



1. Project Data :		Date Posted : 07/17/2000	
PROJ ID: P010506 OEDID: C2700		Appraisal	Actual
Project Name : Madhya Pradesh Forestry Development Project	Project Costs (US\$M)	67.30	63.81
Country: India	Loan/Credit (US\$M)	58.00	53.40
Sector, Major Sect .: Forestry, Agriculture	Cofinancing (US\$M)	none	none
L/C Number: C2700; CP862			
	Board Approval (FY)		95
Partners involved : none	Closing Date	12/31/1999	12/31/1999
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components

a. Objectives

The principal project objective was to assist with the implementation of the Government of Madhya Pradesh's strategy for the development of the forest sector in the state . More specifically the project was to help: (i) develop the necessary human resources for planning, implementation and monitoring in the state Forestry Department and to improve incentives for forest management and the cultivation of trees; (ii) increase both forest cover and productivity through the development of participatory processes for forest resource management and use with particular attention to the interests of the disadvantaged groups; (iii) adapt and improve existing technologies and provide technical and management advice; (iv) promote the conservation of biodiversity .

The appraisal report envisaged Bank support to the sector for a period of ten years . The Madhya Pradesh Forestry Project was to be the first phase which over a period of four years was to support the development of new processes, skills and systems in the forest department to enable it to handle large scale investments during the second phase.

b. Components

The project had four main components . (i) Sector Management; (ii) Forest Development; (iii) Extension, technology and research; (iv) Biodiversity Conservation.

c. Comments on Project Cost, Financing and Dates

As appraised total project cost was US \$ 67.3 million of which the IDA share was US \$ 58.0 million and the GOI contribution was US \$ 9.3 million. Actual project cost was US \$ 63.81 million, though costs approximate original estimates in rupee terms. A total of US \$ 53.4 million was disbursed.

3. Achievement of Relevant Objectives :

Project objectives were consistent with the Country Assistance Strategy and government priorities and the project was successful in meeting them. The project has helped build a responsive bottom-up style of forest resource management in the state. By project closing the total area brought under joint forest management (JFM) in Madhya Pradesh had reached over 5.3 million hectares representing 38 percent of the state's total forest land . The ERR at project completion was 19 percent compared to 11.5 at appraisal.

4. Significant Outcomes /Impacts:

(i) The positive change in the attitude and capacity of the forest department staff for working with the people in forest protection and management; (ii) Significant improvement in the lives and livelihoods of people especially tribals; (iii) JFM has expanded beyond the bounds of the Bank financed project; (iv) Substantial grassroots social capital has been built; (v) Positive environmental impact as JFM has improved forest conditions in both dense and degraded forest areas; (vi) Widespread awareness and acceptance among Forest Department staff as well as relatively extensive adoption of genetically improved seed and clonal planting stock .

5. Significant Shortcomings (including non-compliance with safeguard policies):

(i) Limited achievements on the gender front; (ii) Limited participation of the private sector; (iii) Insufficient attention to problems of conflict resolution and consensus building that created implementation problems; (iv) Failure to

develop an improved macro-level planning process supported by a Forest Management Information System and associated capacity building.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	ICR rates as "High", which is not permitted by the ES computerized rating system. "High" would not be appropriate for the following reasons: (i) Further regulatory reforms are required to foster sustainable incentives for the private sector and JFM and trust building between local people and protected area management; (ii) Increased extension efforts, successful demonstration plots, and further actions to create a supportive policy environment and adequate marketing are needed; (iii) Partnership with development NGOs has not been fully institutionalized; (iv) There are numerous weak or new village forest committees and forest protection committees which require additional support to become sustainable institutions; (v) The sustainability of the incentive framework for ecodevelopment is still uncertain and there still exists a national controversy over public policy for protected areas; (vi) The ICR itself notes that while the gains are very positive, it is clear that more training and support is required to build from the training programs initiated in the first phase, particularly in conflict resolution, financial management, equity, gender, and cultural sensitization to sustain joint management in the long run; (vii) a demand driven research system is not yet fully operational.
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	The Bank's failure to commit its support to continue with the reform process as planned at negotiations has sent a negative and demoralizing signal to the Borrower and lowers the perceived value of Bank statements in appraisal reports professing commitment for follow-up phases.
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Exemplary	

7. Lessons of Broad Applicability :

The lessons identified by the ICR are interesting and have important implications for the future management of India's forests. Five important lessons from the ICR are repeated here. (i) Conflict management is a critical aspect of community based forest management and efforts to strengthen the skills of village leaders and local staff in coping with conflict and mediation should be planned from the outset. (ii) Establishing the linkage between forest users' rights and responsibilities is critical to people's participation. (iii) The poverty alleviation impact of the project is considerable, forest benefit streams provide strong incentives to forest users and benefit sharing policy provides an effective self funding mechanism for regular forest maintenance. (iv) Effective engagement with a broad range of stakeholders including development NGOs, activist NGOs, academics, private sector entities, politicians, and the press would increase awareness and understanding of the transformation, policy positions, development programs and ensuing benefits. (v) Reform of a public forest institution and the establishment of collaborative forest management

require long term commitment to become sustainable and institutionalized.

The ES adds the following lessons, some of which strengthen the lessons coming out of the ICR. (i) India has the largest number of poor in the world, a large percentage of whom are dependent directly or indirectly on forests for a living. Hence it is essential that forest sector development is made a part of the poverty alleviation strategy of the Bank in the country. (ii) In projects with a clear poverty alleviation objective, even alongside an objective of increasing forest cover, development objectives should be framed at least partly in terms of poverty alleviation. This should be done in a way that is monitorable and should be backed up in design by a monitoring and evaluation system capable of measuring poverty impact. (iii) Limited domestic resources led India to seek financial assistance from the World Bank and other donor agencies to support programs that involve local communities in forest management. Given the long gestation period in realizing benefits from the forest sector (making the community participation efforts financially and institutionally self sustaining takes time) there is continued need for concessional finance for the forest sector on a long term basis. However there is also need to give greater attention to long term sustainability issues in Bank forest sector projects. (iv) International cooperation and coordination with other donors who have done major grass root level work in community participation (like DFID and the Ford Foundation) should be actively pursued. The Bank also has valuable experience in several countries in different parts of the world and it can bring useful advice to the Government of India to help improve the performance and contribution of the forest sector to the economy. Hence the importance of inter donor and cross country learning; (v) Establishment of a sound policy and legal foundation and clear benefit sharing arrangements are essential for the sustainability of a forest management program based on community participation.

8. Audit Recommended? Yes No

Why? (i) To provide lessons of broad applicability for programs based on community participation for the South Asia Region as a whole. (ii) To verify sustainability of the community participation effort.

9. Comments on Quality of ICR :

The ICR is exemplary and is supported by an unusual number of Working Papers .