

Project Name Malawi-Mulanje Mt. Biodiversity Conservation...
Project

Region Africa Regional Office

Sector Other Environment

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Borrower(s) REPUBLIC OF MALAWI

Implementing Agency
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1. Country and Sector Background

Malawi has one of the highest population densities in Africa, with an average 170 inhabitants per square kilometer of arable land, and an average growth rate of 2.8% (1998 estimate). Most of the population (85%) live in the rural areas where subsistence farming is the dominant livelihood activity. As of 1990, Malawi had a total area of 26,428 km² forest cover (28% of the total land area) consisting of forest reserves (7,905 km²), national parks and wildlife reserves (9,770 km²), and customary land forests (8,843 km²). Due to increasing population, insecure land tenure and pervasive poverty, many rural inhabitants see the forests as their only options for establishing farms and for obtaining income through sale of forest resources. Deforestation has been rapid in recent years (ca. 2.8%/year, 1996 estimate), with much of it occurring on customary land. However, since the forested area under customary tenure makes up only 33% of the total, protected forests in Malawi are and will continue to be under increasing pressure of exploitation. The capacity of the FD to protect and manage the protected forests is greatly constrained by its limited budgets and major staff reductions in recent years. The GOM's newly adopted "co-management" approach, which seeks to involve communities as partners in managing the protected areas, is expected to be more cost-effective and to provide better results. However, both the FD and local community members will require education, training and material support to fulfill their roles in co-management effectively. At present, the focus is on training FD staff in community consultation and mobilization techniques, on delineating areas of the Forest Reserves to be managed in collaboration with specific communities, and on assisting the communities to develop "Constitutions" governing access to and use of those areas and resources (these Constitutions, once approved by the Minister, will form the basis for Reserve co-management).

2. Objectives

BiodiversityMulanje Mountain in south-eastern Malawi is the highest mountain in south-central Africa, rising to 3002 m above sea level. There are six different plant communities on the mountain, as the dominant vegetation varies with altitude, relief, aspect, rock form, soils, and incidence of fire. They range from miombo woodlands at its base to fire-induced grassland on the plateaus, to afro-montane forests near the summit. The afro-montane ecosystem in particular includes a large number of endemic flora and fauna species, many of which are endangered or threatened by extinction. This includes over 600 spp. of plants (including 41 endemics), the largest number of forest butterflies found in Malawi (118 spp, including five endemics), along with numerous endemic reptiles, fish, etc.). Mulanje Mountain is also one of Africa's key sites for threatened bird species, forming part of the Tanganyika-Nyasa Mountain Group Endemic Bird Area. (See Annex 4 for further details). Due to its species richness and high levels of endemism, Mt. Mulanje was identified by the World Wildlife Fund as one of 200 global ecoregions in the world for the conservation of biodiversity and designated as an Afromontane Regional Centre of Endemism. The massif also serves as the source of headwaters for nine rivers and represents an important source of timber and other products, traditionally including the commercially valuable Mulanje Cedar. Timber and fuelwood plantations (pine and eucalyptus) occupy about 8% of the massif's land area, and there are currently 40 licensed pit sawyers operating in the area. Project OriginLike many similar organizations in other countries, the Forestry Department in Malawi has experienced severe staffing and budget constraints in recent years. This, together with a strong movement towards democratization, has led to a move away from a "command-and-control" approach to managing the country's natural resources and towards one of partnership and cooperation with local communities. In 1996 and 1997, the Government of Malawi adopted a progressive policy framework and passed legislation which provides for the implementation of a "co-management" approach for its 71 gazetted Forest Reserves (including the Mulanje Forest Reserve), five National Parks and four Wildlife Reserves. Under this approach, neighboring communities are able to participate directly in the management of these protected areas, including both active engagement in their protection (e.g., community patrols and sanctions) and obtaining benefits from sustainable use of wood and non-wood products. With assistance from a number of donor-funded programs (including the Department for International Development (DFID-UK), USAID and the World Bank), the Forestry Department is assisting communities to assume their role in co-management, and also to reduce pressure on forest resources, for example by establishing private and community woodlots. In 1994, a group of Malawians committed to preserving the unique biodiversity and ecosystems of the Mulanje massif established the Mulanje Mountain Conservation Trust (MMCT). While the Forestry Department's mandate includes biodiversity conservation, the primary emphasis for co-management of Forest Reserves across the country is on watershed protection and sustainable use of forest resources. The objective of the MMCT, therefore, is to ensure that biodiversity conservation receives a high priority in the management of the Mulanje Forest Reserve. The MMCT aims to achieve this by:raising awareness of the value and importance of the area's biodiversity within the FD and the surrounding communities;supporting the implementation of the Management Plan for the Mulanje Forest Reserve to ensure that it addresses key conservation areas and needs; strengthening the capacity of FD and

communities to implement protection and conservation activities; and encouraging greater participation by the local communities in managing the forest reserve and increasing the benefits they derive from reserve resources through employment in conservation activities and co-management of forest resources. Recognizing that biodiversity conservation is a continuing challenge, in the face of continuing threats and pressures, the MMCT aims to establish an endowment fund which would generate a modest but reliable income stream to support these activities over the long term.

3. Rationale for Bank's Involvement

The World Bank has recognized the value of trusts as an instrument for providing long-term support for biodiversity conservation. It has been a leader in supporting the establishment of conservation trusts in Africa and has gained valuable experience through these operations. In Malawi, the Bank has developed strong and positive relationships with international and local NGOs and the donor community involved in natural resource management. The value added of the Bank's support lies in providing technical support for preparation and implementation, supervision capacity, strengthening linkages between MMCT and the Ministry of Environment and Natural Resources, and mobilizing additional support from bilateral donors and other partners. A number of bilateral donors and other organizations (e.g., DFID, GTZ, DANIDA, EU, OXFAM) are currently involved in supporting improved forest resource management and sustainable livelihoods in the Mulanje area. GEF support will ensure that biodiversity conservation is an explicit objective of the natural resource management in this globally significant ecosystem. The threats to the biodiversity in this region are persistent and growing. Providing GEF support in the form of a Trust will ensure the continued financial resources to manage the biological resources and address these threats.

4. Description

The project has five major components (including capitalization of the Trust Fund itself) which will benefit from GEF financing. Each component will provide the necessary technical and financial assistance to develop institutional and management capacity within MMCT, within the Forestry Department and, through the Program Officers and collaborating NGOs, within the local communities.

(a) Trust Administration. The Trust Administration Unit (TAU) will be established in Mulanje and will consist of an Executive Director, three Program Officers, an Accountant, a Secretary, as well as support staff. These individuals will be the only full-time employees of MMCT. The TAU will be responsible for (i) developing the program content for each of the three components Biodiversity conservation, Research and Monitoring; Environmental Education; and Forest co-management and Livelihoods; (ii) working in collaboration with the FD and suitable NGOs to carry through the three programs in (i) above; (iii) submitting annual work plans and budgets to the TMB for approval; (iv) disbursing approved funds and ensuring that proper disbursement, procurement and supervision procedures are followed; (v) maintaining financial records and accounting/reporting; and (vi) ensuring ongoing monitoring and evaluation of all work receiving MMCT funding.

(b) Biodiversity Conservation, Research and Monitoring. Under this component the project will support activities to identify, protect, manage, and monitor the status of biodiversity and ecosystem health in the

Reserve, and to reduce the impacts of human pressures on the ecosystem and its biological resources.

(c) Environmental education. A primary objective of the MMCT is to raise awareness of the value and importance of the MMFR within the FD and the surrounding communities.

(d) Forest Co-management and Sustainable Livelihoods. The purpose of this component is to increase the share of the benefits from the Reserve going to local communities and to ensure that this is on a sustainable basis.

(e) Conservation Trust Fund. The purpose of the Conservation Trust Fund (CTF) is to provide sustainable in-country funding for biodiversity conservation of the Mulanje Massif and surrounding area, in the context of ecologically sustainable development.

5. Financing

Total (US\$m)

Total Project Cost 8.02

6. Implementation

Project coordination and implementationMulanje Mountain Conservation Trust (MMCT). The MMCT is a charitable entity incorporated in Malawi as a Trust under the Trustees Incorporation Act. MMCT is exempt from tax and is a private organization operating independently of government. The mandate of the MMCT is not to participate directly in the reserve management, as this is the role and responsibility of the Forest Department and local communities. Rather, the MMCT will promote effective and biodiversity compatible management of the reserve by supporting: education/ extension; co-management in pilot areas of the forest reserve; capacity building for the Forest Department and communities; and, by supporting specific actions and activities identified in the Reserve Management Plan. The MMCT's management structure provides for the participation of all the stakeholders - government departments, statutory bodies, local and international NGOs and the local communities concerned with the conservation, management and utilization of the natural resources of Mulanje Mountain. The proposed long term financial mechanism supported by the project will operate as an endowment fund with the initial endowment capital provided by the GEF in the end of year 2 of the project. Fund raising efforts to attract additional capital into the endowment fund will be the responsibility of the Trust Administration Unit (TAU) Executive Director. The Trust will be governed by an independent MMCT Board composed of individuals of high public standing drawn from both civil society and government. The Bank will be consulted in the event that there will be any proposed changes to the composition and selection criteria of the MMCT Board. Endowment funds will be invested off-shore and managed by a professional asset manager. A professional Trust Administration Unit to be headed by the Executive Director will be established under Phase I. The TAU will be responsible for the day-to-day operational activities of the Trust and report to the MMCT Board. The TAU will be responsible for project financial management, reporting and auditing, following procedures as reflected in the Trust Administration Manual. Project accounts will be audited annually by independent auditors acceptable to the Bank. The annual audit report will be submitted to the

Bank within six months of the end of each fiscal year. Detailed arrangements are reflected in the Trust Administration Manual. Other agencies/partners/co-financiers Forestry Department (FD) . The Forestry Department is currently responsible for the management of the MMFR, but it lacks the required capacity and resources to manage the reserve and surrounding areas and coordinate activities effectively. It is envisaged that the project will assist the Forestry Department's capacity so that the Department can strengthen its core functions, particularly relating to revenue collection, monitoring of timber licensing, extension and co-management, and implementation of management activities specifically targeted to biodiversity conservation. DFID provided ca. \$800,000 to support the development of the management plan for MMFR and other project preparation studies and project activities. This support was directly linked to the development of the GEF project proposal. It included consultancy support for elements such as the institutional issues and social data. In terms of future co-financing, DFID is currently implementing a 5-year (ca. 25 million dollars) program of support to the Forestry Sector in Malawi. If successful, this will form part of a longer term program of DFID support. The program currently includes support for privatization, decentralization and the more effective delivery of services at a community level. These issues will be critical factors in the success of the GEF project and the program will include capacity building support for district Forest Departments, including Mulanje and Palombe. This support will directly support the implementation of the Reserve management plan, and therefore the GEF project. DFID has committed to support the project by providing ca US\$ 500,000 for elements of the co-management and livelihoods component. This will help consolidate the directly poverty-focused elements of the Reserve management plan and complement support provided via the proposed Forest Sector program. In the longer term, future DFID co-financing of livelihoods based activities around the MMFR will be discussed based on joint appraisals of progress under Phase I, and progress of the wider Forestry Sector restructuring program. Surrounding Communities. In 1996/97, the Government of Malawi approved a new Forestry Policy and Forestry Act, to allow the limited sustainable use of selected forest products by local communities in specific areas, and to seek community involvement in the management of the forest reserves and their surrounding areas. The target communities are defined as those which traditionally used the resources of the reserves on a regular basis, and are identified through consultation with traditional leaders. This approach has proven effective as the traditional use rights were well established in Malawi prior to the period of centralized government control and are still popularly recognized. Therefore, the same definition has been used to identify the key community stakeholders of the MMCT, who will also be the main participants and beneficiaries of the conservation (employment), co-management and educational programs. Overall, this comprises approximately 105,000 people living in ca. 100 villages located within 5 km. of the Reserve boundary. The principle mechanism for community participation in co-management is the Village Natural Resource Management Committee, which is appointed by the respective community members. In addition, it is proposed that specialized resource-user groups (with membership drawn from groups of neighboring villages) may be formed for management activities focused on sustainable use of specific resources such as medicinal plants, thatch, hardwood for handicrafts, etc. Some VNRMCs have been established in the project area, but they are generally not functioning due to a lack of

mobilization and training, and lack of motivation in the absence of specific activities and resources to undertake them. This has been aggravated by a lack of capacity within the FD staff, for which co-management is still a relatively new and poorly concept and approach. The highly consultative process of project preparation has stimulated increased interest, and MMCT will build upon this by providing support to appropriate NGOs to work with the target communities to enhance their organization, knowledge and skills. It will also complement support being provided by other donors (DFID, EU, GTZ, IDA) to strengthen FD capacity in co-management. Monitoring and Evaluation (M&E) M&E will provide the MMCT and other beneficiaries with data and information to measure progress, determine whether the expected impacts are successful, and provide timely feedback to ensure that problems are identified early in implementation and that appropriate actions are taken. M&E indicators will be developed in accordance with guidelines for GEF-financed projects during Phase I of the project and will measure project aspects such as: (i) ecological monitoring; (ii) co-management activities; and (iii) institutional effectiveness. The monitoring and evaluation of ecological and conservation impacts would examine the overall changes and trends in the conservation status of the Mulanje Massif ecosystem and of keystone or focal species. This would include the following elements: collection of baseline data on a specified set of parameters to establish the starting condition; monitoring the status, change and trends in the indicators over time and; evaluating the significance of changes and trends observed through the research and studies program. Specific biological indicators to be included in the monitoring program will be defined in year one of the project by the biodiversity conservation and research program officer in consultation with the scientific team contracted to do the rapid baseline survey and assessment. The socioeconomic and community assessments monitoring will focus on the effectiveness of the project in: improving local perceptions of the Reserve and understanding of the global and local benefits; implementing co-management, particularly in relation to the sustainable management of biodiversity resources; the nature and quality of relations between local stakeholders and the FD and the MMCT; and increasing the proportion of reserve benefits going to local communities. The monitoring and evaluation of the overall institutional structure of the MMCT will focus on two aspects: (i) the effectiveness of MMCT as a mechanism for providing long-term reliable funding for conservation programs, and (ii) its effectiveness in enabling key stakeholders to decide jointly how best to allocate the available funds to achieve conservation and related development objectives. Project Review Arrangements: The project will be supervised by a World Bank team twice a year. A Mid-Term Review (MTR) will be undertaken by the World Bank between 18 and 21 months after project effectiveness. The primary objective of the MTR will be to assess the progress of the MMCT towards achieving the agreed indicators for the release of the endowment funds for the project.

7. Sustainability

The establishment of the MMCT specifically aims to overcome the common problem of lack of sustainability of funds for conservation activities in traditional projects. The establishment of a Conservation Trust Fund will ensure that a dependable and constant stream of income will be available to cover recurrent costs in perpetuity. The sustainability of the project will depend on three main issues: (1) appropriate and effective management

of the Conservation Trust Fund to ensure that financial resources are available; (2) the soundness of the institutional structure of the Trust including the functional relationship between the TAU and the Board, and their accountability to the stakeholders; and (3) commitment and ownership by the beneficiaries and stakeholders to implement the conservation related activities established under the project. RisksThe main risks relating to the project would include:lack of Forest Department capacity or commitment to effectively manage the MMFR and maintain its biodiversity and ecological values;failure of MMCT governance structure and institutional bodies to function effectively;failure of fund-raising efforts to increase the capital of the Trust Fund to a level where its investment income can sustain an adequate level of activity to achieve the anticipated conservation benefits;local stakeholders expectations exceed what MMCT can provide in terms of assistance and of what MMFR can provide in terms of resources on a sustainable basis. GOM/private sector promote development programs incompatible with Reserve Management Plan.Given the strong commitment on the part of the stakeholders who set it up and the strong support from Government, and the consultative process that has been followed and will be continued in establishing the Trust mechanisms and procedures, there is only a risk that the institutional mechanism will fail to function properly, or that the specific activities to be funded by the Trust will not be implemented effectively. The much greater risk is in relation to the expectations of the local communities with respect to what the MMCT can provide in terms of financial assistance and what the MMFR can provide in terms of resources extracted on a sustainable basis. There is a risk that the MMCT project activities will be not be adequate to have a measurable positive impact, in view of the underlying factors which threaten the massif's biodiversity, i.e. population growth, poverty and land insecurity. It is recognized that the MMCT activities will build upon other important initiatives in the area that are also aimed at addressing these underlying causes of unsustainable natural resource use, and consequently of biodiversity loss.

8. Lessons learned from past operations in the country/sector

The highly successful GEF-sponsored Uganda Mgahinga and Bwindi Impenetrable Forest Conservation Trust (MBIFCT) project has provided significant lessons for this project ranging from best practices for consultation with local communities and stakeholders during the design and preparation phase of the project to the appropriate institutional structure and function of the various institutional components. This was achieved both by review of MBIFCT written documentation and through a site visit by several members of the MMCT Board and preparation team. Some aspects of the MMCT have been modeled on the MBIFCT, for example the multi-stakeholder Trust Management Board and its relationship to the Trust Administration Unit. However, it was also recognized that the design and operation of MMCT must take into account significant differences in the contexts and conditions under which the two are operating. For example, the MBIFCT aims to provide alternative income and a degree of compensation to communities which have been entirely excluded from the two national parks, whereas MMCT aims to facilitate community participation in sustainable management of biological resources within a Forest Reserve to which they have continued access. In addition, the prospects for income generation from sustainable use of biodiversity are lower in the Mulanje area than in SW Uganda, and the level and experience of political organization at the local level is substantially lower in Malawi than in

Uganda, with decentralization of government authority to elected bodies at the District level just being introduced. These considerations have helped to shape the MMCT's approach to community participation and support, such that it will emphasize employment generation (in conservation activities) and capacity building for co-management rather than financing community micro-projects. The MMCT institutional structure has also been simplified relative to that of MBIFCT in view of the more limited individual and institutional capacity. This project will provide an opportunity to see how the successful MBIFCT model can be adapted to meet similar conservation challenges under different circumstances. While co-management is just being introduced as the central approach within the Forestry sector, there have been some pilot programs over the past 10 years, following up on an experimental program of the Forest Research Institute of Malawi, financed by DFID (formerly ODA). While implementation and official recognition have been slow overall, several of these pilot sites have successfully established co-management of forest areas. There are also several ongoing donor-funded initiatives (GTZ, EU, IDA) supporting capacity building for co-management within the Forest Department. These are largely site-specific and none currently target the Mt. Mulanje Forest Reserve (a gap which the MMCT aims to help fill), but they provide useful guidance for the co-management capacity-building component of this project. For example, it was decided that MMCT should support NGOs to provide capacity building directly to communities in addition to working with the FD, and that the co-management support should be built around a limited number of specific pilot projects to ensure that there are activities on the ground as soon as possible. Malawi has also gained valuable experience in involving local communities in natural resource management through projects in other sectors. One particularly successful example is the GTZ-sponsored Lake Malombe community-based fisheries management pilot project which empowered traditional leaders and their subjects to play a self-regulatory role in fisheries management, such as ensuring that appropriate fishing gear (with correct net sizes) is used. This has resulted in a recovery phase in the fisheries and a change in attitude of the communities towards sustainability. The success of the program has been attributed to both empowering local communities as well as providing effective community education. Both these lessons have been incorporated into the design of the MMCT. Another co-management project which has been ongoing for a longer time is the GTZ-funded Bee-keeping Project in the Nyika National Park and the Vwaza Wildlife Reserve, which involves adjacent communities harvesting non-timber products and honey from the parks. The MMCT project will build on this experience in both the designing and implementation of the community biodiversity conservation and sustainable use programs. The World Bank-financed Malawi Environmental Management Project is also supporting community-based environmental and natural resource management, including support for community groups to implement activities to improve local environmental conditions. The pilot phase of this component has just been completed and a follow-up phase is being initiated, taking into account the enhanced role of District level institutions under the Government's decentralization policy. Lessons from the pilot phase particularly relevant to the MMCT relate to community mobilization and capacity building, the use and limitations of PRA for identifying appropriate environmentally-oriented activities, and mechanisms for collaboration with NGOs and community-based organizations. The lessons from these projects are generally corroborated in the November 1995 World Bank report,

Mainstreaming Biodiversity in Development: a World Bank Assistance strategy for implementing the Convention on Biological Diversity, and by the 1996 Bank report GEF Pilot Phase Portfolio Project Implementation Review which support the need for (a) independent professional management of financial accounts, (b) more creative cooperation among implementing agencies and other global organizations working in the field of biodiversity; (c) provision for long preparation time required to achieve regional collaboration and build local ownership; (d) participation by local communities in productive activities especially in buffer zones; and (e) ensuring early on that the implementing agency understands Bank/GEF procedures and guidelines. The design of this MMCT project has taken into account the recommendations detailed in these and other reports. The GEF Evaluation of Experience with Conservation Trust Funds identifies certain key conditions associated with trust fund success, including internal and external factors that contribute to the fund's ability to become a viable institution and achieve its mission. Four of these were identified as critical, and they are in place for the MMCT: (a) A commitment of at least 10-15 years (b) Active government support for a public-private sector mechanism outside government control: (c) A critical mass of people from diverse sectors of society who can work together despite their different approaches to biodiversity conservation and sustainable development; (d) A basic fabric of legal and financial practices and supporting institutions (including banking, auditing and contracting) in which people have confidence: Most of the other "success conditions" are also present, as discussed in previous sections, e.g.: (i) the existence of a valuable, globally significant biodiversity resource whose conservation is politically, technically, economically, and socially feasible (given that the GEF resources will build upon a larger base of strong support for improving management of the Mulanje reserve, and promoting sustainable use of the area's natural resources), and which requires long-term support; (ii) mechanisms in place to involve a broad set of stakeholders during the design process, and willingness of stakeholders to use these mechanisms (as evidenced by the consultative processes underway for development of the Reserve Management Plan and the MMCT project); (iii) "mentors" supporting the Fund's establishment and operations (the already established relationship with the Bwindi Trust in Uganda and to be established with the Cape Peninsula Trust in South Africa, as well as access to the broader GOM program of developing co-management of forest and wildlife resources, which is being supported by a number of donors and NGOs around the country); and (iv) an effective demand for the fund's product (the demand is there in terms of the interests and needs of the stakeholders, although the MMCT will need to help mobilize this demand effectively through its community capacity building activities in Phase 1).

9. Program of Targeted Intervention (PTI) N

10. Environment Aspects (including any public consultation)
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Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.

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