

THE WORLD BANK GROUP

**WORLD BANK GROUP
FORESTS AND TREES IN SUSTAINABLE LANDSCAPES
ACTION PLAN, FY14-16**

CONCEPT NOTE

May 20, 2013

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Concept Note
Forests and Trees in Sustainable Landscapes
Action Plan, FY 14 to FY16

1. Rationale

A. The Forests Strategy after 10 years

1. **In the 10 years since it was adopted, the framework outlined in the World Bank Group's 2002 Strategy, *Sustaining Forests*, has remained highly relevant for underpinning its forests investments.** Before 2002, the scope for WBG action in the forests sector had been greatly restricted because of concerns over potential environmental and social impacts, and this period was characterized by progressive disengagement. The World Bank Group's (WBG) 2002 Forests Strategy *Sustaining Forests* was prepared at a time when the Group was seeking to re-engage in supporting forests sector investments, and to overcome some of the challenges introduced by earlier policies, while at the same time strengthening environmental and social safeguards.

2. **The 2002 policy reforms which accompanied the Strategy, created a more constructive space for Bank lending,** addressing, for instance, the contentious issue of commercial harvesting by introducing a requirement that any such investments could only take place in areas which were not critical natural habitats or critical forest areas, and that such harvesting met independently verified standards of responsible forest management. Coupled with changes which strengthened other World Bank environmental and social safeguards, the 2002 policy reforms established much greater scope for Bank engagement in the sector. The 2002 policy and the accompanying strategy were organized around three main themes, that Bank support should "...harness the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests." The recently completed IEG Review *Managing Forest Resources for Sustainable Development: An Evaluation of World Bank Group Experience* confirmed that the 2002 Strategy was better aligned the Bank's approach with its mission and comparative advantage.

3. **The proposed Action Plan will build on the 2002 Strategy, but will take account of the evolving global context.** The Action Plan will describe how Bank support will contribute to meeting the 2015 Millennium Development Goals on environmental sustainability, and will lay out how the actions of the WBG will contribute to building resilient and sustainable landscapes. The Action Plan will build on the priorities for supporting inclusive and green growth which are outlined in the World Bank's Environment Strategy 2012-2022, *Toward a Green, Clean, and Resilient World for All* as well as the *WBG Agricultural Action Plan (FY13-15)*.

B. The Evolving Global Context

4. **Since the 2002 Strategy was adopted, the global population has increased by a billion people to over 7 billion.** The potentially significant environmental costs of further expanding the agricultural frontier coupled with the risks of social and economic instability resulting from food insecurity pose huge challenges. Demands for a massive range of commodities are increasing significantly, and in many places, agricultural commodity production is viewed to be a pathway out

of poverty. Infrastructure development and the search for minerals has also fueled deforestation. For much of the developing world, woodfuels have remained the dominant source of household energy, at the same time as developed countries are seeking to shift their fuel mix to woody biomass or other biofuels and have in some cases supported woodfuel exports from developing countries to do so. Urbanization is accelerating, and creating new centers of demand for forests and the services and products they provide. At the same time, rural-to-urban migration in some regions has greatly reduced anthropogenic pressures on forested areas.

5. **In addition, the demand for forest and timber products has been increasing, and shows few signs of tempering.** Global industrial roundwood demand is expected to quadruple by the year 2050, from 15 billion m³ annually to 6 billion m³. The vast increase in demand for forest and timber products poses huge risks of fueling unsustainable (and often illegal) timber trade flows. Currently, between 10 and 30 percent of the global wood trade depends on illegally sourced timber. Recent assessments have suggested that, without a very considerable expansion in the supply of timber from planted forests, the contribution of planted forests to meeting total demand is expected to decrease from 33 percent of the total, to 25 percent. The private sector is already playing an important role in developing sustainable timber supplies. Private sector investments in forests in tropical moist forest countries outstrip government and donor investments by 9-fold.

6. **The prospect of a 4 degree world, as described in a recent World Bank publication, *Turn Down the Heat*,¹ poses massive challenges for the forests sector, both for adaptation, as well as for mitigation.** Five years after the Forests Strategy was adopted, the IPCC gave new impetus to tackling forest loss and degradation noting that these accounted for 17 percent of global greenhouse gas emissions. The Stern Review subsequently suggested low cost easy wins for mitigating the impacts of climate change ‘simply’ by reducing rates of deforestation and degradation by mobilizing carbon markets better to capture the value of greenhouse gases. The tough challenges governments have faced in tackling the problem of deforestation and forest degradation since then suggest that early optimism about ‘easy wins’ and a reliance on the development of carbon markets was misplaced. Over the last 10 years, the promise of carbon markets has been unmet and the UNFCCC and other mechanisms have been unsuccessful in creating a global consensus about how to take effective action for reducing GHGs by tackling forest loss. Effective measures to support REDD+² have been slow to materialize largely because the complexity of doing so was underestimated, and because of the need for a more integrated approach to agriculture, avoided deforestation, and reforestation. Because forests (and the land on which they grow) offer a huge range of benefits to a wide range of users – far beyond those interested only in carbon – any solutions which tackle REDD need to be far more inclusive than at first anticipated.

¹ World Bank (2012) *Turn Down the Heat: Why a 4°C Warmer World Must be Avoided* Washington, DC, World Bank.

² “REDD” means Reducing Emissions from Deforestation and Forest Degradation. Getting ready for REDD will involve creating a financial value for the carbon stored in forests, offering incentives for developing countries to reduce emissions from forested lands and to invest in low-carbon paths to sustainable development. “REDD+” goes beyond deforestation and forest degradation, and includes the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.

7. **Climate change increases the likelihood of forest loss**, amplifying the vicious cycle of forest degradation and deforestation. As more frequent droughts stress fragile ecosystems, the risk of fire and pest infestation increases. Forest loss will put water supplies and food security at risk, and will jeopardize the habitats on which forest biodiversity depends. Forests will be hard hit by climate change, but at the same time, forests and trees can play a significant role in increasing the capacity to adapt to climate change, increasing both productivity and the resilience of farming systems through agroforestry systems and reducing damage from flooding and sea level rise.

8. **International efforts for mitigation in the forests sector have not had significant impact.** The United Nation's Framework Convention on Climate Change (UNFCCC) recognized only limited project mechanisms for dealing with mitigation from land use. These mechanisms mainly were limited to afforestation/reforestation in developing countries. No other forests activities (including REDD) were recognized. In addition, the world's largest carbon trading scheme, the European Union's Emission Trading Scheme (EU-ETS) which is currently suffering from a glut of carbon credits, banned the import of forestry credits from developing countries, closing off this option. This highly constrained approach to forest carbon should be rectified by accounting for the potential for managing forests and trees within complex and more sustainable rural landscapes. Having said this, the compelling urgency for action for dealing with forest loss as a way of reducing GHG's is becoming overwhelmed by other priorities, largely because of huge global increases in emissions from carbon intensive industries (and to a lesser extent, coupled with a decrease in forest carbon emissions in countries such as Brazil). Some recent estimates³ have suggested that GHG production from land-use change, including forest loss and degradation, now accounts for less than 10 percent of the total.

9. **There is a new urgency for taking more effective global action in several key areas which extend well beyond the forests sector, but which will deeply impact on it.** Within the WBG, the major goals of eliminating extreme poverty and boosting shared prosperity as well as the welfare of current and future generations will be important drivers. To move forward on the agenda of climate change and to limit impacts on forests, there is a need, for example, to build low-carbon, climate-resilient cities, move forward on climate-smart agriculture, and accelerate energy efficiency. Laying the groundwork for placing a robust value on carbon and supporting the removal of harmful fossil fuel subsidies would also have a positive impact. All of these approaches are expected to feature prominently in the Bank's evolving work program over the next several years.

10. **The emerging narrative raises questions about how to address multiple tradeoffs.** How can forests be conserved while agricultural productivity is increased? How can demands for timber and forest products be met without contributing to forest loss? How can greenhouse gas emissions be reduced in the face of increasing energy demands? How can farming systems be modernized while reducing vulnerability to climate shocks? How can the rights of indigenous people and forest dependent communities be protected while encouraging the private sector to make productive investments in forests and farming? How can competing demands for other natural resources such as water, be managed in a way which accounts for the value of forests?

³ Cf. Global Carbon Project (2012). Carbon budget and trends 2012. [www.globalcarbonproject.org/carbonbudget] released on 3 December 2012.

11. **The evolving global context suggests a need to move beyond tradeoffs in a way which recognizes that forests investments can also build synergies and can support win-win possibilities.** For example: How can forests and trees contribute to strengthening resilience and productivity in farming systems through climate smart agriculture? How can forest carbon mitigation measures improve the reliability and sustainability of urban water supplies? How can private sector investment strengthen local rights of use and access to trees and forests?

2. **Forests and Trees in the Bank's Programs since 2002: Progress in Implementing the Strategy**

A. **Objectives of the 2002 Strategy**

12. The WBG Forests Strategy proposed that the Bank should focus its work on three pillars:

- (i) **Harnessing the potential of forests to reduce poverty.** Forest outcomes are crucial for poverty reduction in many of the Bank's client countries because poor people depend on forests for income and consumption. If forest issues are not fully incorporated into government strategies then the overarching goals of poverty reduction will not be met.
- (ii) **Integrating forests in sustainable economic development.** The Strategy argued that forests are seriously undervalued for the social, economic and environmental benefits they provide. This contributes to widespread mismanagement and poor governance. The spillover of poor policies in other sectors has also contributed to the rapid rate of deforestation seen in recent decades. The second pillar of the Strategy was intended to address these failings by more fully integrating forests into sustainable economic development.
- (iii) **Protecting vital local and global environmental services and values.** Though biodiversity and key environmental services have generally been managed through forest protection, the wide range of competing uses of forests by diverse groups poses constraints on how much can be achieved by pure protection activities alone. The Strategy argued that improving forest management practices in production forests outside strict protected areas should be an essential component of any effort to protect vital local and global environmental services and values. Recognizing this, a dual approach which considered protection and productive uses, in all forest types, was embedded in the Strategy.

13. While **there is a widespread consensus that the basic parameters of the 2002 Strategy remain relevant**, there is also a sense that there are important new opportunities for more fully integrating its three strategic objectives in a more holistic way, going beyond a few least common denominators and addressing synergies as well as tradeoffs.

B. **Results from the Portfolio**

14. **Since the adoption of the Forests Strategy in 2002, 88 projects with forests components to them were approved, were fully implemented and brought to closure.** These accounted for around \$US 1.2 billion in loans, credits and grants to forests.

15. The evaluative material which is available about these operations shows that the WBG's support for forests has contributed significantly to:

- (i) improving livelihoods **through support for participatory forest management** initiatives. Across the Bank's forests portfolio, these projects have brought 73.6 million ha under participatory or community forest management, including extensive programs involving indigenous peoples;
- (ii) **bringing about positive environmental outcomes through sustainable land and water management, reforestation and protected area management.** These projects have restored or reforested extensive areas of forest land. Around 25 percent of the projects in the portfolio contributed to supporting the establishment, expansion and development of forest protected areas, contributing significantly to climate change mitigation and to conserving biodiversity;
- (iii) **strengthening sustainable forest management and advancing the rule of law** in a sector plagued by patronage, corruption, and rent seeking by increasing transparency and accountability and by putting environmental standards in place. The Bank's forests projects have brought at least 8.9 million ha under Forest Management Plans (FMPs), and at least 3.5 million ha now meet independently certified sustainable forest management standards as a result of Bank investments. Over 400 government institutions have benefited from Bank-supported capacity building activities. The Bank's work on improving forest governance has contributed importantly to initiatives such as the European Union's FLEG-T (Forest Law Enforcement, Governance and Trade) program;
- (iv) **fostering sustainability in private sector companies**, through IFC's investments and MIGA's investment guarantees, by helping them to produce higher value-added products, increase their productivity and production capacity, expand outgrower markets and provide jobs for poor rural communities.

16. **Lending volumes have been highly variable from year to year, but are currently around \$200 to \$400 million a year.** Commitments to all World Bank forests sector operations from the period of FY02 through FY12 totaled around \$2.5 billion. For the same period, IFC investments in forest products companies totaled approximately US\$1.6 billion. MIGA's involvement in the sector has been modest, supporting a small number of forest-related projects. Operations in the forests sector constitute a small part of the WBG's overall portfolio of activities. Over the period, for example, World Bank forests sector operations accounted for 0.74 percent of the total IDA/IBRD/GEF portfolio.

17. **But even at these relatively modest levels of lending, the World Bank Group has become the largest source of multilateral funding for forests.** Between 2005 and 2009, the Bank accounted for 72 percent of multilateral funding, and 31 percent all multilateral and bilateral financing for forests. Because of this, the WBG's work in the forests sector is influential and closely watched.

18. **Funding for forest sector policy reforms supported by Development Policy Lending accounts for a significant share of total forest sector commitments financed by the Bank.** The use of this instrument peaked in FY2009. Around 40 percent of total commitments between FY02 and FY12 were accounted for by development policy operations. The bulk of these supported a broad suite of policy reforms related to implementing low carbon development strategies in Middle Income Countries. A very small proportion (less than 2 percent) supported policy and institutional reforms to improve the management of forest concessions in fragile and conflict affected situations.

19. **Global partnerships and programs are providing significant sources of finance in the forests sector.** These have been important for generating consensus and new knowledge, and have been critical drivers of innovation for getting ready for REDD and for the wider forests agenda. These include large partnership programs such as the Global Environment Facility (GEF), the Forest Investment Program (FIP) of the Climate Investment Funds (CIFs), the Forest Carbon Partnership Facility (FCPF) and the Critical Ecosystems Partnership Fund (CEPF), as well as smaller more targeted initiatives such as the BioCarbon Fund and knowledge partnerships such as the Program on Forests (PROFOR).

20. Of the forests projects for which evaluative material is available and which has been assessed by IEG, nearly 70 percent have achieved outcomes which are Satisfactory or better. Sustainability is likely in 77 percent of the projects reviewed. Portfolio performance indicators are indicated in Table 1.

Table 1: Performance of the Bank's Forests Portfolio, FY02 to FY11

Performance indicator	Forests	All ARD
Outcome (% Satisfactory)	69%	77%
Sustainability (% Likely)	77%	75%
Bank Overall Performance (% Satisfactory)	65%	75%
Borrower Overall Performance (% Satisfactory)	70%	72%
ICR Quality (% Satisfactory)	88%	89%

Source: Business Warehouse

C. Emerging Lessons from Implementation

21. **Lessons from the portfolio will be reflected in the Action Plan FY14-16.**

These include lessons from the IEG review; lessons from other evaluative material; trends in lending; the Bank's contribution to the knowledge base; the need to balance the pressure for short-term results with longer-term gains from better forest management; the management of project risks; and safeguards issues and outcomes.

22. **The forests portfolio has performed reasonably well against Bankwide portfolio performance indicators,** and IEG concluded that synergies and inherent trade-offs were recognized across all of the World Bank Group's forest-related interventions. IEG also raised concerns however that the WBG's record in managing trade-offs and tensions between conservation, poverty alleviation, and growth objectives did not meet the expectations envisaged in the 2002 Strategy.

23. **The 2002 Strategy was an important, but broad and aspirational, document.** It described a conceptual framework to guide future WBG lending and investment, and was clear in outlining how a more inclusive approach to forests investments could yield important benefits. It outlined how environmental and social safeguards would mitigate potential risks, and it marked a significant departure from how Bank had been approaching the sector. It also acknowledged that the task was far beyond the Bank's own capacity and it was clear that the Bank could not 'go at it alone,' in meeting the broad objectives outlined in the Strategy. It identified a range of global outcomes which could be anticipated, *but only if there were an effective and coordinated global program involving governments, donors, NGOs and the private sector* (see Annex 1). But it did not set Bank-specific targets for meeting any particular set of objectives, least of all for poverty reduction.

24. **Ultimately though, the expectations raised by the Strategy were far in excess of what the Bank could conceivably deliver on its own.** The mismatch between the expectations raised in

the Strategy, and the availability of instruments under the Bank's control to address these expectations is one of the conundrums WBG management continues to face.

25. **There is a consensus around most of IEG's core recommendations.** Specifically, IEG recommended that the WBG group (a) should incorporate community participation more fully into the design and implementation of projects which seek to establish, expand, or improve the management of protected areas; (b) should expand support for participatory forest management, and should help to remove overregulation where this is a constraint; and (c) should support the development and use of better outcome indicators to track performance of the portfolio. In addition, (d) IFC should target downstream investments with improved traceability and sustainability measures and toward firms that can have a catalytic effect on generating greater demand for and supply of sustainable forest products; and (e) IFC should build upstream business and use IFC's upstream experience to help mitigate future project risks. Finally, IEG recommended that IBRD, IFC and MIGA should (f) develop mechanisms and instruments to build synergies between the public and private sector arms of the WBG to achieve better outcomes.

26. **The IEG review confirmed the importance of tackling poverty reduction through the forests portfolio,** and for monitoring and reporting on poverty-related outcomes. At the same time, many of the Middle Income Countries which borrow from the Bank for work on forests share poverty reduction objectives which are far less explicit, and instead want to be seen to be supporting growth and employment generation more broadly. They rely on the Bank for bringing knowledge and good and innovative solutions to difficult development challenges. These two different approaches will require explicit attention in the Action Plan.

27. **At the country level, the forests portfolio is fragmented.** Of the 289 World Bank projects reviewed by IEG, for example, 40 percent of these involved commitments of less than \$1 million. Of these, 85 percent were funded by targeted trust funds. Most of these trust funds have separate administrative and reporting requirements which are not closely aligned with standard Bank operational procedures and may not reflect country program priorities. Some of them have independent governance and oversight arrangements. Various trust funds may be represented by different individuals from the Bank, who interact with different partners in government, each representing different stakeholders. While these funds often come with additional administrative budgets, this level of fragmentation in the forests portfolio is neither cost-effective nor is it conducive to delivering a coherent program at the country level. The Action Plan will describe efforts to reduce fragmentation in program delivery.

28. **Complexity and risk are interrelated in forests sector investments.** Many of these require that the WBG deal with many different 'moving parts' to achieve effective outcomes. Complex operations require more resources for preparation than simple operations (see Annex 3). In a budget constrained environment, complexity is a disincentive for project development. Forest sector investments may involve contested rights of use and access to trees and forests related to systems of tree and land tenure, weak institutional capacity, inadequate technical capacity and knowledge, and an understanding of rural land use systems and how they impact on forests. Forest operations sometimes involve the triggering of multiple safeguards policies, for example, related to Indigenous Peoples, Involuntary Resettlement, Forests, Natural Habitats and Environmental Assessment Policies all of which are recognized as valuable and constructive ways of mitigating environmental and social risk. But risk aversion is a powerful disincentive. Coupled with their complexity and higher costs for preparation, forest sector investments require a higher risk

appetite than many other types of operations. Taking account of the ongoing safeguards reform process, the Action Plan will seek to identify how risks associated with forests investments can be mitigated.

29. **At the same time, good outcomes in the forests sector do not necessarily require a lot of money.** The average World Bank project size for forests sector investments is very small by most Bank standards. Low-cost policy measures can have profound impacts on improving outcomes related to forests and trees. But these types of operations require a comprehensive understanding of these types of opportunities – as well as the staff with the interest and incentive to develop this understanding. The Action Plan will consider how the potential for significant outcomes in the forests sector can be matched with an appropriate scale of investment.

30. Finally, it has become increasingly clear that **action to address forest loss and degradation will require more effective measures which are taken across sectors**, working closely with the agricultural sector but also finding ways of building synergies and improving development outcomes when infrastructure, energy, and water sectors are involved. Effective, multisectoral action will require a willingness both in the WBG and in client governments to work across narrowly defined sectoral siloes to address a range of measures which can improve land-use outcomes leading to inclusive and green growth.

3. Forests and Trees in Sustainable Landscapes Action Plan, FY 14 to 16: Sustaining Forests and Livelihoods in a Changing World

A. Objectives, Results, and Scope

31. **The proposed Action Plan, FY14 to FY16 will outline how we intend to work with our clients to make progress in addressing the themes of the Forests Strategy:** harnessing the potential of forests to reduce poverty, increasing the contribution of forests and trees to economic growth, and protecting vital local and global public goods and environmental services and values. These themes will be amplified by the WBG's two major goals: ending extreme poverty and boosting shared prosperity as well as the welfare of current and future generations.

32. **The proposed Action Plan will take account of the fact that the three themes of the Forests Strategy – poverty reduction, economic growth, and protecting environmental values – are deeply synergistic.** Even as the Bank rises to tackle the challenge of ending extreme poverty, any gains in doing so could be wiped out by climate change. So, sustained progress in tackling poverty reduction and in achieving inclusive and sustainable economic growth fundamentally depends on tackling climate change, which in turn depends on protecting forests from loss and degradation. The protection of global environmental services and values depends on the ability of robust economies to pay for this, but this usually only happens when poverty has been effectively addressed first. Addressing these three aspects of the Strategy is complex and multifaceted. It is not only about growing or protecting trees and forests, but involves complex interactions of policies, institutions, and incentives. For the Action Plan to be effective, it must take a multisectoral approach that addresses cross sectoral issues and takes account of the impacts of activities outside the sector on forests and people who depend on forests for their livelihoods.

33. **The “poverty reduction/growth/environmental value” nexus described in the Action Plan will, by extension, address the related issues of food security, climate smart agriculture,**

and how forests and trees can build resilience to climate shocks. The Action Plan will be aligned closely with the WBG *Agricultural Action Plan (FY13-15)* which is geared to making progress towards reducing hunger and poverty; slowing the rate of deforestation; and achieving significant growth in agriculture. The goal of mitigating the production of greenhouse gases by reducing deforestation in the Bank's portfolio will be more clearly articulated, which will also focus on creating opportunities for building forest carbon stocks through sustainable forest management efforts, as well as reforestation and afforestation. During preparation of the Action Plan, the possibility of closer alignment with other institutional action plans which have been prepared or are under implementation will be explored.

34. **The Action Plan FY14-16 will examine the potential for growth in WBG forests sector lending and investment to achieve lasting and significant impact, and which will catalyze significant action**⁴. The Action Plan will also outline how lending and investment can be better informed by increasing the relevance and focus of its knowledge and advisory activities in the forests sector, and will especially address the growing need for the WBG to better calibrate its activities to reflect the value of global public goods. The Action Plan will address ways which REDD+ measures can be supported systematically and effectively.

35. **The Action Plan will outline who we hope to work with:** With individuals and communities (because the evidence is clear that improved rights of use and access at the local level can improve outcomes related to forests and trees); the private sector (because public sector financial flows will never be able effectively and efficiently to meet investment needs); and governments (because of their role in creating the enabling framework for forest conservation and management).

36. **The Action Plan will describe the areas where we intend to work:** In all types of forests and farming landscapes, across a wide range of land-use types and ecosystems and in fragmented and highly complex and sometimes degraded rural land matrices where no land use dominates, but where all remain critically important for rural livelihoods.

37. **The Action Plan will explain what we hope to achieve:** *Economically* - improved incomes and greater private investment resulting in landscape restoration and in the development of fuel, fiber and timber supplies; *Environmentally* - the restoration of degraded landscapes and enhanced multisectoral productivity in other complex rural landscapes; improved systems of forest conservation and management in critical natural habitats; *Socially* - clearer articulation of rights over forest and tree-based natural resources, and greater social inclusion in their management.

38. **The Action Plan will describe how WBG will leverage additional financial flows into the forests sector from other sources,** in a way which will improve sustainable outcomes, for example in the agriculture sector, in mining, and in infrastructure development.

39. **The Action Plan will outline how we will organize ourselves to deliver better outcomes,** in terms of managing and building on knowledge (including forest resource data and information of interest to the wider global community) identifying and scaling up best practices,

⁴ From FY10 to FY12, IDA/IBRD forests lending averaged US\$278 million per year and IFC financing for forest products investments averaged US\$70 million per year.

better coordinating the use of multiple financing and delivery instruments, and engaging governments and the private sector.

40. **The Action Plan will describe how we will measure success:** through better informed performance monitoring systems, and how inputs, outputs and outcomes are better defined and articulated.

41. **Composition of Support:** World Bank Group support for the forests sector will be consistent with the overall framework of the Forests Strategy with its emphasis on poverty reduction, economic growth, and sustaining local and global environmental services and values. The pipeline will be closely aligned with the objectives adopted by the WBG *Agricultural Action Plan (FY13 - FY15)*:

- (i) **raising productivity** by better managing and conserving forests and trees in the rural landscape, including supporting measures to strengthen systems for sustainable forest management across a spectrum of tenure regimes, expanding the area of planted forests, tackling conflicts over contested rights of use and access to forests where these have constrained their more effective management, and incorporating trees into farming systems to contribute to raising income and productivity;
- (ii) **linking farmers to markets, and strengthening value chains**, by investing in systems for upstream environmentally sound raw material production as well as downstream processing capability;
- (iii) **reducing risk and vulnerability**, by more fully exploiting the capacity of trees to build resilience in farming systems by increasing the retention of soil moisture, building soil carbon, providing nutrients through green fertilizer systems, and creating additional sources of food, fodder, and raw material for household consumption and income generation;
- (iv) **facilitating rural nonfarm income generation**, by supporting the development of small and medium forest enterprises;
- (v) **enhancing environmental services and sustainability**, by supporting the expansion and better management of forest protected areas to meet local and global environmental objectives, by reducing deforestation and mitigating greenhouse gas emissions in the process, and by enhancing the resilience of forests to climate change.

42. The composition of support will depend on country-specific contexts, with different implications for the roles of public sector institutions, private sector actors, as well as informal and community based institutions across regions. Over the three years of portfolio implementation, the portfolio will change to respond to the evolving global context.

43. **Implementing the Action Plan.** Past experience has shown that World Bank involvement in the forest sector has been most effective when multiple instruments can be mobilized to tackle different dimensions of the forest problem. For example, in Mexico and the DR Congo, the Bank launched analytic work, supported initial investments and innovations with grant resources, and then rolled out significant investments with strong country ownership using development policy lending coupled with investment lending. This approach has been effective and offers much for identifying how the Bank should be proceeding at the country level.

44. The Action Plan will describe how the World Bank Group is developing synergies between instruments such as GEF, FCPF, the FIP, and PROFOR-supported analytic work, leading to potential

IDA, IBRD and IFC investment. This approach presupposes that there will be demand for this type of support from Bank client countries and that the approach can be highly differentiated, depending on the circumstances. The demand-driven nature of the Bank's work makes it enormously important that there is ownership and buy-in to this approach.

B. Areas of Emphasis

45. **Emphasis in the Action Plan will respond to the evolving global context and implementation lessons learned.** It will do this within the broader framework of how the WBG will address the goals of ending extreme poverty and boosting shared prosperity as well as the welfare of current and future generations. In particular, the Action Plan will take account of the emerging consensus that landscape-scale approaches for improving the management of trees and forests are more likely to result in inclusive green growth outcomes. Central to the idea of supporting landscape-scale approaches will be activities which are 'climate smart' such as the incorporation of trees, forests and woodlands into farming systems, for example, through agroforestry schemes which can build resilience to climate change, create soil and above-ground carbon stocks, and improve food security. Landscape approaches will also be expected more effectively to integrate the management of forests and trees into livestock and crop management. The role of forests and woodlands in drylands in these types of integrated schemes is expected to become especially important. The Action Plan will consider how forests investments can be integrated in a way which accounts for wider smart land-use policies, and will build a knowledge agenda around this.

46. *On responding to the challenges of climate change, capturing carbon in forests and trees in rural landscapes, and forests as global public goods*

- **Building up markets for environmental services and supporting results-based payments for global public goods.** The Bank has been a leader in supporting the development of markets for environmental services and for global public goods, especially for forest biodiversity and for forest carbon, and its support for work in these areas is expected to continue. It is becoming more critical than ever that REDD+ measures get greater global traction, and the Action Plan outline how future lending and investment will help to do this. The scope for better capturing the value of environmental services in national accounts through programs like WAVES (Wealth Accounting and the Valuation of Ecosystem Services), will be outlined in the Action Plan.
- **Protecting and managing critical forest habitats.** The establishment of protected areas has been a key in protecting globally significant forest biodiversity and forest carbon and for reducing forest loss, and this has been particularly the case where indigenous peoples and forest dependent communities have been brought into the management constructs which have been put in place. Forest protected areas offer enormous co-benefits in that they have been shown to be a highly effective mechanism for conserving forest carbon. The Action Plan will examine where synergies can be developed with community-based forest management initiatives to expand its support for conservation of threatened critical forest habitats both inside and outside of formally protected areas.

47. *On building socially inclusive strategies for better forest management*

- **Supporting community-based forest conservation and management.** Accelerating global trends to decentralize rights of use and ownership of forests and trees to communities and

indigenous peoples can create effective incentives for improving forest conservation and management. These can result in significant productivity and yield increases, coupled with more equitable access to forest resources. The Action Plan will outline how lessons from the Bank's work in this area (such as in Mexico, Laos and Tanzania) can be more fully scaled up in the pipeline. The Action Plan will also describe opportunities for improving local forest management through the Bank's social protection agenda as well, as forests and woodlands constitute an often critical safety net for poor rural communities.

- **Supporting measures to clarify property rights regimes which can bring about the more equitable sharing of benefits from forest conservation and management.** In countries where the policy, legal and institutional framework has increased the security of household and community tenure over forest resources, the Bank has successfully used AAA, SILs and grants to support the translation of these rights into incentives for sustainable forest management (China, India, Romania, Tanzania). The Action Plan will explore how the Bank can, through engagement in broader sector or policy reform, support establishment of more secure property rights regimes. It will also discuss how to assist clients engaged in REDD+ to operate in a context where different constituents subscribe to different property rights frameworks (customary, statutory, and so on), and will support policy and legal reforms that result in property rights regimes which allow more equitable benefit sharing arrangements.

48. *On reducing forest loss and degradation by strengthening forest management, improving service delivery, and building robust systems for forest governance*

- **Strengthening systems for sustainable forest management.** The Action Plan will outline the potential for building on a suite of practices meant to bring about more effective and sustainable forest management, such as the more widespread adoption of forest management practices which can be recognized and endorsed under certification and independent third party verification systems. The Action Plan will consider the scope for proactive measures to broaden the use of group certification measures, with an emphasis on the potential of communities and other local rights holders to compete in the global market for certified timber. In conjunction with expanded support for forest certification, the Action Plan will describe how Bank support can be geared toward developing and implementing sound forest management planning practices (including forest inventories), and 'public goods' investments in forest pest management and fire control.
- **Supporting effective policy and institutional reforms.** The effectiveness of any initiative to improve the management of forests and trees in rural landscapes will depend on the policy and legal framework, as well as on the effectiveness of national institutions in delivering services. The Action Plan will describe how the Bank will work with governments to become more effective service providers, whether for individuals or communities, for forest-based enterprises, or for regional and global interests in environmental services. Support for improved forest governance will remain a cornerstone of these measures, and by extension, the Action Plan will examine how the Bank could scale up its work on forest law implementation and enforcement as well as governance. Coupled with legal and institutional reform measures will be tools the Bank usually uses to improve budget management and the public expenditure framework. Analytical work on forest financing and relevant law and policy measures will help back up reforms better to ensure that public budgets more fully reflect the returns to the management of forest resources.

49. *On improving the quality of private sector investment in the forests sector*

- **Creating timber and fiber stocks from planted forests.** Without a very considerable expansion in the supply of timber from planted forests, pressures on natural forests to meet growing timber and fiber demands will accelerate. The Action Plan will look at the potential for WBG support for the expansion of timber and fiber stocks from planted forests by working with state institutions to create the enabling conditions for the private sector across a spectrum of potential investors and by developing strong links which account for downstream value-added.
- **Creating an enabling framework for private investment in the forests sector.** Financial flows from the private sector, broadly defined, offer tremendous potential for improving the scope for forest conservation and management, and for incorporating forests and trees into wider landscape restoration measures. Support for the development of value chains can unleash private investment in production and improved supply management. The WBG will give increasing attention to improving the policy, legal and institutional framework for private investment in the forests sector, whether these investors are large, well-capitalized industries, or small and medium forest enterprises.

50. Woodfuel market development offers particular opportunities. In Africa, woodfuel markets are worth around US\$ 8 billion per year, and generate around 7 million jobs. These markets have seldom been tapped in a way which could support sustainable supply chains. Support for measures to improve the policy and legal framework for private investment in woodfuel market development, could shift the emphasis from producing woodfuels for urban markets from unsustainable land clearance operations, to sustainable forest and woodland management.

51. IFC is currently conducting an internal review of its approach to the forests sector, building on its review of 3 years ago. The outcome and recommendations of this will be incorporated in the WBG Action Plan. IFC expects to continue to support a landscape-driven, integrated value chain approach to its private sector forest products investments IFC will seek out stand-alone, sustainably managed upstream investments in improved supply (such as planted forests) while at the same time investing in industrial downstream operations. For downstream investments, IFC will seek to incorporate traceability and sustainably managed forests into its investments.

52. The Bank will partner with the IFC and with MIGA in identifying the areas where Bank investment can help create the enabling conditions for private investment. One of the keys to creating these conditions will be in working with governments to identify and then to sequence policy, legal, and institutional reforms, followed by investments in infrastructure where this is necessary, and which could help create the conditions for follow-on MIGA action. The potential for 'clustered investments' and forest industry growth centers will be identified. These efforts will be enhanced by increased, regularized communication between the Bank, IFC and MIGA as well as participation in joint missions where opportunities are identified.

53. IFC specifically will increase collaboration with the Bank in developing its investments and advisory services projects across the forest products value chain, in keeping with its approach of (i) increasing investment/advisory projects focus on upstream investments; (ii) investment in downstream wood-based industries with sustainable wood supply; (iii) reducing forest conversion and loss and increasing the use of degraded lands, iv) supporting certified forest management; (v) supporting access to carbon markets; and, vi) biomass energy.

C. Cross cutting issues

54. A number of common issues across the portfolio will be explicitly addressed, either directly in the Action Plan, or as an outcome of the measures outlined in the Action Plan.

55. The 2002 Forests Strategy never established explicit poverty reduction targets. **The Action Plan will review the pipeline and on this basis will articulate poverty reduction targets.** In addition, it will give special attention to how guidance will be developed for operational staff to more fully support poverty reduction measures as an outcome of forests investments, how project design and portfolio development can be more responsive to poverty concerns, but also to put in place monitoring indicators and proxies to be able to track poverty outcomes more effectively.

56. **On the more general question of indicators, the Action Plan will describe measures which will be taken to develop short term proxies for tracking long term impacts,** as well as measures which will be taken to provide guidance to operational staff about how to put in place improved monitoring and evaluation frameworks. Special attention will be given to identifying proxies for biodiversity conservation and sustainable forest management outcomes, questions which were of particular concern in the IEG Review.

57. With respect to future work on forest concession reforms, **the Action Plan will describe expected interventions which have been included in the pipeline, will identify the extent to which these are expected to be undertaken in especially challenging environments, and how expected economic, environmental, social and poverty impacts will be assessed *ex ante*, giving special emphasis to the challenges of doing this in fragile and conflict affected states.** It will describe measures which will be taken to develop guidance for operational staff about how to prepare these types of assessments both to address investments in the lending pipeline, but also for other types of activities, such as those supported by various carbon funds.

58. **Providing global thought leadership on forests and trees.** The Action Plan will describe how some of the positive learning outcomes, particularly as a result of global partnerships, can be enhanced. Policy analysis and partnerships have been a focus of initiatives such as the multidonor Program on Forests (PROFOR), and these are expected to continue to play a role in building learning outcomes, as will the WBG's wider program of Analytic and Advisory Services.

59. **Building on partnerships.** The 2002 Forests Strategy recognized that the Bank could not achieve global forest goals alone, and so the Bank took proactive steps to build and to strengthen innovative and forward looking partnerships. The Bank has fostered a number of important partnerships, from which lessons can be drawn. These include the WB-WWF Alliance, The Forests Dialogue (TFD), the Growing Forest Partnerships (GFP), the Global Partnership on Forests Landscape Restoration (GPFLR), and the Collaborative Partnership on Forests (CPF) in support of the UN Forum on Forests. The Bank has also supported specific financing modalities for partnerships through the BioCarbon Fund, the Forest Carbon Partnership Facility (FCPF), the Critical Ecosystems Partnership Fund (CEPF), and to a lesser extent through the Program on Forests (PROFOR). It has worked closely with other multidonor partnerships such as the National Forest Program facility and with the UN Forum on Forests, as well as with the CGIAR (CIFOR and ICRAF).

60. **While these partnerships and consultation processes have improved some outcomes, they have also introduced significant transactions costs** and created huge expectations that the

Bank will be able to leverage political and other changes which are simply not within its mandate. The Action Plan will lay out measures which will be taken to critically assess and rationalize these numerous partnerships and to better balance the clear and important need for substantive consultations with civil society organizations with the need to efficiently and effectively deliver a lending and knowledge program.

61. **Expanding work in low forest cover countries.** Much of the Bank's attention has been focused on tropical moist forests. Many more poor people live in dryland areas, where forests and trees are a critical safety net. The Action Plan will describe measures to expand efforts in this area.

62. **In some cases, forest access and use is attenuated by issues of gender.** The Action Plan will draw lessons from the WDR 2012, by establishing indicators to the extent possible and encouraging operational staff to adopt these where relevant.

D. Structure

63. Following the articulation of the evolving global context, and performance and implementation lessons since the 2002 Strategy was adopted, the Action Plan FY14-16 will have four parts:

- (i) Results we will help our clients achieve:** The Action Plan will describe the key outcomes which would be expected from the Bank's forests support;
- (ii) What we will help our clients do:** The Action Plan will outline the type of support the WBG would be prepared to provide, both through lending and non-lending services;
- (iii) How this translates into the WBG program:** The Action Plan will quantify how these actions will translate in the levels and composition of the WBG program including in lending/investment projections; the direction of portfolio composition changes; targets for portfolio quality; and analytical priorities. All will need to reflect budget implications and trade-offs;
- (iv) How we will implement the Action Plan:** Including strengthening business lines; building synergies between multiple instruments and better using available instruments (investment lending, development policy operations, programs for results, fee-based services, non-lending technical assistance and just in time demand driven advice in the forests sector, global programs); balancing new commitments, portfolio quality, analytical work, and pipeline development; focusing on the ultimate client, including women; improving capacity of ourselves and our clients; and expanding internal and external partnerships.

4. Process and Timeline

64. We will use the framework outlined above to reflect lessons learned; to outline a response to the evolving global context; and to reflect consultations that have been undertaken, and continue to be undertaken, on the Bank's work in this area.

65. **Consultations.** The Action Plan will be informed by consultation processes which are being carried out in conjunction with Country Assistance Strategies/Partnerships and will not duplicate these. The country level pipeline for the outer years of the three year Action Plan (FY14-16) will be discussed with respective governments and other stakeholders in the context of in-country sector dialogue, and will be described in the Action Plan in the framework of the overall thematic

approach outlined in this Concept Note. Part of the pipeline (at least for the first year of implementation) is already identified in the respective Country Assistance Strategies/Country Partnership Strategies, with preparation underway.

66. Significant upstream work has already been launched, including preparation of a portfolio review; an extensive body of analytic work supported by PROFOR and regional departments; and preliminary consultations and inputs received by all World Bank Regions on their priorities.

67. In addition, a series of more focused thematic discussions will be launched with civil society organizations on subjects to be identified, such as forest governance, participatory forest management, forests and tree tenure, and so on. The objective of these discussions will be to help identify where common interests can catalyze actions across institutions. These thematic discussions will be launched independently of the Action Plan, and are expected to continue well beyond its submission to CODE.

68. **Team composition:** The preparation team will include IDA/IBRD focal points from each of the six regions, IFC, MIGA, DEC, CGIAR, LEG, and the central Agriculture and Environmental Services Department (AES) as well as the Climate Policy and Finance (CPF) team. The team will link with other Departments, and other networks (PREM, FPD, and HD). Overall guidance to the team will be provided by the Agriculture and Rural Development Sector Board.

69. **Timeline.** The overall timeline is aligned around the necessary processing times for each stage of review, and to ensure the Action Plan is in place by mid FY14, the first year of its implementation. In this respect the target date for the final CODE meeting is December 16, 2013.

Proposed Timetable	
Milestone	Proposed Date
<i>Forests and Trees in Sustainable Landscapes Action Plan (FY14-16) Concept Note</i>	
ARD Sector Board	March 20, 2013
SDN Council (Virtual)	April 8-12, 2013
OVP Review (Virtual)	April 22-26, 2013
CODE	June 17, 2013
<i>Forests and Trees in Sustainable Landscapes Action Plan (FY14-16)</i>	
SDN Council	October 2013
OVP Review	November 2013
CODE	January 2014

Annex 1: Delivering on the 2002 Forests Strategy, *Sustaining Forests*

The 2002 WBG Forests Strategy proposed that the Bank should focus its work on three pillars. It also outlined how each of the pillars should be addressed:

- (i) Harnessing the potential of forests to reduce poverty.** Forest outcomes are crucial for poverty reduction in many of the Bank's client countries. Both for countries with large forest endowments, and for others that have limited forests, if forest issues are not fully incorporated into broad national government and assistance strategies then the overarching goals of poverty reduction will not be met.

The Strategy proposed that this objective would be met by working with client countries to support policy, institutional, and legal measures which would strengthen the rights of people and communities living in and near forest areas; by ensuring women, the poor, and other marginalized groups in society are able to take a more active role in formulating and implementing forest policies and programs; by supporting the scaling up of collaborative and community forest management so that communities and indigenous peoples can manage their own resources, freely market forest products, and benefit from improved security of tenure; and working with local groups, NGOs, and other partners to integrate forestry, agroforestry, and small enterprise activities in rural development strategies.

- (ii) Integrating forests in sustainable economic development.** The Strategy argued that forests continue to be seriously undervalued for the social, economic and environmental benefits they provide. This contributes to widespread mismanagement and poor governance leading to billions of dollars of lost revenue. The spillover of poor policies in other sectors has also contributed to the rapid rate of deforestation seen in recent decades. The second pillar of the Strategy was intended to address these failings by more fully integrating forests into sustainable economic development.

To achieve this, the Strategy proposed that the Bank would help governments improve policy, economic management, and governance in the forest sector, including forest concessions and other allocation policies, as well as addressing the potential impacts of economy-wide adjustment operations upon forests. The Strategy proposed that the Bank would also support efforts to bring about ecologically, economically, and socially sound management of production forests and would encourage the adoption of third party verified forest certification measures.

- (iii) Protecting vital local and global environmental services and values.** Though biodiversity and key environmental services have traditionally been protected through the establishment of protected areas, the wide range of competing uses of forests by diverse groups poses constraints on how much can be achieved by protection activities alone. The Strategy argued that improving forest management practices in production forests outside strict protected areas should be an essential component of any effort to protect vital local environmental services and values. Recognizing this, the more inclusive, twin approach of protection and productive use, in all forest types, was embedded in the Strategy.

The Strategy proposed that the Bank should help governments to proactively identify and conserve critical forest conservation areas; to promote the widescale adoption of

responsible forest management practices in production forests outside critical forest conservation areas; to develop options to build markets and finance for international public goods such as biodiversity and carbon sequestration; to develop measures to mitigate and adapt to the anticipated impacts of climate change and reduce the vulnerability of the poorest people to its effects; to design, implement and finance national markets for local environmental services provided by forests; to strengthen forest investments, policies, and institutions so that adverse indirect and cross-sectoral impacts of policy and investments on high conservation and protected areas are minimized; and to ensure that Bank investments and programs in both the forest sector and in other sectors that could potentially harm protected forests and natural habitats are implemented according to the Bank's operational policies and safeguards.

The Strategy also proposed that Bank support for forests should increasingly come through multisectoral operations, rather than from standalone forests projects, and that there were good opportunities for supporting a convergence of interests across sectors. To a large extent, the portfolio reflects this evolution away from standalone operations. However, it has been far less successful in framing issues with respect to forests and trees in a way which reflects multisectoral development objectives, or in ensuring that other sectoral investments – infrastructure, energy, and extractives, in particular – have incorporated measures to mitigate potential forest loss.

Recognizing the demand-driven nature of WBG lending and investment, the 2002 Strategy did not specifically address the question of targets, nor did it suggest that there were particular outcomes for which the WBG would be held accountable. Rather, it noted that the challenge was far beyond the capacity of the WBG by itself to deliver on the broad objectives outlined in the Strategy. It articulated, instead, so-called Global Forests Targets, which reflected targets which were under discussion at the time by the Intergovernmental Forum on Forests, established in 1997 under the auspices of the UN and its successor, the UN Forum on Forests. In 2008, the seventh session of the UN Forum on Forests adopted the so-called “Non Legally Binding Instrument on all types of forests.” The “Forest Instrument” describes four Global Objectives on Forests, and charges member states with taking measures to implement these, by 2015, to:

Global objective 1: Reverse the loss of forest cover worldwide through sustainable forest management, including protection, restoration, afforestation and reforestation, and increase efforts to prevent forest degradation;

Global objective 2: Enhance forest-based economic, social and environmental benefits, including by improving the livelihoods of forest-dependent people;

Global objective 3: Increase significantly the area of protected forests worldwide and other areas of sustainably managed forests, as well as the proportion of forest products from sustainably managed forests;

Global objective 4: Reverse the decline in official development assistance for sustainable forest management and mobilize significantly increased, new and additional financial resources from all sources for the implementation of sustainable forest management.

Explicit targets and indicators for achieving these objectives have not been articulated.

Global Forests Targets and Outcomes from the 2002 Forests Strategy

Global forest targets	Baseline in 2002	Current estimate
<p>Poverty reduction. Improve the livelihoods of 500 million people, most of whom are poor and dependent on forest and tree resources, primarily through community forest management and development of agroforestry.</p>	<p>More than 16 billion people depend to varying degrees on forests for their livelihoods. About 60 million indigenous people are almost wholly dependent on forests. Some 350 million people who live within or adjacent to dense forests depend on them to a high degree for subsistence and income. In developing countries, about 12 billion people rely on agroforestry farming systems that help to sustain agricultural productivity and generate income. Worldwide, forest industries provide employment for 60 million people.</p>	<p>These estimates have not been updated and continue to be cited.</p>
<p>Governance. Strengthen the institutional capacity to reduce losses from illegal logging by US\$5 billion per year and improve the management of forest concessions to increase government revenues by US\$2.5 billion per year.</p>	<p>Losses from illegal logging of \$10 billion annually; losses from failure to collect revenues of \$5 billion annually.</p>	<p>One review of imports into main consuming countries concluded that illegal logging has been reduced by 30 percent since peaking in 2004. For the most part, there are no robust estimates of the current extent of illegal logging or of revenue losses.</p>
<p>Protection and conservation. Bring 50 million ha of forests into new Protected Areas and improve the management of 50 million ha of currently Protected Areas.</p>	<p>489 million ha of forests against IUCN categories I to VI in 2002.</p>	<p>536 million ha of forests in IUCN categories I to VI in 2011, gives a net balance of 47 million ha of new forest protected areas. No data about improvements in the quality of management.</p>
<p>Sustainable forest management. Bring 200 million ha of global forests under SFM that is independently verified and certified.</p>	<p>761 million ha (30 million ha to FSC standards; 461 million ha to PEFC standards).</p>	<p>422 million ha (175 million ha to FSC standards; 247 million ha to PEFC standards) giving a balance of 345.9 million ha of forests certified.</p>

Annex 2: Sub-sector and Regional Disaggregation of Lending

Figure 1: Trends in Forests Programming, by type of instrument

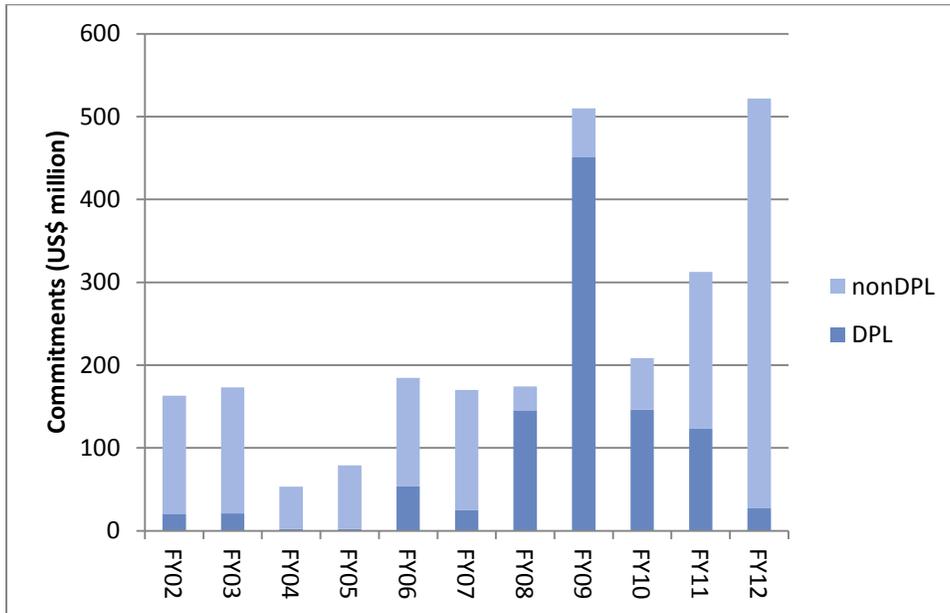


Figure 2: Trends in Forests Programming, by source of funding

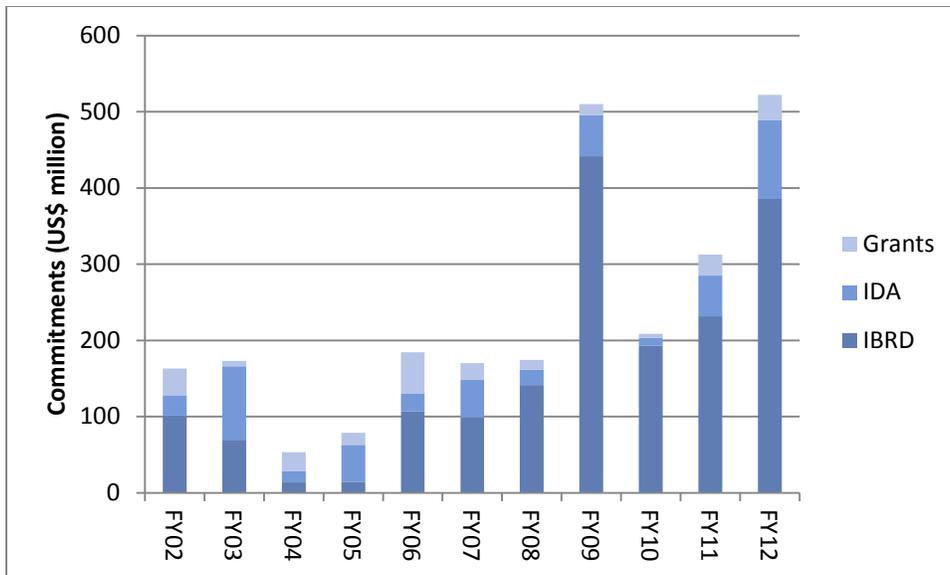


Figure 3: Forests Sector Investment Lending Trends

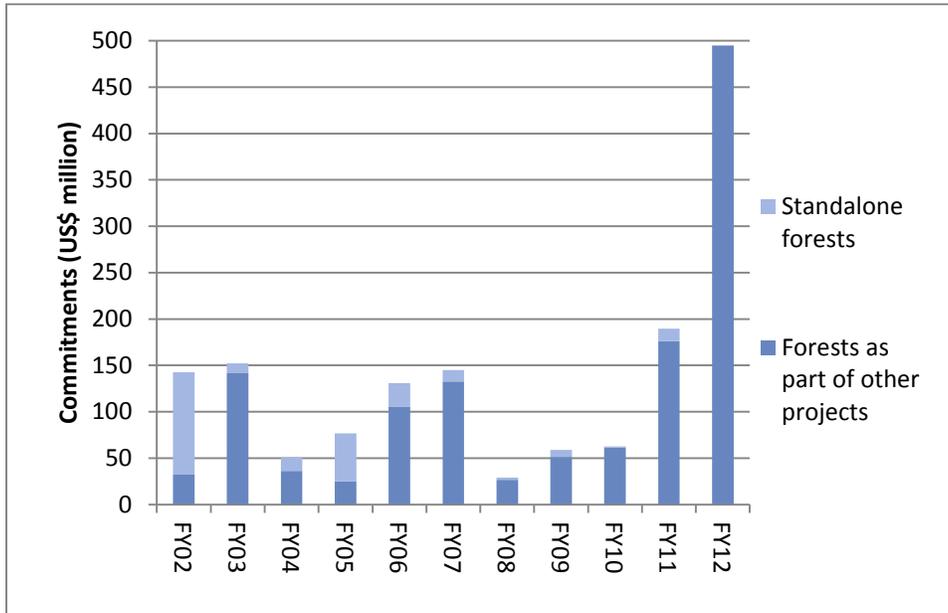
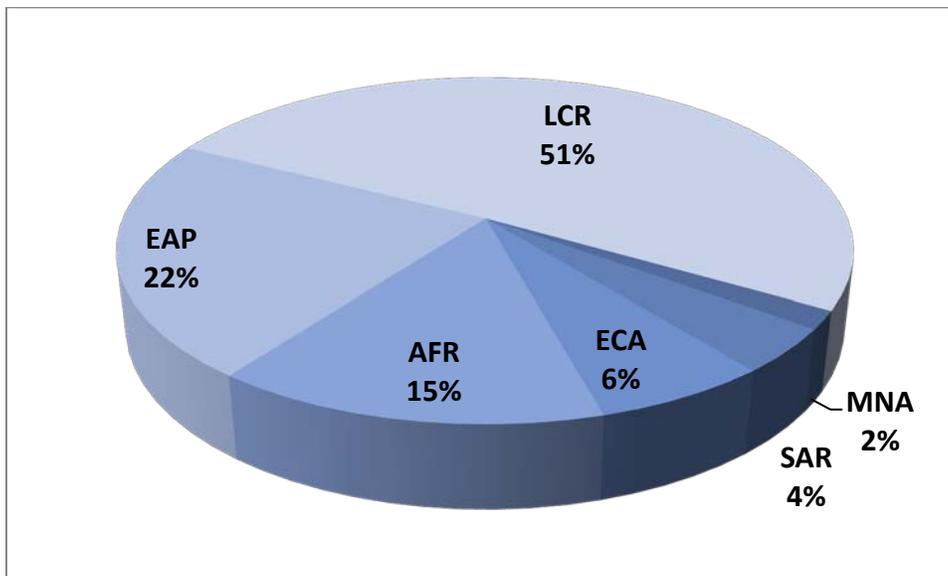


Figure 4: Total Forests Commitments, by Region



Annex 3: Average Project Preparation and Supervision Costs for IBRD/IDA Investment Lending Operations

Project Preparation Costs by Sector, IDA/IBRD Investment Lending Operations, FY02-FY12

Investment Lending by Sector (1)	Average preparation cost per project (US\$ '000)	Average amount of lending per project (US\$ million)	Number of projects	Preparation cost per US\$ million of lending (US\$)
Economic Policy	256	24	29	10,517
Global Information/Communications Technology	338	34	33	9,969
Public Sector Governance	367	41	139	8,874
Environment	426	56	60	7,653
Agriculture and Rural Development	469	68	372	6,861
Health, Nutrition and Population	356	68	208	5,260
Education	348	74	210	4,717
Water	431	92	160	4,663
Social Development	319	71	54	4,476
Financial and Private Sector Development	337	76	149	4,415
Urban Development	387	90	180	4,293
Social Protection	349	103	117	3,387
Energy and Mining	402	129	212	3,120
Transport	369	165	253	2,238
Forests sector projects (2)	444	44	31	10,166
Totals, all sectors	386	88	2,190	4,368
Source: Business warehouse				
Notes:				
(1) Excludes sectors for which fewer than 10 investment lending operations were prepared.				
(2) Includes only projects for which 20 percent or more of committed funds were identified as forests sector lending. Also excludes a single very large forest operation in Mexico (P123760) from FY12 which accounts for a disproportionate amount of total lending for the FY02-12 period and which skews the results.				

**Project Supervision Costs by Sector, IDA/IBRD Investment
Lending Operations, FY02-FY12**

	Average Annual Supervision Costs (US\$ '000)
Investment Lending by Sector Board	
Agriculture and Rural Development	105
Health, Nutrition and Population	101
Energy and Mining	97
Public Sector Governance	97
Social Development	97
Financial Management	95
Global Information/Communications Technology	95
Water	94
Environment	93
Urban Development	92
Financial and Private Sector Development	91
Social Protection	91
Education	90
Transport	90
Economic Policy	74
Forests sector projects (1)	96
All Bank	96
Source: Business warehouse	
Notes:	
(1) Includes only projects for which 20 percent or more of committed funds were identified as forests sector.	

Annex 4: Draft Outline

1. INTRODUCTION
2. AN EVOLVING WORLD CONTEXT
 - Changes in the World
 - Changes in the World Bank Group
 - Analytical underpinnings
3. PERFORMANCE AND LESSONS FROM THE PORTFOLIO SINCE ADOPTION OF THE 2002 FORESTS STRATEGY, FY02 TO FY12
 - Progress on results we are helping our clients achieve
 - Impacts of the WBG Forest Strategy: FY02-12
 - WBG Portfolio Performance
 - Lending
 - Portfolio quality
 - Lessons Learned
 - Implications for our focus over the next three years
4. THE WORLD BANK GROUP'S SUPPORT FOR FORESTS FY14-16
 - Results we will help our clients achieve
 - What we will help our clients do
 - Raise productivity
 - Link farmers to markets
 - Reduce risk and vulnerability
 - Facilitate rural non-farm income
 - Enhance environmental services and sustainability
 - FY14-16 World Bank Group Program
 - Aggregate program
 - Regional differentiation
 - How we will implement the Program