



Focus on forests Time to act Annual Report 2010

Center for International Forestry Research

A watershed moment in forestry



This is a great time to be working on issues related to forests. There is almost a 'perfect storm' of international attention, finance and political will—and if we can harness it, there is, for the first time in my lifetime, an opportunity to make a sea change in how forests are

managed around the world.

A growing appreciation of the critical role that forests play in climate change mitigation, as well as adaptation, has been the main driver of this new attention. We have heads of state talking about forests. In December, the President of Mexico gave an impassioned speech at Forest Day 4 on the underlying drivers of deforestation, on the sidelines of the UN climate talks in Cancún. We have significant financial resources being committed from government, multilateral and private sector sources. Major media are covering forest issues, including the New York Times, Time, CNN, Nature, National Geographic TV, Reuters, Associated Press and many other outlets.

It does not get better than this.

Here at CIFOR we have been working hard to establish the right strategy and line-up of top scientists and other team members to advance our aspiration to become the 'go to' place for research relevant to forest policy. And we have increased our investments in communications in order to better mobilise our research results to inform forest policy making, as well as to empower practitioners at the front lines of forest management.

As we look forward, we now have the knowledge, the scientists, the infrastructure and many of the partnerships in place to provide effective leadership to the Consultative Group on International Agricultural Research's new research programme on forests, trees and agroforestry, which is dedicated to tackling the key forest research challenges of our time. We very much look forward to doing just that.

Thus.

Frances Seymour Director General

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Research that has an impact



Just as 2010 was a banner year for forests, it was an excellent 12 months for CIFOR.

When the governments of Indonesia and Norway wanted the latest research and analysis as they were negotiating a 'Letter of Intent' to reduce deforestation and

forest degradation for a grant of up to US\$1 billion, they both independently came to CIFOR, repeatedly.

Delegations from many other countries in Asia, Africa, and Latin America also approached CIFOR seeking information to support the implementation of their own mechanisms to arrest deforestation and forest degradation. Advocacy groups continue to lobby CIFOR to conduct research on a range of forestry issues.

The Economist magazine published a special global report on forests and when the reporter started his assignment, he came to CIFOR first, and kept coming back. About a third of the people he acknowledged as contributing to his feature had current or previous CIFOR affiliations.

The confidence of CIFOR's donors is reflected in the continued growth of the organisation's budget, enabling CIFOR to respond to additional demands while maintaining healthy reserves.

Finally, I would like to express my gratitude to Dr Andrew Bennett, the former Chair of the Board of Trustees, and Dr Jürgen Blaser, a former member of the Board of Trustees. Their outstanding years of service have guided CIFOR to where it is today, ready to leverage the renewed political and scientific momentum to address the great challenges facing forests and the people that depend on them.

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Cameroon strives to redistribute forest wealth to its people

A new study provides valuable insights for the international community as it establishes a system for reducing carbon emissions from deforestation and forest degradation to tackle climate change.

In the early 1990s, Cameroon experienced a rapid expansion in its timber industry. This led to a new law to limit the environmental consequences of increased forest exploitation and to guarantee that forestdependent communities would benefit.

Under the law, part of the tax paid by logging companies for the right to harvest the forests—known as an Area Fee—is intended for local communities.

CIFOR's research uncovered numerous problems in managing the funds, including embezzlement and waste. Few local councils had investment strategies for the Area Fee, and once the government started redistributing the tax money, basic services that were formerly funded and administered by central ministries, such as health and education, were handed over to local councils to be paid for with the Area Fee.

'Our results serve as a warning that funding to stem deforestation and forest degradation must also improve the livelihoods of rural people,' said CIFOR scientist Paolo Omar Cerutti, who led the study with colleagues Samuel Assembe, Guillaume Lescuyer (on secondment to CIFOR from CIRAD) and Luca Tacconi (from Australian National University). 'There are important lessons here for global initiatives to reduce deforestation and forest degradation, which could see billions of dollars channelled into projects to protect forests in developing countries.'

The study, 'The challenges of redistributing forestrelated monetary benefits: A decade of logging area fees in Cameroon,' was published in International Forestry Review 12.

www.cifor.cgiar.org/nc/online-library/browse/view-publication/publication/3159.html

Science supports profitable beekeeping in Cameroon

Until recently, beekeepers in Cameroon have had little access to market opportunities. Now, as a result of CIFOR research, a network of small-scale rural enterprises is helping local beekeepers realise the profits that have eluded them for too long.

In 2006, the non-governmental Netherlands Development Organisation (SNV) commissioned a market study of the apiculture sector in Cameroon. The potential of beekeeping in the country was judged to be substantial.

Inspired by the opportunity, the team that performed the study for SNV established a small enterprise named Guiding Hope to link producer communities to emerging markets. The team's strategy was aided by CIFOR's analysis, which highlighted the roles played by men, women and youths in beekeeping chains, and how these could be improved. The study, published in the June 2009 edition of *LEISA Magazine*, showed critical links between wild forest honey and honey produced in hives. Analysing the characteristics of hive products and the botanical sources of propolis and honey enabled products that were previously only sold locally to be marketed internationally.

Today, Guiding Hope collaborates with 1040 beekeeping households, providing training in production, quality control, administration and accounting. In 2010, producers exported 22 tonnes of honey, 100 tonnes of wax and 60 kilogrammes of propolis to Europe.

Also in 2010, Body Shop International began to use Guiding Hope honey and wax in its products. And the company was recently presented with the Science and Practice of Ecology and Society Award—an annual honour given to an individual or organisation that successfully brings the science of social–ecological interactions into practice.

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CIFOR research impacts global agenda on adaptation funding

A decision by UNFCCC's Adaptation Fund to finance a major project in Honduras—one of the first to be approved by the Fund—shows how CIFOR is influencing the allocation of resources to climate change adaptation. A study by CIFOR and CATIE was cited in a successful proposal to the Adaptation Fund on climate change risks for water resources in Honduras. The US\$5.6 million project will be implemented by the United Nations Development Programme and the Secretariat for Natural Resources and Environment in Honduras.

The earlier study was carried out under the Tropical Forests and Climate Change Adaptation project (TroFCCA), a 4-year initiative by CIFOR and CATIE aimed at defining the impacts of climate change on tropical forests and the role that forests play in helping societies adapt. The project covered seven countries, including Honduras.

According to the Global Climate Risk Index 2010, Honduras has been hit harder by extreme weather events than almost any other country. Yet adaptation to climate change has not been mainstreamed into development actions and related policies. For this reason, the TroFCCA project emphasised improving institutional capacity to support local activities on climate change. In Honduras, this included training programmes for graduate students and scientists, project workshops, field days and policy dialogues with government officials.

Although the goal of the project financed by the Adaptation Fund is to decrease the threat of water shortages for the poor in Tegucigalpa, it pays significant attention to the role of forests, including how they capture mist from the atmosphere and the negative impacts of deforestation in water catchment areas.



Improving due diligence to reduce money laundering in the forestry sector

New guidelines and recommendations developed by CIFOR are helping Indonesia's banks, law-enforcement agencies and auditors fight money laundering arising from illegal logging and other forest-related crimes.

A recognition that money laundering is often linked to forest crime has led many national and international authorities to 'follow the money' in the pursuit of wrongdoers. Indonesia included forest-related crimes in its anti-money laundering law in 2003. In 2009, the Central Bank of Indonesia put in place a regulation requiring commercial banks to implement anti-money laundering programmes. But it became clear that the banks needed assistance in implementing this regulation. CIFOR quickly stepped in to help and recommended procedures for banks to apply due diligence mechanisms for customers operating in forestrelated businesses. The recommendations stress that banks need particularly to monitor financial transactions related to the forestry sector and to ensure the identity of the real owners of forest-based companies. The recommendations also specify the documentation that should be requested by banks to substantiate claims made by companies regarding the sources of their revenues, including the use of geographic information system (GIS) technology.

These recommendations were followed up in 2010 with the development of guidelines for law enforcement and audit agencies on how best to crack down on money laundering and corruption in the forestry sector. The guidelines are to be published in a 2-volume set in 2011. Drafts of the documents have already led to a new focus by authorities on financial wrongdoing in the forestry sector. The spin-off benefits to Indonesian forests could be substantial.

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Studying the impacts of development in Indonesia

CIFOR's research in Indonesia's Papua province has contributed to a reconsideration of the extent and pace of land being allocated for oil palm and timber plantations, as communities learn more about their social, environmental and economic impacts.

Boven Digoel is a district in Papua province that had become a target for investment in oil palm plantations and industrial timber estates. CIFOR's research there, to be published in 2011, found that oil palm development contributed to the economy through tax revenues and employment. However, the plantations caused significant environmental damage and conflicts over land.

As a result of CIFOR's study, the government of Boven Digoel district postponed authorisation of large-scale initiatives until more is known about how to manage their impacts. CIFOR research also contributed to a reduction by nearly two-thirds in a plan to convert 2 million hectares of indigenous people's land into an industrial agriculture and biofuels estate in Papua's Merauke District.

The research, which involved consultations with villages and participatory mapping of the land by local communities, helped to resolve existing conflicts between clans over land tenure. The research outputs have been used extensively by tribal leadership to inform their participation in discussions related to large-scale land acquisition for timber plantations and other estates.

The leader of the Malin-Anim tribal community sent a letter to CIFOR indicating that the project greatly improved their understanding of the value and fragility of their natural resources, and strengthened their resolve in negotiations with plantation investors.

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Reviving the forestry sector in the Democratic Republic of Congo

The Democratic Republic of Congo (DRC) is at once rich in natural resources and one of the poorest countries in the world. Now, as the DRC transitions out of instability and civil war, CIFOR is helping the country to rebuild the capacity to benefit from its valuable forest resources in a sustainable and equitable manner.

In 2005, a survey by CIFOR and the Food and Agriculture Organization of the United Nations (FAO) revealed that there were fewer than 10 forest researchers in the whole of the DRC. The number had plummeted as a result of AIDS, war and emigration. It was clear that if the country was ever to pull itself out of poverty using its own rich resources, the forestry sector would have to be strengthened substantially. Against this background, a CIFOR project funded by the European Commission sought to address forest research capacity in the DRC. The University of Kisangani—currently the only institution in the country with forestry expertise—was an important project partner, whilst a number of African and European universities assisted by providing lectures or supervising students.

By late 2010, at the end of the first phase of the project, 50 advanced degree students were being trained in forest ecology, conservation biology and sustainable forest management. The supply of trained technicians, research plots and study materials has been made possible through the project, which also includes an agricultural element overseen by FAO and the International Institute for Tropical Agriculture. A second phase of the project, which will run until 2013, will train an additional 40 Masters and 17 PhD students, increasing the national forest research capacity in the DRC by 1000%.



'PLUP fiction' improves land use planning in Lao PDR

A CIFOR-led project is yielding innovative tools that help rural people improve their livelihoods and protect their natural resources.

In recent years, the Lao PDR government has championed participatory land use planning (known by its abbreviation PLUP). This approach aims to increase the involvement of villagers in decision making on land zoning and management. Nonetheless, an analysis by CIFOR and its partners of some PLUP pilot projects revealed deficiencies in the methodology, which was frequently participatory in name only.

In response, the research teams developed a tool— 'PLUP Fiction'—and tested it in the six villages of the Muongmuay *Kumban* (village cluster) in 2010. Villagers—half of whom were women—were trained to serve as members of the village land management committee using simulated zoning negotiations. The exercise helped participants to understand the potential economic and environmental consequences of establishing land use zones to protect natural resources in the area.

The visualisation and learning elements of the PLUP Fiction approach proved vital to its success. That success was reinforced by proactive networking between villages and with government officials, which was kicked off at a 'Kumban Day' in December.

Whilst the early results of this participatory action research are promising, its full impact is still to come. Meanwhile, work continues as the partners move to test the planning tools in other parts of the district.

www.cifor.cgiar.org/nc/online-library/browse/view-publication/publication/3375.html

Reducing forestry emissions in Indonesia

When negotiators from Jakarta and Oslo started working out the terms of a 'Letter of Intent' in which Norway would provide up to US\$ 1 billion to help Indonesia save its forests, both sides came to CIFOR for the latest research, analysis and advice.

Indonesia is the world's third largest emitter of greenhouse gases, mostly from deforestation, forest degradation and the conversion of peatlands. Norway is the world's largest contributor to efforts to save the world's forests.

After the agreement was announced in May 2010, CIFOR scientists were repeatedly consulted by a range of stakeholders in Indonesia and Norway, and have been invited to contribute to several task forces formed to move forward on the Letter of Intent provisions. Early in the process, CIFOR contributed an analysis of the degree to which Indonesia's stated target of reducing greenhouse gas emissions by 26 per cent could be reached by planting trees. A central finding of the study, 'Reducing forestry emissions in Indonesia', was that attempts to achieve significant reductions through tree planting alone would not be feasible, as the number of trees needed to fully achieve emission reduction targets would require a land area twice the size of the country. Instead, emission reduction efforts needed to focus on keeping existing forests as forests. It further concluded that new plantations should be established on degraded lands to reduce emissions associated with land use changes. The results were introduced at a planning meeting involving representatives from key sectors of the Government of Indonesia less than two weeks after the signing of the Letter of Intent.

It is too early to determine whether the bilateral agreement will be a success, as the process is still playing out, but it has already prompted much-needed public debate about the implications of alternative options for managing Indonesia's remaining forests. CIFOR is doing everything it can to help—and both parties to the agreement have expressed their appreciation of our involvement as a neutral broker of essential data, policy advice and other information.

www.cifor.cgiar.org/nc/online-library/browse/view-publication/ publication/3142.html



CIFOR to lead global research programme on forests, trees and agroforestry

The decision by the Consultative Group on Agricultural Research (CGIAR) to channel its support into major strategic initiatives oriented to achieving impact on food security, environmental sustainability and improved policies is a resounding validation of CIFOR's own strategy and priorities. The CGIAR has included in its portfolio a thematic area on forests and trees, and has appointed CIFOR to lead it.

In his letter justifying the decision to name CIFOR as lead centre for the CGIAR Research Program on Forests, Trees and Agroforestry (or CRP6), Consortium Board Chair Carlos Perez del Castillo said:

We need to engage and establish closer ties with a community that embraces the whole global forestry, conservation, environmental systems and climate change debate. CIFOR has been the most prominent leader, voice and convener on these subjects and its research has been highly appreciated for its high quality and relevance to the most pressing challenges that forests face today. CIFOR has been able to give a credible response to current thinking with regard to forest, livelihood [and] poverty issues....

'CIFOR's ability to translate research into impact,' continued Castillo, 'has been facilitated by its positioning in key forest policy arenas and ability to play a convening role across sectors, geographies and stakeholder groups. CIFOR also brings a track record of effective and innovative communications based in both in-house capacity and partnerships.'

Hunger and poverty are highly complex conditions requiring interventions of many kinds and at many levels. CRP6 will take a collective approach to its work, partnering with sibling centres Bioversity International, the World Agroforestry Centre (ICRAF) and the International Center for Tropical Agriculture (CIAT), as well as with like-minded institutions from the international to the local levels.

www.cifor.cgiar.org/crp6/

Promoting gender analysis in forestry research

CIFOR invested considerable resources to focus on gender in 2010. Two workshops were held to equip researchers and managers with concepts, frameworks and methods for conducting gender analysis in the field, as well as on how gender can better be incorporated into proposals, activity plans and budgets. These efforts paid off with positive feedback on how gender was incorporated into a proposal for the CGIAR Research Program on Forests, Trees and Agroforestry (or CRP6), which CIFOR is leading. A gender scoping study commissioned by the Consortium said that CRP6 was one amongst only five CRP proposals that 'integrated gender in original and effective ways'.

www.cifor.cgiar.org/gender/

Visit the web version of this Annual Report for the complete list of our 2010 publications: www.cifor.cgiar.org/annualreport2010.

Find updates to the crucial role forests play in mitigating and adapting to climate change at www.ForestsClimateChange.org.

Forest Day 4: Time to act ... And they did!



Photos © Neil Palmer/CIAT

For the founders of Forest Day, a long sought-after goal—a firm agreement to move ahead with a programme to curb carbon emissions from deforestation and forest degradation—was achieved in December 2010 at the Sixteenth Conference of the Parties (COP16) to the United Nations Framework Convention on Climate Change (UNFCCC) in Cancún, Mexico.

The theme of Forest Day 4 was 'Time to act'. And five days after more than 1500 people from 109 countries (including 276 UNFCCC negotiators) had gathered for the largest Forest Day yet, the COP reached agreement on REDD+; an international incentive scheme for developing countries to reduce emissions from deforestation and forest degradation in favour of ensuring the sustainable management of forests and the enhancement of forest carbon stocks.

It's time for all of us to push, and push hard for the full incorporation of REDD+ into a long-term international climate change agreement,' said Felipe Calderón Hinojosa, president of Mexico, at the opening of Forest Day 4. 'We have to change the way we do things or climate change will change us.

CIFOR convened the event on behalf of the Collaborative Partnership on Forests, and the message of urgency was echoed by Director General Frances Seymour.

'Whether the objective is global climate protection, local adaptation, biodiversity conservation or rural development, there is an increasing sense that the risks of no action on forests are far greater than the risks of moving ahead. It's time to act,' she said at the opening plenary session.

The agreements reached in Cancún reignited interest and restored optimism regarding the likely implementation of REDD+ in the years ahead.

Whilst Forest Day has multiple goals, including informing the UNFCCC negotiations, it is difficult to determine the exact influence of the annual event. Still, the conference is credited as one of the most influential, best attended and most reported events of its type on forestry. More than a quarter of all participants responded to an online survey about the event and 94% said that Forest Day 4 was a success. Niels Elers Koch, President of the International Union of Forest Research Organizations, said, 'Forest Day is the single most important science–policy interface in the forest sector, where researchers and policy makers meet.'

More than 100 journalists attended Forest Day 4—the most yet. This was despite a major drop in the number of media stories on climate change and the environment worldwide in 2010. To rally interest in the lead-up to the event, CIFOR issued several press releases, and hosted a media tour and a press conference in Mexico City. At Forest Day 4 itself, bloggers wrote in six languages and a live video stream on the web broadcast sessions globally.

CIFOR had booths both at Forest Day 4 and COP16 itself, and these were popular destinations for people wanting to collect copies of the latest books, *Infobriefs* and other research publications by CIFOR on REDD+ and other forest-related issues.

Donors

CIFOR's work in 2010 would not have been possible without the generous support of the following organisations.

African Development Bank Australian Agency for International Development Australian Centre for International Agricultural Research Australian National University Austrian Development Agency Brazilian Agricultural Research Corporation Cameroonian National Forestry **Development Agency** Canadian International **Development Agency** Catholic Organisation for Relief and Development Aid Centro Internacional de Agricultura Tropical Chatham House Chinese Academy of Sciences Christensen Family Foundation CGIAR Canada Linkage Fund **CGIAR** Secretariat Climate and Land Use Alliance Conservation International Foundation Danish International **Development Agency**

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Statements of financial position

As at 31 December 2010 and 2009 (in thousands of US dollars)

Assets	2010	2009
Current assets		
Cash and cash equivalents	17,033	17,474
Short-term time deposits	4354	7525
Account receivables:		
- Donors, net	6398	3700
- Employees	346	469
- Others	976	1287
Prepaid expenses	443	427
Total current assets	29,550	30,882
Non-current assets		
Property, plant and equipment,	2082	1945
net		
Other assets	1688	1387
Total non-current assets	3770	3332
Total assets	33,320	34,214
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Liabilities and net assets		
Current liabilities		
Account payables:		
- Donors	11,785	15,404
- Employees	202	164
- Others	261	126
Accrued expenses	1546	2150
Total current liabilities	13,794	17,844
Non-current liabilities		
Employee benefits obligations	4414	3515
Accrued expenses – non-current	350	319
portion		
Total non-current liabilities	4764	3834
Neterate		
Net assets		
Unrestricted:	11 150	0.522
- Undesignated	11,159	9,533
- Designated	3603	3003
Total net assets	14,762	12,536

Statements of activities

For the years ended 31 December 2010 and 2009 (in thousands of US dollars)

	2010			2009
	Unrestricted	Restricted	Total	Total
Revenues				
- Grant revenues	11,511	15,475	26,986	23,591
- Other revenues	165	-	165	261
Total revenues	11,676	15,475	27,151	23,852
Expenses				
 Programme related expenses 	5446	15,475	20,921	19,037
 Management and general expenses 	5496	-	5496	5093
	10,942	15,475	26,417	24,130
Indirect expense recovery	(1492)	· -	(1492)	(1485)
Total expenses	9450	15,475	24,925	22,645
Changes n net assets	2226	-	2226	1207

Supplementary schedule of expenses – classified by nature of								
expenses								
Personnel costs	5748	4662	10,410	9429				
Supplies and	3441	4807	8248	6971				
services								
Partnership	534	4830	5364	5446				
activities								
Operational	772	1083	1855	1698				
travel								
Depreciation of	447	93	540	586				
property, plant								
and equipment								
Indirect expense	(1492)	-	(1492)	(1485)				
recovery								
Total expenses	9450	15,475	24,925	22,645				

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CIFOR advances human wellbeing, environmental conservation and equity by conducting research to inform policies and practices that affect forests in developing countries. CIFOR is one of 15 centres within the Consultative Group on International Agricultural Research (CGIAR). CIFOR's headquarters are in Bogor, Indonesia. It also has offices in Asia, Africa and South America.



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