Sent by Ahmed El-Hamri, The World Bank, 4/03/2009

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to CIF unit

Attached are our comments on the document

Scope of the FIP and implication for focus countries: Earlier discussions revolved around whether the FIP should take a broad approach to Sustainable Forest Management or a more focused approach on REDD. The proposal appears now to be more of a compromise, focused on REDD but with coverage of a number of issues related to Deforestation and Degradation, including cross-sectoral issues. However, a key concern with what is proposed, is that the focus will continue to be on the same countries (mainly tropical forest countries in the Congo Basin), and very little attention will be given to countries, including semi-arid and arid ones (issues of desertification) where the forest sector is also very important in terms of livelihood, employment, poverty reduction, and environmental services. Therefore, a key recommendation is to widen the REDD concept/approach to cover afforestation/reforestation, desertification, and sub-tropical and woodland forestry.

Articulation with the IBRD/IDA operations: This is an important operational issue not well covered in the document. Basically, unless there is a strong and explicit linkage between the FIP and Bank operations (through which the Bank has leverage in the policy dialogue), the proposed governance structure of the FIP (similar to that of the FCPF) is completely outside of the Bank, meaning that the Bank has indeed very little leverage on both the countries that will be selected and also the activities that will be supported. If the WBG is to have any leverage, the FIP design should consider mechanisms that ensure complementarity with ongoing/planned WBG operations in the forestry sector. This is a bit of a politically sensitive issue (especially with other MDBs), but there is a trade-off between inclusiveness and efficiency. The proposed design could very easily lead to situations where a country is selected by the FIP

to receive significant resources (e.g., \$40 to 100 millions), but where the WBG does not have any dialogue on forestry issue.

Best Regards

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