initiated 26 new activities, and had an active portfolio of 48 projects, up from 33 projects the previous year. Steady growth in demand for the types of analysis and other activities supported by PROFOR accounts for the increase, but is also a reflection of an ability to provide strategic support for new initiatives in a timely manner. New commitments and disbursements for PROFOR activities in 2010 reached \$4.5 million, a 6 percent increase from 2009.

### ANNUAL DISBURSEMENTS

FLEG & PROFOR



PROFOR is recognized – and valued – as a cost-effective mechanism for mobilizing leading edge analysis, and is well networked into global, regional, and national fora. It has been shown to be flexible and able to respond quickly as new themes have emerged. Indeed, the global forestry picture is vastly different today than it was in 2002, but PROFOR has adapted and engaged proactively in responding to these changes.





*All photos World Bank, except for post-conflict landscape (Sean Sutton/MAG/Panos), house in forest (Jeremy Horner/Panos) and tree nursery (Mikkel Ostergaard/Panos).*

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