

Managing Forest Resources for Sustainable Development

**An Evaluation of the World Bank Group's Experience
Approach Paper**

Acronyms and Abbreviations

| | |
|-----------------|--|
| AS | Advisory services |
| BioCF | BioCarbon Fund |
| CIFOR | Center for International Forestry Research |
| CFM | Community forest management |
| CO ₂ | Carbon dioxide |
| COA | Corporate Advisory |
| CODE | Committee on Development Effectiveness |
| DPL | Development Policy Loan |
| DRC | Democratic Republic of Congo |
| EAG | External Advisory Group |
| ESS | Environmental and social sustainability |
| ESW | Economic and sector Work |
| FCPF | Forest Carbon Partnership Facility |
| FIP | Forest Investment Program |
| FPS | Forest products sector |
| GDP | Gross domestic product |
| GEF | Global Environment Facility |
| GHG | Greenhouse Gas |
| IBRD | International Bank for Reconstruction and Development |
| IDA | International Development Association |
| IEG | Independent Evaluation Group |
| IEGPE | IEG – Private Sector Evaluation Department |
| IEGPS | IEG – Public Sector Evaluation Department |
| IFC | International Finance Corporation |
| JFM | Joint forest management |
| MIGA | Multilateral Investment Guarantee Agency |
| NGO | Non-governmental organization |
| OP | Operational policy |
| PROFOR | Program on Forests |
| REDD | Reduced emissions from deforestation and forest degradation |
| REDD+ | REDD plus conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks. |
| SFM | Sustainable forest management |
| SMEs | Small and medium enterprises |
| SMS | Short message system |
| TA | Technical Assistance |
| UN | United Nations |
| WB | World Bank |
| WBG | World Bank Group |

Approach Paper

Managing Forest Resources for Sustainable Development

An Evaluation of the World Bank Group's Experience

Background and Sectoral Context

1. **Forests¹ are home to some of the world's poorest people.** Almost 70 million people, many of whom are indigenous, live inside the forests. Another 735 million rural people live in or near forests and savannas, relying on them for much of their fuel, food and income – or converting them to croplands and pasture.² Globally, more than 1.6 billion people, many of them poor, depend directly on forests for food or fuel. About 11 million are employed in the formal forest sector, and about 2-3 times more in the informal sector.³ Recent research by CIFOR highlights the significant contribution forests make to livelihoods.⁴ On average, households in forest communities derive 24 percent of their income from forests, a figure that is not captured in national accounts nor reflected in assessments of poverty and income such as the World Bank's Living Standard Measurement Survey.

2. **Forests also provide environmental services important to the agriculture sector such as hydrological regulation and pollination.** Forests and trees on farms are an important source of fodder and enhance soil fertility. Forested watersheds, wetlands and mangrove ecosystems support the freshwater and coastal fisheries on which many communities depend.

3. **Worldwide, the demand for forest products is expected to continue to grow.** As a source of raw materials, the world's forests are the anchor of an extended value chain ranging from upstream plantations and natural forests down to downstream processed goods (e.g., sawn wood, veneer, pulp and biofuels), and final consumer goods (e.g., building products, furniture, paper and board products). Half of global wood production is used for fuel, power and heat generation using wood scraps and pellets, serving a growing market for renewable biomass energy in developed countries.

4. **Altogether the forest sector contributes \$460 billion in gross value added (2006) – equivalent to about 1 percent of global GDP** – of which developing countries account for more than 20 percent.^{5,6} Moreover, in some key forest countries such as Cameroon, timber accounts for 25 percent of foreign exchange, second only to petroleum, and some 4.8 percent of GDP, not including informal uses.⁷ Calculations of the sector's contribution to global GDP do not however capture informal and illegal forest production or important subsistence forest uses.

5. **Forests also provide important global public goods, such as biodiversity and carbon sequestration.** Forests cover just over 6 percent of the planet, but they are the

most diverse of land ecosystems, home to 90 percent of the world's terrestrial species. This biodiversity is irreplaceable, and has important economic uses, but its full value is still unknown. Only a fraction of known species has been examined for potential medicinal, agricultural or industrial value. And we are only just beginning to learn how forest biodiversity helps communities around the world satisfy their economic, dietary, health, cultural and recreational needs.⁸

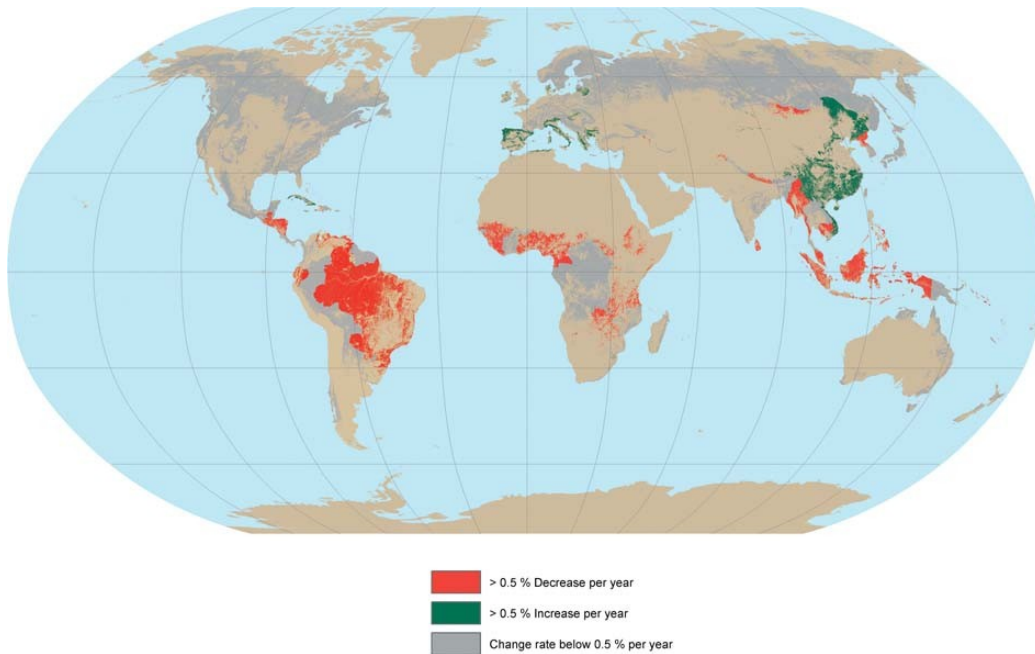
6. Over the course of the last decade, forests have regained prominence on the international agenda due to their potential role in climate change mitigation. Forests are a major carbon sink, holding as much as 46 percent of the world's terrestrial carbon stores. Deforestation and land use change contribute to 12 to 18 percent of annual carbon emissions globally -- roughly equivalent the world's transport sector.⁹

7. Reducing Emissions from Deforestation and Forest Degradation (REDD) has become a central focus of international climate change discussions in the last few years. REDD refers to the development of a mechanisms to make payments to developing countries for reducing emissions from deforestation and forest degradation, as well as readiness activities which prepare countries to participate in the REDD mechanism.¹⁰ REDD+ includes conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks.¹¹ Although the global institutional architecture for REDD is still evolving, more than 40 countries are developing national REDD+ strategies and policies and many REDD projects have already been initiated.¹²

8. REDD is seen by proponents as an opportunity to deliver large cuts in emissions, at a low cost and within a short time frame, while contributing to poverty reduction and sustainable development. Realizing this potential, however, requires addressing a host of market and governance failures that plague the sector, as well as potential controversies on land and resource rights, and reducing food supply by limiting agricultural expansion.

9. Forest conditions continue to deteriorate. Forest degradation and deforestation is reducing the natural forest cover by about 13 million hectares per year – mainly through the conversion of tropical forests to agricultural land – which is only partially compensated by afforestation and natural forest expansion of about 8 million hectares per year – mostly in Europe, North America and China, as shown on Figure 1. Thus, while the global forest cover is declining by 0.1 percent per year, the world's primary forests, which include species-rich, diverse terrestrial ecosystems, are declining by 0.4 percent per year. Unless these trends can be changed, the consequences will be severe: about 0.5 billion tons of carbon dioxide (CO₂) added to the atmosphere each year, intensifying climate change; the loss not just of many species but also entire ecosystems; and all across the world, changes in water flows, scenery, microclimates, pests, and pollinators.¹³

Figure 1. Countries and forests with high rates of net forest area change 2000-05



Source: FAO: <http://www.fao.org/forestry/41775@65533/en/>

10. **As the forests shrink, the pressures on them increase.** Croplands, pastures, and plantations are expanding into natural forests and will likely continue to do so. Expansion is driven by population pressures and both wealth and poverty. A huge rural population relies on low-productivity agriculture for subsistence. A growing, increasingly wealthy urban population demands commodities produced at the forest's edge: beef, palm oil, soybeans.¹⁴ Forests are also under pressure from loggers. A growing and more prosperous world demands more wood, pulp and paper – demands only partly met by plantations.

11. **Appropriate policy and institutional responses are required to manage forests in a sustainable manner by balancing competing interests, addressing underlying failures in forest governance and clarifying tenure issues.** Forest sector governance refers to the manner in which officials and institutions (both formal and informal) acquire and exercise authority in the management of the resources of the sector to sustain and improve the welfare and quality of life for those whose livelihoods depend on the sector.”¹⁵

The World Bank Group's Response

STRATEGY

12. **The World Bank Group's response has been most recently expressed in its 2002 Forest Strategy, *Sustaining Forests – A Development Strategy*, which identifies three pillars/objectives for its involvement in the sector:**¹⁶

- Harnessing the potential of forests to reduce poverty;
- Integrating forests in sustainable economic development; and
- Protecting vital local and global environmental services and values.

13. In relation to its previous (1991) Forest Policy¹⁷ the 2002 Strategy removed the ban on logging in tropical moist forests, expanded the focus of WBG interventions to cover all forest types, including dense forests, open woodlands, agro-forestry, smallholder lots, commercial-scale plantations, and non-tropical forests. It emphasized the role of production forestry and revised the Bank's Forest Policy (OP 4.36) to safeguard this approach. The 2002 Strategy states that for the International Finance Corporation (IFC) and MIGA, the major focus would be to support private investments in sustainable forest management (SFM), conservation, and rural forest industries.¹⁸

14. **During this period, the WBG established an External Advisory Group (EAG), made up of representatives of major stakeholder groups.** Over the past decade, the EAG has actively engaged with the World Bank's Sustainable Development Network Vice-Presidency to help guide the Bank's strategy implementation.¹⁹

15. **The IFC developed its own strategy update in 2008.**²⁰ It states that changing sector dynamics, including a gradual shift in industry demand and supply towards emerging markets, the increasing demand for improved environmental and social performance, and a growing global shortage of sustainably harvested wood present the IFC with increasing opportunities to play a major role in the forest sector. As a result of IFC's unique position as a member of the WBG, investors are looking to the IFC for assistance in the preparation of financing packages, the mitigation of political risks and the implementation of globally acceptable social and environmental performance standards. The IFC Strategy Update also proposes integrating IFC investments with its Advisory Services (in close coordination with the World Bank) to address country and region-level issues such as land tenure, concession regimes, certification and tree improvement.

INTERVENTIONS

16. **Between 2002 and 2010, the World Bank's (IBRD/IDA) total investment support for projects with forest activities equaled \$2.6 billion, of which some \$661 million was designated directly for forest lending.**²¹ **Over the same period the Bank provided some \$5.2 billion worth of development policy lending that supported forest reforms, of which \$863 million was directly designated for forest lending.** Grant finance for sustainable forest management has also been made available by the

Global Environment Facility (GEF), of which the World Bank is an implementing agency. GEF has an important role to play in helping to support the implementation of the 2002 Forest Strategy, specifically in relation to the third pillar of the Strategy: protecting vital local and global forest environmental services and values.

17. Regional and country-led forest related ESW and TA averaged about \$2.9 million annually over FY02–11. A major source of analytical support has been provided by the Program on Forests (PROFOR), a global partnership program housed in the World Bank, which finances analytical work in four key thematic areas: forests' contributions to livelihoods of the rural poor, forest governance, innovative financing for SFM, and mitigating adverse cross-sectoral impacts on forests.

18. As flagged in the 2002 Strategy, World Bank Group support to forests has also come from global, regional, national and local level partnerships. These include: The Forest Law Enforcement and Governance process (FLEG), The Forests Dialogue, the Collaborative Partnership on Forests, the World Bank-WWF Alliance, the Dedicated Grant Mechanism for Indigenous People and Forest Dependent People, the Growing Forests Partnership, and the Critical Ecosystems Partnership Fund. The WBG has also developed partnerships with MDBs, multilateral and bilateral agencies and institutions as well as with NGOs and civil society.

19. In line with the increasing prominence that REDD+ has afforded forests, the World Bank has helped to raise significant new forest finance through the development and support for carbon funds. The Forest Carbon Partnership Facility (FCPF), a global partnership housed in the World Bank which became operational in June 2008, is designed to set the stage for a large-scale system of incentives for reducing emissions from deforestation and forest degradation. A Readiness Fund, currently valued at \$218 million, is helping participating countries prepare themselves for REDD+.²²

20. The FCPF builds on the Bank's experience with the BioCarbon Fund (BioCF) – a public/private initiative mobilized and administered by the World Bank that is designed to demonstrate projects that sequester or conserve carbon in forest and agro-ecosystems while promoting biodiversity conservation and poverty alleviation. The BioCF is composed of two tranches that, combined, have been capitalized at \$90.4 million.

21. The World Bank and IFC are active members of the Forest Investment Program (FIP), a global partnership program that aims to mobilize significantly increased funds to reduce deforestation and forest degradation and to promote sustainable forest management. As of May 2011, FIP had received total pledges of US\$578 million. Of this total, US\$ 405 million has been pledged as grant resources and \$173 million as concessional finance.

22. Between FY03 and FY10, IFC invested a total of \$1.7 billion in 67 projects related to forest use. Investment lending related to forests peaked in FY05 at \$500 million in 11 projects, but then declined to \$100 million in seven projects in FY10.²³ Most of the projects were in the wood processing industries (pulp, paper and board, sawn and engineered wood), with only a small number of plantation investments, including

through investment funds (e.g., the Lignum Fund). In addition, IFC's portfolio also includes pilot transactions in carbon finance (BioCF) and small and medium enterprises (SMEs).²⁴

23. IFC's leverage with respect to the promotion of Sustainable Forest Management, poverty reduction and economic growth varies by project type and depends on the extent to which IFC clients have control over the resources. While IFC requires all its clients to comply with its Performance Standards, its ability to do so depends on the nature of the client's control over the forests. Thus, where IFC clients own the forests or have forest concessions with harvesting, IFC can directly affect how the clients' silviculture and harvesting practices comply with the Performance Standards. But where IFC clients purchase wood from the open market, IFC's reach is more limited, e.g., to request that all purchased wood is certified.

24. IFC's promotion of the sustainability of forests can also work in indirect ways. Thus, while investments in forest plantations support low-biodiversity monocultures, they can also have positive impacts as carbon sinks and, where plantations are established on degraded and abandoned agriculture lands; their supply of wood can meet increasing global demand of wood products and reduce pressures to log high biodiversity natural forests. IFC's investments are targeted mostly to the downstream of forest value chain with positive impacts on forest industries and economic growth, but they can also contribute to direct poverty reduction by promoting large upstream small holder forestry operations that supply wood to processing industries.

25. IFC's Advisory Services (AS) for the forest products sector have grown. As of FY09 the AS portfolio, in the Sustainable Business Advisory (SBA) department, included 21 active projects, worth \$16 million, in the forests sector, covering eco-standards, sustainable supply chains, cleaner production assessments, local sourcing, strategic community investments, and sustainable roundtables. Eight of these AS operations are linked to IFC investment projects.²⁵ In FY10 and FY11, IFC Advisory Services invested in new capacity on forestry aiming for more active involvement of IFC in sustainable forestry. This trend is likely to continue in FY12.

26. MIGA had one forest-related guarantee operation, which it supported jointly with the IFC. Given this, its main impact on forests has been through the implementation of its 2002 Interim Policy on Forests and, since 2007, its Performance Standard #6 on Biodiversity Conservation and Sustainable Natural Resource Management (same as IFC).

Rationale and Conceptual Framework

27. A decade after the 2002 WBG Forest Strategy, this evaluation will take stock of the extent to which the WBG has been able to effectively make use of its experience and its resources to provide leadership in the sector.

28. **The importance of the forests' contribution to poverty alleviation, economic development, and environmental services and the increased political attention that forests have received over recent years present the WBG with an opportunity and a challenge.** An opportunity because the institutions of the WBG are uniquely positioned to tackle forest issues from all sides: (i) the Bank, from the public sector side, based on its deep involvement with the countries' development strategies, policy and institutional reform, and its long experience with poverty reduction, land administration and indigenous peoples issues, as well as the design and operation of carbon finance funds; and (ii) IFC and MIGA, from the private sector side, building on its investment relationships at every link of the value chain, and its key role in assisting private investors and governments address bottlenecks in the business environment, mitigate political risk, and implement acceptable environmental and social standards. A challenge, because for the WBG as a whole, forests and forestry involve controversy, tensions and trade-offs that often entail high transaction costs and make it difficult to engage in the sector.

29. In light of the continuing global challenge of transforming forests into a key pillar of sustainable development, and the WBG's mandate, the proposed evaluation will be guided by the following overarching questions:

In what manner and how effectively has the World Bank Group supported member countries and the private sector in balancing competing demands on their forest resources and managing them for sustainable development?

And, what can we learn from these past experiences to help guide forest related interventions in the future?

In line with the above, based on past experience and considering the Strategy's objectives for the sector, this study will focus on the following evaluative questions:

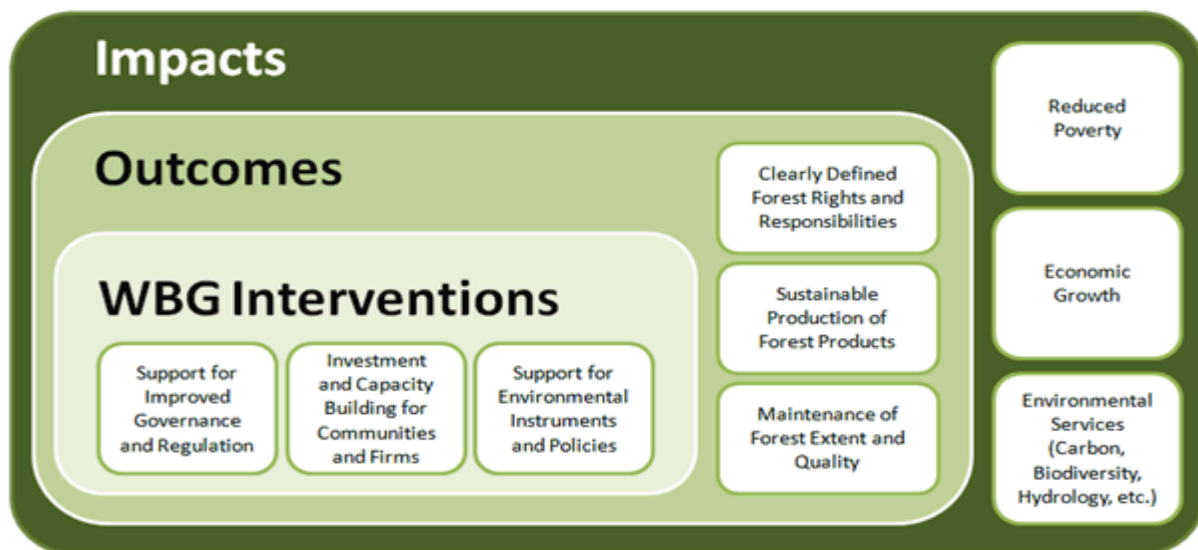
- a) How relevant, effective and sustainable have the WBG's interventions been in reducing poverty in forest areas?
- b) How relevant, effective and sustainable have the WBG's interventions been in enhancing the forest sector's contribution to economic growth?
- c) How relevant, effective and sustainable have the WBG's interventions been in protecting the forests' local and global environmental services?

In answering these questions the evaluation will carefully consider possible trade-offs and synergies between the three objectives of poverty reduction, contribution to economic growth and protecting the forests' local and global environmental services.

The evaluative questions reflect the focus of the 2002 forest strategy and during the inquiry, the evaluation will take into account the impact of the 2002 forest strategy and other internal factors on the extent, nature and effectiveness of the WBG's forest activities.

30. The conceptual framework of the study (Figure 2) is based on the results chain implicit in the WBG's 2002 Forest Strategy, as interpreted by IEG.

Figure 2. The Conceptual Framework for the Evaluation



31. The above conceptual framework covers all major types of WBG interventions such as:

- a) ***National Level Governance, Institutional Issues, and Policies:***
 - i. Support for forest legal and regulatory reform and enforcement; land and forest tenure;
 - ii. Concession policy and management;
 - iii. Forest certification
 - iv. Forest valuation, price setting, and taxation
 - v. Trade policy related to forest products
- b) ***Support at the Community Level for Rights and Livelihoods:***
 - i. Community forestry
 - ii. Projects supporting indigenous peoples
 - iii. Decentralized forest management
- c) ***Support for Sustainable Commercial Production of Forest and Wood Products:***
 - i. Silviculture
 - ii. Smallholder supply to pulp and timber mills, palm oil and rubber processors
 - iii. Agroforestry
 - iv. Natural forests and plantations

- v. Forest product enterprises
- vi. Forest certification
- vii. Company-community partnerships

d) *Instruments for Environmental Services:*

- i. Creation, expansion and management of protected areas;
- ii. Establishment of biological corridor systems
- iii. Mainstreaming conservation considerations into productive landscapes
- iv. Restoration of degraded lands (reforestation, afforestation)
- v. Payment for environmental services
- vi. FIP, FCPF, BioCarbon Fund

32. The conceptual framework highlights the important role that interventions in support of improved forest governance and regulation can be expected to play for achieving the sectoral objectives of reduced poverty, increased economic growth and enhanced environmental services. As stated in the WBG's Forests Sourcebook: Practical Guidance for Sustaining Forests in Development Cooperation, the challenge of sustainably managing forests is highly complex and can only be addressed by a broad range of actions targeted at (i) the policy framework, (ii) strengthening of governance, (iii) removal of market distortions and engaging market actors, (iv) full valuation and sharing of forest benefits through market and other mechanisms, and (v) capacity building.²⁶ The IFC's Strategy Update also highlights the important need of addressing governance and regulatory issues such as land tenure, the concession regime, and forest products certification.²⁷

33. **The conceptual framework also reflects the potential for sustainable forest management to contribute to poverty reduction and enhance the sector's contribution to economic growth.** However, economic growth alone may not be sufficient for reducing poverty in forested areas. The reduction of poverty will also demand specific attention to the ways in which governance and regulatory improvements will lead to a more equitable definition and assignment of forest rights and responsibilities, and thus contribute to the strengthening of channels for transmitting a greater share of the benefits of growth to the poor.

STUDY APPROACH

34. **The approach for this evaluation is based on the recognition that the promotion of forest sustainability does not lend itself to simple solutions.** There are no 'quick fixes'. Given such a context, we will evaluate the WBG in its role as a catalyst for innovation and reform – a policy entrepreneur – as exemplified by the multiple forest partnerships in which the World Bank is actively engaged (see paragraph 17). The evaluation will focus on the WBG's support for public and private sector clients in piloting and implementing a diversity of innovative ideas in the expectation that a series of small steps, if undertaken in a consistent and purposive direction could, over time, add up to significant progress.

35. The proposed evaluation approach also acknowledges that the WBG’s interventions are being delivered through a wide range of instruments adapted to a diversity of country and institutional settings. Thus (i) WBG interventions that affect the forest sector may not form part of projects labeled or ‘mapped’ as forest sector projects,²⁸ (ii) projects usually combine a number of interventions, each of which should be evaluated separately of the success or failure of the project as a whole; and (iii) the likelihood and complexity of intended and unintended interactions between WBG interventions within a dynamic country setting, make it advisable to evaluate the results where they occur, directly from the field. Thus, the evaluation will be mainly based on field assessments of key forest-related interventions in selected countries as elaborated in “Main Instruments” below.

TABLE OF EVALUATIVE QUESTIONS

36. The study approach will be guided by the overarching questions discussed in paragraph 27:

In what manner and how effectively has the World Bank Group supported member countries and the private sector in balancing competing demands on their forest resources and managing them for sustainable development?

And, what can we learn from these past experiences to help guide forest related interventions in the future?

37. The *evaluative questions* and main lines of inquiry **are shown on Table 1.** Each major type of intervention including those where the WBG is acting through partnerships (with other MDBs, NGOs, certification organizations and private sector roundtables) will be examined against the evaluative questions of this review. Every line of inquiry is expected to lead to useful lessons for enhancing the effectiveness of future interventions and informing the development of future programs, strategies and policies, as appropriate.

Table 1. Evaluative Questions and Main Lines of Inquiry

| Evaluative Question | Main Lines of Inquiry |
|---|--|
| In light of the overarching importance of poverty reduction for the WBG’s mission, the evaluation will devote special attention to assessing the manner and effectiveness with which the main transmission channels to benefit the poor in and around the forests have been strengthened. | The equitable definition and assignment of forest rights and responsibilities (e.g., land tenure security, access and use rights, and GHG emission rights) |
| | Employment creation, direct and indirect (e.g. through the supply chain and local sourcing of goods and services) |
| | Creation of local business opportunities (e.g. through the supply chain and local sourcing of goods and services) |
| | Provision of goods and services to underserved forest areas (e.g., roads, electricity, health care, training) |
| Evaluative Question: | |

| Evaluative Question | Main Lines of Inquiry |
|--|--|
| How relevant, effective and sustainable have the WBG's interventions been in reducing poverty in forest areas? | Empowerment of poor and vulnerable groups (e.g. through participation in formulating / implementing forest policies, zoning, and programs, accountability and conflict resolution mechanisms) |
| <p>In relation to the sectoral objective of enhancing the forests' contribution to economic growth, the evaluation will focus on the effectiveness of the WBG's interventions in addressing key factors that are often identified as bottlenecks affecting the level and quality of investments in the sector.</p> <p>Evaluative Question:</p> <p>How relevant, effective and sustainable have the WBG's interventions been in enhancing the forest sector's contribution to economic growth?</p> | <p>Support for the development of policy, legal, land titling, administration and law enforcement systems that promote economically, environmentally and socially sustainable forest sector growth.</p> <p>Assistance and finance to private enterprises to promote afforestation, reforestation and sustainable forest sector investments.</p> <p>Support for the economically viable development of a forest-based value chain from plantations to forest products.</p> <p>Assistance to the governments and private sector to combat illegal logging and corruption in the forest sector.</p> |
| <p>With respect to strengthening the provision of environmental benefits, the evaluation will focus on the following items.</p> <p>Evaluative Question:</p> <p>How relevant, effective and sustainable have the WBG's interventions been in protecting the forests' local and global environmental services?</p> | <p>Assistance to achieve compliance with WBG Safeguards, Performance Standards and country laws.</p> <p>Strengthening of clients' social and environmental management systems and implementation capacity and sustainable supply chains with third party verification, forest certification and roundtable initiatives.</p> <p>Assistance to enhance biodiversity protection</p> <p>Assistance to enhance carbon sequestration</p> |
| <p>NB: In relation to each line of inquiry, the study team will attempt to (i) begin with a review of official statistics, project documents and other indicators, as available, (ii) supplement the available quantitative information with qualitative judgments from key informants and community consultations, and (iii) validate the findings with spot checks in the field. The expected result will be a synthesis of the available information and a considered judgment about the relevance, efficacy and sustainability of the most important WBG interventions, with an understanding of external and internal factors that affected their success or failure.</p> | |

MAIN INSTRUMENTS

38. *The main instruments* for the evaluation will be:

- Literature Review.** There is a wealth of literature produced on forests within and outside of the World Bank Group. Therefore, rather than commission background papers, the evaluation will build directly upon the vast range of existing research, especially in the three areas emphasized by the forest strategy: the poverty reduction potential of forests, forests' role in contributing to sustainable economic development, and the forests' local and global environmental services. The evaluation will also take into account the growing body of literature on the REDD+

initiative. Recent evaluative literature on the international communities' experience in supporting the forestry sector also will be taken into account.²⁹

- **Portfolio Review.** A through portfolio review of forest and forest related operations will be conducted to inform country selection and define the scope of the study more precisely. The evaluation will explore the use of newer mapping methodologies where feasible to *geocode* and understand the relationship between these and other types of projects in the portfolio.³⁰
- **Desk Review.** A review of all relevant WBG interventions in each selected country (2002-2011) will be undertaken to identify and determine scope of forest related projects. The purposes of this desk review are to (i) lay the groundwork for an efficient, productive field visit; and (ii) provide country context: forest resource characteristics, institutional and policy framework, social and environmental attributes, and business environment, key partnerships, including a preliminary assessment of key sector bottlenecks or enabling conditions, as background for assessing the effectiveness of the WBG's interventions in addressing them and achieving their objectives.
- **Key informant interviews.** Key expert informants will be identified and interviewed before, during or after the field missions. The purpose will be to deepen and clarify our understanding of the factors that have affected the success or failure of the WBG's interventions. An interview guide will be prepared to structure the interviews around a consistent set of questions.
- **Field visits and local community consultations.** Each selected country will be visited to interview key stakeholder representatives, fill information gaps, and undertake visits to project sites to verify/check the findings of the desk review and to get local community feedback. A template will be developed to organize and synthesize field level findings.
- **Website and internet discussion forum.** A website will be maintained during the study implementation and dissemination period. There will be an opportunity for interested parties to post their views on the site for consideration by the task team.³¹
- **Attendance at relevant workshops and forums,** by team members where feasible to ensure that the key current issues are being considered in this evaluation.

39. **The evaluation team is planning field visits to about 15 countries selected based on the following criteria: (i) the global significance and representativeness of their forest resource; (ii) the existence of salient interventions that offer an opportunity for learning; (iii) their participation in the FIP and the FCPF; and (iv) regional representation.** The countries under consideration for site visits are: Brazil, Burkina Faso, Cameroon, Chile, China, Costa Rica, Democratic Republic of the Congo, India, Indonesia, People's Democratic Republic of Lao, Liberia, Mexico, Peru, Russia and Uruguay.

STAKEHOLDER OUTREACH

40. **Given the complex nature and dynamics of the forest sector, it will be essential for the evaluation to be undertaken in close contact with relevant stakeholder groups.** The evaluation will use a blend of social media channels such as Facebook and Twitter, a web page, and email outreach. This will allow engaging stakeholders in providing feedback and comments. The evaluation team will also be able to share quick updates from the field and after missions to solicit reactions from the key audiences.

41. **The evaluation's consultation strategy rests on extensive consultation with clients familiar with and based in the countries selected for site assessment visits.** Consultative feedback will be sought from members of the International NGO community; country based non-governmental organizations, private sector entities, industry organizations, organizations promoting private sector investments, and client group representatives, international and local academia. Country visits will include consultations with national and local government officials. The consultation process will include meetings with relevant MDBs, and bilateral donors.

42. The stakeholder outreach process will be built up gradually through each stage of the evaluation to take full advantage of lessons-learning:

- at the design stage, consultations were held with many sectoral experts from inside and outside the WBG (during a “Learning Week”) to help identify and understand key issues, the WBG’s policies, programs and projects for addressing them, and the challenges they face.
- at the field assessment stage, the team will reach out to in-country stakeholders to help collect information, access key players, and improve the understanding of underlying factors/constraints/motivations associated with the WBG’s successes and failures. The evaluation proposes to explore the use of recently developed technical tools to elicit feedback from a broad number of stakeholders.
- at the review stage, to help validate the findings, and improve the accuracy, relevance and usefulness of lessons and recommendations; and
- at the completion stage, to help disseminate the findings and enhance their ownership and impact with the various stakeholder constituencies.

PEER REVIEW AND ADVISORY PANEL

43. The concepts presented in this paper have gone through initial consultations as expressed in paragraph. 42. In addition, this draft Approach Paper has been shared with a wide range of WBG staff and formally reviewed by Mr. Kenneth Chomitz, Senior Advisor, IEG and by Mr. David Kaimowitz, Ford Foundation. The final report of the evaluation will be peer reviewed by two additional experts. The evaluation will also seek input from the External Advisory Group that will meet in early 2012.

TIMETABLE AND STUDY TEAM

44. The following timeline for key milestones for the evaluation is proposed:

| | Dates |
|---|-----------------------------|
| Research/ Expert Interviews | May- June 2011 |
| Approach Paper to IEG One Stop | June 24, 2011 |
| Approach Paper Sent to CODE | September, 2011 |
| Evaluation work/ missions/consultations with stakeholders | September 2011-January 2012 |
| Drafting Evaluation Report | November-March 2012 |
| External Advisory Group Meeting | January-February 2012 |
| WBG staff workshops/ findings validation | April-May 2012 |
| Report sent to CODE | June 2012 |
| CODE discussion | July-August 2012 |
| External Outreach | September-November 2012 |

45. The evaluation will be carried out by an interdisciplinary team of IEG staff and consultants under the supervision of Marvin Taylor-Dormond, Director, IEGPE and Stoyan Tenev, Manager, IEGPE. The team is formed from staff across different units of specializations within IEG drawing from experiences in public and private sectors evaluations, natural resources management and forestry expertise as well as innovative methods skills. The following core study team is proposed:

- Ethel Tarazona Task Manager, Adviser, IEGPE
- Jouni Eerikainen Sr. Evaluation Officer, IEGPE
- Lauren Kelly Evaluation Officer, IEGPS
- April Connelly Evaluation Analyst, IEGPS
- Ann Flanagan Research Analyst, IEGPE
- Richard Kraus Program Assistant, IEGPE
- Andres Liebenthal Senior Consultant
- Jacqueline Andrieu Consultant
- Silke Heuser Methods Consultant

It is planned that the team will draw from several other sources: IEG evaluators involved in previous and related evaluations, local consultants to complement country knowledge and to facilitate local engagement and at key junctures, a few leading experts may be called upon to fill gaps if necessary.

Endnotes

¹ For the purposes of this evaluation, forests are defined in the same way as WBG's Operational Policy on Forests (OP 4.36).

² Chomitz, Ken (2007): *At Loggerheads? Agricultural Expansion, Poverty Reduction, and Environment in the Tropical Forests*, World Bank Policy Research Report, Washington, 2007.

³ World Bank (2008): *Practical Guidance for Sustaining Forests in Development Cooperation: Guidance for Sustaining Forests in Development Cooperation*, Washington.

⁴ CIFOR (2011). *Poverty and Environment Network Study of Forest Based Contributions to Incomes*

⁵ IFC (2011): *Forestry Sector*, Washington, 2011.

⁶ It is worth noting, however, that calculations of the sector's contribution to global GDP do not capture informal and illegal forest production or important subsistence forest uses.

⁷ Alain Karsenty, Giuseppe Topa, Carole Megevand, Laurent Debroux. *The Rainforests of Cameroon: Experience and Evidence from a Decade of Reform*. Washington DC. World Bank 2009.

⁸ CIFOR website. *Forests and Biodiversity – Corporate Fact Sheet*

⁹ CIFOR 2010, van der Werf and F. I. Woodward (2009). *Trends in the sources and sinks of carbon dioxide*. Nature Geoscience 2(12): 831-836; Kanninen, M. et al. *Do trees grow on money? The implications of deforestation research for policies to promote REDD*. Bogor, Indonesia: Center for International Forestry Research (CIFOR), 2007.

¹⁰ Angelsen, A. (ed.) 2008 *Moving ahead with REDD: Issues, options and implications*. CIFOR, Bogor, Indonesia.

¹¹ REDD+ goes beyond deforestation and forest degradation, and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks (see: <http://www.un-redd.org/AboutREDD/tabid/582/Default.aspx>)

¹² Kanninen, M. et al. 2007. Ibid.

¹³ FAO (2011): *Global Forest Resources Assessment 2010*, Rome, Italy.

¹⁴ Chomitz, Ken (2007) Ibid.

¹⁵ World Bank. *The Forest Source Book*.

¹⁶ World Bank (2002): *Sustaining Forests – A Development Strategy*, Washington, 2002.

¹⁷ World Bank (1991): *The Forest Sector: A World Bank Policy Paper*. Washington, DC.

¹⁸ The World Bank's operational policy on forests (OP 4.36) was applicable to both IFC and MIGA until 1998, when IFC produced its own Forest Policy, which preserved the ban on logging in tropical forests. MIGA produced its own Interim Policy on Forests in 2002. Since 2006 (for IFC) and 2007 (for MIGA), Performance Standard #6 on Biodiversity Conservation and Sustainable Natural Resource Management embodies their main policy guidance in relation to forests.

¹⁹ See <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTARD/EXTFORESTS/0,,contentMDK:20458311~menuPK:1601741~pagePK:210058~piPK:210062~theSitePK:985785,00.html>.

²⁰ IFC (2008): *Forest Products Sector (FPS) Sector Dynamics and Strategy Update*. Internal document.

²¹ This distribution is based on figures reported in the World Bank's Annual Review of the ARD Portfolio, validated by IEG through a BW review utilizing the forest subsector code. The figures reported in the Approach Paper differentiate between investment and policy lending.

²² IEG is simultaneously conducting a Global Program Review (GPR) of the Forest Carbon Partnership Facility in FY12. The GPR will be conducted by members of the IEG Forest team. Findings and lessons will feed into the overall forest evaluation.

²³ IFC (2008) Ibid.

²⁴ IFC (2008) Ibid.

²⁵ IFC (2010): *Forest Sector Business Plan FY10-FY13*. Internal Document.

²⁶ World Bank (2008): *Practical Guidance for Sustaining Forests in Development Cooperation: Guidance for Sustaining Forests in Development Cooperation*. Washington DC. The World Bank.

²⁷ IFC (2008) Ibid.

²⁸ Such as, e.g., energy interventions.

²⁹ Such as, e.g., the recent external evaluation of the Forest Carbon Partnership Facility.

³⁰ Maps will be constructed using Mapping for Results platform (see <http://maps.worldbank.org> and <http://data.worldbank.org>).

³¹ Ref. World Bank Group's ICT Consultation Strategy

**APPROACH PAPER - IEG EVALUATION OF WORLD BANK GROUP EXPERIENCE:
MANAGING FOREST RESOURCES FOR SUSTAINABLE DEVELOPMENT**

**Report to the Board of Executive Directors from the
Committee on Development Effectiveness**

Meeting of October 19, 2011

IEG noted the importance of forest resources and their particular ecosystems, biodiversity and related climate change, deforestation and governance issues. It highlighted that since the 2002 Forest Strategy there had been new developments in the sector and thus it was an opportune time to learn from the WBG experience. IEG commented that the proposed approach paper had benefitted from a series of consultations as well as an internal review process and a positive exchange with Management. It noted that the evaluation is comprehensive in scope covers the three pillars of the 2002 Strategy while also focusing on interventions and missed opportunities. The evaluation findings and lessons learned will determine IEG's recommendations on future WBG engagement in the forest sector. IEG added that it would maintain interaction with Management during the course of the evaluation.

Management acknowledged IEG efforts to incorporate comments and identified additional points to be considered. It recommended that the Approach Paper include analysis between trees in farming systems and agricultural production and that the evaluation give equal attention to interventions in dry woodlands. Management also noted that the analysis of the combined effect of country-based and global programming merits attention. It also supported a more inclusive approach to external consultations including civil society. Finally, it noted the importance of the evaluation considering the impact of the independent forest certification system on operations and queried whether the 2002 Forest Sector Strategy is still valid or if re-adjustments are needed to strengthen engagement.

Members welcomed the IEG paper, broadly supported the evaluation approach, and thanked Management for their comments. They queried the objectives of the evaluation and next steps. Members commented on the need for the evaluation to consider how World Bank interventions have contributed to economic development, local populace inclusion and better governance. They looked forward to a more profound analysis of overall WBG engagement in the forest sector, including REDD and REDD + activities as well as global partnerships, harmonization initiatives and lessons learned from experience. They underscored the importance of broad stakeholder consultations, local culture and impacts upon small island states. Members also encouraged IEG to look closely at safeguards, types of forests, commercial forestry, regional issues as well as the informal sector and opportunities lost.