Mobilizing and Managing Public Forestry Revenues

Project Overview

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Overview

PROFOR-GGP partnership aims to create practical modalities for closer integration of governance and forestry expertise and operational work across Global Practices

Overview

Five pillars of research underway:

Community-Based Forest Management

Civil Service Reform

Mobilizing and Managing Public Forestry Revenues

Regulatory Tools, Effective Markets, and Private Sector Participation

Conceptual Framework and Operationalization

Revenue Paper

Governments (and therefore citizens) only collect a fraction of the forestry revenues to which they are entitled either by law or in principle

Revenues that are collected are often lost to corruption or mismanagement

Motivation and Objectives: Revenue Paper

This project aims to:

Assess what is known about sound management of commercial forestry concessions, through the lens of revenue generation and administration

Examine the entry points for reform of policies and processes

Revenue Paper

Paper will also generate preliminary conclusions/recommendations regarding World Bank operations, knowledge gaps, and next steps

Primary audience: client governments, WB operational teams, and others working on forestry revenue management

Key Themes

Conceptual framework: A Principal-Agent dilemma

Political economy constraints, corruption, and illegality

Role of transparency and stakeholder participation in the revenue management process

Capacity constraints and principles for revenue management

Mainstreaming sustainable forestry management in the approach to revenue management (without going into detail on SFM)

Specific Topics

Common fiscal and taxation issues:
- Estimating potential revenues and economic rent
- Limited fiscal basis, Base Erosion and Profit Shifting (BEPS), weak capacity, corruption
- Asymmetric information and role of auctions
- Earmarking forestry revenue

Transparency and the EITI

Managing Forest Funds

Public-Private Partnerships and other innovations (e.g. FLEGT)

Status and Next Steps

Draft paper on Forest Supply Chain complete (Bill Magrath, Author)

Finalization of outline for full report is underway (Alain Karsenty, Lead)

Full draft paper by June 2019, drawing on existing literature and country experience

Informal country diagnostic tool to help operationalize the analysis

Points for Discussion

What are the appropriate forestry revenue expectations for governments?

How can reformers raise the profile of forestry management within government?

Suggestions for country case studies that illustrate a diversity of experiences (focusing on large concessions)?

What are the key linkages with the Fiscal Mechanisms work?

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