



PROJECT IDENTIFICATION FORM (PIF)¹

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

PART I: PROJECT IDENTIFICATION

Project Title:	Sustainable forest and abandoned land management project		
Country(ies):	Bosnia and Herzegovina	GEF Project ID: ²	
GEF Agency(ies):	WB (select) (select)	GEF Agency Project ID:	P129961
Other Executing Partner(s):	Ministry of Agriculture , Water Management and Forestry in the FBiH, and Ministry of Agriculture Forestry and Water Management in the RS	Submission Date:	2012-04-09
GEF Focal Area (s):	Multi-focal Areas	Project Duration (Months)	60
Name of parent program (if applicable): ➤ For SFM/REDD+ <input checked="" type="checkbox"/>		Agency Fee (\$):	557,576

A. FOCAL AREA STRATEGY FRAMEWORK³:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
(select) (select)			(select)		
CCM-5 (select)	Outcome 5.1: Good management practices in LULUCF adopted both within the forest land and in the wider landscape	Output 5.1. Carbon stock measurement and monitoring systems established	GEFTF	439,036	1,448,819
CCM-5 (select)	Outcome 5.2: Restoration and enhancement of carbon stocks in forests and non-forest lands, including peatland	Output 5.2. Forests and non-forest lands (5000 ha) under good management practices	GEFTF	1,442,547	4,760,405
(select) LD-3	Outcome 3.1: Enhanced cross-sector enabling environment for integrated landscape management	Output 3.1. Integrated land management plans developed and implemented	GEFTF	1,411,187	4,656,918
(select) LD-3	Outcome 3.2: Integrated landscape management practices adopted by local government units and/or communities	Output 3.2. INRM tools and methodologies developed and tested Output 3.3. Appropriate actions to diversify the financial resource base	GEFTF	376,317	1,241,845
(select) LD-3	Outcome 3.3: Increased investments in integrated landscape management	Output 3.4. Information on INRM technologies and good practice guidelines disseminated	GEFTF	313,597	1,034,871
(select) SFM/REDD-1	Outcome 1.2: Good management practices applied in existing forests	Output 1.2. Forest area (3000 hectares) under sustainable management, separated by forest type	GEFTF	900,042	2,970,137

¹ It is very important to consult the PIF preparation guidelines when completing this template.

² Project ID number will be assigned by GEFSEC.

³ Refer to the reference attached on the [Focal Area Results Framework](#) when filling up the table in item A.

(select) SFM/REDD-1	Outcome 1.3: Good management practices adopted by relevant economic actors	Output 1.3: Types of services generated through SFM	GEFTF	112,505	371,267
(select) SFM/REDD-2	Outcome 2.1: Enhanced institutional capacity to account for GHG emission reduction and increase in carbon stocks	Output 2.2: National forest carbon monitoring systems in place	GEFTF	180,008	594,027
(select) SFM/REDD-2	Outcome 2.2: New revenue for SFM created through engaging in the carbon market	Output 2.3: Innovative financing mechanisms established Output 2.4: Carbon credits (VERs) generated	GEFTF	135,006	445,521
(select) (select)	Others		(select)		
Sub-Total				5,310,245	17,523,810
Project Management Cost ⁴			(select)	265,512	876,190
Total Project Cost				5,575,757	18,400,000

B. PROJECT FRAMEWORK

Project Objective: To improve environmental and economic sustainability and carbon sequestration opportunities through enhanced and integrated management of forest, scrub and pasture landscapes						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Cofinancing (\$)
1.1 Improved management of scrub forest and bare land within the forest estate. GEF funding: ccm 5.1 \$273,807; ccm 5.2 \$899,653; ld 3.1 \$880,095; ld 3.2 \$ 234,692; ld 3.3 \$ 195,577; sfm 1.2 \$561,316; sfm 1.3 \$70,165; sfm 2.1 \$112,263; sfm 2.2 \$84,197	Inv	Scrub forest/abandoned pasture and bare land brought under active and sustainable forest management; scrub converted to native high forest; native forest established on abandoned pasture/bare land Bare areas of land within the forest estate, and areas of abandoned pasture bought under active management to protect important habitats, create conditions conducive for natural regeneration, or afforest abandoned pasture with native species	Forest improvement operations completed (e.g. coppicing, cleaning, selective thinning, enrichment planting) Areas of degraded pasture, bare land within the forest estate, and scrub re/afforested through natural regeneration and or planting and forest management improved to increase capture and to ensure storage of biomass and carbon Project interventions being implemented under contract by local rural population	GEFTF	3,311,766	10,928,827

⁴ GEF will finance management cost that is solely linked to GEF financing of the project.

		Local rural population actively participating in silvicultural activities				
1.2 Improved management of scrub forest and bareland GEF funding: ccm 5.1 \$23,604 ccm 5.2 \$77,556 ld 3.1 \$75,870 ld 3.2 \$20,232 ld 3.3 \$16,860 sfm 1.2 \$48,389 sfm 1.3 \$6,049 sfm 2.1 \$9,678 sfm 2.2 \$7,258	TA	Bareland, abandoned pasture, and scrub forest managed sustainably, with increased local participation, to enhance biomass, capture carbon, reduce wildfire risks and provide other environmental and social goods and services Develop capacity to utilize carbon finance as a sustainable source of funds to increase biocarbon stock in BiH. Carbon stocks being monitored	Participatory sustainable landscape/forest management plans prepared for scrub forests as well as for abandoned lands Design and implementation of carbon measurement and monitoring systems in forest and wider landscape	GEFTF	285,497	942,140
2.1 Improving the sustainability of forest management GEF funding: ccm 5.1 \$94,416 ccm 5.2 \$310,225 ld 3.1 \$303,481 ld 3.2 \$80,928 ld 3.3 \$67,440 sfm 1.2 \$193,557 sfm 1.3 \$24,195 sfm 2.1 \$38,711 sfm 2.2 \$29,034	Inv	Sustainability of forest management further enhanced Capacity for forest management and carbon monitoring increased	Forest management improved through extension of forest certification Forest management information system installed to improve monitoring of management plan implementation and carbon sequestration	GEFTF	1,141,988	3,768,561
2.2 Improving the sustainability of forest management GEF funding: ccm 5.1 \$47,208 ccm 5.2 \$155,113 ld 3.1 \$151,741 ld 3.2 \$40,464 ld 3.3 \$33,720 sfm1.2 \$96,779 sfm 1.3 \$12,097 sfm 2.1 \$19,356 sfm 2.2 \$14,517	TA	Sustainability of forest management improved Capacity for forest management and carbon monitoring increased	SFM plans prepared to certifiable standards. Action plans prepared to address Corrective Action Requirements Forest road masterplan prepared FMIS requirements identified, system designed, people trained and supervised	GEFTF	570,995	1,884,282
	(select)			(select)		
	(select)			(select)		
	(select)			(select)		

	(select)			(select)		
	(select)			(select)		
	(select)			(select)		
Sub-Total					5,310,246	17,523,810
Project Management Cost ⁵				GEFTF	265,512	876,190
Total Project Costs					5,575,758	18,400,000

C. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Cofinancing	Name of Cofinancier	Type of Cofinancing	Amount (\$)
Others	Cantonal and Entity Forest Enterprises	In-kind	13,620,000
National Government	Government of FBiH	In-kind	80,000
National Government	Government of RS	In-kind	100,000
Other Multilateral Agency (ies)	IDA/IBRD Credit	Soft Loan	4,600,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
Total Cofinancing			18,400,000

D. GEF/LDCF/SCCF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Grant Amount (a)	Agency Fee (b) ²	Total c=a+b
WB	GEF TF	Climate Change	BiH	1,975,662	197,566	2,173,228
WB	GEF TF	Land Degradation	BiH	2,206,156	220,616	2,426,772
WB	GEF TF	Multi-focal Areas	BiH	1,393,939	139,394	1,533,333
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
Total Grant Resources				5,575,757	557,576	6,133,333

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table

² Please indicate fees related to this project.

⁵ Same as footnote #3.

PART II: PROJECT JUSTIFICATION

A. DESCRIPTION OF THE CONSISTENCY OF THE PROJECT WITH:

A.1.1 the [GEF focal area/LDCF/SCCF](#) strategies:

The project addresses a number of objectives from three of the GEF-5 Strategies: Climate Change Mitigation, Land Degradation and Sustainable Forest Management. Some of the enabling work to address these issues has already been completed under the previous Forest Development and Conservation Project and under the on-going Forest Mountain Protected Areas Project, so the follow on project concentrates on consolidation, replication and direct investment in producing significant and tangible results.

Climate Change Mitigation: The project meets Objective 5 (CCM-5) of the GEF Climate Change Mitigation results framework. The Sustainable Forest and Abandoned Land Management Project (SFALMP) will help BiH implement pilot investments designed to increase sequestration and enhance carbon storage. Investments would include improved forest management and reforestation/afforestation of scrub forest and bare land within the forest estate, as well as improved management of abandoned agricultural lands, meadows and pastures. The project will develop and test a national system for measuring and monitoring carbon stocks and in particular carbon sequestration. Applying this methodology, the project will create potential opportunities to establish financing mechanisms and investment programs as a way to scale up these pilot initiatives, with a focus on implementation involving local governmental units private forest owners and CSOs/NGOs, as a way to help ensure benefit sharing at the local level. These activities will be closely linked with the Sustainable Forestry Management (SFM) and Land Degradation (LD) Focal Area activities, to reduce the vulnerability of these forest and non-forest lands to climate change, and to help generate multiple global benefits as well as social economic benefits.

Land degradation: The project meets LD-3 (Integrated Landscapes) of the Land Degradation Strategy as it will provide improved management of abandoned pasture, bare lands and scrub, mainly by instituting innovative sustainable land management practices aimed at increasing the understory and forest cover in these land forms, and also reducing wildfire risks. The project will support outcomes 3.1 and 3.2 by: (i) developing and testing integrated land management plans, as well as innovative financing mechanisms; and (ii) by focusing training efforts to ensure the inclusion of local people, LGUs (Local Government Units), CSO (Civil Society Organizations), private forest owners and NGOs in the management and benefit sharing of the improved landscape management. Those capacity building efforts will be designed in a way to improve locally driven decision making as it relates to the improved management of production landscapes and the maintenance of ecosystem services for the global environment.

Sustainable Forest Management (SFM): The project will address the first and second objectives of the SFM strategy (SFM/REDD). In line with Objective 1—“reducing pressures on forest resources and generate sustainable flows of forest ecosystem services”—the project will help reduce pressures on forests by working with local governmental units, NGOs, private forest owners, CSOs and local people (so that they actively benefit from forest management activities) to rehabilitate and manage scrub forest and bare lands. For this, the project will: (i) improve participatory decision making and management planning (e.g., reforestation potential/suitability analysis, with the involvement of local stakeholders); (ii) implement management plans with on-the ground regeneration and reforestation activities; (iii) support certification and verification of timber supply chains; and (iv) seek ways to ensure conflict resolution approaches to the disputed forest tenures in certain areas. Once the forests have been restored, sustainable flows of forest products will be produced as part of the management plan and in a sustainable, silviculturally sound manner. In line with Objective 2, the project will begin the process of building the technical and institutional capacities to monitor and reduce GHG emissions. Payments for environmental services provided from the sustainable forest management, such as payments for sequestered carbon, will be investigated and sought, possibly through the voluntary carbon market. This will contribute to: good management in existing forests, reduced wildfire risks, good management practices adopted by local forest managers and stakeholders; enhanced carbon sinks through reduced forest degradation and increased restoration of forest structure and function for local and global benefits.

A.1.2. For projects funded from LDCF/SCCF: the LDCF/SCCF eligibility criteria and priorities:

N/A

A.2. National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NIPs, PRSPs, NPFE, etc.:

Forests in BiH are affected by a broad array of EU policies and initiatives arising from diverse EU sectoral policies. For several decades now, environmental forest functions have attracted increasing attention mainly in relation to the protection of biodiversity and, more recently, in the context of climate change impacts and energy policies. In public perception, apart from the traditional production of wood and other forest products, forests are increasingly valued for their role as public amenities, biodiversity reservoirs, regulators of climate and local weather, sources of clean water, protection against natural disasters and renewable energy sources. Under the Forest Development and Conservation Technical Assistance Project (FDCP), the Federation initiated its forest strategy in line with the FAO's National Forest Program, whereby it also submitted State Forest Inventory (SFI) data to the FAO's forestry database (Forest Resource Assessment) as well as to the EU forest database. Moreover, On December 6, 2000, BiH became a member of the United Nations Framework Convention on Climate Change and submitted an initial National Communication under the UNFCCC (Banja Luka, October 2009) in which forestry is included as part of the sector analysis.

BiH will also be subject to European norms associated with biodiversity and protected area management through Natura 2000. In this context, forest protection in the EU should aim at ensuring that forests continue to perform all their productive, socio-economic and environmental functions in the future. Natura 2000 falls under the 1992 Habitats Directive, and also addresses Special Protection Areas which are designated under the 1979 Birds Directive. More recently (June 2011) the EC adopted a broader Biodiversity Strategy with specific 2010 targets. The strategy is in line with two commitments made by EU leaders in March 2010. The first is the 2020 headline target: "Halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss;" the second is the 2050 vision: "By 2050, European Union biodiversity and the ecosystem services it provides – its natural capital – are protected, valued and appropriately restored for biodiversity's intrinsic value and for their essential contribution to human wellbeing and economic prosperity, and so that catastrophic changes caused by the loss of biodiversity are avoided." This project specifically addresses one of the key targets of the Strategy: "more sustainable agriculture and forestry." BiH is an active party to the United Nations Convention on Biological Diversity and has begun implementing its "National Biodiversity Strategy and Action Plan" (NBSAP BiH 2008-2015). The Strategy provides the main strategic directions for the effective and sustainable management of biological diversity.

B. PROJECT OVERVIEW:

B.1. Describe the baseline project and the problem that it seeks to address:

Background.

Focus of Recent and On-going Baseline Activities. While the complex constitutional structure of BiH has constrained formulation and implementation of national-level forest policy, significant progress was made at developing Entity-level forest strategies under the recently completed (November 2010) Forest Development and Conservation Technical Assistance Project (FDCP). The FDCP was funded by an IDA credit (closed 11/30/2010) and Italian (MOFA) Trust Fund (closed 11/30/2007). Key implementation successes of the project included preparation of a nation-wide forest inventory (SFI-State Forest Inventory), reform of policy to implement forest certification systems for timber management and export (which should help address the requirements of the recent

EU Timber Trade Regulation), institution of European Standards for corporate governance within the forest enterprises, the early development stages and capacity building for the entity-wide adaptation of a forest management information system (FMIS); and significant capacity strengthening within the Entity-level institutions responsible for forest management. While the project was successful in providing a good picture/baseline of the forestry sector in BiH, given the fact that the project was primarily technical assistance, no investments were made to address the identified problems. The forest inventory carried out under the FDCP identified important key findings including: (i) BiH forest cover is much larger than expected; there are some 3.2 million of hectares of forest area (1.7 million in the FBiH and 1.5 million in the RS), as compared with the official national accounting estimates of 2.7 million hectares, making BiH the country with the largest percentage of forests in Europe; and (ii) forests are in much better shape than expected; that is, the average standing volume is estimated at 172 m³/ha as compared with the earlier estimates of 130 m³/ha. However, forest harvesting is concentrated in the same easily accessible areas leading to the impression of overharvesting, and preliminary finding of the inventory indicate that there are large areas of scrub or low value forest that has developed in the last 20 years, contributed also by the abandonment of agricultural land (mainly pasture and meadows).

Focus on national concerns. The UNFCCC National Communication (October 2009) states that: “Due to activities such as illegal logging, ore mining, construction, forest fires, and others, the areas under forest cover have been shrinking rapidly; furthermore, a significant part of the forest cover has been declared as mined (numbers indicate approximately 10%) and has evident damages due to war activities.” In fact, the SFI found that some 20% of the total forest area is covered by land mines; a real problem needing to be addressed. That National Communications goes on to state that: “there are extensive unresolved property disputes and illegal land acquisition which are awaiting resolution due to complex legal mechanisms and administration.” As such, BiH near-term forest management strategies would probably need to focus on two key areas:

1. Improve the management of scrub forest and abandoned pasture/grassland. Due to changing demographics and living standards, large areas of the countryside, traditionally used for small scale subsistence level agriculture and pasture, have been abandoned. These areas are frequently undergoing natural regeneration towards a forest structure by light demanding pioneer species. Left untouched, these areas will eventually develop into natural forests but over a period of centuries. At the same time there are large areas of scrub forest (broadleaf forest that has been cutover irregularly for firewood and probably then grazed or burnt) which also have the possibility, with the right silvicultural interventions, to develop into high forest. Through improved management these abandoned areas and scrublands have the potential to maximise the contribution to carbon sequestration and storage, while at the same time providing opportunities for local populations for benefit sharing, co-management and rural employment. Also, because of changing demographics and the decreasing livestock population, areas of pasture are no longer grazed and meadows remain uncut, resulting in large unmanaged areas of grassland. Once the grasses cure during the summer months, a fire hazard is created with the potential risk of fires spreading to forest, with the resultant loss of carbon to the atmosphere. While some parts of the pasture are reverting to forests through natural regeneration, other areas, due to the absence of tree seed source and competition from grasses, will require active management to reduce the wildfire risks and encourage carbon sequestration on those sites. The forest enterprises are expected to begin managing some of those closer in (to the enterprise headquarters) scrub forests and pastures, with minimal efforts to include local government units and communities and without a view towards maximizing carbon sequestration and the global environmental benefits of those forests;
2. Sustainable forest management. Much of the forest infrastructure (e.g., roads, extraction routes, drains, bridges and culverts) is old, of out-modelled design, in a poor state of repair and causing significant erosion and environmental damage. Currently, 50 percent of forest roads in BiH have a slope of more than 7 percent, which makes them susceptible to soil erosion. Most roads are poorly paved and have a turning radius of 18 to 20 m or less, resulting in soil erosion and damage to trees around the turning point. The forest road network, including around 1,000 wooden bridges that because of the low load capacity, requires that trucks either take longer routes or make a costly unloading/loading onto smaller trucks just to bypass a bridge. All of

this increases the cost of wood harvesting and transport and damages harvested timber; notwithstanding the environmental cost implication (negative externalities) of soil erosion and disruption of natural habitats.

Baseline Project Description

Based on these findings, the entity-level follow on operations are expected to include some efforts to improved forest management and revegetation/reforestation of abandoned scrub land, as well as the continued management of the high, productive forests. As such the baseline programming of the forest enterprises (Cantonal Forest Management Enterprises [CFMEs] in the Federation and RS-Sume in the RS), complemented by the IDA credit, would have two main components:

- a. Improving the management of scrub forest, abandoned pasture and bare land within the forest estate. While these areas are ideal for remedial forestry interventions to aid the natural processes to re-establish high forest with the associated carbon sequestration benefits, the enterprises are expected to focus efforts at managing high forests, with a much reduced effort on the rehabilitation of the scrub, pasture and lesser valuable forests, mainly because they do not recognize and cannot capture the carbon and other global environmental benefits to such management to their bottom line. Moreover, the enterprises are expected to work mainly on the 80% of the forests that are state owned, and will continue to manage in a way that essentially excludes private forests and the participating of local communities.
 - b. Improving the sustainability of forest management. The FDCP has set the stage for improved forest management in Bosnia. In particular, there is now a much better understanding of the current status of forests (via the State Forest Inventory), and the opportunities to improve the sustainability of forest management through such efforts as forest certification (today more than 50% of the forests are certified using FSC general standards) and via the early introduction of a Forest Management Information System (FMIS), along with the IT capacity to manage such a system for the improved strategic management of the sector. These efforts are expected to continue in some of the more progressive cantons and regions, but will require continued assistance in other, more needy and IT challenged communes. Moreover, due to the mountainous topography and poor and dilapidated forest infrastructure, much of the forest is inaccessible. Low density and poorly maintained forest infrastructure has a number of deleterious effects, namely: (i) forests tend to be over harvested near existing infrastructure, leaving overstocked forest un-harvested; (ii) extraction is undertaken over longer distances, which is both costly and causes localised environmental damage through the excessive use of arterial skidding extraction tracks leading to erosion, damage to the forest floor and to the remaining trees; and (iii) badly maintained drains, bridges and culverts are a significant cause for erosion and environmental damage. Local communities have complained that the forest enterprises take all the benefits from forest management activities, such that there is a real need to institute a benefits sharing scheme with local government units and stakeholders. An IDA/IBRD credit will be used to facilitate improved forest management, and will include supporting the development of the FMIS, rehabilitation of parts of the forest road network (in accordance with internationally accepted best practice guidelines), the development of carbon accounting systems (for both components 1 and 2 below), more participatory forest management planning and further roll out of forest certification.
- B. 2. incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

There is therefore environmental, social and economic justification for the Entity governments and enterprises to move forward on improving forest management (both high forests as well as scrub forests), with an overarching aim to ensure local participation and benefit sharing. In this scenario, the GEF support will be

structured to finance incremental costs of expanding the baseline program described above to include those activities that maximize global environmental benefits and include the participation of local communities. These proposed activities would be fully integrated into the baseline. The GEF supported additional activities would add to the baseline program the following elements:

1. Improving the management of scrub forest, abandoned pasture and bare land within the forest estate:

As the scrub forest is currently poorly stocked and areas of grassland are only slowly and unevenly converting to forest, there is potential to substantially increase the stored carbon through improved forest/habitat management, which would help BiH's climate change mitigation program. The World Bank's BioCarbon Fund is currently in the process of fund raising for a third tranche, targeting mostly the voluntary carbon market. This third tranche of the BioCarbon Fund will also focus on programs, rather than projects, integrating various types of emission reducing activities at a geographically defined area (for example, at the watershed level) thus following a "landscape" based approach to carbon finance. The GEF project would be looking at landscape management in terms of forest, degraded scrub, and abandoned grasslands, which may make it possible, once assessment mechanisms have been established, to secure Verified Emission Reduction (VER) funding for carbon sequestration and storage. The specific incremental activities proposed under this funding would therefore include:

- a. Definition and application of criteria to select sites for inclusion in the project (this would focus on identifying areas of greatest degradation and/or opportunity for maximizing carbon sequestration, as well as on the availability and eagerness of local community organizations to participate in helping to ensure benefit sharing and gender equality at the local level). Selection criteria would aim to select some 5000 ha of degraded/abandoned land, with a probable ownership of 80% state and 20% private, in keeping with the overall ownership classification, as indicated by the recently completed SFI. Management of state forest lands will be undertaken in a more participatory manner than current practice, to ensure more stakeholder buy in. If sufficient suitable private lands are available, these will be positively targeted (resulting in a greater than 20% share of the overall project), to increase the generation of socio-economic benefits;
- b. Integrated management planning for forest, scrub and abandoned pasture within the areas formally classified as within the forest estate (this includes areas of scrub and pasture), to enhance multiple global environmental benefits, including carbon sequestration and storage as well as the protective functions of the landscape;
- c. Increasing capacity within the institutions to both undertake and monitor integrated management planning and participation. These and other capacity building activities will be designed to help to contribute to the sustainability of the project's outcomes;
- d. Working with local government units, CSOs, private forest owners and other stakeholders to ensure participation in the management planning process and to benefit from implementation. If and where there is an unresolved property dispute (as reported as a concern by the UNFCCC national communication), the project will assist with conflict resolution TA;
- e. Implementation of the management plans to include operations such as coppicing, cleaning, singling, enrichment planting, planting, fire management, and managed grazing, all of which have been shown to improve on-site carbon sequestration and storage. It is estimated that some 8,000 ha would be managed/reforested under the project. CCM is funding 5,000ha of good management activities (Table A), and SFM is envisioned to fund an additional 3,000ha of good management practices (as indicated by Table A). A reasonable increase in carbon in these forests above baseline is 1tC/ha/yr, for on average 3 years of the project because some activities will occur sooner during the project than later. (One tC/ha is a general average net benefit default estimate.) Therefore, during the project lifetime on these areas, carbon benefits are $5,000 \text{ ha} * 1\text{tC/ha/yr} * 3 \text{ yrs} = 15,000\text{tC}$. For SFM, $3,000 \text{ ha} * 1\text{tC/ha/yr} * 3 \text{ yrs} = 9,000 \text{ tC}$. We assume these benefits continue for an additional 10 more years past the end of the project. This is $8,000\text{ha} * 1\text{tC/ha/yr} * 10 \text{ yr} = 80,000 \text{ tC}$.

An additional 1,000 ha of high forest would be protected by wildfire, so that at 104 tC/ha [The IPCC-GPG default value for carbon content of living biomass (50%) with the above-ground biomass and below-ground biomass, FAO, Global Forest Resource Assessment Bosnia I Herzegovina Country Report, 2010] in these forests, emissions are reduced by 104,000 tC. In total, indicative C benefits at this stage are 15,000+80,000+104,000=199,000tC. In CO₂e terms this is 729,667 tCO₂e. In terms of cost-effectiveness, this is \$5,575,757 divided by 729,667tCO₂e which is \$7.64/tCO₂e.

- f. Developing the carbon stock assessment methodology, and capacity to implement the methodology, and then applying that methodology for assessing carbon stocks both as a baseline and to assess the amount of carbon sequestered and stored in the project areas. This methodology will build upon the lessons learned and methodology of the recently completed State Forest Inventory, as well as on the methodology developed under the Bank-financed Natural Resources Development Project in Albania.

2. Improving the sustainability of forest management:

The focus here would be on assisting the more needy and slower to adapt cantons and regions-- mainly through an active capacity building effort--to benefit from the already developed momentum on implementing good forest management practices, as introduced under the FDCP. In particular these initiatives would include;

- a. Improving the sustainability of forest management, and benefit sharing with local peoples, through implementation of forest management to certifiable standards (e.g., FSC or PEFC) in regions of the country that have not had the resources or capacity to move forward on this important forest certification effort;
- b. Improving forest management operations through capacity building and localized development of the already introduced (under the FDCP) Forest Management Information System (FMIS), with a focus on those cantons and regions that have not had the IT capacity to fully benefit from that initial effort; and
- c. Helping identify the most urgent forest road rehabilitation projects (to improve both environmental and economic performance and help meet forest certification requirements) through the preparation of a forest roads masterplan and by instigating the adoption of best practice forest road rehabilitation guidelines to minimize environmental impacts, as part of the government's expected efforts to rehabilitate the forest road network in both entities. The resultant best practice guidelines would also ensure environmental/social impact assessments of all road works and support the forest enterprises' certification efforts.

The GEF grant will finance small works; goods; field, office and other equipment; consulting services; training and workshops; stakeholder consultations; and the incremental costs related to the management, monitoring, and evaluation of the above activities. The costs of project management have been estimated at 5% of the actual costs.

The outcomes of GEF-financed activities would include: (i) strengthened institutional and human resource capacity for sustainable forest/integrated landscape management planning and implementation; and (ii) improved landscape management leading to improved sustainable use of the landscape (increased carbon sequestration, increased local participation, and improved economic viability of the use of current scrub and abandoned pasture lands).

In summary, the incremental GEF support will catalyze widespread adoption of comprehensive forest/integrated landscape management interventions that integrate ecological, economic and social goals to achieve multiple and cross-cutting global benefits through the introduction and nation-wide replication of sustainable forest/integrated landscape management practices. These activities would help forge strategic partnerships with the community-based organizations (CSOs, private forest owners, NGOs and local governmental units), land users, and other stakeholders at the local and national levels to address land

degradation in a way that achieves multiple long-term global environment benefits. They would integrate and optimize the positive ecological, economic and social benefits of natural resource management. They would accelerate country-driven actions on sustainable forest management to: (i) preserve and restore the structure and functional integrity of natural ecosystems; (ii) reduce carbon dioxide emissions and improve carbon sequestration and storage; and (iii) help ensure the use of best management practices when the government launches its forest road rehabilitation projects.

- B.3. Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF). As a background information, read [Mainstreaming Gender at the GEF.](#):

The primary socio-economic benefits to be delivered by the project will be the improvement of the forest estate's resource (including scrubland and abandoned pasture) productivity under a changing climate. The benefits stem from direct productivity of forestry estate as well as ecosystem services values, which over time will be of benefit to the local communities in terms of increased economic and employment opportunities and access to resources. In addition, it is expected that forestry management costs will decrease for state/entity level institutions due to improved management capacity in terms of the Entity Forest Enterprises (Sumes) undertaking more management activities themselves through the certification process, and efficiency gains associated with the full use of the FMIS. Women and disadvantaged groups will be targeted through the participatory management planning process and it is expected that most activities will be implemented by local community organizations (CSOs, private forest owners NGOs and LGUs) where women and disadvantaged groups will be encouraged to participate.

- B.4 Indicate risks, including climate change risks that might prevent the project objectives from being achieved, and if possible, propose measures that address these risks to be further developed during the project design:

Risk	Rating	Mitigati n
Lack of coordination/agreement among relevant ministries/Entities	H	This is a relatively high risk because of the complicated structure of institutions at State, Entity and lower levels, and because of fragmented responsibilities. However, building on World Bank's experience supporting similar projects, the approach will focus on building a working relationship at the technical level, while also continuing efforts to forge consensus through the Ministries responsible for economic planning. Also, as the project is directed at two entities (RS and FBH), there is scope for increasing efforts in one entity if the other is under-disbursing.
Reluctance of Cantonal and Entity government to devolve responsibilities to Local Government Units on a demonstration basis	M	This is a medium risk because the forestry sector has traditionally been "state-centric" with no responsibility transferred to local governmental units. Even if policies support this, forest enterprise managers may be reluctant to change models as it would involve greater benefit sharing. The mitigation measures used in the project thus focus on capacity building through sensitization and training within Entity institutions, as well as building on the local-level "demonstration" models that are being used in the FMPAP project. Many activities do not depend on such arrangements and alternative arrangements can also be used that still provide benefits to local people.

Wildfire risks due to changing climate	L	The project will include capacity building and implementation of modern forest fire management techniques, along with the introduction of best management practices, which would help to mitigate climate change risks.
Due to economic or budgetary constraints, the Government reduces priority of forestry sector	L	The governments have recently re-affirmed their support for forestry as a leading sector and this is regarded as a low risk.

B.5. Identify key stakeholders involved in the project including the private sector, civil society organizations, local and indigenous communities, and their respective roles, as applicable:

Bosnia & Herzegovina (BiH) is composed of two “Entities”: the Federation of B&H (FBiH) and the Republic of Srpska (RS); in addition, the District of Brcko is a separate administrative unit. Correspondingly, forest management, and community development issues are subjected to the jurisdiction of different ministries, namely:

- At State level, the Ministry of Foreign Trade and Economic Relations (MFTER) has a coordination function for economic and environmental policy development and is also responsible for the accession to international treaties and conventions.
- In FBiH, the Ministry of Tourism and Environment and the Ministry of Agriculture Water Management and Forestry have responsibility for issues related to environment and forestry.
- In RS, corresponding responsibilities lie with the Ministry for Spatial Planning, Civil Engineering and Ecology and the Ministry of Agriculture, Forestry and Water Management under the general oversight of the Ministry of Finance.

Implementation arrangements: From past experience, the proposed project described herein would best be implemented through parallel but administratively separated initiatives (i.e., mainstreamed management units) in the two Entities. The precise management structure would need to be defined at preparation.

Stakeholder	Role
Ministry of Foreign Trade and Economic Relations (state level)	Project executing partner
Ministry of Agriculture Water Management and Forestry (FBiH) Ministry of Agriculture, Forestry and Water Management (RS)	Ministries and agencies that have links with forestry management
Forest Faculty (RS and FBiH)	Capacity to help with the planning and capacity building exercises; monitoring, environmental impact assessments, and designing the forest road master plan
Forestry officers and managers (Entity level); CFMCs in the FBiH and RS-Sume in the RS	Development forest and integrated resource management plans
Local Government Units, CSOs, private forest owners and NGOs	Participation in development and implementation of management plans; benefit sharing and gender mainstreaming
Individual and family participants	Individuals and families benefitting from implementation of project activities
Local and international companies	Local and international companies will participate in the project of purchasers of environmental services such as sequestered carbon, increased productivity from forests and formerly abandoned lands

B.6. Outline the coordination with other related initiatives:

A number of donor-supported activities on forestry have been carried out in BiH or are currently underway. These primarily include the following:

- a Forest Development and Conservation Project (FDCP): A follow-on project to FDCP is currently under discussion with B&H and is being coordinated by the same task team.
- b Forest Mountain Protected Areas project (FMPAP). The task team for FMPAP is the same as the task team for preparation of this activity.
- c USAID & Sida-funded FIRMA project--Fostering Interventions for Rapid Market Advancement—overall goal is to help BiH improve “the capacity to cope with competitive pressure and market forces within the European Union”, a critical component of the Copenhagen Economic Criteria for EU accession. FIRMA will do this by working with three sectors of the BiH economy: wood processing, tourism and metal processing. Our team has worked closely with this project, in particular organizing participatory workshops on the forest sector, and intends to continue this close collaboration on the proposed project.

The development of the project is completely in line with Government policy in terms of the National Environmental Action Program (NEAP) and the National Biodiversity Strategy and Action Plan (NBSAP). The project is complementary to the ongoing Forest Mountain Protected Areas project, in that improved forest and abandoned land management will directly link into and benefit efforts to strengthen the institutional and technical capacity for sustainable protected area management.

C. DESCRIBE THE GEF AGENCY'S COMPARATIVE ADVANTAGE TO IMPLEMENT THIS PROJECT:

The World Bank has a long history of support to the forestry sector in Eastern Europe and has successfully implemented supportive forestry inventory work and policy reform in BiH to support conformance to European Union standards.

The proposed project is an investment operation and is consistent with the comparative advantage of the World Bank as stipulated in the Comparative Advantage matrix. The World Bank has a proven track record of working in the forest sector in BiH, firstly focusing on forest sector recovery and forest ecosystem protection from 1998 to 2003, then with the Forest Development and Conservation Project 2003-2007, which was followed by additional financing and finally the Forest and Mountain Areas Protected Areas Project. Moreover, the project implementation structure, especially of the FDCP was quite innovative and workable, in that it focused on forging collaboration at the technical level, rather than on the more complex ministerial level.

The World Bank is also providing expert support and advice throughout the region in areas such as: the participatory development of forest policy and strategies (Romania, Bulgaria, Kazakhstan, Belarus, Russia); work on climate change mitigation and adaptation with respect to forest fires in Bulgaria and Russia; carbon sequestration and land rehabilitation (Moldova and Albania); forest law enforcement and governance (Russia, Belarus, Ukraine, Moldova, Georgia, Armenia and Azerbaijan and previously in Albania, Serbia, Montenegro and Moldova); institutional reform and development in Russia, Bulgaria and Romania; and the provision of key forest sector investments in areas such as the rehabilitation of the dry Aral seabed, and reforestation of the Semei and Irtysh Pine forests in Kazakhstan, investment in forest institutions and infrastructure in Romania, protected area management and forest conservation in Croatia and BiH.

The World Bank as the largest Multilateral Development Bank, is instrumental in implementing key SFM/REDD+ projects worldwide.

C.1 Indicate the co-financing amount the GEF agency is bringing to the project:

Discussions between the World Bank and the Entity level forest enterprises are in progress, and will be better defined during the preparation and site selection stage. An initial estimation places that co-financing-- mainly by Cantonal and Entity-level Forest Enterprises, as well as by the Forest Faculties (forest research) and by the Ministries of Agriculture, Forestry and Water Management-- at about US\$18 million over 7 years. In addition, the Country Partnership Strategy for FY12-FY15 (CPS – August 30, 2011) includes a forestry project as a potential investment for FY14. Once approved by the World Bank Board, the forestry project, with a total estimated IBRD loan of US\$20 million, will finance among other activities at least \$4.6 million in sustainable forestry management activities.

C.2 How does the project fit into the GEF agency's program (reflected in documents such as UNDAF, CAS, etc.) and staff capacity in the country to follow up project implementation:

The proposed project will build on the recently completed FDCP and the on-going FMPAP, and Bank-supported forest activities are already included in the CPS, as noted above.

The World Bank Country Office in Bosnia & Herzegovina currently manages a program portfolio of around \$150 million. It works actively in all relevant entities in Sarajevo and Banja Luka. The Country Office will provide the following dedicated staff for project implementation


support: (i) project officer/co-Task Team Leader; (ii) fiduciary team for financial management and procurement support; and (iii) safeguard specialist. In addition, the World Bank Country Manager/Director liaises with the highest levels of government on behalf of all project task teams active in the country.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

- A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Senad Oprasic	GEF Operational Focal Point	MINISTRY OF FOREIGN TRADE & ECONOMIC RELATIONS	11/18/2011

- B. GEF AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	DATE (MM/dd/yyyy)	Project Contact Person	Telephone	Email Address
Karin Shepardson, GEF Executive Coordinator, ENVGC, World Bank		04/09/2012	Angela Armstrong, GEF Regional Coordinator	(202) 458-0975	aarmstrong@worldbank.org
			Ahmad Slaibi, Task Team Leader	(202) 458-7605	aslaibi@worldbank.org