

9. Helping Reassess China's National Forest Policy¹

In 1998, OED initiated a review of the World Bank's 1991 Forest Strategy, in order to assess its impact on World Bank lending and whether the strategy remained relevant. The 1991 Strategy had pursued a green agenda, by restricting the Bank from supporting production activities which entailed the logging of tropical moist forests. It had also promoted a participatory, consultative approach to forest sector activities. OED's evaluation included six country studies, including the China Study "From Afforestation to Poverty Reduction and National Forest Management". China was one of the few countries in which Bank forestry activities had expanded during the 1990s. However, in response to major flooding and drought, the government had instituted a logging ban in 1998 which had potentially serious impacts on the economy of the forest sector without being proved effective in combating floods. OED's China Study contributed to the creation of the high-level China Forestry Task Force, and the study also encouraged the Task Force to rethink China's forestry policies. Thus, OED's expenditure of \$80,000 on the China Study had an impact on the reformulation of China's forest sector policies, which involve billions of dollars of government investment.

Background

The World Bank's 1991 Forest Strategy restricted Bank support for the logging of tropical moist forests. It also promoted a participatory approach to forest sector activities. In 1998, OED commenced an evaluation of the Bank's Forest Strategy. Its objective was to assess the impact on Bank lending in the sector and on forest management and conservation practices in member countries. The OED evaluation (OED 2000a) included six country case studies, and one of these was on China. The case studies were designed to provide in-depth understanding of the sector in each country.

The 1991 Forest Strategy did not result in a decline of Bank projects in China because the country had few tropical moist forests. Indeed, the Bank's portfolio of forest sector investments in China has grown over the past decade, reaching a total value of \$1 billion value, and China became the Bank's largest client in the sector. Even so, Bank investment has provided only a minor portion of the country's overall forest program. In 1998, a logging ban was instituted in response to two natural disasters: the drying up of the Yellow River in 1997, and the devastating floods from the Yangtse River in 1998.

China Study

A team of Bank consultants, including a senior and well-known Chinese researcher and an external counterpart, undertook desk and field work for the China Study. Sixty non-forest projects from the agriculture, transportation and other sectors were examined in addition to the Bank's portfolio in forestry. The effectiveness of the Bank's role in China was examined, as well as the impact it may have had on overall forest outcomes in the country.

¹ This case study was prepared by Elaine Wee-Ling Ooi, OED consultant. This note is a shorter version of a paper providing more detailed documentation on the China Study evaluation and its impact.

Study Findings

OED's China Study (OED 2000b) concluded that:

- Overall, the Bank's forest portfolio in China had been successful—indeed, very successful if compared to Bank performance in other countries;
- The Bank's portfolio had been strong in developing technical and management institutional capabilities in the sector but less successful in policy analysis and dialogue;
- Bank support had focused more on production aspects of forestry, and less so on the regulatory framework in the sector;
- The efficiency of China's afforestation programs had considerably improved, with concomitant benefits in soil and water conservation, and in carbon sequestration. In general the projects had contributed to poverty alleviation; and
- The report questioned the logging ban and its severe economic consequences for the poor. It noted Chinese estimates that the government expected to have to spend \$22 billion over 13 years to redeploy nearly 1.2 million jobs expected to be lost directly, and another 1.2 million jobs lost indirectly as a result of the ban.

A difficulty encountered in conducting the China Study was a lack of socio-economic data concerning forest-dependent households across the country. This made it difficult to make judgments about the benefits of specific forest programs and innovations. Thus the Study recommended improvements in systematic monitoring and evaluation of the outcomes and impacts of forest programs—those of both the Bank and also the government's own-funded forest programs. The OED evaluation also demonstrated the considerable environmental and poverty alleviation benefits that can be derived from agricultural and off-farm employment activities, outside of the forest sector. A more integrated approach to sector analytical work was therefore recommended, including a greater focus on agricultural land use changes and the impact of forest policies on farming households.

Study Dissemination

Dissemination of the China Study encompassed a very broad audience. Relevant Bank staff were targeted, as were in-country decision makers and government officials. The report was translated into Chinese and presented at a multi-stakeholder workshop held in Beijing in November 1999, and interested academic and policy research groups were invited. Thirty-five participants attended from the State Forestry Administration, State Development and Planning Commission, Ministry of Finance, State Environmental Protection Agency, Chinese Academy of Social Sciences, provincial project management offices, the private sector, World Wildlife Fund/China, and the World Bank. The inclusive nature of the workshop enabled the participation of stakeholders with broad and divergent views, including those from other sectors.

The China Study findings found broad support at the workshop. However, some of the analysis—pertaining to the impact of forest sector activities on the poor and on farming

communities—was challenged on the grounds of insufficient data. The complexity of conservation activities was acknowledged by participants, as was the need to consider socio-economic impacts on other sectors, and there was broad agreement on the need for better monitoring and evaluation of the impact on the poor and on biodiversity.

Subsequent Developments in China

OED's China Study was completed at a timely juncture, when Chinese attention to environmental and conservation issues was at an all-time high. At the same time, the World Bank was proposing the creation of a high-level working group on forestry, to investigate socio-economic issues relating to the sector. By mid-2000, the Taskforce on Forests and Grasslands (TFG) was set up under the aegis of the China Council for International Cooperation for Environment and Development (CCICED). Chaired by the Chinese Vice Premier, and comprised of Ministers, Vice Ministers, experts and heads of international organizations, the Council is a highly influential body. The Taskforce was mandated to assess the environmental and social impacts of government programs which prohibited logging and which required the conversion of farmlands to grasslands and forests. OED's task manager of its evaluation of the World Bank's forest strategy (and of the China Study) was appointed co-chair of the Taskforce.

The Taskforce involved the participation of a Chinese policy institute in Beijing as the Taskforce's secretariat, and a number of researchers from the affected provinces were involved in data collection and analysis—this substantive Chinese involvement increased considerably the national ownership of the Taskforce's work. In support of this work, a number of international experts were brought to China to exchange the experience of their countries in improved forestry management. This learning emphasis on good and bad experience in other countries also helped to increase the receptivity of Chinese stakeholders to the findings and recommendations of the Taskforce. The TFG:

- Conducted 1400 household surveys in 10 provinces, to elicit grassroots perspectives on the impact of forest programs and policies;
- Documented in a convincing and comprehensive manner the many complex issues affecting the effectiveness of the government's forest programs;
- Assessed, through the use of in-depth empirical work, the impacts of major government initiatives in forest conservation and demonstrated some unintended negative impacts;²
- Recommended that the government's top-down approach to forest planning and management be replaced by more participatory and flexible approaches;
- Recommended replacement of the complete logging ban with pro-active forest land-use planning, to achieve sustainable forest management; and

² Significant environmental benefits had been achieved, but both programs had unintended adverse impacts. The logging ban had the objective of restricting logging of mostly natural forests in selected regions but, in practice, many provinces had unilaterally extended the ban to include collective forests and timber plantations. Compensation for not being able to harvest their forests, however, was available only to families of state enterprises, thus excluding ordinary farm communities. These and other measures resulted in substantial economic deprivation for many farmers.

- Advocated a strategic approach to M&E in the forest sector, including the development of independent policy analysis and research capacities (CCICED Task Force on Forests and Grasslands 2001).

In response, the government is now revising its forest policy and programs in areas such as forest management and land ownership/use. Collectively, these initiatives constitute a substantive change to the application of the logging ban. The TFG has been assessed—via an evaluation of its performance (CCICED Task Force on Forests and Grasslands 2002)—as having had a number of impacts, including:

- Helped to legitimize rigorous policy research and analysis within the government’s forest administration organization. As a result, household surveys became an accepted monitoring and analytical tool, and a state forest research center was created. Further research is being conducted on how to extend government compensation schemes to households outside the state-owned enterprises; and
- Made a substantive input to the development of a new forest strategy. While the TFG’s recommendation to lift the logging ban has not been realized, logging restrictions on timber plantations have been relaxed.

Influence of OED’s China Study

A consultant was engaged to conduct a detailed document review, and to interview key stakeholders for the China Study and for the subsequent work of the TFG. Interviews, both structured and open-ended, were conducted via face to face, email and telephone. Key respondents fell into four groups: (a) two task managers and two consultants who prepared the China Study and the evaluation of the TFG; (b) six World Bank operational staff; (c) four representatives of bilateral and international organizations engaged in China’s forestry sector; and (d) two senior Chinese counterparts engaged in forest policy analysis and research. Respondents were asked their opinions on the value and usefulness of the China Study, and the extent to which they felt it may have impacted or influenced the forest sector in China, particularly in the area of policy analysis.

The China Study was found to have contributed to subsequent developments in China through:

- Helping legitimize debate among senior officials, researchers and others on forest policy and the government’s recently imposed logging ban;
- Engendering broad agreement by the Chinese on the need for improved M&E, and also the need for in-depth research and policy analysis of the impact of forest sector projects on the poor and on biodiversity; and
- Fostering participation by the Chinese research community and beneficiary farmers in forest programs, and fostering collaboration among key Chinese stakeholders who had previously not interacted.

A sample of statements from key respondents is presented in Box 1.

Box 1. Influence of the China Study on the Taskforce on Forests and Grasslands (TFG)

“...The Study was an important precursor to the quick implementation of the Task Force which had several innovative features. They seemed largely attributable to theStudy. Specifically it enabled Task Force members to see how beneficial it would be to use the case study approach in order to collect detailed and convincing data for presentation to government (this had rarely been done so effectively before by CCICED Working Groups); and to look at the broad socioeconomic impact of the logging ban and not just the immediate and short term environmental benefits which had motivated the government.”

A principal (international) member of the CCICED.

“ ...The report played a critical role by setting important precedents in methodology and message. It, in many ways, was the platform that the Task Force stood on to make the dramatic progress that it did. It created an appetite for more independent and critical analysis in the forestry sector and set the important precedent of using Chinese experts outside of the State Forest Administration to conduct the review.”

A lead CCICED Task Force (international) collaborator.

“...The Study contributed to the Chinese forest sector using more rigorous and methodologically sound evidence-based data collection and research, and there has been increasing demand for quantitative studies from officials and researchers from the forest academic community... I do think the OED Study had influenced both directly and indirectly the Government’s decision to examine the impact of the (Government’s logging and grasslands policies), but it is only one of many factors leading to this.”

A leading Chinese official.

There appear to have been several aspects of the China Study evaluation which helped it be influential:

- Timeliness of the Study;
- Acknowledged high quality of the Study, managed by a credible and persuasive evaluator;
- High level of stakeholder consultation while the Study was being conducted, and high level of stakeholder participation in workshops to disseminate the Study’s findings. These efforts helped build a constituency for reform. They also deepened the connectivity between academia/research groups in China and high-level decision-makers; and
- Advocated and helped establish a good-practice evaluative modus operandi for such Chinese research in the future: including stakeholder participation; advocacy of data-driven (including surveys) approach to policy and program analysis; concern with economic and social issues extending beyond the sector; a balanced presentation of the conclusions and recommendations.

Some Final Considerations

The very substantial scale of the forestry sector in China, and the nature of the difficult environmental challenges, mean that policy change comes slowly, after considerable deliberation. OED's China Study cost about \$80,000 and came at an opportune time. It added to the momentum for a re-examination of China's forest strategy, and in particular via its advocacy for a more evidence-based approach to policy analysis. This momentum led to the creation by the Chinese government of a high-level taskforce, which in turn undertook a major research effort designed to better inform policy choices—this subsequent evaluative work cost about \$1.02 million. Government policy has already changed in some important respects.

This case study illustrates the complex ways in which evaluations can influence policy. Policy may be determined only after long debates, consideration of a wide array of data and research, and after protracted political negotiations. In particular, if the policy has far-reaching economic, social and environmental implications, its revision may be likely to entail several steps because of the imperative for careful consideration of the advantages and disadvantages of alternative courses of action.

References

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