

## Japan's Assistance to India for Odisha's Forestry Sector Development

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Japan has been encompassing financial assistance for India's development programme since 1958. Initially, Japanese assistance to India was channelized through the government-owned Export-Import Bank of Japan (J-EXIM). During 1975-76, aid was channelized through the Overseas Economic Cooperation Fund (OECF) of Japan. From 1976-77 onwards, both project and commodity assistance were being channelized through the OECF. With effect from 1<sup>st</sup> October 1999, OECF and J-EXIM have merged and the resultant new agency, Japan Bank for International Cooperation (JBIC) has become the channel for both Official Development Assistance (ODA) operations as well as for the international economic operations function of the Government of Japan. Japan's ODA loan assistance to India is received through Japan Bank for International Cooperation (JBIC) and Technical Cooperation (TC) and grant aid are received through Japan International Cooperation Agency (JICA). JICA has been assisting economic growth, environmental conservation and poverty reduction, with multi-faceted assistance that has comprised the development of forest resources, transport networks, water supply and sewerage systems, agriculture productivity, power supply, education and universal health care, among others. Forests play a vital role in sustaining ecological stability and contribute significantly to Odisha's economy, specifically to the livelihoods of

forest-dependent communities which are generally Scheduled Tribes. Odisha is ridiculous in forest cover. As per the India State of Forest Report, 2011, the forest cover in the State was 48,903 sq km in 2009, which is 31.41 percentage of the State's geographical area. The per capita recorded forest range of the State is 0.14 ha, as compared to 0.06 ha at the national level. OFSDP (Odisha Forestry Sector Development Project)–Phase- One was being implemented with the loan assistance from JICA in ten districts of Odisha i.e. Angul, Balasore, Bhadrak, Deokar, Gajapati, Kandhamal, Keonjhar, Koraput, Rayagada, and Sundergarh. Primarily this project was for a period of seven years from 2006-07 to 2012-13 and afterward extended upto 2014-15. The overall outlay of the project is Rs 802.30 Crore, with loan assistance from JICA for 13,937 Million JPY. The project is in its 8th year for implementation. It has twin purposes of restoration of degraded forests and livelihood improvement of the forest-dependent community. Odisha Forestry Sector Development Project- Phase Two was inaugurated by Shri Naveen Patnaik, Hon'ble Chief Minister of Odisha. Shri Patnaik acknowledges the support of JICA in the Odisha and stated how JICA's aid has contributed to the development of the local people in Odisha specifically in the forestry sector. In the OFSDP-II project areas, high attentiveness of ST population is seen in the northern part of the project areas

and the same for Copulation constitutes a central corridor across western and eastern Odisha where the forest cover is high. Therefore, most of the OFSDP-II beneficiaries are likely to belong to ST/SC communities, whose economic status is poor. This is partly due to the limited livelihood options and increases their dependency on the forest resources which are common property resources and mostly available free of cost and nearby their homes. This leads to the vicious cycle of overharvesting and degradation of the forest resources. As a consequence, the vulnerability of the forest-dependent households is aggravated. The underlying principles of the Japanese Official Development Assistance (ODA) are to contribute to the peace, stability and sustainable development of the global society.

### **Japanese Aid to India**

The Japanese assistance is channeled through Japanese Bank for International Cooperation (JBIC), earlier Overseas Economic Cooperation Fund (OECF). Japan is the biggest bilateral donor to India. Since 2003-04, India has become the biggest recipient of Japanese ODA loan. In FY 2006-07, Government of Japan committed Yen 184.893 billion (Rs. 7,025.93 crores approx.) for eleven projects in India. This is the biggest ever commitment made by Government of Japan to India in a single financial year. Japan's ODA loans to India are 'untied loans'. These are routed JBIC. ODA loans are mostly project tied with an interest rate of 1.3% per annum for general projects with a thirty years tenure including a grace period of ten years. For

environmental projects, the interest rate is 0.75% per annum with a forty years tenure including a grace period of ten years. As well as these standard terms and conditions, for various types of projects, Japan's ODA to India offers a bouquet of options with rates of interest ranging from 0.5% per annum to 1.3% per annum and repayment periods ranging from 15 to 30 years. The Government of Japan via JICA provides grant aid for construction of facilities and procurement of products and services required for development projects. The Japanese government also provides small assistance to Indian NGOs under its Grassroots Funding Programme through the Foreign Contribution (Regulation) Act (FCRA) route. The Japanese Embassy coordinates this activity and Department of Economic Affairs (DEA) gives clearance for such funding of NGOs as per the existing guidelines. JICA facilitates implementation of grant aid programmes of the government of Japan and implements Technical Cooperation programmes.

### **JICA's existence in India**

Japan's ODA to India started in 1958 when a concessionary Japanese ODA loan of JPY 18 billion was extended to supplement the effort of implementing the Second Five Year Plan at the request of the then Prime Minister, Jawaharlal Nehru. India was then the first recipient of Japanese ODA loan in the world. In the last 60 years, more than JPY 4,000 billion ODA loans have been allocated for several sectors. Technical cooperation with India started in 1966. One of the early instances was the establishment of Indo-Japanese Agricultural Extension Centre across the country, in which the

Japanese method of paddy cultivation was introduced and model farms were set up to contribute towards achieving food self-sufficiency in India. During the past 50 years, more than 6,800 Indian personnel have participated in training courses in Japan and more than 5,500 Japanese experts have come to India to offer their expertise. Grant aid has also covered various areas in India, including construction of hospitals & health facilities, and providing equipment for educational institutions. Nowadays, JICA is the world's largest bilateral aid agency and India is its largest development partner.

### **Orissa Forestry Sector Development Project**

A huge population in India depends on forest timber for fuel and income. This results in rampant cutting of forest trees, which in turn causes degradation of soil and water conservation capacities of the ecosystem. The decrease in water tables leads to the shortage of water for irrigation, which further increases the dependence of local communities on the forest timber, creating a vicious cycle. Forest cover in Odisha, is unevenly distributed. Forests are normally located in the districts situated in the Eastern Ghats, Central Table Land, and Northern Plateau. The coastal districts with high population density have comparatively smaller areas of forests. From 2007 to 2009, there was an increase in forest area by 48 sq. km. With rising population, there has been remarkable pressure on forests, both for forest products as well as for forest land. By the end of December 2011, 384 forest land diversion proposals covering an area of 39,720 ha forest land have been approved by

Ministry of Environment and Forests forenoon-forest use. Odisha is the third largest producer of kendu leaf with an annual production of around five lakh quintals. Odisha has nine percent of the country's total bamboo forest cover and seven percent of the total growing stock of bamboo. National Forest Policy 1988 mandates that thirty-three percent of the geographical area should be under forest cover. The Government has, however, taken several steps to maintain and develop a good forest cover. Some development initiatives include restoration of degraded forest lands, a forestation, development of village forests and the introduction of social and farm forestry. Odisha's biodiversity is rich and varied both in terms of wild flora and fauna and ecosystem types. The biodiversity is based on a diverse physiography that is broadly recognized as the northern plateau, the Eastern Ghats stretching southwest from the Mahanadi River, the central tableland with its river valley systems and the coastal plains. Odisha Forest Department (OFD) / Odisha Forestry Sector Development Society implemented Odisha Forestry Sector Development Project (OFSDP-I) between 2009 and 2015. Based on the lessons learned from OFSDP-I, OFSP-II was proposed by OFD.

### **Odisha Forestry Sector Development Project- Phase-I**

The Government of Orissa has launched the Orissa Forestry Sector Development Project (OFSDP) with the assistance from Japan International Cooperation Agency (JICA), envisages Restoration of 1.96 lakh ha of the degraded forest through 2275 VSS (*Vana Sarakshana Samities*) in fourteen Forest

Divisions of Orissa. The project aims to restore degraded forests and improve the income level of the villagers by stimulating sustainable forest management including plantations through Joint Forest Management (JFM) and community/tribal development. The project is to be implemented in 14 forest and wildlife divisions, namely Angul, Balliguda, Bonai, Deogarh, Jeypore, Keonjhar, Koraput, Parakhemundi, Phulbani, Rayagada, Rourkela, Satlkosai, Balasore, and Bhadrak. The OFSDP model of implementation renders an example of the beginning of socio-economic returns from forest ecosystem rebuilding by VSS Micro-planning & execution by communities in deeply poverty-stricken villages. It has made them understand about heavy forest degradation due to unsustainable farming practices on infringements and of overexploited forest resources. The issues of erosion and water harvesting are getting their attention for more SMC works. A restoration investment from the project has been able to vitalize the land, resulting in income for people living in the restoration area. As a result of the restoration project, a good number of households are lifted out of poverty and overall employment rates, notably for women, increased significantly. During the extension phase, this is getting further intensified. Therefore, OFSDP model of Sustainable management capacity building with communities stake-holding needs to be further strengthened in Odisha with wider coverage with objectives of Japan International Co-operation Agency (JICA) while assisting Governments for environmental improvements from forestry

sector services as well as for livelihood improvements of impacting forestry communities currently also identifies biodiversity conservation and climate change & mitigation as emerging focal areas.

### **Odisha Forestry Sector Development Project- Phase-II**

The Odisha Forestry Sector Development Project Phase-II is a ten-year programme and this commenced from 2017-18 with the assistance of the Japan Government. This Phase-II programme of JICA is working over 14 Forest Divisions of the State where most of the forest dwellers are economically very poor and completely depend on forest resources to survive. Such Forest Divisions are Athamalik, Baripada, Boudh, Dhenkanal, Ghumsar North, Sambalpur, Sundargarh, Subarnapur, Bamara, and Rajnagar. These Forest Divisions are popularly known as rich in forest dwellers and biological diversities. Odisha's forests are of high biodiversity value, especially when compared with the recent global trend of species decline. Forty-four mammal species found in Odisha are not seen anywhere else in the world. Similarly, there are 55 bird species endemic to the state. Odisha's forests are home to the more charismatic large mammals, most of which are endangered, on the Indian subcontinent. Of the 2,630 species of flowering plants found in the state, about 5.5% are either rare or endangered at the global level. These forests hold large numbers of medicinal plants and wild relatives of crop plants. The sustainable management of such forests is crucial not only for the state but also beyond, especially since biodiversity is increasingly being recognized as a global

heritage. Apart from causing the decline of biodiversity, the forest degradation leads to lowering its inherent economic value as a source of timber/non-timber products, socioeconomic value as a source of livelihood for forest dependents and environmental functions for the public such as mitigating soil erosion, mitigating flood peaks, providing increased and prolonged base flow, and maintaining quality water. Although conventional market economics does not have mechanisms to recognize the full value of ecosystem services provided by the forests, it is obvious that what is at stake is an enormous economic resource with both realized and potential values. Japan International Cooperation Agency had signed the Loan Agreement of 14,512 million Japanese Yen for OFSDP-II with the Government of India on March 31, 2017. JICA's ODA loan situations are very concessional, that is 0.3% interest rate for plan activities and 0.01% for consulting services and forty years of repayment period (including ten years of the grace period). The whole motto of the project is involvement of local people, especially the forest dwellers for scientific sustainable management of ecological systems of the State. The mode is called "Joint Forest Management of JFM". Total 1,200 Vana Surakhya Samitis (VSS) in 50 Forest Rangers, within 12 Forest Divisions and two Wild Life Divisions are formed for active participation of local people for management of forests. Every Division is taken as a Divisional Management Unit for the purpose. There is a provision of strengthening of institutions

like Van Surakhya Samiti and Eco-Development Clubs (EDC) of each Forest Division for mobilization of village communities and strengthening them from all practical points of view. There is also provision for associating Non-Governmental Organizations (NGO) as partners for proper and active implementation of actions. There is also provision for engagement of two animators at each level of VSS for proper animation programmes on scientific management of ecological systems.

### **Conclusion**

Over the past few years, the consistent engagement between India and Japan has transformed the bilateral relationship into an important, broad-based and strategically oriented one. India has long been a recipient of Japanese development assistance and ironically, this part of the India-Japan relationship is the most dynamic and the one most likely to invigorate other areas of the bilateral relationship. India's ecological and social-cultural diversity requires that developing local forest management be custom-made to respond to prevailing opportunities and problems. This requires an understanding of vegetative conditions, local leadership and institutions and the importance of the forest to the local and regional economy. The Odisha Forestry Sector Development Project aims at encouraging sustainable forest management in the state with a bigger goal of supporting rural livelihoods. Supported by Japan International Cooperation Agency.

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