

Mid Term Review

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KEY PROJECT DATA

Title:	Haryana Community Forestry Project (HCFP)
Sector:	Rural Development
Project No.:	ALA/95/15
Executing Agency:	Forest Department, Government of Haryana
Duration of project:	10 years
Starting date of project:	June 1998
Duration of TA contract:	Nine years
Start of TA Contract:	September 1998
TA budget:	€2.52 million
TA contract:	€2.46 million
EU Commitment:	€3.3 million
GoH Commitment	€6.80 million
Exchange Rate	€1 = Rs 47

Overall Objective (Source FA)

- Improve the natural environment and preserve land fertility through sustainable management of natural resources

Immediate Objectives (Source FA)

- Greater involvement and empowerment of women, scheduled castes, landless and other disadvantaged groups in village decision making through the formation and effective functioning of 300 village resources committees.
- Increased wood production and supplementary income for small and marginal farmers by supporting their efforts to grow trees on farmlands.
- Revegetation, stabilisation, soil amelioration, and improved productivity of common and private lands degraded by loss of topsoil and moving sand.
- More efficiency and reduced use of fuel wood and dung for domestic cooking and in crematoria by developing and distributing improved devices.

Result Areas (source OWP and Logical Framework)

- Disadvantaged groups, including women, scheduled castes, landless and marginal/small farmers, are empowered and better equipped to be involved in village decision making and have enhanced capabilities to sustain development activities unassisted;
- Village organisations, such as VRMC, HRMS and FFA, are developed with capabilities in sustainable management of village forest/ rural resources;
- Arid & semi-arid areas affected by sand dunes & wind erosion are rehabilitated & productive again;
- Panchayat, shamlat and institutional lands are rehabilitated and are productive again;
- Micro-watersheds in the Shivalik Hills are managed to provide water supplies for various users;
- Wastelands within villages are converted into community tree groves for amenity purposes;
- Multi-species agroforestry cropping patterns are established on marginal and small farms;
- Poplar plantations are established on prime agricultural land;
- Households establish improved homestead plots and or kitchen gardens;
- Alternative income generating micro-projects are established by disadvantaged groups;
- Energy efficient cooking stoves are introduced in villages;
- Efficient crematoria introduced.

ACRONYMS AND GLOSSARY

Acronyms

ACF	Assistant Conservator of Forests
AWP	Annual Work Plan
CF	Conservator of Forests
CCF	Chief Conservator of Forests
CDB	Community Development Block
CLW	Community Link Worker
DRDA	District Rural Development Agency
EC	European Commission, of the European Union
EU	European Union
FA	Financing Agreement
FD	Forest Department, of the Government of Haryana
GoH	Government of Haryana
GoI	Government of India
HCFP	Haryana Community Forestry Project
IGA	Income Generating Activity
LF	Logical Framework
MTR	Mid-Term Review
NGO	Non-Governmental Organisation
OBC	Other Backward Castes
OWP	Overall Work Plan (March, 1999)
OVI	Objectively Verifiable Indicator
PAR	Project Appraisal Report
PC	Project Coordinator
PCCF	Principal Chief Conservator of Forests
PD	Project Director
PMU	Project Management Unit
PRA	Participatory Rural Appraisal
SC	Scheduled Castes
SHG	Self Help Groups
TA	Technical Assistance
VRMC	Village Resource Management Committee

Glossary of Terms

<i>Chula</i>	Wood burning cooking stove
<i>Chetna Kendra</i>	Meeting hall
<i>Johad</i>	Large village pond

PART I

EXECUTIVE SUMMARY

The Haryana Community Forestry Project

01. The Haryana Community Forestry Project (HCFP) implementation period is from September 1998 to June 2008. Its purpose is to “*improve the natural environment and preserve land fertility through sustainable management of natural resources*”. Target beneficiaries are primary users of biomass: particularly women, households dependent on degraded land, small and marginal farmers, all users of common property resources, communities in the degraded areas bordering the Shivalik and Aravalli hills, and other disadvantaged groups subsisting in arid areas.

The Mid-Term Review

02. The Mid-Term Review (MTR) team consisted of Forest Planning Expert/Teamleader, Rural Sociologist, Social Forestry Expert and Financial Expert and was undertaken between 25th September and 12th October 2003. The general objective of the MTR was to “assess and evaluate the achievements made by the project in meeting its objectives with special emphasis on the sustainability of environmental, social and economic benefits”. The Terms of Reference for the MTR are appended in Annex Four.

Relevance of the Project

03. The national forest policy (1988) sets a goal of retaining one third of the country under tree cover. Accordingly, the National Forestry Action Programme – India (1999) emphasises increasing tree cover in Haryana to around 25% over the next 15 years. The project is highly relevant to this environmental policy objective.
04. The project is compatible with GoH and EU social objectives. It incorporates mechanisms to address the needs of women, marginalised and disadvantaged groups; and to involve them in decision making. However, Haryana is one of the richest states in India and the project is designed in such a way that benefits accrue disproportionately to the landed and better off. The project does not have specific activities for the landless but the poorest people are given priority for employment on plantation and other labour-related activities.

Project Preparation and Design

05. The FA was signed between the GoI and the EC on 24th January, 1997. Funding provision was €30.10 million; €23.30 million contributed by the EC and €6.80 by the GoH.
06. The beginning of the project is taken to be September 1998 when the PMU was established. The end of the implementation period is June 30th, 2008. The FA provides, indicatively, for 160 months of expatriate TA personnel and 142 months of local TA personnel.
07. The FA states that the overall objective of the project is to “*improve the natural environment and preserve land fertility through sustainable management of natural resources*”. This was reformulated in the OWP to read; “*build up the capability of rural communities to improve the natural environment and preserve fertility through sustainable management of natural resources through activities undertaken in a participatory process*”.
08. The *immediate objectives* listed in the FA are:

- Greater involvement and empowerment of women, scheduled castes, landless and other disadvantaged groups in village decision making through the formation and effective functioning of 300 village resources committees.
- Increased wood production and supplementary income for small and marginal farmers by supporting their efforts to grow trees on farmlands.
- Revegetation, stabilisation, soil amelioration, and improved productivity of common and private lands degraded by loss of topsoil and moving sand.
- More efficiency and reduced use of fuel wood and dung for domestic cooking and in crematoria by developing and distributing improved devices.

Efficiency of Implementation

09. **Capacity Building for Haryana Forest Department.** Out of 557 sanctioned posts, 426 (76%) were filled at March 2003. All of the 12 senior posts are filled with qualified officers and staffing at the most senior levels, where continuity is most needed, has been reasonably constant. The project is building up a cadre of field level staff trainers, Forest Guards, under the DFO Training based in Hisar, who impart training to Link Workers and villagers. There appears to have been significant change in the attitudes and behaviour of FD staff especially at lower levels (Forest Guards) in dealing with communities. Divisional and Sub-Divisional field offices staffed by the FD have been established and constructed to high standard. Other planned office buildings were not constructed due to the unavailability of land or to the fact that sufficient infrastructure was already available. Section 2.4.1
10. **Strengthening of rural infrastructure** has been achieved through the construction of 132 *Chetna Kendras* (meeting halls), out of a targeted 300. Construction has been delayed because of slow progress in achieving the prerequisite planting targets. In addition three *johads* (village ponds), out of 18 identified so far, have been rehabilitated by the project. Though not part of the original project concept there is a strong demand from the villagers, project staff and GoH for further project support to *johad* rehabilitation. Section 2.4.2
11. **Training for main stakeholders** has been delivered primarily to office bearers and members of Village Resource Management Committees (VRMC), Self Help Groups (SHG), and the community link workers (section 2.4.3). This training appears to have been largely successful but requires continued emphasis and support. Section 2.4.3
12. **Community development activities** have been addressed through a wide range of activities, many with support contracted from NGOs. The Forest Guard, Community Link Workers and the VRMC members are the most important people for coordinating community-based activities and will in future be responsible for maintaining project assets. The Forest Guard remains responsible for monitoring accounts in VRMC groups and the NGOs still monitor SHG accounts. The project needs to look more actively for ways to accelerate the development of VRMCs and SHGs, possibly through stronger linkages with other agencies and other government departments. Section 2.4.4
13. **Financial Management and Procurement.** Despite some difficulty with fund flows the project has not experienced any shortage of funds. GoH makes budgetary provision for total project expenditure in its budget. To 31st March 2003 a total of Rs 270,284,596 (€6,142,921) had been received from the EC and Rs 142,744,994 (€3,037,128) had been spent by GoH. Approximately half way through the project period 35% of EC funding and 45% of GoH funds have been spent. In addition 55% of the TA contract budget of €2,460,000 has been utilised. Standards of financial management are high and appropriate support is provided as required by the EC Delegation and GoH. Section 2.4.5 and technical report in Annex Eight.

Effectiveness of the Project

14. **Disadvantaged Groups Sustaining Development.** So far the project has selected 238 villages; taking up micro planning exercises, forming 169 VRMCs, and establishing 125 SHGs in 68 villages. SHGs are involved in income generating activities but most of these are yet to be established as viable enterprises. Group strength provided by the SHG is perceived by participant women as one of the biggest benefits of the project. However, women and other disadvantaged groups generally perceive the most important benefit of the project to be wage labour. The project does not have specific activities for the landless. Section 2.5.1
15. **Village Organisations are Developed** in the form of VRMCs. The VRMCs are the most important tool available to the project to ensure sustainability of project benefits. They have not yet assumed full responsibility for all project-related activities but the VRMCs in villages visited were enthusiastic about the project activities and eager to receive more training and capacity building. The VRMCs do require a great deal of strengthening before they can become self-reliant and sustainable and this requires higher priority. Section 2.5.2
16. **Rehabilitation of Arid and Semi-Arid Sand Dune Area** targets are not being met. With only 30% of the OWP target having been achieved this is the most significant area of under-achievement and the biggest cause of negative financial variation. The project has proposed a substantial decrease in targets for sand-dune stabilisation from 9,300ha to 5,000ha. The project proposes to use the resources saved for an expansion of activities from a total of 300 to 330 villages mainly in the south-west and western districts. In addition the project proposes to undertake linear planting along 1,000 km (700 ha) of village roads to serve as shelter belts in arid areas. The MTR fully endorses these proposals. Section 2.5.3
17. **Rehabilitation of Panchayat, Shamlat and Institutional Lands** is being achieved mainly by means of village woodlots. Selection of species is appropriate and the technologies are easily replicable and widely applicable. Tree groves also contribute to the rehabilitation of common land. The potential for reduced fodder and grazing resulting from the establishment of tree plantations on panchayat land is an important issue. Indications are that establishment of woodlots has temporarily increased the availability of fodder, as a result of sowing grass or stylo at the time of planting. Grass yields decline sharply as tree canopies close and the problems posed by afforestation are most acute where common grazing land is scarce. The HCFP has to remain relatively simple in its prescriptions but the mission's view is that it should also explore a wider range of silvicultural options. Section 2.5.4
18. **Micro-Watersheds in the Shivaliks are Managed** through construction of water harvesting dams and the protection of the associated catchment areas. An important change from the original concept is that water management is contracted out by the VRMCs, an arrangement which seems practical and sensible. Studies of the two first dams built indicate that good returns on investment are received. The mission endorses the PMU view that provision should be made for catchment area treatment in advance of dam construction. The mission also endorses the PMU's proposal to support de-silting of existing dams as well as the construction of new water-harvesting structures. Section 2.5.5
19. **Wastelands are Converted to Tree Groves** by planting small plots of culturally significant trees. The tree groves were well-established and protected; they demonstrated high survival and will contribute to the quality of the village environment for a long time to come. Selection of species was appropriate. Section 2.5.6
20. **Multi-Species Agroforestry is Established** through high quality planting stock grown mainly in the project's own nurseries. Fruit trees are purchased from the Department of Horticulture and a clonal propagation facility has been established at Seonthi in Kurukshetra District. The production of all planting stock is out of the hands of the villagers and the mission recommends that the project should investigate ways for producing seedlings at village level. The project

reports unacceptably high mortality of farm forestry planting, attributed to the fact that on-farm planting is beyond FD control. Provision of free seedlings does not encourage farmers to take care of their trees, higher survival rates would probably be achieved at less cost if farmers were required to pay for seedlings. It is GoH policy to provide unlimited free seedlings to farmers under various schemes, not just through the HCFP. The MTR recommends that a ceiling should be put on the total number of free seedlings available to any one farm family. Section 2.5.7

21. **Poplar Plantations are Established** through high quality clonal plants produced in the FD's nurseries. Poplar is planted on the better quality land, generally in the ownership of better off farmers who can afford to pay for planting stock. In the absence of any poverty focus, the justification for the component in the context of the project objectives is that it promotes tree cover and increases productivity. Mortality of poplar is unacceptably high at 40-50%; this is particularly wasteful as the project is producing valuable clonal material. The project has agreed to consider the mission's proposal that it should limit the number of free poplar supplied under the project to any one farm family. Section 2.5.8
22. **Energy Efficient Cooking Stoves and Crematoria** are being promoted to reduce rural fuelwood consumption. Project data suggest a high level of acceptance of the project's *chulas* and the mission endorses the suggestion that the scale of this component should be increased. The crematoria built by the project to date have proved less successful. The mission does not consider it appropriate for the project to continue building crematoria and recommends that the funds be re-allocated elsewhere. Section 2.5.10
23. **The Logical Framework** presented in the OWP does not comply with EC norms. A revised logical framework (LF) was submitted to the MTR for comment. The MTR agrees that this revised LF is superior to the OWP version but believes that it requires further improvement. The HCFP and the FD with their high standards of management and monitoring are well equipped to make good use of a well prepared LF. The MTR proposes that a new LF should be prepared through a facilitated and interactive workshop process. Section 2.5.11
24. **Monitoring of physical and financial performance** is of high standard and computerised accounting systems appear to be rigorous and effective. Monitoring procedures ensure a high level of management information and control but the MTR believes that the intensity of data collection and monitoring of activities is excessive. It is suggested that the PMU consider reducing the time and effort spent on these activities in favour of more qualitative and result orientated indicators. The mission noted that the current emphasis in monitoring is on inputs and activities rather than on results and outcomes. This needs to be addressed through the LF and improved result-level monitoring. Section 2.5.12 and Annex Eight.
25. Technical Assistance is well managed and adding value to the project. Approximately 55% of the budget and 75% of anticipated person months have already been provided half-way through the project. The MTR proposes that the TA contractor and the EC Delegation should consider extending the term of the TA contract from its current end in June 2007 to March 2008. This would require an extension to the PC's contract by 6 months. The MTR also proposes that an additional 18 months of TA time should be allocated to local consultancy inputs. Section 2.5.13

Overall Quality, Sustainability, and Replicability

26. The project is contributing meaningfully towards achievement of its overall objectives but mid way through the implementation phase it is early to determine impact. Plantations and other activities have been maintained to high standard although mortality has sometimes been unacceptably high. There is still room for doubt as to whether social and institutional mechanisms established by the project will prove sufficiently robust to manage and equitably distribute the benefits arising. Similarly, doubts remain over the capacity of the institutions established under the project to survive and continue natural resources and tree management over the medium to long-term. Section 2.6.1

27. Positive hydrological outcomes as a result of tree planting are unlikely. There are likely to be long-term soil nutritional benefits from stabilisation of sandy soils and sand dunes in the west of the state. In the north-east, significant soil nutritional benefits arising from widespread planting of poplar and eucalyptus are unlikely. Section 2.6.1
28. Village entry activities, rapid appraisals, PRA and micro planning exercises, have been carried out in a participatory manner and have led to community mobilisation and formation of VRMCs through open elections. The VRMCs appear to be broadly representative and the needs of the poor and marginalised are catered for. VRMCs include representatives of SCs, OBCs and women. Poor women have also been grouped into SHGs for thrift and credit activities, as well as some income generating activities. Section 2.6.2
29. Sustainability of farm forestry and poplar growing will depend largely on the financial outcome from trees by comparison with that of alternatives and is likely to be most assured in those higher rainfall areas where short-rotation tree growing is already an established commercial activity. Section 2.6.2 and Annex Nine.
30. The financial sustainability of community forestry is less certain. An important factor is that panchayat land, especially in the higher rainfall areas, can be economically rented out for cultivation. In north eastern Haryana, the annual rent foregone by a panchayat opting to establish a woodlot on un-irrigated land is of the order of Rs 12,500 per hectare and it is difficult for forestry to compete with this kind of return. It may be possible for communities to access external funds for carbon sequestration and the PMU is already exploring this possibility. Section 2.6.2 and Annex Eight.

Conclusions and Recommendations

31. Some project activities, particularly commercially orientated farm forestry in the north-east of the state, are likely to yield significant financial and economic benefits. Depending on market needs they are most likely to be fully sustainable in the medium to long-term.
32. Project benefits accrue disproportionately to the landed and better off. Effort is required to ensure that adequate benefits accrue to disadvantaged communities, and also to ensure that these communities are not further impoverished by reduced access to common property resources as a direct result of project activities.
33. The project is managed to high standard, roles and responsibilities are clear, procedures are well understood and generally adhered to, and there is a high degree of rigour in accounting and monitoring.
34. The TA is well managed and making a valuable contribution to the project. There is an excellent and professional working relationship between the PD and the TA Project Coordinator. The TA inputs are also widely appreciated and valued by project staff.
35. A series of recommendations to improve implementation have been made in relation to financial management and procurement, project planning and management, technical implementation, Village Resource Management Committees, Self Help Groups and Technical Assistance. Some of these recommendations arose from suggestions made by the project implementation teams, many are already being acted upon in one way or another. Section 3.2

PART II

MAIN TEXT

2.1 Introduction and Background

2.1.1 Project Background

36. The European Commission (EC) has provided grant-aid of €3.3 million for the Haryana Community Forestry Project (HCFP). The Government of India contribution, provided *via* the Government of Haryana (GoH) is €6.8 million. The effective project life is 10 years, from September 1998 to June 2008. The project purpose as defined in the Financing Agreement is to “*improve the natural environment and preserve land fertility through sustainable management of natural resources*”. This was reformulated in the Overall Work Plan (OWP) to read “*build up the capability of rural communities to improve the natural environment and preserve fertility through sustainable management of natural resources through activities undertaken in a participatory process*”. Target beneficiaries are primary users of biomass: particularly women, households dependent on degraded land, small and marginal farmers, all users of common property resources, communities in the degraded areas bordering the Shivalik and Aravalli hills, and other disadvantaged groups subsisting in arid areas.
37. The approved logical framework for the project is provided in Annex One and a map of Haryana indicating operational districts is appended in Annex Three.
38. Rural poverty is commonplace in Haryana with scheduled castes and the landless being among the most vulnerable groups; rural women as a whole are particularly vulnerable. The livelihoods of such disadvantaged groups are largely dependent on access to grazing, fodder, and fuel wood on common lands, usually owned by the Panchayat. The resulting pressure on these lands has depleted vegetation, exposed vegetation to erosion and diminished production of fodder and fuelwood.
39. The Haryana Community Forestry Project (HCFP) is designed to ameliorate the social and environmental effects of land degradation through participatory forestry and farm-forestry. The project plans to take in 300 villages located in 43 Community Development Blocks (CDB), in eleven districts. The districts included are Panchkula, Ambala, Kurukshetra, Yamunanagar, Hisar, Fatehabad, Sirsa and parts of Bhiwani, Jatusana, Rewari and Mahendragarh. A map of the state showing project operational areas may be found in Annex Three.
40. The executing Agency of the HCFP is the Haryana State Forest Department (FD), which has overall responsibility for planning and implementation. This responsibility is delegated to the Chief Conservator of Forests HCFP who is the Project Director (PD) in charge of the Project Management Unit (PMU).
41. Technical Assistance (TA) is provided by Agriconsulting (Italy) in association with Agrisystems (UK) and AFC (India) until 2008. A full-time TA Project Coordinator (PC) who is also a member of the PMU joined the project in early September 1998.

2.1.2 Mid-Term Review Objectives

42. The general objective of the Mid-Term Review (MTR) was to assess and evaluate the achievements made by the project in meeting its objectives with special emphasis on the sustainability of environmental, social and economic benefits. Recommendations for improving

implementation were also required. The Terms of Reference for the MTR are appended in Annex Four.

43. Achievements were evaluated in relation to the Project Appraisal Report (PAR), Financing Agreement (FA), Overall Work Plan (OWP) including the Logical Framework (LF), Annual Work Plans (AWP), and other project reports. Assessment of achievements included a comparison with physical & financial targets.
44. The Mission was required to look into the linkages between the different project components that have the potential to contribute to the overall objectives, recommend any necessary restructuring, identify problems and constraints, and recommend remedial measures.

2.1.3 Mid-Term Review Methodology

45. The MTR review team consisted of Forest Planning Expert/Teamleader, Rural Sociologist, Social Forestry Expert and Financial Expert. The MTR was undertaken between 25th September and 12th October 2003, commencing with a briefing by the EC Delegation in Delhi prior to travel to Panchkula in Haryana. A record of the briefing and debriefing with the Delegation and debriefing with the GoH are appended in Annex Ten.
46. The team reviewed TOR for the mission and agreed primary technical responsibilities prior to examination of key documentation and discussion with members of the PMU and associated FD and TA staff. Prior to conducting field visits to project areas the team had an opportunity to meet the Secretary Forests and the Principal Chief Conservator of Forests (PCCF).
47. The Team leader/Forest Planning Expert and Rural Sociologist proceeded to the west and south-west operational areas. They were able to meet with villagers, Village Resource Management Committees (VRMC), Self Help Groups and FD field staff at nine villages in six districts (Sirsa, Fatehabad, Hisar, Bhiwani, Jatusana, and Rewari). A brief visit was also paid to a seventh project district, Mahendragarh. In Hisar the team attended an ongoing meeting for all Divisional and Sub-Divisional staff of the Hisar Circle office, covering all seven western and south-western project districts. They also met the Divisional Commissioner, Hisar. The Commissioner was well informed about the project and offered insights from the administration's perspective. Extensive interactions were possible with the Conservator Foresters HCFP (CF) and other FD officials at district and divisional level.
48. The Social Forestry Expert and the Financial Expert remained in the North-East project areas. The Social Forestry Expert visited the districts of Ambala, Kurukshetra, Panchkula and Yamunanagar in north eastern Haryana and met the representatives of eight Village Resource Management Committees. He also visited Bharauli Dam, the project's clonal propagation facility at Seonthi, two project tree nurseries and a veneer factory. The Financial Expert visited four villages and Bharauli Dam. The Financial Expert spent the majority of his time working with the PMU databases and systems in order to gain understanding of procurement procedures and financial management procedures and practices as well as other aspects of the project management information systems.
49. During field visits all of the project's main models and activities were visited together with the CF of either Hisar or Ambala Circles and the respective field staff. The team re-grouped in Panchkula following the field visits. The Teamleader/Forest Planning Expert and the Social Forestry Expert were then able to discuss opportunities for research-extension linkages with the CCF Development at Pinjore. All members of the team continued to hold discussions and informal meetings with the PMU and associated staff.
50. Debriefing was held with the GoH and FD on the afternoon of 9th October in Panchkula and with the EC Delegation on the afternoon of 10th October. Briefing and debriefing notes are appended in Annex Ten.

51. The itinerary followed by the MTR team members is appended in Annex Six.

2.2 Relevance of the Project

52. Less than 4% of Haryana's area is forest land and less than half of this area is actually under forest cover, over a third of which is degraded. Total tree cover within the State is estimated at around 8% of area. The National Forest policy (1988) sets a national goal of retaining one third of the country under tree cover. In line with this policy heavy emphasis is placed on increasing tree cover in Haryana to around 25% over the next 15 years¹. The project is relevant to this policy objective and the stated means by which it is to be achieved which include sand dune fixation, roadside planting and farm forestry.
53. In Haryana over 80% of the land is agricultural, 60% of which is irrigated. Almost a quarter of the state is regarded as degraded and active sand dunes affect arable land in the south-west and west. Participatory approaches to working with communities are the only practicable options for sustainably increasing tree cover and the production of tree products.
54. Haryana is among the richest states in the country. All villages have safe drinking water, mains electricity and roads. But a quarter of the population remains below the GoI poverty line and women are widely discriminated against. The poorest are predominantly scheduled castes (SC) and other backward castes (OBC). The project aims to address the needs of such disadvantaged groups.
55. The project promotes and supports farm forestry and afforestation of common property lands and degraded sand areas. Improved productivity of panchayat land offers the potential to benefit the poor who rely disproportionately on common property for their livelihoods. Environmental amelioration is addressed through planting of tree groves and fruit trees for kitchen gardens. Fuel efficient wood-burning domestic stoves and crematoria have been introduced in an effort to reduce fuelwood consumption. The project also has a community development component that promotes local ownership and responsibility for environmental maintenance and the sustainability of project-related activities. VRMCs are being built up to manage project activities with the assistance of two Community Link Workers (CLW), one woman and one man, drawn from each project village. Over 100 Self Help Groups are supported in 80 selected villages targeted particularly, but not exclusively, on women SC and OBC.
56. The first of the four immediate objectives given in the FA is the greater involvement and empowerment of women, scheduled castes, landless and other disadvantaged groups in village decision making, through the formation and effective functioning of VRMCs. The project strategy has been to use a participatory methodology including PRA and micro planning exercises, formation of local groups, and creation of employment and income generation opportunities for disadvantaged groups. Two link workers (one male and one female) were identified in each village to provide the link between project authorities and the village community. The female link worker has been the most important extension agent for motivation of village women and for obtaining their participation in project activities.
57. In the year 2000 a study on Income Generating Activities recommended the formation of self help groups (SHGs) for women as a strategy for mobilizing them. Thereafter SHG formation became the project strategy for involving women in the project. These groups provide women with a forum for participating in HCFP, in addition to the few women members of the VRMC.
58. Gender concerns and the participation of women after completion of the micro planning process have been primarily addressed through the provision of wage labour to women in plantation activities and, latterly, through SHGs. About half of the SHG groups have been trained to

¹ National Forestry Action Programme – India, 1999

produce vermi-compost as an income generating activity. Apart from the limited numbers of women participating in the SHGs and the 3-4 women of the VRMC, women's participation in the project has been largely passive. They do not appear to have much of a role in terms of village level decision making for managing the resources and benefits of the project.

59. The project plans to establish a total of around 125 SHGs in 80 villages out of the 300 to 330 villages that it will be working in.
60. The project is generally compatible with GoH and EU environmental objectives. However, it is designed in such a way that benefits accrue disproportionately to the landed and better off and it is difficult to ensure that adequate benefits reach disadvantaged communities. The project does not have specific activities for the landless but the poorest people (including landless and SC men and women) are given priority for employment on plantation and other labour-related activities.

2.3 Project Preparation and Design

2.3.1 Financing Agreement and Provision for TA

61. The initial proposal to GoI for international funding arose out of experience gained with the World Bank funded Social Forestry Project (1982-1990) and the EC-funded Rehabilitation of Common Lands in the Aravalli Hills Haryana (1992-2000). Experience gained since the mid 1970s, with Ford Foundation support, of small scale dams in the Shivaliks was also relevant. The project proposal was appraised by an EC Project Identification Mission in May 1995. Subsequently the Financing Agreement (ALA/95/15) for the Haryana Community Forestry Project was signed between the GoI and the EC on 24th January, 1997. The total funding provision was Euro 30.10 million as indicated in Table 2.1 below.

Table 2.1 Funding Provision Under the Financing Agreement

Cost Estimates	EC Contribution Million Euro	GoH Contribution Million Euro
Implementation costs	17.39	5.90
TA, M&E, Information	2.91	-
Contingency	3.00	0.90
Total	23.3	6.80

62. Technical and administrative provisions for operating the TA provisions of the FA were clarified in a side letter signed by GoI and the EC Delegation in January 1997. The FA was accepted by Government of Haryana through a side letter signed by GoH and the EC Delegation in July 1997.
63. Rider Number One to the FA was signed on April 28th, 1998. Rider Number One established that the project was due to begin in March-April 1998 with the fielding of the EC's Technical Assistance and the establishment of the Project Management Unit². The end of the implementation period was specified as June 30th, 2008.
64. Rider Number 2 to the FA was agreed in May 2000 following preparation and approval of the OWP. This rider approved significant changes in EC funded budget allocations to components, enabling a reduction in infrastructure and equipment costs and a commensurate increase in operational costs. It also approved allocation of GoH contingencies to staff and operational costs³.
65. The FA provides, indicatively, for 160 months of expatriate TA personnel and 142 months of local TA personnel. The local TA includes forestry, sociology and gender personnel. The expatriate TA was expected to include a Project Coordinator (90 m), Monitoring Officer (20m), and Training Officer (20m). An allowance of 30 months was included for unspecified short-term expatriate TA inputs. The TA contract was signed in June 1998 with a nine-year duration to June 2007.
66. The MTR notes with approval that the project was designed with a total life of nine years. This unusually lengthy implementation phase is appropriate for a forestry project.

²Rider No. 1 to the Financing Agreement, Chef de l'unité 1B-E/2, Brussels, letter ref 005841 of 28/04/98

³Rider No. 2 to the Financing Agreement between the EC and the Republic of India, Brussels, 5 May 2000

2.3.2 Project Design and Strategy

67. According to the FA the *overall objective* of the project is to “improve the natural environment and preserve land fertility through sustainable management of natural resources”⁴. This was reformulated in the OWP to read; “build up the capability of rural communities to improve the natural environment and preserve fertility through sustainable management of natural resources through activities undertaken in a participatory process”⁵.
68. The *immediate objectives* listed in the FA are:
- Greater involvement and empowerment of women, scheduled castes, landless and other disadvantaged groups in village decision making through the formation and effective functioning of 300 village resources committees.
 - Increased wood production and supplementary income for small and marginal farmers by supporting their efforts to grow trees on farmlands.
 - Revegetation, stabilisation, soil amelioration, and improved productivity of common and private lands degraded by loss of topsoil and moving sand.
 - More efficiency and reduced use of fuel wood and dung for domestic cooking and in crematoria by developing and distributing improved devices.
69. The *immediate objectives* listed in the OWP and in the project logical framework were reformulated, with the approval of the Project Steering Committee, as follows:
- Improved capabilities of village communities to undertake a process of self-directed community development especially through greater involvement and empowerment of disadvantaged groups in village decision making.
 - Improved and sustainable management of common property resources that had previously been degraded by loss of biomass, by loss of topsoil and/or by moving sands.
 - Increase in the number of sustainable forestry and agroforestry interventions in farming systems.
 - Increase in the number of market-led, environmentally appropriate and energy efficient technologies introduced into villages.
70. The OWP lists twelve *key results* which are included in the logical framework as follows:
- Disadvantaged groups, including women, scheduled castes, landless and marginal/small farmers, are empowered and better equipped to be involved in village decision making and have enhanced capabilities to sustain development activities unassisted
 - Village organisations, such as VRMC, HRMS and FFA, are developed with capabilities in sustainable management of village forest/ rural resources
 - Arid and semi-arid areas affected by sand dunes and wind erosion are rehabilitated and are productive again
 - Panchayat, shamlat and institutional lands are rehabilitated and are productive again
 - Micro-watersheds in the Shivalik Hills are managed to provide water supplies for various users
 - Wastelands within villages are converted into community tree groves for amenity purposes
 - Multi-species agroforestry cropping patterns are established on marginal and small farms
 - Poplar plantations are established on prime agricultural land
 - Households establish improved homestead plots and or kitchen gardens
 - Alternative income generating micro-projects are established by disadvantaged groups
 - Energy efficient cooking stoves are introduced in villages
 - Energy efficient crematoria introduced.

⁴ Financing Agreement, Technical and Administrative Provisions, p.1, para 1.2

⁵ Overall WorkPlan, p.7, para 3.3

71. The core tool for project planning and management in EC funded projects is the logical framework (LF). The FA does not refer to the logical framework, which was only developed during the first year of the project as part of the Overall Work Planning process (March 1999).
72. The LF presented in the OWP (Annex One) is difficult to use for planning, monitoring and evaluation. It does not comply with EC norms in many respects (multiple Project Purposes (4), numerous Results (12) that do not link directly and logically to a purpose, and OVIs that summarise activity statements and are not independent). See also section 2.5.12.

2.4 Efficiency of Implementation

2.4.1 Capacity Building for Haryana Forest Department

73. Out of 557 posts sanctioned, 426 posts were filled (76%) at 31 March 2003. Details are given in Table 2.2 below.

Table 2.2 Project Staffing on 31.3.2003

Management and Implementation Staff

Sl.	Name of post	Sanctioned	Filled	Vacant	Remarks
1.	CCF (Project Director)	1	1	-	
2.	CF	3	3	-	
3.	DFO	8	8	-	
4.	ACF	3	1	2	Vacant: ACF-Publicity & Extension, ACF-Training. Filled: ACF-Monitoring
5.	SDO	17	17	-	
6.	Deputy Ranger	17	3	14	
7.	Forester	30	43	26	Some Forest Guards have been promoted to Foresters
8.	Forest Guard	235	196		
	Total	314	272	42	87% of the posts have been filled

Administrative Staff

9.	Establishment Officer	1	1	-	
10.	Superintendent	4	4	-	
11.	Dy. Superintendent	11	7	4	
12.	Assistants	25	18	7	
13.	Stenographers	13	4	9	
14.	Steno Typists	13	-	13	
15.	Clerks	42	31	11	
	Total	109	65	44	60% of the posts have been filled

Ancillary Staff

16.	Exhibition Officer	1	-	1	Not required
17.	Photographer	1	-	1	
18.	Artist	1	-	1	Not required
19.	Asstt. Cinema Operator	1	-	1	Not required
20.	C. H. Draftsman	1	1	-	
21.	Draftsman	2	2	-	
22.	Kanoongo	1	-	1	
23.	Patwari	2	-	2	
24.	Surveyor	2	-	2	3 short-term GPS surveyors recruited
25.	Computer Programmer	2	2	-	Contracted as consultants
26.	Computer Operator	13	11	2	Contracted through HARTRON
27.	Car/Jeep Driver	19	14	5	
28.	Tractor Driver	5	-	5	Not required
29.	Peon	46	29	17	
30.	Mali	11	10	1	
31.	Watchman	26	20	6	
	Total	134	89	45	66% of the posts have been filled
	GRAND TOTAL	557	426	131	76% of the posts have been filled

(Source: 2002-03 Annual Report)

74. Table 2.2 indicates that around 75% of posts are filled. However, all of the 12 most senior posts are filled with adequately qualified officers. The main shortfall in staffing is amongst the clerical and ancillary staff where only 60% and 66%, respectively, of posts are filled. These shortfalls do

not threaten the work of the project and do not appear to be serious. They may reflect a positive move by the FD towards more modern and efficient staffing patterns.

75. None of the project's steno-typist positions appear to be filled. This does not appear to affect the PMU but may impede the smooth operation of Circle and Divisional Offices and may need attention.
76. Staffing has been remarkably constant at the senior level, particularly within the PMU where continuity is most needed. It is disruptive to the project when senior staff are transferred.
77. There has been significant change in the attitudes and behaviour of FD staff especially at lower levels (forest guards) in dealing with communities; this is recognized and appreciated by the communities.
78. The project is building up a cadre of field level staff trainers, Forest Guards, under the DFO Training based in Hisar, who impart training to Link Workers and villagers. Training at this level is also imparted by short special courses and study tours. A key source of information is the 21 project manuals which have been produced on a range of topics. An important strength of these manuals is that they are continuously updated in the light of experience. An important task, currently in hand, is the preparation of an exit strategy manual, for use by the Territorial Wing and the VRMCs, who will assume management responsibility for the village woodlots and tree groves at the end of the project.
79. The project has established Divisional and Sub-Divisional field offices within the project area. These are staffed by the FD and have adequate infrastructure. This includes one Circle office, two Divisional offices, two SDO offices and a training hall at the Hisar office complex. They appear to be constructed to high standard but the training hall is not yet furnished. Other planned office buildings were not constructed due to the unavailability of land or to the fact that sufficient infrastructure was already available.

2.4.2 Strengthening of rural infrastructure

80. Out of a targeted 300 *Chetna Kendras* (meeting halls), 132 have been constructed in villages where the woodlots exceed 10 ha. Construction of these centres has been delayed as a result of slow progress in achieving the planting targets in many villages.
81. '*Johads*' are traditional water storage structures found in Haryana villages. They were originally built to meet the needs of the village and its livestock for water and for drainage. In recent years *johads* have been neglected, often becoming silted-up and polluted hazards to health. Three *johads*, out of 18 identified, have already been rehabilitated by the project. There is a strong demand from the villagers and project staff for further project support for *johad* rehabilitation. In consideration of the undoubted environmental benefits, strong feelings involved and support from GoH, the mission recommends that rehabilitation of *johads* should be undertaken in up to 30 selected villages. EC funding will be from the contingencies allocation and there will be a significant contribution from the communities.

2.4.3 Training for main stakeholders

82. The project supports an extensive and effective training programme for staff at all levels. Many of the project's more senior staff are well-informed about participatory approaches to forestry through a long involvement with such projects. Senior staff should be kept abreast with developments in the field and encouraged to pursue personal development programmes but much of the most effective training for the project will take place at lower levels.
83. The mission sees the considerable importance of the Link Workers in sustainability and in supporting SHGs. The mission endorses the view of the project that their training needs and those of VRMC members should be kept under review and accorded higher priority, given that

they are likely to be a principal vehicle for project continuity within the village. The mission notes that the most recent manual issued by the project is on refresher training for VRMC members and the strengthening of VRMCs.

84. The project has produced a number of publicity and information posters and a series of nine species leaflets. There is also an occasional project newsletter which is produced in Hindi and distributed through the VRMCs. A publicity CD is shown in the various districts by the Forest Department's Production Wing. The species leaflets in their present form are usable only by people who are literate. The mission endorses the view of the project that more attractive species leaflets should be produced, designed so as to require little or no ability to read. The mission understands that the project has already identified a source of technical assistance for the purpose.

2.4.4 Community Development Activities

85. The activities that are directed towards community development include:
- A rapid appraisal to identify suitable villages, done by the FD;
 - PRA – to collect base-line information on the village socio-economic characteristics, done by the forest guards and an NGO;
 - Formation of the VRMC, done by the FD;
 - Micro planning at the village level to identify suitable micro projects for general village development, done by the FD with the assistance of NGOs;
 - Establishing SHGs for women, done exclusively by NGOs;
 - Initiation of income generating activities, done exclusively by NGOs;
 - Initiation of some village development activity, done by VRMC.

Table 2.3 Stakeholders Participation and Responsibility for assets and activities

Project Component	Village Community	Individual Villager	Responsibility Project period	Responsibility Post project
Physical				
Village woodlots	Panchayat land		Forest Department	VRMC/Panchayat/ FD
Tree Groves	Panchayat land		Forest Department	VRMC/Panchayat/ FD
Sand Dune fixation	Panchayat land	Private land	Forest Dept / Farmer	Farmer / VRMC / FD
Agro forestry		Private land	Forest Dept / Farmer	Farmer / FD
Kitchen Gardens		Homestead	Forest Dept / Farmer	Farmer / Household
Improved stoves		Household	Forest Dept / Women	Women / Household
Water harvesting dams	Panchayat land		Forest Department	VRMC/Panchayat/ FD
Social / Institutional				
PRA	Community		Forest Dept / NGOs	-
Micro Planning	Community		Forest Dept / NGOs	-
VRMC	Community		Forest Dept / VRMC	VRMC/Panchayat/FD
Income Gen /SHG	SHG	SHG/Individual	NGOs/ SHG / Women	SHG / Individual
Training	Community	Individual	Forest Dept / NGOs	-
TA / M&E			PMU / Forest Dept	-

86. Table 2.3 above gives an overview of the major project components and actors in implementation and maintenance of physical activities such as woodlots and of social activities such as micro planning and SHG management. During the project period, the FD has the main responsibility for managing project activities. In the post-project scenario, the VRMC is intended to take over and assume management responsibility, supported by the Forest Department's Territorial Wing. The strength and sustainability of the VRMC and SHG groups will therefore be crucial for sustaining project benefits.

87. The villagers have contributed to and participated in the project in different ways, from inputs as active participants in planning during the stages of conducting PRA and micro project identification for general village development, to paid wage labour for Forest Department managed plantation work on panchayat land. Their contribution is mainly through the time they give to participating in the VRMC and SHG groups.
88. The Forest Guard, Community Link Workers and the VRMC members are the most important persons responsible for coordinating the project community based activities and will in future be responsible for maintaining project assets.
89. The forest guard is still responsible for monitoring accounts in many VRMC groups and the NGO still monitors SHG accounts. The project needs to look more actively for ways to accelerate the development of VRMCs and SHGs, possibly through stronger linkages with other agencies and other government departments.

2.4.5 Financial Management and procurement

90. A report on Financial Management is appended at Annex Eight. This report and associated tables, prepared by the Financial Management Expert, deals in more detail with aspects of financial procedures and processes, project performance and variances in relation to financial and physical performance. The key findings and observations made in Annex Eight are summarised below.
91. The total project budget is €30.1m of which €6.80m is GoH contribution and €23.3m is the EC contribution.
92. To 31st March 2003 a total of Rs 270,284,596 (€6,142,921) had been received from the EC and Rs 142,744,994 (€3,037,128) had been spent by GoH. At this point, approximately half way through the project implementation period, 35% of total anticipated EC funding and 45% of total anticipated GoH funding has been expended. In addition approximately 55% of the TA contract budget of some €2,460,000 has been utilised.
93. Up to December 2002, the EC had under-funded the project to the extent of Rs 4,884,832 with GoH making up the shortfall from its own funds. However, by 31st March 2003 there was, for the first time, a surplus EC contribution amounting at that point in time to Rs 4,488,106.
94. The project has not experienced any shortage of funds in spite of delayed release of funds by the EC. This was possible only because GoH makes budgetary provision for total project expenditure in the budget and the project draws funds as per requirements during the year. After receipt of funds from the EC the amount spent by GoH on EC-funded activities is adjusted.
95. Procedures relating to transfer of funds are laid down in the FA but have not always been followed by the EC. On two occasions, most recently in September 2003, funds have been transferred by the EC directly from Brussels to the project capital account. Any problems arising from this action appear to have been adequately resolved in India by the EC, GoI and GoH.
96. The procedures prescribed in the FA relating to operation of the project capital and current accounts are not followed strictly. EC funds are not deposited in the project account but are held in the consolidated account of GoH. This situation has arisen largely because of delayed receipt of funds from the EC and GOH contributions have enabled the project to proceed without shortage of funds. The only negative consequence of this breach of procedures appears to be that interest earned on funds may not be available to the project.
97. The annual budget for the project is prepared by the PMU in the form of an Annual Work Plan (AWP) which sets physical and financial targets on a component basis. The AWP defines allocation of resources, manpower and levels of draw-down on the EC funds and GoH contributions.

98. The budgetary process is elaborate, but more effective and timely use could be made of the AWP for the monitoring of the physical activities and achievement of targets.
99. In comparison with the physical targets mentioned in the OWP for the period up to 31st March 2003, the major activities which are lagging behind and need attention are:
 - Sand dune fixation- (achievement of about 30% of the physical target)
 - Construction of water harvesting dams- (achievement of about 45% of the physical target)
 - Construction of *Chetna Kendras*- (achievement of about 60% of the physical target)
 - Construction of Field Offices- (achievement of about 62% of the physical target)
100. The reasons for under-spending vary from deferment of procurement and activities for operational reasons, less availability of land for planting than was envisaged (particularly for sand dune fixation) and over budgeting.
101. The achievement of financial targets is dependent on achievement of physical targets; physical under performance is therefore reflected in the non-achievement of financial targets. In comparison with the AWP, the achievement of financial targets during the first two years of project implementation was about 29% in the inception phase and 40% in the first year. Achievement of financial targets has improved to about 78% in the third year and about 79% in the fourth year, ended on March 2003.
102. Accounts are maintained manually at head quarters, circle and division offices on the basis of 'cash system' of accounting. The system is well established and conforms to the requirements of GoH. Accounts maintained by the DDOs are audited by the GoH Accountant General and audit of accounts to financial year 2001-02 is complete for Circle Offices and to 2000-01 for headquarters.
103. The statement of monthly project expenditure classified as per the 'schedule of accounts' developed by the TA team is prepared by the Deputy Superintendents/Assistants responsible for the maintenance of accounts and sent to the Project Director's Office and to the TA Manager. This system of recording component-by-component expenditure is fully computerized and the project accounting software developed internally by the TA team is used for this purpose.
104. Booking of expenditure under various project activities and cost components is checked by the TA Manager and errors are communicated to the divisions concerned. The project expenditure database is then updated on the basis of their corrections. The project expenditure database is used for the generation of project cost, component-wise, village-wise, activity-wise *etc.*, for periodic reports for submission to EC and for monitoring and controlling of expenditure.
105. The present system of accounts is effective and efficient for the tracking of actual expenditure and funds flow and serves the needs of project management.
106. The project follows procurement procedures prescribed by the EC in September 2000, subsequently endorsed by GoI. The GoH has permitted the PMU to adopt procedures endorsed by GoI instead of applying standard GoH procedures. The agreed procedures have been in force from 15th October 2000 and require clearance from the Delegation for goods and services in excess of Rs 235,000 (€5,000)
107. The PMU had recently become aware that EC procurement procedures had been revised and that the new procedures were available on the internet. The PMU had not received any official communication regarding these new procedures but they were under the impression that they should henceforth be followed.
108. The Delegation confirmed to the MTR and the PD that the procurement procedures prescribed in September 2000 remain in force and will do so until written notification of change is provided.
109. The PMU has faced difficulty in securing quotations for services from the EC empanelled auditors because of the small volume of work. The Delegation confirmed to the MTR that the

PMU may apply the standard procurement procedures prescribed in their letter of September 2000 to the selection of reputable auditors. The Delegation confirmed that earlier instructions relating to the selection of empanelled auditors need not apply and that written confirmation would be provided to the PMU in the near future (see debriefing notes, Annex Ten).

2.5 Effectiveness of the Project

2.5.1 Disadvantaged Groups Sustaining Development

110. The project works with villagers primarily through Self Help Groups (SHGs) and Village Resource Management Committees (VRMCs). The project micro-planning process is the main opportunity to tailor interventions to the needs of disadvantaged groups; it is therefore important for the project to ensure that these groups are properly represented at the micro planning stage.
111. So far the project has selected 238 villages through Rapid Appraisals, taken up micro planning exercises in these villages and formed 169 VRMCs, and established 125 SHGs in 68 villages (of which only 5 are men's groups). About 60 SHGs are involved in making vermi compost as an income generating activity. Other IGAs such as making candles, soap, durries, pickles, setting up shops have started; but are still to be established as viable enterprises.

Self Help Groups

112. The SHGs have been a very important means for women to come together, to avail themselves of different kinds of training and to access micro credit. Most of the groups are still in the process of being established and cannot function without external assistance from the link worker/NGO. Records are so far well maintained and women meet frequently, inter-group loaning has started, and repayment is generally on schedule. Though the women wish to participate in more project activities, at present they have little or no say in village development planning. There is a perception that linking the SHG with the VRMC may bring the SHG under the control of the VRMC to the detriment of the SHG women members. Even if this may be true for some groups, by excluding their inputs in the VRMC there is no 'space' provided for women to participate in village decision making. For example women do not have a say in the harvest and distribution of benefits such as grass and fuelwood from plantations, though women, as well as men, are responsible for getting fodder and fuel. There is need therefore to include their inputs in the VRMC decision making process.
113. The SHGs have been established in only a third of project villages, through project-funded assistance from NGOs. There is a perception that not more than two SHGs should be formed in each village, although some villages did have three SHGs. There are no criteria for selecting villages. Moreover, by restricting the number of groups within the village, a large number of women who wish to join SHGs cannot do so.
114. After saving Rs 5,000 each SHG is provided a grant of Rs 2,500. The amount provided under government DRDA schemes for similar groups is Rs 25,000 and a further Rs 125,000 loan can be accessed once a group has established its credentials with banking institutions. The variation in the amounts disbursed under the different government departments (FD and DRDA) is already a cause of concern and could lead to friction in the future.
115. The NGOs charged with the responsibility of establishing and strengthening the SHGs are provided with short contracts of 9 months per year. This breaks the continuity of service of the NGO and causes uncertainty among NGOs as to future collaboration with the project. Unless adequate inputs are provided to the SHGs most groups may never reach the stage of being completely self reliant.
116. The *Chetna Kendras* provided by the project are meant for village beneficiaries. However in reality they are perceived to be under the control of the VRMC president. SHG members do not always receive priority for their meetings. They must be considered priority users of project infrastructure. The project reports that in Ambala circle SHGs are provided with a key to the *Chetna Kendra*. This is a positive step to demonstrate the rights of the SHG and the project might consider extending this facility to women's groups throughout the project.

117. Some 59 SHGs, involving over 500 members, have taken up vermi-composting as an income generating activity. As of July 2003 these SHGs had produced over 85 tonnes of vermi-compost; 40% of which had been sold, including about 9 tonnes to the FD. Around 19 tonnes had been used by the SHGs and the balance was held in stock. There is no clear marketing strategy for the product. The project needs to assist women to take up more micro-enterprises that are financially viable and could think of land-based activities such as horticulture and floriculture.
118. The link workers identified and trained by the project have the potential to become local resource persons for establishing linkages with other government programmes, training, information dissemination and management support even after the project is over. The mission endorses the project's view that more attention is required to their personal and professional development.
119. Under the community development component, activities envisaged include: conducting PRAs, formation of VRMCs, micro planning and creation of employment and income generation activities (IGAs). Following the recommendation of the 2000 study on IGAs, SHGs became the vehicle for involving women beyond the VRMC.
120. Poor women perceive the most important benefit of the project to be wage labour. Group strength provided by the SHG is also perceived as one of the biggest benefits of the project.
121. The project does not have specific activities for the landless, however three people from the SC community are members of the VRMC and represent their interests in village level decision making.

Village Micro plans

122. The village micro planning exercises have to a large extent ensured that the needs of different community groups are addressed. The support of an NGO has helped the FD in addressing gender concerns in the exercise and focus group discussions were held with village women during the village planning process. The project has an impressive data documentation system with socio-economic and other information on every project village. Women's decision making in most VRMCs is limited to passive participation and the SHGs remain the most important activity for women in the project.

2.5.2 Village Organisations Developed

Village Resource Management Committees

123. The project intends to sustain development activities through the VRMCs. The establishment and functioning of the VRMCs is the most important aspect of the project to ensure sustainability of project benefits. They are still in the process of assuming full responsibility of all project-related activities. During the mid term review, the VRMCs in the villages visited were active and enthusiastic about the project activities and eager to receive more training and capacity building. The VRMCs require a great deal of strengthening before they can become self reliant in terms of financial and institutional sustainability.
124. In the Financing Agreement, the composition of the VRMC was that 50% of the VRMC members were supposed to be women. In the OWP this figure was revised to 30%, representing 3-4 women instead of 6-8 from among 12-15 VRMC members. In the revised log frame it was further reduced to 25%. Within the VRMC byelaws, if the president is male the vice president is a woman. Though it is true that few VRMC women members are very active in initiating developmental activities or within decision making, women's participation in the VRMC needs to be encouraged. Almost every VRMC has three members from the SC community

- representing the concerns of the socially and economically disadvantaged groups (sometimes the reserved positions could be occupied by a woman representative of a SC/OBC community).
125. The micro projects identified during the micro planning exercise as part of the entry activities in villages include a number of development issues such as need for drinking water, improved roads, health, agricultural inputs *etc.* Only a few VRMCs have taken up these activities so far. Even fewer have established linkages with other development schemes implemented by other government line departments. From the perspective of addressing village development needs, there is still much to be done. There are however, some emerging instances of initiatives taken up by the VRMC for developmental action, such as the irrigation canal constructed in Neoli Kalan, a drain in Basra, penalties for grazing and destroying trees by the VRMC in Nirwan and Chaharwala, health and sanitation measures in Gawar and Mahuwala, literacy classes in Gorchi, *etc.*
126. The effectiveness of the VRMC in managing resources has been measured in the project through the participatory capability assessment (including self assessment) of nine indicators.
- The indicators are:
 - Ability to gather, appraise information and access to community information
 - Ability to prepare village plans and micro-project proposals through consensus
 - Ability to improve the community's ability to resolve conflicts over village resources
 - Ability to run the VRMC as an effective institution
 - Ability to access and mobilise funds and other resources for implementing village projects
 - Ability to monitor village micro-projects and change management direction and plans as required
 - Ability to protect and rehabilitate common property resources
 - Ability to identify and promote new self employment income generating activities among disadvantaged groups
 - Ability to share skills and knowledge with the community
127. In the self assessment exercise conducted in January 2003, the VRMCs were rated as weak for all the indicators except 3 and 7; over 75% of the VRMCs felt that they could resolve village conflicts over resources, and protect and rehabilitate common property resources through social fencing. There has however been significant improvement in the functioning of the VRMCs between the first self assessment carried out in December 2001 and the exercise done in January 2003.
128. The main strength of the VRMC is their concern for plantations and general village development. Their main weaknesses are a lack of commitment and initiative, and from a long term perspective, the inadequacy of funds for maintenance of woodlots and mechanisms for distribution of benefits. There is also need for further clarity regarding the role for the VRMC *vis-à-vis* the panchayat after the project period is over. The VRMCs therefore still need considerable support and strengthening before they can effectively manage village resources and development activities in a sustainable manner. These matters have been considered in the state-level Policy Review Committee of the project, headed by the Chief Secretary.
129. The VRMCs have access to the initial Rs 30,000 put into a Fixed Deposit by the HCFP and several other supplementary sources of income. However, there appear to be no indications of how much income may accrue under the various plantation models; or of the probable costs to

be incurred by the VRMC. Unless financial viability is ensured the VRMC will find it difficult to survive and carry on protection and equitable distribution of benefits.

130. The VRMC have legal status as sub-committees of the panchayat under a tripartite agreement with the panchayat and the FD. They also have an option to register as NGOs, generating funds for developmental activities. However if the panchayat refuses to share resources derived from panchayat land with a VRMC then it will become difficult for the VRMC to survive.
131. During the micro planning process a number of general development issues were incorporated, such as need for drinking water, improved roads, health, agricultural inputs *etc.* Only a few VRMCs have taken up such activities and even fewer have established linkages with development schemes implemented by other government line departments. There is need for the state level and district level steering committees to establish linkages between different line departments to initiate activities in aspects of the micro plans that fall within the jurisdiction of other line departments.

2.5.3 Arid and Semi-Arid Sand Dune Areas Rehabilitated

132. The FA states that *'the project will stabilise and improve the productivity of 9,300ha of moving sand dunes on community or private land . . . in five districts on the western border of Haryana'*.
133. Sand dune fixation targets set in the FA and the OWP are not being achieved. With only 30% of the OWP target to date having been achieved this is the most significant area of under-achievement and is the biggest single cause of financial variation.
134. Historically, at project appraisal a target of 700 project villages was envisaged with an associated target of 9,300 ha of sand dune stabilisation. During the preparation of the FA the number of villages was reduced to 300 for practical and operational reasons. There was no corresponding reduction in the sand dune stabilisation targets. The reason for this is not clear but it could have been an oversight.
135. There have been significant changes in the availability of sand dune areas for afforestation since project appraisal. Many of these areas are being brought under cultivation through sprinkler or drip irrigation. Some 95% of sand dune areas are also in private ownership and with the advent of improved irrigation technologies farmers are unwilling to afforest them. Even panchayat owned sand dune areas are also liable to be leased for cultivation which, in turn, makes them unavailable for afforestation.
136. There appear to be doubts about the long-term sustainability of irrigated agriculture in sand dune areas, particularly from tube-wells. Nevertheless, in most cases arable farming is still considerably more attractive to land owners than afforestation.
137. The project has increased the tree spacing of its sand dune fixation model in an effort to enable intercropping and to attract more farmers; there are indications that this has been partially successful. However, the area of land available for afforestation under the modified model remains limited and the sand dune planting targets specified in the FA will not be met during the life of the project.
138. A further increase in spacing to 6m X 6m between trees would probably increase the availability of land for planting. This would enable more productive cropping between the rows and facilitate mechanical cultivation, whilst still achieving the project's goals of increased tree cover and some measure of stabilisation. Farmers recognise that trees planted at a wider spacing could provide significant future returns in years when arable production is not possible due to inadequate rainfall.

139. The project has proposed a very substantial decrease in targets for sand-dune stabilisation from 9,300ha to 5,000ha. The project proposes to use the resources saved for an expansion of activities from 300 to 330 villages mainly in the south-west and western districts. In addition the project proposes to undertake linear planting along approximately 1,000 km (700 ha) of village roads to serve as shelter belts in arid areas. The MTR fully endorses these proposals.

2.5.4 Panchayat, Shamlat and Institutional Lands Rehabilitated

140. Rehabilitation of panchayat, *Shamlat* and other institutional land is being achieved mainly by means of village woodlots. Tree groves also contribute to the rehabilitation of common land.
141. In the higher rainfall areas, the quality of the woodlots seen by the mission was high, as were stocking rates. Only few instances were seen where plantation maintenance was other than adequate to good.
142. In recent years there has been very high and unacceptable mortality in some of the more arid areas. Poor survival and extensive replacement in parts of western Haryana was attributed to years of consecutive drought. This is of course a normal feature of arid and semi-arid environments and silvicultural practices, particularly seedling condition, watering and weeding regimes, should be designed to cope with such events. In the plantations visited by the MTR dead seedlings had been replaced.
143. There is a need for flexibility in maintenance norms to ensure adequate watering and weeding regimes can be maintained under adverse conditions. The project believes that adequate flexibility is available.
144. The management of the woodlots and tree groves by VRMCs will be guided and supervised by the Territorial Wing once the project has ended and it is essential that important issues regarding their management should first be resolved. The project is preparing a manual for this purpose.
145. Community woodlots are established on panchayat land which, in most cases would otherwise be used as a source of grass for grazing or collected fodder. Those depending on it are typically the landless. The poor also cut other species of grass which the panchayat or the VRMCs sell by auction.
146. The potential reduction in the availability of fodder and grazing resulting from the establishment of tree plantations on panchayat land is an important issue. Indications to date are that the establishment of woodlots has temporarily increased the availability of fodder, as a result of sowing grass or stylo at the time of planting and/or protection. Grass yields will decline sharply as tree canopies close. Some VRMCs are adopting strategies to address this difficulty. The problems posed by afforestation are most acute where common grazing land is scarce. The project needs to address the issue of fodder. It is doing so in part by planting fodder species, in woodlots and neem in tree groves. It is not clear if or how all of these will be managed as a fodder source.
147. Among the options which the project should consider are the introduction of further fodder tree species and the adoption of management regimes which will permit the continued growth of grass. The mission understands that some of these issues are already being addressed by the project in the preparation of its exit strategy manual.
148. Some of the village woodlots contain patches of fruit trees. The mission considers that efforts regarding high quality fruit trees are better confined to the kitchen garden component, where issues of management and benefits are clear. Exceptions might be made for seedlings (not grafts) of certain indigenous species, which produce fruit or other non-wood products, such as *Terminalia spp.*

149. While a large scale project such as the HCFP has to remain relatively simple in its prescriptions, the mission's view is that it should nonetheless explore a wider range of silvicultural options. It could do this by commissioning research through the Forest Department's Research Wing. Such research might include other plantation issues, *e.g.* fuelwood and medicinal and fodder trees, and should focus on economic rather than biological criteria. It should include also an assessment of farm forestry alternatives.

2.5.6 Micro-Watersheds in the Shivaliks Managed

150. The focus of the project's activities in the Shivaliks lies in the construction of water harvesting dams and the protection of the associated catchment areas, in collaboration with VRMCs. This component is building on the Forest Department's pioneering work of the 1980s in Sukhomajri and neighbouring villages. An important change from the original concept is that water management is contracted out by the VRMCs, an arrangement which seems more practical. Studies of two first dams built indicate that, with irrigation, farmers change their cropping pattern in a way that is conducive to a shift from the open grazing of low-value livestock to the stall feeding of buffalo. The daily income from buffalo has important implications for the household economy, especially in relation to women, who traditionally retain the income from milk. A further advantage is the greater availability of FYM for agricultural crops.
151. The mission endorses the PMU's view concerning the need for provision to be made for catchment area treatment in advance of dam construction. Such treatment should include vegetative measures as the first preference, with small gabions and minor check dams being built where necessary. Sites should be avoided where these measures would require the use of masonry and cement.
152. The mission also endorses the PMU's proposal to support de-silting of existing dams in project villages as well as the construction of new water-harvesting structures. About half of the two hundred or so small dams built in the Shivaliks since the 1970s have silted up, partly as a result of poor catchment protection and partly because some were sited in areas of particularly unstable rock. Estimated cost of de-silting is in the region of Rs 200,000 per dam for a maximum of ten dams and may require access to the physical contingency funds. Detailed estimates will be provided in the 2004-05 AWP. An important pre-requisite to de-silting is that the dams selected should have catchment areas which, whatever their original condition, are now stable, vegetated and protected.

2.5.7 Wastelands Converted to Tree Groves

153. The tree groves visited were very well-established and protected; they demonstrated high survival rates and will contribute significantly to the quality of the village environment for a long time to come. The selection of species was appropriate and the indications were that they were popular with villagers. Financial benefits from the tree groves will be limited and the cost of planting and protecting such small patches of trees is high in comparison with conventional forestry.

2.5.8 Multi-Species Agroforestry Established

154. The project operates its own nurseries and produces high quality planting stock of the species used in the project. It buys grafted fruit trees from the Department of Horticulture. The production of all planting stock is thus out of the hands of the villagers. The kitchen garden component and the promotion of SHGs together provide the opportunity to impart plant propagation skills to village women. The mission recommends that the project should develop a proposal for the Horticulture Department, in conjunction with appropriate NGOs, to provide horticultural training and necessary materials and marketing support to interested SHGs, to enable them to raise grafted fruit trees for sale. The project should then buy fruit trees from

those SHGs, subject to the quality being acceptable, so reducing its dependence on the Horticulture Department.

155. The project has made spectacular progress in building on the Research Wing's successful development of the technology of cloning eucalyptus. It has established a clonal propagation facility at Seonthi in Kurukshetra District with an annual production capacity of 0.4 million plants. This is sufficient to afforest 400 ha per year. The mission shares the Research Wing's concern regarding the urgent need to broaden the narrow genetic base of Haryana's eucalyptus and understands that, with this requirement in view, the Research Wing is currently testing 101 different species and provenances obtained from Australia through collaboration with the Forest Research Institute, Debra Dun.
156. The performance of clonal eucalyptus planted by the Research Wing in trials and, more recently, by the project in the field suggests growth rates in the order of 50 – 100% higher than that of trees grown from seedlings. The project is thus poised to make a major impact in terms of increased tree productivity. The project proposed to the MTR that, in order to consolidate its achievements, its capacity for clonal propagation should be expanded by an additional investment of approximately Rs 4,000,000 (€8,000). This funding can be sourced from savings within the budgets for plantations without affecting planting targets. The mission endorses this proposal in principle and recommends that a costed proposal be submitted through the 2004-05 AWP process.
157. The project reports unacceptably high mortality of farm forestry planting (60%). This is attributed to the fact that on-farm planting is beyond Departmental control. High mortality of on-farm planting is normal because of the levels of trauma that seedlings experience during carriage and planting, variable skill levels among farmers, and because farmers have many other high priority tasks and activities. It is, however, well established that the provision of free seedlings and planting and survival bonuses do not encourage farmers to take care of their trees.
158. Farmers should plant trees because it optimises the productivity of their land and is therefore a rational land management decision. Once the technology is understood there should be no need for incentive payments and provision of free seedlings. Much higher survival rates would be achieved at less cost to government if farmers were required to pay at least a nominal rate for seedlings. The MTR understands that it is a GoH policy to provide unlimited numbers of free seedlings to farmers under various schemes and not just through the HCFP. In the circumstances the MTR strongly recommends that a ceiling should be put on the total number of free seedlings that could be taken by any one farm family.

2.5.9 Poplar Plantations Established

159. Poplar has been grown by farmers in Haryana for two decades. The poplar component is thus building on existing practice by assisting and encouraging farmers to grow the species as a fast growing, short rotation crop. An important feature of project saplings is that they are propagated from sections of stem or root rather than from the branches of trees, which is reportedly the practice of some private nurseries.
160. The comments made above about the provision of free seedlings for farm forestry apply especially to poplar. This is planted on the better quality land, which is generally in the ownership of better off farmers who can afford to pay for planting stock. In the absence of any poverty focus, the justification for the component in the context of the project objectives is that it promotes tree cover and increases productivity.
161. A related issue concerning the poplar component is its effect, if any, on the private sector. Except possibly at the highest quality end of the market, the private sector is unlikely to be able to compete with a project supplying material free of cost. This is especially true at times of general over-supply, as in the past year or two.

162. Mortality of poplar is unacceptably high at 40-50%. This is particularly wasteful as the project is producing valuable clonal material at high cost. The indications are that the farmers do not provide sufficient care and attention to the seedlings. This is probably due in large part to the availability of unlimited numbers of free seedlings. It is a sensible choice for any one farmer to take up more (free) seedlings than he needs. The project has agreed to implement the mission's proposal that it should consider limiting the number of free poplar supplied under the project.

2.5.10 Income Generating Projects Established by Disadvantaged Groups

163. Self Help Groups have become the project's main vehicle for IGAs. Issues concerning these are discussed in Section 2.5.1 above.

2.5.11 Energy Efficient Cooking Stoves and Crematoria

164. The energy efficient chulas promoted by the project differ from previous designs in being made of cement. They are therefore more expensive but last longer than those made of clay which was promoted under previous schemes. Project data suggest a high level of acceptance and usage of the project's chulas and the mission endorses the project's suggestion that the scale of this component should be substantially increased.
165. The energy-efficient crematoria built by the project to date have proved less successful. They remain essentially unused, despite the fact that in at least one village the villagers themselves contributed a significant proportion of the materials required for construction. The subject of cremation is clearly a sensitive one in villages and the reasons for the project's crematoria being unused remains unclear.
166. The mission does not consider it appropriate for the project to continue with construction of crematoria and recommends that the funds provided be re-allocated elsewhere. During debriefing the GoH, FD and PMU indicated their agreement to stop this activity after completing four more structures that have already been agreed with the community.

2.5.12 Logical Framework

167. The core tool for project planning and management in EC funded projects is the logical framework (LF).
168. The FA does not refer to the logical framework, which was only developed during the first year of the project as part of the Overall Work Planning process.
169. As discussed above, the logical framework presented in the OWP is difficult to use for planning, monitoring and evaluation. It does not comply with EC norms in many respects (multiple Project Purposes (4), numerous Results (12) that do not link directly to a purpose, and OVIs that summarise activity statements and are not independent).
170. The LF should be used as a dynamic tool, being re-assessed and revised from time to time as the project develops. The current LF was prepared almost five years ago and it is appropriate to consider its revision and improvement in the light of lessons learned.
171. A revised logical framework has indeed been drafted by HCFP and was submitted to the MTR for comment. The MTR agrees that this revised LF is superior to the OWP version but believes that it still requires further improvement to make it more relevant and easier to use.
172. A project LF is a useful tool for ensuring shared understanding of project purpose, strategies and indicators as well as informing planning, monitoring and evaluation. However, it can only really be used to best effect if there is broad-based participation in LF analysis and preparation.
173. The HCFP and the FD with their high standards of management and monitoring are well equipped to make good use of a well prepared LF. The MTR believes that a new LF should be

prepared through a facilitated and interactive workshop process involving key project staff; the workshop should also provide an element of training and orientation in LF principles and procedures to key staff and field managers.

2.5.13 Monitoring

174. Monitoring involves measurement and comparison of actual against planned deliverables of the project and operates mainly at the level of Activities and Results. It is a continuous and systematic management activity of immediate use in helping project management to improve project performance.
175. Standards of financial monitoring in the project are high and the project has developed computerised systems which appear to be rigorous and effective (see Annex Eight). Project systems and procedures are being evaluated by the FD with a view to adopting the procedures and expenditure norms more widely. This should be encouraged and supported if possible and appropriate.
176. Physical monitoring procedures are very rigorous and ensure a high level of management information and control (see Annex Eight). The MTR believes that the intensity of data collection and monitoring of physical activities is excessive and resource intensive. The MTR would recommend that the PMU consider reducing the time and effort spent on these activities in favour of expending similar resources on more qualitative and possibly sample-based data collection and higher quality interaction with client groups. The PMU, however, value the high resolution data and the exhaustive interaction with communities that its collection necessitates. Ultimately this decision must be made by the PMU in the light of the priorities and resource constraints it faces.
177. The mission is of the opinion that apart from the self-assessment of VRMC capability the project needs to further develop qualitative process indicators for community development; these should be incorporated into a revised logical framework and MIS systems.
178. The mission noted that the current emphasis in monitoring is on inputs and activities rather than outputs or outcomes. This may be a reflection of the inadequate nature of many of the LF Objectively Verifiable Indicators (OVIs). The OVIs, in many cases, do not reflect the achievement of Results; rather they reflect the provision of inputs and the completion of activities. This needs to be addressed through revision of the LF (see 2.5.12 above) and through the adoption of improved Result monitoring, preferably through the adoption of sample or panel-based methods. Of particular relevance in this respect are the early benefits afforded by community plantations to the poorest. These benefits are of importance both because they occur in the short term and because they reach the project's target beneficiaries. They consist especially of collected grass and fuelwood. The importance of these products to the poor is in no doubt and the mission met both men and women who spent as much as their entire day collecting grass from community woodlots.

2.5.14 Technical Assistance

179. The TA contract with Agriconsult expires in June 2008. To date some 55% of the TA budget and over 75% of estimated TA time has been utilised. Table 2.4 below summarises the nature of inputs that has been provided and the balance of time remaining.

Table 2.4 Technical Assistance Available to HCFP (person months)

TA Inputs	Input Date	to Balance Remaining	Total
International TA			
Project Coordinator	49.56	40.44	90.00
Monitoring Officer	28.85	1.15	30.00
Short-Term Other	10.51	29.49	40.00
Local TA			
Training Officer	30.07	7.93	38.00
Forestry Expert	9.56	0.00	9.56
Sociologist	28.63	7.81	36.44
Gender Expert	25.53	4.47	30.00
S&WC Expert	9.90	18.10	28.00
Total	103.69	38.31	142.00

180. The TA Project Coordinator's contract terminates in June 2007, a year before the project ends. The PMU and the FD would prefer the PC to remain in post until nearer the end of the project and have suggested that March 2008 might be a more appropriate end-date. This would enable the PC to participate in the execution of exit strategies, documentation of project learning, and maintenance of financial records. As the PC contract began 3 months after the TA contract was signed, in September 1998, this would require a transfer of only 6 person months from the 'Short-Term Other' category to the Project Coordinator. The MTR recommends that the Delegation and Agriconsulting should consider the possibility of extending the TA contract to 31st March 2008, with a view to keeping a PC in post up to that time.
181. It is clear that the project needs to focus more strongly on the strengthening of village level institutions, social development, gender issues and income generating activities. The FD itself does not have a surplus of these skills and the Ta provides an appropriate route for the provision of Indian expertise in these areas. The MTR believes that additional resources are needed to maximise the availability of local short-term consultants in the areas of social and institutional development, Self Help Groups, gender, microfinance, and micro-enterprise. The MTR recommends that the provision for local TA inputs should be increased by an additional 18 person months and notes that this may require limited access to contingency funds for the purpose.

2.6 Overall Quality, Sustainability and Replicability

2.6.1 General Observations

182. The overall objective of the project stated in the OWP is to “build up the capability of rural communities to improve the natural environment and preserve fertility through sustainable management of natural resources through activities undertaken in a participatory process”. The project is certainly contributing meaningfully towards achievement of this overall objective. However, mid way through the implementation phase it is still early to determine the impact.
183. Plantations and other activities have been maintained to high standard. Although mortality has sometimes been unacceptably high this has been attributed by the project to successive droughts. Mortality seems to have been made good through regular replacement, particularly in the good 2003 monsoon season. It is highly likely that in most cases the first rotation of trees will reach maturity and yield the benefits for which they were planted. There is, however, still room for doubt as to whether the social and institutional mechanisms established by the project will prove sufficiently robust to manage and equitably distribute these benefits. Similarly, doubts must remain over the capacity of the institutions established under the project to survive and continue natural resources and tree management over the medium to long-term.
184. Positive hydrological outcomes as a result of tree planting are most unlikely and, at the senior level, the project understands this. There are likely to be long-term soil nutritional benefits from stabilisation of sandy soils and sand dunes in the west of the state and these benefits will be further enhanced by the use of leguminous species, particularly on panchayat lands where they might be retained as fodder resources for a lengthy period. In the north-east significant soil nutritional benefits arising from widespread planting of poplar and eucalyptus are unlikely.
185. The project has made good progress and appears to be achieving change in mind-sets and behaviour of FD staff.

2.6.2 Sustainability

186. The project and its activities are fully in accord with the relevant policy statements and requirements of GoI, GoH and the FD. Operating entirely under the auspices of the FD, the project is influencing FD in its working practices and agenda in a way that the FD appears to welcome. Sustainability from a policy perspective is therefore assured.
187. Village entry activities, rapid appraisals, PRA and micro planning exercises, have been carried out in a participatory manner and have helped to disseminate information on the environment and the project. They have led to community mobilisation and formation of VRMCs through open village elections. There has been an effort to ensure that the VRMCs are broadly representative and that the needs of the poor and marginalised are catered for. VRMCs do include representatives of SCs, OBCs and women. Poor women have also been grouped into SHGs for thrift and credit activities, as well as some income generating activities.
188. Sustainability of farm forestry and poplar growing will depend largely on the financial outcome from trees by comparison with that of alternatives. Apart from this comparison, however, tree growing has the advantage that trees, unlike crops, can be cut early or late by a number of years in response to market demand or family needs. Trees have the further advantage of requiring less labour, and therefore of imposing less administrative burden, during most of the production period. They are an ideal crop for a farmer who already has sufficient arable cultivation and has surplus land. Short rotation trees may permit an agricultural crop to be grown together with the trees for several years in succession, so improving overall financial performance. The project has already collected and analysed some valuable data on costs and returns associated with

- different tree/crop combinations. It should ensure that the same exercise is conducted in all districts and that the conclusions are disseminated to farmers. Sustainability will be increased by the provision of well-founded advice. It is likely to be most assured in those higher rainfall areas where short-rotation tree growing is already an established commercial activity.
189. The financial sustainability of community forestry is less certain. An important factor in this is that panchayat land, especially in the higher rainfall areas, can be rented out for cultivation. At current rates in north eastern Haryana, the annual rent foregone by a panchayat opting to establish a woodlot on un-irrigated land is of the order of Rs 12,500 per hectare. Annex Eight compares the cash flows from agricultural leasing with those from (a) eucalyptus over 8 years and (b) *Dalbergia sissoo* over 40 years. The financial and economic returns from short rotation eucalyptus compare favourably with those from leasing land out for agriculture. Financial returns from long rotation forestry compare unfavourably. While the Economic Rate of Return from long rotation forestry, calculated to include the benefit of carbon sequestration, is acceptable, it is questionable whether a panchayat would opt for this kind of investment without (a) government assistance of the kind provided under the project and/or (b) external funding to reflect the value of the plantation in terms of environmental benefit, specifically that of carbon sequestration.
 190. The PMU is already beginning to explore the possibility of accessing external carbon sequestration funds for tree planting and maintenance. It is unlikely that such funds would be available to supplement a donor funded project but they might be available to sustain and extend some of the concepts introduced by the HCFP. The MTR supports the PMU in its proposals to explore the potential for accessing carbon sequestration funds through the use of project resources.
 191. The figures in Annex Nine, especially those for the long rotation plantation, underline the importance of early returns in the form of grass or other products. Profitability is more sensitive to changes in these than it is to even substantial changes in price or yield 40 years into the future. Carbon sequestration is also an important factor (valued here at a conservative \$15/t) and is one which panchayats, assisted by the project, could try to exploit as a means of external funding. It is recommended that the PMU should explore avenues of funding available internationally for carbon-fixing forestry activities
 192. The VRMCs still require a great deal of strengthening before they become self reliant in terms of financial and institutional sustainability and are capable of undertaking self determined and inclusive development action. There are strong indications that the representation of women on the VRMCs tends to be nominal and that they remain marginalised in decision making. It is also likely that members of the SC and OBC communities are not really listened to in decision making *foray*. Continued care needs to be taken to ensure that the interests of the landless and of marginal farming families are taken into account in decisions relating to common property resources that they depend on for their livelihoods. The VRMCs claim that they see a long-term role for themselves in managing natural resources on behalf of the community. But they do not have a clear vision of their future role, nor do they have a clear idea of their own strengths, weaknesses and action that may be required to improve their capacity.
 193. The project recognises the need for strengthening the VRMCs and SHGs It has planned accordingly for training and refresher courses, exposure visits and specific consultancy inputs. So far the project has concentrated on motivation and establishment activities; it is now time to move towards planning for consolidation, withdrawal, and take-over of management responsibilities by village-level institutions.
 194. The SHGs have been very important in beginning the process of women's empowerment in villages and the group strength provided by the SHG is perceived by participating women as one of the main benefits of the project. However, a limited number of SHGs are being formed in less

than a third of project villages. They do not adequately meet demand even in those villages. This should be a matter of some concern as the SHG *fora* are really the only substantial contact that the project has with women and the project does not have any women staff. The indications are that the FD is experiencing a commendable degree of success in organising the SHGs with the assistance of NGOs and the Community Link Workers. Nevertheless FD capacity for this kind of activity is limited and establishment of closer linkages between the FD and other government departments to consolidate and spread this success would be desirable for sustainability.

195. The major short term benefits from woodlots, tree groves and sand dune fixation have so far been in the form of wage labour and fodder from the protected areas; these will have accrued primarily to poorer people. The community as a whole and poorer women in particular, perceive the most important benefit of the project to be labour wages. This is valuable in the short-term, especially in the recent droughts, but does not lead to sustainable improvements in quality of life.
196. Research is still needed to assess the benefits, in time and production, of fodder from plantations and protected areas or the amount of fuelwood saved due to improved stoves. The fruit trees provided in the kitchen gardens are not yet productive and the plantations under agroforestry are yet to mature.
197. The project's evaluation of its first two dams shows the considerable qualitative and quantitative benefits accruing to farmers and to the environment and estimates IRRs in the range 40 to 60 per cent. These benefits are probably sustainable so long as the dams themselves continue to function. Experience from the 200 small dams built in the Shivaliks since the 1970s suggests that the main threat to their sustainability is, at a physical level, siltation. Underlying this is an institutional failure to protect the catchment and/or to finance de-silting. Although cash returns to a VRMC from water are such that they will not repay the capital cost of the dam over any reasonable timescale⁶, they are nonetheless enough to provide for de-silting after a few years. That the income from water has not been used to fund catchment protection or de-silting is a reflection of institutional performance rather than of lack of funds. This is all the more noteworthy, given the high returns calculated by the evaluation study and the fact that the management of the dams is in the hands of those whose agricultural incomes benefit from them.
198. The present project selects sites where the geology is less conducive to erosion and the catchment is in good vegetative condition. The dams built under the present project are therefore less likely to be subject to siltation over the same relatively short time scale (10 to 15 years) as some of those built previously. The project and GoH nonetheless need to consider whether (a) the VRMCs should be encouraged to develop the capability to fund periodic, major maintenance such as de-silting or (b) this should remain the responsibility of government.
199. Project databases and management information systems are of high quality but have been developed and maintained through skilled TA support. FD does not appear to possess sufficient technical skills to upgrade and maintain these systems and GoH policy is to provide central services support to IT rather than to develop *in-situ* departmental skills. In the absence of externally funded TA support the project databases and MIS are unlikely to be sustainable.

VRMC financial and legal sustainability

200. The management capability of the VRMC needs to be strengthened by handing over not only management but also financial control and responsibility to the VRMC in a planned manner. So far though decision making is in the hands of the VRMC members, real financial control is still with the forest guard. There is need to give training to all members of the VRMC. So far the

⁶ A VRMC's annual income from water fees for 6 months and letting the annual management contract is likely to be in the range Rs 80,000 to 140,000, against a construction cost of Rs 2 to 3 million (only one dam to date has cost less than Rs 1 million); the average cost of de-silting a small dam is about Rs 200,000

bulk of training and exposure visits have gone to the VRMC leadership. Women are generally passive participants for decisions regarding VRMC finances.

201. The project has been successful in the formation of VRMCs in the project villages. The VRMC functions as a sub-committee of the village panchayat under Section 22 (v) of the Haryana Panchayat Raj Act. According to rule 27 (2) of the Haryana Panchayat Raj Rules, 1995, Gram Sachiv shall be ex-officio secretary of each committee constituted by the Gram Panchayat. As per rule 27 (3), members of the committees have to be appointed by a resolution in writing by the Panchayat.
202. The VRMCs are registered as a sub committee of the panchayat giving them a legal status. They also have an option to be registered as NGOs and later generate funds for developmental activities, though almost all VRMC are still sub committees of the panchayat. According to the VRMC-Forest Department-Panchayat tripartite agreement the VRMC will get a share of the revenue generated from the sale of timber from woodlots.
203. The project provides an initial contribution of Rs. 30,000 to the Resource Management Fund established by the VRMC. Besides this, VRMCs have other sources of income and it is expected that operational expenditure will be met through income. However, there appears to be no indication of how much income may accrue under various plantation models, adequacy of income to meet expenditure, or of the probable costs to be incurred by VRMC. These aspects need to be assessed to ensure financial sustainability, otherwise VRMCs will find it difficult to survive and perform functions like tree protection and equitable distribution of benefits to the village community.
204. A potential source of revenue for the VRMC will be part proceeds from the final felling of trees at the rotation age. This will be as per the tripartite agreement which is signed by the HCFP, VRMC and Gram Panchayat during the village participatory assessment process. This agreement states that proceeds from sale of trees will be shared in the ratio of 70:30 between the Gram Panchayat and the VRMC. The 30% proceeds will be deposited in the VRMC fund for replanting of trees at the same site and/or fresh planting at new sites. However, if a panchayat later refuses to share income generated from panchayat resources with the VRMC, it will become impossible for the VRMC to resist that decision.
205. The mission understands that there is the prospect of a government order being issued by the GoH requiring community plantations to be kept to full rotation age for the species concerned. The Territorial Wing would have the responsibility for ensuring compliance. Such an order would reinforce the tripartite agreement, which places technical management responsibility with the HFD, and the existing legislation requiring permits for felling and transporting the more valuable species. It would contribute to sustainability to the extent that it prevented premature felling.

Self Help Groups

206. The sustainability of the SHG groups can be enhanced by improving their linkages with the formal sector; and through accessing the opportunities available with financial institutions and government schemes. There is a need for sustained inputs to the project by a gender expert in order to help plan these activities and mainstream them into the project. A gender specialist would also help to incorporate suitable activities and approaches into VRMC management. The MTR recommends that the local TA provision in the TA contract should be increased by 18 months. This will enable deployment of additional social development, gender, entrepreneurship and microfinance specialists.

2.6.3 Replicability

207. Selection of species used for afforestation is appropriate and project technologies are both easily replicable and widely applicable by the FD in Haryana and beyond.

208. Social mobilisation through VRMCs and SHGs is appropriate and can be readily replicated where adequate resources are available. It is possible that the FD could choose to apply the VRMC approach to working with panchayats and communities beyond the project. But this would require additional resources and there are no indications that the FD is considering this. The FD does not possess the resources and skills to upscale formation and support of SHGs even within the confines of the project and certainly not beyond.
209. Approaches to project management, participation and some aspects of staff development are replicable within the FD. There are indications that some of these, for example the accounting systems, may be adapted for wider use by the FD.

PART III

CONCLUSIONS & RECOMMENDATIONS

3.1 Overall Outcomes to Date

210. The project is making progress in meeting many of its objectives. In the early years progress was slow as systems and processes were established but there are clear indications that more substantial progress is now being made. The project is making a significant contribution to environmental amelioration through tree planting. The impact of most of these activities has not yet been felt and local people perceive employment as the most significant project benefit. As the trees mature their beneficial effects are likely to persist for many years.
211. Some project activities, particularly commercially orientated farm forestry in the north-east of the state, are likely to yield significant financial and economic benefits. Depending on market needs they are most likely to be fully sustainable in the medium to long-term.
212. Project benefits accrue disproportionately to the landed and better off. Effort is required to ensure that adequate benefits accrue to disadvantaged communities, and also to ensure that these communities are not further impoverished by reduced access to common property resources as a direct result of project activities.
213. The project is managed to high standard, roles and responsibilities are clear, procedures are well understood and generally adhered to, and there is a high degree of rigour in accounting and monitoring.
214. The TA is well managed and making a valuable contribution to the project. There is an excellent and professional working relationship between the PD and the TA Project Coordinator. The TA inputs are also widely appreciated and valued by project staff.

3.2 Recommendations

3.2.1 Financial Management and Procurement

215. Financial management and procurement is handled to high standard by the project and the EC and GoH have both provided appropriate support. Some review and strengthening of procedures by GoH, the project and the EC may be required in order to ensure that the provisions of the FA are fully adhered to. The following recommendations are expanded upon in section 2.3.1 and Annex Eight.
 - The EC should review its procedures with a view to ensuring that release of funds is fully in accordance with the provisions of the FA and the requirements of GoI;
 - GoH should regularise the use of project accounts in accordance with the provisions of the FA. and ensure that accrued interest is available to the project;
 - The EC Delegation should provide confirmation to the PMU that empanelled auditors need not be used and that the procurement procedures prescribed in the EC letter of 29 September 2000 may also be applied to the selection of auditors;

- The MTR has made several recommendations that may require access to contingencies; the PMU should determine the budgetary implications of these recommendations for discussion and agreement by the project steering committee and approval by the EC and GoH.

3.2.2 Project planning and management

216. A new LF should be prepared through a facilitated and interactive workshop process involving key project staff; the workshop should also provide an element of training and orientation in LF principles and procedures to key staff and field managers; an external facilitator should be sought to assist in a logical framework workshop together with the PMU, other key project staff and associated NGOs (section 2.5.11).
217. The PMU should consider reducing the time and effort spent on activity monitoring in favour of expending similar resources on more qualitative and result orientated indicator monitoring in line with a revised logframe (section 2.5.12).
218. Staffing has been reasonably constant at the senior level, particularly within the PMU where continuity is most needed. None of the project's steno-typist positions appear to be filled. This does not appear to affect the PMU but may impede the smooth operation of Circle and Divisional Offices. Staffing requirements of the project should be reviewed and, if appropriate revised (section 2.4.1)
219. The sustainability of the project's accounting systems and databases is in doubt because of dependence on skilled TA support. The FD is reported to be considering opportunities for wider use of project systems within the FD. If this is to be pursued the FD will need to address the current skills deficit as a matter of priority and should not expect to rely on centralised IT services for operation and maintenance (section 2.6.2).

3.2.3 Technical Implementation

220. The project has proposed a very substantial decrease in targets for sand-dune stabilisation from 9,300ha to 5,000ha. The project proposes to use the resources saved for an expansion of activities from 300 to 330 villages mainly in the south-west and western districts. In addition the project proposes to undertake linear planting along approximately 1,000 km (700 ha) of village roads to serve as shelter belts in arid areas. The MTR endorses these proposals (section 2.5.3).
221. There is strong support from the villagers, project staff and GoH for *johad* rehabilitation. The mission recommends that rehabilitation of *johads* should be undertaken in up to 30 selected villages. *Johads* should be rehabilitated by the project in west and south-western districts where tree-related environmental benefits can be identified and a significant contribution in cash and kind is available the participating communities. EC funding should be sought from contingency funding (section 2.4.2).
222. The project proposed to the MTR that, in order to consolidate its achievements, its eucalyptus cloning facilities at Seonthi should be expanded by additional investment of approximately Rs 4,000,000 (€8,000). This funding can be sourced from savings within the budgets for plantations without affecting planting targets. The mission endorses this in principle and recommends that a costed proposal be submitted through the 2004-05 AWP process (section 2.5.8).
223. The water harvesting dam component should be modified, as proposed by the PMU, and appropriate provision should be made in the next AWP to:
 - permit simple treatment of the catchment area (not involving masonry or cement);
 - include the de-silting of three dams on a pilot basis, with a view to de-silting further dams thereafter (section 2.5.6).

224. The MTR strongly recommends that a ceiling should be put on the total number of free seedlings that could be taken by any one farm family. The project has agreed to implement the mission's proposal that it should consider limiting the number of free poplar supplied under the project (section 2.5.8, 2.5.9)
225. The mission recommends that the project should provide horticultural training, materials and marketing support to interested SHGs, to enable them to raise grafted fruit trees for sale. The project should then buy fruit trees from those SHGs, subject to the quality being acceptable, so reducing its dependence on the Horticulture Department. The mission considers that efforts regarding high quality fruit trees are better confined to the kitchen garden component and farm forestry, where issues of management and benefits are clear (section 2.5.8).
226. The project has already collected and analysed some valuable data on costs and returns associated with different tree/crop combinations. It should ensure that the same exercise is conducted in all districts and that the conclusions are disseminated to farmers. Sustainability will be increased by the provision of well-founded advice (section 2.6.2).
227. Many of the project's target beneficiaries are dependent on panchayat and other common property land for fodder and grazing. Temporary or permanent loss of access to these resources endangers their livelihoods. The project may have temporarily increased fodder availability through planting of fodder grasses, protection of plantations and afforestation of panchayat lands. Nevertheless the project needs to ensure that poor and disadvantaged groups are not further marginalised through project activities and should ensure that fodder and forage production from common property lands is increased (section 2.6.2).
228. The scale of project activities in relation to energy efficiency should be revised; the project should supply more energy efficient chulas but should stop building crematoria (section 2.5.10).
229. Financial and other data is provided at village-level through large notice boards at each site. This is a commendable effort to introduce and improve transparency. The efficacy of these boards, and other project literature, could be improved if they were designed so as to require little or no ability to read. The MTR recommends that the project seek advice from organisations involved in adult education and literacy (section 2.4.3).
230. The PMU is exploring the possibility of accessing external carbon sequestration funds for tree planting and maintenance. It is unlikely that such funds would be available to a donor funded project but they might be available to sustain and extend some of the concepts introduced by the HCFP. The MTR supports the PMU in its proposals to explore external funding sources for carbon-fixing forestry, with a view to the continued funding of the longer rotation, community plantation models. This initiative should be supported through TA.(section 2.6.2)

3.2.4 Village Resource Management Committees

231. The VRMCs are the project's main mechanisms for assuring local representation and long-term sustainability of project results and activities. The project recognises that greater emphasis must be placed on developing the maturity and institutional strength of the VRMCs so that, increasingly, they can take over project functions. This must be achieved by handing over not only management but also financial control and responsibility. Apart from the limited numbers of women participating in the SHGs and the 3-4 women of the VRMC, women's participation in the project has been largely passive. They do not appear to have much of a role in terms of village level decision making for managing the resources and benefits of the project. The situation regarding SC and OBC is less clear but is likely to be similar. There is need to include the inputs of women and marginalised groups in the VRMC decision making process. It is therefore important for the project to ensure that these groups are properly represented at the micro planning stage and to give training to all members of the VRMC, not just the leadership. The CLWs identified and trained through the project have the potential to become local resource

persons for establishing linkages with other government programmes, training, information dissemination and management support even after the project is over.

- The mission endorses the view of the project that the training needs of VRMC members should be kept under review and accorded higher priority;
- The Forest Guard is still responsible for monitoring accounts in many VRMC groups. The project needs to look more actively for ways to accelerate the development of VRMCs, possibly through stronger linkages with other agencies and other government departments.
- There is need for the state level and district level steering committees to establish linkages between different line departments to more proactively initiate activities in aspects of the micro plans that fall within the jurisdiction of other line departments
- There appears to be no indication of how much income may accrue under various plantation models, adequacy of income to meet expenditure, or of the probable costs to be incurred by VRMC. These aspects need to be assessed to ensure financial sustainability, otherwise VRMCs will find it difficult to survive and perform functions like tree protection and equitable distribution of benefits to the village community.

3.2.5 Self Help Groups

232. The SHGs have been very important in beginning the process of women's empowerment in villages and the group strength provided by the SHG is perceived by participating women as one of the main benefits of the project. However, a limited number of SHGs are being formed in less than a third of project villages. They do not adequately meet demand even in those villages. This should be a matter of some concern as the SHG *fora* are really the only substantial contact that the project has with women and the project does not have any women staff. It appears that the FD is experiencing a degree of success in organising the SHGs with the assistance of NGOs and the Community Link Workers. Nevertheless FD capacity for this kind of activity is limited.

- The sustainability of the SHG groups can be enhanced by improving their linkages with the formal sector; and through accessing the opportunities available with financial institutions and government schemes (section 2.5.1).
- The CLWs are vital links for the project in developing, nurturing and sustaining the capacity of SHGs. Much higher priority needs to be placed on developing the capacity of CLWs, particularly women, to establish and support SHGs (section 2.4.3, 2.4.4).
- There is a need for sustained inputs to the project by a gender expert in order to help plan these activities and mainstream them into the project. A gender specialist would also help to incorporate suitable activities and approaches into VRMC management. It is recommended (see also below) that a local TA gender expert should be recruited to provide substantial inputs (section 2.5.1, 2.5.2).
- The NGOs charged with the responsibility SHGs are provided with short contracts of 9 months per year. This is disruptive and the project needs to identify a procedure that will enable assured continuity for selected and productive NGOs (section 2.5.1).
- The NGOs are retaining responsibility for managing the SHG accounts. It is necessary for exit strategies to be developed for the NGOs that enable the SHGs to take over responsibility for all of their own affairs (section 2.4.4).

3.2.6 Technical Assistance

233. It is recommended that the Delegation and Agriconsulting should consider the possibility of extending the TA contract to 31st March 2008, with a view to keeping a PC in post up to that

time. This would require transfer of 6 person months 'Short-Term Other' international consultancy to the Project Coordinator (section 2.5.14)

234. An increase of 18 months to the TA contract for the use of local short-term consultants, primarily in social development, gender, entrepreneurship and microfinance specialists is recommended. This would require a rider to the TA contract with Agriconsulting and may require use of a small amount of contingency funds (section 2.5.14).

Annex 1 Approved OWP Logical Framework (1998)

Intervention	Objectively Verifiable Indicators (OVIs)	Sources of Verification (SoV)	Assumptions
<p>Overall Objectives:</p> <p>1.1 Rural population in 10 districts assisted to improve the natural environment</p> <p>1.2 Rural population in 10 districts assisted to preserve land fertility</p> <p>1.3 Rural population in 10 districts assisted to achieve sustainable management of natural resources</p>	<ul style="list-style-type: none"> By year 2020, at least 27,000 ha of natural resources with stable or improving condition in 300 village communities within the project area 	<ul style="list-style-type: none"> vegetation cover monitoring by remote sensing study soil condition/ fertility monitoring study groundwater monitoring study in drought prone area hydrological and sediment monitoring in hilly micro-watersheds 	<ul style="list-style-type: none"> monitoring studies continue after completion of the project
<p>Project Purposes:</p> <p>2.1 Improved capabilities of village communities to undertake a process of self-directed community development, especially through greater involvement and empowerment of disadvantaged groups in village decision making</p>	<ul style="list-style-type: none"> By EOP, 300 disadvantaged communities are rated good in the '9' community capabilities (suitable for developing a community sustainability/ maturity index and identified in a Community Forestry Development Process manual) 	<ul style="list-style-type: none"> VRMC records Community micro-project monitoring reports Community impact assessment reports External monitoring by NGO 	<ul style="list-style-type: none"> disadvantaged groups have access to and are willing to participate in village decision making
<p>2.2 Improved and sustainable management of common property resources that had previously been degraded by loss of biomass, by loss of topsoil and/or by moving sands</p>	<ul style="list-style-type: none"> By EOP, 300 disadvantaged communities assisted to rehabilitate at least 17,000 ha degraded land areas through improving production and income from common property resources 	<ul style="list-style-type: none"> VRMC records Community micro-project monitoring reports Community impact assessment reports External monitoring by technical consultants 	<ul style="list-style-type: none"> degraded lands are made available for tree planting in >10 ha blocks sufficient areas of untreated common lands are available
<p>2.3 Increase in the number of sustainable forestry and agroforestry interventions in farming systems</p>	<ul style="list-style-type: none"> By EOP, members of 300 farmers associations/groups assisted through at least 60,000 new or improved sustainable individual farm forestry or agroforestry interventions 	<ul style="list-style-type: none"> VRMC records Community micro-project monitoring reports Community impact assessment reports External monitoring by technical consultants 	<ul style="list-style-type: none"> marginal and small farmers willing to take up tree planting
<p>2.4 Increase in the number of market-led, environmentally appropriate and energy efficient technologies introduced into villages</p>	<ul style="list-style-type: none"> By EOP, communities in 100 village clusters assisted to establish new or improved energy efficient technologies. throughout the project area 	<ul style="list-style-type: none"> VRMC records Community micro-project monitoring reports Community impact assessment reports 	<ul style="list-style-type: none"> socially acceptable technologies are available, enhancing potential for widespread

		• External monitoring by NGO	adoption
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Intervention	Objectively Verifiable Indicators (OVIs)	Sources of Verification (SoV)	Assumptions
<p>KEY RESULTS</p> <p>3.1 Disadvantaged groups, including women, scheduled castes, landless and marginal/small farmers, are empowered and better equipped to be involved in village decision making and have enhanced capabilities to sustain development activities unassisted</p>	<p>3.1.1 By EOP, 300 communities have VRMC where more than 25% of members are women</p> <p>3.1.2 By EOP, 300 communities have VRMC with at least three members from scheduled castes or landless groups</p> <p>3.1.3 By EOP, number of new income generating microprojects managed by disadvantaged groups is increasing</p> <p>3.1.4 By EOP, number of person days hired from amongst disadvantaged groups by the VRMC is increasing</p> <p>3.1.5 By EOP, 300 communities have at least one VRMC official from disadvantaged groups</p>	<ul style="list-style-type: none"> • VRMC records • Community micro-project monitoring reports • Community impact assessment reports • External monitoring by NGO 	<ul style="list-style-type: none"> • disadvantaged groups integrated into VRMC • VRMC willing to take on role of natural resource manager
<p>3.2 Village organisations, such as VRMC, HRMS and FFA, are developed with capabilities in sustainable management of village forest/ rural resources</p>	<p>3.2.1 By the EOP, 300 communities with good capability to gather and assess information on community resources</p> <p>3.2.2 By the EOP, 300 communities with good capability to prepare micro-plans concerning use and management of village resources</p> <p>3.2.3 By the EOP, 300 communities with good capability to plan and prepare proposals/ feasibility studies for micro-projects</p> <p>3.2.4 By the EOP, 300 communities with good capability to solve conflicts of interest within their community</p> <p>3.2.5 By the EOP, 300 communities with good capability to access and mobilise resources</p> <p>3.2.6 By the EOP, 300 communities with good capability to implement protection and rehabilitation of common property resources</p> <p>3.2.7 By the EOP, 300 communities with good capability to undertake new and improved market-driven rural enterprises</p> <p>3.2.8 By the EOP, 300 communities with good capability to monitor micro-projects and to adjust direction as needed</p> <p>3.2.9 By the EOP, 300 communities with good capability to evaluate the impact of village micro-plans and to organise re-planning as needed</p> <p>3.2.10 By the EOP, 300 VRMC funds are in place and have a revolving capital of at least 10,000,000 Rupees</p>	<ul style="list-style-type: none"> • VRMC records • Community micro-project monitoring reports • Community impact assessment reports • External monitoring by NGO 	<ul style="list-style-type: none"> • other line agencies willing to co-operate with the project • forestry staff fully integrated into community for participatory development activities
<p>3.3 Arid and semi-arid areas affected by sand dunes and wind erosion are rehabilitated and are productive again</p>	<p>3.3.1 By the EOP, 9,300 ha of sand dune affected areas on common (and adjacent private) lands stabilised, benefiting disadvantaged village communities in 6 districts</p>	ditto	<ul style="list-style-type: none"> • common lands and private sand dunes can be managed jointly
<p>3.4 Panchayat, shamlat and institutional lands are rehabilitated and are productive again</p>	<p>3.4.1 By the EOP, 7,400 ha of panchayat, shamlat and institutional land rehabilitated, benefiting disadvantaged village communities in 10 districts</p>	ditto	<ul style="list-style-type: none"> • shamlat land is available for common property resource management projects

3.5 Micro-watersheds in the Shivalik Hills are managed to provide water supplies for various users	3.5.1 By EOP, 18 micro-watersheds protected (or rehabilitated) and with new water harvesting dams, benefiting 18 disadvantaged village communities in 3 districts	ditto	
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Intervention	Objectively Verifiable Indicators (OVIs)	Sources of Verification (SoV)	Assumptions
Key Results (continued)			
3.6 Wastelands within villages are converted into community tree groves for amenity purposes	3.6.1 By EOP, 200 ha of tree groves established, providing environmental benefits to 300 disadvantaged village communities in 10 districts	<ul style="list-style-type: none"> VRMC records Community micro-project monitoring reports Community impact assessment reports External monitoring by NGO and technical consultants 	
3.7 Multi-species agroforestry cropping patterns are established on marginal and small farms	3.7.1 By the EOP, 5,300 ha of marginal and small farms diversified through multi-species forestry/ agroforestry treatments benefiting at least 25,000 households in 10 districts	ditto	<ul style="list-style-type: none"> farmers willing to plant and protect trees
3.8 Poplar plantations are established on prime agricultural land	3.8.1 By the EOP, 5,000 ha on prime agricultural land diversified through establishment of poplar plantations, benefiting at least 1,000 households in 4 districts	ditto	
3.9 Households establish improved homestead plots and or kitchen gardens	3.9.1 By the EOP, 180 ha of kitchen gardens/ homestead plots diversified or intensified, benefiting at least 35,000 households in 10 districts	ditto	<ul style="list-style-type: none"> villagers willing to establish/ improve kitchen gardens/ homestead plots
3.10 Alternative income generating microprojects are established by disadvantaged groups	3.10.1 By EOP, 100 disadvantaged groups assisted to design, operate and sustain rural enterprises based on production, processing and sale of locally available natural resources in 10 districts 3.10.2 By EOP, 100 rural enterprise savings groups formed and savings of 25,000,000 Rupees mobilised 3.10.3 By EOP, mahila nurseries are established and producing seedlings every year, benefiting 100 women's groups in 10 districts	<ul style="list-style-type: none"> VRMC records Community micro-project monitoring reports Community impact assessment reports Group bank account statements External monitoring by NGO 	<ul style="list-style-type: none"> markets for income generating opportunities are available possible to identify entrepreneurs and labour rural finance facilities are locally available
3.11 Energy efficient cooking stoves are introduced in villages	3.11.1 By EOP, 50 disadvantaged groups assisted to design, field test, produce and market energy efficient cooking stoves in 10 districts 3.11.2 By EOP, 100 villages clusters have adopted energy efficient cooking stoves in at least 5% of households	ditto	<ul style="list-style-type: none"> study identifies socially acceptable, technically sound and economically viable technologies

3.12 Energy efficient crematoria introduced.	3.12.1 By EOP, 10 crematoria have adopted improved energy efficient designs in ten districts	ditto	ditto
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Intervention	Objectively Verifiable Indicators (OVIs)	Sources of Verification (SoV)	Assumptions
Key Project Inputs:			
4.1 Strengthening the capacity of staff in the Haryana Forestry Department to better service the community	4.1.1 By the End of Year 2, 13 Forestry Department Sub-Divisional teams are capable and willing to facilitate participatory community forestry planning, monitoring and evaluation activities unassisted 4.1.2 By EOP, staff deployment has followed the annual recruitment plan in all years of the project	<ul style="list-style-type: none"> • Performance reports • Human Resources data base 	
4.2 Strengthening the rural infrastructure base to the benefit of the community in target villages	4.2.1 By the EOP, 300 Chetna Kendras have been constructed in 10 districts, and are being regularly used by the community for VRMC meetings	<ul style="list-style-type: none"> • Completion and hand over reports 	
4.3 Training is provided for the main project stakeholders	4.3.1 By EOP, staff and beneficiary training has been completed according to the Training Needs Assessment and Annual Training Plans in each year	<ul style="list-style-type: none"> • Training Reports 	
4.4 Funds are provided by the main donors	4.4.1 By EOP, fund allocations and releases by the two main donors have been in line with the annual work and financing plans and have arrived in time in the project bank accounts in each year of the project	<ul style="list-style-type: none"> • Quarterly financial statements 	

Note: The above Logical Framework Matrix is the initial set of Physical Progress Indicators. Details of the Project Guiding Principles, Logic Parameters, Indicator List and Individual Indicator Sheets are found in “Guidelines for Establishing an Indicator Framework for Community Forestry” (under preparation).

Annex 2 – REVISED PMU LOGICAL FRAMEWORK (2003)

Project Logical Framework Matrix

Intervention Logic		Objectively Verifiable Indicators (OVIs)	Sources of Verification	Assumptions
Overall Objective	<i>To expand the area under tree cover for environmental, production and income benefits to rural communities of Haryana State</i>	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, forest cover and tree density at 'representative sentinel sites' has increased <input type="checkbox"/> By EOP, common lands have at least 33% forest cover in 330 project villages <input type="checkbox"/> By EOP, village tree ownership index on private lands has increased to at least 0.5 in 130 Northern zone villages and to 0.3 in 200 Western zone villages <input type="checkbox"/> By EOP, annual growth rates of trees introduced by the project are satisfactory <input type="checkbox"/> By EOP, VRMC actual and anticipated income is increasing in 330 villages <input type="checkbox"/> By EOP, households from disadvantaged groups have increased incomes in 330 villages <input type="checkbox"/> By EOP, farming households who adopted tree planting anticipate increased income in 330 villages 	<ul style="list-style-type: none"> <input type="checkbox"/> IKONOS satellite imagery <input type="checkbox"/> Common land use mapping by GPS <input type="checkbox"/> Participatory farm information surveys <input type="checkbox"/> Network of growth rate monitoring plots <input type="checkbox"/> VRMC Capacity Evaluation <input type="checkbox"/> Beneficiary Socio-Economic Survey 	
Project Purpose	To establish a process of sustainable management of natural resources through the direct involvement of village communities in ten districts of Haryana State	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, 330 villages are planning and managing their own natural resources through preparation of village microplans and implementation of microprojects <input type="checkbox"/> By EOP, the Haryana Forest Department has adopted new policies on participatory community forestry development <input type="checkbox"/> By EOP, an action plan for institutionalising participatory systems and procedures for community forestry development throughout HFD has been approved by decision makers <input type="checkbox"/> By EOP, the Forestry Training Centre at Pinjore has adopted participatory community forestry development approaches in its curriculum 	<ul style="list-style-type: none"> <input type="checkbox"/> VRMC Capacity Evaluation Reports <input type="checkbox"/> HFD policy papers <input type="checkbox"/> HFD action plans <input type="checkbox"/> FTC Curriculum 	<ul style="list-style-type: none"> <input type="checkbox"/> Village communities accept the need for change and take action <input type="checkbox"/> HFD accepts the need for change and takes action
Result 1	Improved capabilities of village communities to undertake a process of self-directed community development and sustainable management of natural resources	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, 330 village communities are rated at least 'moderate' by external assessment in the 9 community development capabilities specified in the Participatory Monitoring and Evaluation Manual 	<ul style="list-style-type: none"> <input type="checkbox"/> VRMC Capacity Evaluation Reports 	<ul style="list-style-type: none"> <input type="checkbox"/> VRMC, HFD and communities able to sustain the momentum started by the project
	1.1 Change the knowledge, attitude and practices (KAP) of forestry staff to enable them to better train villagers in sustainable community forestry management through participatory planning, implementation and monitoring approaches	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, 300 forestry staff have increased their knowledge of participatory planning and monitoring approaches for enhancing community forestry development <input type="checkbox"/> By EOP, 30 forestry staff have been trained to become trainers in various aspects of participatory community forestry development (e.g. resource assessment, resource microplanning, monitoring and evaluation, money management) <input type="checkbox"/> By EOP, 300 forestry staff are putting into practice new participatory community forestry approaches 	<ul style="list-style-type: none"> <input type="checkbox"/> Post-training Evaluations <input type="checkbox"/> Trainer Monitoring Reports <input type="checkbox"/> KAP Study <input type="checkbox"/> Staff Performance Appraisal Reports 	<ul style="list-style-type: none"> <input type="checkbox"/> Staff are ready to change attitudes and perceptions, to include participatory development processes in forestry

Intervention Logic	Objectively Verifiable Indicators (OVIs)	Sources of Verification	Assumptions
<p>Result 1 (continued)</p> <p>1.2 Establish village resource management committees (VRMCs) and train them in resource microplanning, monitoring and general management skills</p>	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, 330 villages have ability to gather/ appraise information and have access to community information <input type="checkbox"/> By EOP, 330 villages have ability to prepare village plans and microproject proposals through consensus <input type="checkbox"/> By EOP, 330 villages have ability to improve community's capacity to resolve conflicts over village resources <input type="checkbox"/> By EOP, 330 villages have ability to run their VRMC as an effective institution <input type="checkbox"/> By EOP, 330 villages have ability to access and mobilise financial and other resources for implementing village microprojects <input type="checkbox"/> By EOP, 330 villages have ability to protect and rehabilitate common property resources <input type="checkbox"/> By EOP, 330 villages have ability to monitor village microprojects and adjust management direction and plans as needed <input type="checkbox"/> By EOP, 330 villages have ability to identify and promote new self-employment and income generating activities aimed at disadvantaged groups <input type="checkbox"/> By EOP, 330 villages have ability to share skills and knowledge with each other within the community 	<ul style="list-style-type: none"> <input type="checkbox"/> Annual VRMC Capacity Assessment Reports by MED <input type="checkbox"/> VRMC records <input type="checkbox"/> DFO/SDFO records <input type="checkbox"/> External ad hoc monitoring reports <input type="checkbox"/> TA studies <input type="checkbox"/> KAP studies <input type="checkbox"/> NGO studies 	<ul style="list-style-type: none"> <input type="checkbox"/> Forestry staff fully participate with communities in new community forestry development approaches <input type="checkbox"/> Other government agencies willing to add value by supporting village microplans <input type="checkbox"/> Panchayat hands over management of all forests on common lands to VRMC
	<p>1.3 Empower disadvantaged social groups through promoting their inclusion in village decision making</p> <ul style="list-style-type: none"> <input type="checkbox"/> By EOP, more than 25% of VRMC members are women in each of 330 villages <input type="checkbox"/> By EOP, more than 25% of VRMC members are from scheduled castes or landless groups in each of 330 villages <input type="checkbox"/> By EOP, number of new income generating microprojects managed by SHGs from disadvantaged groups is increasing in at least 100 villages <input type="checkbox"/> By EOP, employment by VRMC of members from disadvantaged groups is evident in 330 villages <input type="checkbox"/> By EOP, at least one VRMC official is from a disadvantaged group in 330 villages <input type="checkbox"/> By EOP, benefit sharing mechanisms for disadvantaged groups are clearly included in all new microproject proposals in 330 villages 	<ul style="list-style-type: none"> <input type="checkbox"/> VRMC Capacity Assessment Monitoring Reports by MED <input type="checkbox"/> VRMC records <input type="checkbox"/> DFO/SDFO records <input type="checkbox"/> External monitoring reports <input type="checkbox"/> TA studies 	<ul style="list-style-type: none"> <input type="checkbox"/> Disadvantaged groups allowed to actively partake in VRMC decision making <input type="checkbox"/> Interest amongst disadvantaged groups is maintained <input type="checkbox"/> Benefit sharing system in microproject proposals approved by villages includes disadvantaged groups

Result 2	Improved management of degraded common lands through community forest plantations	<input type="checkbox"/> By EOP, reforestation of 9,700 ha of degraded common land has taken place in 330 villages <input type="checkbox"/> By EOP, forest cover on village common lands exceeds 33% in 330 villages <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 80% in the Northern zone villages <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 60% in the Western zone villages <input type="checkbox"/> By EOP, at least 20 disadvantaged households in each village have benefited from enhanced production of either fodder, medicinal plants, fruits and dead wood from village woodlots <input type="checkbox"/> By EOP, 330 VRMCs have gained income by sale of intermediate forest and non-forest products from village woodlots	<input type="checkbox"/> Common Land Use Evaluation Reports <input type="checkbox"/> Tree Survival Surveys	<input type="checkbox"/> Degraded common lands are made available for tree planting in >10 ha blocks <input type="checkbox"/> Climatic conditions permit planting
	2.1 Establish community woodlots on degraded common lands for production and income generation purposes	<input type="checkbox"/> By EOP, 9,000 ha of common land has been reforested in 330 villages <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 80% in the Northern zone villages and 60% in Western zone villages	<input type="checkbox"/> Land use surveys using GPS <input type="checkbox"/> VRMC records <input type="checkbox"/> DFO/SDFO records <input type="checkbox"/> M&E division records <input type="checkbox"/> Tree survival surveys <input type="checkbox"/> External monitoring reports <input type="checkbox"/> TA studies	<input type="checkbox"/> Common land has not been reclaimed to be leased out for agriculture <input type="checkbox"/> There is no illegal encroachment on common lands <input type="checkbox"/> Climatic conditions permit planting
	2.2 Establish tree groves for amenity and environmental purposes on patches of common land or institutional land (including linear roadside plantations)	<input type="checkbox"/> By EOP, 600 ha of tree groves (including linear roadside plantations) established in 330 villages <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 90% in the Northern zone villages and 70% in Western zone villages		
	2.3 Establish forest-based sand dune fixation on common lands with moving sands for protection and production purposes	<input type="checkbox"/> By EOP, 100 ha of moving sand dunes on common lands have been stabilised in the Western zone villages <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 50% in the Western zone villages		

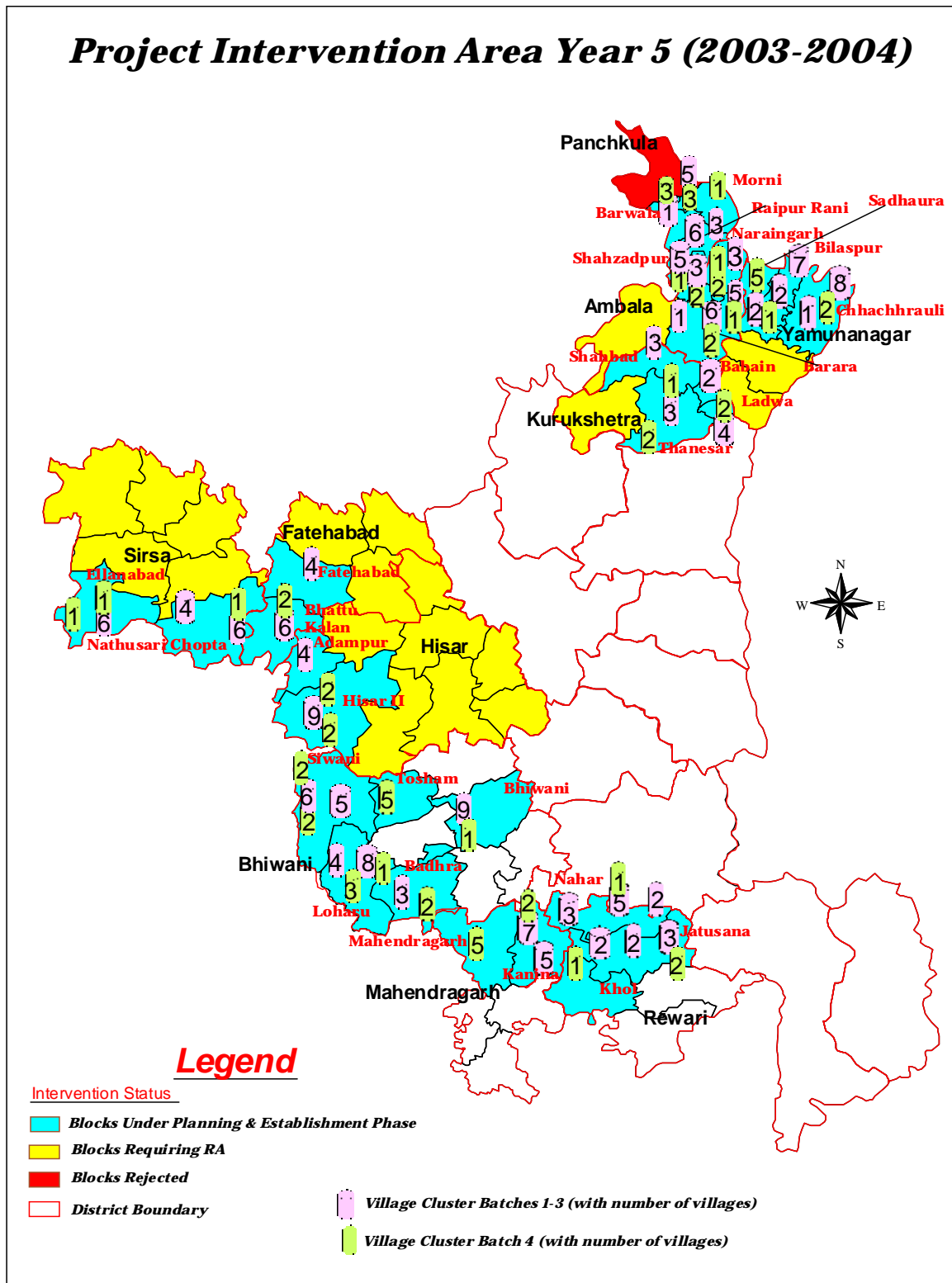
	Intervention Logic	Objectively Verifiable Indicators (OVIs)	Sources of Verification	Assumptions
RESULT 3	Increased number of sustainable farm forestry and agroforestry interventions within farming systems	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, at least 20,000 ha of farmlands are planted to improved forest and agroforestry cropping patterns in 330 project villages <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 50% in the Northern zone villages <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 30% in the Western zone villages <input type="checkbox"/> By EOP, the Tree Ownership Index (TOI) has increased to more than 0.5 in most of the Northern zone villages <input type="checkbox"/> By EOP, the Tree Ownership Index (TOI) has increased to more than 0.3 in most of the Western zone villages 	<ul style="list-style-type: none"> <input type="checkbox"/> Farm Forestry and Agroforestry Evaluation Reports <input type="checkbox"/> Tree Survival Surveys 	<ul style="list-style-type: none"> <input type="checkbox"/> Marginal and small farmers willing to take up tree planting
	3.1 Establish forestry-based sand dune fixation cropping patterns under dryland conditions in 200 Western zone villages	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, at least 3,000 ha of moving sand dunes have been stabilised <input type="checkbox"/> By EOP, at least 2,000 farming households have adopted sand dune fixation on moving sand dunes <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 30% for all adopting villages 	<ul style="list-style-type: none"> <input type="checkbox"/> Farmer Record Cards <input type="checkbox"/> VRMC records <input type="checkbox"/> DFO/SDFO records <input type="checkbox"/> M&E division records <input type="checkbox"/> Tree survival surveys <input type="checkbox"/> External monitoring reports <input type="checkbox"/> TA studies 	<ul style="list-style-type: none"> <input type="checkbox"/> Drought conditions do not affect tree establishment <input type="checkbox"/> Enough farmers willing to plant and protect trees, especially marginal and small farmers <input type="checkbox"/> Farmers in the sand dune affected areas are willing to forego high risk dryland agriculture for forestry based on silvi-pastoral systems
	3.2 Establish agroforestry-based cropping patterns on modified sand dunes under sprinkler irrigation in 200 Western zone villages	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, 1,900 ha of modified sand dune plantation is in place <input type="checkbox"/> By EOP, at least 1,000 farming households have adopted agroforestry based on the modified sand dune fixation model <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 40% for all adopting villages 		
	3.3 Distribute high quality multi-species tree seedlings for agroforestry and farm forestry cropping patterns on rain-fed agricultural land in 330 villages	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, at least 8,000 ha of farm land has been diversified through multi-species forestry/ agroforestry interventions <input type="checkbox"/> By EOP, at least 50,000 farming households have adopted multi-species agroforestry and farm forestry interventions on rain fed agricultural land <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 50% in the Northern zone villages and 20% in Western zone villages 		
	3.4 Distribute improved poplar varieties for use on prime irrigated land in Northern zone villages	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, at least 7,000 ha of poplar-based agroforestry on prime agricultural land <input type="checkbox"/> By EOP, at least 7,000 households have adopted new poplar clones <input type="checkbox"/> By EOP, average tree survival rates after three years of planting is at least 50% in the Northern zone villages 		
	3.5 Distribute fruit trees, ornamental trees and vegetable seed for use on homestead plots and/or kitchen gardens in 330 villages	<ul style="list-style-type: none"> <input type="checkbox"/> By EOP, at least 72,000 village households have received planting material for kitchen gardens or homestead plots primarily for home consumption <input type="checkbox"/> By EOP, at least 25,000 of the benefiting households are maintaining and sustaining kitchen gardens or homestead plots <input type="checkbox"/> By EOP, average fruit tree survival rates after three years of planting is at least 25% in all villages 		

Intervention Logic	Objectively Verifiable Indicators (OVIs)	Sources of Verification	Assumptions
Result 4 Improved watershed management in areas with depleted or degraded water sources	<input type="checkbox"/> By EOP, forest in critical watersheds supplying water to new water harvesting systems is protected by communities in 18 villages in the Northern zone <input type="checkbox"/> By EOP, income from sale of water from new reservoirs is available in 18 villages in the Northern zone <input type="checkbox"/> By EOP, production and income to farmers increases as a result of irrigation of former dryland areas and fish farming in new reservoirs in 18 villages in the Northern zone <input type="checkbox"/> By EOP, biodiversity in 18 watersheds is increasing	<input type="checkbox"/> Impact Evaluations of Water Harvesting Dams	<input type="checkbox"/> Disturbance to the watershed is at a minimum: leading to low siltation rates in the reservoir
4.1 Establish water harvesting dams in the Northern zone (<i>Shivalik Kandi</i> belt)	<input type="checkbox"/> By EOP, 18 water harvesting dams constructed in the <i>Shivalik Kandi</i> belt of the Northern zone <input type="checkbox"/> By EOP, 18 water user committees fully functioning	<input type="checkbox"/> VRMC records <input type="checkbox"/> DFO/SDFO records <input type="checkbox"/> M&E division monitoring records <input type="checkbox"/> External monitoring reports <input type="checkbox"/> TA studies	<input type="checkbox"/> Site selection is done properly in order to maximise stored water volumes and socio-economic impact
Result 5 Increase in the number of sustainable women's self-help groups that are also involved in income generating land-based activities (with emphasis on landless and scheduled caste households)	<input type="checkbox"/> By EOP, women from at least 100 Self-Help Groups (SHGs) have been assisted to generate income for themselves and their families <input type="checkbox"/> By EOP, number of women using increased income to enhance welfare of their children is increasing	<input type="checkbox"/> SHG and IGA Evaluation Studies	
5.1 Identify and assist women to form Self-Help Groups (SHGs)	<input type="checkbox"/> By EOP, at least 80 villages have at least one functioning women's Self-Help Group <input type="checkbox"/> By EOP, systems are in place, through federations and/or affiliation with local NGOs, to sustain self-help groups post-project	<input type="checkbox"/> SHG records <input type="checkbox"/> SHG bank account records <input type="checkbox"/> DFO/SDFO records <input type="checkbox"/> M&E division records <input type="checkbox"/> External monitoring reports <input type="checkbox"/> TA studies	<input type="checkbox"/> Sufficient market for identified enterprises <input type="checkbox"/> Women's groups willing to adopt new enterprises <input type="checkbox"/> Local NGOs are willing and competent to assist the SHGs <input type="checkbox"/> EC funds are made available from contingencies for expanding this activity
5.2 Assist and train women's SHGs in managing savings and loan systems	<input type="checkbox"/> By EOP, at least 100 SHGs have an efficient savings and loan system in place		
5.3 Support SHGs in establishing income generating activities	<input type="checkbox"/> By EOP, at least 100 SHGs are deriving sustainable incomes from their income generating activities		

Intervention Logic	Objectively Verifiable Indicators (OVIs)	Sources of Verification	Assumptions	
<p>Result 6</p>	<p>Enhanced village environmental management by communities and individual households</p>	<p><input type="checkbox"/> By EOP, the majority of project villages will be involved in improving environmental management through implementation of environmental microprojects</p>	<p><input type="checkbox"/> Village Environmental Management Impact Study</p>	<p><input type="checkbox"/> VRMC has been able to mobilize the community for environmental management microprojects</p>
	<p>6.1 Rehabilitate degraded <i>johads</i> (village tanks) in the Western zone</p>	<p><input type="checkbox"/> By EOP, degraded <i>johads</i> (village tanks) in 30 villages have been rehabilitated in the Western zone <input type="checkbox"/> By EOP, most rehabilitated <i>johads</i> are being used by domestic livestock in the Western zone <input type="checkbox"/> By EOP, some severely degraded <i>johads</i> have been in filled, landscaped and planted to trees for amenity use</p>	<p><input type="checkbox"/> VRMC records <input type="checkbox"/> DFO/SDFO records <input type="checkbox"/> M&E division records <input type="checkbox"/> NGO studies</p>	<p><input type="checkbox"/> Natural water harvesting systems are still possible <input type="checkbox"/> EC funds are made available from contingencies for introducing this activity</p>
	<p>6.2 Promote energy efficient and smokeless cooking stoves</p>	<p><input type="checkbox"/> By EOP, 5000 households in 100 villages have adopted and are using improved cooking stoves <input type="checkbox"/> By EOP, the majority of households adopting improved cooking stoves have reduced their biomass-based fuel consumption <input type="checkbox"/> By EOP, the majority of households adopting improved cooking stoves have improved health due to smokeless environment <input type="checkbox"/> By EOP, at least 70 Self-Help Groups assisted to maintain and repair improved cooking stoves</p>	<p><input type="checkbox"/> M&E division records <input type="checkbox"/> External monitoring reports <input type="checkbox"/> NGO studies</p>	<p><input type="checkbox"/> Adopting households are willing to actually use the improved stoves on a regular and long-term basis</p>
	<p>6.3 Promote energy efficient crematoria</p>	<p><input type="checkbox"/> By EOP, 10 villages have adopted and use energy efficient crematoria <input type="checkbox"/> By EOP, the majority of villages adopting improved crematoria are using less firewood for cremations</p>		<p><input type="checkbox"/> Social taboos do not prevent use of improved crematoria</p>
	<p>6.4 Establish other environmental management microprojects based on requests in village microplans</p>	<p><input type="checkbox"/> By EOP, 50 villages have implemented environmental management microprojects based on revised microplans and recommendation in the Environmental Study carried out by the HCFP</p>	<p><input type="checkbox"/> VRMC records <input type="checkbox"/> DFO/SDFO records <input type="checkbox"/> M&E division records <input type="checkbox"/> External monitoring reports <input type="checkbox"/> TA studies</p>	<p><input type="checkbox"/> Suitable microprojects can be identified by the communities <input type="checkbox"/> EC funds are made available from contingencies for introducing these activities</p>

	Intervention Logic	Means	Cost	Assumptions
Activities	1. Plantation	<input type="checkbox"/> 10 permanent mist chambers for cloning of Eucalyptus <input type="checkbox"/> 2 poplar clone nurseries <input type="checkbox"/> 100 temporary cluster nurseries <input type="checkbox"/> Investment in establishment and maintenance of plantations	} Euro 11,800,000	
	2. Community Institution Building	<input type="checkbox"/> 330 entry point activities <input type="checkbox"/> 330 participatory village resource assessments and 330 participatory village microplans <input type="checkbox"/> 330 village awareness (<i>Chetna Kendra</i>) centres <input type="checkbox"/> 660 village link workers supported for 3-5 years in 330 villages <input type="checkbox"/> Resource management fund to 330 VRMCs <input type="checkbox"/> VRMC workshops <input type="checkbox"/> NGO assistance	Euro 95,000 Euro 90,000 Euro 700,000 Euro 436,000 Euro 260,000 Euro 154,000 Euro 75,000	<input type="checkbox"/> All 330 villages have at least 10 ha of common land planted (to qualify for a <i>Chetna Kendra</i> and the resource management fund)
	3. Water Structures	<input type="checkbox"/> Investment in 18 water harvesting dams <input type="checkbox"/> Investment in rehabilitation of johads in 30 villages	Euro 920,000 Euro 600,000	
	4. Training	<input type="checkbox"/> 102 'participatory community forestry process' staff training courses + study tours <input type="checkbox"/> 850 VRMC and other beneficiary training courses + study tours <input type="checkbox"/> Training material development (20 manuals + handouts, etc.) <input type="checkbox"/> Staff workshops	Euro 90,000 Euro 450,000 Euro 110,000 Euro 40,000	<input type="checkbox"/> Attitude to training, of staff, VRMCs and other beneficiaries, is positive
	5. Income Generation and Energy Saving Activities	<input type="checkbox"/> NGOs and special consultants <input type="checkbox"/> Matching grants and other direct support of Self-Help Groups <input type="checkbox"/> Investment in improved cooking stoves and improved crematoria	} Euro 500,000	
	6. Awareness, Publicity and Communication	<input type="checkbox"/> Publications, posters, videos, songs, popular theatre, puppet shows, wall paintings, school activities, calendars, stickers, special campaigns, etc.	Euro 300,000	
	7. Participatory Monitoring & Evaluation	<input type="checkbox"/> Village monitoring boards, MIS/GIS supplies, photo-point monitoring, etc. <input type="checkbox"/> Village monitoring teams	Euro 105,000 Euro 180,000	
	8. Studies and Research	<input type="checkbox"/> 30 special technical and evaluation studies by NGOs and local consultants	Euro 250,000	
	9. Staff and organisational set-up for activities above	<input type="checkbox"/> 314 forestry staff (management, technical, operations) <input type="checkbox"/> 243 forestry staff (administration, finance and other support) <input type="checkbox"/> 2 Circle field centres (one in each Agro-Ecological Zone) <input type="checkbox"/> 5 Division field centres (3 in Western zone and 2 in Northern zone) <input type="checkbox"/> 13 Sub-Division field centres (9 in Western zone and 4 in Northern zone) <input type="checkbox"/> 1 Division information, extension and communication centre (in Western zone) <input type="checkbox"/> 2 Sub-Division information, extension and communication centres (one per zone) <input type="checkbox"/> 1 Division monitoring and evaluation centre (in Northern zone) <input type="checkbox"/> 2 Sub-Division monitoring and evaluation centres (one per zone) <input type="checkbox"/> 18 computer sets (PMU headquarters, 3 Circles, 7 Divisions) <input type="checkbox"/> 3 GPS (M&E Division) <input type="checkbox"/> 64 motorcycles (7 Divisions and 17 Sub-Divisions) <input type="checkbox"/> 16 jeeps and/or cars (PMU headquarters, 3 Circles, 7 Divisions) <input type="checkbox"/> 2 buses	} Euro 5,546,000 (GoH) } <u>Construction:</u> Euro 530,000 <u>Procurement:</u> Euro 545,000 <u>Maintenance:</u> Euro 1,254,000 (GoH)	<input type="checkbox"/> GoH and HFD appoint staff on time and avoid frequent transfers <input type="checkbox"/> Land is available for construction of offices <input type="checkbox"/> GoH sanctions procurement
	10. Technical Assistance	<input type="checkbox"/> 160 person-months of international technical assistance <input type="checkbox"/> 142 person-months of national technical assistance <input type="checkbox"/> 200 person-months of local consultancy	} Euro 2,520,000 (direct EU funding) Euro 160,000	
			Total Cost:	Pre-Conditions
			EU funding to PMU: Euro 18,390,000 (incl. Euro 1,000,000 of contingencies) GoH funding: Euro 6,800,000	<input type="checkbox"/> EU provides Euro 20.39 million (including contingencies) and funds arrive in timely fashion <input type="checkbox"/> Euro-Rupee exchange rates are favourable <input type="checkbox"/> GoH provides the equivalent of Euro 6.8 million

Annex Three Map of Haryana Showing Project Districts



Source: Project Management Unit, Panchkula, September 2003
ANNEX FOUR TERMS OF REFERENCE FOR MID-TERM REVIEW

THE TERMS OF REFERENCE BELOW WERE ADDRESSED BETWEEN 24 SEPTEMBER AND 19 OCTOBER, 2003, BY THE FOLLOWING TEAM.

- Martin Stewart, Forest Planning Expert (Team Leader, Expatriate) (for 26 person-days)
- Desmond Chaffey, Social Forestry Expert (Expatriate) (for 23 person-days)
- Dr. Sandhya Chatterji, Rural Sociologist (National Expert) (for 16 person-days)
- Anil Joshi, Financial expert (National Expert) (for 1 person-days)

1. Background

The Financing Agreement between the Government of India (GoI) and the European Commission (EC), establishing this project, was signed on the 18th June 1998. Out of a total of 30.10 MEUs, the EC contribution was 23.30 MEUs. The project effectively started in September 1998 with a scheduled duration of 9 years. The executing Agency is the Haryana State Forest Department, which has overall responsibility to plan and implement the project.

The project area spans 44 Community Development Blocks in ten districts of the state. The districts are Panchkula, Ambala, Kurukshetra, Yamunanagar, Hisar, Fatehabad, Sirsa and parts of Bhiwani, Rewari and Mahendragarh.

The overall objective of the project is capacity building of rural communities to improve the natural environment and to preserve land fertility through sustainable management of natural resources through activities undertaken in a participatory process.

The specific objectives are: i) to bring greater involvement and empowerment of women, scheduled castes, landless and other disadvantaged groups in village decision making through the formation and effective functioning of 300 village resources committees; ii) to increase wood production and supplementary income for small and marginal farmers by supporting their efforts to grow trees on farmlands; iii) to implement revegetation, stabilisation, soil amelioration and improved productivity of common and private lands degraded by loss of top soil and moving sand; iv) to have more efficiency and reduce use of fuelwood and dung for domestic cooking.

2. Objective of the Mission

The general objective of the mission is to assess and evaluate the achievements made by the project in meeting its objectives with special emphasis on the sustainability of the environmental, social and economic benefits. There should also be recommendations made as to how implementation can be improved.

Achievements will be evaluated in relation to the Project Appraisal Report (PAR), Financing Agreement, Overall Work Plan (OWP), Annual Work Plans (AWP) including the Logical Framework, and other reports including a comparison with physical & financial targets.

The Mission should also look into the linkages between the different project components that have the potential to contribute to the overall objectives, recommend any necessary restructuring and identify any problems and constraints and recommend remedial measures

3. Tasks of the mission and the SC

The SC will guide and supervise the team as Team Leader and will contribute to the mission outputs in his capacity as Forestry Planning Expert. Contributions may be required for all aspects mentioned below.

Based on the review of existing documentation, discussions with all the parties involved (project staff and direct beneficiaries) in project implementation and field visits, the mission team will endeavour to carry out the outlined duties and responsibilities, but not limited to the following:

3.1. Review strategies and methodologies used in project implementation

(i) Assess the technical, social and economic relevance of project strategies, techniques and methodologies in relation to community forestry by the targets groups, paying particular attention to the impact of participatory methods (preparation of village microplans, initiation and building up of village level institutions) and the links between environmental conservation and poverty alleviation, specifically:

- Was the project strategy suitable in relation to the real needs of the communities at village level (techniques and technologies employed, their replicability and cost effectiveness)?
- Has the project strategy been considering gender roles and integrating a gender-differentiated perspective in all relevant parts of the implementation?
- Was the participatory approach fully utilised at all stages from planning to evaluation?
- Has the project strategy been considering adequately the long-term sustainability of the project (withdrawal policy, risks and opportunities, future economic viability)?
- Was the project strategy meeting the balance between environmental restoration and productivity/benefits of common lands?
- Was the project strategy allowing an effective and efficient utilisation of project inputs and resources (consultancies, manpower, equipment, training etc)?

3.2. Review project progress

(i) Carry out technical and financial evaluation of project progress, activities implemented and constraints faced, in relation to the PAR, Financing Agreement, Overall Work Plan, Annual Work Plans, project progress reports, consultants' individual reports specifically:

- Was the project progress adequate towards the fulfilment of the overall and specific objectives of the project (physical, social and environmental progress in quantitative and qualitative terms)?
- Was the time-schedule followed for each activity appropriated?
- Were the recommendations made by consultants and studies followed?
- Were the constraints (administrative, technical delays) timely identified and addressed?
- Review project's financial performance and related implications (cost-sharing/recovery), assessing of absolute and cumulative disbursements, their impact in project implementation and reconciliation of figures (commitments-disbursements) between GoH, GoI and EC.

3.3. Review management/organisational structure and project inputs

(i) *Assess the effectiveness of the project management structure, work organisation and staff distribution, including the role of the Technical Assistance team, the relations with European*

Commission and the linkages with other implementing agencies and departments, specifically:

- Were the staff numbers, grades and disposition adequate for project implementation?
 - Had the project management structure enough decision-making and financial autonomy to effectively implement the project?
 - Was the TA expertise timely identified and deployed following project needs?
 - Was the follow up and monitoring role of the EC adequate?
 - Were the linkages with line departments and other agencies explored and developed?
- (ii) Assess availability, suitability and utilisation of project inputs and resources (infrastructure, equipment, training etc), specifically:
- Was the available infrastructure, including operational offices and facilities, meeting project needs?
 - Was the provision of extension services sufficient?
 - Were the type of equipment, tools and vehicles sufficient and suitable? Were they procured following EC procedures? Were they efficiently utilised and properly maintained?
 - Have the training plan and activities been relevant and effective in meeting project needs?
- (iii) Assess and review the financial procedures followed by the project. Based on the Financial Audit Report (2002), evaluate the follow-up of recommendations made by the auditors, particularly on procurement and wages.

3.4. Review project outputs and achievements

- (i) Evaluate tree survival and production of fodder specifically:
- Which are the consequential benefits of the rehabilitation programme (afforestation, soil and water conservation works, etc) in the short term, i.e. benefits for the local population and in the long term, i.e. improved environmental and hydrological conditions?
 - Elaborate a cost-benefit analysis on project achievements.
 - Was the rehabilitation programme taking into account villager's priorities (tree species, areas, etc)?
 - Was the incentive scheme effective to encourage protection of rehabilitated areas?
- (ii) Assess, as a result of project intervention, the capacity building process and institutional development at village level and their ability and capacity to assume the responsibilities of managing the rehabilitated areas in a sustainable manner, specifically:
- What has been the villagers role in project planning, operation and maintenance, especially for what concerns the elaboration of Village Microplans?
 - What has been the villagers participation and cooperation in protection of rehabilitated areas?
 - Have the Village Resource management Committees (VRMCs) received adequate and effective training?
 - Has the transfer of responsibilities been a step-by step process?
 - To what extent the project has empowered local communities?
- (iii) Review changes that have resulted due to project intervention in the socio-economic conditions of project villages, specifically:

- What have been the benefits accrued to the poorer sections of the population (women, land less, marginal farmers)?
 - What have been the employment and income opportunities created by the project and its impact on more disadvantage groups?
- (iv) Evaluate Women in Development (WID) programme implemented by the project and whether it has lead to social and economic empowerment of women in the family and society, specifically:
- To what extent this project was successful in improving women's access to and control over forestry-related resources?
 - To what extent the project has actively involved women in decision-making processes?
 - What has been the impact of the innovative programmes launched by the project to increase the participation of women; skill acquisition, personal savings by women, women centres, fuelwood saving devices, etc?
- (v) Assess, as a result of project intervention, the institutional changes and capacity building of the Haryana Forest Department (HFD) staff, in particular:
- Has the HFD been adequately trained for a better understanding and practice of participatory methods?
 - Has there been significant progress towards a new distribution of roles and responsibilities between HFD and village institutions?
- (vi) Review the Monitoring & Evaluation activities including the Management Information Systems (MIS) as well as the research and studies programme carried out and their "feed-back" to the project, specifically:
- Has the MIS been operational and effective?
 - Have the evaluation and impact studies commissioned by the project been relevant to measure project achievements in terms of vegetative rehabilitation, water conservation and socio-economic changes?
 - Have any changes to the project already been made as a consequence to the M&E activities and reports?
- (vii) Determine the effectiveness of extension activities and publicity programmes in creating awareness amongst other things about protection and management of rehabilitated areas, specifically:
- Have sufficient project publications been produced to cover the needs of extension, training and publicity?
 - Have the project publications been accessible to all stakeholders (project staff, direct beneficiaries)?

3.5. Review sustainability and future development

- Focus on the long-term sustainability of community groups (VRMCs, SHGs), IGAs,
- FD's involvement with communities, plantations on private lands, maintenance of the infrastructure developed by the project, databases developed at PMU level; put special emphasis on the southwestern part of the project area, where climatic conditions are extreme and rural poverty acute, with special reference to the Sand Dune Fixation model.
- Assess the mechanisms implemented by the project to ensure the sustainability of project activities and achievements after the completion of EC support, specifically:
 - Have the VRMCs been given adequate legal responsibility to continue with the maintenance and operation works of rehabilitated areas?

- Have the VRMCs developed mechanisms to enable them to solve potential conflicts between the beneficiaries and/or with the Forest Department?
- Are the techniques and technologies employed by the project sustainable in their replicability and cost effectiveness? Have alternative technologies been investigated?
- Has the economic and financial viability of project activities been considered and addressed?
- Evaluate the social/institutional impact already created in the area by the project (on local communities, local administration) and its continuity.
- Identify shortcomings and weaknesses of the project.
- Review plans of the Haryana Forest Department for post project activities to consolidate gains made by the project.

4. Composition of the Mission

The following experts will participate in MTR:

- *Forest Planning Expert (Team Leader, Expatriate) (for 26 person-days)*
- *Social Forestry Expert (Expatriate) (for 23 person-days)*
- *Rural Sociologist (National Expert) (for 16 person-days)*
- *Financial expert (National Expert) (for 1 person-days)*

5. Reporting

Findings, recommendations and conclusions are to be presented in an Aide-Memoire to the State Government, Government of India and the EC Delegation at the end of the field mission and prior to the experts departure from India. The Aide-Memoire will be discussed at a wrap-up meeting to be held with PMU, DEA and State Government.

A draft report, written in the English language, is to be submitted to the Commission two weeks after completion of the fieldwork.

The mission final report is to be submitted to the Commission not later than 2 weeks after receiving EC comments on the draft report.

6. Time schedule

LOCATION AND DURATION

The mission will take place in India. It will start in September 2003 with the following indicative schedule:

Task	Team Leader	Social Forestry Expert	Rural Sociologist	Financial Expert	Total
Travel to India	1.0	1.0	0	0	2.0
Briefing at EC Delegation, New Delhi	0.5	0.5	0.0	0.0	1.0
Travel to Haryana	0.5	0.5	0.0	0.0	1.0
Field mission in Haryana (incl. Draft Final Report)	15	15	15	15	60
Debriefing at HFD	1.0	1.0	1.0	1.0	4.0
Travel to Delhi	0.5	0.5	0.0	0.0	1.0
De-briefing at EC Delegation, New	0.5	0.5	0.0	0.0	1.0

Delhi					
Travel back to Europe	1.0	1.0	0.0	0.0	2.0
Finalising Final Report	6.0	3.0	0.0	0.0	9.0
Total	26	23	16	16	81

The location of the mission will be in Haryana, with briefings and debriefings at the EC Delegation in India.

Important remarks:

In the course of their mission the consultants will ensure that they are clearly identified by the Authorities, or any other organisation, as independent consultants and not as official representatives of the European Commission.

These Terms of Reference may be elaborated further by the Commission and/or be completed at the briefing in Brussels and in New Delhi. Attention is drawn to the fact that the Commission reserves the right to have the reports redrafted by the mission as many times as necessary and that delays indicated for the submission of reports (draft and final) are to be strictly adhered to.

Annex Five The Mid-Term Review Team, *Curricula Vitae*

<i>Position</i>	<i>Name</i>	<i>Qualifications</i>
Team Leader / Forest Planning	Martin Stewart	B.Sc, M.Sc Forestry & land management

Relevant Professional Capability

- Professional forester with over twenty year's experience of forestry and rural development projects and programmes in South Asia and East Africa.
- Broad experience of community forestry and agroforestry research and extension in arid/semi-arid zones and sub-humid environments.
- Over ten years working in senior project management and teamleader positions; all concerned with multi-disciplinary approaches to rural development and livelihoods, environment or forest/tree resources.
- Experience and detailed exposure over several years to natural resources-based rural development projects on landscape scales in India, Nepal and Pakistan with emphasis on participatory approaches, livelihoods development, community-based organisations, institutional development and capacity building.
- Experience of working very closely with senior government officers, government agencies and NGOs in India, elsewhere in S Asia and beyond.
- Experience of EC project cycle management requirements in senior capacities: as a monitor, in developing proposals and as a Technical Assistance partner.
- Rapporteur and logistical support to the 1998, 1999 and 2000 European Tropical Forestry Advisers Group (ETFAG) annual meetings in Edinburgh, Brussels and Montpellier – understanding of EU processes, policies and expectations in relation to tropical forests and forestry.
- Development, delivery and facilitation of short training courses in aspects of participatory forest management, rural development, project cycle management, management of change and institutional development.

Selected Professional Experience

<i>Country</i>	<i>Date(s)</i>	<i>Project Title and position</i>	<i>Funding Agency</i>	<i>Years</i>
India	Nov 2001 – Date (6 months pa)	Western Orissa Rural Livelihoods Project; Project Manager and Team Coordinator	DFID	2
India	Jun-Jul 2003	Transfer of Technologies for Sustainable Development; Participatory Natural Resource Management Specialist	EU	<1
India	1999 – 2003 (3 months pa)	Transfer of Technologies for Sustainable Development; Teamleader/Joint Planner	EU	<4
India	2002	Himachal Pradesh Forestry Project; Technical Bid Writer,	NRIL	<1
Pakistan	2001	Training of NWFP Senior Forest Officers and NGOs; Teamleader/Facilitator	Swiss Intercooperation	<1
Kenya	2000	Training NGOs, Research, Wildlife & Forest Officers; Training Facilitator	EU	<1
Pakistan	1998	Environmental Rehabilitation in NWFP & Punjab; Teamleader, Annual Monitoring Mission	EU	<1
Ethiopia	1998	Community Forestry & Wildlife Conservation Project; Rural Development Specialist Evaluation Teamleader,	EU/Farm Africa	<1
Malawi	1992 –1997	Support to Forestry Research Institute of Malawi (FRIM); Teamleader and Project Manager	DFID	>5
Kenya	1992	Assessment, Arid and Semi-Arid Lands Tree Research; Consultant Silviculturist	ODA*	<1
Kenya	1987 –1991	Embu, Meru Isiolo Forestry Project; Silviculturist	ODA*	>4
Nepal/UK	1985 –1987	Forest and Land-Use Mapping of Khosi Hills, Forestry Officer, Land Resources Development Centre	ODA*	2
Nepal	1980 –1982	Community Forestry Development Project; Volunteer Community Forestry Officer	HMG/FAO/ UNDP	>2

*ODA, now DFID

<i>Position</i>	<i>Name</i>	<i>Qualifications</i>		
Rural Sociologist	Dr Sandhya Chatterji	Ph.D. Regional Development, MA Geography		
<i>Relevant Professional Capability</i>				
<ul style="list-style-type: none"> • Extensive experience in gender related rural development issues, worked at policy and field levels for planning, implementation and monitoring / evaluation of projects. • Participated in bilateral and other missions as a team member assessing gender and social issues in projects; conducted research studies; provided training and moderated workshops, established and managed NGO field projects. • Over 20 years experience in Project and programme identification, design of policies and strategies for gender, social and institutional development, micro credit, community participation, agriculture and watershed management. • Experienced with NGO project appraisals and monitoring. Familiar with Government of India policies vis-à-vis bilateral projects, having participated in assignments as team member for several mid-term and final evaluations. 				
<i>Selected Professional Experience</i>				
<i>Country</i>	<i>Date(s)</i>	<i>Project Title and position</i>	<i>Funding Agency</i>	<i>Yrs</i>
India	April 2003	W Orissa Rural Livelihoods Support Proj; Team Leader for Mission on Capacity Building.	DFID	<1
India	Oct 2002 – Feb 2003	Western India Rainfed Farming Project; Team Leader, Impact Assessment Studies.	DFID	<1
Gambia	Apr-May 2002	Integrated Watershed Management Project; Mission member for Project Preparation.	African Dev Bank	<1
Cameroon	June 2002	SW Province Integrated Agricultural Dev Project; Mission member for Project Preparation.	African Dev Bank	<1
India	Jun 2001	Aga Khan Rural Dev Programme in India; Mission Member for Final Evaluation.	EU	<1
India	Sep 2001-date	Soil & Water Conservation Training Institutes; Advisor	GTZ	3
India	1996- 2000	Indo-German Project – Watershed Management; Advisor Institutional Development.	GTZ	5
India	2000	Rehabilitation of the Aravali Hills Project; Mission member for Final Evaluation.	EU	<1
India	2000	Kerala Horticulture Development Project; Mission Member for Mid Term Review.	EU	<1
India	2000 - date	Mahila Chetna SHG/Micro Credit Programme for Women; Advisor to INDCARE.	GOI	<4
India	1998 - 1999	Regional Water and Sanitation Group, South Asia; Rural Specialist.	World Bank-UNDP	<1
India	1994 - 1998	APP programme, providing support to NGOs; Consultant.	Netherlands Embassy	<5
India	1998	EU-VHAI AIDS Awareness and Control prog; Mission member for final evaluation.	EU	<1
India	1997	Sidhmukh and Nohar Irrigation Project; Mission member for Mid Term Review	EU	<1
Nepal	1996	SDC Sector Programme on Agriculture in Asia; Mission member - Workshop for inputs	SDC	<1
India	1986 - 1991	Head of Women's division, Development Alternatives, New Delhi.	GOI/UNDP/ others	6

<i>Position</i> Social Forestry Expert		<i>Name</i> Desmond Chaffey	<i>Qualifications</i> BSc, Forestry; MSc Agricultural Economics	
<i>Relevant Professional Capability</i>				
<ul style="list-style-type: none"> • Thirty year's experience of forestry and rural development in South Asia, Africa and Latin America • Five years as DFID's Natural Resources Adviser in New Delhi • Previous participation in project preparation, evaluations and reviews in India for DFID, EC, FAO/World Bank and SIDA • Led the evaluation of the EC-funded Rehabilitation of Common Lands in the Aravalli Hills Project in 2000 				
<i>Selected Professional Experience</i>				
<i>Country</i>	<i>Date(s)</i>	<i>Project Title and position</i>	<i>Funding Agency</i>	<i>Duration</i>
India	Nov 2000 – April 2001	Watershed Development Project, Karnataka; Forestry specialist in two preparation missions.	World Bank/FAO	>1
India	Aug-Sep 2000	Rehabilitation of Common Lands in Aravalli Hills; Evaluation Team Leader.	EC	>1
India	Sep-Dec 2002	SIDA-assisted social forestry projects, Orissa & Tamil Nadu; Evaluation Team leader	SIDA	>1
India	Aug 1987 – Aug 1992	DFID Natural Resources Adviser, British High Commission, New Delhi	DFID	5
Nepal	July-Aug 1999	Hills Community Forestry Project; Forestry Specialist, implementation completion evaluation.	World Bank/FAO	>1
Turkey	Dec 2001	Eastern Anatolia Watershed Rehabilitation Project; Watershed Development specialist, completion evaluation.	World Bank	>1
Belize	Nov 1999	Programme for Belize – forestry project; Evaluator.	EC	>1

<i>Position</i> Finance Expert		<i>Name</i> Anil N. Joshi.	<i>Qualifications</i> B.Com. / Dip. Business Management		
<i>Relevant Professional Capability</i>					
<ul style="list-style-type: none"> • Regional work in different States of India including Uttar Pradesh, Rajasthan, Madhya Pradesh, Tamil Nadu, Maharashtra, Andhra Pradesh and Gujarat. • Competency in project and business finance and administration, accounts and financial management. • Review of organisation structure, systems and procedures. • Proven working and training experience in the set-up of financial and management systems, MIS, internal auditing and control, preparation of budgets and financial forecasts. • Fluency in local and English language and proven work experience in working with government and Panchayat Raj Institutions like Zillah Parishads, Village Panchayats and beneficiaries. • Proficient in the preparation of Manuals and Administrative / Accounting procedures. 					
<i>Selected Professional Experience</i>					
<i>Country</i>	<i>Date(s)</i>	<i>Project Title and position</i>	<i>Funding Agency</i>	<i>Years</i>	
India	2002 - Date	Maharashtra Rural Water Supply Project; Finance Expert.	KfW	>1	
India	2002 - 2003	Operation & Maintenance Study, Mumbai Water Supply System; HRD & Management Expert.	World Bank	<1	
India	2001 - 2002	Rapid Urban Assessment of Municipal Corp. of Jabalpur; Finance and Management Expert.	USAID	<1	
India	2000 - 2001	Andhra Pradesh Urban Services for Poor; Finance and Accounts Expert.	DFID	<1	
India	1996	Maharashtra State Warehousing Corporation; Management Expert.	Government of Maharashtra	<1	
India	1995	Maharashtra Land Development Corporation; Finance Expert.	Government of Maharashtra	<1	
India	1995 - 1996	Indian Renewal Energy Development Agency; Finance and Management Expert.	World Bank	>1	
India	1994 - 1995	Madhya Pradesh Housing Board; Finance Expert.	World Bank	<1	
India	1992 - 1993	Rajasthan Rural Water Supply Project; Finance Expert.	KfW	>1	
India	1982	Gujarat Water Supply and Sewerage Board; Management Expert.	World Bank	<1	
India	1981 - 1983	Tamil Nadu Water Supply and Drainage Board; Finance Expert and Team Leader.	World Bank	>2	
India	1979 - 1981	Gujarat Water Supply and Sewerage Board; Finance Expert.	World Bank	<2	
India	1979 - 1980	Uttar Pradesh Jal Nigam ; Finance and Accounts Expert.	World Bank	<2	
India	1978 - 1979	Bombay Metropolitan Region Development Authority; Finance Expert.	World Bank	<1	

Annex Six Mid-Term Review Itinerary

<i>Date</i>	<i>Teamleader/Forest Planning Expert Martin Stewart</i>	<i>Social Forestry Expert Desmond Chaffey</i>	<i>Rural Sociologist Dr. Sandhya Chatterji</i>	<i>Financial Expert Anil Joshi</i>
September				
23				
24	Travel Bhubaneswar to Delhi	Travel Dorchester to Delhi		
25	Briefing with EC Delegation Review TOR and responsibilities, Travel to Panchkula	Briefing with EC Delegation Review TOR and responsibilities, Travel to Panchkula	Meeting with Team, agree plans Review TOR and responsibilities, Review OWP and FA	Travel Ahmednagar - Chandigarh
26	Briefing with TA and staff Briefing Financial Expert Prepare report outline	Briefing with TA and staff		Briefing with TA and staff, Review TOR and responsibilities
27	Review documentation	Review documentation		Review documentation
28 Su	Discussion with team Review documentation	Discussion with team Review documentation	Travel, Delhi-Chandigarh Field visit to Birjupuri	Discussion with team Field visit to Birjupuri
29	Briefing with PMU, PD and FD Discussion with PMU sociologist & IT expert	Briefing with PMU, PD and FD Discussion with PD and IT expert	Briefing with PMU, PD and FD Discussion with sociologist, SHG consultant and NGO representative.	Briefing with PMU, PD and FD Discussion with Finance Officer
30	Travel, Panchkula to Hisar. Meeting with Hisar circle project staff and NGOs	Field visits in Panchkula District: Tabar, Hangoli and Bharauli Dam	Travel, Panchkula to Hisar. Meeting with Hisar circle project staff & NGOs	Field visits in Panchkula District: Tabar, Hangoli and Bharauli Dam
October				
01	Meeting with Comm. Hissar Circle. Visit Gorchi, in Hisar; Dhingsara & Bhattu Kalan in Fatehabad. Visit to office and training hall in Hisar.	Field visits in Ambala and Kurukshetra District: Bodla, Holi and clonal eucalyptus propagation at Seonthi	Meeting with Comm. Hissar Circle. Visit Gorchi, in Hisar; Dhingsara & Bhattu Kalan in Fatehabad. Visit to office and training hall in Hisar.	PMU, discussion of accounts
02	Visit Dhani Sherawali and Kari Sureran in Sirsa; Garwa and Mandoli Khurd in Bhiwani. Meeting VRMC visit plantations.	Field visits in Yamunanagar: Nagli, Shahazadwala, Manakpur clonal testing area, Amabaleka Plywood Pvt Ltd,	Visit Dhani Sherawali and Kari Sureran in Sirsa; Garwa in Bhiwani. Meeting with SHG/ women VRMC members	PMU, preparing data and tables
03	Field visit to Garwa in Bhiwani, meet VRMC SHGs and travel to Delhi	Field visits, Ambala & Yamunanagar: Binjalpur, Malikpur Bangar (without village meeting), Painsal and Rampur Rayana project nursery	Field visit to Garwa in Bhiwani, meet VRMCs, SHGs and travel to Delhi	PMU, preparing data and tables

04	Reading field reports, Delhi Dusshera	Report preparation Dusshera	Reading field reports, Delhi Dusshera	Report Preparation Dusshera
05 Su	Visit to Sunderah and Bewal villages Jatusana and Rewari Return to Delhi for night	Team discussions and report preparation	Visit to Sunderah and Bewal villages Jatusana and Rewari Return to Delhi for night	Report Preparation
06	Travel, Delhi to Panchkula Meeting with PMU meeting at Pinjore with CF, Development	Discussions with Project Director;	Travel, Delhi to Panchkula Meeting with PMU Discussions with Team	PMU discussions & clarification of financial issues and data
07	Agree on report writing roles, Reading project documentation	Agree on report writing roles, Reading project documentation	Agree on report writing roles, Reading project documentation,	PMU discussions & clarification of financial issues and data
08	Report and Aide Memoir writing Discussions with Team members Meeting with PCCF and PD/CCF	Discussion with Teamleader Report writing Preparing Aide Memoir	Report and Aide Memoir writing Discussions with Team members. Meeting with TA consultants, NGOs	Discussion with Teamleader Finalising financial report and tables Preparing Aide Memoir
09	Preparing Aide Memoir GoH/FD/PMU debriefing Travel by Rail to Delhi	Preparing Aide Memoir GoH/FD/PMU debriefing Travel by Rail to Delhi	Preparing Aide Memoir GoH/FD/PMU debriefing Travel by Rail to Delhi	Preparing Aide Memoir GoH/FD/PMU debriefing Travel by Rail to Delhi
10	Delhi, Meeting EC Procurement Officer Redrafting Aide Memoir Debriefing with EC, Team meeting with PD	Delhi, Report writing Redrafting Aide Memoir Debriefing with EC, Team meeting with PD	Delhi, Report writing Team meeting with PD	Delhi, Meeting EC Procurement Officer Redrafting Aide Memoir Team meeting with PD
11	Debriefing Financial Expert Admin and report writing	Delhi: report writing	Delhi, report writing	
12 Su	Debriefing with social forestry expert and sociologist. Report writing	Delhi, Debriefing with Teamleader Report writing	Delhi, Debriefing with Teamleader Report writing	
13	Travel Delhi to Bhubaneswar Admin and report writing	By air to London, Travel to Dorchester.		
141	Report Writing, Bhubaneswar	Report Writing, UK		
15	Report Writing, , Bhubaneswar	Report Writing, UK		
16	Report Writing, , Bhubaneswar	Report Writing, UK		
17	Report Writing, , Bhubaneswar			
18	Report Writing, , Bhubaneswar			
19 Su	Report Writing, , Bhubaneswar			

Annex Seven Aide Memoir

INTRODUCTION

235. The European Commission (EC) has provided grant-aid of €23.3 million for the Haryana Community Forestry Project (HCFP). The Government of India contribution, provided *via* the Government of Haryana (GoH) is €6.8 million. The effective project life is 10 years, from September 1998 to June 2008. The project purpose as defined in the Financing Agreement is to *“improve the natural environment and preserve land fertility through sustainable management of natural resources”*. This was reformulated in the Overall WorkPlan (OWP) to read *“build up the capability of rural communities to improve the natural environment and preserve fertility through sustainable management of natural resources through activities undertaken in a participatory process”*. Target beneficiaries are primary users of biomass: particularly women, households dependent on degraded land, small and marginal farmers, all users of common property resources, communities in the degraded areas bordering the Shivalik and Aravalli hills, and other disadvantaged groups subsisting in arid areas.
236. The MTR Mission (4-person team) was mobilised for 14 days in Haryana (26th September to 10th October 2003) with additional time for reporting. Meetings with key stakeholders were conducted and included: representatives of GOH and Haryana Forest Department (FD), the EC-Delegation in New Delhi, HCFP project management unit (PMU) associated NGOs, and villagers. Almost all project districts were visited by the team to view selected project activities and for extensive discussions with local officials and villagers.

GENERAL OBSERVATIONS

RELEVANCE

237. Less than 4% of Haryana’s area is forest land, however, less than half of this is actually under forest cover, over a third of which is degraded. Whereas total tree cover within the State is estimated at around 8% of area, forest policy (1988) sets a national goal of retaining one third of the country under tree cover. In Haryana emphasis is placed on increasing tree cover to around 25% over the next 15 years⁷. The project is relevant to this policy objective
238. In Haryana over 80% of the land is agricultural, 60% of which is irrigated. Almost a quarter of the State is regarded as degraded and active sand dunes affect arable land in the south-west and west. Participatory approaches to working with communities are the only practicable options for sustainably increasing tree cover and the production of tree products.
239. Haryana is among the richest states in the country. All villages have safe drinking water, mains electricity and roads. But a quarter of the population remains below the GoI poverty line and women are widely discriminated against. The poorest are predominantly scheduled castes (SC) and other backward castes (OBC). The project aims to address the needs of such disadvantaged groups.
240. The project promotes and supports farm forestry and afforestation of common property lands and degraded sand areas. Improved productivity of panchayat land offers the potential to benefit the poor who rely disproportionately on common property for their livelihoods. The village environment is addressed through planting of tree groves and fruit trees for kitchen gardens. Fuel efficient wood-burning domestic stoves and crematoria have been introduced in an effort to

⁷ [National Forestry Action Programme – India, 1999](#)

reduce fuelwood consumption. The project also has a community development component that promotes local ownership and responsibility for environmental maintenance and the sustainability of project-related activities. Village Resource Management Committees (VRMC) are being built up to manage project activities with the assistance of Community Link Workers (CLW). Over 100 Self Help Groups are supported in 80 selected villages targeted particularly, but not exclusively, on women SC and OBC.

EFFICIENCY

Capacity Building for Haryana Forest Department

241. There has been significant change in the attitudes and behaviour of FD staff especially at lower levels (forest guards) in dealing with communities; this is recognized and appreciated by the communities.
242. The project is building up a cadre of field level staff trainers, Forest Guards, under the DFO Training based in Hissar, who impart training to Link Workers and villagers. Training at this level is also imparted by short special courses study tours. A key source of information is the 21 project manuals which have been produced on a range of topics. An important strength of these manuals is that they are continuously updated in the light of experience. An important task, currently in hand, is the preparation of an exit strategy manual, for use by the Territorial Wing and the VRMCs, who will assume management responsibility for the village woodlots and tree groves at the end of the project.
243. The project has established Divisional and Sub-Divisional field offices within the project area these are staffed by the FD and have adequate infrastructure. This includes one Circle office, two Divisional offices, two SDO offices and a training hall at the Hisar office complex. They appear to be constructed to high standard but the training hall is not yet furnished. Other planned office buildings were not constructed due to the unavailability of land or to the fact that sufficient infrastructure was already available.

Strengthening of rural infrastructure

244. Out of a targeted 300 *Chetna Kendra* (meeting halls), 132 have been constructed in villages where the woodlots exceed 10 ha. Construction of these centres has been delayed as a result of slow progress in achieving the planting targets in many villages.
245. 'Johads' are traditional water storage structures found in Haryana villages. They were originally built to meet the needs of the village and its livestock for water and for drainage. In recent years Johads have been neglected, often becoming silted-up and polluted hazards to health. Three Johads, out of 18 identified, have already been rehabilitated by the project. There is a strong demand from the villagers, and project staff for further project support for johad rehabilitation. In consideration of the undoubted environmental benefits, strong feelings involved and support from GoH, the mission recommends that rehabilitation of Johads should be undertaken in up to 30 selected villages. EC funding will be from the contingencies allocation and there will be a significant contribution from the communities.

Training for main stakeholders

246. The mission sees the considerable importance of the Link Workers in sustainability and in supporting SHGs. The mission endorses the view of the project that their training needs and those of VRMC members should be kept under review and accorded higher priority, given that they are likely to be a principal vehicle for project continuity within the village. The mission notes that the most recent manual issued by the project is on refresher training for VRMC members and the strengthening of VRMCs.
247. The project has produced a number of publicity and information posters and a series of nine species leaflets. There is also an occasional project newsletter. A publicity CD is shown in the

various districts by the Forest Department's Production Wing. The species leaflets in their present form are usable only by people who are literate. The mission endorses the view of the project that more attractive species leaflets should be produced, designed so as to require little or no ability to read. The mission understands that the project has already identified a source of technical assistance for the purpose.

Financial Management and procurement

248. The total project budget is €30.1m of which €6.80m is GoH contribution and €23.3m is the EC contribution.
249. To 31st March 2003 a total of Rs 270,284,596 (€6,142,921) had been received from the EC and Rs 142,744,994 (€3,037,128) had been spent by GoH (Annex One, Table One). At this point, approximately half way through the project implementation period, 35% of total anticipated EC funding and 45% of total anticipated GoH funding has been expended.
250. Up to December 2002, the EC had under-funded the project to the extent of Rs 4,884,832 with GoH making up the shortfall from its own funds. However, by 31st March 2003 there was for the first time a surplus contribution amounting at that point in time to Rs 4,488,106 from the EC.
251. The project has not experienced any shortage of funds in spite of delayed release of funds by the EC. This was possible only because GoH makes budgetary provision for total project expenditure in the budget and the project draws funds as per requirements during the year. After receipt of funds from the EC the amount spent by GoH on EC-funded activities is adjusted.
252. Procedures relating to transfer of funds are laid down in the FA but are not always followed by the EC. On two occasions, most recently in September 2003, funds have been transferred by the EC directly from Brussels to the project capital account. This breach of procedures is viewed seriously by GoI. On the first occasion that this happened the PD faced an audit query from the Accountant General Haryana and objections were raised by the Department of Economic Affairs, Ministry of Finance, GoI.
253. The procedures prescribed in the FA relating to operation of the project capital and current accounts are not followed strictly. EC funds are not deposited in the project account but are held in the consolidated account of GoH. This situation has arisen largely because of delayed receipt of funds from the EC and GOH contributions have enabled the project to proceed without shortage of funds. The only negative aspect appears to be that interest earned on funds may not be available to the project.
254. The annual budget for the project is prepared by the PMU in the form of an Annual Work Plan (AWP) which sets physical and financial targets on component basis. The AWP defines allocation of resources, manpower and levels of draw down on the EC funds and GoH contributions.
255. The budgetary process is elaborate, but effective use of the AWP for the monitoring of the physical activities and achievement of targets could be improved.
256. In comparison with the physical targets mentioned in the OWP for the period up to 31st March 2003, the major activities which are lagging behind and need attention are:
 - Sand dune fixation- (achievement of about 30% of the physical target)
 - Construction of water harvesting dams- (achievement of about 45% of the physical target)
 - Construction of Chetna Kendras- (achievement of about 60% of the physical target)
 - Construction of Field Offices- (achievement of about 62% of the physical target)
257. The reasons for under-performance vary from deferment of procurement and activities for operational reasons, less availability of land for planting than was envisaged (particularly for sand dune fixation) and over budgeting.

258. The achievement of financial targets is dependent on achievement of physical targets; physical under performance is therefore reflected in the non-achievement of financial targets. In comparison with the AWP, the achievement of financial targets during the first two years of project implementation was about 29% in the inception phase and 40% in the first year. Achievement of financial targets has improved to about 78% in the third year and about 79% in the fourth year, ended on March 2003.
259. Accounts are maintained manually at head quarters, circle and division offices on the basis of 'cash system' of accounting. The system is well established and conforms to the requirements of GoH. Accounts maintained by the DDOs are audited by the GoH Accountant General and audit of accounts to financial year 2001–02 is complete for Circle Offices and to 2000-01 for headquarters.
260. The statement of monthly project expenditure classified as per the 'schedule of accounts' developed by the TA team is prepared by the Deputy Superintendents/ Assistants responsible for the maintenance of accounts and sent to the Project Director's Office and to the TA Manager. This system of recording component-by-component expenditure is fully computerized and the project accounting soft ware developed internally by the TA team is used for this purpose.
261. Booking of expenditure under various project activities and cost components is checked by the TA Manager and errors are communicated to the divisions concerned, the project expenditure database is then updated on the basis of their corrections. The project expenditure database is used for the generation of project cost component-wise, village-wise, activity-wise etc. periodic reports for submission to EC and for monitoring and controlling of expenditure.
262. The present system of accounts is effective and efficient for the tracking of actual expenditure and funds flow and serves the needs of project management.
263. The project follows procurement procedures prescribed by the EC in November 1999 (reference X), subsequently endorsed by GoI. The GoH has permitted the PMU to adopt procedures endorsed by GoI instead of applying standard GoH procedures. The agreed procedures have been in force from 15th October 2000 and require clearance from the Delegation for goods and services in excess of Rs 235,000 (€5,000)
264. The PMU has recently become aware that EC procurement procedures have been revised and that the new procedures are available on the internet. The PMU has not received any official communication regarding these new procedures but they are under the impression that they should henceforth be followed. The Delegation has not responded to requests for clearance of purchases under the prevailing system since March 2003.
265. The Delegation has confirmed to the MTR that the procurement procedures prescribed in November 1999 (ref X) remain in force.
266. The PMU has face difficulty in securing quotations for services from the EC empanelled auditors because of the small volume of work. The Delegation confirmed to the MTR that the PMU may apply the standard procurement procedures prescribed in their letter of November 1999 (ref X) to the selection of reputable auditors. The Delegation confirmed that earlier instructions relating to the selection of empanelled auditors will not apply.

EFFECTIVENESS

Disadvantaged Groups Sustaining Development

267. The emphasis and effort given to community participation and development is highly commendable.

268. Local institutions established by the project have considered the needs of the most deprived community groups in the village and have tried to ensure their representation in decision making.
269. VRMC and SHG records are well presented and reliable, particularly their records of financial transactions.
270. The link workers identified and trained by the project have the potential to become local resource persons for establishing linkages with other government programmes, training, information dissemination and management support even after the project is over. The mission endorses the project's view that more attention is required to their personal and professional development.
271. Under the community development component, activities envisaged include: conducting PRAs, formation of VRMC, micro planning and creation of employment and income generation activities (IGA). In the year 2000 a study on IGAs recommended formation of SHGs for women to ensure their participation. SHGs thus became the vehicle for involving women beyond the VRMC.
272. Self Help Groups are an important means for women to come together and receive training and access to micro credit but they have little say in village development planning. There is a perception that linking the SHG with the VRMC may bring the SHG under the control of the VRMC to the detriment of the SHG women members. This may be true for some groups, but by excluding their inputs to the VRMC no 'space' is provided for women's participation in village decision making. This issue needs to be addressed.
273. The *Chetna Kendras* built through HCFP are meant for village beneficiaries. Access to them is controlled by the VRMC president and SHG members do not always receive priority for their meetings. They must be considered priority users of project infrastructure.
274. Poor women perceive the most important benefit of the project to be wage labour. Group strength provided by the SHG is also perceived as one of the biggest benefits of the project.
275. The project does not have specific activities for the landless, however three people from the SC community are members of the VRMC and represent their interests in village level decision making.

Village Organisations Developed

276. The project intends to sustain development activities through the VRMCs. Their status in managing resources has been measured through participatory capability assessment
277. In the self assessment exercise conducted in Jan 2003, the VRMC were rated as weak for all but two of the nine indicators. Most VRMCs felt that they could resolve village conflicts over resources, and protect and rehabilitate common property resources through social fencing. There has been significant improvement in the functioning of the VRMC between the first self assessment in Dec 2001 and the second in Jan 2003.
278. The main strengths of the VRMC are their concern for plantations and general village development. Their main weaknesses are lack of commitment and initiative, and from a long term perspective, the inadequacy of funds for maintenance of woodlots and mechanisms for distribution of benefits.
279. There is need for greater clarity regarding the post-project relationship between the VRMCs and Panchayats. The VRMC therefore still need considerable support and strengthening before they can effectively address development activities in a sustainable manner. These matters have been considered in the state-level Policy Review Committee of the project, headed by the Chief Secretary.

280. The FA indicates that 50% of the VRMC members will be women. This was reduced to 30% (3-4 members of 12-15 VRMC members) in the OWP, and in the revised log frame it was further reduced to 25%.
281. Within the VRMC if the president is male, the vice president is a woman. However there are strong indications that the women do not participate equally in VRMC activities.
282. Almost every VRMC has at least 3 members from the SC community representing the concerns of the socially and economically disadvantaged groups.
283. The VRMCs require a great deal of strengthening before they become self reliant in terms of financial and institutional sustainability.
284. The VRMC have access to the initial Rs 30,000 put into a Fixed Deposit by the HCFP and several other supplementary sources of income. However, there appear to be no indications of how much income may accrue under the various plantation models; or of the probable costs to be incurred by the VRMC. Unless financial viability is ensured the VRMC will find it difficult to survive and carry on protection and equitable distribution of benefits.
285. The VRMC have legal status as sub committees of the panchayat under a tripartite agreement with the panchayat and the FD. They also have an option to register as NGOs, generating funds for developmental activities. However if the panchayat refuses to share resources derived from panchayat land with a VRMC then it will become difficult for the VRMC to survive.
286. During the micro planning process a number of general development issues were incorporated, such as need for drinking water, improved roads, health, agricultural inputs etc. Only a few VRMC have taken up such activities and even fewer have established linkages with development schemes implemented by other government line departments.

Arid and Semi-Arid Sand Dune Areas Rehabilitated

287. The FA states that *'the project will stabilise and improve the productivity of 9,300ha of moving sand dunes on community or private land . . . in five districts on the western border of Haryana'*.
288. Sand dune fixation targets set in the FA and the OWP are not being achieved. With only 30% of the OWP target to date having been achieved this is the most significant area of under-achievement and is the biggest single cause of financial variation.
289. There have been significant changes in the availability of sand dune areas for afforestation since project appraisal. Many of these areas are being brought under cultivation through sprinkler or drip irrigation. Some 95% of sand dune areas are in private ownership and panchayat owned sand dune areas are also liable to be leased for cultivation.
290. There are doubts about the long-term sustainability of irrigated agriculture in these areas, particularly from tube-wells. Nevertheless, in most cases arable farming is considerably more attractive to land owners than afforestation.
291. The project has increased the tree spacing of its sand dune fixation model in an effort to enable intercropping and to attract more farmers; there are indications that this has been partially successful. However, the area of land available for afforestation under the modified model remains limited and the sand dune planting targets specified in the FA will not be met during the life of the project.
292. A further increase in spacing to 6m X 6m between trees would probably increase the availability of land for planting. This would enable more productive cropping between the rows and facilitate mechanical cultivation.
293. The project has proposed a substantial decrease in targets for sand-dune stabilisation from 9,300ha to 5,000ha. The project proposes to use the resources saved for an expansion of

activities from 300 to 330 villages mainly in the south-west and western districts. In addition the project proposes to undertake linear planting along approximately 1,000 km (700 ha) of village roads to serve as shelter belts in arid areas. The MTR fully endorses these proposals.

Panchayat, Shamlat and Institutional Lands Rehabilitated

294. This is being achieved mainly by means of village woodlots. Tree groves also contribute to the rehabilitation of common land.
295. The quality of the woodlots seen by the mission was high, as are survival rates for the planted trees. Only few instances were seen where plantation maintenance was other than adequate to good.
296. Poor survival and extensive replacement in earlier plantings in parts of western Haryana was attributed to years of consecutive drought. There is a need for flexibility in maintenance norms to ensure adequate watering and weeding regimes can be maintained, the project confirms that this flexibility is available.
297. The management of the woodlots and tree groves will become the responsibility of the Territorial Wing once the project has ended and it is essential that any important issues regarding their management should first be resolved. The project is preparing a manual for this purpose.
298. Community woodlots are established on panchayat land which, in most cases would otherwise be used as a source of grass for grazing or collected fodder. Those depending on it are typically the landless. The poor also cut other species of grass which the panchayats or the VRMCs sell by auction.
299. The potential reduction in the availability of fodder and grazing resulting from the establishment of tree plantations on panchayat land is an important issue. Indications to date are that the establishment of woodlots has temporarily increased the availability of fodder, as a result of sowing grass or stylo at the time of planting and/or protection.
300. Grass yields will decline sharply as tree canopies close. Some VRMCs are adopting strategies to address this difficulty. The problems posed by afforestation are most acute where common grazing land is scarce.
301. The project needs to address the issue of fodder. It is doing so in part by planting fodder species, in woodlots and neem in tree groves. It is not clear if or how all of these will be managed as a fodder source.
302. Among the options which the project should consider are the introduction of further fodder tree species and the adoption of management regimes which will permit the continued growth of grass. The mission understands that some of these issues are already being addressed by the project in the preparation of its exit strategy manual.
303. Some of the village woodlots contain patches of fruit trees. The mission considers that efforts regarding high quality fruit trees are better confined to the kitchen garden component, where issues of management and benefits are clear. Exceptions might be made for seedlings (not grafts) of certain indigenous species, which produce fruit or other non-wood products, such as *Terminalia spp.*
304. While a large scale project such as the HCFP has to remain relatively simple in its prescriptions, the mission's view is that it should nonetheless explore a wider range of silvicultural options. It could do this by commissioning research through the Forest Department's Research Wing. Such research might include other plantation issues, eg fuelwood and medicinal and fodder trees, and should focus on economic rather than biological criteria. It should include also an assessment of farm forestry alternatives.

Micro-Watersheds in the Shivaliks Managed

305. The focus of the project's activities in the Shivaliks lies in the construction of water harvesting dams and the protection of the associated catchment areas, in collaboration with VRMCs. This component is building on the Forest Department's pioneering work of the 1980s in Sukhomajri and neighbouring villages. An important change from the original concept is that water management is contracted out by the VRMCs, an arrangement which seems more practical. Studies of two first dams built indicate that, with irrigation, farmers change their cropping pattern in a way that is conducive to a shift from the open grazing of low-value livestock to the stall feeding of buffalo. The daily income from buffalo has important implications for the household economy, especially in relation to women, who traditionally retain the income from milk.
306. The mission endorses the PMU proposal to support desilting of existing dams in project villages as well as the construction of new water-harvesting structures. Estimated cost of this work is in the region of Rs200,000 per dam for a maximum of ten dams and may require access to the physical contingency funds. Detailed estimates will be provided in the 2004-05 AWP.

Wastelands Converted to Tree Groves

307. The tree groves are well-established and protected, they enjoy very high survival rates and will contribute significantly to the quality of village environment for a long time to come.

Multi-Species Agroforestry Established

308. The project operates its own nurseries and produces high quality planting stock of the species used in the project. It buys grafted fruit trees from the Department of Horticulture. The production of all planting stock is thus out of the hands of the villagers. The kitchen garden component and the promotion of SHGs together provide the opportunity to impart plant propagation skills to village women. The mission recommends that the project should develop a proposal for the Horticulture Department, in conjunction with appropriate NGOs, to provide horticultural training and necessary materials and marketing support to interested SHGs, to enable them to raise grafted fruit trees for sale.
309. The project has made spectacular progress in building on the Research Wing's successful development of the technology of cloning eucalyptus. It has established a clonal propagation facility at Seonthi in Kurukshetra District with an annual production capacity of 0.4 million plants. This is sufficient to afforest 400 ha per year. The mission shares the Research Wing's concern regarding the urgent need to broaden the narrow genetic base of Haryana's eucalyptus and understands that, with this requirement in view, the Research Wing is currently testing 101 different species and provenances obtained from Australia through collaboration with the Forest Research Institute, Dehra Dun.
310. The performance of clonal eucalyptus planted by the Research Wing in trials and, more recently, by the project in the field suggest growth rates of the order of 50 to 100 per cent higher than that of trees grown from seedling stock. The project is thus poised to make a major impact in terms of increased tree productivity. The project proposed to the mission that, in order to consolidate its achievements, its capacity for clonal propagation should be expanded by an additional investment of approximately Rs4,000,000 (₹,000). This funding can be sourced from savings within the budgets for plantations without affecting planting targets. The mission endorses this proposal in principle and recommends that a costed proposal be submitted through the 2004-05 AWP process.

Poplar Plantations Established

311. Poplar has been grown by farmers in Haryana for two decades. The poplar component is thus building on existing practice by assisting and encouraging farmers to grow the species as a fast growing, short rotation crop. The quality of its material is generally high, although it has to be recognised that some of the Forest Department's clones were obtained originally from various private sources. But an important quality of project saplings is that they are propagated from

sections of stem or root rather than from the branches of trees, which is the practice of some private nurseries.

312. There is currently no limit on the number of poplar saplings which a farmer can receive free of cost from the project. In the absence of any poverty focus, the justification for the component in the context of the project objectives is that it promotes tree cover and increases productivity.
313. A related issue concerning the poplar component is its effect, if any, on the private sector. Except possibly at the highest quality end of the market, the private sector is unlikely to be able to compete with a project supplying material free of cost. This is especially true at times of general over-supply, as in the past year or two.
314. The mission recommends that the project should set a limit on the *total* number of free poplar saplings to be supplied to any one farmer. The project has agreed to implement this proposal.

Income Generating Projects Established by Disadvantaged Groups

315. Self Help Groups have become the project's main vehicle for IGAs. To date some 125 SHG have been established in 68 villages, of which only five are men's groups. They have been established entirely through inputs provided by contracted NGOs. There appears to be a general principle that not more than one or two SHGs can be formed in each village, although some have three. However, there are no criteria for selecting villages. Moreover, by restricting the number of groups within the village, a large number of women who wish to join SHGs cannot do so; it is possible that the most disadvantaged women are thus excluded by project policies.
316. Women and other disadvantaged groups primarily benefit from wage labour and through women's SHGs. About 60 SHGs are involved in making vermi compost as an income generating activity. Other IGA such as making candles, soap, durries, pickles, growing safed musli and trading have started but are yet to be established as viable enterprises. The mission believes that the project should investigate and support other land-based IGAs.
317. Each SHG is provided a grant of Rs 2500 after a certain period. The amount provided under government DRDA schemes for similar groups is Rs 25,000 and a further Rs125,000 can be accessed once the groups has established its credentials with banking institutions. This variation between government departments (FD and DRDA) is a cause of concern and could lead to friction in the future.
318. The NGOs charged with the responsibility of establishing and strengthening the SHG are provided with short contracts of nine months per year. This breaks the continuity of inputs from the NGO and causes uncertainty among NGOs as to future collaboration with the project. Unless adequate inputs are provided to the SHG groups most groups may never achieve self-reliance.

Energy Efficient Cooking Stoves and Crematoria

319. The energy efficient chulas promoted by the project differ from previous designs in being made of cement. They are therefore more expensive but last longer than those made of clay which were promoted under various previous schemes. Project data suggest a high level of acceptance and usage of the project's chulas and the mission endorses the project's suggestion that the scale of this component should be doubled.
320. The energy-efficient crematoria built by the project to date have proved less successful. They remain essentially unused, despite the fact that in at least one village the villagers themselves contributed a significant proportion of the materials required for construction. The subject of cremation is clearly a sensitive one in villages and the reasons for the project's crematoria being unused remains unclear.
321. The mission does not consider it appropriate for the project to continue with construction of crematoria and recommends that the funds provided be re-allocated elsewhere. The project has

agreed to stop this activity after completing four more structures that have already been agreed with the community.

Logical Framework

322. The core tool for project planning and management in EC funded projects is the logical framework (LF).
323. Unusually, the FA does not refer to the logical framework, which was only developed during the first year of the project as part of the Overall Work Planning process.
324. The logical framework presented in the OWP is difficult to use for planning, monitoring and evaluation. It does not comply with EC norms in many respects (multiple Project Purposes (4), numerous Results (12) that do not link directly to a purpose, and OVI's that summarise activity statements and are not independent).
325. The LF should be used as a dynamic tool, being re-assessed and revised from time to time as the project develops. The current LF was prepared almost five years ago and it is appropriate to consider its revision and improvement in the light of lessons learned.
326. A revised logical framework has been drafted by HCFP and submitted to the MTR for comment. This revised LF is superior to the OWP version but still requires improvement and further development to make it more easily useable and relevant.
327. A project LF is a useful tool for ensuring shared understanding of project purpose, strategies and indicators as well as informing planning, monitoring and evaluation. However, it can only really be used to best effect if there is broad-based participation in LF analysis and preparation.
328. The HCFP with its high standards of management and monitoring is well equipped to make good use of a well prepared LF. A new LF should be prepared through a facilitated and interactive workshop process involving key project staff; the workshop should provide an element of training in LF principles and procedures.

Monitoring

329. Monitoring involves measurement and comparison of actual against planned deliverables of the project and operates mainly at the level of Activities and Results. It is a continuous and systematic management activity of immediate use in helping project management to improve project performance.
330. Standards of financial monitoring in the project are high and the project has developed computerised systems which appear to be rigorous and effective. Project systems and procedures are being evaluated by the FD with a view to adopting the procedures and expenditure norms more widely. This should be encouraged and supported if possible and appropriate.
331. Physical monitoring procedures are rigorous and ensure a high level of management information and control. The MTR believes that the intensity of data collection and monitoring of physical activities is excessive and resource intensive. The PMU, however, value the high resolution data and the interaction with communities that its collection necessitates.
332. The mission is of the opinion that apart from the self-assessment of VRMC capability the project needs to further develop qualitative process indicators for community development; these should be incorporated into a revised logical framework and MIS systems.
333. The mission noted the current emphasis in monitoring is on inputs rather than outputs. This needs to be addressed, preferably through the adoption of sample or panel-based procedures.

CONCLUSIONS AND PRELIMINARY RECOMMENDATIONS

GENERAL CONCLUSIONS

1. The project is managed to a high standard, roles and responsibilities are clear, procedures are well understood and adhered to, and there is a high degree of and rigour in accounting and monitoring.
2. The TA is well managed and making a valuable contribution to the project. There is an excellent and professional working relationship between the PD and the TA Project Coordinator. The TA inputs are also widely appreciated and valued by project staff..
3. The project is making a significant contribution to environmental amelioration through its tree planting activities. The impact of most of these activities have not yet been felt but as the trees mature their beneficial effects are likely to persist for many years.
4. Project benefits accrue disproportionately to the landed and better off and effort is required to ensure that adequate benefits accrue to disadvantaged communities. The project has made good progress and appears to be achieving change in mind-sets and behaviour of FD staff..

RECOMMENDATIONS

The following key recommendations are made by the Mid-term Review:

Project planning and management

- the MTR has made several recommendations that may require access to contingencies, the PMU should determine the budgetary implications of these recommendations for agreement by the project steering committee and approval by the EC and GoH;
- the project should plan to expand its activities into a total of 330 villages over the next two years;
- an external facilitator should be sought to assist in a logical framework workshop together with the PMU and other key project staff and associated NGOs;
- more process monitoring and impact monitoring measure should be developed in line with the indicators of the revised logical framework;
- the PMU should consider reducing the intensity of physical monitoring and data collection, possibly through the introduction of sample or panel-based monitoring methods;
- an addition of 18 months to the TA contract for the use of local short-term consultants, primarily in gender, social development and marketing is appropriate and may require the use of contingency funds;
- transfer of 6 months of 'other TA' expatriate months to the Project Coordinator in order to enable co-terminus with the project is supported;

Financial Management

- the EC should review its procedures with a view to ensuring that the release of funds to the project is in accordance with the provisions of the FA and the requirements of GoI;
- GoH should regularise the use of project accounts in accordance with the provisions of the FA.
- the Delegation should provide written confirmation of procurement procedures that are to be followed for goods and services, including auditing of project accounts

Technical Issues

- sand dune fixation targets should be reduced from 9300 ha to 5000ha with the resources saved being utilised in the west and south-western districts;
- up to 30 *Johads* should be rehabilitated by the project in west and south-western districts; there should be tree-related environmental benefits and a significant contribution in cash and kind from the participating communities;
- expansion of the eucalyptus cloning facilities at Seonthi should be supported and works required detailed in the 20004-05 AWP;

Community Development

- Institutional strength of the VRMCs needs to be improved by handing over not only management but also financial control and responsibility;
- greater emphasis on developing the maturity of the VRMCs and SHGs is urgently required.

M. STEWART

10/10/03

Table 1: Funding of Actual Project Expenditure up to 31st March 2003

Year	EC Share (IRs)	GoH Share (IRs)	Total Expenditure (IRs)	Receipt of EC Share		Date of Receipt
				Euro	IRs	
1998-1999	3,111,864	1,300,655	4,412,529	-	-	
1999-2000	22,615,862	13,826,596	36,442,458	-	-	
2000-2001	56,708,085	30,477,063	87,185,148	1,676,463	65,449,128	19.09.2000
2001-2002	79,223,617	46,443,733	125,667,350	2,132,776	91,325,468	28.02.2002
2002-2003	104,137,062	50,696,937	154,833,999	2,333,682	113,510,000	09.12.2002
Total	265,796,490	142,744,994	408,541,484	6,142,921	270,284,596	

(Source: PMU)

Table 2 Funds expected from EC, actual receipts and shortfalls

Year	Expected EC Funding (Rs)	Actual Receipts (Rs)	Shortfall met by GoH (Rs)
1998-1999	3,111,864	-	(3,111,864)
1999-2000	22,615,862	-	(25,729,726)
2000-2001	56,708,085	65,449,128	(16,986,683)
2001-2002	79,223,617	91,325,468	(4,884,832)
2002-2003	104,137,062	113,510,000	4,488,106

(Source: PMU)

Annex Eight Technical Report - Financial Management & Procurement

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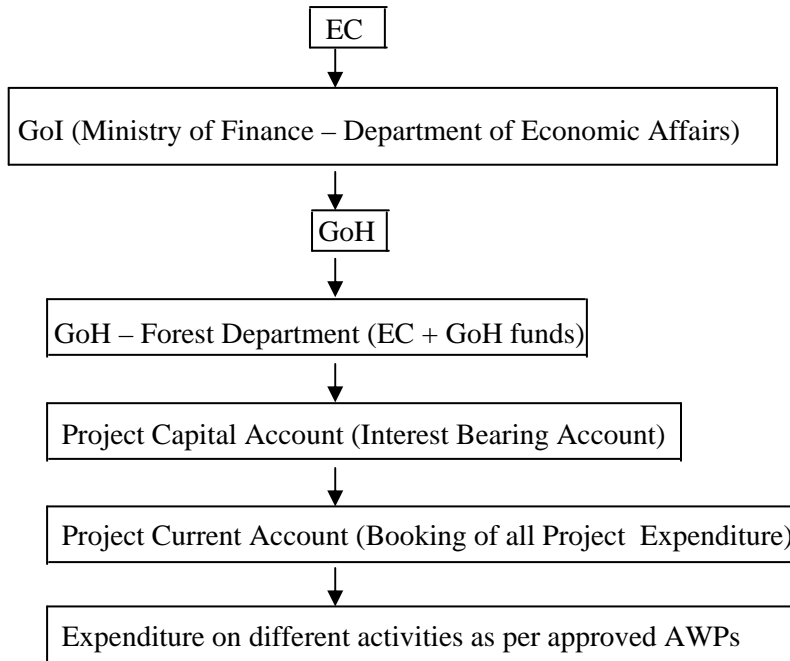
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1. Channelling of Funds

European Commission funds were to be provided to the Government of India as a grant and be channelled as a grant through all stages to the end users. Clause 9 of Annex A to the Financing Agreement for the project established the following process:

Figure A8-1 Disbursement Channels for EC funds



European Commission funds were to be disbursed in the following manner:

- As an advance to the project bank account on approved work plans of up to 80% of the annual provision.
- New advances to sustain cash flow on the basis of expenditure statements submitted by the project, but taking into account money unspent to avoid an accumulation of funds.
- Payments for imports, the cost of Project Co-ordinator, monitoring and evaluation expertise and other expatriate TA made directly by the Commission.

It was envisaged that the payments by EC and GoH would be transferred to the interest bearing project capital account. Monthly transfers would be made from this account to the project current account for incurring expenditure on project activities. The project current account would be operated by the Project Director and the Chairperson/Vice Chairperson of the Steering Committee. The contribution of GoH would be deposited in the project current account in four quarterly instalments on the basis of agreed annual work plans, to ensure that project was not delayed by the non-availability of funds on account of the budgetary process of GoH.

The PMU opened a project capital account in the State Bank of Patiala at Panchkula. Project current accounts have also been opened in the State Bank of Patiala at Panchkula and at other places where the division and circle offices of the project are located. However, the procedure outlined above for channelling of funds was not being followed, the deviations are outlined below:

- Funds received from EC through GoI have not been transferred to the project capital account by GoH.
- The quarterly contribution of GoH towards the project cost has never been deposited in the project current account. However, the designated DDOs can make payments from this account on the basis of annual budgetary provision made by GoH for the expenditure on Haryana CFP and to the extent of fund allocation made to them by PMU.
- The project expenditure is funded through the project current account which is being operated by the designated Drawing & Disbursement Officers.
- A quarterly statement of project expenditure is prepared and submitted by PMU to EC. However, the procedure regarding the transfer of EC contribution from the project capital account and quarterly GoH contribution to the project current account is not followed.

As a result of these deviations, only the EC funds *wrongly* deposited by the EC directly into the project capital account have appeared in the project capital account. EC funds received through GoI, and the GoH contributions are not reflected in this account. There has been loss of potential interest income which may have accrued to the project on account of short term deployment of surplus funds in instruments like bank fixed deposits. Clause 11 (iv) of Annex A to the Financing Agreement states that such interest accrued will be solely used for the project.

It was observed that the procedural deviations mentioned above in the channelling of funds had not resulted in any apparent delays to project implementation activities. However, questions were raised regarding the accountability and the tracking of EC funds as after transfer of these funds from GoI to the consolidated fund of the GoH, it was difficult to monitor their utilization.

2. Procedure for the Preparation of Annual Work Plans

The annual budget for the project is prepared by the PMU in the form of an AWP which serves as the overall programme indicator and sets physical and financial targets on a component basis. The AWP describes the allocation of resources, manpower and levels of draw down on the EC funds and GoH contributions. It indicates the schedule of activities proposed to be taken up for implementation during the year. After approval of the AWP by the Steering Committee and the EC a request for release of funds is made to GoI. 80% of the fund requirement given in the AWP is released by the EC and to sustain the cash flow, balance funds are released on the basis of quarterly expenditure statements submitted by PMU. Quarterly reporting by PMU to the EC ensures close control over the expenditure incurred on different project components and the financial contributions made by GoH during the period. The AWP also serves as a decision-making tool for project management and for monitoring physical and financial progress achieved by the project.

The steps involved in the preparation of AWP are described in Table X below:

Table A8-1 Preparation of the Project Annual Work Plan

ACTIVITY	TIMEFRAM E
Assessment of requirement of funds for the next year on the basis of micro plans for new villages and review of requirement of funds for existing villages in the next year by Sub-DFOs and preparation of circle action plans by the DFO (Operations).	December or up to third week of January.

Meeting with the field staff to finalize plantation programme and other physical targets.	Fourth week of January.
Finalization of other components and preparation of draft AWP and budget for the next year.	Second week of February.
Submission of draft AWP to EC Delegation in New Delhi for preview. Submission of draft AWP to PCCF for his comments.	Third week of February
Receipt of comments from EC Delegation on draft AWP. Receipt of comments from PCCF.	First week of March.
Finalization of the AWP and submission to the members of the Steering Committee.	By 8 th March.
Meeting of the Steering Committee for discussions on AWP and modifications.	By 23 rd March.
Incorporation of modifications suggested by the Steering Committee in the AWP and submission to EC Delegation for Approval.	By second week of April
Receipt of letter of approval from EC Delegation	End of April or first week of May
Copy of Agreed AWP to GoH	May

As per clause 10 of Annex A to the Financing Agreement, the AWP and budget estimates will be prepared each year and the presentation of the annual progress report will be timed to provide the basis for the AWP, and the two documents shall be integrated. However, as per the time schedule indicated by PMU for the preparation and approval of AWP by different authorities and the presentation of annual report, it is difficult to integrate these two documents. It was informed that the quarterly and six-monthly progress reports submitted to EC are used for the integration of project progress and AWP.

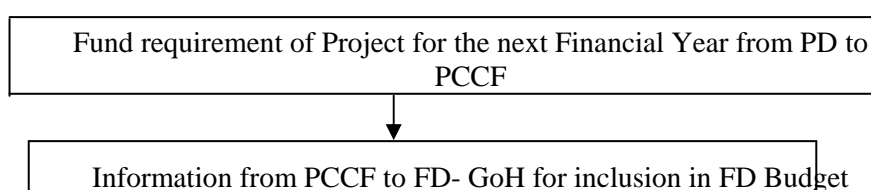
3. Allocation of Funds by GoH to the Project

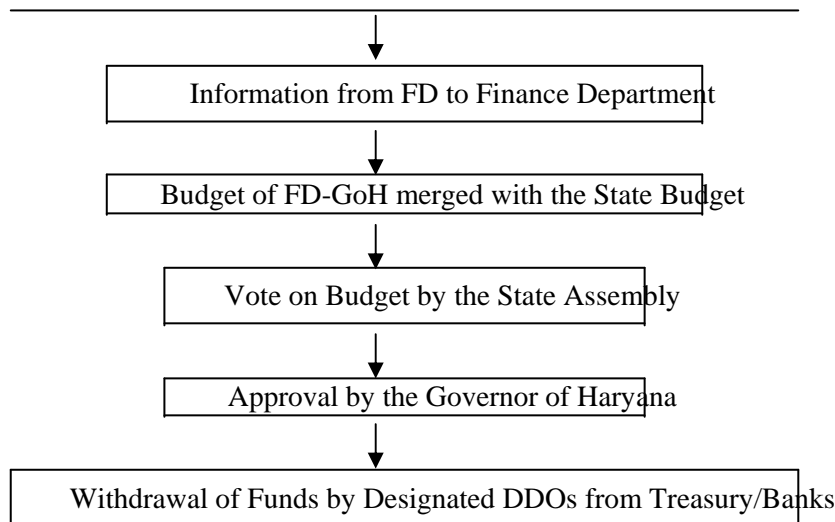
A provision for the project expenditure (EC+GoH) is made in the annual budget of the GoH. The Governor of Haryana accords administrative approval for the inclusion of plan scheme in the Schedule of New Expenditure (SNE) for the next financial year on a non-recurring basis subject to the following conditions:

- Plan ceiling / revised plan ceiling shall not be exceeded.
- No new posts will be created under the scheme.
- Expenditure will be incurred as per rules, instructions and approved cost norms.
- Expenditure incurred without the approval of Finance Department will not be accounted for final re-appropriation order.
- Share of EEC/ GoI will be reimbursed at the earliest possible time during the next financial year.

The budgetary process of the GoH starts in October/November each year and is completed by March. The important steps in the budgetary process are summarized below:

Figure A8-2 Budgetary Process of the Government of Haryana





After approval of the total State budget, the funds are spent by departments during the next financial year on the basis of allocation of funds for programmes/schemes detailed in the budget.

Funds for HCFP are provided by GoH under the following budget head:

Major Head 2406	Forestry and Wildlife, 01Forestry
Minor Head 102	Social and Farm Forestry
Sub Head 91	Community Forestry Project

GoH has made a provision of Rs.190 million for HCFP in the 2003-04 budget.

Information regarding budgetary provision by GoHa , revised estimate of expenditure for the current year and plan outlay for the project in the next financial year is given to the Ministry of Finance; Department of Economic Affairs in October / November each year.

It was observed that the transfer of funds to project bank accounts was not done according to the procedure given in the Financing Agreement. The project was withdrawing funds from the project current account opened in the banks designated by GoH and the project capital account was not used for this purpose as envisaged in Financing Agreement. Funds provided by the EC through GoI to GoH remained in the GoH account. The first instalment was erroneously transferred by the EC direct to the project capital account; the funds were then transferred to the project current account in two instalments. It was informed that in September 2003, the EC had again transferred an amount of Rs135.12 million directly in to the project capital account and the PMU was awaiting instructions from GoI / GoH regarding the draw down of this amount.

4. Project Accounting and Audit

The project accounts are maintained by the PMU, Circle, Division and Sub-division offices on the basis of 'cash system of accounting' which is followed by all the departments of GoH. Since the accounts are maintained on cash basis, the receipts and payments account can be prepared periodically. The details relating to assets, liabilities etc. are not readily available and it would be difficult to prepare a balance sheet on the basis of available information.

The cashbook and other records are maintained by the Deputy Superintendents or Assistants as per the forms prescribed in the Forest Account Code of GoH. On the fifth of every month, the monthly abstract of expenditure as per cash book together with the supporting vouchers for payments above Rs1000/- is sent

to the office of the Accountant General- (Audit /A&E) GoH by the following Drawing and Disbursement Officers designated for the Project.

- DFO Head Quarters / Project Director's Office
- CF ITC and M&E – Head Quarters
- CF Ambala Circle
- DFO Ambala Division
- DFO Kurukshetra Division
- DFO M&E Ambala
- CF Hissar Circle
- DFO Hissar Division
- DFO Bhivani Division
- DFO Jatusana Division
- DFO ITC Hissar

A copy of the monthly abstract of expenditure is also sent by the DDOs to the PMU which are filed by the Assistant looking after accounts in PMU.

It was reported that the accounts according to the forms prescribed in the FAC are maintained manually at head quarters, circle and division offices. The system was well established and conformed to the requirements of GoH. The accounts maintained by the DDOs were audited by the Accountant General (Audit / A&E) GoH and it was informed that the audit of accounts to the financial year 2001-02 was complete in case of Circle Offices and for head quarters to 2000-01.

Besides this, the statement of monthly project expenditure classified as per the 'schedule of accounts' developed by the TA team is prepared by the Deputy Superintendents/ Assistants responsible for the maintenance of accounts and sent to the Project Director's Office and to the TA Manager. This system of recording component-by-component expenditure is fully computerized and the project accounting software developed internally by the TA team is used for this purpose.

The booking of expenditure under various project activities and cost components is checked by the TA Manager and errors are communicated to the divisions concerned and the project expenditure database is updated on the basis of corrections made by them. The project expenditure database is used for the generation of project cost component-wise, village-wise, activity-wise etc. periodic reports for submission to EC and monitoring and controlling of expenditure.

The present internal control system of accounts is effective and efficient for the tracking of actual expenditure and serves the needs of project management.

Accounts for the previous year are finalized by the third week of May each year and the Annual Progress Report is also prepared during this period and sent to EC. The accounts are audited annually by the external auditors.

5. Flow of Funds

The project is funded from the EC contribution for the following activities:

- Infrastructure
- Equipment and vehicles
- Materials and supplies
- Field operation and maintenance

- Link workers and external support
- Studies, work shops and meetings
- Training
- Environment component

The following costs are funded by the GoH:

- Local staff costs
- Office and vehicle running costs
- Sales tax

The year-wise actual expenditure incurred on the project and expected contributions from EC and GoH were as under:

Table A8-2 Funding of Actual Project Expenditure up to 31st March 2003

Year	EC Share (RS '000)	GoH Share (RS '000)	Total Actual Expenditure (RS '000)	Receipt of EC Share		Date of Receipt
				Euro	RS ('000)	
1998-1999	3112	1301	4413	-	-	-
1999-2000	22616	13827	36442	-	-	-
2000-2001	56708	30477	87185	1676	65449	19.09.2000
2001-2002	79223	46444	125667	2133	91326	28.02.2002
2002-2003	104137	50697	154834	2334	113510	09.12.2002
Total	265796	142745	408541	6143	270285	

(Source: PMU)

Actual average conversion is €1=Rs44 on basis of funds received to 31 March 2003. The FA, OWP, and AWP assume conversion rates of €1=Rs47.

Besides the above funds, EC has made direct payments to the following parties on account of the project:

- Agriconsulting – Rs.63,342,000/- (assuming exchange rate of Rs. 47 / 1 Euro)
- Consulting Engineering for Biomass Study – Rs.200,000/-.

The total value of the TA contract with Agriconsulting is Euro 2,461,219 and the payments made until now are Euro 1,347,701. This represents an expenditure of 55% shortly after the mid point of the contract.

It is observed that in the absence of funding from the EC, the entire project expenditure was funded by GoH for the first two years of the project. This was possible because GoH makes provision for the total expenditure on account of the project in the annual budget and the project can draw down funds from project current account as per requirement within the total budgetary provision made for the year.

It was informed that the release of funds by EC was initially delayed because the opening of the project bank accounts was not possible under the rules of the GoH. Hence, considerable time was required for obtaining a special permission from various state authorities before opening of the project capital account and current account as envisaged in the Financing Agreement. The flow of funds to the project from EC has been irregular even after considering initial problems and delays in opening of the project bank accounts.

It was informed by PMU that on 15th September 2003, an amount of Rs.135,116,804/- was directly transferred by EC against 80% of the approved AWP for the year 2003-04 to the project capital account without any intimation to the PMU. Such direct transfer of funds is not envisaged in the Financial Agreement and the earlier similar transfer also faced strong objections from the Department of Economic Affairs; Ministry of Finance, GoI. Under the circumstances, this amount cannot be utilized by the PMU until clearance for its use is received from GoI.

After an initial request to the GoI for obtaining funds to the extent of 80% of the approved AWP for the year from EC, further requests for funds and follow up for the balance 20% of the funds are not made by PMU. This may be due to the fact that annual expenditure targets agreed in the AWP have not yet been approached in any year.

A summary of EC funding expected and received together with the shortfall that was made up by GoH is presented in Table X below. It is evident from Table X that up to December 2002, the EC under-funded the project to the extent of Rs4,884,832 and at the end of 31st March 2003 there was a surplus contribution of Rs4,488,106 from EC.

Table A8-3 Anticipated and Actual EC Funding of the Project

Year	Expected EC Funds (RS)	Actual Receipts (RS)	Shortfall met by GoH (RS)
1998-1999	3,111,864	-	(3,111,864)
1999-2000	22,615,862	-	(25,729,726)
2000-2001	56,708,085	65,449,128	(16,986,683)
2001-2002	79,223,617	91,325,468	(4,884,832)
2002-2003	104,137,062	113,510,000	4,488,106

The processing period from request to receipt for the transfer of funds from EC to GoH varied from 116 days to 286 days in case of the four funding tranches received by the project till date.

The comparison between the funding of expenditure up to 31st March 2003 as envisaged in OWP and the actual funding of project expenditure incurred up to 31st March 2003 is provided in Table X below, the comparison excludes direct payments made by EC to the TA providers.

Table A8-4 Actual and Anticipated OWP Expenditure

	Actual	As Per OWP
• EC Contribution	65%	73%
• GoH Contribution	35%	27%

Proportionately, contribution of GoH is higher than envisaged in OWP because GoH has financed fixed recurrent expenditure such as local staff costs, office and vehicle running costs. The EC contribution is utilized for activities like creation of infrastructure, material and supplies etc. and under spending on these activities has reduced the proportion of EC contribution as envisaged in the OWP. The EC contribution will increase with an increase in capital expenditure for project implementation.

The flow of funds from EC to the project is not efficient and regular, and covenants stipulated in the Financial Agreement are not followed by the PMU. The project activities had not suffered from inadequate flow of EC funds as shortfalls are countered through GoH budgetary provision.

In order to facilitate a smoother flow of funds from EC, it is suggested that PMU should ensure that they request funds on a more frequent and regular basis, after requesting the release of 80% of funds in the first quarter of the year on the basis of an approved AWP.

Presently, the Rupee / Euro exchange rate has improved and is higher than the rate of Rs.47 = 1 Euro assumed in the OWP.

6. Comparison of Actual Project Expenditure with OWP

The comparison of actual project expenditure up to 31st March 2003 with the targets envisaged in the OWP is given in Table A8-5 below.

Table A8-5 OWP Provision and Actual Project Expenditure by cost category, to 31 March 2003

Cost Category	Target as per OWP (IRS'000) Sep'98-Mar'03	Actual Expenditure (IRS'000)	Variation w.r.t. OWP (IRS'000)	Variation w.r.t. OWP (%)
1. Infrastructure	46911	29430	-17480	-37
2a. Equipment and Vehicles	23876	18443	-5433	-23
2b. Material and Supplies	68037	55835	-12202	-18
4a. Field Operation and Maintenance	217689	130669	-87120	-40
4b. Link Workers & External Support	11745	10828	-917	-8
4c. Studies, Workshops & Meetings	7003	5931	-1072	-15
5. Training	18499	12972	-5527	-30
6a. Environment Component	0	1688	1688	100
Sub-total EU Component	393860	265796	-128064	-33
6b. Government Contribution				
-Local Staff Salaries	122482	121589	-893	-1
-Vehicle & Office Costs	24487	19727	-4760	-19
- Sales tax	0	1429	1429	100
Sub-total GoH Contribution	146969	142745	-4224	-3
Total	540829	408541	-132288	-24

(Source- PMU Database)

The year wise and activity-wise details of actual project expenditure and cumulative project expenditure up to 31st March 2003 and comparison with OWP are given in Annex A – Statements 1.1 to 1.6

Project expenditure is about 24% lower than envisaged in the approved OWP. It may be noted that the achievement of financial targets is dependent on the achievement of physical targets and therefore physical under performance is reflected in non-achievement of financial targets. The main reasons for under spending to the extent of Rs.132 million up to 31st March 2003 are:

- Approval by the EC of proposed OWP category-wise cost estimates was necessary because of considerable variations between the FA and the OWP, which was approved by the EC in June 2000;
- Late deployment of project staff in the initial years resulted in slower than expected progress in field work, community development processes and preparation of micro-project proposals;
- Construction of *Chetna Kendras* and field offices was deferred because planting targets had not been met;
- Construction activities, such as water harvesting dams, were delayed while evaluation of initial activities was undertaken;
- Procurement activities were delayed pending approval of requests by GoH;

- The area available for sand dune fixation was over-estimated in the FA;
- In some cases expenditure has been over-budgeted.

The comparison between the total commitment of EC and GoH as per OWP and actual expenditure up to 31st March 2003 is given in Table X below.

Table A8-6 Commitment and Expenditure of EC and GoH (IRS), 31st March 2003

Particulars	EC (IRS '000)	GoH (IRS ' 000)	Total (IRS ' 000)
Commitment as per OWP	958330	319600	1277930
Actual Project Expenditure up to 31 st March 2003	265796	142745	408541
Achievement (%)	28	45	32

Note: EC contribution is at Rs47 = €1

As seen from table X above, only 28% of the EC commitment was spent to 31st March 2003. The progress report for the year 2002-03 states that the main reasons for moderate overall budget utilization of EC funds as:

- Limited construction of buildings.
- Limited procurement of equipment / vehicles.

However, a detailed scrutiny of expenditure to 31st March 2003 revealed that under spending of EC funds is on account of slower than expected progress relating to:

- Material and supplies – under this head expenditure was only about 45% of the total OWP and was particularly low for activities like Awareness, Publicity and Communication, Village Woodlots and Sand Dune Fixation.
- Field Operations and Maintenance – under this head actual expenditure was only 24% of the total OWP.
- Training – under this head the actual expenditure was about 46% of the total OWP.

It was observed that in order to achieve the targeted expenditure level by the end of the project period, it will be necessary to accelerate project activities in the remaining project period. If necessary, the allocations made in the OWP should be reviewed and reallocations made to the activities which need more funds, with the approval of EC.

The GoH has already contributed 45% of its total OWP commitment for operational support. A major part of the EC funded project expenditure will be incurred in the remaining four years of the project. In order to achieve this target, the main activities may be reviewed regularly and the factors causing delays in achieving the targets agreed in the OWP and AWP should be addressed efficiently and quickly.

For the year 2003-04, the actual expenditure was Rs56,945 thousand up to August 2003 as against the target of Rs188,075 thousand given in OWP for the year.

7. Comparison of Actual Project Expenditure with the AWP

The year-wise comparison of actual project expenditure up to 31st March 2003 with the AWP is given in Table X below.

Table A8-7 Comparison of Actual Project Expenditure with AWP, (IRS'000)

Year	AWP Commitment	Actual Expenditure	Variation w.r.t. AWP (IRS)	Variation w.r.t AWP (%)
1998 - 1999 (Inception)	14916	4413	-10503	-70
Year 1 (1999-2000)	90114	36442	-53672	-60
Year 2 (2000 – 2001)	150516	87185	-63331	-42
Year 3 (2001 – 2002)	161311	125667	-35644	-22
Year 4 (2002 – 2003)	198221	154834	-43387	-22

(Source – PMU database)

The year-wise and activity-wise details of actual project expenditure, cumulative expenditure up to 31st March 2003 and comparison with AWP are given in Annex A – Statements 1.1 to 1.6.

The project has not achieved the financial targets set up in the AWP because of factors discussed above in section X.

Expenditure has improved significantly in the last two years. The AWP should be used effectively by the PMU for monitoring financial targets; under performance may be intimated to the Divisions concerned regularly and corrective measures should be initiated as early as possible.

For the year 2003-04, actual expenditure has been Rs 56,945 thousand (Rs.36378 thousand EC contribution + Rs 20,567 thousand GoH contribution) up to 31st August 2003. This constitutes only 23% of the Rs 244,787 thousand budget given in the AWP for the year. The component-wise details of expenditure are given in Annex A.

8. Achievement of Physical Targets

The comparison of actual physical targets achieved up to 31st March 2003 with the targets set in the OWP are given below:

Table A8-8 Comparison of Actual Physical Achievements with OWP, to 31st March 2003

Project Component	Unit	OWP Target (Sep '98 - Mar '03)	Achievement (Sep '98 - Mar '03)	Variation w.r.t. OWP	
				Unit	(%)
1. Infrastructure					
- Chetna Kendras	Built	220	131	-89	-40
- Field Offices	Built	26	16	-10	-38
2. Village Activities and Plantation					
- Entry point activities	Villages	220	226	6	3
- Participatory village assessment and micro planning	Villages	220	232	12	5
- Village woodlots	Ha	3700	3016	-684	-18
- Sand dune fixation	Ha	4300	1296	-3004	-70
- Tree groves		1200	2300	1100	92
- Multi-species farm forestry	Ha	3000	3047	47	2
- Poplar seeding production	Ha	2500	3156	656	26
- Kitchen garden and homestead plots	Number	16800	33346	16546	98

Water harvesting dams	Built	11	5	-6	-55
- Resource management fund	VRMCs	220	138	-82	-37
- Income generating activities	Villages	0	68	68	
- Income generating activities	SHGs	0	125	125	
- Energy saving activities	Villages		54	54	
- Number of smokeless chulha		0	2650	2650	
- Number of improved crematoria		0	4	4	
3. Link Workers and External Support					
- Link Workers	Numbers	340	346	6	2
- Short-term consultants	Person months	NS	100		
4. Studies					
5. Training					
- Staff	Partic.	NS	2006		
- Beneficiaries (male) / events	Partic.	NS	5061		
- Beneficiaries (female) / events	Partic.	NS	4106		
Beneficiaries (total)	Partic.	NS	9167		
6. Environment component					
- Rehabilitation of Johads	Numbers	NS	3		

7. Local Staff deployment	Numbers	557	426		

NS = Not Specified

(Source- PMU Database)

Year-wise and activity-wise details of physical targets given in the OWP and AWP are compared with actual physical achievement up to 31st March, 2003, in Annex A Statements 2.1 to 2.5.

The comparison of OWP physical targets for the period to 31st March 2003 with actual physical performance indicates that the major activities which are lagging behind and need review are:

- Sand dune fixation – achievement is about 30% of the physical target;
- Construction of water harvesting dams – achievement is about 45% of the physical target;
- Construction of Chetna Kendras – achievement is about 60% of the physical target;
- Construction of field offices – achievement is about 62% of the physical target;

The reasons for under performance include: deferment of procurement and other activities for operational reasons, less availability of land for planting than envisaged (particularly for sand dune fixation).

Energy saving technologies have been introduced in project villages by providing smokeless chulhas to villagers at subsidized rates and through construction of improved crematoria in selected villages. The smokeless chulhas have been well received and demand is high in most of the villages. However, it was reported that the improved crematoria are rarely used and continuation of this component needs review. See section ?

In qualitative terms, the physical performance of the project has been good as reflected in tree survival rates, establishment of nurseries, in-house development of project accounting software, creation of Project web-site etc. The project has established a very elaborate M&E system for the monitoring of each module defined in the OWP. It was informed that for the plantation activities, remote sensing can be used for monitoring growth and survival of each tree.

The project has performed well in training staff, village link workers and beneficiaries and has developed training material in the form of manuals/guidelines etc. for different types of participant. However, further training of VRMC office bearers and link workers in the form of 'refresher training' is necessary for their capacity building (see section ?).

For the achievement of physical and financial targets stated in OWP within the remaining project period, the PMU should make an assessment of physical targets for activities like sand dune fixation etc. and seek approval from EC to reallocate the funds for activities like rehabilitation of johads, de-silting of existing water harvesting dams etc.

The PMU must monitor agreed schedules for completion of physical targets; administrative and technical delays must be identified and corrective measures initiated quickly.

9. Procurement Procedures

The project is following procurement procedures prescribed by the EC in November 1999 and subsequently endorsed by GoI. The GoH has also permitted the PMU to adopt the procedures endorsed by the GoI instead of standard GoH procedures.

There was some confusion within the project regarding recent modifications made by the EC to agreed procurement procedures. The PMU had not received official notification of these changes but had partially downloaded changed procedures from the internet. The new procedures are cumbersome and most local goods and service providers would find it difficult to meet the proposed conditions. Moreover; on the basis of new rules, the tendering procedure would require up to four months and award of contract may take up to six months. This would lead to delay in the execution of the works proposed in AWP and under spending of budgeted expenditure.

It was further reported by PMU that in the absence of any communication from EC Delegation regarding the changes in procurement procedures, the contracts sent to EC for approval are being delayed and that this would affect the achievement of physical and financial targets set in the AWP for the year 2003-04.

At the debriefing meeting in New Delhi the EC Delegation made it clear that the Project should continue to follow existing procurement procedures until receipt of an official communication from EC relating to applicability of new procurement procedures to the Project.

It is observed that as per clause 8 (ii) of the Financing Agreement, the Project Director is empowered to procure the services and goods up to a maximum of 5000 Euros on his own and any expenditure above this limit needs approval from EC.

Procurement of auditors

10. Wage Rates

The project is employing the labour for the following the type of work and the payment of wages to the workers is done as per the rates prescribed by GoH.

- Nurseries
- Pitting
- Maintenance of Plantations
- Construction of Water Harvesting Dams
- Rehabilitation of Johads
- Construction of Chetana Kendras
- Field Offices

The cost of labour was considered at Rs.80 per day in the OWP. However, the daily rate considered in the AWP and the actual rate prescribed by the GoH differ from year to year as the rates for the next financial year are not known to PMU at the time of the preparation of AWP. Hence, there is a difference in the labour rate considered in the AWP (which is higher than the GoH rate) and the rate prescribed by GoH at which the labour payment is done in the next financial year. The comparison of the labour rates is given below:

Table A8-9 Manual Wage Rate; Estimates and Actual

Year	Wage Rate as per OWP (Rs./Day)	Wage Rate as per AWP (Rs./Day)	Wage Rate prescribed by GoH (Rs./Day)
Inception Period (1998-1999)	-	-	-
Year 1 (1999-2000)	-	-	-
Year 2 (2000-2001)	80	80	72
Year 3 (2001-2002)	80	80	72
Year 4 (2002-2003)	80	80	76
Year 5 (2003-2004)	80	90	84

It was observed that the labour charges were over-budgeted in the AWP. This was a conscious and prudent management decision, made in order to ensure that the project was not caught unawares but unforeseen increases in the government approved wage rate. The discrepancy in rates also provides (to a certain extent) a contingency that can meet excess labour needs that are not provided for in the AWP.

Annex Nine

Dalbergia sissoo woodlot: costs and returns per ha

	Unit	Unit cost	Y1		Y2		Y3		Y4		Y5		Y6		Y7		Y8		Y9		Y10		Y11-59		Y60			
			Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs		
Costs																												
Site prep	md	80.00	36.60	2,928	2.1	166	1.0	83	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Seedlings	sdlg	2.50	1,100.00	2,750	200.0	500	100.0	250	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Planting	md	80.00	14.00	1,120	2.9	231	1.4	112	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Watering	sdlg	3.99	1,000.00	3,990	200.0	798	100.0	399	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Weeding	md	80.00	26.80	2,144	14.9	1,192	9.1	725	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Harrowing	ha	1,250.00	1.00	1,250	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Bdry trench	md	80.00	39.85	3,188	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Watcher	md	80.00	36.50	2,920	36.5	2,920	36.5	2,920	36.5	2,920	36.5	2,920	18.0	1,440	18.0	1,440	18.0	1,440	18.0	1,440	18.0	1,440	18.0	1,440	9.0	720	9.0	720
Misc materials	ha	565.00	1.00	565	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total costs				20,855		5,807		4,489		2,920		2,920		1,440		1,440		1,440		1,440		1,440		720			720	
Returns																												
Grass	t	750.00	2.00	1,500	2.0	1,500	2.0	1,500	2.0	1,500	2.0	1,500	2.0	1,500	2.0	1,500	1.0	750	1.0	750	1.0	750	0.5	375	1.0	750	1.0	750
Fuelwood	t	850.00	0.00	0	0.0	0	0.0	0	0.0	0	4.5	3,825	0.5	425	0.5	425	0.5	425	0.5	425	9.0	7,650	1.0	850	20.0	17,000		
Tree fodder	t	500.00	0.00	0	0.0	0	0.0	0	0.0	0	0.5	250	0.5	250	0.5	250	0.5	250	0.5	250	1.0	500	1.0	500	1.0	500	1.0	500
Final crop	tree	2,756.00	0.00	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	300.0	826,800		
Gross return				1,500		1,500		1,500		1,500		5,575		2,175		2,175		1,425		1,425		8,900		1,725		845,050		
Net return				-19,355		-4,307		-2,989		-1,420		2,655		735		735		-15		-15		7,460		1,005		844,330		
[1] 40 year rotation																												
<i>Financial return</i>																												
(a) IRR% 10%																												
(b) NPV (Rs) @ 12% -7,473																												
<i>Economic return</i>																												
(b) ERR% 17%																												
(c) NPV (Rs) @ 12% 13,530																												
[2] Leasing for agriculture @ Rs 12,500/ha/a																												
(d) NPV (Rs) @ 12% 103,047																												
Assumptions																												
Rotation reduced to 40 years (60 years is regarded as the norm for <i>Dalbergia</i>)																												
Thinnings at Y5 and Y10 yield fuelwood																												
Costs as per HFD plantation norms																												
Prices as per HFD current price list for standing trees																												
Average stem diameter at harvest 52cm																												
Price per standing tree Rs 2,756																												
Carbon fixing included in (b) valued at Rs 675/t or Rs 2,126/ha/a																												

Eucalyptus woodlot: costs and returns per ha

	Unit	Unit cost	Y1		Y2		Y3		Y4		Y5		Y6		Y7		Y8	
			Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs	Qty	Rs
Costs																		
Site prep	md	80.0	36.6	2,928	2.1	166	1.0	83	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Seedlings	sdlg	2.5	1,100.0	2,750	200.0	500	100.0	250	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Planting	md	80.0	14.0	1,120	2.9	231	1.4	112	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Watering	sdlg	4.0	1,000.0	3,990	200.0	798	100.0	399	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Weeding	md	80.0	26.8	2,144	14.9	1,192	9.1	725	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Harrowing	ha	1,250.0	1.0	1,250	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Bdry trench	md	80.0	39.9	3,188	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Watcher	md	80.0	36.5	2,920	36.5	2,920	36.5	2,920	36.5	2,920	36.5	2,920	36.5	2,920	36.5	2,920	36.5	2,920
Misc materials	ha	565.0	1.0	565	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Total costs				20,855		5,807		4,489		2,920		2,920		2,920		2,920		2,920
Returns																		
Grass	t	750.0	2.0	1,500	2.0	1,500	1.0	750	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
Fuelwood	t	850.0	0.0	0	0.0	0	0.0	0	0.0	0	0.5	425	1.0	850	3.0	2,550	10.0	8,500
Standing crop	tree	455.0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	500.0	227,500
Gross return				1,500		1,500		750		0		425		850		2,550		236,000
Net return				-19,355		-4,307		-3,739		-2,920		-2,495		-2,070		-370		233,080

[1] 8 year rotation

Financial return

(a) IRR% 36%

(b) NPV (Rs) @ 12% 66,274

Economic return

(b) ERR% 52%

(c) NPV (Rs) @ 12% 87,774

[2] Leasing for agriculture @ Rs 12,500/ha/a

(d) NPV (Rs) @ 12% 62,095

Assumptions

Costs as per HFD plantation norms

Prices as per HFD current price list for standing trees

500 stems/ha harvested out of 1,000 stems/ha planted

Average stem diameter at harvest 27cm

Price per standing tree Rs 455

Carbon fixing included in (b) valued at Rs 675/t or Rs 3,645/ha/a

Annex Ten Briefing and Debriefing Notes, EC and GoH

I. Notes of the Mid –Term Review Briefing, EC Delegation, N-Delhi 25 September, 2003

Present

Kamini Paul, Task Manager, EC Delegation, New Delhi
Thomas Bain, Coordination Adviser, EC Delegation, New Delhi
Desmond Chaffee, Social Forestry, MTR Team
Sandhya Chatterji, Rural Sociologist, MTR Team
Martin Stewart, Teamleader/Forest Planning, MTR Team

The Delegation regarded the project as one of its best in India. The PMU was considered strong, successful and particularly clear about its aims. The Delegation had no strong concerns about the project, which has not yet been de-concentrated. Project issues were:

- **Sand dune fixation**
Targets have not been met, apparently because of bad rains. There may be a need to revise some of the indicators in the logframe and the team was asked to explore this with the PMU.
- **Self Help Groups**
Stronger focus on capacity building of SHGs, gender issues and income generating activities was desirable. In particular the quality of participatory processes and the sustainability of SHGs was an issue.
- **Village Resource Management Committees**
Representation of women in VRMCs was not reaching the expected level of 30%.
- **Non-Governmental Organisations**
There were problems in finding good NGO partners, and in building their capacity.
- **Channelling of funds**
Problems had been experienced with procedures used for channelling funds and in ensuring their timely availability. It was not always clear what route funds were following, or how they were tracked. Late release and mis-direction of funds from Brussels, as well as retention of funds by the Government of Haryana, had caused difficulty.
- **Staffing of the Project Management Unit**
The FA anticipates that the PMU will be adequately staffed by FD and that professional staff will generally remain for at least three years. Previously there were some problems with untimely transfers of key staff but the situation was believed to have stabilised.
- **Coordination with District development programmes**
There were probably opportunities to strengthen links between the project and district programmes through improved communications.
- **Species Selection**
There were believed to be issues around the selection of appropriate tree species for various purposes, the team was asked to explore these issues.

- **Sustainability**
The MTR team was asked to consider the prospects for sustainability of key project activities on completion of the project and cessation of funding.
- **Cost-Benefit Analysis**
In response to a question from the team relating to point 3.4.i of the TOR it was agreed that a rigorous and detailed cost-benefit analysis was not required.
- **Targets**
The delegation is primarily interested in achieving high quality implementation through appropriate processes; it is less interested in ensuring that physical work and financial expenditure targets are met.
- **De-briefing** would take place in Haryana with GoH and the FD at the end of the mission, probably on 9th October. De-briefing of Counsellor Headey at the EC delegation in Delhi was desirable and the Taskmanagers agreed to explore his availability on the afternoon of 10th October. The team's TOR did not refer to debriefing of the Task Manager in Brussels but it was agreed that it would be desirable if this could be achieved.

M. Stewart
25 September 2003

II. DEBRIEFING NOTES, EC DELEGATION, NEW DELHI,

10 OCTOBER 2003

Present

Mr Andrew Headey, Counsellor, Development
Mr Per Dibber, Head of Finance and Contracts
Mr Girish Ahuja, Finance Officer
Mr Enrico Gaviglio, Finance and Contracts Officer
Ms Kamini Paul, Project Manager
Mr Thomas Bain, Coordination Adviser
Mr S K Dhar, Chief Conservator of Forests and Project Director
Mr Martin Stewart, MTR Team Leader
Dr Sandhya Chatterji, MTR Sociologist
Mr Anil Joshi, MTR Financial Specialist
Mr Desmond Chaffey, MTR Community Forestry Specialist

- The meeting was chaired by Mr Headey, at whose invitation Mr Stewart took the meeting through the draft Aide Memoire.
- Mr Bain referred to the prospect of changes in the EC procurement procedures. He said that any request for the project to remain with the procedures in force at the time of the Financing Agreement would be subject to written (not oral) correspondence with, and approval of, the head of finance at the Delegation. Mr Dibber said that the project would also need to seek EC approval in writing for any departures from the targets in the Financing Agreement. Strong justification would be needed and an addendum to the Financing Agreement would also be needed. Mr Dibber said that an Exchange of Letters is being drafted in Brussels, in order to agree the introduction of new procurement procedures with the GoI. In response to a query from Mr Chaffey, Mr Dibber said that proposed changes to the project targets could be incorporated into the AWP at the same time as approval is sought for them. Mr Chaffey said that the project might find itself bound by new rules agreed between the EC and GoI without being given prior opportunity to seek exemption or modification. Mr Dibber confirmed that the Financing Agreement should be amended forthwith to ensure that the project could continue to apply the current procurement procedures.
- Mr Headey commented favourably on the timeliness of the Mid Term Review and observed that the project is regarded as being one of the best in the Delegations' portfolio. Its success is evidenced by the fact that it requires little attention at Sub-Commission meetings. He asked why certain of the project targets were not being met, most notably in the sand dune fixation component. Mr Stewart explained that the Appraisal Report had set targets of 700 project villages and 9,300 ha of sand dune fixation plantations. During the preparation of the FA the size of project and number of project villages had been reduced to 300 villages, but the sand dune fixation target remained at 9,300 ha. There had also been an unforeseen expansion of irrigation in the sand dune areas, and more land is privately owned than had been realised during appraisal; this meant that considerably less land was available for the component than anticipated. Mr Headey expressed the view that in the light of the changes circumstances the proposed changes appeared reasonable. Mr Headey asked if the project's global target and expenditure would need to be reduced. Mr Stewart said that the number of villages should be increased by thirty (10%). The project had also

proposed roadside planting along some 1,000 km (700 ha) of village roads as an alternative to sand dune fixation. These changes were also in accord with GoH policy and views expressed to the MTR.

- Mr Bain said that there had been delays early in the project because the EC had paid project money into the wrong bank account, a circumstance recently repeated. Mr Headey said that the GoI had indicated at the Sub-Commission meeting in Brussels on 26 September that it would not return to the EC money paid again into a wrong account. The matter would be resolved within India.
- Dr Chatterji said that progress in meeting the project's gender and poverty-related objectives depends on the SHGs and on the VRMCs, both of which need strengthening. Women's involvement especially depends on the SHGs, which were not in the original project design, and progress has been slow. The project needs the services of a gender expert. In any event, a land-based project such as this one has limitations in the extent to which it can reach the poor. Mr Stewart said that the MTR was recommending an addition of 18 months of local TA provision to the TA contract, to be used for gender, social development and enterprise development activities. The MTR would also be proposing a six-month extension to the TA Project Coordinator's contract to enable co-terminus with the project. These proposals had been discussed with the PMU and the FD which was in agreement with them.
- Ms Paul noted that Brussels was not on the team's itinerary and suggested that the MTR team leader should make a visit to Brussels to brief the Task Manager about the progress and findings of the review.
- Mr. Headey expressed himself very satisfied with the outcome of the review and the progress of the project. He placed heavy emphasis on the need to ensure that proper procedures were initiated as soon as possible by the project for necessary riders to the FA to be issued.

M. Stewart
10 October 2003

III. Notes of the Round-Up Meeting, Forest Department, Panchkula,

9 OCTOBER 2003

Present

Mr D S Dhesi (IAS), Secretary Forests, Government of Haryana
Mr J P L Srivastava (IFS), Principal Chief Conservator of Forests
Mr Sultan Singh (IFS), Additional Principal Chief Conservator of Forests
Mr S K Dhar (IFS), Chief Conservator of Forests and Project Director
Mr R P Balwan (IFS), Conservator of Forests, HCFP
Mr K S Chauhan (IFS), Conservator of Forests, HCFP
Mr Thomas Bain, Coordination Adviser, EC Delegation
Dr Joseph, TA Sociologist
Mr Ajay Rai, Earth Consultants Pvt Ltd
Mr Martin Stewart, MTR Team Leader
Dr Sandhya Chatterji, MTR Sociologist
Mr Anil Joshi, MTR Finance Specialist
Mr Desmond Chaffey, MTR Community Forestry Specialist

- Mr Deshi chaired the meeting. At the chairman's invitation, Mr Stewart summarised the main observations contained in the draft Aide Memoire. He drew attention to the fact that the EC places emphasis on quality, not only quantity, in assessing project performance. He also raised the issue of new EC procurement procedures, heard about but not issued, and Mr Deshi said that the project should adhere to the procedures covered by the Financing Agreement or subsequent written agreements. Mr Bain telephoned the EC for clarification and arranged for the Project Director to attend a meeting at the EC Delegation the following day. He confirmed that the project should adhere to the provisions of the Financing Agreement regarding procurement.
- In response to comments about the value of the Link Workers, the Secretary asked how the project could assist in their further development. Mr Stewart and Mr Johnsson said that some are already being paid by NGOs. Dr Chatterji spoke of the need to increase the number of SHGs, at least in those villages where there are already some in existence. Mr Stewart drew attention to the problem of ensuring income for SHGs. Mr Dhar said that the PMU has received approaches from other government departments for assistance with SHGs.
- Dr Chatterji expressed concern about the sustainability of VRMCs, as the panchayats could in future vote to abolish them. Mr Dhar said that legal clarification of their status is needed and that the Chief Minister had said that, after the project ends, the plantations established by the project should be protected by the Territorial Wing to full rotation age. Mr Srivastava said that the VRMCs should be sub-committees of the panchayats, not parallel bodies. If the panchayats are to be required to allocate a fixed proportion of income from woodlots to reforestation, a Government Order will be required from the Department of Panchayat and Development. On the subject of women's representation on the VRMCs, Mr Johnsson explained that the 50% figure from the Financing Agreement had proved impractical.
- In response to a question from the Secretary, Mr Stewart confirmed that the MTR mission saw a need for more research. The Secretary suggested appropriate provision be made in the next AWP.

- On the subject of water harvesting dams, Mr Srivastava emphasised the need for the treatment of catchments prior to dam construction. Mr Dhar said that the Forest Department has, outside the project, constructed about 200 dams since 1976 and that around half of them are already silted up. The PMU wants to include the desilting of three such dams in the project, on an experimental basis, with a view to desilting a total of twenty. at a cost of about Rs200,000 per dam. Mr Dhar said that the catchment areas of the dams which would be desilted are now well protected by vegetation. It was agreed that Mr Dhar would prepare a costed proposal for inclusion in the AWP and approval by the EC.
- Mr Dhar confirmed that the PMU wishes to expand its capacity to produce clonal eucalyptus by modifying its existing facilities at Seonthi at a cost of Rs 3 million.
- Mr Chaffey raised the subject of the free distribution of seedlings, on which there is currently no limit as far as the number given to any one farmer is concerned. Mr Dhar pointed out that this is a policy issue because other parts of the Forest Department also distribute free seedlings without limit. It was agreed that the PMU would consider setting a limit.
- On the subject of energy-efficient crematoria, which appear not to have proved acceptable to villagers, Mr Dhar said that the project will build only three more.
- The Secretary asked what would be done with savings from the allocation for sand dune fixation, if the target for the latter is to be reduced. Mr Stewart and Mr Dhar explained that the funds saved will be used partly for roadside planting equivalent to an area of 700 ha.

M. Stewart
9 October 2003

Annex Eleven List of Key Contacts

Name	Position
D.S. Dhesi IAS	Commissioner/Secretary Forests
P.K. Das IAS	Divisional Commissioner, Hisar
J P L Srivastava, IFS	PCCF, Haryana Forest Department
S.K.Dhar, IFS	CCF and Project Director, PMU, HCFP
G. Johnson	Project Coordinator, Agrisystems
K S Chauhan, IFS	CF, Information, Training, Communication, Monitoring and Evaluation, HCFP
R.P Balwan IFS	CF (HCFP), Hirma
Rupinder Singh, IFS	CF (HCFP), Ambala
Dr Amarinder Kaur IFS	CF, Development, Haryana Forest Department
M.S. Malik IFS	DCF, HFCP, Bhiwani
V.S. Tanwar IFS	DCF, HFCP, Jatusana
S K Goyal IFS	DCF, HFCP, Kurukshetra
Rajesh Gulia IFS	DCF, HCFP, Ambala
Jagdish Chandu	DCF, HCFP, Hirma
M P Sharma, IFS	DCF, Research and Training, Pinjore
R K Sharma	ACF and Acting DFO, M&E, HCFP
Satbir Singh	SDFO Designate, HCFP, Kurukshetra
Naresh Malik	SDFO, HCFP, Yamunanagar
I C Sharma	SDFO, HCFP, Panchkula
Bhagwan Singh	SDFO, HCFP, Jatusana
Jagjit Singh Fogat	SDFO, HCFP, Nahar
Satish Wason	SDFO, HCFP, Kanina
Uma Shankar	SDFO, HCFP, Bhiwani
Parmanand	SDFO, HCFP, Hisar
Satbir Singh	SDFO, HCFP, Loharu
O.P.Kajla	SDFO, HCFP, Siwani
R.K.Chugh	SDFO, HCFP, Sirsa
Radhey Shyam	SDFO, HCFP, Fatehabad
A. Headey	Counsellor, EC Delegation
Per Dibber	Second Secretary, Head Finance and Contracts
Enrico Gaviglio	Finance and Contracts
Girish Ahuja	Finance Manager
Kamini Paul	Project Manager, EC Delegation
Thomas Bain	Project Manager, EC Delegation