

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: EAAE

<b>TA No., Country and Name</b>			<b>Amount Approved:</b> \$400,000	
TA4307–PRC: Poverty Reduction in Key Forestry Conservation Programs			<b>Revised Amount:</b> not applicable	
<b>Executing Agency</b> Department of Agriculture, Ministry of Finance	<b>Source of Funding:</b> Department for International Development (United Kingdom), Poverty Reduction Cooperation Fund	<b>Amount Undisbursed:</b>  \$5,805.56	<b>Amount Utilized:</b>  \$394,194.44	
<b>TA Approval Date:</b>  19 December 2003	<b>TA Signing Date:</b>  27 February 2004	<b>Fielding of First Consultants:</b>  1 November 2004	<b>TA Completion Date</b> <b>Original:</b> 31 March 2005	<b>Actual:</b> 31 August 2007
			<b>Account Closing Date</b> <b>Original:</b> 31 March 2005	<b>Actual:</b> 31 December 2007

### **Description**

In response to disastrous environmental events in late 1990s, notably the cessation of flow in the Yellow River for 267 days in 1997 and major floods in the Yangtze and other basins in 1998, the Government of the People's Republic of China (PRC) made significant investments in a number of Priority Forestry Programs (PFPs) to reduce deforestation and soil erosion. The PFPs included (i) Natural Forests Protection Program (NFPP); (ii) Cropland Conversion to Forest and Grassland Program (CCFG); (iii) Desertification Control Program; (iv) Shelterbelt Development Program; (v) Forest Industrial Base Development Program; and (vi) Wildlife Conservation and Nature Reserve Development Program. A Forest and Grassland Taskforce, under the China Council for International Cooperation on Environment and Development, was set up in July 2000 to (i) address the linkages between NFPP and CCFG, poverty alleviation, and development in the Western PRC; and (ii) provide independent advice to the State Council and policy makers on policy reforms in the forestry and other related sectors. The Taskforce found that NFPP and CCFG had environmental benefits but weaknesses remained in the policy framework that did not ensure sustainable protection and production in the forest-based economies. These two PFPs also had weak monitoring and evaluation (M&E) system.

While the Government invested increasing resources for addressing forest degradation and cropland erosion, it also recognized that poverty and environmental concerns required better integration, and other programs to improve livelihoods of rural poor needed to be streamlined and strengthened. The Government also recognized the need for a comprehensive and detailed analysis that establishes the linkages between the programs and the socio-economic well-being of the people, especially the poor, and the need to enhance the effectiveness of these programs. For these reasons, the Government requested ADB's support for undertaking an assessment of PFPs, based on well-defined surveys, to determine the impact of these programs on the socioeconomic well-being of affected people.

### **Expected Impact, Outcome, and Outputs**

The expected impact of the TA was to help the Government reduce rural poverty through sustainable forestry program management, while the expected outcome comprised (i) an evaluation of the environmental and socio-economic impact of selected PFPs on affected poor people to establish the basis for policy reforms to realize their poverty reduction potential and enhance their cost-effectiveness; and (ii) strengthening of PFPs' M&E system and ensuring impacts on poverty. The expected TA outputs included: (i) an analysis and impact assessment of the policy framework and implementation arrangements for key PFPs, and a proposal with recommended revisions; (ii) an assessment of the policymaking process, and recommendations for improved coordination in policymaking for PFPs; (iii) an institutional and legal assessment relevant to the formulation and implementation of the policy framework for PFPs, and a proposal for changes; and (iv) a proposal for a consolidated, cost-effective M&E system for PFPs' environmental and poverty impact; and (v) road maps and schedules to implement the recommendations.

The Government's commitment to sustainable natural resources management was well reflected in the Tenth Five-Year Plan (2001-2005), which emphasized stronger economic restructuring to sustain natural resources management and preserve the environment. The PRC had already invested increasing resources in the fight against forest degradation and cropland erosion. However, poverty and environmental concerns needed to be addressed in an integrated approach. The Government, while recognizing the value of the analysis carried out earlier, understood the need for a comprehensive and detailed analysis that established linkages between the program and welfare of the people, especially the poor, and the need to enhance the effectiveness of these programs. This TA was designed to meet that objective, hence, highly relevant to the needs of the Government.

### **Delivery of Inputs and Conduct of Activities**

A team of nine consultants (one international and eight national) were initially engaged and their services commenced in November 2004. In January 2006, two additional national consultants were engaged for short-term inputs on data processing, compilation

and analysis by reallocating the contracted budget for some of the initially engaged consultants. The final report was due on 31 January 2006. However, due to the volume of the data collected, more time was required for the analysis and subsequent translation of the national consultants' reports into English. As a result, the final report was not submitted to the Government and ADB until 17 May 2006.

The final draft report was presented to stakeholders at a workshop in Beijing on 19 July 2006. Following the workshop and tripartite meeting, ADB requested for revision of the report. To undertake the required revisions to the report, the consulting firm requested for additional funds to engage two short-term international consultants. To support this request, ADB approved a minor change in the TA, and the contract was extended retroactively from 28 February 2006 to 30 September 2007.

Notwithstanding the delay, the consulting firm finally delivered the expected outputs within the TA budget. The consultants were well-qualified and demonstrated adequate productivity delivering quality outputs. The main reason for deviating from the planned inputs and activities was the consultants' underestimation of the workload actually required. Nevertheless, the Government and ADB found the report's overall quality and the consultants' performance satisfactory.<sup>1</sup> The Government was particularly pleased with the TA report's recommendations.

ADB closely supervised the TA implementation and provided necessary advise to the consultants for the preparation of the report. ADB also provided flexibility that allowed timely resolution of the problems experienced by the consultants. The coordination and interaction between the consultants, the EA, and ADB were effective and useful in keeping the TA on track, and the participatory approach adopted enabled the consultants to reflect the views of the stakeholders in the recommendations of the report. The EA was helpful and supportive throughout the TA implementation, provided timely feedback on reports, and ensured the stakeholders' active participation in meetings and workshops. Key officials of the concerned government agencies—including the Ministry of Finance, National Development and Reform Commission, and the Leading Group of the Poverty Alleviation and Development Office—were actively involved in TA discussions and they demonstrated commitment and ownership to the TA activities. Local communities were also involved in the data collection and interviews. Overall, the performance of the EA, ADB and the other agencies involved in the TA implementation was satisfactory.

#### **Evaluation of Outputs and Achievement of Outcome**

The final report was found satisfactory by ADB and the Government. It included a detailed evaluation of the environmental and socioeconomic impacts of selected PFPs on affected people and established the basis for policy reforms to realize PFPs' poverty reduction potential and enhance their cost-effectiveness. The consultants' services were efficient as these were rendered within the budget although there was delay due to the underestimation of the time and inputs required for translation, data processing, and analysis. The services were effective, successfully delivering the expected outputs.

#### **Overall Assessment and Rating**

The TA was (i) highly relevant in supporting the priorities of the Government as well as those of ADB on environmental and poverty reduction; (ii) efficient, given the amount of work undertaken and the quality of outputs delivered; (iii) effective, given the several beneficial outcomes that resulted from the study, particularly the participation of a wide range of stakeholders, and the extent of fieldwork and case studies undertaken in support of policy analysis; and (iv) sustainable, as the TA outputs have been accepted by the EA and the State Council, and are expected to make significant contribution to forestry policy in the medium term. The assessment program is continuing and adequate funding has been made available by the Government to expand the case study counties. Based on these considerations, and since most of the expected TA outputs have been achieved and the final report was considered to have had significant impact on policy reforms, the TA is rated as successful.

#### **Major Lessons Learned**

Key lessons are that: (i) it is important to provide a forum to various stakeholders to exchange their views on the research outcomes and to promote ownership; and (ii) the requisite consulting inputs and the necessary budget including translation costs should be carefully allocated during TA preparation to avoid delays in its completion.

#### **Recommendations and Follow-Up Actions**

To ensure timely implementation of the TA report's recommendations, it would be useful to incorporate total economic value techniques and forest value capture mechanisms into the analysis of future forest management projects. A series of workshops would be useful to deepen the understanding of key stakeholders to promote adoption of these techniques and mechanisms, which are vital for sustainable forest management in the PRC.

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<sup>1</sup> The performance evaluation reports of the consultants were not accomplished as the project officer retired from ADB in 2007. However, the EA has confirmed that consultants' performance was satisfactory.