

Economic  
Development

Biodiversity

Protected areas

Conservation

livelihoods

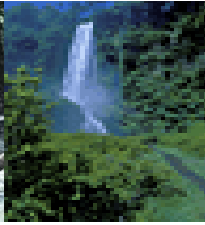
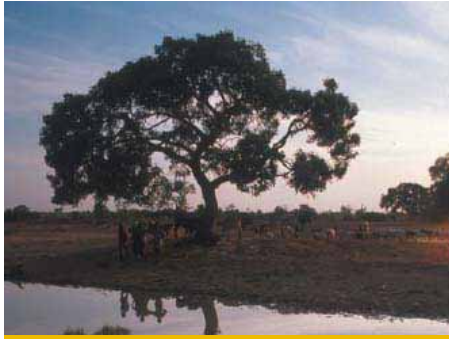
Forest values

Poverty reduction

**ITTO - TROPICAL FOREST INVESTMENT FORUM**  
**Brazil, 23-24 November 2006**  
**Investment Opportunities and Constraints**

**Klas Sander**  
**Forest Economist, SDN Forests Team**





# World Bank Forest Policy

## FCAG

ESSD Forests

## Forest Certification Assessment Guide (FCAG)

⇒ English, Portuguese, Spanish, French, Russian

⇒ [www.forest-alliance.org](http://www.forest-alliance.org)

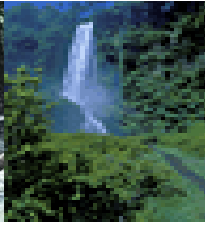
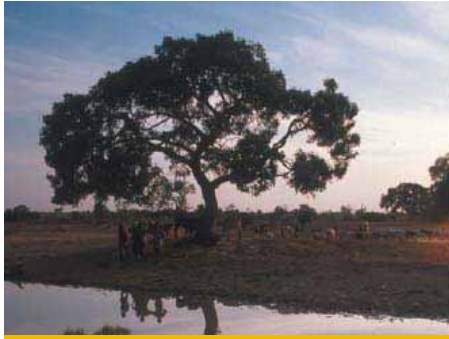
## History – The need for a FCAG

Demand through WB Forest Policy: “certification system acceptable to the Bank”

WB-WWF Forest Alliance goals and targets

## Recent Developments

Public Procurement Policies of Consumer Countries (same questions need to be answered)



# Bank Forest Strategy

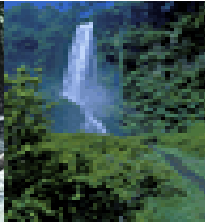
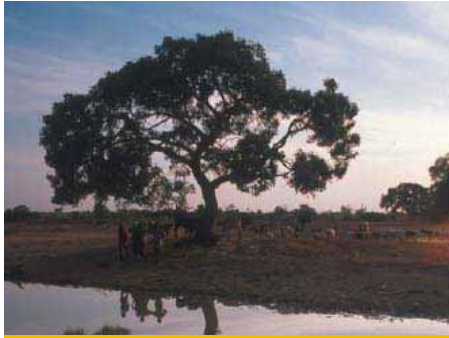
Three equally  
important and  
interdependent  
objectives

ESSD Forests

Harness the potential  
of forests to  
reduce poverty

Integrate forests  
into sustainable  
economic development

Protect vital local  
and global environmental  
services and values



## Challenges

### => Poverty Reduction

- ✓ Protect safety nets
- ✓ Ensure equitable benefits and access at the local level (communities, households)

### => Economic Development

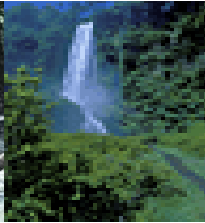
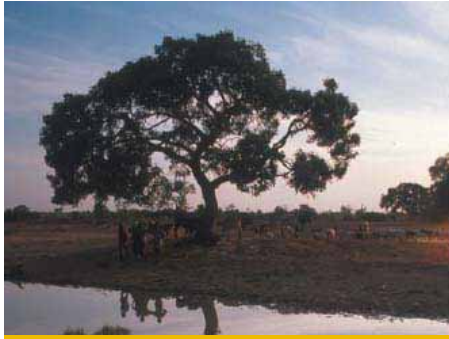
- ✓ Sustainable production and resource use
- ✓ Strengthen FLEG initiatives => \$15 billion in revenue lost per year to Bank client due to illegal logging
- ✓ Create enabling environment at the macro level that facilitate sustainable investment in the forestry sector (particularly by communities, smallholders, and SME)

### => Environmental Services

- ✓ Value forest environmental services
- ✓ Facilitate frameworks for benefit transfers of PES

ESSD Forests

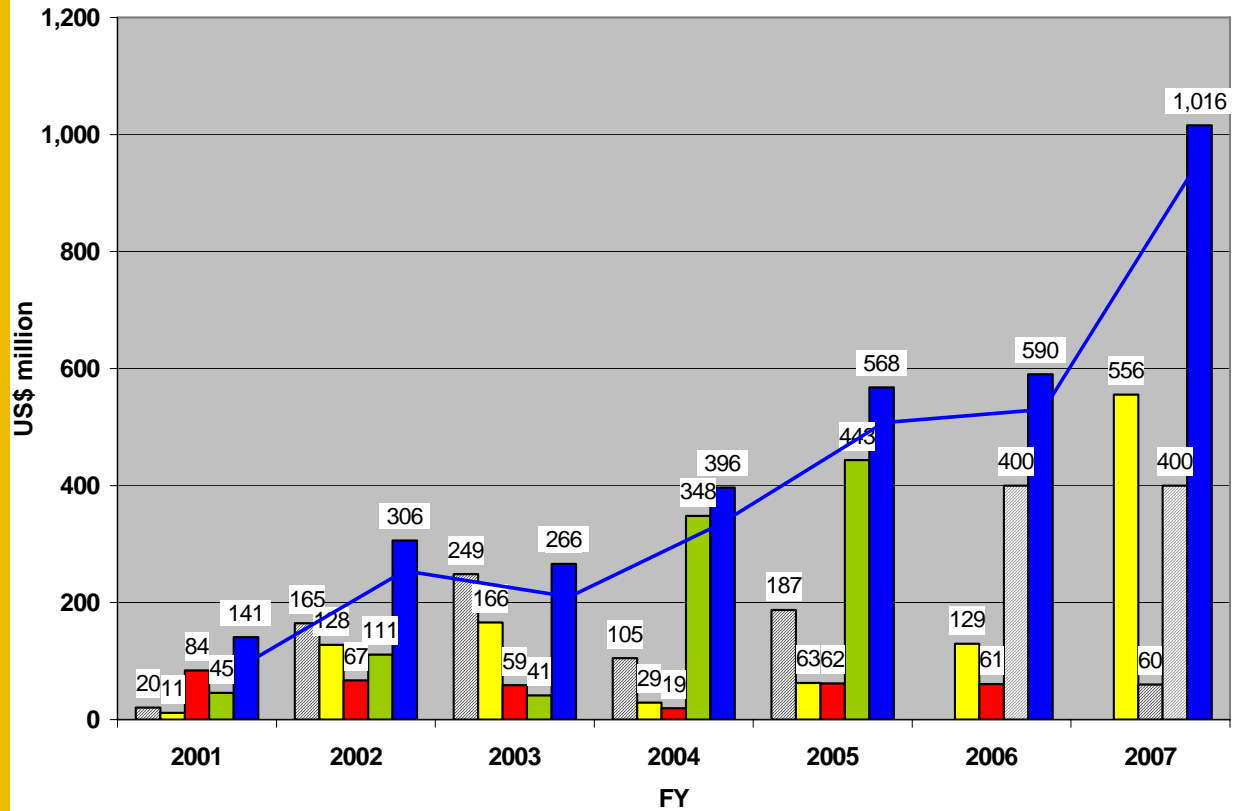




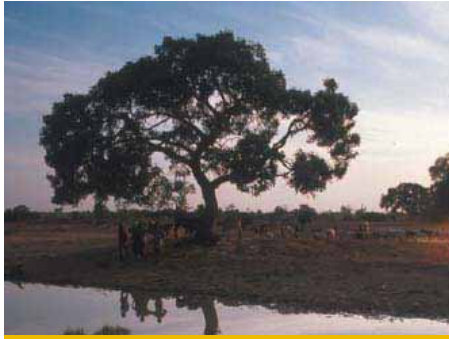
# World Bank Group Forest Lending Global

ESSD Forests

Amounts of commitment of IBRD/IDA, GEF and IFC for forests components from FY01 to FY07 (including FY06 and FY07 pipeline projects)  
US\$ million



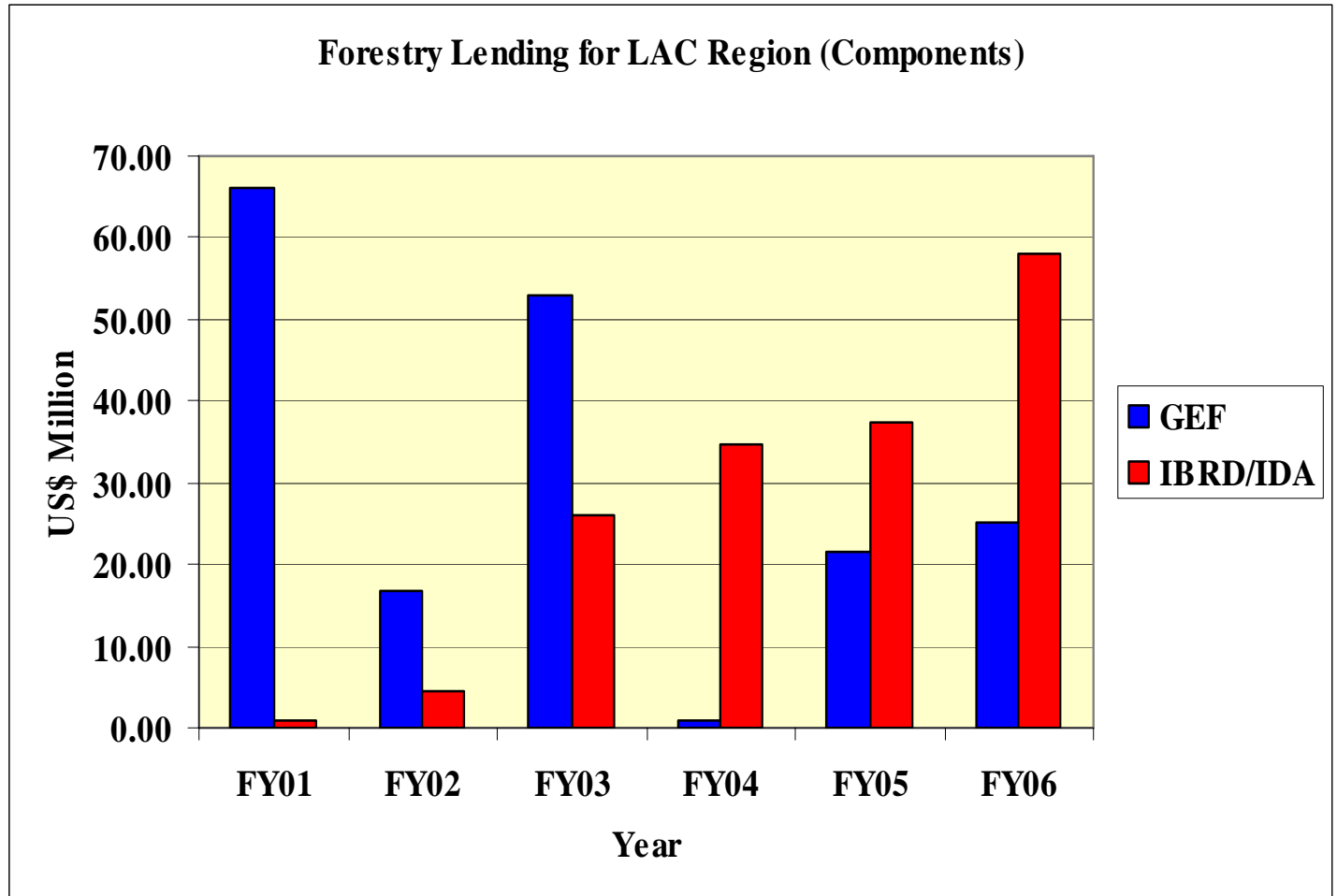
Note: The amounts for GEF grants in FY07 and IFC lending in FY06 and FY07 are current estimate.

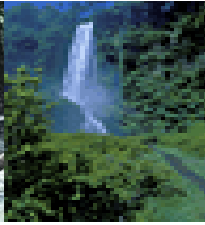
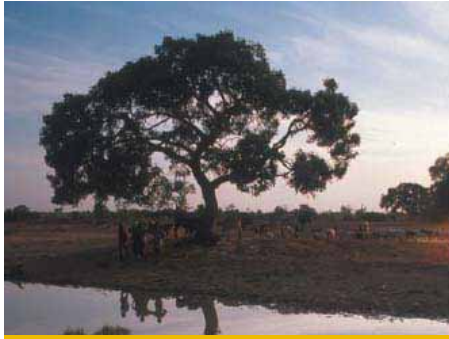


**World Bank  
Group  
Forest  
Lending  
LAC - Region**

**ESSD Forests**

**Forestry Lending for LAC Region (Components)**





**World Bank  
Group  
support for  
Regional  
Forest  
Investment  
Forums**

## Objectives

=> Pursue consensus between different stakeholder groups on priority areas for investment:

- ✓ *Governments*
- ✓ *Local Communities*
- ✓ *Industry*
- ✓ *Conservation agencies*
- ✓ *Financial institutions*

=> Addressing and identifying emerging investment opportunities

ESSD Forests



**Wood & NTFP Based  
Small-Medium  
Enterprises (SMEs)**



**Pulp Paper and  
Panel Industries**



***Emerging  
Investment  
Opportunities***

**Plantation Based  
Construction Grade  
Timber & Fiber Supply**



**Farm Forest Wood Lots**



**Environmental  
Services**

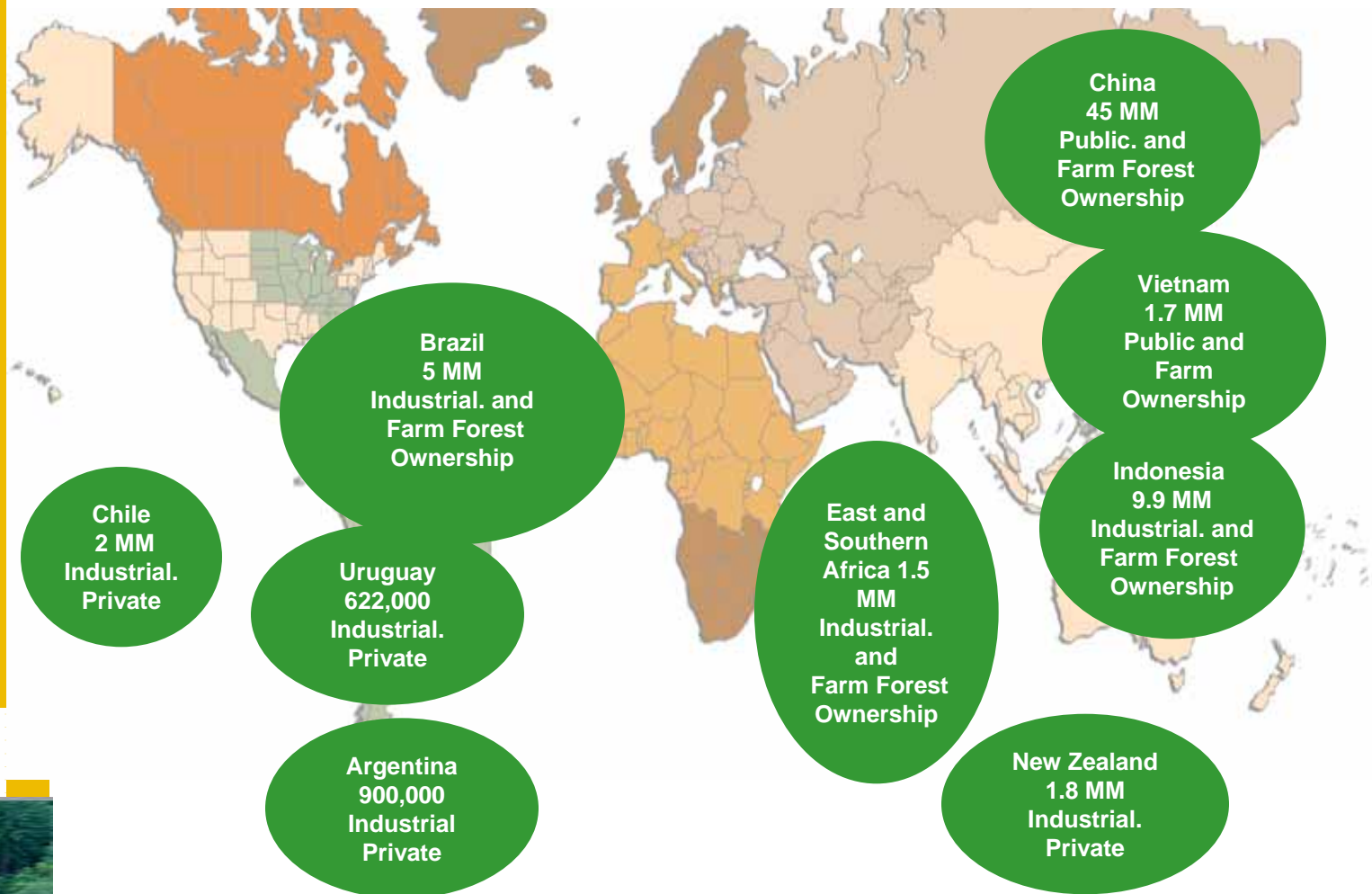






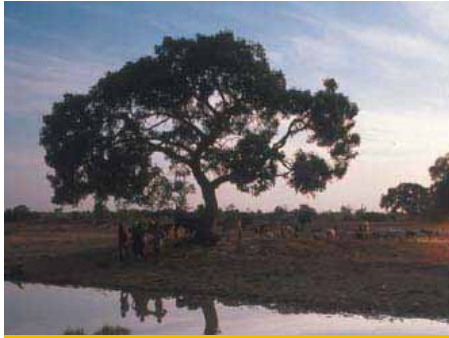
## TRENDS IN INTENSIVELY MANAGED PLANTED FORESTS

- Over next 25 years planted forests are projected to expand by 50%
- Major Investments opportunities mainly in tropical and sub-tropical regions
- 34% of which in Latin America



ESSD Forests





## Priorities for Bank Group Action

### Global

#### SMALL SCALE ENTERPRISES

- Support community and private forest ownership
- Innovative financial / economic incentive mechanisms
- Develop markets for certified products: Group certification
- Mobilize resources for capacity building
- Facilitate Enabling Environment (ease regulations & administration)

#### LARGER SCALE COMPANIES

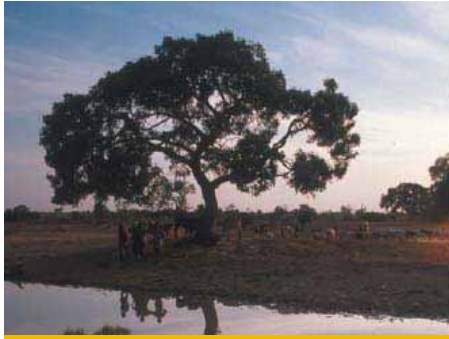
- Transparent secure concession contracts
- Political risk insurance mechanisms
- Independent certification : market access
- Strengthen forest governance (i.e. FLEG processes)
- Promote adoption of environmental safeguard policies by financial institutions
- Outsource fiber supply to local communities and small holders

#### Environmental Service

- Take advantage of emerging mechanisms to pay for environmental services especially carbon: Support reliable monitoring procedures.

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## Priority Areas of World Bank Group Investments

### LAC Region

#### ESSD Forests

## **PRIORITIES FOR BANK AND IFC GROUP INVESTMENT IN AMAZON REGION COUNTRIES:**

- **Involvement of communities in forest management (PA & SFM)**
- **Technical Assistance support to smaller scale forest based enterprises**
- **Fostering of mutually beneficial partnerships between companies and communities / private households**
- **Further expansion of an emerging network of sustainably managed Production Forests**
- **Support to forest law enforcement and governance (FLEG) processes**
- **Improving and enhancing the markets for certified forest products**
- **Support to governments in mobilizing international grant funding for international PES mechanisms (protection of biodiversity, carbon sequestration through afforestation & avoided deforestation)**
- **Continued support to improving and extending Protected Areas**
- **Investment in larger scale forest industries (IFC)**



## **Emerging proposals for a GLOBAL FOREST ALLIANCE**

**DIRECTIONS  
FOR THE  
FUTURE**

### **Objectives:**

- ⇒ **To foster improved collaboration between the Bank other donors, leading forest conservation agencies and private sector investors**
  
- ⇒ **To assist Bank client countries in adopting forest strategies and policies that will help to accelerate progress towards the Millenium Development Goals**

**!!! Muito Obrigado !!!**

**ESSD Forests**

