



1. Project Data :	
OEDID:	C1976
Project ID:	P000900
Project Name:	Forest Resource Management Project
Country:	Ghana
Sector:	Forestry
L/C Number:	C1976
Partners involved :	DANIDA, ODA/DFID
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2. Project Objectives, Financing, Costs and Components :

Cr. 1976, the first Bank forestry project in Ghana, was part of an IDA program to support the Government's Economic Recovery Program introduced in 1983. The major objectives, managing industrial forestry production on a sustained yield basis, promoting a rural forestry strategy for fuelwood plantation and conservation, and institutional reform and strengthening, were spelt out in 6 components: sector policy reforms, forest management, rural forestry, institutional strengthening, forestry education and training and adaptive research. The policy reform component, in the form of a quick disbursing credit for US\$ 15 million, was to be disbursed in two tranches, the first at effectiveness and the second 18 months later. The main purpose was to initiate sector policy reforms in the first 18 months so that resulting changes (increased contribution of forestry to GDP, reduced drain on government budget) would complement the Government's effort at macro economic adjustment and sustain and reinforce the gains made under other project components. The credit was approved in Dec. 1988, became effective in Nov. 1989 (a delay of 11 months in meeting preconditions of effectiveness) and closed in June 1997, two years behind schedule. The final project cost of US \$ 69.0 million exceeded the appraisal estimate of US \$ 64.6 million. IDA's contribution was US \$ 43.7 million (appraisal estimate US \$ 39.4 million), DANIDA cofinanced US \$ 8.3 million, and ODA/DFID provided parallel financing equivalent to US \$ 7.9 million. The domestic contribution totaled US \$ 9 million.

3. Achievement of Relevant Objectives :

The relevant objectives were highly ambitious and hence achievements were mixed. The ability of the existing institutions to implement the project was over-estimated. While the project was successful in achieving a large part of its physical objectives, it was less successful in meeting its crucial policy and institutional reform objectives.

4. Significant Achievements :

Strengthening of Forestry Department, Timber Export Development Board, Forest Products Inspection Bureau, improvement in capacity to manage production forestry, and availability of reliable quantitative information for future sustainable resource use. Creation of two separate implementation agencies for rural forestry, the Rural Forestry Division (RFD) within the FD and the Agro Forestry Unit (AFU) of Ministry of Agriculture. The project promoted privatization, increased production and distribution of seedlings, and awareness and support for agro forestry in the community. Civil work programs were completed (though the quality of work in some areas was below standard), and physical targets for vehicles and equipment were met. The Forestry Research Institute of Ghana was upgraded and training facilities at Sunyani Forest School and the Institute of Renewable Natural Resources were developed. Project management improved during the second half of the project and there were considerable initiatives in support of project objectives that were ongoing and which continued even after the project closed.

5. Significant Shortcomings :

As appraised the project was overly ambitious. The institutional set up and the political environment were not conducive to early policy reforms which were critical. The conditions for release of the second tranche of the policy based project component could not be met until August 1995 (nearly 6 years after effectiveness and 7 after Board Approval). Even then, important policy reforms related to concession administration, resource pricing, improvement of staff incentives were not completed. The M & E Unit, within RFD, though created in 1991, did not become effective making it difficult to accurately estimate project generated efficiency gains in forest logging and milling. The goal of rehabilitating existing plantations was not achieved. There were shortfalls in fulfillment of the institutional strengthening objective.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Marginally Satisfactory	Despite an ERR of 17.8% (in the absence of effective monitoring and evaluation it was estimated on the basis of assumptions rather than actual data) the project has been judged as marginally satisfactory. This is because the project failed to put in place all the crucial policy reforms which were key elements in a long term strategy for development of the forestry sector. In addition, even the progress made in building institutional capacity, was insufficient.
Institutional Dev .:	Partial	Modest	A partial achievement of objectives led to a modest impact.
Sustainability :	Likely	Uncertain	The consolidated Forest Bill which embodies all outstanding policy reforms is yet to be passed. Improvement of staff incentives, a major component of policy reform could not be addressed by the project as it was realized that it is a broader civil service issue beyond the control of the Ministry of Lands and Forestry, and is being tackled separately. Important institutional reforms related to restructuring and reorientation of the Forest Department and the Wildlife Department have not been completed. (The Region adds that most of the policy originally planned for the consolidated Forest Bill was moved forward to the December 1997 legislation. (6 month after project closing))
Bank Performance :	Satisfactory	Unsatisfactory	Given the institutional capacity and the political climate in the country, the project as appraised was overly ambitious. The ability of the logging/saw milling lobby to resist reform was underestimated. Crucial issues, like improvement in staff incentives were identified, but could not be dealt with. Bank supervision missions were found to be insufficiently technical (ICR Aide Memoire para 21). (The Region states that the comment about Bank's mission being 'insufficiently technical' was really the opinion of an individual associated with the agroforestry component and related to the period immediately after field based technical

			assistance was discontinued.)
Borrower Perf .:	Satisfactory	Unsatisfactory	Though borrower performance improved substantially after mid term review, early lack of commitment to, and delay in adoption of necessary policy reforms and provision of counter part funds affected project implementation till the end. Weak project coordination. An effective M& E system to track progress and improvements was not put in place.
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

Project objectives must be realistically defined . In the interest of the borrower and the Bank, risks and challenges need to be carefully appraised .

8. Audit Recommended? ☒ Yes ☐ No

Why? 3 main reasons. a) The disagreement between ICR and OED ratings. b) Lack of effective monitoring and evaluation makes the estimated ERR an unreliable indicator c) FRMP was the first forestry project in Ghana and a follow on project which is expected to be a 10-15 year program initiative is underway. A detailed assessment of FRMP's project experience may have important lessons for the design of future projects in the forestry sector in Ghana .

9. Comments on Quality of ICR :

The ICR prepared by an FAO/CP mission is satisfactory but fails to sufficiently bring out the critical importance of early policy reform to the development of sustainable forestry in Ghana . Hence its outcome rating is not well founded. The ICR could have been improved if data on the contribution of forestry to the government's budgetary resources and foreign exchange earnings over the project period had been provided. This would have made it easier to judge the performance of the forestry sector in the government's overall effort at macro adjustment.