Sri Lanka
Community Forestry Program

Program Design Document

Prepared for the Governments of Sri Lanka and Australia

UNDP Sri Lanka
November 2011

Disclaimer

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Executive Summary

Sri Lanka and Australia jointly funded the Sri Lanka Australia Natural Resource Management Project (SLANRMP) for a 6 year period from February 2003 to January 2009. In late 2008 the Government of Sri Lanka's (GoSL) Forest Department prepared a Strategy for Community Forest Management in Sri Lanka and requested further Australian assistance to implement the strategy, which aimed to consolidate the achievements of SLANRMP and expand the community forestry model as a national program.

At the beginning of the last century, about 70 percent of Sri Lanka's land area was under natural forest cover. This has reduced to 22.55 per cent by 1999. As a result of these trends, forest area per capita has declined from about 1.3 hectares in 1990 to less than 0.1 hectares in 1992 (MALF, 1995). The SLANRMP rapid program helped to arrest the declining of forest cover where more than 11,000 hectares of forest have been added in the dry and intermediate climatic zones of Sri Lanka with active participation of adjacent communities. Based on this, phase II of SLANRMP is proposed to consolidate and expand the experience and achievements in the previous program. During the Phase II, it is planned to improve the forest cover by an additional 23,000 hectares in dry and intermediate zones while supporting nearly 90,000 community members through program activities.

The community forest management approach is a process in which a community is mobilised; natural resource management options and priorities identified; and government and/or private sector resources mobilised to implement the priorities. A Feasibility Assessment - assessing the effectiveness and impact of the community forestry approach – was conducted in Sri Lanka between 15 and 30 October, 2009. The Feasibility Assessment concluded that the approach is successfully addressing the leading causes of deforestation and forest degradation in the dry and intermediate zones, enhancing the livelihoods of participating communities and contributing to a reduction in poverty. Following the Feasibility Assessment the two governments agreed to proceed to the design stage, which was undertaken in Sri Lanka from 31 October to 13 November 2009.

The Community Forestry Program (CFP) was designed as a fully AusAID grant financed, stand alone program. For administrative purposes, and to achieve natural synergies and cost efficiencies, management arrangements for the CFP were developed to enable it to be delivered as an element of the proposed World Bank-GoSL Ecosystem Conservation and Management Project (ESCAMP).The Sri Lankan Department of External Resources (DER) approved the CFP on February 09, 2010. However, In April 2011 the World Bank decided not to proceed with the ESCAMP. The Forest Department asked AusAID to consider an alternative partner to oversight delivery of the CFP, and recommended the United Nations Development Programme (UNDP), with which the Department has an established a good working relationship. AusAID agreed to consider this option.

Over April- October, 2011 the design has been modified to reflect the management arrangements that will enable UNDP to manage delivery of the CFP as a standalone program. The revised management structure for CFP, described in detail in attachment 4, includes some additional human resources to fulfil functions which would otherwise have been provided by the overarching management bodies of ESCAMP. The management changes and technical assistance proposed under UNDP primarily altered the technical support and monitoring components. The current project duration is for four years as opposed to the five years in the ESCAMP design. Reduction of duration is in response to the improved access in the Northern and Eastern Provinces, improvements to the civil administration and needs and opportunities to support the Forestry Sector to establish and support/complement the post war resettlement and rehabilitation processes. The number of sites, activities and the funding level is kept at the same level (AUD 4.97) as explained in the PDD and Attachment 4.

Design options

The design is based on the *Strategy for Community Forestry Management in Sri Lanka*, prepared by the Forest Department in 2008 and which remains current and highly relevant. Some of the main options considered during the design were:

1. **The inclusion of a carbon component**. The GoSL requested that this program not include a carbon conservation or climate change (CC) related element as national policy with respect to these issues had not been determined. While a CC strategy has since been developed it is still considered premature to include a component with respect to these issues, which are currently being taken forward with the GOSL by the Asian Development Bank (ADB), although there is some flexibility to support carbon conservation (e.g. study visits, technical assistance or training) within the institutional support component of this program.

2. **Targeting conflict affected areas.** The program will support the Forest Department to provide assistance in conflict affected areas. Commencement of new sites in North and East Districts starting from the first year of the project is now possible due to the presence of a reasonable level of civil administration with compared to the design done in late 2009, **The program goal. The proposed goal** is *to improve the management of natural resources to support livelihoods and contribute to poverty reduction in the dry and intermediate zones*. The community forestry management approach has a very clear focus on improving livelihoods, as this is an important part of the strategy to reduce deforestation and forest degradation. The Feasibility Assessment concluded that increasing income levels would contribute to a reduction **in the incidenc**e of poverty in the par*ticipating communities, justifying the inclusion in the goal of a link to poverty reduction.*

3. *Validation of the original Design. The current* design was developed based on the technical approach and proposal used for ESCAMP and the recent improvements in access to conflict affected areas that required enhanced capacity in the Forest Department to expand its work to war-affected districts. With the cancellation of ESCAMP the delivery partner also needed to be changed. The current updated design with UNDP as the delivery partner is technically sound and addresses the current forestry issues in the country. The new design still uses the same key principles of the previous design, such as community empowerment and as well as strengthening the institutional setup of the Forest Department.

4. **UNDP role in Program implementation:** UNDP Sri Lanka will support the Forest Department (Implementing Partner) to implement the Program using its National Implementation Modality (NIM). Ministry of Environment will be the counterpart Ministry for management of the NIM. UNDP's role would include approving annual plan activities (developed by the Forest Department), disbursing funds in line with agreed plans, procuring goods and services, facilitating external monitoring and evaluations and undertaking quality assurance of activities implemented under the program.

5. **Strengthening Sociology and Gender aspects:** As recommended during the ICR of the Phase 1 of the SLANRMP, higher emphasis is added in this design to incorporate the social and gender dimensions. Required technical assistance is provided through the full-time Sociologist position and through a short-term Gender specialist. Monitoring and implementation aspects of CFP will have a gender disaggregated reporting system while promoting the institutional mainstreaming of gender concerns within the Forest Department as highlighted in the ICR.

6. **Monitoring and evaluation**. The emphasis of monitoring and evaluation of the community forestry approach will be on assessing the positive impact on (i) improved forest resources and (ii) reduced incidence of poverty through increased income levels forest-dependent target communities. Impact will be monitored through the following activities.

   - The Forest Department's Research Division shall establish and monitor permanent sample plots in selected community forestry sites to monitor biodiversity, invasive species and the forest stand (species composition and volume);

- The Forest Department shall seek approval to establish a permanent position for, and subsequently recruit, a Sociologist, who will be attached to the Social Forestry/Extension Division, and initiate studies to strengthen assessments of the impact of the community forestry model on income levels and its contribution to poverty. The program will provide the services of a senior Sociologist to build the Department's capacity to carry out social assessments and M&E; and

- Short-term experts in various disciplines will be mobilised to assist the Forest Department to improve the community forestry programs and mainstream the results in development. AusAID will also seek to support the Department to build its internal capacity by promoting opportunities for staff to study at the Masters level through an Australian Development Scholarship, acquiring skills to effectively develop, implement and monitor high quality community forest management systems.

Additional emphasis will also be given to the collection of baseline data during the initial resource assessments at ea community forestry site to help ensure sufficient information is available for subsequent comparisons. AusAID and UNDP will provide assistance to the Forest Department to enhance the M&E capacity of the Department through multiple modalities including the proposed Supervisory Missions, information communication and technology improvements and provision of local and international expert inputs.

Rationale for support

The community forestry approach is well established within GoSL policies and the development environmental and economic strategies of the government. Australia is well placed to support the proposed program given its long experience with **community approaches to land rehabilitation programs in Australia (eg. landcare) and community forestry approaches** internationally through the aid program. Our sustained support for the CFM approach has been a major factor in the successful implementation of the CFM in Sri Lanka. Support for CFM also aligns with Australia's broader development objectives, including the MDGs, particularly with respect to poverty alleviation and environmental sustainability goals. This Program is as an efficient and effective approach for Australia to contribute and maintain a presence for Australia in Sri Lanka's rural sector, and balancing Australian support geographically and socially.

Although the CFP implementation was delayed by about 2 years the context, rational and the need for the CFP is current. Moreover the improved access in the Northern and Eastern Province, need to expand activities of the Forest Department along with other recovery and rehabilitation activities undertaken by the Govt. and the limitations of human and material resources in the Forest Department have increased the relevance of the CFP significantly. Without the CFP it is clear that the effectiveness of the Forest Department is challenged in North and East. In non-conflict areas Forest Department has gone ahead with limited programming expecting the CFP be operational soon.

Program description - The program goal, components, component objectives and outputs are summarised below.

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┌─────────────────────────────────────────────────────┐
│ Goal: To improve the management of natural resources │
│ to support livelihoods and contribute to poverty     │
│ reduction in the dry and intermediate zones          │
└─────────────────────────────────────────────────────┘
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┌───┐   ┌───┐
│ Component 1: **Field Activities**   │   │ Component 2: **Institutional Support**   │
│   │   │   │
│ Objective: To reduce deforestation and   │   │ Objective: To build the capacity of the   │
│ forest degradation by involving communities │   │ Forest Department so community forestry   │
│ in forest management.   │   │ approaches can be implemented   │
│   │   │ nationally.   │
└───┘   └───┘

Outputs:

1.1   Suitable program sites identified
1.2   Community groups formed and capacity enhanced
1.3   Community Forest Management Plans prepared which address the leading causes of deforestation and forest degradation at each site
1.4   Community Forest Management Plans implemented in partnership with other government and potentially non-government organisations
1.5   Home garden program implemented in other/conflict affected areas, as the opportunity arises

Outputs:

2.1   Forestry regulations developed and implemented
2.2   Forest Department staff trained in community forestry approaches
2.3   Capacity to implement community forestry approaches strengthened
2.4   Capacity of the Forest Department enhanced in technical areas that will contribute to the program goal
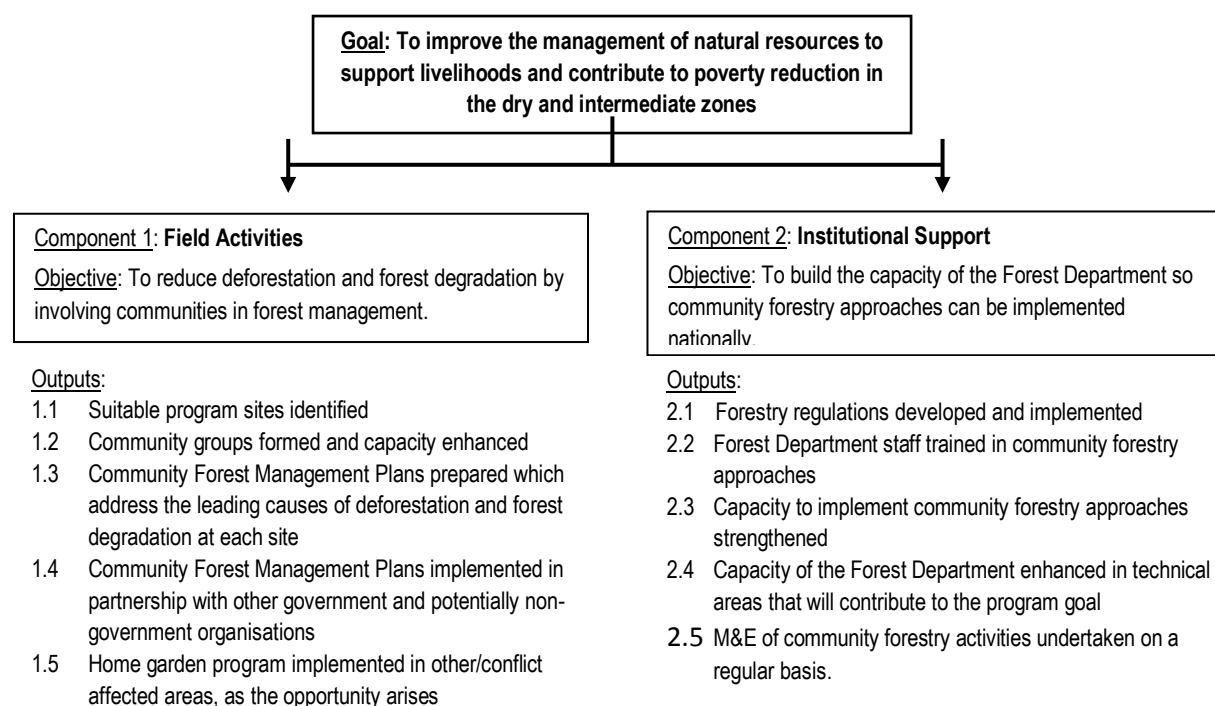2.5   M&E of community forestry activities undertaken on a regular basis.

Figure A: Summary Logical Framework Matrix

The four year program is expected to result in a substantial increase in the number of community forestry sites, and the area of forest within these sites, and is expected to help reduce deforestation and forest degradation in the dry and intermediate zones. This is expected to enhance the livelihoods and reduce the incidence of poverty in those communities participating in the program. An estimate of the number of sites, area of forest and number of beneficiaries is presented in Table A.

Table A: Existing & Proposed Community Forestry Sites

	SLANRMP 2002-8	Forest Dept 2007-9	Expansion 2011-16	Cumulative Total
Number of districts	5	9	15	15
Number of sites	55	24	167	241
Area of forest (ha)	7,388	4,255	23,000	34,000
Participating households	3,719	1,680	10,000	15,000
Total beneficiaries	37,000	13,000	90,000	140,000

Budget

The proposed Australian financial contribution is estimated at AUD 4.97 million (Rs.497 million at an exchange rate of AUD1=Rs.100) over a 4 year period commencing January 2012.

Table B: Components of the Community Forestry Program (CFP) and the costs

Cost category	A$ millions	% of total
Community forestry & home garden development	2.97	59.8
Institutional Strengthening at field level (including materials)	1.06	21.4
Sub-total (Forest Department Field Activities)	**4.03**	**81.2**
Expert hiring and training for Forest Dept. engaged by UNDP	0.18	3.5
Total Australian Assistance to Forest Department	**4.21**	**84.7**
Monitoring and evaluation including supervisory missions, support to Mid-term and Indepenent Completion Report engaged by UNDP	0.17	3.5
UNDP Administrative/Management Costs (8.5% of funds transferred to UNDP)	0.37	7.5
Mid Term Evaluation and Independent Completion Report (ICR) engaged by AusAID	0.22	4.4
Total	**4.97**	**100.0**

As a percentage, approximately 85 per cent (Table B) of the program budget will be used by the Forest Department to fund field activities and institutional strengthening, strengthening M&E, and securing local technical experts.

The GoSL will contribute counterpart funding throughout the four year period, estimated at Rs.80 million in total, which includes operating costs at national, regional, district and range levels (Rs.33 million) and the payment of taxes and duties on items procured (Rs.47 million). In addition, the GoSL will need to provide additional funds between 2016 and 2018 to maintain sites established in 2014, 2015 and 2016. These costs are estimated at Rs.74 million consisting of Rs. 22.2 million in 2016, Rs. 38.6 million in 2017 and Rs. 13.1 million in 2018, respectively. Securing the funds for maintaining sites will be a key aspect of the exit strategy.

Roles and responsibilities

The program will be managed by the UNDP Sri Lanka. A National Program Steering Committee (headed by the Secretary of Ministry of Environment (ME)) will review progress every six months and provide policy level advice to the Forest Department and agencies involved in the program. Program Supervisory Missions will be conducted on a quarterly basis to review of physical and financial progress, assess program direction and generate information and recommendations to National Program Steering Committee, Forest Department., AusAID and UNDP. AusAID will provide a program manager and/or international community forestry specialists to join the Supervisory Mission on an annual basis.

The Conservator General of Forests will have overall responsibility within the Forest Department for the community forestry program, while the Senior Deputy Conservator of Forests (Social Forestry & Extension Division) shall be the Focal Point within the Forest Department for the Community Forestry Program and shall:

- Prepare quarterly and annual work plans;
- Take responsibility for the implementation of program activities;
- Oversee program related studies, monitoring and evaluation and communication strategy;
- Prepare quarterly and six monthly reports;
- Present progress reports on the community forestry program to the National Program Steering Committee; and
- Oversee the preparation of an Activity Completion Report.

Risks

While a number of risks have been identified and addressed (Annexe 6), the overall level of risk is regarded as relatively low and manageable. The use of GoSL financial and reporting systems (once funds are transferred to the Forest Department) is not considered an undue risk as the Department is required to:

- Prepare detailed annual budgets which will be approved through technical review by the UNDP, and which will form the basis for release of funds;
- Prepare physical and financial reports on a quarterly basis (and submit these reports to the National Program Steering Committee every six months) for approval;
- Conduct an annual audits by the Auditor General's office; and
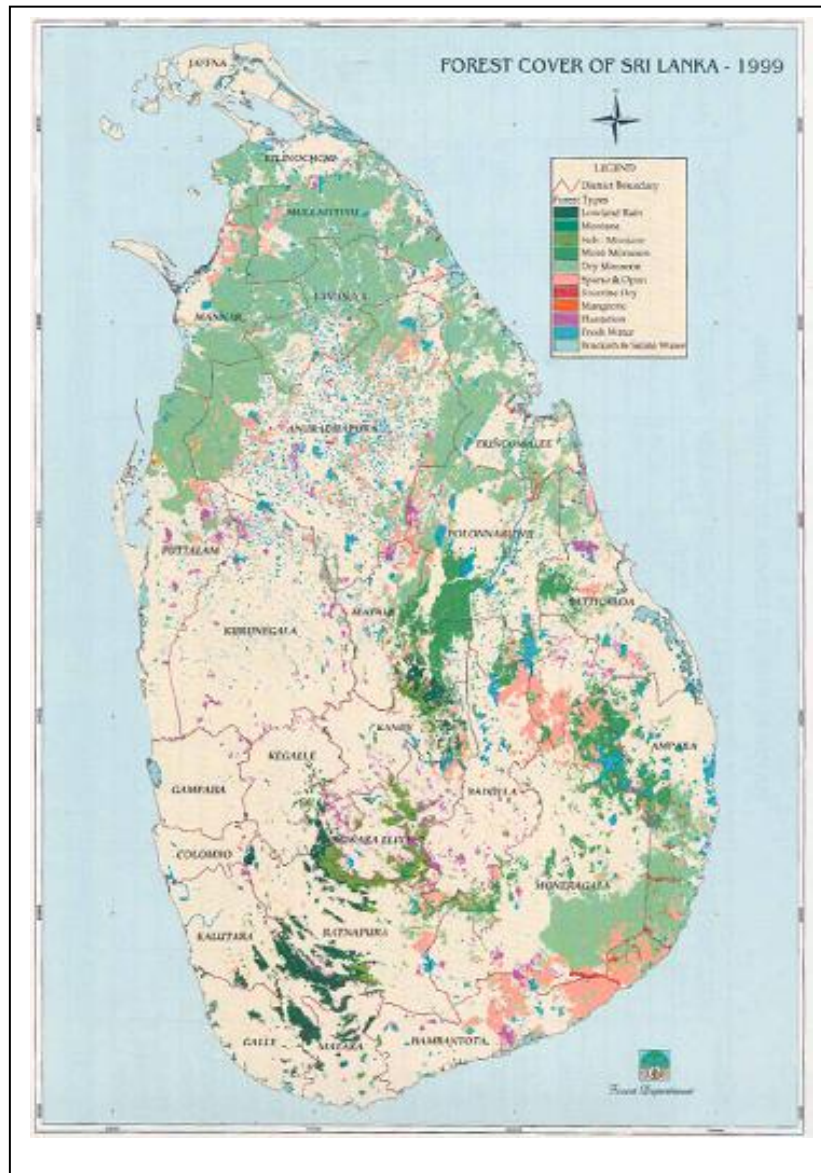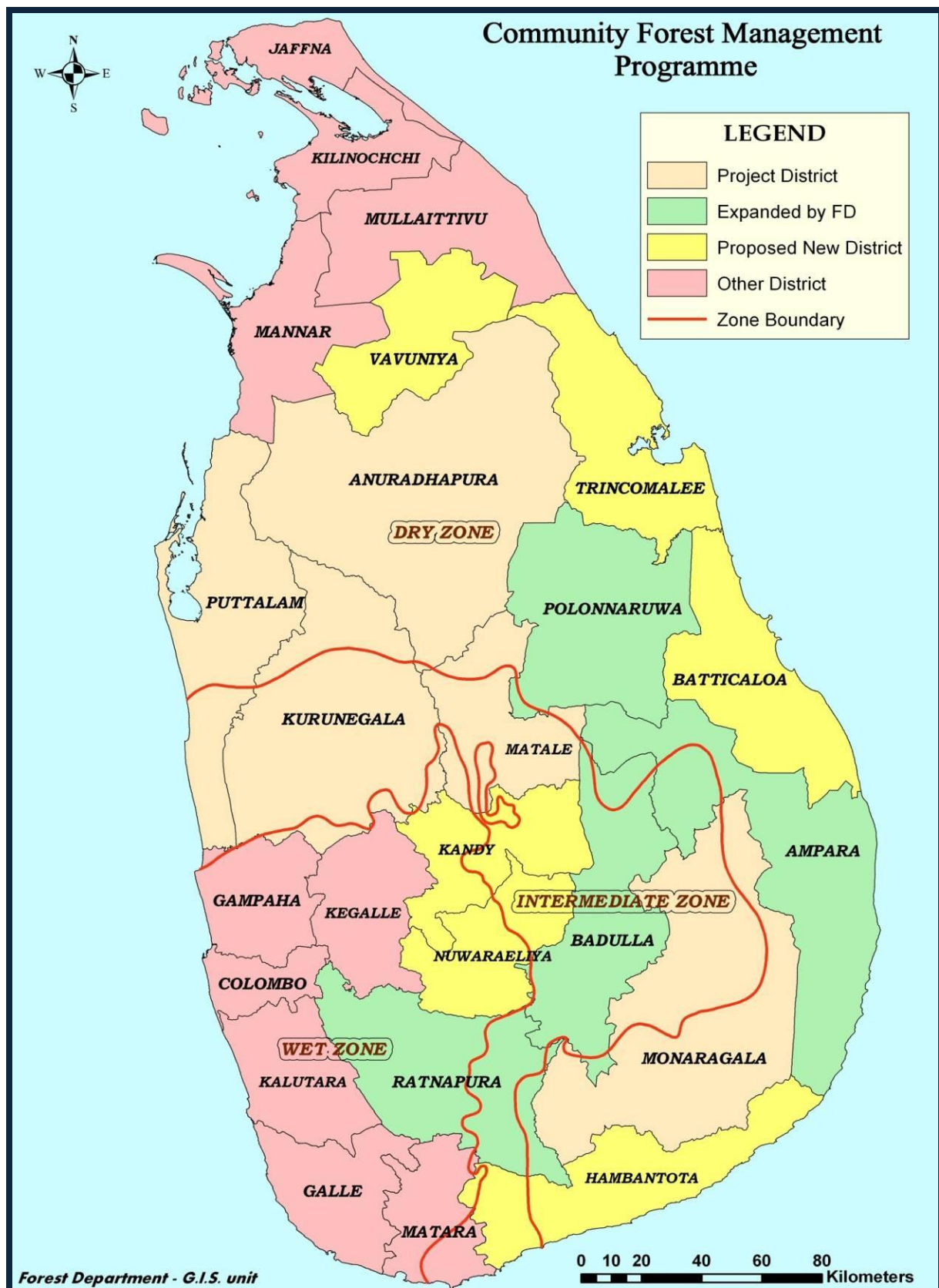- Follow UNDP and GoSL procurement guidelines.

Sustainability

Number of steps has been taken towards ensuring sustainability of the community forestry efforts after CFP. Some of the experience in phase 1 of the SLANRMP, to be replicated in this design, has already proven to be sustainable. For example the community income increases with access to credit and improved savings; partnerships with private sector and market linkages; use of micro-financing and soil-water conservation best practice models; expansion of forest cover and reduction of land degradation have ensured the sustainability. Demonstrated commitment of the Forest Dept. to CFP approach, acceptance of CFP model by the Cabinet of Ministers as a national model and the commitment of Govt. funding to maintain community forestry sites (FD has spent approximately LKR 20 million (A$ 200,000) per year during the last 2.5 years) are other efforts towards ensuring sustainability.

Next steps

AusAID held an appraisal peer review of the CFP Design Document on 22 January 2010. Due to modifications in the management arrangements, a final peer review is proposed in June 2011 to confirm the program document remains consistent with the endorsed technical objectives and management principles. With AusAID agreement, expected in November 2011, UNDP will proceed with project initiation activities consisting of:

- Convene a Program Appraisal Committee (PAC) meeting, a UNDP formality, to obtain the joint technical and administrative concurrence of GoSL key agencies such as Department of External Resources, (Ministry. of National Planning), Ministry of Environment etc and other key stakeholders;
- Preparation of program documentation for the final signature by Department of External Resources and Ministry of Environment and UNDP;
- Signing an MOU with the AusAID for implementation of CFP as per the finalized PDD; and
- Assist the Forest Department to initiate and implement the program.

Map 1: Forest Cover of Sri Lanka

Map 2: Location of Current & Planned CFM Sites

Community Forest Management Programme

LEGEND
- Project District
- Expanded by FD
- Proposed New District
- Other District
- Zone Boundary

JAFFNA

KILINOCHCHI

MULLAITTIVU

MANNAR

VAVUNIYA

ANURADHAPURA

DRY ZONE

TRINCOMALEE

PUTTALAM

POLONNARUWA

BATTICALOA

KURUNEGALA

MATALE

AMPARA

GAMPAHA   KEGALLE

KANDY

INTERMEDIATE ZONE

NUWARAELIYA   BADULLA

COLOMBO

WET ZONE

KALUTARA   RATNAPURA

MONARAGALA

GALLE

HAMBANTOTA

MATARA

Forest Department - G.I.S. unit

0 10 20   40   60   80   Kilometers

List of Acronyms

AAP	Annual Work Plan
ADB	Asian Development Bank
ADS	Australian Development Scholarships
AusAID	Australian Agency for International Development
BFO	Beat Forest Officer
CBO	Community Based Organisation
CFM	Community Forest Management
CFMP	Community Forest Management Plan
CGF	Conservator General of Forests
CIF	Cost, Insurance & Freight
DCF	Deputy Conservator of Forests
DER	Department of External Resources
DFO	District Forest Officer
DWC	Department of Wildlife Conservation
EO	Extension Officer
ESCAMP	Ecosystem Conservation and Management Project
FA	Field Assistant
FAO	Food and Agricultural Organization of the United Nations
FSMP	Forest Sector Master Plan
GEF	Global Environment Facility
GN	Grama Niladhari
GoA	Government of Australia
GoSL	Government of Sri Lanka
ICR	Independent Completion Report
IDP	Internally Displaced Person
IELTS	International English Language Test System
IRR	Internal Rate of Return
MDG	Millennium Development Goals
ME	Ministry of Environment
M&E	Monitoring & Evaluation
MTE	Mid Term Evaluation
NPSC	National Program Steering Committee
NPV	Net Present Value
NRM	Natural Resource Management
NTFPs	Non-Timber Forest Products
PAC	Project Appraisal Committee
PAD	Program Appraisal Document
PCU	Program Coordination Unit
PSM	Program Supervisory Mission
RDCF	Regional Deputy Conservator of Forests

REDD	Reduced Emissions from Deforestation and Forest Degradation
RFO	Range Forest Officer
Rs.	Sri Lankan Rupees
SGP	Small Grant Program
SHG	Self Help Groups
SLANRMP	Sri Lanka-Australia Natural Resource Management Project
SLFI	Sri Lanka Forestry Institute
TAG	Technical Advisory Group
TOR	Terms of Reference
TOT	Training of Trainers
UNDP	United Nations Development Program
UNFCCC	United Nations Framework Convention on Climate Change
WFP	World Food Program

Units of Measurement and Equivalents

1 bushel = 22 kilograms (kg)

1 km^2 = 100 hectares (ha)

1 ha = 2.5 acres

Currency

1 A$ = 100 SL Rs

1.   Background

1.1 Program Origin

Sri Lanka and Australia jointly funded the Sri Lanka Australia Natural Resource Management Project (SLANRMP) for a 6 year period from February 2003 to January 2009. In late 2008 the Forest Department prepared a Strategy for Community Forest Management in Sri Lanka[1] and requested further Australian assistance to implement the strategy, which aimed to consolidate the achievements of SLANRMP and expand the community forestry model as a national program.

In June 2009 a team was contracted to prepare a Concept Design Document for a possible future phase of assistance to the Forest Department. A draft Concept Design was submitted to AusAID in July 2009 and recommended that a new program of assistance be funded for a five year period.[2] However, while a peer review of the Concept Design, undertaken in Canberra in August 2009, agreed with the broad recommendations of the Concept Design, it raised a number of substantial issues and suggested that these be addressed before taking the design further.[3] The first requirement of the peer review was to conduct a study to assess the feasibility of the community forest management approach that was developed during SLANRMP and is the basis for the proposed national expansion. The feasibility mission was tasked with testing whether the assistance provided under SLANRMP was successful and effective in terms of its stated goal of poverty reduction through improved natural resource management. The Feasibility Assessment was conducted in Sri Lanka between 15 and 30 October, 2009. Following presentation of the Feasibility Assessment findings, the two governments agreed to proceed with the activity design.

1.2 Methodology

AusAID assembled the team to conduct the Feasibility Assessment (Mike Finlayson, H.M. Bandaratillake, P.M.A. De Silva (Forest Department) and D. Fernando (AusAID)). The team had extensive experience in the forest sector in Sri Lanka; in-depth knowledge of Sri Lankan government systems and processes; expertise in community forestry approaches, social impact assessment, program evaluation and cost benefit analysis; and was familiar with the policies and strategies of AusAID and other donors operating in Sri Lanka. The same team was responsible for preparing the program design, which was undertaken in Sri Lanka from 31 October to 13 November 2009. A design workshop involving Forest Department staff from Colombo, the 4 regional offices and 12 district offices was held in Kurunegala on 6 November, 2009. AusAID held an appraisal peer review of the draft program design document on **22 January 2010**. Recommendations arising from the peer review, including comments provided by the Forest Department, the World Bank's Colombo office, three appraisal reports completed by AusAID staff and one independent appraisal, have been incorporated in the revised program design document. Subsequently, some modifications have been made, through consultation between AusAID, the Forestry Department and the UNDP, over April-May 2011 to reflect the management arrangements required for UNDP to effectively support and monitor delivery the program. Another (mini) appraisal peer review was conducted by AusAID on 3 June 2011 to study the validation of the revised / current proposal. The current proposal was appraised by technical experts in different sectors (environment, gender and quality assurance etc.) and their recommendations have been addressed and incorporated in this design. The current design is planned for four years with the same effort and funding levels considering the improved access and civil administration in Northern and Eastern Provinces and the need for supporting the Forestry Sector to establish in the Northern and Eastern Provinces to complement post war reconstruction and rehabilitation.

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[1] Refer Forest Department, 2008.
[2] Refer Pennington & Tacconi, 2009.
[3] Refer AusAID, 2009.

2. Development Setting & Analysis

Despite having a range of health and education indicators which are on par with middle income countries, and sustained economic growth (averaging 4.9% over the past 30 years with growth of around 8% in 2010 and strong forecasts in the medium term),[4] alleviating poverty has in the past been difficult due to the prolonged period of conflict, substantial internal migration, and in affected areas, the December 2004 tsunami. However, the Department of Census and Statistics reported a noticeable reduction in the incidence of poverty for 2006/7, which was estimated at 15% of the population.[5] This is a reduction from 26% in 1990 and 23% in 2002,[6] but all figures exclude conflict affected districts in the north and east, and are therefore likely to be understated.[7] Furthermore, although there has been a notable reduction since 2002, a large number of people are categorised above, but near the poverty line, suggesting a large vulnerable population which is at risk of falling into poverty in the aftermath of shocks at a future point in time.[8]

The incidence of poverty varies geographically and is significantly higher in rural sectors. Furthermore, the Department of Census & Statistics has indicated that the difference between sectors appears to be widening with time and, apart from Colombo, Gampaha and Nuwara Eliya, all districts have displayed a widening of income inequality.[9] Further analysis of the Household Income & Expenditure Survey conducted in 2006/7 reveals that the highest concentration of poor is not simply in rural areas, but in rural areas which are dependent on agriculture or fishing. The official definition of the poverty line for Sri Lanka, along with additional details and analysis, is presented in Attachment 1.

2.1 Program Rationale

Deforestation and forest degradation both (i) contributes to poverty and (ii) are a consequence of poverty. Deforestation and forest degradation will decrease the livelihood resources available to rural households; decrease the availability of water; increase the time taken to collect fire wood, materials for agricultural production (such as stakes and trellises), water, and to feed livestock; and simultaneously increase risks relating to drought and fire. Yet, the presence of poor households contributes to deforestation and forest degradation, as some poor households, particularly those with limited agricultural land, may either extract resources from existing forest (at unsustainable levels) or clear forest areas for agricultural purposes. The population density in Sri Lanka is among the highest in Asia (322 people/km^2).[10] While many areas of remnant forest have been cleared for agricultural purposes, the *chena* (land cleared through shifting cultivation) is often of marginal quality for agriculture or is farmed in a way that accelerates soil erosion. The rapid increase in deforestation in the Northern Province to facilitate reconstruction of war-devastated infrastructure highlights a real need to extend CFM practices to that region as soon as possible.

At the beginning of the last century, about 70 percent of Sri Lanka's land area was under natural forest cover. This has reduced to 22.55 percent by 1999. UNDP identified deforestation as one of the main threats impacting sustainable development. (Miguel Bermeo 2000). As a result the forest area per capita has declined from about

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[4] Refer World Bank, May 2008, p. 3.

[5] Based on results of the 2006/7 Household Income & Expenditure Survey. Refer Department of Census & Statistics, March 2008, p. 1.

[6] Refer World Bank, January 2007, p. ix.

[7] Information of the districts of Jaffna, Kilinochchi, Mullaittivu, Mannar, Vavuniya, Trincomalee and Batticaloa is generally not available.

[8] Refer World Bank, January 2007, p. xx.

[9] Refer Department of Census & Statistics, March 2009, pp. 26 & 28.

[10] Based on population projections for 2008 by the Department of Census & Statistics.

1.3 hectares in 1990 to less than 0.1 hectares in 1992 (MALF, 1995). The annual rate of deforestation between 1956 and 1992 was more than 40,000 hectares, while average annual expansion of forest plantation during the same period was only 2,000 hectares (H. Gunathilake and L.H.P Gunaratne, 1998). Forest Department has suggested a rapid program to arrest this situation and the Australian Government launched a pilot program to test different community forestry models in dry and intermediate zones of Sri Lanka. Under the first phase of the Sri Lanka Natural Resource Management Project (SLANRMP), more than 11,000 hectares of forest have been rejuvenated through the support of adjacent communities. Further improvement of forest cover is planned in the phase II of SLANRMP capitalizing on the experience and achievements in the previous program. In phase II it is planned to improve forest cover by additional 23,000 hectares in dry and intermediate zones where nearly 90,000 community members will benefit with alternative income sources through microfinance and micro-enterprises. As recommended by Lovera (2003) the proposed programme is based on the presumption that deforestation cannot be compensated for by simply planting trees, hence, the project approach considered ecological, social and economic problems associated with the deforestation in the project design.

The community forest management (CFM) approach – promoted during SLANRMP – recognises that economic alternatives are necessary if communities are to stop exploiting the forest or cultivating *chena* in forest areas. Furthermore, the approach recognises that the communities are themselves in the best position to protect the forest from illegal or unsustainable practices, or from fire. The CFM approach is a process in which a community is mobilised; natural resource management (NRM) options and priorities identified; and government and/or private sector resources mobilised to implement the priorities. The CFM approach has been endorsed by the Cabinet of Ministers as a national model to be replicated in all forested areas.

As discussed in detail in the Feasibility Study for this design, the CFM approach is successfully enhancing the livelihoods of participating communities and reducing the incidence of poverty in Sri Lanka's dry and intermediate zones, while simultaneously addressing the leading causes of deforestation and forest degradation:

- Alternative livelihoods (including more intensive agriculture) are provided to reduce the need for deforestation as a result of shifting cultivation;
- Assigning management responsibility to communities for specific forest areas has helped control illegal extraction of timber or the unsustainable harvesting of NTFPs;
- Assigning management responsibility to communities for specific forest areas, along with awareness and fire control measures, has effectively reduced the frequency of fires;
- Improving home gardens has provided a source of timber, materials for stakes and trellises, and fire wood, that is easier to collect and helps avoid forest degradation (in addition to the food and income generation benefits of home gardens); and
- The development of woodlots provides a source of income and helps meet the demand for timber in Sri Lanka (more than 40% of timber in Sri Lanka is derived from woodlots and home gardens).

The above interventions and best management practices could also help forest communities to meet the challenges of potential climate change impacts such as increased temperature and prolonged droughts in intermediate and dry zones of Sri Lanka. The Forest Department is currently managing 79 community forest sites (55 initiated during SLANRMP and 24 initiated by the Department), but has limited financial resources to expand the program.

Improved access in the post-conflict Northern and Eastern Provinces, need to expand activities of the Forest Department along with other recovery and rehabilitation activities undertaken by the Govt., and the limitations of human and material resources in the Forest Department have increased the relevance of the CFP significantly. Without the CFP it is clear that the effectiveness of the Forest Department is challenged in North and East. In non-conflict areas Forest Department has gone ahead with limited programming expecting the CFP be operational soon.

2.2   Sri Lankan Policy and Institutional Context

The Forest Department has a clear mandate to reduce deforestation and forest degradation, however, the traditional "policing" role of the Department was unsuccessful: despite the introduction of a logging ban in all areas of natural forest in 1990, an average of 14,900 ha or 1.3 per cent of the country's forest areas were deforested annually, an average, between 1992 and 1999.[11] However, it should also be noted that the amount of forest in 1992 may have been over-estimated, so the annual rate of deforestation between 1992 and 1999 may be lower than indicated.[12] Geographically, the majority of deforestation is currently occurring in the dry and intermediate zones, and the Forest Department estimates that the current annual rate of deforestation is around 5,000 hectares or 0.8 per cent per annum.[13] The reduction in the rate of deforestation has occurred as a result of several factors including the completion of land clearing activities for major irrigation development programs; the transfer of responsibility for managing relatively small forest areas to the Forest Department (which prior to 2001 rested with the Divisional Secretariats); and the demarcation of forest boundaries (a national program which commenced in 2001).

The concept of community forestry was first introduced to the National Forest Policy of Sri Lanka in 1980 by stating in the policy objective "to involve local communities in development of private woodlots and forestry farms through programs of Social Forestry". This concept was further developed in the National Forest Policy of 1995 to incorporate development of partnerships with local communities, community management of forest resources and benefit sharing with them.[14] The policy statement on Management of State Forest Resources clearly states that the State will form partnerships with local people and rural communities and introduce appropriate tenurial arrangements for management and protection of forests and to share the benefits.

The Forestry Sector Master Plan (1995), which built on the National Forest Policy, presents a comprehensive long term development framework for the Forestry Sector of Sri Lanka from 1995 to 2020.[15] The Master Plan gives particular emphasis to building of partnerships and empowering rural communities to manage and protect forest resources, and also to involve communities in forestry development activities and share benefits. The community participation is one of the main strategies identified to achieve the goal on Ensuring Environmental Sustainability in the Millennium Development Goals set out by the Government of Sri Lanka.

The "*Mahinda Chintana": Vision for a new Sri Lanka*", the Government's Development Framework for 2006 to 2016[16], has recognized the fact that enhancement of rural economies with natural resources will contribute towards the reduction of poverty related environmental degradation. The *Mahinda Chintana* has a specific objective to achieve more equitable development through accelerated rural development, and gives particular attention to increasing agricultural productivity as a means of raising rural incomes. In that context it promotes Govt. investment in "minimizing environmental degradation for sustainable agricultural development and to address market failures that leads to environmental degradation." *Mahinda Chintana* emphasis the participation of community based organizations for equity based development. Technical agencies are expected to partner with Community Based Organizations, sub-national level local Government to facilitate development.

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[11] Bandarathillake, 2001, p. 152.

[12] Personal communication, Mr K. P. Airyadasa, Conservator of Forests (Operations), 13 November 2009

[13] The Forest Department is currently interpreting 2008 satellite imagery which will provide an update on the area and type of forests in Sri Lanka. This analysis is expected to be completed by the end of 2009 and will enable an accurate assessment of recent deforestation rates.

[14] Refer Ministry of Agriculture, Lands and Forestry, 1995a.

[15] Refer Ministry of Agriculture, Lands and Forestry, 1995b.

[16] Department of National Planning. 2006. "A Ten Year Horizon Development Framework 2006-2016

With the ending of the conflict in May 2009 the Sri Lanka Development Policy Framework[17] was revisited with the theme "Sri Lanka – the Emerging Wonder in Asia." The strategy articulated is for a rapid economic growth and a change in the structure of the economy to a modern, environmentally friendly and well connected rural-urban economy that create a better-remunerated employment opportunities. The new document identified specific targets aiming at achieving the MDG goals ahead of time. One of the targets is to increase the forest coverage from 28 per cent to 43 per cent.

To complement the "Mahinda Chintana" the National Green Strategy or "Haritha Lanka" released in 2009 by the National Council of Sustainable Development headed by H.E. the President further highlight the appropriateness of the activities of the Program in three of its ten chapters, namely, the Mission 2 on Saving the Fauna, Flora and Ecosystems; Mission 3 on Meeting the challenges of climate change and Mission 5 on Responsible Use of the Land Resources.

2.3   Australian Policy and Program Context

Although referred to as a community forestry program, the proposed program focuses on improved natural resource management; promotes sustainable rural development; and directly contributes to poverty alleviation. As such, the program is expected to contribute to each of the following:

- Australia's new Sri Lanka Country Strategy (2011-2015), which aims to support rural livelihoods and help the poor find a sustainable path out of poverty (including further assistance in the management of natural resources for poor or marginalised rural communities);

- AusAID's (internal draft) Environment and Climate Change Strategy (current May 2010), which has an objective to improve the management of natural resources and ecosystems to support livelihoods, which in turn aims to achieve sustainable livelihoods; and

- Australia's development assistance program objectives, which aims to assist developing countries to reduce poverty and achieve sustainable development, and assist developing countries achieve the Millennium Development Goals, including MDG #1: to eradicate extreme hunger and poverty, and MDG #7: ensure environmental sustainability. [18]

Sri Lanka requires support from the international community following the end of the civil war for de-mining programs, humanitarian support including assisting people displaced or affected by communities to re-establish their lives and strengthen livelihoods)[19]. Helping those displaced in the north to resettle has, and will continue to bring with it and enormous requirement for rebuilding (particularly housing) and rehabilitation of infrastructure, with substantial consequences for sustainable environment management and particularly trees which are now being cut down at a rapid rate. At the same time, the end of conflict provides new development opportunities in the north and east.

2.4   Other Donors

A number of donor-funded Programs have supported the forestry sector between 1982 and 2009, as described in the Feasibility Assessment. At present, the Forest Department is being assisted by UNDP to prepare a Global Environment Facility (GEF) project to access USD 2 million to promote growing biomass in marginal lands for energy purposes. Limited assistance was provided by UNDP to develop the national strategy to prepare Sri Lanka for "Reducing Emissions from Deforestation and Degradation of Forest Lands (REDD+) program that

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[17] Department of National Planning. 2010. "Mahinda Chintana Vision for the Future- Sri Lanka The Emerging Wonder in Asia"

[18] Refer www.ausaid.gov.au

[19] UN OCHA Joint Humanitarian Update # 29 for October to November, 2010

require funding to implement. The Forest Department plays a key role in the UNDP supported project to Manage and Control of Alien Invasive Species implemented by the Biodiversity Secretariat of the ME.

In addition the Climate Change Division, within ME received support from UNDP/GEF to prepare the Second National Communication which will be submitted to the UNFCCC in May 2011. The Climate Change Division also received technical assistance from the ADB (a one year grant of USD 750,000) in 2010 and prepared the National Climate Change Adaptation Strategy (NCCA).

2.5   Lessons Learned

Community forestry approach

A series of participatory or community forestry projects have been funded in Sri Lanka since 1982. Some of the lessons from these projects, highlighted in the Strategy for Community Forest Management in Sri Lanka,[20] are summarised below:

- Long-term land tenure arrangements are needed to secure community participation;
- Forest boundaries must be clearly demarcated;
- Awareness is an important motivational factor for community participation, but must be complimented by adequate financial rewards;
- Community consultation must be organised around the seasonal calendar for agricultural work and be sensitive to customary and other obligations;
- When communities participate in planning processes, it is important to respond in a relatively short time frame to gain their confidence and maintain initial momentum; and
- Transparency in all processes and transactions is important to build confidence among participants and develop meaningful relationships.
- Commitment of the Forest Department and associated forest communities between the end of Phase I of SLANRMP and to date has been significant. During the last 18 months, program activities (without any donor assistance) have being carried out with minimum external inputs. After the previous program (SLANRMP), between 2008 and 2010, more than 4,000 hectares have been improved and nearly 13,000 community members have been supported by Forest Department. Key activities supported include forest buffer zone activities, fire belts, agro-forestry, continuation of microfinance and micro-enterprises, small scale community infrastructure and community mobilisation (Please refer Attachment 11 for information on micro-enterprises).
- In addition to providing direct livelihood support for microenterprises, facilitation is necessary towards access to microfinance services, technology transfer, and human resource development through other relevant government, NGOs and private sector organisations. Supply of microfinance services (savings and credit) in CF villages can be significantly enhanced by the establishment of CBOs and SHGs.
- The Government of Sri Lanka has spent approximately LKR 20 million per year during the last 2.5 years to maintain program sites and continuation of microfinance and microenterprise programs to promote community livelihoods.

The results of earlier projects also indicated that participatory forest management was more viable in the dry and intermediate zones than the wet zone as the opportunities to enhance income levels is greater: more agricultural land is available per person in the dry and intermediate zones, and the land is less intensively utilised.

The community forestry approach implemented during SLANRMP was based on previous experiences in Nepal and in Sri Lanka, with further improvements introduced during implementation:

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[20] Forest Department, 2008, p. 4.

- Rather than utilise contracted social motivators, which were initially engaged by SLANRMP, the Department's own extension officers, who have been trained in community mobilisation, proved to be more effective and created favourable long-term relationship between communities and the Forest Department; and

- Rather than fund a range of activities outside the mandate of the Forest Department, the Forest Department gives more emphasis (than SLANRMP) to the facilitation of inputs by other government and if necessary, non-government organizations, NGOs and the private sector, to help address development priorities identified by the community.

Additional information is also available (since SLANRMP) to help prioritise site selection: Range Management Plans[21] have been prepared for the entire country (other than for some districts in the far north), documenting all forest areas and issues pertinent to each site, including analysis of the vulnerability of forests to deforestation and forest degradation, which is the key criteria for prioritising site selection. In order to make a significant impact in sustainable forest development and to mainstream the practices developed in the SLANRMP process the expected support and momentum during the Phase II of SLANRMP is critical.

One key findings of the Independent Completion Report (ICR) for SLANRMP first phase was the need for "gender and social equity be integrated by the Forestry Department at the institutional and strategic levels." In order to address these needs, the current design added human resources (sociologist and part-time experts) to develop and mainstream gender and social equity within the Forest Department programmes with the possibility of extending the model to other line agencies. For example, Sociologist hired should have a gender based programming and he/she will be assisted at the start of CFP by an additional short-term gender expert to incorporate the gender dimensions including inclusiveness in the initial plans.

Aid delivery

AusAID's annual review of development effectiveness (2008) highlighted four factors that can increase the likelihood of Australian aid effectively contributing to lasting development outcomes:

- A positive policy and institutional environment in partner countries;
- Strong ownership of the reform agenda;
- Clarity about the role and contribution of Australian aid; and
- Matching the type of aid provided and how it is delivered to partner countries needs and conditions.[22]

Elaborating on the latter, the review also highlighted the move away from stand-alone projects to approaches that are more closely owned by partner countries, aligned with their systems and harmonised with other donors. There is a need to:

- Move more consistently towards program-based approaches;
- Develop approaches to risk management that are more suited to delivering assistance through partner government systems and processes; and
- Provide more predictable and focused support.

The recommendations in AusAID's annual review of development effectiveness (2008) mirror the commitments made in Accra in September 2008, where donors and developing countries agreed, among other things, to strengthen country ownership over development; strengthen and utilise local systems for aid delivery; build more effective and inclusive partnerships for development; reduce aid fragmentation; improve aid coordination; focus

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[21] While Sri Lanka includes 25 districts and more than 200 divisional secretariats, the administration of forest resources is based on the 25 districts and a total of 68 forest ranges.

[22] Refer AusAID, 2008, pp. x-xi.

on delivering results; improve the effectiveness and use of in-country monitoring and evaluation processes; and improve transparency.[23]

The proposed CFP meets these priorities by delivering support over a five year period through the relevant government body, in line with an approved national strategy, while building capacity of communities and government to implement this strategy over the longer term.

2.6   Feasibility Assessment

A detailed feasibility assessment was undertaken prior to the design mission and a copy is attached to the proposal. The assessment concluded that the community forest management approach specifically addresses the leading causes of deforestation and forest degradation in the dry and intermediate zones and experience to date indicates it is effective in reducing deforestation and forest degradation. The CFM approach provides a range of environmental and social benefits. The approach empowers communities and provides a mechanism for a range of government agencies to provide technical assistance and material support to help increase incomes and improve social infrastructure. The return to labour provides sufficient incentive for households to participate in income-generating activities, and the increase in income should reduce the number of poor households at each site. The estimated additional income exceeds the poverty line in the dry and intermediate zones (ie. the amount of income required to meet minimal nutritional intake for a family) and can therefore be expected to contribute to poverty reduction.

Overall, the proposed program is economically viable, will generate a 20 per cent investment on return, and have minimal risks that are considered manageable. The program is also considered as sustainable given:

- The formation and strengthening of the CBOs;
- The ability of the CBOs to source external assistance and try new economic activities;
- The effectiveness of the approach in terms of reducing deforestation and forest degradation (which provides incentive for the Forest Department to continue the program); and
- The effectiveness of the approach in terms of facilitating inputs by both government and non-government agencies and responding to the development priorities of the participating communities.

On the basis of the above assessment and conclusions, the feasibility team recommended that:

1. The Governments of Sri Lanka and Australia prepare a detailed design for the community forestry program as the results of the feasibility assessment indicate that the community forestry approach will reduce deforestation and forest degradation in the dry and intermediate zones, and the proposed program is expected to lead to a reduction in the incidence of poverty in the participating villages; and

2. The design of the new program be modified from that of the Concept Design Document and the program and component objectives be revisited in line with findings of the Feasibility Assessment, and that the program include two components:

    - The expansion of the community forestry approach; and
    - Institutional support for the Forest Department.

2.7   Options Considered

The design is based on the *Strategy for Community Forestry in Sri Lanka*, prepared by the Forest Department in 2008.[24] The design also considers the findings of the Independent Completion Report for SLANRMP[25] and the

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[23] Refer Third High Level Forum on Aid Effectiveness, September 2008.
[24] Refer Forest Department, 2008.
[25] Refer Tacconi, Kwitko & Hampshire, June 2009.

recommendations contained in the Concept Design, prepared in mid 2009. The main options considered during the design were:

1. The inclusion of a carbon component, as proposed in the Concept Design;
2. The need of the Forest Department to establish in conflict affected North and East sooner;
3. The program goal;
4. The improved access and civil administration in the Northern and Eastern Provinces;
5. Validation of the current design; and
6. The need to strengthen the Forest Dept. capacity in the areas of Sociology, Monitoring and Evaluation.

Carbon component

While there is enormous potential to reduce greenhouse gas emissions by reducing deforestation and forest degradation in developing countries, the countries that stand to benefit most are those with large areas of forest, and particularly large tracts of forests with high carbon sequestration capacity (eg. dense rain forests). The forests in the dry and intermediate zones of Sri Lanka are relatively small (when compared on an international scale); generally interspersed; and often degraded (and therefore less likely to store significant amounts of carbon). It may not be economical to include relatively small, interspersed forests in carbon trading schemes because of the time and costs involved in monitoring and management.

In this context, ME specifically requested the Design Team to exclude a carbon trading pilot activity, as was proposed in the Concept Note. Also considering the forthcoming support to be provided from the ADB (refer Section 2.4), it is considered premature or comparatively less advantages for CFP to include an extensive carbon component as a carbon conservation trial would require:

- Different technical expertise to that required for community forestry;
- Different institutional arrangements; and
- Far greater resources than those proposed in the Concept Design.

It is also recommended that support for activities relating the development of carbon conservation could be considered on a flexible, limited basis within this program (eg. study visits, technical assistance and long and short term training) be included within the institutional support component of the program.

Conflict affected areas

The conflict affected areas are entirely within the dry zone of Sri Lanka and are generally described as the seven districts of Jaffna, Kilinochchi, Mullaittivu, Mannar, Vavuniya, Trincomalee and Batticaloa, along with parts of Puttalam, Anuradharpura, Polonnaruwa and Ampara.

At present, the Forest Department does not have district offices in Jaffna, Kilinochchi, Mullaittivu and Mannar and has limited staff in Vavuniya, Trincomalee and Batticaloa. In addition to expanding the number of community forestry sites in Puttalam, Anuradharpura, Polonnaruwa and Ampara (including sites that are in or in close proximity to conflict areas), the Forest Department plans to initiate activities in the districts of Vavuniya, Trincomalee and Batticaloa within the first year of implementation. Initially, these activities will focus on home garden development and staff training and support the Government's attempts to return as many people to a normal lifestyle as quickly as possible.

In the aftermath of the 2004 tsunami, the Forest Department provided assistance in coastal rehabilitation and home garden development, and therefore has some relevant experience in major re-development activities. In addition home garden strengthening experience of UNDP Global Environment Facility Small Grant Program (GEF/SGP) that is in existence since 1996 can be harnessed.

The community forestry management approach has not only been implemented in terrestrial areas, but has been trialled in five mangrove sites in Puttalam District. There is sound potential to progressively expand the community forestry approach in mangrove areas in Trincomalee, Batticaloa and Ampara, and thereby providing more focus on conflict affected areas.

The development of home gardens, in particular, has significant potential to assist in the resettlement of IDPs and the redevelopment of their basic livelihood assets. The expansion of the program – or that part of the program focusing on home garden development – in the north and east would have a strong poverty alleviation focus and complement the home garden based "Life Enhancement – Divinaguma" program of the Ministry of Economic Development. However, expanding the community forestry program throughout the north and east must realistically be preceded by the recruitment of additional staff, in some cases the construction of housing and office facilities, and the completion of preliminary forest resource assessments.

Forest and wild life resources maps have been updated in during the UNDP supported Integrated Strategic Environmental Assessment (ISEA) for the Northern Province (started in 2010 and to be completed in May 2011) where Dept. of Wildlife, Forest Dept., Geological Survey and Mines Bureau, Archaeological Dept., Water Resources Board, Central Environmental Authority, Disaster Management Centre, National Aquatic Research Agency and Urban Development Authority updated the resource inventories in each sector. This information will be useful in identifying locations for Program activities.

It is recommended that the program maintains the flexibility to support the Forest Department to provide assistance in conflict affected areas, as and when the opportunities arise. The assistance may take the form of the full community forestry approach, or may focus on one particular aspect, such as home garden development. Either should be feasible given the proposed annual planning process, which is described in Section 4.2.

Overcoming language and cultural barriers will be another challenge in many of the conflict affected districts, which are predominantly tamil speaking. It may be useful to allocate resources in language skills development of Forest Department staff.

Program goal

The draft Concept Design contained a conservation-focused goal: *to reduce forest degradation and maintain the biodiversity of forest ecosystems*. Following the peer review the goal was modified: *to reduce poverty in communities that are dependent on forest resources*. Neither goal was considered appropriate: while the Forest Department has a clear mandate to reduce deforestation and forest degradation, the community forestry approach is not focusing specifically on communities that are dependent on forest resources. The majority of forest in the dry and intermediate zones is degraded and generally, the level of dependency on forest resources is quite low (although *chena* land is often in forest areas).

The proposed goal, after further discussion with the Forest Department is *to improve the management of natural resources to support livelihoods and contribute to poverty reduction in the dry and intermediate zones*. In this context Forest Department expertise will be improved to extend support to District Level planning as well as to provide technical guidance to resettlement and rehabilitation efforts by Govt. and Non Govt. agencies. The emphasis on improved natural resource management reflects the community forestry management approach, which aims to:

- Enhance the productivity and sustainability of agricultural land;
- Reduce deforestation and forest degradation by providing alternative agricultural and non-agricultural income generating opportunities to local communities;
- Reduce erosion by reducing the cultivation of *chena* and improving soil and water conservation in home gardens; and
- Increase the quantity and quality of timber produced from both woodlots and home gardens.

The community forestry management approach has a very clear focus on improving livelihoods, as this is a key part of the approach to reducing deforestation and forest degradation. The CFM approach increases income levels, and in the participating communities, is expected to reduce the number of people with income levels below the poverty line. The incidence of poverty is relatively high in rural areas within the dry and intermediate zones, and as highlighted by the World Bank, these areas contain a high proportion of people who are above but near the poverty line and vulnerable to future shocks. The inclusion in the goal of a link between livelihoods and poverty reduction is therefore considered to be justified.

> The dry and intermediate zones cover 77 per cent of the land mass and contain 36 per cent of the population. The community forestry program focuses on the dry and intermediate zones for the following reasons:
>
> - Forests in the dry and intermediate zones are more vulnerable to deforestation and forest degradation than those in the wet zone;
>
> - The dry and intermediate zones are suited to the community forestry approach as they contain relatively large areas of land that is utilised less intensively than the wet zone; and
>
> - The dry and intermediate zones contain a relatively high proportion of people (i) relying primarily on agriculture and (ii) living under the national poverty line.

Box 1: A Focus on the Dry & Intermediate Zones

Program design process

The Community Forestry Program (CFP) was designed as a fully AusAID grant financed, stand alone program. For administrative purposes, and to achieve natural synergies and cost efficiencies, management arrangements for the CFP were developed to enable it to be delivered as an element of the proposed World Bank-GoSL Ecosystem Conservation and Management Project (ESCAMP).The Sri Lankan Department of External Resources (DER) approved the CFP on February 09, 2010. However, In April 2011 the World Bank decided not to proceed with the ESCAMP. The Forest Department asked AusAID to consider an alternative partner to oversight delivery of the CFP, and recommended the United Nations Development Programme (UNDP), with which the Department has an established a good working relationship. AusAID agreed to consider this option.

Validation of the current design

During April-October, 2011 period the original design has been modified to reflect the expanded role expected by the Forest Department in post-war context and incorporate management arrangements for UNDP to manage delivery of the CFP as a standalone program at the close of ESCAMP. The revised management structure for CFP, described in detail in attachment 4, includes a number of additional human resources to fulfil functions which would otherwise have been provided by the overarching management structure of the ESCAMP. The current design is still based on the technical approach used in the ESCAMP proposal in line with SLANRMP principles and experience. Also the project duration was changed from five years to four years to respond to the emerging needs in the Northern and Eastern Provinces and in other parts of the Country. These changes allowed the project to respond the current needs and to maintain the same number of sites despite the reduction of the overall project duration. The overall project cost decreased marginally from AUD 5.10 million under ESCAMP to AUD 4.97 million under the currently proposed arrangements, as explained in the PDD and Attachment 4.

Program implementation is designed to minimise managerial inputs by AusAID, taking into account the relatively small budget of the activity and the other emerging priorities within the Australian aid program. The Program will be implemented over a four year period commencing in January 2012.

It is envisaged that:

- The Program will have a National Program Steering Committee, chaired by the Secretary of ME and comprising representatives from the Forest Department, the Department of Wildlife Conservation (DWC), other government agencies, civil society, AusAID and UNDP;
- The main implementing agency will be the Forest Department;

- Procurement support for goods and services will be provided through the Forest Dept. and UNDP;
- The UNDP (Colombo office) will have ultimate responsibility for implementing the program;
- Program Supervisory Missions will be conducted on a quarterly basis;
- National Program Steering Committee will meet every six months; and
- An independent review of progress (mid-term review) will be undertaken at the midterm of the program by AusAID with UNDP support
- An effective communication plan, M&E approach and an exit strategy will be followed from the start of the program

It is recommended that AusAID participates as a member of the National Program Steering Committee and participate in the Program Supervisory missions on an annual basis.

Monitoring & Evaluation

The Program will include the following external M&E mechanisms:
- UNDP managed Program Supervisory Missions to monitor progress every quarter; and
- An independent review of progress and evaluation of impact (Mid Term Review), undertaken at the midpoint, organized by AusAID and supported by UNDP.

It is recommended that AusAID (in consultation with Ministry of Environment and FD) would select international experts for:
- Supervisory Missions (engaged through the TAG every twelve months during the first two years);
- The Mid Term Review in the third year, and
- An ICR in the fourth and final year

Information generated during the M&E missions will be used/shared to add value and enhance the quality of other development programs within and outside the Forest Department. Disaggregation of community indicators is the responsibility of Sociologist and the short-term gender expert and will start from the planning stage and continue through data collection, processing and reporting stages. Social impacts of community forestry management on rural livelihoods, income levels and the incidence of poverty of different communities and members will be assessed and monitored quarterly and discussed at the quarterly supervision missions.

There is a need to strengthen the capacity of the Forest Department to evaluate the impact of the community forestry program. Particular emphasis will be given to an assessment of the impact of the community forestry approach:

- Permanent sample plots will be established in a sample of community forestry sites to monitor biodiversity, invasive species and the forest stand (species composition and diameter class distribution). The Department's Research Division has the capacity to undertake this research. Collaboration with national universities and the Biodiversity Secretariat led programs in this aspect would be advantages. Eg: Management and Control of Invasive Alien Species Project, 2010-14 (implemented by UNDP).

- Social studies will be conducted to assess the impact of the community forestry model on income levels, its contribution to poverty and other social impacts. Department does not have social researchers and it is recommended that the Department seeks GoSL approval to establish a permanent position/s for Sociologist/s, attached to the Social Forestry/Extension Division. To facilitate the process, project will hire a **professional Sociologist**, who will train and mentor the Forest Department staff. This approach would allow the Forest Department to establish the expertise and mainstream social impact assessments in its work. This approach and successes recorded would also help convince the GoSL of the value of a formal position/s for sociologists within the Forest Department. Towards the latter part of the project Sociologist is expected to focus more on mainstreaming, capacity development and ensuring a strong exist strategy while ensuring the capacity to continue the approach introduced.

> A professional Sociologist will be recruited by the program to overcome the delay of creating a new position by the Forest Department under the current Public Service Act. It is expected that the position will be created by the government before the end of the program and National Steering Committee will monitor the progress.

- At the outset of the project a short-term consultant on Gender will be provided to work along with the Sociologist. Main task of the Gender expert would be to identify entry points to incorporate gender in the CFP; strengthen the monitoring framework to collect and report gender disaggregated data; and prepare an action plan to demonstrate how these issues are being considered in all aspects on program planning, implementation and monitoring and evaluation as well as at the broader strategic and institutional level in the Department of Forestry

The use of satellite imagery to assess changes in the area of forest will be investigated. Department may work with the Survey Dept. and others having access to remote sensed data.

While the Forest Department has a comprehensive reporting system for monitoring the progress of field activities, it has given little attention to evaluating the impact of field activities. Given the importance of adequate M&E, and the absence of any thorough evaluation of community forestry activities in Sri Lanka in the past (during or since SLANRMP), the AusAID peer review recommended that a Technical Advisory Group (TAG) be established to provide assistance to and build the capacity of the Forest Department to monitor and evaluate the community forestry program. Periodic program Supervisory Missions, reports and interaction of Forest Department staff with experts appointed to the Supervisory Missions is expected to improve and strengthen M&E. Short-term training and exposure visits planned in the project would also help to strengthen the institutional capacity of the Department to monitor and evaluate community forestry activities. Additional details on the M&E of the program are provided in Section 4.4 and Attachment 5.

2.8   Rationale for Australian Involvement

A substantial reduction in the incidence of poverty in rural areas of Sri Lanka is highly dependent on the intensification of agricultural production; on the production of higher value commodities; and on surplus labour being redirected to the industrial, manufacturing, and construction or tourism industries. Growth forecasts for Sri Lanka are optimistic following the end of armed civil conflict. Massive reconstruction efforts are underway in the north and east, along with a modest increase in foreign investment and a substantial increase in tourist numbers.

The government's development agenda has a focus on building rural infrastructure, which will stimulate economic growth and boost employment. While the outlook for economic growth is positive, it may fuel further inequity between urban and rural areas and between the rich and poor. Economic growth may have limited impact on rural families if those families produce basic food commodities and coconuts (the most common perennial tree crop in most lowland areas); have limited land; or are vulnerable to drought, floods and fire.

Although referred to as a community forestry program, the proposed program focuses on improved natural resource management; promotes sustainable rural development; and directly contributes to poverty alleviation. The program is expected to reverse environmental degradation in parts of the dry and intermediate zones; enhance and diversify agricultural productivity; and increase income levels for agricultural households. While not sufficient to address poverty on a wide scale, the community forestry approach will help build the capacity for broad-based economic growth in rural areas and will compliment other development activities to raise living standards and help address inequality.

Australia is well placed to support the proposed program as it aligns with Australia's development objectives, and those of the MDGs, particularly the focus on poverty alleviation and environmental sustainability. AusAID also has had a close working relationship with the Forest Department for many years and – as the situation permits – can use the program to provide direct support to those people in conflict affected areas in the north and east,

including IDPs. This Program would contribute significantly to sustainable forestry management while maintaining a presence in the rural sector and balancing Australian support geographically and socially within Sri Lanka.

2.9   Relevance of CFP in the present context

Although the Community Forestry Programme faced numerous delays due to the procedural issues related to World Bank led ESCAMP design, the need, context and the relevance has not changed. For example, the Forest Department has been waiting for the CFP since mid 2010 as part of the Departments key initiatives. As the project did not materialize the Forest Department has been continuing with the maintenance of SLANRMP phase 1 project sites at a slower phase due to lack of funds. Number of community preparedness activities for the new phase had been undertaken. The delay in CFP is an additional public relations challenge for the Forest Department as they believe in strong community relations for successful programme implementation. With improved access to forested areas in the Northern Province and increased possibilities in the Eastern Province the Forest Department is eagerly waiting for the commencement of the CFP. This interest indicates the commitment of the Forest Department while confirming the relevance of the CFP. In the conflict affected Northern and Eastern Provinces the CFP can provide additional benefit for the resettling communities by increasing their sustainable livelihood options.

3.   Program Description

3.1   Goal & Objectives

Goal: To improve the management of natural resources to support livelihoods and contribute to poverty reduction in the dry and intermediate zones

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Component 1: **Field Activities**

Objective: To reduce deforestation and forest degradation by involving communities in forest management.

Component 2: **Institutional Support**

Objective: To build the capacity of the Forest Department so community forestry approaches can be implemented nationally.

Outputs:

1.1   Suitable program sites identified
1.2   Community groups formed and capacity enhanced
1.3   Community Forest Management Plans prepared which address the leading causes of deforestation and forest degradation at each site
1.4   Community Forest Management Plans implemented in partnership with other government and potentially non-government organisations
1.5   Home garden development program implemented in other/conflict affected areas, as the opportunity arises

Outputs:

2.1   Regulations for amended Forest Ordinance developed and implemented
2.2   Forest Department staff trained in community forestry approaches
2.3   Capacity to implement community forestry approaches strengthened
2.4   Capacity of the Forest Department enhanced in technical areas that will contribute to the program goal
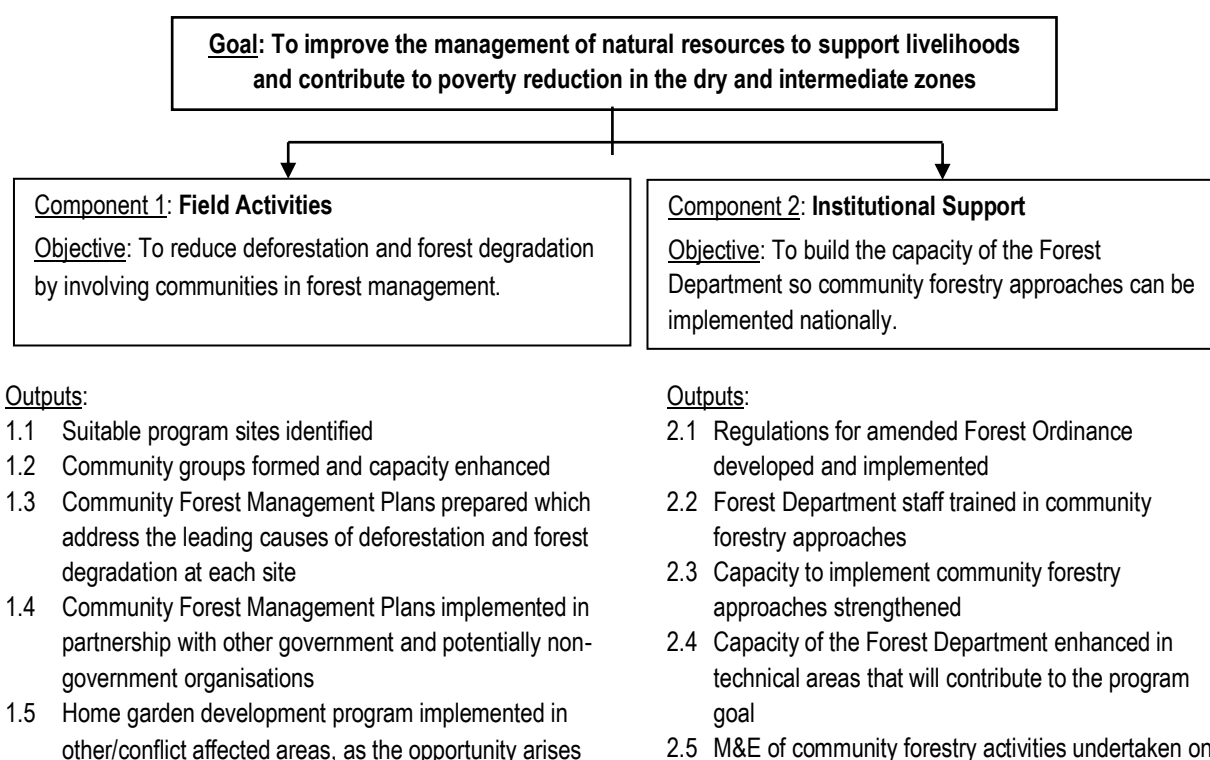2.5   M&E of community forestry activities undertaken on

Figure 2: Summary Logical Framework Matrix

The program contains two components:

- Component 1 focuses on the implementation of the community forestry approach, which aims to reduce deforestation and forest degradation; and
- Component 2 provides the necessary support to the Forest Department to replicate the community forestry approach more broadly.

Both components are required to achieve the program goal of improving NRM and rural livelihoods in the dry and intermediate zones. Achieving the reduction in poverty depends on the assumptions that:

- Program activities are implemented in areas with a relatively high incidence of poverty;
- Low income levels are a major factor contributing to poverty in the target communities; and
- A wide sector of the community participates in program activities.

Based on the findings of the Feasibility Assessment these are realistic assumptions. However, as noted in the Feasibility Assessment, the Forest Department needs to consider how the number of families benefiting from the program in any particular location can be expanded over time, both to broaden the level of participation and avoid conflict within the community, which could otherwise undermine attempts to reduce deforestation and forest degradation.

3.2   Expected Outcomes

The expected outcomes are described below, followed by a brief description of the activities envisaged within each output. Additional details are presented in the Logical Framework Matrix, presented as Attachment 3.

The five year program is expected to enhance the capacity of the Forest Department to implement community forestry activities in Sri Lanka. A substantial increase in the number of community forestry sites, and the area of forest within these sites, is expected to help reduce deforestation and forest degradation in the dry and intermediate zones. The program is also expected to enhance rural livelihoods and reduce the incidence of poverty in participating communities.

As discussed in Section 2.7, research at a number of sites will help assess the effectiveness of the community forestry program in terms of (i) improving NRM and (ii) increasing income levels and reducing the incidence of poverty. It is expected that the GoSL will continue to fund community forestry activities beyond the period of Australian funding. As discussed further in Section 3.6, it is proposed that the Forest Department prepare an exit strategy within two years of the commencement of Australian funding, which includes forward budget estimates to maintain and expand community forestry sites.

Site coverage and number of beneficiaries

The program aims to substantially expand the community forestry approach over a five year period. The districts containing existing and planned sites are shown in Map 2, while a summary of existing sites and preliminary estimate of proposed community forestry sites is presented in Table 1.

Table 1: Existing & Proposed Community Forestry Sites

	SLANRMP 2002-8	Forest Dept 2007-9	Expansion 2010-15	Cumulative Total
Number of districts	5	9	15	15
Number of sites	55	24	167	241
Area of forest (ha)	7,388	4,255	23,000	34,000
Participating households	3,719	1,680	10,000	15,000
Total beneficiaries	37,000	13,000	90,000	140,000

Source: SLANRMP, 2008; Forest Department, 2009.

The proposed expansion is based on the establishment of 2 to 3 sites per district in Year 1, around 4 sites per district annually from Year 2 to Year 4, and an additional 2 to 3 sites per district in Year 5. This level of expansion is considered manageable given the personnel resources available in each district. While the sites in Year 1 will be limited to the 9 districts that already have community forestry sites, training and home garden development will be initiated in a number of additional districts in Year 1. While site selection is described below under Output 1.1, a tentative schedule for Year 1 has been prepared by the Forest Department, as shown in Table 2.

The community forestry model has not been implemented in the districts of Hambantota, Nuwara Eliya and Kandy previously, although Hambantota is located predominantly in the dry zone, and Nuwara Eliya and Kandy both contain some intermediate zone forests.

Table 2: Proposed New Community Forestry and Home Garden Development Sites

Activity/District	2012	2013	2014	2015	Total
Kurunegala	3	3	3	1	10
Matale	3	3	2		8
Puttalam	3	5	4	2	14
Anuradhapura	3	4	4	3	14
Monaragala	3	5	3	3	14
Badulla	4	6	5	3	18
Ampara	3	6	5	4	18
Polonnaruwa	3	5	5	4	17
Ratnapura	3	5	3	3	14
Trincomalee	1+Traning & home gardens	1+Training & home gardens	2	2	6
Batticaloa	1+Training & home gardens	2	2	3	8
Vavuniya	1+Training & home gardens	1+Training & home gardens	1	1	4
Hambantota	1+Training & home gardens	2	2	2	7
Nuwara Eliya	1+ Training & home gardens	2	3	2	8
Kandy	1+Training & home gardens	2	2	2	7
Total CFM sites	**34**	**52**	**46**	**35**	**167**

3.3 Component 1: Field Activities

Component 1 aims to reduce deforestation and forest degradation by involving communities in forest management. The Community Forest Management (CFM) approach is a process in which a community is mobilised, development priorities identified, and government and/or private sector resources mobilised to meet the development priorities of the community. The CFM approach is based on the Operational Guideline for Community Forest Management.[26] Following is a brief description of each output under Component 1.

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[26] Refer Forest Department, December 2007.

Output 1.1: Suitable program sites identified

Range Management Plans[27] have been prepared for all 68 ranges within the 21 districts in which forestry officers are based. The plans document all forest areas and issues pertinent to each site, including analysis of the vulnerability of forests to deforestation and forest degradation. The vulnerability to deforestation and forest degradation is a key criterion for prioritising site selection. Other factors considered during site selection, as described in the Forest Department's *Operational Guidelines for Community Forest Management*, include:[28]

- The willingness of communities to engage in community forestry;
- Existence of communities with direct or indirect dependency on forest resources;
- The presence of other resources that require improved management;
- The presence of adjacent villages and forests with potential for expansion of the program; and
- Accessibility.

In addition, the availability of forestry officers to establish new sites should be included in the selection criteria, given the possible inputs from other forestry related programs of the Dept. including potential Programs under climate change adaptation and support through Govt. budget.

The forest areas and proposed sites shall be prioritised by the Divisional Forest Officers and Regional Deputy Conservator of Forests, according to the Range Management Plans and the other factors listed above, their selection documented, and included in Quarterly and Annual Work Plans. Rather than allocate a number of sites per district, the annual planning process will determine the allocation of sites, which may include a higher number in some districts than others (due to different levels of vulnerability and other factors).

Although an important initial step in the planning process, no inputs other than those of forestry officers and their capacity building are required to achieve the Output 1.1.

Output 1.2: Community groups formed and capacity enhanced

Group formation and capacity building is an important aspect of the CFM approach. Small 'self help groups' typically comprising 5 to 8 households are established and often work together on either social or economic activities and usually establish joint savings accounts. The self help groups are also combined to form a CBO, if one does not already exist, which represents all participating members from the site (which equates to one village). The CBOs, which are generally registered with the Divisional Secretariat as a village society, provides an entry point for government agencies in the village, and in many cases provides a unified voice in regard to public decisions.

The Forest Department will provide a range of capacity building activities for the CBO members in areas such as leadership, planning, conducting meetings, effective communication, financial management and record keeping. In addition, training will be provided in aspects relating to forest and fire management, soil and water conservation and a range of income-generating activities, as determined by the priorities included in the Community Forest Management Plans (refer Output 1.3).

In addition to personnel inputs by forestry officers, which are relatively intensive for what can be a prolonged period, funds will be required for training and institutional strengthening activities.

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[27] While Sri Lanka includes 25 districts and more than 100 divisional secretariats, the administration of forest resources is based on the 25 districts and a total of 68 forest ranges.

[28] Forest Department, December 2007, p. 10.

Output 1.3: Community Forest Management Plans prepared to address leading causes of site-specific deforestation and forest degradation

A resource assessment is undertaken at each site, aiming to provide an understanding of the community, their livelihoods and dependency on forest and other natural resources, and looks at the sustainability of the current resource management practices. This information is used to identify constraints and provide solutions to more effectively manage natural resources.

The activities included in the Community Forest Management Plan (CFMP) vary according to the social and environmental characteristics of the community and environments, and more importantly, the development priorities identified by the community. The CFMPs may include the rehabilitation of tanks[29] to provide water for irrigation and domestic purposes; the establishment of woodlots; improving the productivity of home gardens and a range of other agricultural and non-agricultural income-generation activities; projects to improve social infrastructure; and capacity building activities to support all of the above.

Once finalised, the Forest Department and CBO enter an "Agreement on Community participation in Forest Management" which clarifies the relevant forest area; outlines the roles and responsibilities of each party; and describes the annual planning process for implementation of the CFMP. The CFMP's prepared, improved knowledge and enhanced capacities of forest communities through the CFMP development are expected to complement and strengthen the GoSL primary grass root level planning effort named "Village Development Planning (VDP)." VDP's are aggregated at Divisional Secretary level and then at the District Level to form the District Development Plan.

The main inputs during the field assessments and preparation of CFMPs are personnel inputs (forestry staff), capacity building for community members, and associated field support costs.

Output 1.4: Community Forest Management Plans implemented in partnership with other government and non-government organisations

The Forest Department will supervise activities relating to fire management, enrichment planting, woodlot establishment, home garden development and other buffer zone development activities. Training will be provided to participants as necessary.

As the Community Forest Management Plans include a range of activities that cannot be directly supported by the Forest Department, the Forest Department facilitates inputs by other service providers including GoSL, bilateral and NGO's. Key Government thrust programmes that can be interfaced with CFP is the "Maga Naguma (Road Development", "Gama Naguma (Village Reawakening)", "Divi Naguma (Livelihood Promotion" and "Samurdhi (Welfare system with economic incentives."

Number of GoSL agencies provide services that are essential for the success and sustainability of CFP. Key agencies include Departments of Agriculture (technology transfer and extension on crop production), Export Agriculture (market linkages and incentives) and Agrarian Services (supply of inputs such as fertilizer and agro-chemicals etc and management of minor tanks and irrigation systems), Irrigation Dept. (management of major irrigation systems), Minor Dept. of Animal Production and Health and Livestock Development Board (support to animal husbandry through incentives, technology and extension), Cashew Corporation (incentives and purchase of products) provincial councils through provincial ministries and Rural Development Banks (promotion of savings, rural credit that also include microfinance) etc. CFP will work closely with these entities to promote partnerships with communities.

Prospective NGO's include Sewalanka, CARE International, World Vision, Plan International, Sarvodaya, SANASA, Women Development Fund, Family of Oxfam Agencies, Save the Children, Sareeram etc. Number of

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[29] Earth barriers constructed to capture water during periods of rain, typically used for domestic purposes and irrigation.

UN programmes by IFAD, FAO, UNDP, ILO and WFP also has elements that are complementary to CFP. These organisations often have programs that can be used to obtain technical assistance, training and subsidised inputs to the participating communities. This partnership approach will be particularly useful during the intended expansion of CFM to Northern and Eastern Provinces where large number of reconstruction, rehabilitation and livelihood programs supported by UN and NGO's are in operation with significant resources.

In addition a number of private sector entities strongly exploring the possibilities of purchasing produce from the growers and help growers to buy in to long-term supply contract and know-how on processing and packaging etc. to add value. The CFM approach could blend well with the strategies of private sector agencies efforts and provide much needed synergy for product quality improvements, standards and market linkages. Forest Department is actively seeking private sector partnerships to ensure sustainability of community forestry programmes.

The implementation of the CFMPs involves a range of inputs including payments for fire prevention and forest rehabilitation (enrichment planting), nursery costs and incentive payments for the establishment of woodlots, technical training, infrastructure support, support for home garden development, support for livelihood development activities and operational support for forestry officers. While the Agreements are for a period of 25 years, the majority of inputs to the CFMPs occur within the first three years of implementation.

Output 1.5: Home garden development program implemented in other/conflict-affected areas, as the opportunity arises

The program will have the flexibility to undertake certain activities (rather than the whole community forestry model) to enable an expansion into new areas. This will generally focus on the home garden development program, which has potential to provide significant benefits in conflict affected areas, and potentially include assistance during the resettlement of IDPs.

Suitable locations for the expansion of the home garden program (or other aspects of the community forestry model) will be identified during the annual planning process. The inputs are expected to be a subset of those described for Output 1.4. It is recommended that the CFP seeks partnerships with agencies implementing rehabilitation and livelihood development programs in post-conflict areas as described in output 1.4.

3.4   Component 2: Institutional Support for the Forest Department

Component 2 aims to build the institutional strength of the Forest Department so community forestry approaches can be implemented, nationally. This requires training, resource, advocacy and technical support and policy inputs. It is expected that the support through the CFP will help the Forest Department to institutionalize and mainstream CFM within the Forest Department and outside. Following is a brief description of each output under the Component 2.

Output 2.1: Regulations for amended Forest Ordinance developed and implemented

The Forest Ordinance was recently amended to strengthen the legal framework for sustainable forest management including community forestry, in particular, for communities to participate in and benefit from the management of natural forest. There is a need to develop and implement regulations based on the amendment to the Forest Ordinance. The Forest Department will draft regulations and once approved by the Attorney General, will disseminate as appropriate.

Although an important initial step in strengthening the legal framework for community forestry, no inputs other than those of forestry officers are required to achieve the results expected in Output 2.1.

Output 2.2: Forestry Department field staff trained in community forestry approaches

As noted by the ICR, SLANMRP built the capacity of the Forest Department to implement community forest management, but it is necessary that the training of staff to be continued due to staff changes, expansion of the program into new areas, and changing community needs with time. An annual training program will be prepared by the Forest Department, with the aim of enhancing the knowledge of community forestry among forest officers.

This training will include:

- **Study tours** both within Sri Lanka: to expose forestry officers to community forestry sites; and overseas (within the region): to maximise the opportunity to learn from approaches being trialled or implemented in other countries in an endeavour to continuously improve the approach being implemented.

- **Short-term training courses** will include community mobilisation, leadership and facilitation skills, resource assessment, preparation of community forest management plans, etc. While forestry officers will conduct some of these training courses, external trainers will be used for courses such as community mobilisation and leadership and facilitation skills. Short term training courses will generally be conducted within Forest Department facilities.

- **Scholarships for Masters by coursework or research** will also be available through the Australian Development Scholarships (ADS) scheme. Australia's university sector has a wealth of good quality programs in forest management including with a focus on community management. Candidates need to pass the International English Language Test System (IELTS) and would undertake training to equip them to 1. Develop sound new technical strategies 2. Evaluate and apply lessons learned effectively 3. Develop and implement new policy approaches. Funding for ADS is separate from the Community Forestry Program, and candidates are selected from government on a competitive basis.

Funding for Output 2.1 will include engagement of training specialists, costs involved in training delivery, and costs for study tours. Funds for scholarships are not included. With the agreement of the External Resources Department, AusAID will continue to promote these opportunities to Forestry Department staff.

Output 2.3: Institutional strength to implement community forestry management improved.
Despite majority of range forest offices have limited resources they are responsible for implementation of the community forestry approach. These range offices are headed by a Range Forest Officer (RFO) and generally contain 1 Assistant RFO, 2 Beat Forest Officers, 2 Extension Officers and 8 to 10 Field Assistants (generally 2 Field Assistants per beat, of which there are generally 4 to 5 per range).[30] To facilitate an expansion of the community forestry approach, it is proposed that logistical support is provided to range forest offices, along with office furniture, office equipment, basic field equipment and in some cases, office renovations.

In addition to support for range offices, four 4WD vehicles shall be procured to support the expansion of the program in the north and east of the country. Funding for Output 2.3 will cover the procurement of motorbikes, computer equipment, office and field equipment, and renovation costs.

Output 2.4: Field level capacity of the Forest Department enhanced in technical areas that will contribute to the program goal

It is envisaged that a number of targeted capacity building needs or opportunities may arise during the Program, in addition to those directly relating to community forestry approaches, which may also contribute towards achieving the program goal. An example could be the capacity building in relation to carbon conservation and preparation to participate in REDD+ etc. This output will accommodate such opportunities, and may include funding for study visits, technical assistance, participation in short-term training, seminars/workshops, etc.

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[30] A forest beat is simply a segment of a forest range.

Output 2.5: M&E of community forestry activities undertaken on a regular basis

The program will include both internal and external M&E. The current monitoring and reporting system practiced by the Forest Department is described in Attachment 5. The current reporting system will accommodate the proposed monitoring arrangements for the community forestry program. However, as discussed in Section 4.1, quarterly coordination meetings will be held at regional and national level to report on progress and aggregate results. The Forest Department will then submit brief six monthly progress reports, and a more comprehensive annual progress report, to the National Program Steering Committee (which will also include representation from the UNDP and AusAID). The Forest Department will also prepare an Activity Completion Report (ACR) and submit this to the National Program Steering Committee immediately prior to the end of the program. AusAID Colombo will advise the Forest Department on the content and format of the ACR. AusAID will also commission an Independent Completion Report, which will be undertaken immediately following the completion of the program or towards the very end of the program implementation.

As discussed in Section 2.7, studies will also be undertaken by the Forest Department to help quantify the impact that the community forestry program has on (i) the forest resource and (ii) income levels and the incidence of poverty. The results of these studies will be included in annual progress reports. To facilitate an evaluation of the program, additional baseline information will be collected during the initial resource assessments at each site. The studies to be undertaken by the Forest Department and baseline data requirements are described in detail in Section 4.4. Technical assistance will be provided to the Forest Department through UNDP which focuses on M&E and relevant short-term expertise as discussed further in Section 4.4 and Attachment 5.

External M&E will include:

- Program Supervisory Missions will be conducted to monitor progress, every three months. Regular Supervisory Missions will include a local expert on community forestry; sociologist and UNDP staff. In addition, an international expert/s provided by AusAID will participate in one Supervisory Mission per year. During the last two years International Expert missions will be done along with the Mid Term Review (MTR) and ICR. Observations and recommendations will be presented in the National Program Steering Committee meetings to facilitate the decision making on CFP program direction. Supervisory Missions that include international expert/s will be planned before the National Program Steering Committee meetings.

- An independent review (MTR) of progress and evaluation of impact to be undertaken at early part of year 3 will be led by AusAID identified experts supported by local experts, AusAID and UNDP staff; and

- An Independent Completion Report (ICR) to be undertaken on completion of the program by AusAID.

A description of the objectives, tasks and necessary expertise, Supervisory Missions and independent reviews are included in Attachment 5. The costs of the external M&E inputs, including the ICR, have been included in the program cost estimates under UNDP and AusAID related financing. UNDP will help the Forest Department to upgrade/create a web based M&E system that can be updated by field staff as well at national level.

AusAID Colombo will also prepare an annual Quality at Implementation (QAI) report, based on information provided by the Forest Department and UNDP. Draft QAI reports shall be shared with the Forest Department and UNDP for comment and input as appropriate.

3.5   Proposed Form of Aid and Value for the Money

The ICR concluded that the design for Phase 2 of SLANRMP could have used management and financing arrangements that more effectively promoted in-country management. Building on the recommendations of the ICR, AusAID's annual review of development effectiveness (2008) and the Accra Agenda for Change, the proposed form of aid is a program-based approach:

- The Forest Department will plan and manage all aspects of the program (under supervision of the National Programme Steering Committee and other oversight arrangements to be agreed by the UNDP and GoSL);

- The activities supported by Australia will be included in the Forest Department's annual planning and budgeting process (and while separate funding columns identify different funding source, the activities will effectively be integrated within the GoSL planning system);

- Donor coordination and harmonisation will be achieved by sharing Program information with donors and inviting interesting members of the donor community to participate in the monitoring and evaluation activities; and

- GoSL systems and processes will be utilised for planning, budgeting, procurement, financial management (including audits) and reporting. Forest Department can opt to use UNDP financial and procurement services in which case UNDP guidelines will be followed. Separate cost estimates for the Australian financial year will need to be prepared.

Justification for the program approach is based on the supportive policy and institutional environment within which to implement the program; the alignment with the GoSL's development strategies; and the Forest Department's demonstrated capacity to manage the community forestry program (which it has since 2006). A project-based approach is no longer considered necessary or viable within the context of the Forest Department.

While the risks associated with the use of in-country financial systems are discussed in Section 4.2, the proposed program approach will strengthen the ownership of the program by the Forest Department, and GoSL more generally, and will enable Australia's contribution to be clearly defined, focused, transparent and predictable.

The value for the money is established during the negotiations with the Forest Department and the site costs have been reduced by about 20% during the process. However it was acknowledged that the site costs vary depending on the access, distance, landscape characteristics and type of interventions planned. Therefore an average costs have been used in cost calculations (Attachment 4). During the programme implementation these site costs will be monitored, evaluated and revised based on the findings.

Activities proposed are expected to assist the communities to develop systems that are sustainable such as:

- Improved forest and non-forest activities including formal agreements with the Forest Department;

- Use of microfinance and increased savings and investments;

- Strengthening of rural infrastructures to help community mobilization, water for agriculture and access to markets etc;

- Development of partnerships with NGO's and Private Sector to improve knowledge and income options;

- Provision for training and exposure visits to better understand community models; and

- Improvements in the ecosystems including soil and water quality in community environments.

> The ICR of SLANRMP noted that there was a discrepancy in cost per site between the Forest Department and the Managing Contractor. The main reason for this discrepancy was the different calculation methods used by two parties. The Managing Contractor did not calculate the recurrent, monitoring and other management costs involved in the implementation and considered only the development cost per site whereas the Forest Department calculation included their recurrent, management, development and monitoring costs per site. This issue was studied by the Feasibility Mission and the mission recalculated the cost per site including all relevant costs related with planning, staff costs, capacity building, equipment, transport, extension materials, plant and materials, and program management costs etc. Accordingly, Rs. 500,000 (AUD 5,000) has been

arrived at as the average cost per site in the first year and from second year onwards average cost per site would be Rs. 600,000 (AUD 6,000). (Please refer Feasibility Study at Attachment 10 for more details on estimated site costs). For any reason if the cost exceeds this limit, the Forest Department has to obtain the approval from the National Project Steering Committee before implementing any activities.

Box 2 – Calculation of cost per site

3.6   Estimated Budget

The proposed Australian financial contribution is estimated at AUD 4.97 million (about Rs.497 million at an exchange rate of AUD 1=Rs.100) over a 4 year period commencing 01 January, 2011.

Table 3: Components, costs and percentage distribution of the Community Forestry Program

Cost category	A$ millions	% of total
Community forestry & home garden development	2.97	59.8
Institutional Strengthening at field level (including materials)	1.06	21.4
Sub-total (Forest Department Field Activities)	**4.03**	**81.2**
Expert hiring and training for Forest Dept. engaged by UNDP	0.18	3.5
Total Australian Assistance to Forest Department	**4.21**	**84.7**
Monitoring and evaluation including supervisory missions, support to Mid-term and Independent Completion Report engaged by UNDP	0.17	3.5
UNDP Administrative/Management Costs (8.5% of funds transferred to UNDP)	0.37	7.5
Mid Term Evaluation and Independent Completion Report (ICR) engaged by AusAID	0.22	4.4
Total	**4.97**	**100.0**

The total direct support to Forest Department by the CFP is about 85 per cent of the total program budget. About 81 per cent of the funds of the Program to be provided directly to the Forest Department for field activities including field level institutional strengthening Additional manpower to implement the project, external technical expertise and provision of training provided to Forest Department will add up to about 3.5 per cent of the total program cost.

Funds for the Forest Department for field activities and identified technical support will be provided through UNDP. In addition UNDP will facilitate M&E activities. AusAID Colombo will provide independent M&E experts and conduct the ICR. The estimated annual distribution of the overall program is summarised below. Additional details are shown at Attachment 4.

Table 4: Annual Distribution of Australian Assistance for the Community Forestry Program

Year	2012	2013	2014	2015	Total
A$ millions	1.12	1.24	1.37	1.24	4.97

The GoSL will also contribute counterpart funding throughout the five year period, **estimated at Rs.80 million** in total, which includes operating costs at national, regional, district and range levels (Rs.33 million) and the

payment of taxes and duties on items procured (Rs.47 million). This represents approximately 3 per cent of the annual budget for the Forest Department in 2009, when salaries are excluded.

It is also expected that the GoSL will allocate funds to maintain community forestry sites beyond the period of Australian funding. While the long-term funding level for community forestry will need to be considered in relation to other priorities within the Department, and within the government as a whole, additional funds will be required in the years immediately following the end of Australian funding, as explained below.

As proposed in Section 3.2, number of new sites to be established includes 34 sites in 2012, 52 sites in 2013, 46 sites in 2014 and 35 sites in 2015, respectively. Each site typically requires funding for a period of three years: Rs.500,000 in Year 1, Rs.600,000 in Year 2 and Rs.600,000 in Year 3. As shown below, sites established in 2014 and beyond will incur costs though Govt. resources following the end of Australian funding.
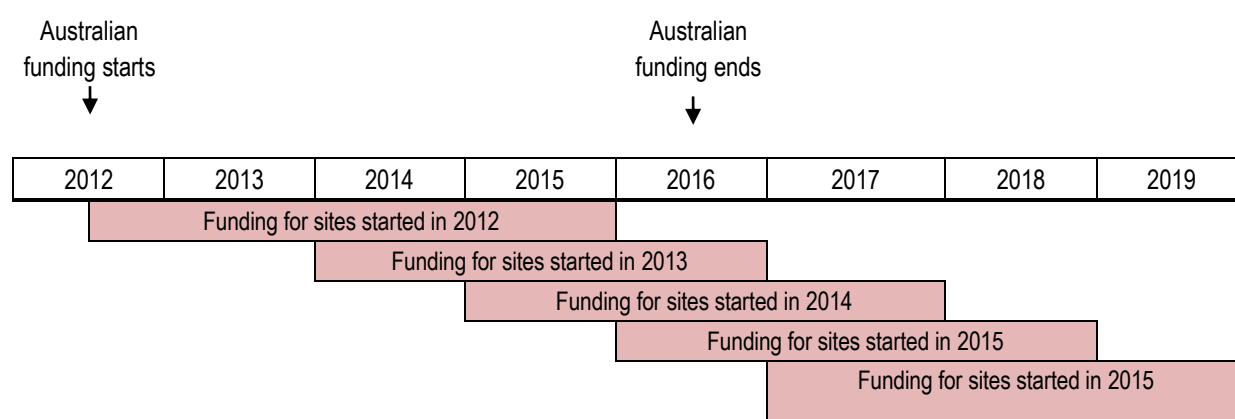

Figure 2: Distribution of funds among sites established at different years

An initial estimate of the additional cost required by the GoSL to maintain the sites established in 2014, 2015 and 2016 (when including field activities and operational costs) are summarized as Rs. 22.2 million in 2016; Rs. 38.6 million in 2017; and Rs. 13.1 million in 2018.

It is recommended that the GoSL fund the above costs totalling Rs.74 million, and these are considered as part of the counterpart funding of the program. Although the funding level in 2016 represents around 7 per cent of the Forest Department's total budget for 2009 (when excluding salaries), securing these funds will be a key aspect of the exit strategy for what will have been a prolonged period of donor funding.

It is recommended that the Forest Department prepare an exit strategy within two years of the commencement of Australian funding, which includes forward budget estimates for the maintenance and expansion of community forestry sites in the dry and intermediate zones.

In addition to the Australian contribution, and the counterpart funds (as described above), it is estimated that:

- Other GoSL agencies will contribute around Rs.150 million through contribution to development activities at community forestry sites, drawing predominantly on funds from existing agricultural programs (approximately Rs.0.9 million per site);[31] and
- Participating communities will contribute the equivalent of Rs.300 million, primarily through the value of their labour and financial contributions for various cash crops and non-agricultural enterprises.

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[31] Estimated for each site as Rs.200,000 as a contribution towards tank rehabilitation (averaged across all sites, including those where tanks are not rehabilitated), Rs.300,000 as a contribution towards cashew establishment costs, and Rs.400,000 as a contribution towards the establishment of various other enterprises.

Procurement

Procurement will be undertaken by the Forest Department in accordance with GoSL procedures or by UNDP as per UNDP procurement guidelines. The main items of procurement and their cost are summarised in Table 5. (A detailed procurement list with responsible agencies was given in the attachment 8).

Table 5: Proposed Procurement Actions

Item	Quantity	Unit Cost Aust $	Total Cost Aust $	Purpose
Motor cycles	150	1,250	187,500	To enable Extension Officers, Beat Forest Officers, Assistant Range Forest Officers and Field Assistants to visit community forestry sites.
4WD vehicles	3	40,000	120,000	Allocated to districts to facilitate expansion of the program in the north and east.
Computers	35	2,000	70,000	To be located in Range Offices and to facilitate planning and monitoring.
GIS/GPS equipment	3	10,000	30,000	To be located at Head Office and Offices in Northern and Eastern Provinces
Furniture & office equipment	35 sets	3,000	105,000	To be located in Range Offices and bring the basic working condition to a reasonable level.
Field equipment	70 sets	300	21,000	For Range Offices field activities such as resource assessment, tree management and surveys
Renovations of Range Office buildings	15	4,000	60,000	To bring Range Offices up to a basic working standard.
Total			593,500	

NB: Extension and education materials have not been included. Additional details are shown at Attachment 4.

3.7 Sustainability

The community forestry approach promotes sustainable livelihoods through effective and sustainable management of natural resources. The plans prepared at each site are not only based on detailed resource assessments but extensive community consultation. Technical expertise is harnessed from a range of government agencies, helping to ensure that natural resources are utilised effectively and sustainably.

From a community perspective, the approach is helping farmers diversify and enhance the productivity of agriculture. The promotion of both agricultural and non-agricultural income-generating activities further helps minimise the risk of failure from low prices or low yields of any one commodity.

The approach also promotes sustainable livelihoods through the formation and strengthening of CBOs:

- The CBO provides an entry point to the village for government agencies, making it far easier to provide technical assistance and training to the community;
- The increased interaction with government agents leads to the transfer of both technical and market information to the community; and
- The confidence of the CBOs and their members has increased substantially as a result of capacity building activities, technical assistance and moral support from the Forest Department and other government agencies, enabling communities to initiate activities to enhance their social or economic wellbeing, and seeking external assistance to support these activities.

- The GOSL contribution of approximately LKR 20 million (AUD200,000) per year helps to continue program activities at minimum scale even with limited donor support.
- This program has been approved by GoSL cabinet and the Ministry of Finance with the commitment of future funding after the project period. The Forest Department will include the required fund allocations in the program Exit Strategy in order to secure funds from the Ministry of Finance..

Efforts proposed for CFP to interact with GoSL main development thrust programs to strength the village development planning; home garden promotion and controlling invasive species etc. will also increase the program sustainability.

As discussed in Section 4.4, considerable effort will be made to evaluate the social benefits of the community forestry program, including the benefits arising from strengthened CBOs. From an institutional perspective, the community forestry program is considered as sustainable as:

- CFP supports policy and institutional environment;
- The approach is effective in terms of reducing deforestation and forest degradation;
- Increase the knowledge and capacity of forest communities and the quality of community inputs to Govt. planning process;
- The approach does not require additional personnel inputs by forestry staff, and current staff levels can implement community forestry activities (and simultaneously reducing the time allocated to policing activities); and
- The approach does not require large financial contributions from the Forest Department, but facilitates inputs by other Govt. and non Govt. agencies through partnerships.

Forest Department will facilitate the access and use of forest and non-forest products while the other projects and partnerships support the value addition, skill development, technology transfer, micro-financing and market access to ensure sustainability. During SLANRMP first phase excellent results have been reported in the areas of home garden products, cattle farming, lime drying, bee honey collection and selling of plant materials harvested systematically for medicinal products. Also the project observed improved savings, market access and access to credit by the communities. Improved relationships between forest communities and Government Agencies have been another noteworthy achievement. The established programs are being led and carried out by communities with the help of private service providers with limited support from donors or the Forest Department. Required technical know-how, financial and marketing support are provided by service providers through the effective coordination and facilitation by the Forest Department. The current status of the microenterprises could be seen in the **Attachment 11**. In the proposed program, the National Steering Committee is responsible for closely monitoring the sustainability of Forest Department initiated alternative livelihood programs at each committee meeting.

The preparation of an exit strategy, which includes forward budget estimates for the maintenance and expansion of community forestry sites in the dry and intermediate zones, will enhance the sustainability of the program beyond the period of Australian funding. The preparation of an exit strategy (before the end of second year) and likelihood of securing adequate GoSL funds to maintain community forestry sites and expand the program following the end of Australian funding, will be a key focus for the program Supervisory Missions.

4.   Implementation Arrangements

4.1   Management & Governance Arrangements

The Forest Department will be responsible for the planning and implementation of the community forestry sub-component. The Conservator General of Forests (CGF) will have overall responsibility within the Forest
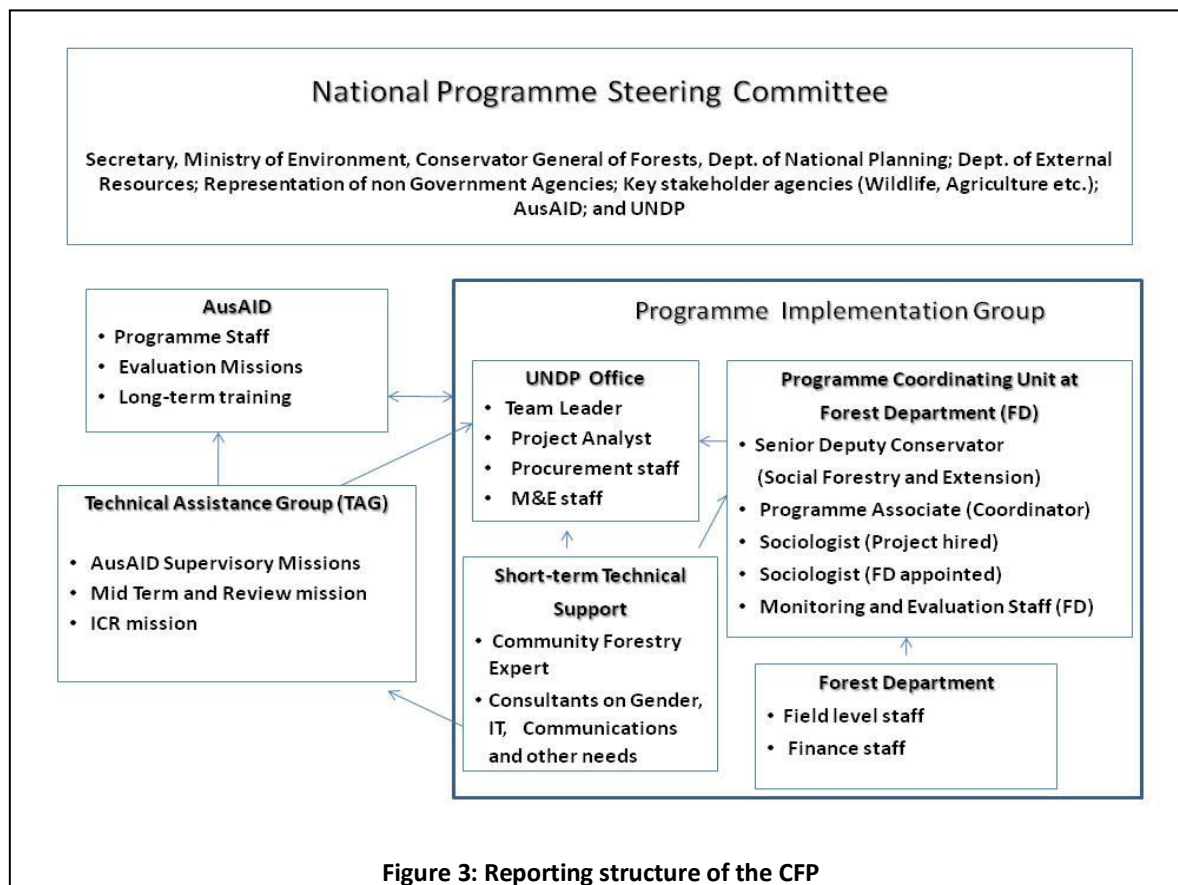
Figure 3: Reporting structure of the CFP

Department for the community forestry program, while the Senior Deputy Conservator of Forests (Social Forestry & Extension Division), also based in Colombo, will be the Focal Point for the Community Forestry Program, and will coordinate planning, implementation and reporting. The overall programme reporting structure is summarized in Figure 3 with National Programme Steering Committee (NPSC) chaired by the Secretary, Ministry of Environment as the top most level body on programme management.

UNDP will act as the responsible agency to channel funds, procurement of goods and services, post-graduate training, provision of technical assistance, training and program monitoring and evaluation. AusAID will identify and provide experts for external evaluations, Supervisory Missions on an annual basis, and take the responsibility in carrying out the ICR.

The **NPSC will meet every six months** to monitor the progress and provide policy-level advice and program direction to implementing agencies. The Program Coordinating Unit (**PCU**) will be formed to act as the secretariat for the NPSC to facilitate implementation. Program Supervisory Missions (**PSM**) will be conducted on a quarterly basis assisted by a Technical Advisory Group (**TAG**). An independent **mid-term review (MTR)** will be undertaken in the third year and the Independent Completion Report (**ICR**) will be done upon completion of the Program.

Composition and expected outputs of the TAG, PCU, PSM, MTR mission and ICR mission are as follows.

Technical Assistance Group (TAG) will consist of:

1. Two international experts (provided by AusAID in the 2012, 2013 and MTR year 2014)
2. Part-time (12 days a quarter) Community Forestry Expert
3. Other short-term consultants including a gender expert to be hired based on program needs

 TAG will function as an independent review and monitoring entity to the CFP and will comment on program direction; carry out advocacy at national and sub-national levels; and advice on physical and financial progress and improvements

Program Coordinating Unit (PCU) will consist of:

1. Senior Deputy Conservator of Forests
2. Program Management Associate (Program Coordinator)
3. Sociologist
4. Forest Dept. identified M&E and other staff and
5. UNDP based Program Analyst (based in UNDP)

PCU will support the implementation of CFP in a timely and efficient manner. PCU will support actions and maintain records and databases on program activities, financial and procurement information, payment actions and assist the Senior Deputy Conservator in day to day project implementation. PCU will interact with field offices, compile information to support quarterly and annual work planning and facilitate the logistics of consultants and other relevant stakeholders supporting CFP. PCU will assist in implementing the communication and partnership strategies of the program and support the National Program Steering Committee.

In addition the Community Forestry Expert and Short-Term Technical Assistance Consultants on Gender, Communication, IT etc., will support the PCU functions.

Program Supervisory Missions (PSM's) will consist of:
1. Deputy Conservator or Senior Forest Dept. staff
2. Community Forestry Expert (Quarterly TAG member)
3. Sociologist
4. Forest Dept. M&E staff
5. UNDP Program Analyst or Team Leader for Environment Programs
6. AusAID Sri Lanka Staff
7. AusAID provided two consultants (Annual TAG members) once in 2012, 2013 and 2014
8. National Program Steering Committee Members (Optional)

PSM will focus on progress monitoring and preparing reports to inform the National Program Steering Committee, UNDP, AusAID and Forest Department of the status of the implementation. PSM generated information include summary and recommendations on physical and financial progress; strategic program direction; possible case studies and best practices to share; potential and required policy interventions and changes; strategies to mainstream CFM in development at sub-national level and highlight potential activities recommended for sustaining community forestry or other related development efforts. PSM will be the repository of knowledge. It will act as the primary entity to assure the quality of the CFP and catalyst for mainstreaming CFM knowledge in development efforts through recommendations to NPSC and stakeholders.PSM will also identify and recommend research activities to be undertaken by the CFP. PSM notes and reports will form the base for quarterly and annual work planning and provide inputs for independent reviews. Visiting experts will strengthen the PSM and add inputs on international best practices and experience in CFM.

Mid Term Review (MTR) team will consist of two international consultants provided through AusAID and two local experts commissioned by UNDP. Role of the MTR missions is to conduct an independent evaluation including an impact assessment; progress review and advice on future direction of the CFP. These mid-term reviews done by

a team of international and local experts, not involved directly with CFP implementation, is expected to add value to improve the quality and program direction of CFP and help in mainstreaming the CFM approach. Review mission is also expected to recommend best practices and program direction in addition to the recommendations by PSM. The local review team is expected to spend significant time in the field before the arrival of the international team.

Independent Completion Report (ICR) team will consist of a three member multi-disciplinary team engaged by AusAID and two local experts hired by UNDP. ICR team will capture impacts of the overall program and verify and validation of the contents of the activity reports. They will also recommend and highlight the lessons learnt and case study opportunities.

4.2   Planning & Financial Processes

Quarterly and Annual Work Plans will be prepared by the Forest Department and scrutinised by UNDP and AusAID. Annual Work Plans will be then presented to the National Steering Committee for review and approval. In submitting the Annual Work Plans, the Forest Department should attach relevant material to ensure compatibility with program objectives, targets and budget. Relevant information is expected to include:

- A description of the site selection process and justification for the sites selected;
- Copies of resource assessments that have been completed;
- Copies of Community Forest Management Plans (if already prepared);
- Budgets for each site, indicating the estimated cost over the initial three year period, an estimate of the cost per hectare of forest area, and cost per household (based on the number of directly participating households); and
- Other material which provides relevant information on the proposed program for the next calendar year, including planned M&E inputs.

The cost estimates included in the program design are based on a budget for each site of Rs.1.7 million over a 3 year period. Variations to this are expected, but large differences should be justified. It is assumed that the budgets included in the Annual Work Plans will generally resemble the annual budgets presented in Attachment 4. Any major variations between the Annual Work Plans and the program design should also be justified.

UNDP will ensure the annual and quarterly work plans confirm with the financial management conditions stipulated by the program while AusAID will ensure the plans reflect and support the program's objectives and adequately address any issues or opportunities previously identified. AusAID's approval of the Annual Work Plan, expected to be in June each year, will trigger an annual disbursement of funds to UNDP. Australian funds will be forwarded to UNDP using the standard AusAID fund transfer modality.

Forest Department will receive funds from UNDP, based on the quarterly work plans and past progress, through the Treasury. Number of procurement actions will be done by UNDP. Details of procurement actions by Forest Department and UNDP are listed in the attachment 7.

Accordingly the fund received by the Forest Department will be used for national, regional and community level activities using Govt. procedures. Forest Department also has the option and flexibility to request UNDP to pay directly to vendors for goods and services obtained by Forest Department through Govt. procedures. Procurement activities done by UNDP will be according to UNDP guidelines.

Forest Department will request and ensure adequate funds through the annual budget to meet the Govt. taxes, duties and VAT payments on CFP related procurements. The GoSL's financial year coincides with the calendar year. The Forest Department will include Australian funded activities in their usual annual planning and

budgeting exercise. A separate budget column differentiates the funds from the GoSL. As shown in Figure 3, AusAID will provide input to the planning and budgeting exercise in May, when AusAID will review the draft Annual Work Plan; outline any other aspects that should be addressed in the plan (including, for example, issues raised during Supervisory Missions); and will confirm the level of funding available from Australia (which is expected to roughly mirror that outlined in the Program Design). A copy of the final Annual Work Plan shall be provided to AusAID in December of the previous year.
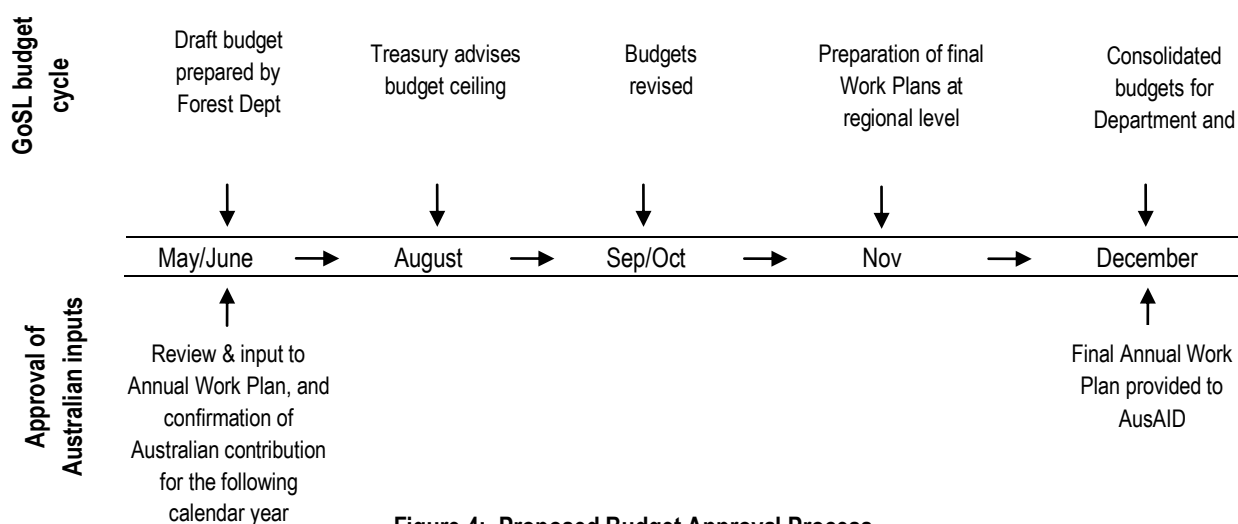
GoSL budget cycle	Draft budget prepared by Forest Dept	Treasury advises budget ceiling	Budgets revised	Preparation of final Work Plans at regional level	Consolidated budgets for Department and
	↓	↓	↓	↓	↓
	May/June →	August →	Sep/Oct →	Nov →	December
	↑				↑
Approval of Australian inputs	Review & input to Annual Work Plan, and confirmation of Australian contribution for the following calendar year				Final Annual Work Plan provided to AusAID

Figure 4: Proposed Budget Approval Process

In following the normal annual planning process of the GoSL, the Forest Department has already prepared a draft Annual Work Plan (and associated budgets) for 2012. Forest Department will concentrate on preparatory activities in the year 2012 including:

- Identification of sites and initial consultations with target communities;
- The preparation of training plans and conduct of some initial training for forest staff;
- Initial meetings with stakeholders to increase awareness of the program and its objectives and promote participation by other agencies; and
- The preparation of tender documents for program-related procurement.

It is recommended that an initial grant be provided to the Forest Department for the implementation of activities in January 2012. Subsequent transfers will occur based on the progress made and using the quarterly work plans that are in line with the approved Annual Work Plans approved by the National Program Steering Committee. In total, five transfers will be made to the UNDP. These transfers and the total annual Australian contribution (when including the TAG, MTE and ICR), are summarised in Table 6. Note: Funds transfers to UNDP have been scheduled towards the end of the preceding financial year to ensure funds are available as and when required.

Table 6: Annual Cost Estimates (AUD million)

Year	2012	2013	2014	2015	Total
Programme Funds Disbursed via UNDP	0.98	1.10	1.21	1.09	4.38
UNDP Administration/Management Fee (8.5%)	0.08	0.09	0.10	0.09	0.37
AusAID managed component	0.05	0.05	0.06	0.06	0.22
Total Programme (A$ millions)	**1.12**	**1.24**	**1.37**	**1.24**	**4.97**

It is recommended that budgets in Quarterly and Annual Work Plans be prepared in Sri Lankan rupees, and subsequently converted to Australian dollars. Exchange rate variations may result in changes to the above estimates. It is assumed that any unspent funds from previous transfers will be deducted from subsequent transfers.

Financial Reporting and payments

Financial reports will consist of expenditure incurred by UNDP to procure goods and services, direct payments to vendors on the services obtained by the Forest Department and expenditure incurred by the Forest Department (aggregate of district, regional and national level expenditure). UNDP will quarterly provide the expenses incurred through UNDP to PCU to prepare summary reports. Annual final expenditure report will be prepared in the form of a Combined Delivery Report (CDR) for each calendar with the information obtained through UNDP finance office, normally around March 31 of the following year. CDR needs to be signed by the Implementing Partner (Forest Department, Ministry of Environment) to be considered final. At any given time UNDP will provide certified Financial Reports based on the records available in the system for PCU to generate reports. In addition the PCU will maintain its ledgers and documentation using the Forest Department system and those documentation will be used in annual audits and reconciliation of financial records etc.

Procurements

Procurement needs for the program will be met by the Department using the GoSL procedures and by UNDP procurement office using UNDP guidelines. UNDP will procure goods and services only when Forest Department requested to do so through the PCU. A Procurement Plan will be prepared along with the Annual Work Plan to facilitate the timely procurement actions. WIPS inputs were obtained during the initial appraisal peer review and further support from WIPS will be obtained during the Procurement Planning and Annual Work Planning stages. However, the flexibility exists to procure any goods or services based on Program needs outside the procurement plan. Details of procurement responsibilities have been included in the attachment 8.

Audit

An annual audit of the program will be conducted by the GoSL Auditor General's office. This will include the sub-components relating to the Community Forestry Program. The Auditor General's report will be submitted to UNDP and AusAID. In addition the program is also subjected to UNDP periodic audits done by the Auditor General Office staff based on a terms of reference provided by UNDP. Recommendations and findings of UNDP led audits will be followed during the subsequent years to address the issues noted therein.

Risks

Main risks envisaged are the speed at which Forest Department staff would absorb the new knowledge, training and capacity developed through the project and the ability of the Department to expand its regular staff positions, during the project period, geographically and technically. Acquiring capacity to a sustainable level in gender, monitoring and evaluation, community forestry and communication etc., is expected to be a challenge and a risk. Attachment 6 provides a number of additional risks to be managed during the project period to ensure the sustainability of the project. Risks during procurement and financial management are minimal due to the tight UNDP and GoSL procurement procedures adopted with adequate oversight mechanisms. Agencies responsible for different procurement actions are identified in detail in the attachment 7.

4.3   Roles & Responsibilities of Key Stakeholders

The Senior Deputy Conservator of Forests (Social Forestry & Extension Division), as the Focal Point for the Community Forestry Program, will:

- Participate in National Program Steering Committee meetings;
- Liaise with the UNDP and AusAID on a regular basis on technical, financial and management topics;
- Engage in planning and participate in UNDP Supervisory Missions and other teams visits;
- Lead the development of a communication strategy and implementing it from the outset of the program;
- Preparation of Terms of Reference for technical experts, missions and evaluations;
- Provide extensive inputs in reviews or evaluations related to planning, implementation, expenditure, monitoring and reporting;
- Take responsibility for the quarterly and annual work planning process for both field activities and institutional support and ensure Quarterly and Annual Work Plans reflect the program design and address key concerns raised by UNDP, AusAID, other GoSL agencies and National Program Steering Committee;
- Take responsibility for the implementation of program activities via sub-national lines of authority: the Regional Deputy Conservator of Forests (regional level), the Divisional Forest Officers (district level) and the Range Forest Officers (range level);
- Oversee the preparation of an exit strategy, within two years of commencement of Australian funding, which includes forward budget estimates for the maintenance and expansion of community forestry sites in the dry and intermediate zones;
- Oversee program related field surveys, monitoring and evaluation;
- Prepare brief six monthly progress reports and a more detailed annual progress report;
- Present progress reports on the community forestry program to the National Program Steering Committee;
- Oversee the preparation of the ACR and present this to National Program Steering Committee;
- Articulate medium and long-term strategies on human resources development, identification capacity development needs, training opportunities and prospective candidates and ensuring that the enhanced capacity is used productively; and
- Integrating the CFP activities in other National Programs and Strategies

Under the direct supervision of the Divisional Forest Officer (DFO), the Range Forest Officer (RFO) is responsible for overall management and monitoring within each range. Field Assistants will be responsible for each site facilitated by Extension Officers (who will play a key role in community mobilisation and the planning of community development activities). Field activities will also be assisted by Beat Forest Officers and Assistant Range Forest Officers during the conduct of resource inventories and boundary surveys. The allocation of responsibilities enables a close and ongoing working relationship between the Field Assistants and local communities, and allows the Extension Officers and other technical personnel to provide specific and focused inputs to a larger number of sites.

The overall responsibility for coordinating the implementation of the CFMPs rests with the Divisional Forest Officers, who will provide an initial briefing on the community forestry program to the District Secretary and other senior government officers in the district during a district coordination committee meeting. Subsequently, the officers within the Range Forest Office may coordinate activities with other government/non government agencies on a day to day basis, under the direction of the DFO.

UNDP will provide management support to the Program. The Task Team Leader and other staff are based in Colombo, enabling relatively close interaction with the key implementing agencies and regular monitoring. UNDP (Colombo office) will be responsible for:

- Organize a Program Appraisal Committee meeting to validate the Program;
- Establish Program financial system in the UNDP system prepare documentation for the approval by the Dept. of External Resources through Ministry of Environment for the Program Implementation;
- Dedicate a staff member to support the program management, help Department focal point in preparing program related documentation to the National Program Steering Committee, periodic reporting; implementing the communication strategy and facilitate program related procurement and monitoring;
- Preparation of Terms of Reference for technical experts, missions and evaluations;
- Provide the senior staff time of the UNDP where needed, in addition to the contribution of Program Analyst for overall quality assurance, monitoring, advocacy, communication, mainstreaming and to ensure efficient implementation of the CFP;
- Hiring consultants/experts required by the Program and carrying out the procurement of goods and services based on Program needs;
- Arrange long-term post-graduate training for the staff of the Forest Department;
- Monitoring physical and financial progress, carryout Supervisory Missions and support AusAID to appoint local team members for independent reviews;
- Support Department to generate financial reports, improve the quality of the Program related reporting and ensure visibility and dissemination of information related to CFP activities;
- Provision of materials on climate change adaptation to strengthen the forestry planning process;
- Promotion of linkages with UNDP and other donor programs on natural resource management, livelihood support and sustainable development etc;
- Support mainstreaming CFP results and best practice models to ensure sustainable development of other sectors and in the overall national development;
- Review and approve quarterly and annual work plans for the Program and disbursement of funds to Department on a timely basis; and
- Providing inputs to the National Program Steering Committee and liaising with ME, DER, district and provincial authorities, other GoSL agencies and AusAID, as and when required.

The role of AusAID (Colombo) includes:

- Prepare TOR for review teams (MTR and ICR) and identify, contract, organise and manage the team;
- Source international experts to strengthen program Supervisory Missions every twelve months;
- Seek to support the Forest Department staff to access opportunities for post-graduate training through the Australian Development Scholarships (ADS).
- Review Annual Work Plans, progress reports and other CFP documentation;
- Approve annual expenditure, based on the draft Annual Work Plans;
- Participate in field visits and National Program Steering Committee meetings;
- Advise the Forest Department on the content and format of the ACR;
- Prepare TOR for the ICR and contract and manage specialists during the ICR;
- Prepare an annual QAI report and provide other brief reports to AusAID Canberra summarising progress or outlining issues, as and when required; and
- Liaise with the UNDP, ME, External Resources Department, the Forest Department and other stakeholders as and when required.

4.4   Monitoring & Evaluation

Goal

The success of the program will depend on the degree to which the goal and component objectives are met. The goal, *to improve the management of natural resources to support livelihoods and contribute to poverty reduction in the dry and intermediate zones*, will be measured using a range of indicators:

Natural resource management:

- The area of forest included in the community forestry program;
- The increase in agricultural productivity and sustainability of agricultural land;
- The reduction in the area of *chena* cultivated, and reduction in the area of *chena* cultivated using poor agricultural practices (which accelerates soil erosion);
- The increase in the quantity and quality of timber produced from both woodlots and home gardens; and
- The preparation of an exit strategy with forward budget estimates for the maintenance and expansion of community forestry sites in the dry and intermediate zones

Social impact:

- The number of direct and indirect beneficiaries;
- The change in income level of direct beneficiaries;
- The change in savings levels;
- The number of direct beneficiaries that have had a sufficient increase in income to raise their income level above the poverty line (including analysis of who participates in program activities, and specifically, whether relatively poor and/or marginalised people are participating in program activities); and
- Gender impacts on the division of labour, access to resources and income levels.[32]

While the area of forest included in the community forestry program will be clarified during the resource assessments, the assessment of increased agricultural productivity, reduction in *chena* and increase in timber production and timber quality will be assessed during the independent assessment (MTR) in the Year 3, and at other times if additional analysis is undertaken by the Forest Department for their own purposes.

Program also considers the disaggregation of community indicators from the very outset of the project such as planning, collection and processing of data and reporting stages. This will be one of the key tasks of the Sociologist and the short-time gender expert. Social impacts of community forestry management on rural livelihood, income levels and the incidence of poverty of different communities and members will be assessed and monitored quarterly and discussed at the quarterly supervisory missions.

The preparation of an exit strategy with forward budget estimates is the first step required to secure funding from the GoSL for the maintenance and expansion of the community forestry program beyond the period of Australian funding. The willingness of the GoSL to fund community forestry programs in the future will depend on (i) the success of the program in achieving its objectives, (ii) the effectiveness in which the achievements of the program are promoted by the Forest Department, and (iii) the financial resources available to the GoSL in future years. The exit strategy should therefore utilise and incorporate M&E results from the program.

While the number of direct and indirect beneficiaries will be available from quarterly reports produced by the Forest Department, an assessment of income levels and contribution towards reducing poverty will be undertaken through two means:

1. The independent impact assessment (MTR at Year 3), focusing on an evaluation of a sample number of sites and a sample number of households within those sites; and

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[32] Actual indicators to measure these impacts need to be developed by the Forest Department with the assistance from other stakeholder agencies.

2. Studies conducted by the Forest Department, providing a position for a Sociologist is created, the position filled, and resources provided to prepare and implement a research program.

Local consultants provided to the program, monitoring and evaluation missions and external reviews planned will assist the Forest Department ensure the quality of the community forestry program and to implement the work efficiently and on a timely basis. This support is also aims to improve the capacity of the Department to monitor and evaluate all forestry activities (including the social and gender impacts of forestry programs). The National Program Steering Committee will consist of experts required to guide and strengthen the program and will also include a representative from Non Governmental Sector with Community Forestry Experience.

Program Supervisory Missions will play a key role in external monitoring and evaluation. A quarterly Supervisory Mission will typically include:

1. A short-term local expert who will be hired by UNDP to support the Department periodically. The same expert will also help Department to refine quarterly and annual work plans;
2. Sociologist;
3. Department, UNDP, and AusAID staff; and
4. Any other expert deemed required for specific inputs such as gender, M&E and child protection.

Once a year, AusAID will provide appropriate technical expertise to strengthen the Supervisory Mission. This expanded Supervisory Mission will be planned prior to the National Program Steering Committee meeting to maximize the benefits by the mission to the program. Participation of the members of the National Program Steering Committee in the quarterly field missions is very much encouraged and beneficial to the CFP.

Component objectives

The Component 1 objective is *to reduce deforestation and forest degradation by involving communities in forest management*. This will be measured using the following indicators:

- The change in the forest resource (biodiversity, species composition and diameter class distribution);
- The change in the extent of forest cover;
- The frequency and extent of forest fires;
- The frequency of forest offences (eg. illegal use or extraction of forest resources); and
- Voluntary community inputs to reduce fire (once payments from the Forest Department have ended).

Several methods will be used to collect the required information:

- As discussed in Section 2.7, the change in the forest resource will be assessed from permanent sample plots. These will be established to monitor biodiversity, invasive species and the forest stand, focusing on species composition and diameter class distribution. This research will be undertaken at selected community forestry sites by the Research Division.
- The change in the extent of forest cover will be based on interviews and discussions with community members.
- The frequency and extent of forest fires will draw on data recorded in the Record of Forest Fires, which is maintained for each range (and backed up with interviews with local community members during impact assessment studies).
- The frequency of forest offences will draw on data recorded in the Forest Offences Register, which is maintained for each range.
- Voluntary community inputs to reduce fire will be assessed during impact assessment studies.

The Component 2 objective is *to build the capacity of the Forest Department so community forestry approaches can be implemented nationally*. This will be measured using the following indicators:

- The number of community forestry sites and number of districts containing community forestry sites;

- An estimate of the amount and proportion of time and financial resources allocated to community forestry in each district;
- The proportion of community forest sites that are considered a success (based on the number of sites with (i) a Forest Management Agreement, (ii) an active CBO; and (iii) continued community interest in such activities as fire prevention, maintaining woodlots, etc); and
- Effective monitoring of the program at all levels (district, regional and national).

The amount and proportion of time and financial resources allocated to community forestry will be estimated by the DFOs in each district and is expected to be a reasonable indication of how broadly community forestry has been adopted by the Forest Department. The DFOs will also provide information on the proportion of community forestry sites that are considered to be a success, and will be compared (for selected sites) with research and evaluation results for the goal and Component 1 objective.

Additional details are presented in Attachment 5, including:

- Reporting requirements;
- Baseline data requirements;
- Input to program Supervisory Missions;
- Input to independent reviews (MTR and ICR);
- Additional social studies to be conducted by the Forest Department; and
- An M&E Framework.

4.5 Risk Management

The risks to the program, and in particular those that may prevent the program from achieving its stated goal and objectives, have been assessed in terms of (i) the program as a whole, (ii) the goal, objectives and outputs specified in the logical framework matrix, and (iii) natural disasters such as droughts, floods and cyclones.

The risks to the program as a whole relate primarily to financial management and M&E. There is a potential for financial delays for counterpart funds from the Treasury, which could subsequently delay implementation or delay payments to service providers. However, this is not considered to be a high risk.

The use of GoSL and UNDP financial and reporting systems and the periodic quality control systems built into program implementation is considered sufficient to minimize financial risks to the Program including:

- Preparation of detailed annual budgets;
- Preparation of quarterly financial reports and work plans before UNDP fund disbursement to Department;
- Approval of work plans by UNDP, AusAID and National Program Steering Committee;
- Program monitoring on quarterly basis to verify physical progress;
- Preparation of physical and financial reports on a quarterly basis (and submit these reports to the National Program Steering Committee every six months);
- Conducting an annual audit of all Program activities , undertaken by the Auditor General's office supplemented by UNDP periodic audits; and
- Following of UNDP or GoSL procurement guidelines.

In addition the Financial System within ME will also provide the support, guidance and oversight on procurement and other financial matters.

There is a risk that the program's achievements and impacts will not be adequately assessed. Without results that quantify the achievements and benefits the level of funding available to the Department for community forestry activities in the future may decline. Neither SLANRMP nor the Forest Department have adequately

assessed the impact of the community forestry approach, or the program as a whole, in the past. The program design has incorporated several recommendations to help ensure adequate M&E and adoption of a communication strategy from the very outset of the program. It requires strong commitment from the Forest Department to improve this aspect of their operations. Having a dedicated staff member at UNDP is expected to provide the necessary attention in this regard.

Risks relating to the program goal, objectives and outputs have been assessed as relatively low and manageable, and should not detract from achieving the stated objectives. Some of the main risks are:

- Alternative income generating activities are adversely impacted by elephant damage, natural disasters (flood, drought) or economic factors (eg. a major decline in the price of teak, cashews or other commodities included in the CFMPs);
- Field officers do not have sufficient time to participate in formal training activities, or trained staff resign or are transferred; and
- The Forest Department does not receive approval to create a permanent position for a Sociologist, or cannot identify a suitable candidate.

Further details relating to perceived risks are provided in the Risk Management Matrix, including proposed mitigation strategies (refer Attachment 6).

4.6 Overarching Policy Issues

Gender

As indicated in the Feasibility Assessment, both men and women are participating in and benefiting from community forestry activities. However, women are playing a leading role in managing the affairs of the self help groups and CBOs and this appears to be strengthening the role of women in the participating villages.

The program is improving the livelihoods of participating communities, in particular, increasing the productivity of home gardens, providing additional income sources (woodlots, home gardens and a range of other agricultural and non-agricultural enterprises) and improving social infrastructure. Increasing agricultural productivity will reduce labour inputs, particularly when more food is derived from home gardens than gardens located on more distant *chena* land. Improving the productivity of home gardens will also reduce the labour required to collect firewood.

The SLANRMP Activity Completion Report indicated that the program had assisted in the provision of 23 tube wells and 67 rainwater tanks. These type of activities will have clear health and hygiene benefits, and lead to a reduction in the time taken to collect water. Increasing income levels will have important benefits at a household level, with additional income potentially being allocated to a wider range of food items, improved access to health and education facilities, and a range of basic household items. Results of the 2006/7 Household Income & Expenditure Survey indicate that 42 per cent of household expenditure is allocated to food, and a further 36 per cent is allocated to other basic needs,
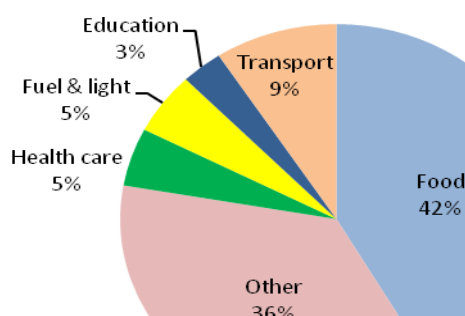

Figure 5 : Average Household Expenditure, 2006/7

Source: Department of Census & Statistics, undated, p. 6.

as shown in Figure 4. As lower income
households typically spend proportionally more
on food and other essential items, increasing
income will have a range of benefits.

The community forestry program is therefore expected to assist women as follows:

- Increasing the social status of women in the community;
- Reducing labour required for food production and the collection of fire wood and water; and
- Increasing incomes, which in turn will improve diet and the level of access to, and potentially the quality of, health and education services.

The recommendation for the appointment of a Sociologist is expected to lead to social studies being conducted to help quantify the benefits of the community forestry approach, including the impacts on gender equality. The proposed short-term gender expert also could work with the Sociologist to cover gender aspects from the initial planning. The TAG will also have a clear responsibility for ensuring gender specific information is incorporated in the monitoring and evaluation of the program, and for promoting gender within the Forest Department. Promoting the findings of social and gender specific research within the Forest Department, and the Sri Lanka Forest Institute, will help build a better appreciation of gender issues, and may provide lessons in terms of promoting gender equality within the Forest Department (which still consists predominantly of male employees).

Climate change and adapting to climate change

Climate change has not been addressed specifically in the design. It will be introduced through the community forestry approaches such as resource assessment at each site, and preparation of a land use plan to more effectively and more sustainably manage natural resources. Material developed by the Dept. of Agriculture; Ministry of Disaster Management; Met. Department; Natural Resource Management Centre, Universities, Climate Change Secretariat along with the international knowledge on this subject will be used to ensure the planning processes consider climate change impacts and adaptation best practices. UNDP has supported in the development or has access to the key knowledge products in climate change in the Country.

Anticorruption

A number of measures to help minimise the risk of corruption have been adopted. These include:

- Preparation of detailed annual budgets;
- Preparation of physical and financial reports on a quarterly basis (and submission of these reports to the National Program Steering Committee every six months);
- Auditor General's office conducts an annual audit ;
- Following UNDP and GoSL procurement guidelines;
- Including financial and procurement expertise in the program Supervisory Missions; and
- Widely sharing program related information among stakeholders including media.

Child protection

Child protection has not been addressed specifically in the design, but the community forestry approach will increase income levels, which will have important benefits at a household level. Additional income will potentially be allocated to a wider range of food items, basic household items and enable improved access to health and education facilities. The community forestry program is therefore expected to assist children as follows:

- Reducing family labour requirements for food production and the collection of fire wood and water; and
- Increasing incomes, which in turn will improve diet and access to health and education services.

AusAID requires GoSL and UNDP to act in accordance with the AusAID child protection policy, in addition to abiding by other relevant international declarations, conventions and agreements.

Compliance with the Environment Protection and Biodiversity Act

In all of its activity overseas, Australia's development assistance program is required to comply with multilateral environment agreements, including the United Nations Framework Convention on Climate Change, to which Australia is a signatory, and the Commonwealth Environment Protection and Biodiversity Conservation Act, 1999. The latter act requires that all development assistance activities are assessed for their impact on the environment and that appropriate management action is implemented.

As stated in the Feasibility Assessment, the CFM approach has a number of positive environmental benefits. The program as a whole aims to:

- Enhance the productivity and sustainability of agricultural land;
- Reduce deforestation and forest degradation by providing alternative agricultural and non-agricultural income generating opportunities to local communities;
- Reduce erosion by reducing the cultivation of *chena*, reducing the area of *chena* cultivated using poor agricultural practices, and improving soil and water conservation in home gardens; and
- Increase the quantity and quality of timber produced from both woodlots and home gardens.

Impact evaluations will be undertaken to help quantify the above intended outcomes. The key activities to be undertaken in the lead up to implementation are summarised in Figure 5.
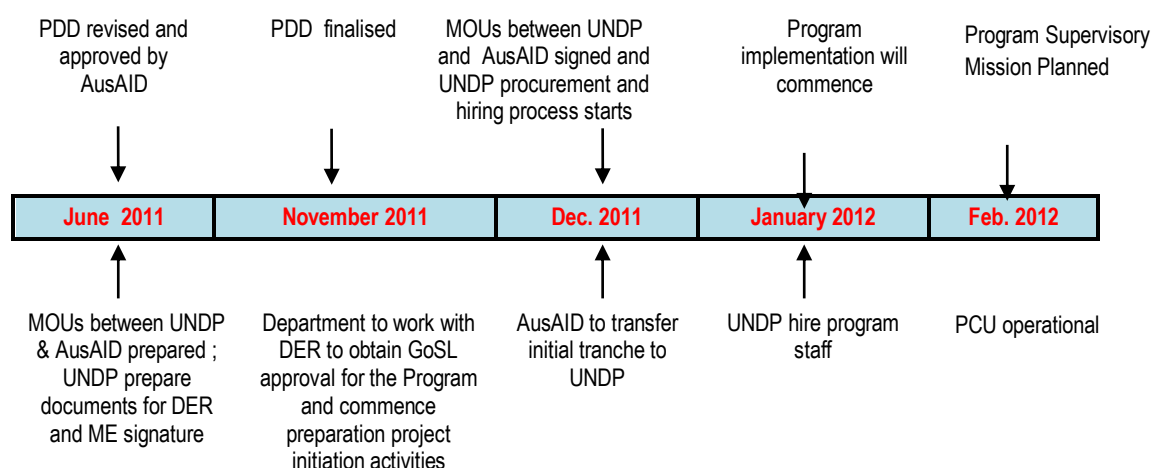

Figure 6: Key Activities to be undertaken in Preparation for Implementation

Attachment 1

Poverty Estimates

In 2007 UNDP ranked Sri Lanka 102nd out of 182 countries in the human development index (HDI). As shown in Table 1, many of Sri Lanka's development indicators are relatively high in comparison to other developing countries in the region.

Table 1: Development Indicators for Sri Lanka and Other Selected Countries

Country	Sri Lanka	India	Thailand	Indonesia
HDI (2007) ranking of 180 countries	102nd	134th	87th	111th
GDP/capita (US$ PPP)	4,243	2,753	8,135	3,712
Adult literacy	90.8%	66.0%	94.1%	92.0%
Life expectancy at birth (years)	72	65	69	71
Population growth rate	0.7%	1.3%	0.6%	1.2%
School enrolment	96.7%	88.7%	95.1%	94.8%
Births attended by skilled health workers	97%	47%	97%	66%
Infant mortality rate (deaths/1,000)	11	57	7	26
Maternal mortality rate (deaths/10,000)	58	450	110	420

Source: HDI, GDP/capita, adult literacy: http://hdrstats.undp.prg/cn/countries/country_fact_sheets/
Life expectancy, population growth, enrolment: http://web.worldbank.org/wbsite/external/datastatistics
Births, infant mortality, maternal mortality: http://apps.who.int/whosis

Results of the 2006/7 Household Income & Expenditure Survey indicate that 15% of the Sri Lankan population lived in poverty.[33] The official poverty line is defined at the per-capita expenditure for a person to be able to meet the daily nutritional anchor of 2,030 kilocalories, but includes expenditure on non-food essentials (based on typical family expenditure patterns), and is updated annually to account for price changes over time and between districts.[34] The official poverty line during the 2006/7 survey period was Rs.2,233/person/month (approx US$21/month at the exchange rate at the time).

The poverty estimate for 2006/7 is a substantial improvement on earlier estimates (26% in 1990 and 23% in 2002),[35] but like earlier estimates, excludes the conflict affected districts in the north. The incidence of poverty is therefore likely to be higher than stated. In addition, there are large disparities sectorally and geographically. Sectoral differences are highlighted in Table 2.

Table 2: Poverty Development Indicators for Sri Lanka and Other Selected Countries

| Sector	Mean monthly expenditure per-capita (Rs.)	Population below poverty line (%)	Population below poverty line ('000)	Contribution to poverty (%)
Urban sector	7,556	6.7	184	6.6
Rural sector	5,200	15.7	2,303	82.1
Estate sector	3,078	31.8	318	11.3
Sri Lanka (total)	5,436	15.2	2,805	100.0

Source: Department of Census & Statistics, March 2008, p. 1.

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[33] Refer Department of Census & Statistics, March 2008, p. 1.
[34] Refer Department of Census & Statistics, June 2004, p. 1.
[35] Refer World Bank, January 2007, p. ix.

Although the highest concentration of poor is in the estate sector,[36] the estate sector contained just 5.4% of the population in 2001. The rural sector contains 82% of the poor households in the country. Map 3 illustrates the incidence of poverty by district.
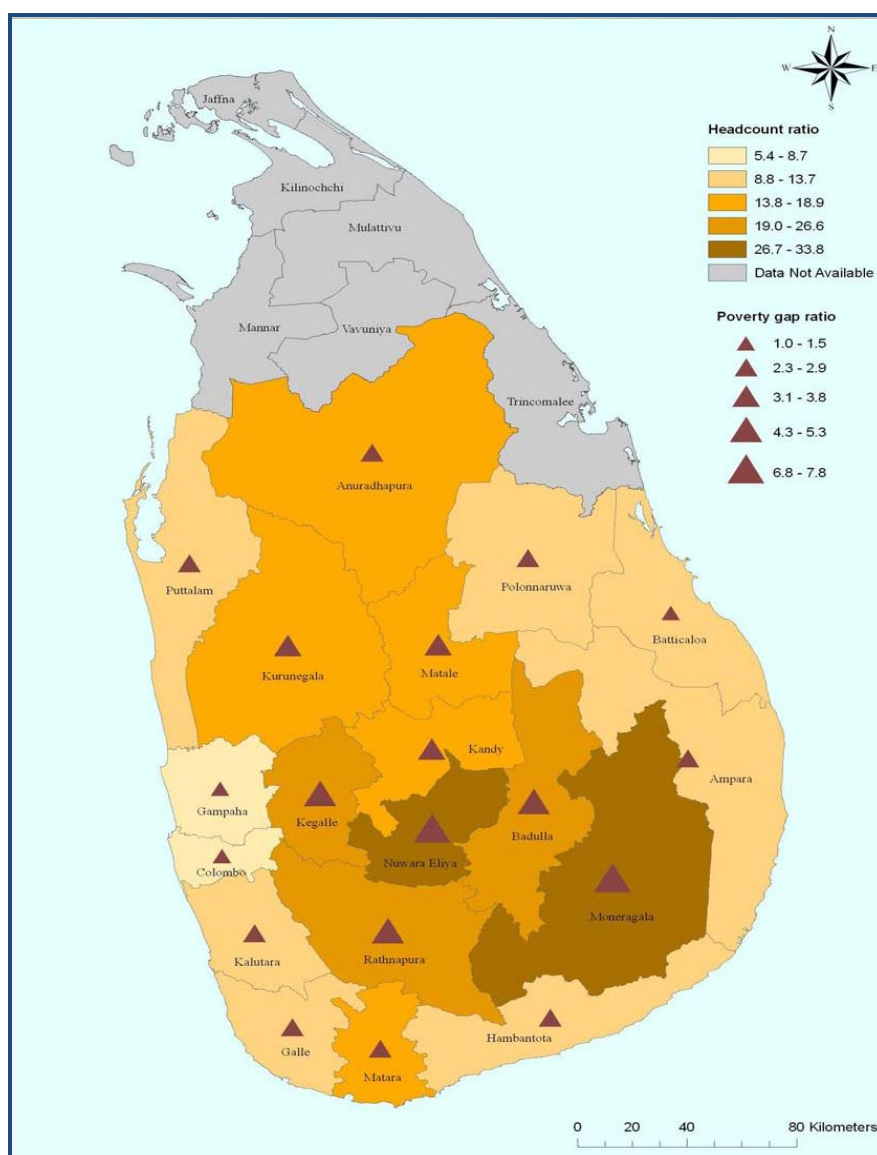
Map 1: Incidence of Poverty by District
Source: Dept of Census & Statistics, March 2009, p. 11.

As shown in Map 3, the highest incidence of poverty occurs in the districts located in the island's interior. These districts are similar to those districts containing community forestry sites (both present and proposed).

Results from the 2001 Census of Population and Housing indicate that while 80% of the population live in rural areas, only 28% of the national workforce is engaged in agriculture or fisheries.[37] However, further analysis of the 2006/7 Household Income & Expenditure Survey indicates a high and positive correlation between the incidence

[36] The estate sector is defined as the families of workers engaged on estates of 20 acres (8 ha) or more and with 10 or more resident labourers.
[37] Refer http://www.statistics.gov.lk/PopHouSat/Pop_Chra.asp

of poverty in each district and the proportion of agricultural and fishery workers in those districts. Results of the comparison are presented in Figure 1.
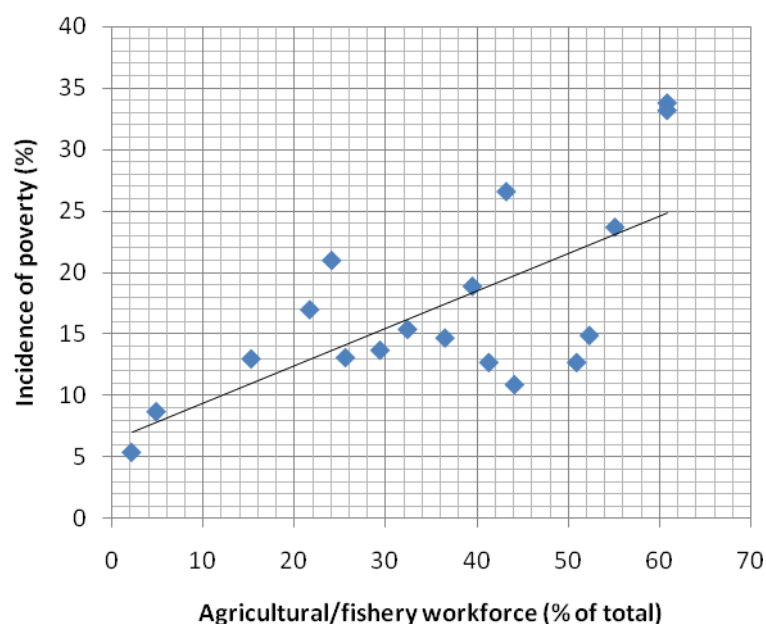

Figure 1: Comparison of Poverty and Proportion of Agricultural & Fishery Workers by District
Source: Department of Census & Statistics, 2001 & 2006/7.

Given the positive correlation between poverty and the proportion of the workforce depending on agriculture and fisheries, it is reasonable to conclude that the highest concentration of poor is not simply in rural areas, but in rural areas that are dependent on agriculture or fishing. Furthermore, the Department of Census & Statistics expressed a concern, based on results from the 2006/7 Household Income & Expenditure Survey, that the difference between sectors appears to be widening with time, and, apart from Colombo, Gampaha and Nuwara Eliya, all other districts display a widening of inequality in income distribution.[38]

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[38] Refer Department of Census & Statistics, March 2009, pp. 26 & 28.

Attachment 2
Description of the Forest Department

Organisational Structure & Resources

The Forest Department is headed by the Conservator General of Forests (CGF) and consists of eight divisions: Research & Education, Social Forestry/Extension, Law Enforcement, Inventory & Management, Environmental Management & Silviculture, Planning & Monitoring, Personnel & Administration and Finance (refer Figure 1). Field offices are organised into 4 regions, [39] 21 districts and 68 ranges, with ranges typically divided into 4 or 5 beats.
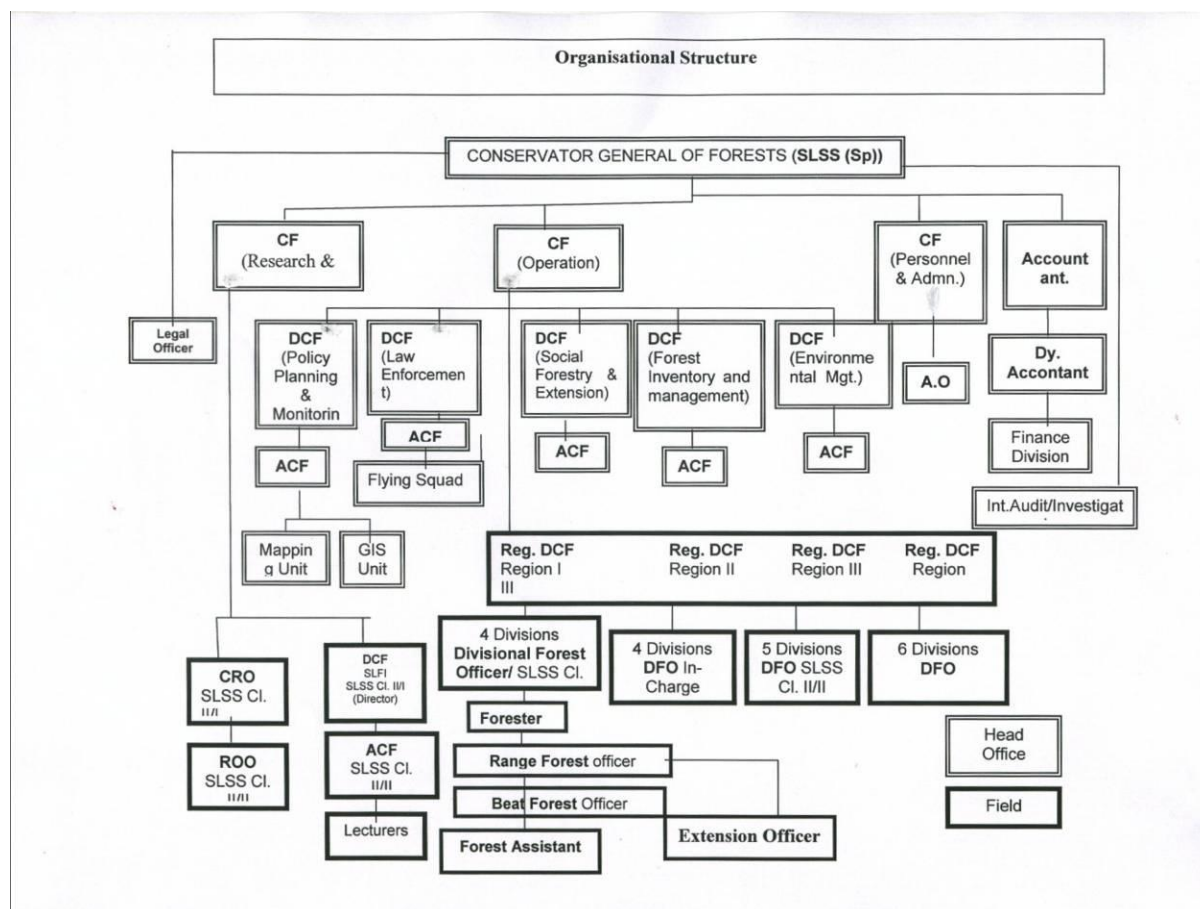
Figure 1: Organisational Chart – Forest Department

The community forestry program is managed under the Social Forestry/Extension Division, but in cooperation with the regional, district and range offices.

The Department has approximately 3,200 staff. Its budget for 2009 was approximately Rs.1.1 billion, consisting of salaries Rs.525 million, capital costs Rs.345 million and other costs Rs.220 million.

Development Assistance for the Forestry Sector

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[39] The Forest Department is grouped into four regions: Central & Uva, North Central & Central North, West & North West and Sabaragamuwa & South.

A number of Program-based aid activities have been implemented since 1982, aiming to introduce or strengthen community or participatory forestry approaches in Sri Lanka. These are summarised in Table 1.

Table 1: Summary of Community Orientated Projects Implemented under MENR

Project	Duration	Donor
Community Forestry Project	1982-88	ADB
Participatory Forestry Project	1993-2000	ADB & AusAID
Participatory Forest Management Project	1996-98	Overseas Development Agency, United Kingdom
Upper Watershed Management Project	1998-2004	ADB
Forest Resource Management Project	2000-08	ADB
South West Rain Forest Conservation Project	2000-05	UNDP/GEF
Protected Area Management and Wildlife Conservation Project	2001-07	ADB, UNDP/GEF and Govt of the Netherlands
SLANRMP	2003-09	AusAID

Source: Forest Department, 2009.

Capacity Building

The Training of Trainers (TOT) Cascade Model introduced under SLANRMP is the principal mechanism by which Forest Department staff have or are being reoriented away from their traditional policing role of forests, particularly against exploitation by local communities, towards a culture of participatory community forestry. Its aim was to improve the ability of Forest Department staff to work effectively with local communities in community forestry and other small development activities. The TOT Cascade program has been effective in producing Forest Department staff with the attributes and abilities required for developing relationships and working with communities in community forestry. The Forest Department Training Manager, who is placed under the Conservator of Forests (Research & Education), is now responsible for coordination of all training programs at central level. Technical training is usually provided through the Sri Lanka Forestry Institute.

Planning System

The DFOs have prime responsibility for the planning of field activities, and prepare a District Annual Work Plan. Annual Work Plans are prepared on a divisional basis and aggregated at the regional and national levels.

Workplans are developed on an annual basis and include a list of activities for each program, and physical targets and financial estimates for each activity on a monthly basis. Within the Social Forestry & Extension Division, the programs include:

- Forestry extension;
- Development of eco-tourism facilities;
- Establishment of new farmer woodlots;
- Maintenance of woodlots;
- Management of old woodlots;
- Home garden development and tree management; and
- Continuation of NRM activities.

The latter refers to the community forestry program. Within the NRM activities, the following activities are specified for planning, budgeting and reporting purposes:

1. **Management Plan Preparation**
   - 1.1　Social survey & PRA
   - 1.2　Management Plan preparation
   - 1.3　Plan approval
   - 1.4　CBO registration
   - 1.5　Signing agreements

2. **Participatory Reforestation**
   - 2.1　Land preparation
   - 2.2　Holing and planting
   - 2.3　Fertilizer application
   - 2.4　Payment of incentives
   - 2.5　Seedling production

3. **Maintenance of Plantations**
   - 3.1　First weeding
   - 3.2　Second weeding
   - 3.3　Third weeding
   - 3.4　Fourth weeding
   - 3.5　Fifth weeding
   - 3.6　Sixth weeding
   - 3.7　Vacancy planting
   - 3.8　Fertilizer application
   - 3.9　Payment of incentives (first year)
   - 3.10　Payment of incentives (second year)
   - 3.11　Seedling production

4. **Fire Protection**
   - 4.1　Fire line maintenance
   - 4.2　Planting in fire lines
   - 4.3　Seedling production

5. **Rural Development Activities**
   - 5.1　Income generation activities
   - 5.2　*Shramadana* activities[40]
   - 5.3　Home garden development
   - 5.4　Irrigation reclamation activities
   - 5.5　Rural road development activities
   - 5.6　Education development activities
   - 5.7　Health campaigns
   - 5.8　Community development activities
   - 5.9　Catchment development activities
   - 5.10　Rural nurseries development
   - 5.11　Any other development activities

6. **Capacity Building**
   - 6.1　Farmer/CBO training
   - 6.2　Officer training
   - 6.3　Operations & maintenance

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[40] Voluntary labour for community activities.

6.4   Travelling & fuel
6.5   Miscellaneous

Monitoring & Reporting

Physical and financial monitoring is based on the Annual Work Plans, and reports are consolidated at district level and submitted to the regional office, and thereafter consolidated and submitted to headquarters, on a monthly basis. The monitoring system focuses on activities and inputs with little attention given to measuring outcomes or impact.

Financial System & Procedures

Other than for salaries, which are paid directly from headquarters, operating funds are transferred to the district offices each quarter, based on programmed expenditure according to the Annual WorkPlan. The DFO has prime responsibility for approving and subsequently accounting for expenditure. Payments are made either following completion of services (eg. clearing a fire line, for which details would be specified in a contract document with the CBOs) or on a reimbursable basis, following acquittal of a cash advance (eg. to fund meeting costs).

Attachment 3

Logical Framework Matrix

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions
Goal To improve the management of natural resources to support livelihoods and contribute to poverty reduction in the dry and intermediate zones	• The increase in agricultural productivity and sustainability of agricultural land • The area of forest included in the community forestry program • The reduction in the area of *chena* cultivated, and reduction in the area of *chena* cultivated using poor agricultural practices (which accelerates soil erosion) • The increase in the quantity and quality of timber produced from both woodlots and home gardens • Preparation of an exit strategy within two years of commencement of the program • Increased income of direct beneficiaries • Increased savings • Reduction in poverty (including analysis of who participates in program activities) • Gender impacts on the division of labour, access to resources and income levels	• Impact assessment studies & research conducted by the Forest Department • Exit Strategy prepared and utilised in budget submissions	• Program activities are implemented in areas with a relatively high incidence of poverty. • Low income levels are a major factor contributing to poverty in the target areas. • A wide sector of the community participates in program activities.
Component 1: Community Forestry <u>Objective</u>: To reduce deforestation and forest degradation by involving communities in forest management.	• The change in the forest resource (biodiversity, species composition and volume of the forest stand) • The extent of forest cover • Frequency & extent (ha) of forest fires • Frequency of forest offences reported (eg. illegal use or extraction of forest resources) • Voluntary community inputs to reduce fire	• Reports on the results from permanent sample plots • Interviews with community members during impact assessment studies • Record of Forest Fires and community recall during impact assessment studies • Forest Offences Register and interviews with community members during impact assessment studies • Interviews with community members	• Unusually dry conditions do not cause catastrophic fire events in the target areas. • Conflict within the community does not jeopardise Program achievements (eg. arson).

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions
		during impact assessment studies	
Outputs: .1 Suitable program sites identified	• Number of sites identified • Area of forest in target sites • Selection criteria & process clearly documented	• Quarterly Reports • Quarterly Reports • Annual Work Plans	Range Management Plans contain adequate information to identify and prioritise vulnerable forest areas.
.2 Community groups formed and their capacity enhanced	• Number of CBOs and SHGs established • Capacity of CBO members	• Quarterly Reports • Impact assessment studies	Communities are willing to participate in the program.
.3 Community Forest Management Plans prepared which address the leading causes of deforestation and forest degradation at each site	• Resource Assessments completed and documented for each site • Number of CFMPs prepared • Number of Forest Management Agreements signed	Quarterly Reports	Suitable options can be identified to address the causes of deforestation and forest degradation (eg. agricultural intensification, alternative income sources).
.4 Community Forest Management Plans implemented in partnership with other government and potentially non-government organisations	• Value of inputs provided by Forest Dept, communities and other organisations • Number & area of woodlots established • Number & area of home gardens supported • Number of other enterprises established	• DFO reports (drawing on financial data provided by other agencies at each site) • Quarterly Reports • Quarterly Reports • Quarterly Reports	• Communities and other organisations are willing to provide inputs to implement aspects of the CFMPs. • Alternative income generating activities are not adversely impacted by elephant damages, natural disasters (flood, drought) or economic factors (eg. a major decline in the price of teak, cashews or other commodities included in the CFMPs).
.5 Home garden development program implemented in other/conflict affected areas, as the opportunity arises	• Number & area of home gardens supported in conflict affected areas • Number & area of home gardens support in other areas	Quarterly Reports	Access to communities in conflict affected areas and their ability to engage in program work improve as demining progress and communities are settled.
Component 2: Institutional Support Objective: To build the capacity of the Forest Department so community forestry approaches can be implemented nationally.	• Number of community forestry sites and number of districts containing community forestry sites • Number of direct & indirect beneficiaries • Estimate of the proportion of time and financial resources allocated to community forestry in each district	• Quarterly Reports • Quarterly Reports (direct) and assessment during impact assessment studies (indirect) • DFO reports • RFO reports • Six Monthly Progress Reports submitted	Target districts remain suitable for community forestry activities (eg. no return to civil conflict, current knowledge on the extent of land mines is accurate)

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions
	• The proportion of successful community forest sites • Effective monitoring of the program at all levels (district, regional and national)	to the National Program Steering Committee	
Outputs: 2.1 Regulations for amended Forest Ordinance developed and implemented	• Regulations approved by Attorney General • Regulations publicised and disseminated	• Official letter from the Attorney General's office • Quarterly Reports	The Attorney General's office has sufficient time and resources to review the proposed regulations
2.1 Training plan prepared and staff trained in community forestry approaches	• Training Plan included in Annual Work Plan • Number of training courses and number of staff trained	• Annual Work Plans • Quarterly Reports	Field officers have sufficient time to participate in formal training activities, and staff turnover/transfer is minimal. It is possible to identify good candidates for post-graduate training who will not only benefit but also enhance the quality of work on their return
2.2 Capacity to implement community forestry approaches strengthened	• Increase in the number of range offices with basic resources to implement community forestry activities • Procurement completed satisfactorily	Quarterly Reports	Resources are utilised for community forestry activities.
2.3 Capacity of the Forest Department enhanced in technical areas that will contribute to the program goal	Number of capacity building activities undertaken and number of participants	Quarterly Reports	Other capacity building activities are identified and approved during the annual planning process.
2.4 M&E of community forestry activities undertaken on a regular basis	• Number of Supervisory Missions that include community forestry specialist • Number of independent reviews/evaluations of the community forestry program undertaken • Number of permanent sample plots established and monitored • Recruitment of a Sociologist • Social research papers prepared summarising the results of research undertaken in sample villages	• AusAID • AusAID • Quarterly Reports (of Research Division) • Forest Department • Research papers	• Supervisory missions occur as planned and suitable expertise can be contracted when required • Independent reviews/evaluations occur as planned and suitable expertise can be contracted when required • The Research Division has adequate personnel to establish permanent sample plots • The Forest Department receives approval from the GoSL to create a permanent position for a Sociologist as project progressed. Value and need for adopting sociological aspects will be proven through the work of professional sociologist hired through UNDP.

Attachment 4
Detailed Cost Estimates

Component 1

Component 1 activities include the implementation of community forestry sites and the home garden program. The annual costs are based on (i) the number of sites being implemented and (ii) the average cost for each year of implementation (which is for the purpose of the cost estimates:

- Community forestry sites: Year 1: Rs.500,000; Year 2: Rs.600,000 and Year 3: Rs.600,000); and
- Home gardens: Rs.2 million per district.

The program includes funding in the first two years of the program for 17 sites established in 2008 (funding of Year 3 costs in 2011) and 13 sites established in 2009 (funding of Year 2 costs in 2011 and Year 3 costs in 2012). As the program shall commence on 1 July 2011, it is assumed that the GoSL will fund 1/3 of the site costs in 2011. A similar approach has been used to estimate the GoSL costs to complete the costs for sites established in 2014, 2015 and 2016. As the program shall end on 30 June 2016, it is assumed that the GoSL will fund 1/3 of the site costs in 2016. In addition to site-specific costs, Component 1 includes field support costs (fuel and daily subsistence allowance for forestry officers):[41]

	Rs.'000
Daily subsistence allowance:	
Based on the following staff inputs each month: Senior DCF 4 days; RDCF 3 days, DFO 4 days, RFO 5 days, Assistant RFO 7 days, Extension Officer 10 days, Field Assistant 7 days, BFO 7 days	18,000
Fuel for vehicles and motor cycles:	
Based on the following allocation: DFO Rs.35,000/month, RDCF Rs.10,000/month, Head Office Rs.15,000/month	35,000

Table 1 provides the estimate and the annual breakdown of the Australian contribution for Component 1. .

Table 1: Cost breakdown for the Component 1 on Community Forest Sites and Home Gardens

Forest Department Field and Institutional Strengthening Activities					
	2012	2013	2014	2015	Total
Component 1	Australian Dollars (exchange rate 1 $ = 100 SL Rs)				
Community Forestry Sites (13) 2009	108,000	0	0	0	108,000
Community Forestry Sites (17) 2010	150,000	135,000	0	0	285,000
Community Forestry Sites 2012	153,000	204,000	183,600	0	540,600
Community Forestry Sites 2013	0	234,000	312,000	280,800	826,800
Community Forestry Sites 2014	0	0	207,000	276,000	483,000
Community Forestry Sites 2015	0	0	0	175,000	175,000
Subtotal CF sites	411,000	573,000	702,600	731,800	2,418,400
Home Gardens	50,000	40,000	0	0	90,000
Daily Subsistence	30,000	45,000	45,000	40,000	160,000
Fuel	60,000	75,000	80,000	85,000	300,000
Subtotal home gardens	140,000	160,000	125,000	125,000	550,000
Component 1 Total	**551,000**	**733,000**	**827,600**	**856,800**	**2,968,400**

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[41] Note: this is a daily allowance to cover costs incurred in the field, and is not a salary top-up for participating in the program. Salaries of Forestry Dept. Staff participating in the CFP will be met by GoSL.

Component 2

Table 2 highlights a number of assumptions used to estimate the costs for Component 2.

Table 2: Assumptions used estimation of costs for the Component 2 on Institutional Strengthening

Capacity building:	Rs. million
Local training for field staff (135 field officers, 70 RFOs & 10 DAs)	9.00
Overseas study tours (4 tours x 10 junior staff, 4 tours x 6 senior offices)	14.50
Short term training overseas (10 courses)	11.00
Production of extension materials (CDs, posters, leaflets, etc)	3.50
Educational materials (training modules, materials for SLFI)	2.00
Sub-total	**40.00**
Procurement:	
Motor cycles (150 units x Rs.125,000/unit) for 14 district offices	18.75
4WD vehicles (3 units x Rs.4 million/unit)	12.00
Computers for range offices (35 units x Rs.200,000/unit)	7.00
GPS/GIS equipment for mapping	3.00
Furniture & other office equipment (35 offices x Rs.300,000)	10.50
Field equipment (70 sets x Rs.30,000/set)	2.10
Range office renovations (15 offices x Rs.400,000)	6.00
Sub-total	**59.35**
Operational costs:	
Small repairs for vehicles and motor cycles	2.00
Sub-total	**2.00**
Research & evaluation (based on TAG recommendations):	
Approximately Rs.1 million per annum	5.00
Sub-total	**5.00**
Total of Component 2	**106.35**

Table 3 summarizes the annual distribution of cost estimates related to the component 2 on Forest Department Capacity Improvement/Institutional Strengthening.

Table 3: Annual spread of the CFP Component 2 on Forest Department Institutional Strengthening (A$)

	2012	2013	2014	2015	Total
Local Training	10,000	25,000	30,000	25,000	90,000
Overseas Study Tours	25,000	40,000	40,000	40,000	145,000
Short term training	25,000	35,000	30,000	20,000	110,000
Extension Materials	8,000	10,000	10,000	7,000	35,000
Education material	5,000	5,000	5,000	5,000	20,000
Motor Cycles (150)	40,000	50,000	60,000	37,500	187,500
4 WD vehicles (3)	120,000	0	0	0	120,000
Computers (35)	20,000	40,000	10,000	0	70,000
Equip./software for mapping (GPS/GIS)	30,000	0	0	0	30,000
Furniture & office equipment (35 sets)	20,000	30,000	50,000	5,000	105,000
Field equipment (70 sets)	5,000	5,000	10,000	1,000	21,000
Renovation of Range Office buildings (15)	10,000	40,000	10,000	0	60,000
Repairs and maintenance	3,200	4,240	6,360	6,200	20,000
Research and Evaluation	7,000	14,000	14,000	15,000	50,000
Component 2 Total	**328,200**	**298,240**	**275,360**	**161,700**	**1,063,500**

Based on Table 1 and Table 3 the total cost for component 1 and 2 of the CFP totals up to A\$ 4.03 million with the following annual distribution (Table 4). These funds will be first disbursed to UNDP and then channelled to district level activities through the Forest Department systems supported by PCU.

Table 4: Annual distribution of funds for component 1 and 2 (A\$)

	2012	2013	2014	2015	Total
Total Comp. 1 and 2	879,200	1,031,240	1,102,960	1,018,500	4,031,900

To ensure that the funds are available as and when required, funds will be transferred from AusAID to UNDP towards the end of the preceding financial year based on the annual work plans except in the year. In 2011, to start the program AusAID will transfer the first year funds based on the current estimate, but adjust the next disbursement for 2012 based on the progress in 2011.

In addition to the transfer of funds to Forest Department for activities, UNDP will support the project by procuring goods and services on behalf of the Department that include hiring of staff and experts. AusAID will pay an administration fee amounting to 8.5% of the funds transferred through UNDP that include UNDP Co-operate General Management Service (GMS) of 7% and UNDP Sri Lanka Fees of 1.5%.

UNDP hired staff for Program Coordinating Unit, technical assistance and M&E

To facilitate the program implementation and to strengthen social evaluations and M&E, procurement etc. following human resources will be recruited through UNDP. These positions were not in the design of the ESCAMP project but considered essential to assure the quality and timely delivery of CFP while strengthening the institutional capacity of the Forest Department.

Table 5: Description and estimated costs of Human Resources to Implementation of the Community Forestry Program over a four year period

Position	Description	Cost	Total
Program management associate (Program coordinator based at PCU)	This position will ensure the project work is efficiently coordinated, procurement documents are prepared and submitted in time and information from sub-national level is collected and compiled. He/she will act as the day to day coordinator of the PCU at Forest Department under the direct supervision of the Deputy Conservator and liaise closely with the Program Analyst based at UNDP. Position will maintain the web based database system designed to track program work and support implementing the communication strategy	\$ 12,000 per annum starting January 2012	\$ 48,000
Sociologist based at PCU	This position was not envisaged in ESCAMP design as a full-time professional input by the project but a person identified within the Forest Department. Given the acute need to improve the Department's capacity in social assessments as indicated in the feasibility study and PDD and Department's inability to create a position within a short time obtaining the services of a professional sociologist was decided. The strategy is to use this input to mainstream social assessments across the department (train and mentor a large number of staff) as opposed to build the capacity of one or two staff. Incumbent will be entrusted to introduce systems on social assessments in the Dept. and assure the quality of CFP being a member of the Supervisory Missions.	\$ 12,000 per annum starting January 2012	\$ 48,000
Community Forestry Expert	This part-time position is designed as a quarterly (12 days per quarter) engagement to assist in the preparatory work before Supervisory	\$ 4,800 per	\$ 19,200

– Independent TAG member reporting to UNDP	Missions, participate and strengthen M&E and PSM functions and report preparation after the PSM. Incumbent is expected to provide technical inputs to the Forest Department, recommend program changes, represent TAG in PSM (especially during international TAG members are not present) and assist Forest Department in quarterly and annual planning and reporting. Community Forestry Expert will not be a part of PCU to provide the necessary independence and primarily report to UNDP Program Analyst while keeping Senior Deputy Conservator of Forests frequently appraised in all CFP matters.	annum	
Program Analyst (based at UNDP)	This position based at UNDP was created to facilitate the procurement actions, lead the communication strategy, promote synergies between other development programs and help Senior Deputy Conservator on advocacy and actively engage in M&E. Important requirement for this position is prior experience in GoSL and UNDP procedures in procurement, fund transfer and record keeping. Program Analyst will also be responsible for annual audits and related follow up actions. He/she will report to the Team Leader (Environment, Energy and Disaster Management) of UNDP Sri Lanka.	$ 19,200 per annum starting January 2012	$ 76,800
Short-term experts (reporting to UNDP)	1. Local experts to support AusAID missions on ME and ICR (2 experts, 15 days in the field and 10 days in office per mission) 2. Experts to provide technical assistance on database, gender, child protection, photography and communication needs. About eight man days in total for each month is budgeted. Also include costs for development of documents for printing.	1. $ 25,000 per mission (Table 6) 2. Total of 8 man days per month at $ 100 a day, (approximately totalling $ 15k per annum)	$ 50,000 $ 60,000

 # Cost of 2 member local consultant support teams for Mid-Term evaluation and ICR:

Table 6: Cost Estimates for Two Local Consultants to be hired through UNDP to support MTR and ICR

Fees for two local consultants at a daily rate of $ 300 per day for 25 (15 field and 10 office)	= $ 15,000
Transport for 15 days at a rate of USD 150 per day	= $ 2,250
Accommodation (2 experts, two Forest Dept. official and the driver) at $ 90 day	= $ 6,750
Other costs (printing, photocopying and extras)	= $ 1,000
Total estimated cost per evaluation	= $ 25,000

As indicated there are a number of human resources to be hired by UNDP for various activities, in addition to the arrangement and facilitation of M&E activities including the quarterly Supervisory Missions. Table 7 provides an annual breakdown for different cost items including the UNDP management fees.

Table 7: Cost estimates and annual distribution costs for Human Resources, Monitoring and Evaluation, Short-term Technical Inputs, Local Experts for MTE and ICR and UNDP Management Fees

UNDP Procuments and costs	Australian Dollars (exchange rate 1 $ = 100 SL Rs)				
	2012	**2013**	**2014**	**2015**	**Total**
Project Associate for FD	24,000		24,000		48,000
Sociologist for FD	12,000	12,000	12,000	12,000	48,000
Short-term Forestry Expert for FD	4,800	4,800	4,800	4,800	19,200
Short-term experts	15,000	15,000	15,000	15,000	60,000
Project Analyst - UNDP	38,400		38,400		76,800
Local experts to support ME and ICR		25,000		25,000	50,000
Travel for monitoring	9,000	9,000	9,000	9,000	36,000
Other operational costs #	2,458	2,745	3,017	2,713	10,933
UNDP Sri Lanka M&E and Security (1.5%)	14,773	16,497	18,138	16,305	65,712
UNDP GMS (7%)	68,940	76,985	84,642	76,091	306,658
Total UNDP hired HR, M&E and UNDP Fees	**189,371**	**162,026**	**208,997**	**160,909**	**721,304**

 # other operational costs include consumables and exigencies

The annual transfers to UNDP from AusAID will include the total expenses for Component 1, 2 and UNDP procurement and administration costs. The estimated annual breakdown (Table 8) indicates the disbursements over the four year period. Fund transfer to UNDP by AusAID will be done during the previous year, based on the annual work plan, to facilitate the funds for project implementation. These estimates will be revised depending on the progress of the project using quarterly and annual work planning process.

Table 8: Estimated Annual Disbursements to UNDP

Year	2011	2012	2013	2014	Total
Funds Transfers to UNDP (A$)	**1,068,571**	**1,193,266**	**1,311,957**	**1,179,409**	**4,753,204**

AusAID inputs to TAG, independent M&R and ICR

AusAID will engage consultant/s for three different activities during the course of the CFP. They are:

1. An international consultant as members of Technical Advisory Group (TAG) along with a local consultant in the Program Supervisory Missions, in 2012 and 2013 (table 9). These years have been selected as in year 2014, there will be a mid-term review mission and year 2015 the independent completion report related analysis is expected to take place.

2. Providing an independent international consultant and a local consultant for the Mid-Term Evaluation in 2014. UNDP will engage two local consultants (table 6).

3. A multi-disciplinary team of two International Consultants for the Independent Completion Report in 2015. UNDP will engage a set of independent local consultants to support the mission (table 6)

TAG and MTR related international missions:

It is planned to conduct three supervisory missions over the four year period in years 2012, 2013 and 2014, respectively with Mid Term Review occurring in 2014. MTR will be led by an International Consultant. Team will consist of a local consultant hired by AusAID and the mission will be supported by two additional local consultants hired through UNDP. Evaluation Team will work independently and report to AusAID. MTR international component is planned for 16 days and the level of expertise of international consultant is expected to be as same as that of the international TAG members. Total cost for the international TAG or MTR mission is estimated at A$ 50,000 (Table 9).

Table 9: Cost Estimates for an International Consultant Mission supported by a local consultant for TAG and Mid-term Evaluation

Fees for one international consultant (16 days @ $1,500/day = 24,000) and one local consultant (30 days@$ 200/day = 6,000)	30,000
Air fares (international)	4,000
Accommodation & allowances for two consultants 16 days @ $250/day)	8,000
Transport $ 300 per day for 12 days (including drivers costs)	3,600
Consultations and printing costs	4,000
Other costs	400
Total (A$)	**50,000**

NB: Fees for international consultant include 1 day for preparation, 2 days international travel, 7 days field work, 4 days report preparation and 2 days briefings with AusAID, UNDP, Department and others. Days for the local consultants are more for preparatory work, before and after the mission.

An additional A$ 50,000 has been included in the Component 2 budget (Table 3) to enable the missions to commission a number of research or studies or facilitate training courses. These funds could be used to conduct additional research, for example, on social impacts, or could be used to facilitate gender assessments or promote gender in the planning and implementation of activities conducted by the Forest Department. It is envisaged that these funds will be used based on a brief proposal (with supporting budget) prepared by the TAG and submitted to UNDP/AusAID for implementation.

Independent Completion Report (ICR)

AusAID will engage a two member multi-disciplinary international team to prepare an ICR for the program. A two member local team hired through UNDP will support the ICR mission. The estimated cost for the two member ICR mission is as follows. Funds to carry out consultations and cost of preparation of the report (limited hard copies and digital version) and video documentation on the program is included in the UNDP budget.

Table 10: Cost Estimates for the multi-disciplinary two member ICR international mission

Fees for two consultants (2 x 16 days @ $1,500/day)	48,000
Air fares (2 international travel)	8,000
Accommodation & allowances (2 x 14 days @ $250/day)	7,000
Transport $ 300 per day for 8 days (including drivers)	2,400
Consultations	3,000
Other costs(total)	1,600
Total (A$)	**70,000**

NB: Fees include 1 day preparation, 2 days for travel, 7 days in the field 4 days report preparation, and 2 days for meetings with AusAID, UNDP, Department and key stakeholders.

The total cost of international missions for two 16 day TAG missions, 16 day Mid-Term Review and 16 day ICR mission are estimated at A$ 220,000. AusAID Colombo will manage these funds directly (ie. These funds will not be channelled through UNDP).

Table 11: Cost of AusAID managed consultancies for TAG (2012 and 2013), MTR (2014 and ICR (2015)

AusAID managed components	Australian Dollars (exchange rate 1 $ = 100 SL Rs)				
	2012	**2013**	**2014**	**2015**	**Total**
TAG supervisory missions	50,000	50,000			100,000
Independent Mid Term Evaluation			50,000		50,000
Independent Completion Report (ICR)				70,000	70,000
Total AusAID components	**50,000**	**50,000**	**50,000**	**70,000**	**220,000**

Estimation of costs in Australian financial years

Detailed cost estimates have been prepared for the GoSL (calendar) year. Estimating costs for the Australian financial year are based on the assumption that the costs are incurred when funds are transferred to the UNDP (other than for payments described above made directly by AusAID). It is also assumed that the initial funding transfer will occur no later than November 2011, and subsequent transfers for each calendar year will occur in the six month period preceding each calendar year.

Attachment 5

Monitoring & Evaluation

Reporting

A summary of the program's reporting and M&E activities is presented in Table 1.

Table 1: Summary of Reporting and Community Orientated Programs Implemented under ME

Activity	Initiated by	Conducted by	Report to	Timing and usage
A. Reports prepared by the Forest Department:				
Quarterly Work Plans	Forest Department	Forest Department	UNDP	Before each quarter with estimated prior expenses. Used in UNDP fund disbursements
Annual Work Plans	Forest Department	Forest Department	UNDP, AusAID and NPSC	Other AWPs finalised in December of the previous year.
Quarterly Supervisory Missions	Forest Dept./UNDP	Forest Dept. /UNDP /AusAID	UNDP, AusAID and Department	Quarterly. AusAID provided Technical Experts will participate once a year
Annual Reviews	Forest Dept	Forest Dept	UNDP, AusAID and NPSC	one review a year with the participation of AusAID technical experts
Annual Progress Report	Forest Dept	Forest Dept	UNDP, AusAID, Department and NPSC	Feb/March each year [42]
Activity Completion Report (ACR)	Forest Dept	Forest Dept	AusAID and UNDP	January / February 2016
B. Other reports/reviews:				
AusAID TAG	AusAID	UNDP (working with Forest Dept)	UNDP and AusAID	At the time of Supervisory Missions (once per year)
Mid Term Review	UNDP	UNDP / Forest Dept	UNDP, AusAID and NPSC	August 2014
Quality at Implementation Reports (QAI)	AusAID	AusAID	AusAID Colombo > AusAID Canberra	January / February each year
Independent Completion Report (ICR)	AusAID	AusAID with Independent Reviewers	AusAID Colombo> AusAID Canberra	April / March 2016

Monitoring and reporting on progress will be undertaken by the Forest Department as follows:

- The Regional Deputy Conservator of Forests (RDCF) shall chair a regional steering committee meeting each quarter, at which time each DFO shall present a summary of progress;
- The CGF shall subsequently chair a national steering committee meeting each quarter, at which time each RDCF shall present a summary of progress;

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[42] Instalments to the UNDP will be released by AusAID after the appraisal of Annual Progress Reports.

- The Secretary of ME shall chair a meeting of the National Program Steering Committee every six months, during which the CGF shall present a summary of progress for the community forestry program.

Six monthly progress reports, prepared by the Forest Department, will summarise progress at output level (comparing progress against targets specified in the relevant Annual Work Plan); identify substantial issues or constraints that are or have potential to affect progress or impact and briefly outline key activities planned for the next six months. Annual progress reports will also be prepared by the Forest Department. In addition to providing a summary of progress, they shall include summaries of the results of internal or external studies to assess the impact of the program (based on indicators at the goal and component objective levels). Both six monthly and annual progress reports shall contain financial summaries. The indicators for the goal, objectives and outputs, against which progress and impact shall be assessed, are outlined in the M&E Framework (which is presented as Annex 1)..

In addition to six monthly progress reports, the Forest Department will prepare an Activity Completion Report (in a format to be provided by AusAID Colombo), to be prepared immediately prior to the end of the program. AusAID will also prepare an annual Quality at Implementation report, which shall be shared as a draft with the Forest Department and UNDP. Following is a summary of the baseline data that must be collected at each site during the initial resource assessments; and a description of the proposed external monitoring and evaluation activities; and the proposed development of a social research program within the Forest Department.

Baseline data

It is important that the initial resource assessments include (but not be limited to) the collection of the following information at each site:

- Forest area (ha) and general description of the type and condition of the forest;
- Fire frequency: both from the Forest Department's Record of Forest Fires, and recall from community members on the number and extent of fires in the past three years, including, if possible, details of damage caused;
- Illegal uses of forest resources: both from the Forest Department's Forest Offences Register, and information from the local community (type of illegal activities undertaken, and if possible, the proportion of people in the village involved in these activities, the importance of these activities to family income, and an indication of whether other people were also involved in illegal activities);
- Area of *chena* land cultivated and description of crops grown and agricultural practices;
- Number of households, total population and number of households headed by females;
- The presence of any CBOs and if present, their purpose, membership and current level of activity;
- An assessment of the capabilities of the community (eg. has the community combined to resolve any major problems or constraints in the past two years, has the community successfully lobbied external assistance in the past two years to help solve a problem or constraint);
- Income sources: main sources of cash incomes (by household), and details on the number of households that (i) depend on agriculture as their main source of income, (ii) have irrigated paddy, (iii) have irrigated or rainfed paddy; (iv) cultivate *chena* land, (v) have cattle or buffaloes, (vi) have other cash crops, etc;
- Cash income levels, if possible the number of households with cash income levels in each of the following income brackets:
  - ➢ 0 to 49% of the official poverty level;
  - ➢ 50% to 99% of the official poverty level;
  - ➢ 100% to 199% of the official poverty level; and

> ➤ 200% of official poverty level and above.[43]

- Savings/debt: number of households with a savings account, and if possible, number of households with more than Rs.20,000 in savings, and number of households with current formal debts.

The above data will be used for comparative purposes when evaluating the effectiveness and impact of the community forestry program, both during the independent reviews/evaluations in Years 3 and 4, and for the Forest Department's social research program. The inclusion of income-related data will help assess whether relatively poor households are participating in community forestry activities, and whether the program is lifting incomes to the extent that a reduction in the incidence of poverty results. Gender disaggregated data will also be collected whenever possible, including, for example:

- The division of labour (activities typically undertaken by men and women and time allocated to each on a seasonal basis);
- The membership of CBOs and role that women play in CBOs;
- The role that women play in decision making at a community level;
- Differences between men and women on the level of access to resources (land, labour, education, health services and capital); and
- Intra-household income and expenditure patterns (who earns cash income, who makes decisions on what money is used for, and actual expenditure by men and women).

Gender disaggregated data will help assess the impact of the program at an intra-household level.

Input to Program Supervisory Missions

AusAID through UNDP will engage a community forestry specialist to participate in Supervisory Missions, conducted. As part of the Supervisory Missions, the community forestry specialist will:

- Review annual Work plans, progress reports and other documents relating to the community forestry program;
- Consult with the Senior Deputy Conservator of Forests (Social Forestry & Extension Division) and other forestry officers in relation to plans, progress and issues/constraints;
- Undertake site visits, as time permits, and discuss progress and issues/constraints with local forest officers, other government agencies, and members of the participating communities;
- Review the number of sites (actual and planned) and comment on the capacity of the Forest Department to achieve the targets outlined in the PDD;
- Review the cost per site (focusing on inputs funded under the program by both GoA and GoSL) and compare costs with the estimate provided in the PDD and assess the value for money;
- Assess the adequacy of inputs from other government agencies in supporting the community forestry program (and the potential need to provide additional financial incentives for these agencies to increase their participation in the program);
- Monitor the Forest Department's budget for community forestry programs, and assess its capacity to gain adequate funding from the GoSL to maintain community forestry sites and expand the program following the period of Australian funding;
- Undertake a comparison of (i) progress against annual Work plans and (ii) annual Work plans against the program design, and discuss the findings with key forestry officials, UNDP and AusAID;
- Summarise any significant changes that have occurred from the original design, and provide comment on the implications of these changes;

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[43] If the poverty line is Rs.2,400/family/month, the monthly family income brackets would be Rs.0 to 1,199; Rs.1,200 to 2,399; Rs.2,400 to 4,799 and Rs.4,800 & above.

- Provide comment on the role that the TAG (commissioned by AusAID) is having, and provide suggestions on areas in which the TAG may need to focus in the future; and

- Prepare a brief report for the UNDP, AusAID and the Forest Department summarising the purpose and focus of the review, the itinerary and people consulted, progress to date, any issues/constraints, and any recommendations to improve the effectiveness of program delivery or impact of the program.

The community forestry specialist may be engaged to participate in Supervisory Missions. As such the community forestry expert will work in the project about 10 working days each quarter, to prepare for the mission, participate in the mission and report the findings. In addition to participating in Supervisory Missions, AusAID may task the specialist to review documents and provide advice as and when required.

The community forestry specialist requires formal qualifications in forestry, natural resource management or a related discipline and experience in community forestry, preferably in the region; with well developed communication and reporting skills.

It is envisaged that the Forest Department will assign a suitable officer to accompany the community forestry specialist while participating in Supervisory Missions, and help organise field visits and meetings. UNDP with Forest Department will organize the Supervisory Missions.

Input to Independent Review at end of Years 3 and 4

AusAID through UNDP will engage technical specialists to review/evaluate the impact of the community forestry program tentatively scheduled to occur at the end of Years 3 and 4. It is envisaged that two technical specialists will be appointed to work as a team to assess the progress and impact of the program. The team will:

- Review annual work plans, progress reports and other documents relating to the community forestry program;

- Consult with the Senior Deputy Conservator of Forests (Social Forestry & Extension Division) and other forestry officers in relation to plans, progress and issues/constraints;

- Select a number of sites to undertake detailed assessments, including as an example, 3 new sites and 3 older sites from a range of geographic localities (subject to logistical and time constraints);

- Access baseline data for each selected site from the Forest Department (eg. forest area, forest type and forest cover, fire frequency, illegal uses of forest resources, household and population numbers, income levels and poverty classification of households and extent of household savings);

- At each site:
  - Assess whether the program is reducing deforestation and forest degradation, based on such indicators as the change in the forest resource, change in the frequency and extent of forest fires, change in the occurrence of illegal use or extraction of forest resources (based on recall of community members and site observations), and for older sites, an assessment of whether the community is maintaining fire belts and/or undertaking other voluntary activities to protect the forest area;
  - Assess the impact of the program on agricultural productivity (and sustainability), the area of *chena* cultivated, changing cultivation practices on *chena* land, and changes in the quantity and quality of timber produced from both woodlots and home gardens;
  - Clarify the cost of the program to date to the Forest Department and the cost to other government agencies (excluding salaries);
  - Assess the number of direct & indirect beneficiaries, the change in income level and savings of direct beneficiaries, and the contribution that the program has made towards poverty reduction (eg. by comparing the number of households below the poverty line at the time of the assessment with the number of households below the poverty line before the program commenced);
  - Assess the benefits of the program to men and women;

- ➢ Assess any change in capacity of the CBO, self help groups and individuals participating in the community forestry program;
- ➢ Provide comment on (i) the extent of poverty in the village relative to rural areas generally in Sri Lanka, (ii) whether low incomes are a major cause of poverty or whether other factors are more significant, and (iii) whether a wide sector of the community is participating in the program;
- ➢ Provide comment on whether the implementation approach has varied between old and new sites and whether any change in impact can be expected as a result of these changes;
- ➢ Assess the effectiveness of the capacity building programs conducted for Department staff and identify the gaps, if any;
- Present initial findings and conclusions to the Forest Department, AusAID and UNDP ; and
- Prepare a report for the UNDP, AusAID and the Forest Department summarising the purpose and focus of the assessment, the itinerary, sites studied and people consulted, key findings, issues/constraints, conclusions and recommendations to improve the effectiveness of program delivery or impact of the program.

Each technical specialist will be engaged by AusAID for an estimated period of 25 days per evaluation period (third year or forth year). Of this time, approximately 15 days will be spent assessing the selected sites (approximately 2 days/site plus travel time). It is envisaged that suitable expertise would be available locally, and the team would work independently but submit a report as part of the overall review of CFP.

It is envisaged that one specialist will have a background in forestry and/or natural resource management, and one specialist will have a background in social impact assessment. Both specialists will need to be familiar with rural communities in Sri Lanka, speak Sinhala and English, be able to work as a team in rural, sometimes remote areas, and have good communication and reporting skills.

It is envisaged that the Forest Department will assign a suitable officer (or officers) to accompany the team while undertaking the site assessments, and will help organise field visits and meetings. UNDP will organise transport (likely to be a hire car and driver for the period of field work) and Forest Department will facilitate the meeting and access to sites etc.

Social studies conducted by the Forest Department

As discussed in Section 2.7, it is recommended that the Forest Department seek approval to establish a permanent position and appoint a Sociologist, who will be based on Colombo and attached to the Social Forestry/Extension Division. The Sociologist will be responsible for undertaking social studies to assess the impact of the community forestry model on income levels, the incidence of poverty, gender and other factors. Until a sociologist position is established within the Dept. and to train the staff, services of a professional Sociologist will be obtained through UNDP. During the project period it is expected that the Forest Department build its capacity in this area and have adequate number of staff trained and mentored through short-term training and by working with the expert. More specifically, the Sociologist and assigned staff will:

- Collect data from a number of sites to enable a comparison of income and savings levels and the incidence of poverty over time;
- Conduct case studies or use other techniques to conduct research on other factors such as the benefits of the program to men and women, which income generating activities are most successful (eg. sustainable and generate the highest returns), the participation in the program by different groups within the communities, change in capacity of the CBO, self help groups and individuals participating in the community forestry program, etc;
- Assess the success of the program in terms of increasing income and reducing poverty in different climatic or geographic areas;

- Assess the success of the program in terms of increasing income and reducing poverty when conducted in areas of mangrove forest;
- Provide recommendations to the Social Forestry/Extension Division in terms of approaches to improve the effectiveness or impact of the community forestry approach;
- Prepare research papers and present at the Forest Department's Annual research Symposium or submit to the Sri Lanka Forester (the technical journal of the Forest Department) and/or other publications;
- Provide research results to lecturers at the Sri Lanka Forest Institute, as course material, and possibly provide guest lectures in participatory forestry courses; and
- Provide input, as appropriate, to extension and education materials produced by the Forest Department.

It is envisaged that the Sociologist would either participate in or liaise closely with the TAG and independent review team engaged by AusAID and UNDP at the end of Years 2 and 4. It is expected that the Sociologist may also become involved in other programs (in addition to the community forestry program) over time. The Sociologist would ideally have tertiary qualifications in sociology or a social science field and have experience or knowledge in social impact assessment and the design of social studies. The Sociologist will need to be able to work in communities, often in remote locations, and have good communication and reporting skills. It is envisaged that the Sociologist will require assistance to develop the full range of skills required, and this may be provided from within the Forest Department, or through short term training or technical assistance from outside the Department.

M&E Technical Advisory Group (TAG)

AusAID with the support of UNDP will establish a TAG to assist and build the capacity of the Forest Department to monitor and evaluate the community forestry program. It is envisaged that the TAG will comprise of following technical experts:

- Community Forestry Local Expert hired to engage periodically immediately prior to program Supervisory Missions to prepare, participate and report. This expert will contribute about 10 work days each quarter;
- International Experts provided by AusAID every year to participate in Supervisory Missions, review and report the progress, potential improvements and program direction;
- Local Sociologist provided through UNDP on full-time basis; and
- Short-term experts in specific areas such as gender, child safety, climate change, communication, information and communication technology etc engaged on project needs.

The number of members of the TAG, and/or the frequency of their inputs, may be reduced during the period of Australian funding, subject to the Forest Department demonstrating its capacity to effectively monitor and evaluate the program. UNDP staff will also contribute to the TAG during the project period. Also TAG members will interact closely with the independent evaluators/MTR members to understand the program needs and lessons learnt. The TAG members will work closely with the Forest Department and liaise with both AusAID and UNDP to ensure that:

- Progress in implementing the community forestry program is effectively monitored;
- The impact of the program is adequately evaluated;
- M&E results are adequately reported;
- The capacity of the Forest Department to monitor and evaluate forestry programs is enhanced.

It is envisaged that the TAG will provide advice to the Forest Department in terms of:
- The collection and recording of baseline data;
- Indicators and procedures to monitor the community forestry program;
- Indicators and procedures to evaluate the community forestry program;

- Updating the M&E framework;
- Include cross cutting areas such as climate change, child safety, gender etc;
- Strengthening the capacity of the Forest Department to consider and incorporate gender aspects, as appropriate, in the planning, implementation and M&E of all activities; and
- Strengthening M&E within the Forest Department.

During inputs by the TAG it is expected that the capacity of Forest Department staff will be enhanced through both on-the-job and formal training opportunities, and a wide range of Forest Department staff will be actively involved in discussions and training events with the TAG. This is expected to include those staff responsible for establishing the permanent sample plots.

During the initial visit by the TAG, particularly the visit involving AusAID technical experts should occur no later than six months following commencement of the program, the TAG shall assess the Department's M&E plans (including baseline data collection) for the community forestry program. In addition to the provision of initial advice, it is recommended that a work/training program be developed in consultation with the Department to help focus subsequent inputs by the TAG by (i) identifying the areas in which assistance is required and (ii) identifying the personnel that will work with or attend training provided by the TAG. It is envisaged that as part of the initial work program, the TAG will provide advice in relation to specific gender indicators at goal level (refer Logframe) and develop a strategy to promote gender considerations and gender equality within the community forestry program, and as appropriate, the Forest Department as a whole.

A$50,000 has been allocated within the component 2 of the project to enable the TAG to commission or conduct research or training, in addition to what has been allocated to the program. This is expected to contribute to program M&E and/or promote M&E and incorporate gender in the planning and implementation of all activities conducted by the Forest Department.[44]

The TAG should present a brief report to the Forest Department, AusAID and UNDP on the conclusion of each input, summarising the purpose and focus of the input, the itinerary and people consulted, recommendations to improve M&E, capacity building achievements, any issues/constraints, and recommendations for future inputs.

AusAID, in consultation with UNDP and Forest Department, will determine the focus of each TAG visit. It is envisaged that a range of specialists may be called on to participate in TAG visits. Generally however the members of the TAG shall require experience in aid program M&E, preferably within the forestry or natural resource management areas, along with experience in the region and well developed communication and reporting skills, with at least one member having proven capacity building experience in a developing country setting. The TAG will also require technical skills in community forestry, social impact assessment and gender. There may also be a need to engage a financial/accounting specialist to participate in the TAG should there be concerns over the use of GoSL financial systems or processes.

M&E Framework

The following M&E framework should be the basis for monitoring progress and evaluating outcomes and impacts. The framework should be reviewed and updated throughout the period of implementation, and reports would ideally include a column comparing actual achievements to the targets set.

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[44] AusAID Colombo will be required to approve the use of funds proposed by the TAG.

Attachment 6
M&E Framework

Narrative Summary	Verifiable Indicators	Means of Verification	Baseline	Targets	Comments
Goal To improve the management of natural resources to support livelihoods and contribute to poverty reduction in the dry and intermediate zones	1. The increase in agricultural productivity and sustainability of agricultural land 2. The area of forest included in the community forestry program 3. The reduction in the area of *chena* cultivated, and reduction in the area of *chena* cultivated using poor agricultural practices (which accelerates soil erosion) 4. The increase in the quantity and quality of timber produced from both woodlots and home gardens 5. Preparation of an exit strategy within two years of commencement of the program 6. Increased income of direct beneficiaries 7. Increased savings 8. Reduction in poverty (including analysis of who participates in program activities) 9. Gender impacts on the division of labour, access to resources and income levels	Impact assessment studies & research conducted by the Forest Department (5) Exit Strategy prepared and utilised in budget submissions	The initial resource assessments will document land use, agricultural productivity, the extent of woodlots and timber species in home gardens, income and savings levels within the community, and the number of households with income levels below the poverty line	1. Measurable improvements in 90% of sites 2. Refer Output 1.1 3. Decrease in *chena* cultivated (or *chena* cultivated using poor agricultural practices in 90% of sites 4. To be determined during the annual planning process (following estimate of area of woodlots and support for home garden development) 5. Exit Strategy prepared within 2 years of start of program 6. 50% increase in household cash income within 4 yrs 7. 100% increase in average household savings within 4 yrs 8. 50% of households that had a level of income below the poverty line to have had their income increase to above the poverty line 9. Improvements for women in terms of the division of labour, access to resources and income levels	Impact assessments will be undertaken in both older sites (to help verify the benefit and sustainability of income generation activities) and new sites (to verify that households can expect similar results to those involved in older sites).

Narrative Summary	Verifiable Indicators	Means of Verification	Baseline	Targets	Comments
Component 1: Community Forestry Objective: To reduce deforestation and forest degradation by involving communities in forest management.	1. The change in the forest resource (biodiversity, species composition and volume of the forest stand) 2. The extent of forest cover 3. Frequency & extent (ha) of forest fires 4. Frequency of forest offences reported (eg. illegal use or extraction of forest resources) 5. Voluntary community inputs to reduce fire	1. Reports on the results from permanent sample plots 2. Interviews with community members during impact assessment studies 3. Record of Forest Fires and community recall during impact assessment studies 4. Forest Offences Register and interviews with community members during impact assessment studies 5. Interviews with community members during impact assessment studies	1. To be documented when permanent sample plots are established 2. Not applicable 3. To be documented during the initial resource assessment 4. To be documented during the initial resource assessment 5. Not applicable	1. Measurable improvements in biodiversity and the species composition in 90% of sites within 3 years 2. A significant increase in the number of young trees in 90% of sites within 3 years 3. Fires in less than 10% of sites and covering no more than 10% of the forest area within 3 years 4. Offences in less than 10% of sites within 3 years 5. At least 90% of communities continue to provide voluntary inputs to reduce fire	Additional resources will be required to (i) conduct the initial resource assessments, to ensure adequate baseline data is available, and (ii) conduct follow-up resource assessments in a sample of sites each year (focusing on sites of different age to assess changes over time). The Research Division will assume responsibility for the sampling and survey methodology in establishing the permanent sample plots.
Outputs: 1.1 Suitable program sites identified	1. Number of sites identified 2. Area of forest in target sites 3. Selection criteria & process clearly documented	1. Quarterly Reports 2. Quarterly Reports 3. Annual Work Plans	Not Applicable	Year 1: 34 sites, 4,700 ha Year 2: 52 sites, 7,300 ha Year 3: 46 sites, 6,400 ha Year 4: 35 sites, 4,900 ha	The number of sites will be determined annually during the annual planning process. The annual targets (to the left) are therefore to be used only as a guide.
1.2 Community groups formed and their capacity enhanced	1. Number of CBOs and SHGs established 2. Capacity of CBO members	1. Quarterly Reports 2. Impact assessment studies	Documented during the initial resource assessment	1. 1 CBO per site 2. Enhanced capacity of at least 90% of CBOs	The capacity of the CBO shall be based on an assessment of whether it could or has (i) combined to resolve any major problems or constraints and (ii) successfully lobbied external assistance to help solve a problem or constraint
1.3 Community Forest Management Plans	1. Resource Assessments completed and documented	Quarterly Reports	Not Applicable	As per the number of sites specified in Output 1.1	

Narrative Summary	Verifiable Indicators	Means of Verification	Baseline	Targets	Comments
prepared which address the leading causes of deforestation and forest degradation at each site	for each site 2. Number of CFMPs prepared 3. Number of Forest Management Agreements signed				
1.4 Community Forest Management Plans implemented in partnership with other government and potentially non-government organisations	1. Value of inputs provided by Forest Dept, communities and other organisations 2. Number & area of woodlots established 3. Number & area of home gardens supported 4. Number of other enterprises established	1. DFO reports (drawing on financial data provided by other agencies at each site) 2. Quarterly Reports 3. Quarterly Reports 4. Quarterly Reports	The initial resource assessments will document the main income sources.	To be determined during the preparation of the CFMP and subsequently, annual work programs at each site.	
1.5 Home garden development program implemented in other/conflict affected areas, as the opportunity arises	1. Number & area of home gardens supported in conflict affected areas 2. Number & area of home gardens support in other areas	Quarterly Reports	Not Applicable	To be determined during the preparation of Annual Work Plans	
Component 2: Institutional Support <u>Objective</u>: To build the capacity of the Forest Department so community forestry approaches can be implemented nationally.	1. Number of community forestry sites and number of districts containing community forestry sites 2. Number of direct & indirect beneficiaries 3. Estimate of the proportion of time and financial resources allocated to community forestry in each district 4. The proportion of successful community forest sites 5. Effective monitoring of the	1. Quarterly Reports 2. Quarterly Reports (direct) and assessment during impact assessment studies (indirect) 3. DFO reports 4. RFO reports 5. Six Monthly Progress Reports submitted to the National Program t Steering Committee	1. 79 sites in 9 districts 2. 5,399 households (direct) and 50,000 total beneficiaries (direct & indirect) 3. To be estimated prior to commencement of the program by the DFOs in each of the 9 districts with community forestry sites 4. 75/79 (95%) 5. Not Applicable	1. 222 sites in 12 districts (cumulative after 4 years) 2. Approx 14,000 households (direct) and 127,000 total beneficiaries (cumulative after 4 years) 3. An increase from the baseline estimate in each district 4. >90%of sites considered a success 5. 8 Six Monthly Progress Reports submitted on time	The information provided by the DFOs will be compared (for selected sites) against the research and evaluation results for the goal and Component 1 objective. Successful community sites could be based on the number of sites with (i) a Forest Management Agreement, (ii) an active CBO; and (iii) continued community interest in such activities as fire prevention and maintaining woodlots.

Narrative Summary	Verifiable Indicators	Means of Verification	Baseline	Targets	Comments
	program at all levels (district, regional and national)				
Outputs: 2.2 Regulations for amended Forest Ordinance developed and implemented	1. Regulations approved by Attorney General 2. Regulations publicised and disseminated	1. Official letter from the Attorney General's office 2. Quarterly Reports	Not Applicable	1. Regulations approved by end of 2010. 2. Regulations publicised and disseminated by the end of 2011.	
2.1 Training plan prepared and staff trained in community forestry approaches	1. Training Plan included in Annual Work Plan 2. Number of training courses and number of staff trained	1. Annual Work Plans 2. Quarterly Reports		1. 135 field officers, 70 RFOs and 10 DAs trained 2. 40 junior staff and 24 senior staff attend overseas study tours	
2.2 Capacity to implement community forestry approaches strengthened	1. Increase in the number of range offices with basic resources to implement community forestry activities 2. Procurement completed satisfactorily	Quarterly Reports	Not Applicable	1. 150 motor cycles 2. 3 x 4WD vehicles 3. 35 computers 4. 35 sets of office furniture & equipment 5. 70 sets field equipment 6. 15 range offices renovated	
2.3 Capacity of the Forest Department enhanced in technical areas that will contribute to the program goal	Number of capacity building activities undertaken and number of participants	Quarterly Reports		10 overseas courses	
2.4 M&E of community forestry activities undertaken on a regular basis	1. Number of Supervisory Missions that include community forestry specialist 2. Number of independent reviews/evaluations of the community forestry program undertaken 3. Number of permanent sample plots established and	1. Mission reports and NPSC recommendations 2. AusAID/UNDP reports 3. Quarterly Reports (Research Division) 4. Forest Department/UNDP reports 5. Research papers	Social Assessments is not mainstreamed in CFMP Establish M&E system that allows real-time field inputs as well as monitory tools before the second year . Limited cross fertilization of	1. At least three extensive Supervisory Missions per year 2. 2 independent reviews 3. Permanent sample sites established from 2011 onwards (the number to be determined by the Research Division)	Strengthened and systematic M&E that also include social assessments by Forest Department will not only help to improve the quality of the Department work but also will improve the quality of other GoSL and NGO led development efforts through sharing of best practices, planning related information and new approaches introduced.

Narrative Summary	Verifiable Indicators	Means of Verification	Baseline	Targets	Comments
	monitored 4. Introduction of social assessments in designs and reports 5. Social research papers prepared summarising the results of studies undertaken in sample villages 6. CFM models/practices mainstreamed in other sector developments 7. Communication products used in village and district level planning	6. Documented evidence and case studies on knowledge transfer from CFP to other GoSL efforts in sectors such as agriculture, planning and governance, disaster risk reduction and environment 7. Discussion notes in district development council meetings attended by Forest Dept	ideas/best practices between sectors No or limited use of CFM generated information by sub-national level planning and development	4. A professional sociologist recruited first quarter 2012. 5. At least 3 research papers published during the 4 year program period 6. At least two knowledge products targeting the use of successful best practices in CFM in other sectors 7. Promotion of the use of CFMP information in Village Development Planning and subsequent district planning	

Attachment 7

Risk Management Matrix

The Risk Management Matrix includes an assessment of risk based on the following criteria:

L = Likelihood of occurrence (1=Rare, 2=Unlikely, 3=Possible, 4=Likely, 5=Almost certain)
C = Consequence of occurring (1=Negligible, 2=Minor, 3=Moderate, 4=Major, 5=Severe)
R = Risk level - a combination of the above two assessments (H=High, M=Medium, L=Low)

Reference	Risk	Potential Impact	Assessment			Mitigation Strategy
			L	C	R	
Entire program	Funds are misused or not adequately accounted for.	Program activities are not implemented, or not implemented effectively, possibly leading to "failed" sites and/or failure to achieve the program's goals and objectives	2	4	L	A range of measures, applied across the program will reduce the scope for corruption. These include the preparation of detailed quarterly and annual budgets; the preparation of physical and financial reports on a quarterly basis (and submission of these reports to the National Program Steering Committee every six months); following GoSL and UNDP procurement guidelines; engaging financial and procurement expertise to support the program ; conducting an annual audit by the Auditor General's office; and using financial and procurement expertise in UNDP throughout the program.
Entire program	UNDP's rigorous financial management, procurement and audit controls could undermine effective implementation and/or development results	Delays occur in procurement or funding of activities, potentially reducing the number of sites implemented and overall impact of the program	3	3	L	The Program Analyst based in UNDP will have expertise on GoSL and UNDP financial and procurement processes so that known reasons for delays such as errors in document preparation and not following set procedures will be minimized. Program Associate based in PCU will liaise closely with Forest Dept staff at national and sub-national levels on day to day basis and work in coordination with Program Analyst to ensure smooth flow of information and documentation. Special attention will be made to maintain an efficient and updated database and records at the PCU to minimize delays and support M&E. UNDP quarterly fund disbursement is tied to the progress of the previous quarter and systematic M&E will ease the pressure in generating progress reports. PCU will work towards setting up a management information system (web based database application) for the program that can be access by national and field staff. A short term training or exposure to procurement, M&E and reporting will be provided to field staff so that errors and delays can be minimized and stringent financial management will then not be a hindrance but an asset.

Reference	Risk	Potential Impact	Assessment			Mitigation Strategy
			L	C	R	
Entire program	Financial delays from the Treasury cause delays in implementation or delays in payments to service providers	Implementation is delayed and the level of community participation declines, potentially reducing the impact of the program	3	3	L	Program will use two parallel fund disbursement mechanisms, namely the quarterly advances to Forest Dept. through treasury and UNDP direct payment to vendors (for Forest Dept. procured services and UNDP procured good and services). It is envisaged that most of the procurement will be done through UNDP and advances are mainly for field activities. Above two parallel systems and timely transfer of funds through treasury based on timely M&E (as described above) would reduce the delays in payments. Program staff will be trained and introduced to treasury operations to expedite fund transfers to Department from UNDP.
Entire program	The program's achievements and impact are not adequately assessed, documented and achievements promoted	The GoSL does not prioritise community forestry activities and funding levels decline, potentially reducing the impact of the proposed program, and reducing the potential impact that further expansion beyond the period of Australian funding would have	3	4	M	Include both internal and external M&E in the program; give more attention to the collection of baseline data; establish permanent sample plots; initiate a series of studies to assess social impacts; and provide an M&E Technical Advisory Group to assist and build the capacity of the Forest Department to monitor and evaluate the program. The implementation of an effective communication strategy will strengthen information sharing among multiple stakeholders. Case studies and documentation on best practices and lessons learnt (led by the UNDP based Program Analyst) will ensure the capturing and assessment of program achievements from the very outset of the program. The database and web pages on the program will help to track information and facilitate information dissemination including the mainstreaming of CF models in other development efforts.
Program sustainability	Inadequate funds are available to maintain and/or expand community forestry sites following completion of Australian funding	Sites initiated in Years 3 and 4 are not completed satisfactorily, reducing the impact of the program, and/or additional sites are not initiated in future years, reducing the potential long-term benefits from community forestry activities	3	4	M	Actively promote the achievements of the program and prepare an exit strategy, which includes forward budget estimates for the maintenance and expansion of community forestry sites and utilises M&E results.
Goal	Program activities are not implemented in areas with a relatively high incidence of poverty; low income is not a major factor contributing to poverty; or a wide sector of the community does not participate in program activities	Program activities do not lead to a reduction in the incidence of poverty	2	4	L	Maximise community participation and extend activities to conflict affected areas as the opportunity arises. Link up and create synergy with other development efforts in the area, especially the market linkages for community produced products.

Reference	Risk	Potential Impact	Assessment			Mitigation Strategy
			L	C	R	
Objective 1	Unusually dry conditions cause catastrophic fire events in the target areas	Forest rehabilitation fails	3	3	L	Build and maintain fire belts. Improve the awareness on droughts, land degradation, water regimes, soil quality, climate change etc., so that community members better understand the need to adopt best practices to meet dry conditions and other potentially damaging situations. .
Objective 1	Conflict within the community jeopardises Program achievements (eg. arson)	Forest rehabilitation fails	3	3	L	Consider approaches to expand participation levels within the community over time and improve benefit sharing of the CFM process
Output 1.2	There is a breakdown in community cohesion.	Participation rates may drop, or communities may be unwilling to proceed at all	2	4	L	A key part of the CFM approach is the establishment and strengthening of community groups (self help groups and CBOs). This, along with the preparation of the Community Forest Management Plans and ongoing guidance by government officers, helps minimise conflict and tension within the CBO.
Output 1.3	Suitable options cannot be identified to address the causes of deforestation and forest degradation (eg. agricultural intensification, alternative income sources)	Communities do not participate in the program	2	4	L	Sites are unlikely to be identified if there is limited scope for positive interventions. During the planning phase, a wide range of both agricultural and non-agricultural income generating activities are considered, and inputs will be sought from technical officers from a range of government agencies.
Output 1.4	Communities and other organisations are unable to coordinate development activities or not willing/able to provide inputs to contribute to the CFMPs	The income and social benefits may be lower than anticipated	2	4	L	The preparation of the CFMPs helps coordinate development activities, and the establishment of a CBO helps facilitate government inputs. In addition, it is important for the Forest Department to liaise with other government agencies, particularly when expanding the program into new districts, and in particular the District Secretary, the Divisional Secretary and the *Grama Niladhari*. Links envisaged between CFMP and Village and district development planning process will also improve information sharing and increase the value and relevance of CFMP's.
Output 1.5	Alternative income generating activities are adversely impacted by elephant damage, natural disasters (flood, drought) or economic factors (eg. a major decline in the price of teak, cashews or other commodities included in the CFMPs)	Income levels are not raised and the program does not contribute to a reduction in the incidence of poverty	3	4	M	Promote a range of agricultural and non-agricultural income generating activities, promote diversification, promote soil and water conservation practices, and encourage personal savings. The partnership activities planned with other development actors could be facilitated to provide methods of value addition (processing, packaging etc.) of community produce.
Objective 2	The security situation in the conflict affected areas does not permit activities to be implemented by the Forest Department	The proposed expansion would not occur in some districts, limiting the overall impact on poverty reduction	4	2	L	Maintain the flexibility to work in districts that are not high security risks. However other than the Mine Risk most post-conflict areas are increasingly accessible. Forest Department is involved in planning of larger development activities by the Government in conflict areas and

Reference	Risk	Potential Impact	Assessment			Mitigation Strategy
			L	C	R	
						therefore in a position to gain access
Output 2.2	Field officers do not have sufficient time to participate in formal training activities, or trained staff resign or are transferred.	Certain locations do not have the capacity to effectively initiate community forestry approaches	3	4	M	Institutionalise community forestry training in the Department by a continuation of the training approaches developed during SLANRMP.
Output 2.3	Items procured under the program are not utilised for community forestry activities	Fewer sites established than anticipated	2	4	L	Involve Regional DFCs and DFOs in the planning and implementation of community forestry activities and maximise their ownership of the program (including, for example, the design workshop held in Kurunegala).
Output 2.4	The Research Division does not have adequate personnel to establish and maintain permanent sample plots	Assessment of objective 1 shall rely on qualitative data, which could jeopardise the ongoing support for the community forestry program	3	3	L	Allocate budget in the program design for research activities, along with additional funds that can be utilised for research, if necessary, by the TAG.
Output 2.5	The Forest Department does not receive approval to create a permanent position for a Sociologist, or cannot identify a suitable candidate	Less evidence will be available to assess the impact of the community forestry program in income levels and the incidence of poverty, which could jeopardise the ongoing support for the community forestry program	3	4	M	Provide a sociologist through UNDP to the Forest Department and improve the institutional capacity to conduct social assessments in CFMP's. Sociologist over a period of about 3 years train/mentor the Forest Dept. staff and put systems in place to ensure sustainability. External M&E pay increased attention to the adoption of social assessments. .
Post-graduate training through scholarships	AusAID does not award ADS to Forestry Department staff because suitable candidates do not apply, or are not competitive compared to those from other government departments.	Forestry Department does not benefit from increased internal technical capacity. AusAID also loses the opportunity to use ADS to support delivery of the CFP.	3	2	M	Subject to agreement of the External Resources Department, AusAID will continue to prioritise natural resource management as one of the three eligible sectors for ADS and will promote the scheme actively within the Forest Department to attract strong candidates.

Sri Lanka Community Forestry Programme

Program Design Document
July 2010

Attachment 8: Procurement responsibilities

Forest Department Procurement through PCU using Government Procedures					
	2012	2013	2014	2015	Total
FD Procurement	Australian Dollars (exchange rate 1 $ = 100 SL Rs)				
Community Forestry Sites (13) 2009	108,000	0	0	0	108,000
Community Forestry Sites (17) 2010	150,000	135,000	0	0	285,000
Community Forestry Sites 2012	153,000	204,000	183,600	0	540,600
Community Forestry Sites 2013	0	234,000	312,000	280,800	826,800
Community Forestry Sites 2014	0	0	207,000	276,000	483,000
Community Forestry Sites 2015	0	0	0	175,000	175,000
Home Gardens	50,000	40,000	0	0	90,000
Daily Subsistence	30,000	45,000	45,000	40,000	160,000
Fuel	60,000	75,000	80,000	85,000	300,000
Total FD Procurement	**551,000**	**733,000**	**827,600**	**856,800**	**2,968,400**

UNDP Procurement using UNDP Procedures					
Local Training	10,000	25,000	30,000	25,000	90,000
Overseas Study Tours	25,000	40,000	40,000	40,000	145,000
Short term training	25,000	35,000	30,000	20,000	110,000
Extension Materials	8,000	10,000	10,000	7,000	35,000
Education material	5,000	5,000	5,000	5,000	20,000
Motor Cycles (150)	40,000	50,000	60,000	37,500	187,500
4 WD vehicles (3)	120,000	0	0	0	120,000
Computers (35)	20,000	40,000	10,000	0	70,000
	30,000	0	0	0	30,000
Furniture & office equipment (35 sets)	20,000	30,000	50,000	5,000	105,000
Field equipment (70 sets)	5,000	5,000	10,000	1,000	21,000
Renovation of Range Office buildings (15)	10,000	40,000	10,000	0	60,000
Repairs and maintenance	3,200	4,240	6,360	6,200	20,000
Research and Evaluation	7,000	14,000	14,000	15,000	50,000
Project Associate for FD	24,000		24,000		48,000
Sociologist for FD	12,000	12,000	12,000	12,000	48,000
Short-term Forestry Expert for FD	4,800	4,800	4,800	4,800	19,200
Short-term experts	15,000	15,000	15,000	15,000	60,000
Project Analyst - UNDP	38,400		38,400		76,800
Local experts to support ME and ICR		25,000		25,000	50,000
Travel for monitoring	9,000	9,000	9,000	9,000	36,000
Total UNDP Procurement	**431,400**	**364,040**	**378,560**	**227,500**	**1,401,500**

Attachment 9: UNDP Experience in Forestry (A letter sent by UNDP to AusAID)

UNDP Sri Lanka and Community Forestry Programmes (CFP)

The purpose of this note is to highlight a number of areas UNDP has been or currently involved in areas directly and indirectly related to Community Forestry Programmes. Community forestry development in Sri Lanka is very much linked with poverty reduction, climate change, disaster risk reduction including human elephant conflict and partnerships with Government and Private Sector, the experience summarized below covers UNDP related experience on support to grass root level, capacity building of Government as well as tools to support policy development. CFP.

1. Since 1994, UNDP implements Global Environment Facility Small Grants Programme (GEF/SGP). Key areas are the biodiversity, climate change, land degradation and persistent organic pollutants. Number of small grants directly and indirectly support capacity establishment in communities, micro financing, sustainable home gardening, analog forestry, energy efficient fuel wood use and promotion of livelihoods etc. Total funds more than 8 million USD had been disbursed through this mechanism in Sri Lanka over the last sixteen years (http://sgp.undp.org/web/countries/SRL/sri_lanka.html). Some of the good models developed are being replicated in conflict affected areas presently

2. Between years 2004 to 2007 UNDP with Forest Dept. implemented the Sri Lanka component (USD 2.1 million) of the EU funded regional project on "Promotion of Tropical Forests (PTF)". The objective was "Conservation and improved sustainable forest management through an active partnership with state, rural communities and the private sector." Experience FD obtained during this project complemented much with the AusAID funded SLANRMP project also implemented by the FD.

3. In early 2011 UNDP supported the development of the Sri Lanka Strategy for "Reducing Emissions from Deforestation and Forest Degradation (REDD). This follows the UNDP facilitation support to include Sri Lanka in REDD in 2010

4. UNDP mobilized a USD 2 million grant from Global Environment Facility (GEF) to support the management of Invasive Alien Species in Sri Lanka. This project will be very much complementary to Community Forestry Programmes. Implementing partner is Ministry of Environment

5. UNDP won a USD 1.8 million to promote biomass to energy in Sri Lanka and in the process of developing the project for GEF. Project will go on line in late 2011 with FAO providing support to implement the biomass generation component

6. UNDP started formulating a project proposal to Adaptation Fund (AF) that will cover rehabilitation of ancient tank systems and forest communities will be a major component. The project also has a component to map climate change hotspots, promote best management practices and also to reestablish forestry in sensitive central hills in degrading conditions

7. UNDP Disaster Management Programme supported establishment of over 30 km of biological fences to minimize the movement of elephants into villages, especially in Puttalam distrct as a community based Disaster Risk Reduction

8. As part of 2004 December tsunami related recovery UNDP managed a number of small grants to help communities to develop their livelihoods. The small grants involved setting up of home gardens, establishment of mangroves, solid waste processing to compost and biogas, rainwater harvesting tanks to cut down the time for brining water and many livelihood promotions

9. UNDP is supporting, under the DRM programme, to rehabilitate ancient tank systems as a drought risk reduction and flood reduction measure. Also in Monaragala district UNDP supported establishment of community rainwater harvesting systems called "Pathas" where rainwater is captured in a small tank for irrigation and ground water recharging

10. To support the climate change policy formulation UNDP supported Ministry of Environment to develop the Second National Communication for Sri Lanka. It will be submitted to UNFCCC in May 2011 and provides valuable information on the current status of Sri Lanka on climate change. Same information provided the basis for the National Climate Change Adaptation Strategy supported by ADB in 2010

11. UNDP supported Central Environmental Authority and about 25 Government Agencies to develop the Integrated Strategic Environment Assessment for the post-conflict Northern Province that identified the areas that can be developed after removing the sensitive natural resources, including forestry. In the process Forest Dept., Dept. of Wild Life Conservation and Geological Survey and Mines Bureau prioritized the natural resources to be conserved on respective technical areas. This included identification of new forest and wild life boundaries after 30 years of conflict. H.E. the President endorsed the approach in December 2010 and Ministry of Economic Development is extensively using it for policy and project approval.

12. UNDP is supporting a number of disaster management tools such as national vulnerability profiles for droughts, floods, landslides, coastal hazards and cyclones and development of national drought management policy. These tools will strengthen and integrate the sustainable community forest management into Sri Lanka broader disaster risk management approach where land use planning is a critical component

13. UNDP successfully supported Dept. of Agriculture since 2009 to develop rice varieties and management best practices to grow rice under high saline conditions and flooding conditions. This and other experience can enrich the community forestry programmes by complementing the livelihood components. UNDP also works with the Eastern University to develop a SEED Bank of traditional seed varieties of crops that are known to have drought and flood resistance.

14. UNDP Disaster Management Programme supports a pilot programme in Badulla districts to bring district planning unit and district land use planning units together to work on data collection in a set of selected DS divisions on land use, type of livelihoods, disaster potential and engaging communities to minimize fire, landslide, flood and drought hazards

15. UNDP Sri Lanka also helps IUCN to implement the programme "Mangroves For the Future (MFF) – another small grant programme helping sustainable livelihoods in coastal ecosystems. Our inputs are on the strategy formulation, grant proposal evaluation and monitoring and evaluations

- Ananda Mallawatantri, March 21, 2011

Attachment 10: Approval of the Department of External Resources

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30th May, 2011

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Department of External Resources
Ministry of Finance and Planning

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Your No.

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Ms. Sally Mackay
First Secretary
AusAID
Australian High Commission.

Dear Madam

Change of Fund Administration Entity from World Bank to UNDP:
AusAID Funded Community Forestry Management Project

As you are aware, the Forest Department successfully implemented the AusAID funded" Sri Lanka Australia Natural Resources Management Project (SLANRMP)" with a strong community forestry component.

In response to the request made by the Ministry of Environment for further Australian assistance for a national programme covering forest communities in conflict affected Northern and Eastern Provinces, AusAID agreed to fund the proposed five year Community Forestry Programme. The Forest Department has made arrangements to start implementation of the programme in June 2011. Earlier arrangements were to manage AusAID funds through the Word Bank under the Ecosystem Management and Conservation Management Project (ESCAMP). As ESCAMP was not materialized, AusAID has informed the Ministry of Environment that it is possible to channel funds through UNDP Sri Lanka.

The Department of External Resources has no objection to the channelling of funds through UNDP.

We shall therefore be grateful if you could make necessary arrangements for channelling the AusAID grant through UNDP to implement the proposed Community Forest Programme.

Your cooperation in this regard is highly appreciated.

Yours faithfully

A.Kumarasiri
Additional Director General
For Director General

Cc: 1. Secretary, Ministry of Environment
    2. Director/Economic Policy Analysis Division

Attachment 11: Current Status of Micro-enterprises

1. Micro-enterprises commenced during SLANRMP (2003 to 2008)

Enterprise	Total No of Enterprises Created	% Remaining Active	Ave. Annual Income (Rs.)
Home Gardens	990	98	50,000
Lime Drying (Seasonal)	10	60	75,000
Food processing	18	95	42,000
Livestock	24	95	48,000
Dress making	7	75	30,000
Paddy farming	15	90	74,000
Handicrafts	12	85	24,000
Other	10	100	58,000
Total	1,086		401,000

2. Micro-enterprises commenced after SLANRMP (2008 to 2010)

Enterprise	Total No of Enterprises Created	% Remaining Active	Ave. Annual Income (Rs.)
Home Gardens	1,450	98	50,000
Lime Drying (Seasonal)	Nil	Nil	
Food processing	08	87	42,000
Livestock	20	90	48,000
Dress making	1	100	30,000
Paddy farming	24	90	74,000
Handicrafts	10	90	24,000
Other	15	80	58,000
Total	1,528		326,000

Annex 12 – Feasibility Study done by a consultant