



1. Project Data:		Date Posted : 08/10/2001	
PROJ ID: P004196		Appraisal	Actual
Project Name: Forest Mgt & Conserv	Project Costs (US\$M)	20.3	12.9
Country: Laos	Loan/Credit (US\$M)	8.7	2.5
Sector(s): Board: RDV - Central government administration (57%), Other social services (22%), Vocational training (21%)	Cofinancing (US\$M)	10.6	9.9
L/C Number: C2586			
	Board Approval (FY)		94
Partners involved : Government of Finland, Global Environmental Trust Fund	Closing Date	09/30/2000	11/30/2000

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2. Project Objectives and Components

a. Objectives

According to the Staff Appraisal Report, “The project aims at assisting government to implement a new resource management system in Lao PDR to better achieve the sustainable economic development and conservation of the country’s forest resources”. The ICR indicates that “After the first year of project implementation, the bank, the government and the co-financiers agreed that the project’s immediate objectives were overly ambitious”, endorsing a revision in January 1997. “The project, under the revised objectives, aimed ‘To have sustainable forest management and biodiversity conservation system in place and implemented throughout the country, which will involve and benefit villages and other stakeholders, as well as utilize the experiences gained by various national and donor-funded projects. Priority will be given to community-based forest management and biodiversity conservation, the latter being based on integration of conservation and development (ICAD) efforts’”. But the ICR also notes that (a) “staff continued to believe that the project’s broad long-term objective remained unchanged” and (b) “the changes in both the project’s objectives and structure were not reported to the World Bank Executive Directors”. Following OED and ICR guidelines, the project is therefore rated against its original objective.

b. Components

- Formulation of the necessary institutional and regulatory framework for the forestry sector;
- Implementation of national programs on: (i) forest resource planning; (ii) village forestry development; and (iii) establishment and management of protected areas;
- Human resource development; and
- Technical assistance.

Technical assistance was the largest component (61 percent of actual total cost). The ICR notes that “The project included US\$4.5 million IDA funds [35 percent of actual total cost] as a grant for participating villages for general community development activities and equipment, of which it was assumed that villages could each absorb US\$10,000 in development projects”. Development activities included a mix of directly productive and small-scale infrastructure projects.

c. Comments on Project Cost, Financing and Dates

The final project cost was only two-thirds of the original, reflecting scaling back of the forest management and protection component. There was a substantial delay between appraisal (FY92) and Board approval (FY94) that is reported, but not explained, in the ICR. Possibly it is because the bank was waiting for government to comply with forestry sector reform prerequisites (SAR, Annex 1).

3. Achievement of Relevant Objectives:

The project's objectives were basically relevant but, on balance, were not achieved. *Forest policy reforms* (Not achieved): Project staff helped draft regulations for the Forestry Law but government made no use of their contribution, enacting a forestry decree after considerable delay, and then backtracking on reform. *Forest resource planning* (Partially achieved): The SAR says that the project would cover a total forest area of 500,000 ha; inventories and management plan preparation have taken place in only two provinces, covering 300,000 ha, of which 145,000 ha are now better managed than before. *Village forestry development* (Achieved): No targets specified at appraisal; 33 village forestry associations have been formed, with 60 villages participating in boundary demarcation, land use mapping and resource planning; a "limited" number of village development projects were carried out, owing to inadequate coordination between the project and district development programs, low absorptive capacity and the reduction in the number of villages covered. *Protected areas* (Not achieved): Government did not establish the nationwide surveillance and protection system that was envisaged. Four National Biodiversity Conservation Areas were selected but the goal of piloting the integration of conservation and development activities (ICAD) was not realized. *Human resource development* (Partially achieved): Villagers and ministry staff involved in village forestry were successfully trained, and the village forestry model was successfully piloted, but the original objective of establishing a national training program was not accomplished; also, no comprehensive, replicable ICAD model was developed for protected areas.

4. Significant Outcomes/Impacts:

The project developed, tested and implemented a very successful, village-based sustainable forest management model and demonstrated that it is replicable at a reasonable cost. The emphasis on a step-by-step, modular training program, reinforced by immediate field activities proved highly effective.

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

The ICR rates the project's quality at entry as highly unsatisfactory, noting that "The sloppy structure of the project and a lack of clearly designed components/programs cannot be justified on the grounds of "flexibility" or a "process-oriented approach to implementation". The project lacked a clear logical framework and indicators. The revision of development objectives (toward a tighter focus on village forest management and biodiversity conservation) should have been formalized, and internalized by staff. In the absence of tangible programs and in-depth policy analysis, the optimism about government's commitment to reform was misplaced. Contrary to the ICAD principle, there was little interaction between the subprograms for village forestry and biodiversity conservation, partly because they were implemented in areas, and by teams, that were remote from each other.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Negligible	Negligible	Although the village forestry model was successfully piloted it seems unlikely to be scaled up given government's weak commitment; other aspects of the project failed.
Sustainability :	Unlikely	Unlikely	
Bank Performance :	Satisfactory	Unsatisfactory	Highly Unsatisfactory quality at entry and Satisfactory supervision net out to Unsatisfactory overall; moreover, failure to formally revise project objectives suggests that the supervision record was not as sound as the ICR says.

Borrower Perf .:	Unsatisfactory	Unsatisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

Based on the well-selected lessons in the ICR, the following points emerge: (i) Even process-oriented projects need logical frameworks with clear objectives and indicators; (ii) Project design needs to allow for the substantial time needed to for villagers and government to accept natural resource management initiatives; (iii) Support for policy reform needs an appropriate vehicle: if it is an explicit part of the project, the design must provide sufficient resources and milestones against which government actions can be rated; projects that focus on development of limited area-based pilot models are not appropriate vehicles for policy reform; (iv) Village forestry models of the type piloted by this project can be cost-efficient and replicable; and (v) In trying to integrate development and conservation goals, less attention should be paid to conceptual models and more to winning the confidence of the community and local government.

8. Assessment Recommended? Yes No

Why? It will form part of a cluster of three rural development project performance assessments, with a substantial thematic overview, contributing to the forthcoming Country Assistance Evaluation.

9. Comments on Quality of ICR:

The ICR makes a frank and fair assessment of the project's limitations and one strength (village forestry development). The ex-post economic analysis is limited—not surprising in view of the lack of an ex-ante baseline. The section on lessons learned is exemplary.