



Forests for Prosperity Project (P170798)

SOUTH ASIA | Nepal | Environment, Natural Resources & the Blue Economy Global Practice |
Recipient Executed Activities | Investment Project Financing | FY 2021 | Seq No: 8 | ARCHIVED on 02-May-2024 | ISR60461 |

Implementing Agencies: Ministry of Finance, Ministry of Forests and Environment

Key Dates**Key Project Dates**

Bank Approval Date: 08-Jul-2020

Effectiveness Date: 16-Jul-2021

Planned Mid Term Review Date: 25-Jan-2024

Actual Mid-Term Review Date: 25-Mar-2024

Original Closing Date: 30-Sep-2025

Revised Closing Date: 30-Sep-2025

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to improve sustainable forest management; increase benefits from forests and contribute to net Greenhouse Gas Emission (GHG) reductions in selected municipalities in Province 2 and Province 5 in Nepal.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components Table

Name

Policy & capacity building support for new government structures and processes for sustainable forest management:(Cost \$2.90 M)

Community-based sustainable forest management and smallholder forest plantations:(Cost \$10.76 M)

Forest enterprise improvement and development:(Cost \$7.35 M)

Project management, monitoring and learning:(Cost \$2.99 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Moderately Satisfactory	<input type="checkbox"/> Moderately Satisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Substantial

Implementation Status and Key Decisions

The Forests for Prosperity Project fully aligns with the federalism structure, and it involves the three-tier of the Government. It is anchored in the success of Nepal's Community Forestry and creates a new, innovative way of developing forest-based enterprises. This project is closely monitored by the Ministry of Forests and Environment (MOFE) and is one of the champions expected to lead innovation and private-sector development. Since the last review, the project has built on the implementation progress made in the previous fiscal year and resolved the major constraints impeding the project's execution. Notably, the issue of amendment of the Subsidiary Loan Agreement (SLA) between the Public Debt Management Office (PDMO) and the Agricultural Development Bank Limited (ADBL) that delayed Component 3's implementation by more than two years has been resolved. The Component Implementation Manual (CIM) has been approved by the Ministry of Finance (MoF). The project has



advanced activities of Components 1 and 2 and completed key preparatory work to carry out the on-ground activities of Component 3. The project has advanced to the full-fledged implementation phase.

The World Bank Task Team acknowledges the Borrower's commitment, efforts, and responsiveness, which have been demonstrated at senior leadership and technical levels in expediting the project implementation.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	☐ Substantial	☐ Substantial	☐ Substantial
Macroeconomic	☐ Substantial	☐ Substantial	☐ Substantial
Sector Strategies and Policies	☐ Moderate	☐ Substantial	☐ Substantial
Technical Design of Project or Program	☐ Substantial	☐ Substantial	☐ Substantial
Institutional Capacity for Implementation and Sustainability	☐ Substantial	☐ Substantial	☐ Substantial
Fiduciary	☐ High	☐ High	☐ High
Environment and Social	☐ Substantial	☐ Substantial	☐ Substantial
Stakeholders	☐ Moderate	☐ Moderate	☐ Moderate
Other	--	☐ Substantial	☐ Substantial
Overall	☐ Substantial	☐ Substantial	☐ Substantial

Results

PDO Indicators by Objectives / Outcomes

to improve SFM; increase benefits from forests and contribute to net GHG emission reductions				
▶ People in targeted forest and adjacent communities with increased monetary or non-monetary benefits from forests (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	88,413.00	110,000.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator includes all paid work attributable to the sustainable forest management including plantations and in forest-based enterprises. Data will be disaggregated by gender and disadvantaged group.			



► Net GHG emissions reduced (Metric ton, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	17,740,000.00
Date	13-May-2020	07-Dec-2023	08-May-2024	13-May-2026
Comments:	This includes sequestration through improved forest condition and tree planting on non-forest lands and emissions reduction from reduced forest degradation. This indicator will be measured once at the end of the project.			
► Share of project beneficiaries with rating ‘Satisfied’ or above on project interventions (livelihoods, forest management, other) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	80.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator measures the level of satisfaction of targeted forest-dependent people on project interventions (livelihoods, forest management, other). Data will be dis-aggregated by gender and disadvantaged group. The survey required to report the satisfaction with project interventions) will be designed and completed by April 30, 2024 .			
► Forest area brought under management plans (Hectare(Ha), Corporate)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	6,604.41	7,214.00	15,900.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This refers to the total area of forests brought under sustainable forest management plans. The project has formed 7 new Community Forest User Groups (CFUGs) and renewed the operational plans of 38 CFUGs.			

Intermediate Results Indicators by Components

1 - Policy and Capacity Building for Federal Structures & Processes				
► Policy and regulatory reforms supported at federal, state and municipal levels supporting SFM (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	7.00	31.00	50.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator applies a wide definition to cover all policies, acts, regulations, directives, guidelines, protocols, and standards relevant to SFM and FBEs coming from all levels of government (Federal, Provincial, Local). It tracks not just new policies/regulations but also existing policies/regulations that have been revised to promote sustainable and productive forest management and FBEs. The indicator is			



disaggregated by government level. Out of 50 project municipalities, 25 have finalized and gazetted local-level forest act and/or procedures, public and private land plantation manuals and grant manuals through the project's support which are crucial to implement municipal-level forest-sector activities as per the 2019 Forest Act and 2022 Forest Regulation.				
► Local governments with approved land-use plans and/or strategic forest sector plans (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator records the number of municipalities/rural municipalities that have prepared land-use plans and longer-term strategic plans for the forest sector. The project organized orientations on the land use classification and land use planning for the project municipalities and they are in the process of formulating land use plans as per the 2022 Land Use Regulation.			
► Awareness of the federal forest sector structure (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	0.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator assesses the extent to which stakeholders in the forest sector are aware and implementing their new roles and responsibilities under the federal system – the extent to which sector reforms have taken place and been institutionalized. The indicator is measured as a score.			
► Quality of services provided by local government to communities and forest-based enterprises (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	80.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator will measure the client satisfaction of the services provided to communities and forest-based enterprises .			

2 - Community-based sustainable forest management and forest plantations				
► Forest area under CBFM (Hectare(Ha), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	530,000.00	530,825.00	531,748.96	545,000.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	The total area for which new sustainable forest management plans have been prepared and are being implemented according to the agreed timber harvesting prescriptions. It includes plans for all types of CBFM including Community Forest, Collaborative Forest Management, and Leasehold Forest and includes newly established and existing CBFM groups for which revised plans have been prepared. The			



project has formed 7 new Community Forest Users Groups (CFUGs) and brought 1,748.96 hectares of national forest under sustainable forest management plans.

► Poor households with land allocation inside CBFM areas (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	650.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator records the number of poor or disadvantaged households for which specific provision has been made in CFUG operational plans. Data will be dis-aggregated by disadvantaged group and female/male household.			

► Private smallholder plantations area (Hectare(Ha), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	13.55	13.55	5,000.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator records the area of private (non-forest) land that has been supported by the project for tree planting and/or agroforestry (normally underutilized or abandoned agricultural land or land owned by absentee landlords). The project has finalized additional 58.15 hectares of private land for plantation and will carry out the planting during plantation season by May 2024 (before monsoon).			

► Area of public land managed by disadvantaged/poor groups for plantation/agroforestry (Hectare(Ha), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	10.03	10.03	1,350.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator records the area of public land (under Local Government jurisdiction and often located along river banks and in flood-prone areas in the Terai) that has been assigned to PLMGs (poor and otherwise disadvantaged farmers) for tree planting and agroforestry activities. Data will be dis-aggregated by disadvantaged group. The project has finalized additional 161.6 hectares of public land for plantation and will carry out the planting during plantation season by May 2024 (before monsoon).			

3 - Forest enterprise improvement and development

► Timber and non-timber forest enterprises registered (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	0.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator monitors the registration of all types of small, medium and large forest-based enterprises with women-owned and/or managed enterprises tagged. Data will be dis-aggregated by type and ownership.			



► Roundwood supplied from CBFM areas (Cubic Meter(m3), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	0.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator measures the volume of timber produced (from several forest areas within a single landscape/municipality) as a result of implementation of revised sustainable forest management plans with total production being geared towards ensuring a predictable, sustainable timber supply.			
► Increase in number of women with skilled jobs in the forestry value chain (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	50.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator records the extent to which women are participating in and benefiting from enhanced productive work in the forest sector. The aim is to find the percent of women involved as skilled workers in different types of enterprise and parts of the value chain for forest products.			
► Finance provided for establishing or improving FBEs (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	6,000,000.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator records the type of enterprises and the size of loans being provided from the project and the extent to which women are also benefiting. Data will be dis-aggregated by loan type, loan size and enterprise ownership. Agricultural Development Bank Limited (ADBL) will share the performance of the forestry SME portfolio supported by the project in a separate report on an annual basis. The ADBL has mapped and identified a solid pipeline of forest-based SMEs with confirmed loan demand of USD 4.6 million <i>vis-à-vis</i> credit availability of USD 1.88 million for the Fiscal Year 2023/24.			

Project management, monitoring and learning				
► Annual participation of stakeholders in project governance (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	6,300.00	7,300.00	5,000.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator records the number of stakeholders who have participated in various project governance related meetings/workshops including project steering committees, and coordination and sector planning meetings at Local, Provincial and Federal levels. Data will be dis-aggregated by gender and disadvantaged group. The project has organized various provincial and municipal-level orientations, consultations, and stakeholder workshops, which have been critical to advancing the project implementation.			



▶ Documents, including studies, stories and surveys produced and shared with open access. (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	30.00
Date	13-May-2020	07-Dec-2023	08-Apr-2024	13-May-2026
Comments:	This indicator tracks publications and social media/website usage and the subsequent incorporation of new ideas and practices into regular planning, monitoring and implementation activities of forest sector institutions. It includes documentation and dissemination of good practices such as gender specific activities and safeguard mechanisms.			

Performance-Based Conditions

Data on Financial Performance

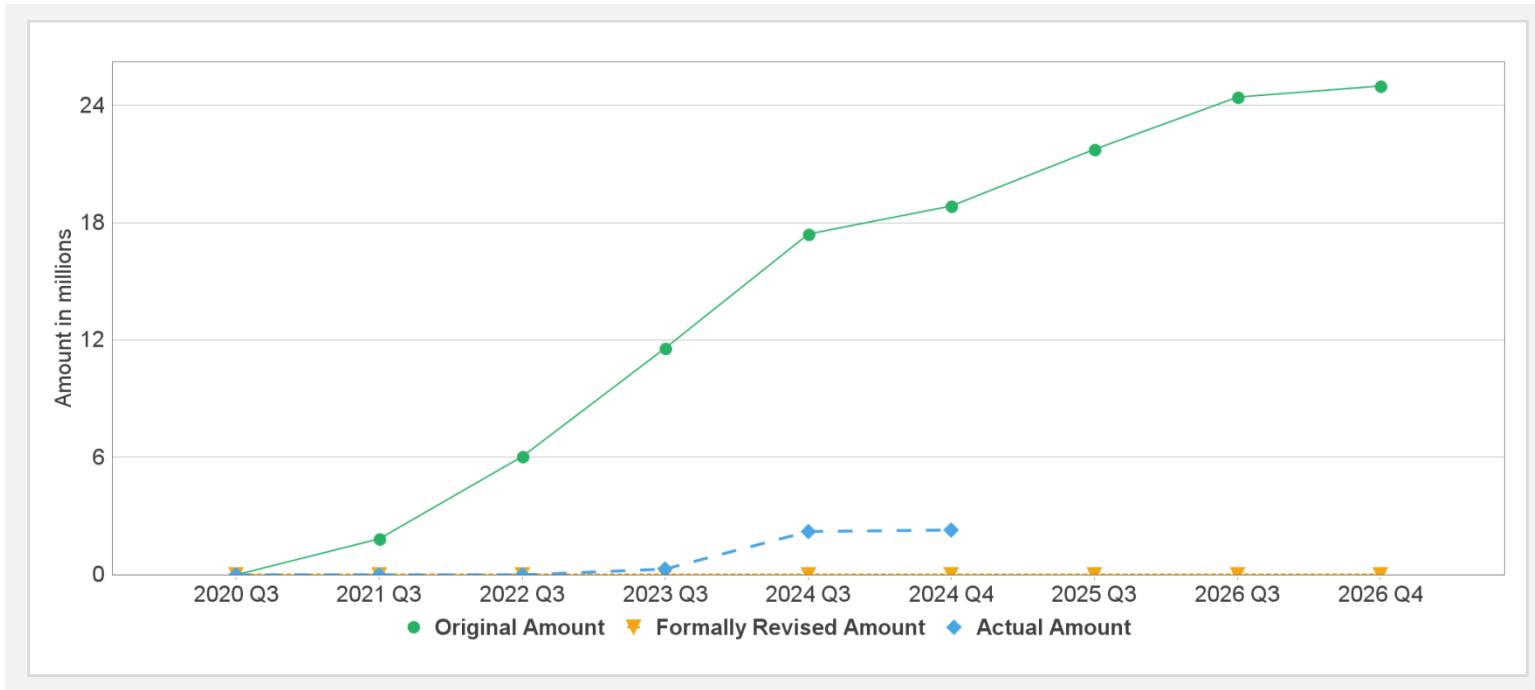
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P170798	TF-B2488	Effective	USD	17.90	17.90	0.00	0.00	17.90	0%
P170798	TF-B2796	Effective	USD	6.10	6.10	0.00	2.27	3.83	37%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P170798	TF-B2488	Effective	08-Jul-2020	19-Mar-2021	16-Jul-2021	30-Sep-2025	30-Sep-2025
P170798	TF-B2796	Effective	08-Jul-2020	19-Mar-2021	16-Jul-2021	30-Sep-2025	30-Sep-2025

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

P181002-Additional Financing for Forests for Prosperity