


# **Multi-Stakeholder Partnership (MSP) for forestation**

**MINISTRY OF ENVIRONMENT AND FORESTS**

**19 DECEMBER 2006**

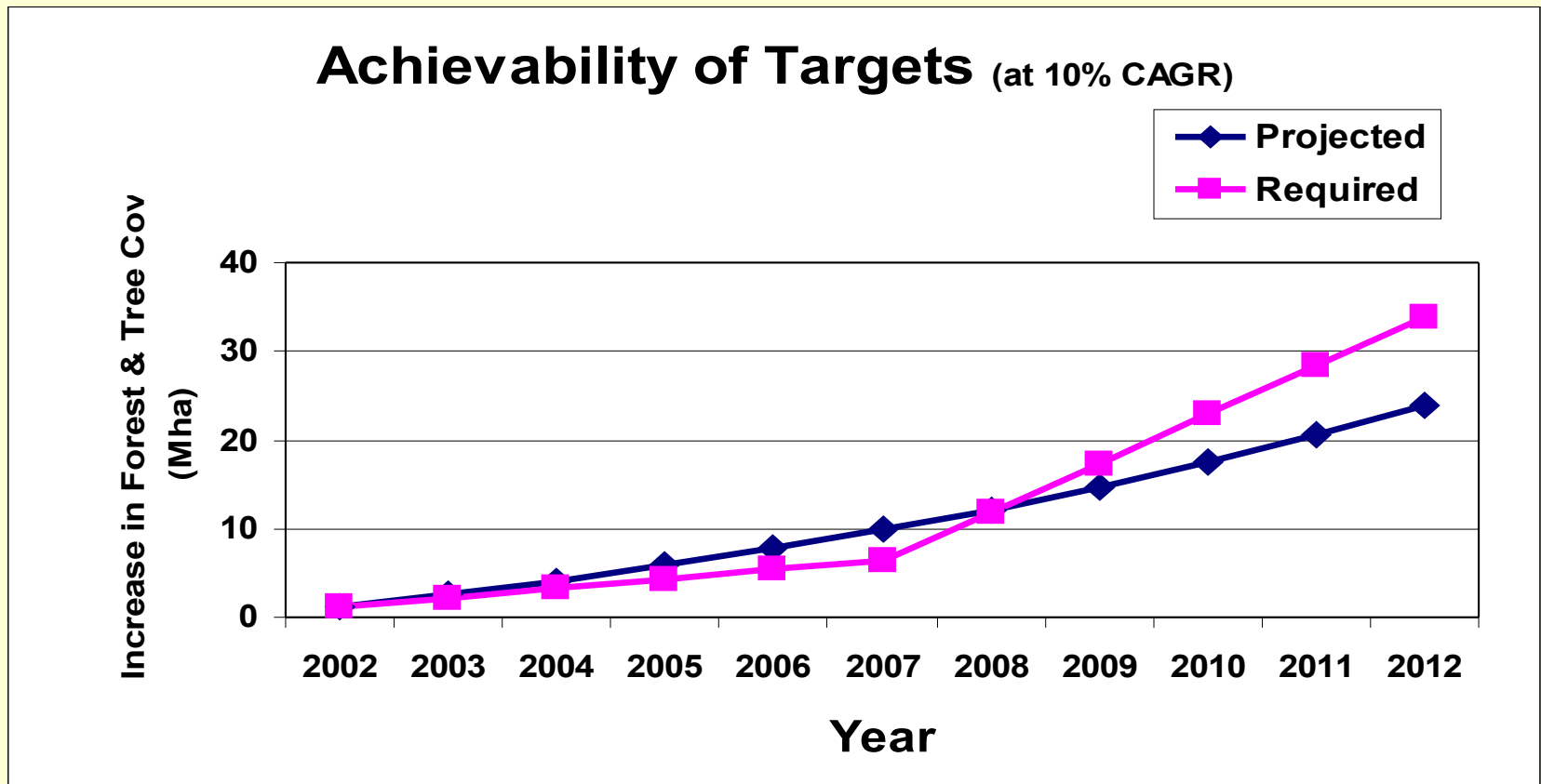


## CURRENT SCENARIO

- The imperative of achieving National Forest Policy goal of 1/3<sup>rd</sup> Forest and Tree Cover in time-bound manner:
  
  - Existing gap in demand and supply of forest products high:
    - Fuel wood: ~ 60 mMT (directly related to rural poor)
    - Timber: ~ 5 mMT
    - Import of forest/ forest-based products increasing (country losing environmental benefits from “Green Box” subsidized imports)
  
  - 11<sup>th</sup> Plan : Higher overall growth rate planned (industrial growth rate ++)
    - Scarcity of forest based raw material to stifle restrain industrial growth
    - Increased need to address environmental services from afforestation
    - Faster agricultural growth requires increased flow of environmental services from forests and trees to marginal and small farms, especially in rainfed areas
    - Need for inclusive growth and regional equity => high priority for development of forest areas
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# Forest and Tree Cover (FTC):

- 2003: 23.68%
- 2007 Target: 25.00% (+ 4.36 million ha)
- 2012 Target: 33.00% (+31.46 million ha ~ size of Maharashtra State)





# CONSTRAINTS IN ACHIEVING TARGETS

## WIDE CONSULTATIONS WITH STAKEHOLDERS REVEALED:

### 2. Inadequacy of lands for tree planting ???

- 55 m. ha. wastelands available (Wastelands Atlas of India 2003)
- 14.8 m. ha. current agricultural fallow (Agricultural Statistics, MoA 2003)
- Break-up of 31.46 million ha required FTC:
  - 5 m. ha. within Recorded Forests Area (RFA)
  - 26.5 m. ha. Outside RFA

### 3. Insufficient financial resources

- Requirement Rs. 8500 Cr. per year
- Availability: resources in form of mostly budgetary support ~ 1600 crores per year (1/5<sup>th</sup> of the requirement)

### 4. Inappropriate/ inadequate legal/ policy regime to attract non-government investment





## Multi-Stakeholder Partnership (MSP) for Forestation

- Encourage private investment (both for-profit and not-for-profit) investment and community participation in forestation.
  - Through legally enforceable MoU (no lease or transfer of lands)
  - Parties to MSP arrangement:
    1. **Sponsor:** the investing entity, e.g. Company, Firm, User Group, Trust, Society or Organisation – Public or Private – competent to enter into a contract; should have sound technical capabilities and financial status
    2. **Local community** : people residing in village or villages adjoining the MSP Area represented by JFM committee or Gram Sabha
    4. **Land Owning Agency:** e.g. government, institutions, public sector enterprises, etc.
    6. **Forest Department:** State forest department (as technical expert and regulator and/ or land owning agency)
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## MSP : FEATURES

- **Selection** of sponsor through a transparent, technically sound, bidding process.
  - Safeguarding **traditional rights** of local community and **ecology** :
    1. **Bio-diversity**: no clear felling, no planting of prohibited species
    2. **Employment**: local community to have first right of refusal for unskilled employment at minimum wage rate
    3. **Traditional rights**: the recorded and customary social, cultural and access rights to be respected by sponsor unless amended by negotiation and mutual consent, in exchange for specified benefits from afforestation
    4. **Ecological services**: flow of ecological services from forests not to be obstructed
    5. **Green Cover**: sponsor to leave the area at a specified level of tree cover at the end of MoU
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# General approach for MSP

Identify Potential  
MSP Area

Select MSP area  
(DFO + WPO)

Prepare Draft  
Bid Documents

Monitor & Evaluate

Implement MSP  
& Share Benefit

Tripartite  
MSP Agreement

Obtain Approvals  
for MSP Plan

Evaluate  
Financial Bids

Evaluate Tech.  
Bids + MSP Plan

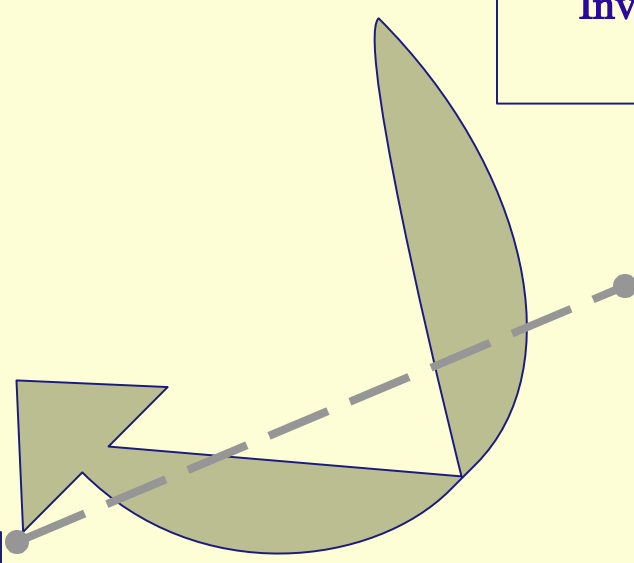
Pre-qualified  
Bidders to Tender  
incl. MSP Plan

Invite Expression  
of Interest

Pre-qualification of  
Prospective bidders

Arrange Pre-Bid  
Conference inc.  
local community

Finalize Bid document  
& Draft MoU





## FEATURES OF MSP (contd.)


### **Area suitable for MSP:**

- **Degraded forests** (< 10% canopy density or as per Guidelines) or **other public lands** (inc. PSU as per policy of the Government)
- **Suitability of area for forestation:** assessed by DFO and WPO

### **Draft Bid Documents:**

- Pre-qualification criteria (legal status, financial and technical capacities, good standing)
- Draft Technical and Non-Technical Conditions of MoU
  - **Duration of MoU:** > 10 and < 70 years
  - **Financial Bids:** share of final timber produce, time periods of each harvest.

### **Pre-qualification of prospective bidders:**

- Evaluation on a “pass”/“fail” basis
  - One level of review each (Technical and Adm. reviews)
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## FEATURES OF MSP (contd.)


### Pre-bid Conference:

- Entitlements of local community, not related to traditional rights over land
- Recording of traditional entitlements and compensation
- Any further revision of the draft bid document

### Evaluation of technical bids:

- Evaluation on a “pass”/ “fail” basis
- One level of review each (Technical and Adm. reviews)

### Evaluation of financial bids:

- Ranked on the basis of present value of timber produce at discount rate equal to RBIs prime lending rate
  - One level of Adm. review (not involving amendment in technical bid)
  - Highest ranking bid to be **accepted**.
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# SUPPORTING POLICY MEASURES

## (i) Rationalization of Felling & Transit Rules

Rationalization of regulations relating to **felling and transit** of trees grown on private lands – MoEF Guidelines dated 15 Dec'04 of Graded Restrictions

ECOLOGICAL IMPORTANCE □

	Highly Restricted Species	Restricted Species	Other Species
Very Sensitive areas	Red	Orange	Yellow
Sensitive areas	Orange	Orange	Green
Other areas	Yellow	Green	Green

ORIGIN □

RESTRICTION SCALE



## Other Policy Initiatives

- i. **Insurance for Tree Growers**
  - iii. **Certification of forest products**
  - v. **Rationalization of tariffs/ regulations for export / import of forest products to protect domestic growers**
  - vii. **Promotion of Futures Markets in forest commodities**
  - ix. **Enabling FDAs to borrow funds through enabling their registration as 'not-for-profit' cos. and technical resources from other institutions and invest in JFMCs' forests**
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*Thank you!!*

