

Implementation of World Bank's Loan Projects in China's Forestry

— Experience, problems, and trend

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Overview of Project Implementation

- It has become the prelude of the cooperation between the China's forestry and the World Bank since the Forest Development Project's Credit Agreement took effect on Sep 5, 1985.
- China forestry and the World Bank have cooperated fruitfully and made rich achievement.
- Total investment of six loan projects reaches 1,724 million USD, and the loan provided by the World Bank is 897 million USD.

Project Category

- ✔ **Forestry Development Project**
- ✔ **Daxinganling's Forest Fire Rehabilitation Project**
- ✔ **Nation Afforestation Project**
- ✔ **Forest Resource Development and Protection Project**
- ✔ **Forestry Development in Poor Area Project**
- ✔ **Sustainable Forestry Development Project**

Forestry Development Project (CR.1605 - CHA)

- ☛ The project started in 1985 and ended in 1990.
- ☛ The total investment completed was 5600 million yuan, including 55.68 million USD.
- ☛ The area of plantation was 118400 ha; The area of young growth tending was 436000 ha; The roads, transmission electricity line and communication line, forestry machinery and equipment increased in the forest region.
- ☛ The World Bank deemed the project had realized construction object. The implementation of project was chosen as “satisfaction”.

Da Xingan Ling Forest Fire Rehabilitation Project (CR.1918 - CHA)

- The project started in 1988, ended in 1994, the investment completed was 489 mil. yuan, including the World Bank credit loan 55.1 mil. \$. The total fire-injured trees cleaned and transported was 11.74 mil. cube meter. The purchasing equipment was about 900 sets. The area of renovation afforestation in fire slash was 722000 ha; the area of nursery reconstructed was 186.2 ha in the fire district; 86 sites of microwave and UHF communication station were constructed to protect safety of forest resource.

National Afforestation Project (CR.2145 - CHA)

- The project started in 1990, ended in 1997. The total investment completed was 557 mil. \$, including the World Bank credit loan 328 mil. \$. The area of FGHY plantation was 1385000 ha, the economic, ecological and social benefits were very well. In 1998, the World Bank carried on the final acceptance of construction to the project and offered “very satisfaction” of supreme appraisal to the project.

Forestry Resource Development and Protection Project

(CR.12762 - CHA)

- The area of intensive plantation was 749000 ha, multifunction shelterbelt forest 282000 ha. The area of pilot natural forest management was 834.5 ha. On the aspect of plant material development, 199 selected clones and 630 selected families were chosen. The area of newly vegetative propagation nursery was 89 ha, increasing clone capacity of 26 mil. The project passed WB final acceptance of construction and was prized by “satisfaction”.

Forestry Development in Poor Area Project

(4325 - CHA)

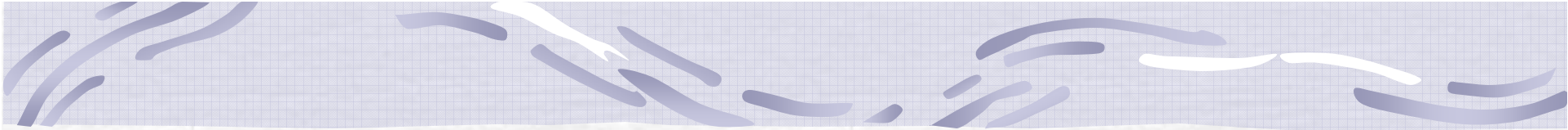

- The total investment is 364 mil.\$, including WB loan 200 mil.\$. The planning area of plantation is 545000 ha, including timber forest 425000 ha, economic forest 12000 ha. After the projected being established, plantation volume will increase 53.62 mil. Cube M, producing timber 41.29 mil. Cube M, bamboo output 9.98 mil.tons, economic forest products output 5.1 mil.tons, total income 46.4 billion yuan. The project has been implemented for 6 years , the area of plantation is 600000 ha . The project implementation is well.

Sustainable Forestry Development Project (4659 - CHA)

- The project investment consists of three aspects, including WB loan 93.9 mil.\$, GEF grants 16 mil.\$, EU grants 16.9 mil.€ EU grants support natural forest management, GEF grants support conservation management and WB loan support plantation.

Main experience

- ✔ Leader's attention and efficient management system can ensure successful implementation of the projects
- ✔ Advanced technology is the important guarantee for effective implementation of the projects
- ✔ The achievement of scientific research can be utilized to increase involvement of science and technology in project activity.
- ✔ Setting up payment system for investment is required for capital management of projects

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- Using high-quality seeds and saplings to ensure the plantations of project having better genetic performance.
 - Checking and inspection to accomplish the high-quality plantation of projects.
 - Strengthening technical training to improve the management level.
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Main Problems

- ☛ The too high proportion of counterpart funds caused many difficulties for the smooth implementation of the project.
- ☛ The unreasonable purchasing mode and too long purchasing cycle of fertilizer could not satisfy the need of the afforestation.
- ☛ The problem of “Environmental Category A” on the environment evaluation.

Trend of World Bank's Forestry Loan Project

- ☛ While developing ecological forestry, commercial forest development should be accelerated.
- ☛ Harmonizing the relationship between the ecological construction and the industry development
- ☛ As for hard loans of World Bank, maximizing benefit should be the important goal.