



**Food and Agriculture
Organization of the
United Nations**



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Mid-term review Report of the project

**“Sustainable forest management to enhance the
resilience of forests to climate change in China”**

GCP/CPR/056/GFF

GEF ID: 5139

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

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Exchange rate applied 1 USD = RMB 7.1

All maps provided are to show the geographical location of the project's interventions only.

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MTR team

- Warren Olding (*International consultant and team leader*)
- Fan Longqing (*national consultant*)

FAO-GEF Coordination Unit, MTR support

- Ms Genevieve Braun, *Programme Officer, MTR Focal Point*
- Ms Ydidiya Abera, *Programme Officer*

Acronyms and abbreviations

All abbreviations used for the first time in this report are explained in full and the acronym used thereafter.

BD	Biodiversity
BH	Budget holder
CC	Climate change
CCER	China's certified emissions reduction
CCM	Climate change mitigation
CFCS	Chinese Forestry Certification Scheme
CPF	Country Programming Framework
CSO	Civil society organisation
EO	Expected outcome
EES	Environmental and social safeguards
ETS	Emission trading scheme
FAO	Food and Agriculture Organization of the United Nations
FEM	Forest ecosystem management
FLO	Funding liaison officer (FAO)
FSC	Forest Stewardship Council
GEF	Global Environment Facility
GCU	GEF Coordination Unit (Rome)
INDC	Intended Nationally Determined Contribution
INGO	International Non-governmental organisations
IUCN	International Union for Conservation of Nature
LTO	Lead technical officer
MEE	Ministry of Ecology and Environment
MNR	Ministry of Natural Resources
MTR	Mid-term review
NBCSAP	National Biodiversity Conservation Strategy and Action Plan
MoF	Ministry of Finance
MWR	Ministry of Water Resources
NAMA	Nationally Appropriate Mitigation Action
NDRC	National Development and Reform Commission
NFMP	National Forest Management Plan 2016-2050
NGO	Non-governmental organisation
NSTRP	National Strategic Timber Reserve Programme
OED	Office of Evaluation in FAO
OPA	Operational Partners Agreement
OPIM/MS-701	Operational Partners Implementation Modality/FAO Manual Section 701
PES	Payments for environmental services
PIMM	Project Implementation Management Manual
PMO	Project Management Office
PMU	Project Management Unit

PIR	Project Implementation Report (for GEF)
PPR	Project Progress Report (for FAO)
PSS	Project Support Services (FAO)
PTF	Project Task Force
RM	Mid-term review manager
NNFGA	National Forestry and Grasslands Administration
SMART	Specific, measurable, achievable, realistic and timebound
UNEP	UN Environment Programme
UNFCCC	United National Framework Convention for Climate Change
WRM	Water resources management
WWF	World Wide Fund for Nature

0. Executive summary

0.1 Introduction

1. The main purpose of the MTR is to assess the progress of project GCP/CPR/056/GFF, *"Sustainable forest management to increase the resilience of forests to climate change in China"* to provide valuable recommendations based on evidence and findings in relation to GEF evaluation criteria (relevance, effectiveness, efficiency, factors affecting project performance, sustainability and an assessment of cross-cutting priorities) relating to specific GEF and FAO policies and guidelines on gender equality and social inclusion, in particular concerning China's ethnic minorities who are found in three of the four provinces selected for support (Fujian, Guangxi, Henan and Hainan). The scope of the MTR covers the execution of the project's three main components by the National Forestry and Grassland Administration (NFGA), which falls under the Ministry for Natural Resources (MNR) between 30 September 2016 to 30 April 2020. The MTR itself was carried out between 25 May 2020 and 31 October 2020. Due to the limitations of the COVID-19 pandemic, a field mission was not possible, so the work methodology focused on a desk evaluation of the project documents supported by remote semi-structured interviews of a wide sample of direct stakeholders in the project. To aid the interviews process of different stakeholders, the MTR team produced a detailed evaluation matrix in which indicators and judgement criteria were identified to guide the MTR's main evaluation questions and sub questions established in its terms of reference. The main questions assessed by the MTR are summarised under each of the evaluation criteria in the next sub-section.

0.2 Main findings

Relevance - Question 1: *Are the project outcomes congruent with current country priorities, GEF focal areas/operational programme strategies, the FAO Country Programming Framework and the needs and priorities of targeted beneficiaries?*

2. **Highly Satisfactory:** The project continues to have a high level of strategic relevance to GoC, which is committed to reducing the increasing vulnerability of its monoculture forests, developing a greener economy and stepping up ecological civilisation. The project remains consistent with GEF-5 Focal Areas and FAO's Strategic Objectives, in particular BD-2 and SO-2 respectively, complies with FAO's Priority Area 1 in its Country Planning Framework 2016-2020 and is highly supportive of Sustainable Development Goals 13 (Climate Action) and 15 (Life on Land), the Aichi Targets 3, 5 and 14 and other aspects of the Agenda 2030. However, the project has some shortcomings in its design and budget, in particular relating to component 2 (outcome 2) that focuses heavily on strengthening capacity of Forestry Bureaus in 16 state-owned forest farms, while objectives focus on strengthening local communities to employ sustainable forestry management (SFM) practices to support new income generation opportunities. In addition, insufficient clarity and direction is given to intra and institutional coordination with relevant government institutions, the private sector (on CCM) and activities funded by the Forestry Framework

Loan 2014-2018 supported by the European Investment Bank (EIB) in collaboration with the National Strategic Timber Reserve Programme (NSTRP).

Effectiveness - *Question 2: To what extent has the project delivered on its outputs, outcomes and objectives?*

3. **Moderately satisfactory.** The project's progress in achieving its planned outputs and outcomes is slower than expected and current estimates show the project is around one year behind schedule due to delays in starting operation in the first year. Progress is most evident under component (outcome) 1, where three sets of guidelines on SFM, forest biodiversity (BD) climate change mitigation (CCM) benefit creation are currently undergoing final review. Indications are these guidelines will be rolled-out and piloted nationally by NFGA in 2021. Also significant is the establishment of the software for the national monitoring system where data is being uploaded from sample sites at the 16 projects sites. The MTR estimates the system is likely to be supporting decision-making from 2022. Activities under component (outcome) 3 have progressed in the form of training to implement activities under components 1 and 2, which includes innovative methods such as "in the forest lectures". However, activities under component 2 are generally well behind on meeting targets in the Results Matrix (RM). One exception is application of the Chinese Forestry Certification Scheme (CFCS), which has superseded targets aided by support from the Forestry Framework Loan. Advances in CCM creation has also been positive in Fujian Province, where ETS agreements have been signed with third parties involving a partnership between State and Collective forests farms, but elsewhere it has not advanced at all. In a large number of cases the MTR found the targets are over ambitious (CCM), unrealistic (biodiversity monitoring), or underestimated (CFCS) in relation to the time and resources allocated. Moreover, the project's internal monitoring and communication strategy are not adequately tracking and showcasing innovative practices that have been established in some of the state farms, in particular the successful partnerships that have been established with local communities in Hainan and Fujian provinces relating to the development of the "under-forest economy" and emission trading schemes (ETS) initiatives respectively.

Efficiency - *Question 3: To what extent has the project been implemented efficiently and cost effectively?*

4. **Moderately satisfactory.** The project has experienced delays of over one year in implementing its activities as originally planned. Causes for these delays range from major institutional reforms in the period 2017-2018, the application of a part-time PMO, late recruitment of the CTA in 2018, staff rotation in both the PMO and FAO-CN and challenges in applying the Operational Partner's Agreement (OPA) in line with the specific conditions agreed by Senior Management to facilitate the commencement of operations by the executing agency/operational partner (NFGA) on 30 September 2016. Indeed, the application of some of these conditions, in particular assurance activities (spot-checks, field visits, audits, etc.) continues to be challenging because the Project document (Prodoc) has not included a budget to fund the application of these conditions. As a result, key activities such as the design and testing of the guidelines to support sustainable forest management (SFM) in the 16 participating forest farms was not completed until 2018 and there is currently a backlog of payments to these farms to cover reimbursable costs

associated with the promotion of SFM activities that date back to 2018. However, since 2019 the project has successfully initiated all planned activities and there is evidence to indicate these activities are being implemented in a more cost-efficient manner than has they been implemented through direct execution (DEX) by FAO on the grounds transaction costs are lower, because decision-making is more fluid through the PMO operating at the national, provincial and county/forest bureau levels, which would have been too costly to maintain under DEX. In terms of physical progress, the PMO reports an overall advance of 70 per cent in its self-evaluation report (31/05/2020). However, the MTR estimates the project's physical advance is closer to 40 to 45 per cent to 31 May 2020. This is justified through several findings. First, the project has recorded a very low expenditure rate of GEF funds, which at 31/12/2019 stood at just 5.5 per cent. Second, the project is well behind on meeting its targets, especially under component 2. Third, latest progress reports report only 2 631 households from the local community have participated so far in SFM activities in the 16 state farms. In addition, the above-mentioned funding gaps have not aided physical progress and interviews confirm co-finance has been used to bridge some of these gaps. Indeed, this has contributed to a high level of co-finance being spent to 31/12/2019 (75.2 per cent). Conversely, this situation has contributed to enhancing the project's cost-effectiveness, which the MTR found to be satisfactory taking into account the project is delivering the majority of its outputs in line with planned costs. Moreover, the signing of a recent Memorandum of Understanding (MoU) with a GEF6-funded project has facilitated cost sharing on training and other areas of mutual interest. However, one exception concerns CCM benefit creation and the application of monitoring, reporting and verification (MRV) which, according to the PMO, have insufficient funds in the Prodoc to support any further CCM benefit creation, which not only relates to training-related activities, but also a costly certification process.

Sustainability - *Question 4: What is the likelihood that the project results can be sustained after the end of the project?*

5. **Moderately satisfactory.** The perspectives of sustaining the project's main activities are high from the point of view of NFGA's commitment to fund the national testing and roll-out of the guidelines for SFM, BD and CCM benefit creation, operating the national monitoring system and using its data to support informed decision-making on future policy reform. Likewise, the activities promoted in the state-owned forest farms are likely to receive provincial government resources well beyond the project to fully establish mixed forest stands that have been designed to be more resilient to external threats such as abnormal weather events, fires, pests, etc. However, the MTR has reservations the SFM training and monitoring is adequately addressing the importance of sustaining the wider forest ecosystem(s) through forest ecosystem management (FEM) and there is no monitoring of support provided to local communities in the state farms to determine how far SFM is replicated effectively and efficiently in their own collective forest farms. Indeed, the MTR found local communities remain highly reliant on the income generated from fast-growing trees and motivation to produce certified timber is low in many cases, because prices paid at the farm gate were found to generate small margins in return for participating in the CFCS initiative. Furthermore, many stakeholders mentioned the current opportunities to establish PES/ETS are highly limited due to the fact the majority of the forest farms are not big enough to store the carbon needed to justify ETS agreements. Nonetheless, the MTR discovered that Fujian Province has successfully

demonstrated this can be overcome by establishing partnerships with collective forest communities, but which is not being adequately captured through the project's internal monitoring and communication. Finally, the growing economic and social implications of the COVID-19 pandemic indicate a need to manage associated risks with suitable mitigation measures and clear exit strategy.

Factors affecting performance - *Question 5: relate to project design, causal logic, stakeholder engagement, degree to which local actors were involved in the project design, delays in implementation, performance of the executing agency, capacity of the PMO, management of risks, availability of co-finance, quality of FAO's support, effectiveness of the project's monitoring and evaluation.*

6. **Moderately satisfactory.** The MTR identified two barriers highlighted in the project document (Prodoc) that remain partially in place that are likely to reduce the project's capacity to meet its objectives. The first, concerns a common viewpoint in the pilot provinces that they need more technical support (especially from the national consultants) to apply the SFM practices. This includes more exposure to FEM and applying risk maps to optimise resilience over the long-term. The second, concerns difficulties to realise the full value of forest environmental benefits, which is primarily related to both inadequate capture of innovative process and practices taking place in some of the forest farms and a lack of synergies and exposure to other institutions, projects and international non-government organisations (iNGOs) with experience on standards, monitoring, good practices, etc. relating to SFM/FEM, BD, PES/ETS, etc. This situation is also not aided by the fact the project has inadequate resources to support the promotion of income generating activities both inside and outside the forest farms.
7. However, a positive development is the signing of a Memorandum of Understanding with a GEF-6 project also supporting NFGA, which is also dedicated to forest restoration (Project No. 9518). In particular, this offers the opportunity to gain access to the wealth of knowledge and contacts of the International Union for the Conservation of Nature (IUCN). In addition, it will enable both projects to reduce the costs of common training activities by pooling resources and provide an opportunity to develop a more effective communication strategy that stimulates learning, knowledge exchange and networking.

Cross-cutting dimensions (including gender) *Question 6: To what extent were gender considerations (including a gender analysis) taken into account in designing and implementing the project? And To what extent were environmental and social concerns taken into consideration in the design and implementation of the project?*

8. **Moderately unsatisfactory.** The MTR found the project has given a low level of attention to developing a gender strategy, based on a gender analysis to determine needs of women and youths among participating local communities. Currently, there is no evidence of the application of GEF and FAO policies and guidelines on gender equality. This is despite the call from the Lead Technical Officer to develop this aspect in his Back-to-Office Report in 2019. Likewise, there is no application of GEF/FAO policies vis-à-vis ethnic minorities, who the MTR found are participating in three provinces (excludes Henan Province) and who in Guangxi Province are also working in one of the Forestry Bureaus. The main issue identified is that there is a general feeling that an invitation to participate

in the project is an indicator that gender equality and the rights of ethnic minorities has been addressed. Nonetheless, The MTR found Hainan Province is applying a strategy that targets the participation of women and ethnic minorities as couples, who not only benefit from joint-learning on SFM and biodiversity conservation, but also can self-determine the type of under-forest economic development they please, which in the case of participating ethnic minorities is also focused on enhancing food security.

9. Current levels of conformity with the environmental and social standards reported in the **Environmental and Social Safeguards** (ESS) Table (September 2016) was found to be satisfactory. Nonetheless, the SFM Tracking Tool was not updated until August 2020. In addition, there is a general lack of reporting on the potential wider impact of the project on the forest ecosystem and forest governance at the local level, which the MTR considers is important to assess in the interests of safeguarding the conservation of globally (and nationally) important forest biodiversity over the long-term. Moreover, it would support the development of new opportunities such as PES.

Knowledge activities/products

10. The project has mainly focused on the production of informative materials that are made available to stakeholders, in particular newsletters and a project brochure summarising key aspects of the project. A total of five newsletters were provided to the MTR, but they are produced in the Mandarin language only, while the project brochure has been made available in English and Chinese. Training activities, in particular the realisation of lectures in the forest, were found to be highly successful in disseminating knowledge and information on SFM practices to Forest Bureau staff and local community participants. However, the absence of a communication strategy focusing on the systematisation of results, has demonstrated the project's knowledge products are not sufficiently geared to stimulating learning and information exchange on achievements to support the development of the new group of forest stakeholders foreseen in the Prodoc. This includes other public institutions and the private sector to facilitate and optimise the opportunities to replicate SFM, CFCS and CCM creation in the participating provinces.

Stakeholder participation

11. The establishment of the OPA with the NFGA has made a positive contribution to engaging the active participation of the NFGA in the project's execution. Furthermore, project planning, implementation and monitoring has been aided by the establishment of PMO offices at the national, provincial and county levels. This has facilitated the direct participation of the Forestry Department at the provincial and Forest Bureau levels in taking control of the implementation of project's main activities in the participating state forest farms. The employment of the local community in SFM and CFCS activities in the state forest farms has generated employment and encouraged the development of the under-forest economy in Hainan Province. However, the MTR was unable to determine how far this approach leads to replication of SFM and CFCS activities in the collective forest farms adjacent to the state forest farms, because this data is not monitored by the project. Meanwhile, participation of the local community and the private sector in CCM benefit creation was found to be limited to Fujian Province only. In this province the project has

successfully demonstrated it is possible to engage the private sector in ETS through the establishment of alliances between state and collective forest farms to secure the forest area needed to justify provincial-based ETS initiatives. Finally, the active participation of research/education establishments in the project was found to be low and there is specific reporting on how far the project has successfully engaged the participation of ethnic minorities where they are most present, especially in Guangxi Province.

Progress towards achieving the project's development objective

12. The MTR rates the chances of the project achieving its development objective (increase and improve provision of goods and services from forestry in local communities across four Chinese provinces in a sustainable manner) as **moderately likely**. However, this is conditional on applying the recommendations below to optimise the provision of such goods and services outside the state-owned forest farms and improving capacity in areas such as monitoring and communication.

Overall risk rating

13. The MTR rates the project's level of risk to be **low to moderate**. This is slightly higher than the low rating provided at the start of the project. This is based on the fact that despite the project's advances, the above-mentioned barriers remain threats to fully achieving project objectives, funding gaps have been identified in the project design and an extension of at least one year is required to achieve expected results (outcomes as foreseen in the Theory of Change) and avoid the project establishing half-baked solutions to SFM, especially vis-à-vis local communities participating in the project.

Conclusions

14. **Conclusion 1 on question 1 (Relevance): The project remains highly relevant to NFGA, but its design has some shortcomings that has encouraged the PMO to focus too much attention on training and employing local communities to establish SFM practices, biodiversity conservation and CCM benefit creation in state-owned forest farms, rather than responding to the needs of local communities to bring about change in the forest landscapes they manage and depend on for their livelihoods. This conclusion is justified by two main findings. On the one hand the project's strategic relevance is high, because it is fully congruent with the government's commitment to establish a policy, legal and regulatory framework that reduces the country's dependency on monocultural forestry practices that are increasingly vulnerable to the effects of climate variability and change (outcome 1). Likewise, the project's focus on building awareness and capacity within the NFGA and local communities on the economic, social and environmental opportunities derived from mixed, multi-functional forests represents a highly viable approach to reducing this vulnerability and demonstrating win-win situations for the environment and economic development (outcome 3). On the other, the promotion of demonstrations and monitoring exclusively in state-owned forest farms (outcome 2), is**

highly pertinent to the needs of NFGA, but less relevant to participating local communities who are expected to replicate these practices without the support of the project, or synergies with other relevant government institutions, or the private sector. Indeed, the Prodoc has largely dismissed the importance of establishing alliances in key areas such as monitoring, or business development and, as a result, there is no budget for such activities.

15. **Conclusion 2 (Effectiveness) on question 2:** The project is making an important contribution to strengthening the NFGA's capacity to guide the transition to mixed, multifunctional planted forests, redress biodiversity loss and increase carbon storage in its state-owned forest farms. Furthermore, Fujian and Hainan Provinces have demonstrated significant advances in promoting CCM creation and the under-forest-economy respectively. However, the majority of the demonstrations are behind schedule and there is insufficient monitoring of the level of uptake of project demonstrations outside the project sites to determine how far the project is likely to meet its objectives in all four pilot provinces. The evidence identified and triangulated as far as possible through a wide range of interviews indicates the replication rates are low. This is because the local inhabitants do not receive technical assistance, or financial resources to apply their training in their collectively-owned forest farms and the incentives to adopt BD and CCM benefit creation are impinged by unfavourable market conditions. Also significant is the finding that SFM is not being explicitly promoted within the context of forest ecosystem management, which suggests not enough emphasis is being given to the management of biological diversity in the ecosystem(s) present. This is particularly relevant to the policy reforms foreseen under outcome 1.4, because there is a common belief in the southern provinces (Fujian, Guangxi and Hainan) that the guidelines are not adequately capturing the specific needs associated with forestry in the sub-tropical and tropical maritime ecological regions of China. Furthermore, innovative practices in Fujian and Hainan Provinces that are successfully engaging local communities in the project's demonstrations are not being adequately captured by the internal monitoring system to support and promote a communication strategy designed to stimulate learning. Indeed, communication focuses mainly on operational issues and information on project progress and events, rather than a channel through which bottom-up and top-down knowledge exchange and learning flows. For example, the data from Fujian Province that mixed forests fix significantly more carbon than monoculture forests, together with its partnership approach with local communities to justify ETS agreements at the provincial level is not being showcased.
16. **Conclusion 3 (Efficiency) on question 3:** The delays of one year before operations started has affected the finalisation of key outputs under

components 1 and 2 and this is a major reason for a very low expenditure rate of just 5.5 per cent to 31 December 2019. The absence of coordination and synergies with other government institutions, the private sector and INGOs also reduces opportunities to share costs, apply effective monitoring and enhance learning. Nevertheless, the project has intensified operations to demonstrate it can convert its resources into results with satisfactory levels of cost-efficiency and cost-effectiveness and also started to address its isolation by collaborating with another GEF6 project, which will facilitate the sharing of costs in areas such as trainings. Overall, the MTR is satisfied the project has overcome the problems associated with the start-up of the project, is achieving a satisfactory level of cost-efficiency and cost-effectiveness, especially in relation the delivery of key outputs under components 1 and 3, such as the guidelines for SFM, BD and CCM benefit creation and monitoring, which are still in the process of finalisation before they can be approved, paid and rolled-out nationally from 2021. However, project efficiency has been affected by slow disbursement of GEF funds (5.5 per cent at 31/12/2020) due to slower than planned completion of deliverables by the national experts engaged in the project and the inability to approve reimbursable payments due to the lack of funding for assurance activities. In addition, the cost-effectiveness of demonstration activities under component 2 was found to be less evident when taking into account the total number of participants from the local communities participating in SFM, CFCS and CCM benefit creation is 2 631 households to March 2020. This equates to an average cost of approximately USD 150 (excluding co-finance) to engage each member of the local community in the project. Nevertheless, the MTR calculates physical progress stands at around 40 per cent, as opposed to 70 per cent stated in the Self-Evaluation Report to 31/03/2020. As a result, the MTR believes this cost is likely to come down as the Forest Bureaus start to implement the outputs foreseen under components 1 and 3 and assuming FAO finds a solution to remove the backlog of unpaid reimbursable payments accrued to date.

17. **Conclusion 4 (Sustainability) on question 4:** The perspectives of sustaining SFM practices and biodiversity conservation are high in the forest farms, but low in collective forest farms, where local communities who are applying reforestation and forest restoration activities (project objective) do not receive regular supervision, or support to tie them into CCM creation, except in Fujian Province. The sustainability of CCM benefit creation is likely where carbon offset markets are in operation (in Fujian Province) as an alternative to the national carbon trading scheme, which is not operational. However, long-term sustainability will depend on regular training and supervision of MRV capacity and finance, which are likely to require at least three years to consolidate. The MTR justifies this conclusion on the basis that local communities who have limited, or no access to financial and technical

support to guide and support them fully establish the economic benefits of SFM practices and BD benefit creation, are unlikely to take on the risks associated with certification and the long lead times before they start to generate economic benefits. As a result, in these cases the project is unlikely to act as a catalyst of change in the local communities. However, the MTR also concludes that Fujian Province has shown CCM benefit creation can be sustained when a partnership is established between state and collective forest farms. In these cases, the Fujian model indicates the development of partnerships is key to achieving the carbon sequestration levels needed to justify ETS agreements with the private sector. Furthermore, because the three ETS agreements have been established through Fujian's own provincial carbon trading initiative, it is not necessary to suspend further CCM benefit creation, because the national carbon trading scheme has been postponed. This indicates the creation of alliances between state and collective forest farms can act a catalyst to promote and sustain change in local communities and that this change does not have to be dependent on the national carbon scheme being operational.

18. **Conclusion 5 (factors affecting performance) on question 5: The project's design has overlooked the importance of establishing partnerships and synergies to enhance learning, support monitoring, improve communication and increase efficiency. The shortcomings in design have also contributed to gaps in the project's budget that reduce the project's scope and implementation in some key areas, especially CCM benefit creation and business development linked to the sale of sustainable forest products.** First, partnerships between forest farms and local communities have not been identified to stimulate joint-learning and optimise the incentives to deliver change. Second, it is not clear as to how income streams are to be created outside the state-owned farms without promoting partnerships with the private sector and/or supporting the marketing of sustainable forest-based products. Third, the creation of partnerships and synergies with government institutions that have a mutual interest in areas such as biodiversity and carbon monitoring (MEE), on policy reforms (NDRC), on land-use planning (MNR, which is also responsible for NFGA), on food security (Ministry of Agriculture and Rural Affairs), etc. Fourth, the creation of partnerships with one or more iNGOs limits the opportunities to gain exposure to international standards, good practices, networks, etc. For this reason, the establishment of a MoU with a GEF6 project that is also executed by NFGA, is considered a positive step to addressing this issue and improving communication in this case with IUCN.
19. **Conclusion 6 (Cross-cutting priorities) on question 6: The project's design, annual planning and internal monitoring and evaluation system are not based on prior gender and ethnic minority assessments to determine the specific needs, aspirations and knowledge of women and the different**

ethnic groups engaged in the project. This situation has not been fully addressed during implementation, where the project was found to lack an effective gender strategy targeting rural women, ethnic minorities and other vulnerable groups. As a result, monitoring on women/ethnic minority participation is not systematically monitored and report, which limits learning and reduces the opportunities to enhance local Chinese heritage, knowledge and technologies. The MTR found the project encourages the participation of women and ethnic minorities in the project's activities, but does not clarify how it aims to advance gender equality, or the empowerment of ethnic minorities in SFM, BD and CCM benefit creation. Furthermore, the internal M&E system has not established sex-disaggregated baselines, targets and indicators and generally only reports on participation levels in general terms.

0.3 Recommendations

20. **Recommendation 1 - Strategic relevance and effectiveness – for NFGA/PAC, FAO-GEF Coordination Unit (GCU), FAO-CN in China (FAO-CN) and FAO-Rome: A no-cost extension is highly recommended to at least 31 July 2023 to recuperate the delayed start of the project on 01 August 2017. It is recommended the no-cost extension is granted with the following conditions:**
- a) **Adopt the theory of change proposed in Appendix 9 to clarify the vision and mission of the project is part of an ongoing process to promote ecological civilisation and support China meet its targets under the 2030 Sustainable Development Agenda and NFMP 2016-2050;**
 - b) **Produce a new Results Matrix that sets the project within the wider context of the 2030 Agenda and NFMP 2016-2050. The RM should be developed as an internal management tool within the national monitoring system to support the NFGA guide its strategic planning. Before the RM is revised a table should be produced in Excel that lists all 16 forest farms by province to show what are the current activities taking place in each one and the numbers of households participating in each one. The table should then be expanded with additional columns to support analysis on the following:**
 - **Optimise the potential for CCM benefit creation with local communities using the best practices of the Fujian model: in order to advance ecological civilisation and resilience the project should use GIS data in the national monitoring system to identify and rank each state-owned forest farm in terms of its potential for partnerships with local communities to establish the critical land area of mixed, multifunctional forests needed to capture enough carbon (tCO₂e) to justify participation in ETS initiatives (includes voluntary national and international markets). It is proposed Fujian Province leads this initiative (as main training incubator) together with a short-term international expert on ETS. The aim should be to: (i) identify up**

- to three project sites where an ETS initiative with a national/international industrial partner can be showcased for training purposes and to stimulate the multiplier effect, (ii) based on lessons learned and good practices identified revisit the guidelines on CCM benefit creation and revise them accordingly before project closure;
- Optimise the potential for income generation by identifying measures to optimise CFCS timber prices and sales in the local market and up-scaling the “under-forest economy” using best practices from the Hainan model: to increase the take-up of SFM practices and step-up ecological civilisation, it is important to consider, on the one hand policy reforms to allow the introduction of incentives that cut the costs associated with certification and, on the other, to identify and rank each forest farm in terms of its potential to develop and expand the under-forest economy in partnership with the local community. It is proposed Hainan Province leads this initiative (as main peer-to-peer training incubator) together with a short-term national or international expert on business development of non-timber forest products and food security. The aim should be to: (i) identify and prioritise at least one forest farm per province to showcase their different approaches, products and good practices to stimulate the multiplier effect, (ii) based on lessons learned and good practices identified revisit the guidelines on SFM, BD and CCM benefit creation and revise them accordingly before project closure;
 - Optimise forest resilience at as many sites as possible by setting SFM within the context of forest ecosystem management in partnership with local communities and their collective forest farms: to support the long-term sustainability of mixed, multi-functional forests and to enhance their quality it is important SFM, BD and CCM benefit creation is underpinned by FEM in partnership with local communities. Each forest farm should be mapped to determine where the main risks to the forest’s ecosystem(s) are outside existing forest farm boundaries. The production of risk maps should identify where partnerships with local communities can mitigate these risks to safeguard the ecosystem (i.e. conserve watersheds, reduce soil erosion, increase the regulation of floods, protect biodiversity, reduce land-use conflicts, pollution sources, etc. This initiative should be led by the CTA with the support of a short-term expert specialised in landscape approaches to FEM. The aim should be to: (i) integrate risk management in SFM to facilitate the shift to FEM and, at the same time support local communities to become the guardians of planted forests both in and outside the forest farms, thus, enhancing the opportunities for BD and CCM benefit creation and up-scaling ecological civilisation, (ii) based on lesson learnt and good practices identified, revisit the guidelines and revise them before the end of the project (in coordination with the revisions proposed above).
- c) Following the completion of the table the PMO should review the targets in the following manner to support the theory of change and international commitments:
- Revise targets under outcome 2 in accordance with what the project can realistically achieve before closure;

- Clarify the linkages between the revised targets and their contribution to meeting government targets relating to the 2030 Agenda, which includes reporting on Aichi Targets 3, 5, 14 and 18 and INDC targets on carbon sequestration goals;
 - Clarify the linkages with the long-term contribution of each state farm to meeting goals and objectives in the NFMP 2016-2050.
- d) Repeat the process under a-c to establish within the national monitoring system a national table of all state forest farms where partnership approaches with local communities are possible and rank them in order of priority. The aim should be to support decision-making on where to concentrate public investment to amplify SFM-FEM practices (based on the landscape approach), stimulate the under-forest economy and amplify the opportunities to develop PES (including ETS). It is recommended the development of the table starts in the pilot provinces and does not exclude inter-provincial partnerships with local communities where possible.
21. **Recommendation 2 - Effectiveness – for NFGA/PAC/PMO, GCU, FAO-CN, FAO-Rome:** to implement the above approach the project should identify a training programme that is not only project time-bound, but one designed to continue well after the project to consolidate and amplify ecological civilisation and support the achievement of national and international targets and goals to 2030/2050. The programme should be designed to achieve the following:
- a) Engage educational establishments to support the training process and also apply courses to train the next generation of expertise in SFM/FEM, BD and CCM benefit creation;
 - b) Identify synergies with other government institutions who are connected to project activities and have a mutual interest to develop them. Through a stakeholder analysis the project should prioritise the synergies that should be established to reduce overlaps and which offer opportunities to share costs. In particular, the project should explore synergies with MEE in the area of biodiversity and applying MRV;
 - c) Identify synergies with the GEF6 project, in particular looking at increasing collaboration with IUCN and FAO to establish joint-training activities that support project implementation in general and the application of recommendation 1 in particular. In addition, FAO-CN and the LTO should support the development of synergies with other relevant GEF6 and GEF7 projects, especially as the latter includes developing value chains in partnership with Alibaba and other online platforms;
 - d) Identify with the support of IUCN and FAO a study tour that supports training and knowledge exchange on good practices associated with FEM, BD and CCM benefit creation
 - e) Support the development of the training programme that engages the local community to nominate leaders who are trained by the project to become official “local community forest chiefs” (or community extensionists). The training should focus on making them responsible for gathering and communicating main findings, good practices and lessons identified at the

- demonstration sites in order to promote and supervise their replication in collective forests.
- f) **Define the continuation of the training programme in an exit strategy designed to enhance project sustainability and optimise its impact to at least 2030, but preferably to 2050 in line with the National Forestry Management Plan. It is highly recommended the training programme includes technical support, lectures in the forest and supervision in collective forest farms as well as state farms to promote inclusiveness and economies of scale (to protect the forest's ecosystem, enhance the opportunities for CCM partnerships between state farms and collective farms, stimulate the local economy by expanding the under-forest economy and increase the scope for biodiversity conservation and sustainable use.**
22. **Recommendation 3 – Effectiveness and sustainability – for NFGA/PAC, GCU, FAO-CN and FAO-Rome: review and improve the project's communication strategy so that more attention is given to communicating the annual systematisation of results together with lessons learned and good practices (in Chinese and English). To achieve this, it is recommended a short-term communications expert is recruited to provide guidance on in key areas such as:**
- a) **Ensure the internal M&E captures the flow of lessons learned and good practices identified at the state forest farm and neighbouring collective forest level;**
 - b) **Tailor the communication strategy to the needs and interests of different stakeholders by employing a highly qualified short-term consultant to support the identification of this strategy with the PMO/PSC and, subsequently conduct an annual review of its application and propose recommendations to improve key messages on findings and good practices that can be applied in the participating state farms and scaled up. As funds are not foreseen in the GEF budget, a reallocation of GEF funds from activities where cost savings can be made (such as through the MoU with the GEF6 project). Alternatively, additional co-finance may be needed;**
 - c) **Promote a wider range of knowledge products. It is recommended these products are identified by the project in coordination with the communication strategy expert and ensure they target different audiences (decision-makers, technicians, civil society, local communities, youths and women, etc.**
23. **Recommendation 4 – Cross-cutting priorities and effectiveness – for NFGA/PAC, GCU-FAO, FAO-CN and FAO Rome: In the absence of both a gender and ethnic minority strategy, the project should delegate staff in each Forestry Bureau to assess:**
- a) **The number of rural women and ethnic minorities who are directly participating in each forest farm in order to consolidate a sex-disaggregated monitoring table for each province specifying number of male/female participants and male/female ethnic minorities;**
 - b) **Identify through a brief questionnaire the following information:**
 - **What are their three main needs that the project should address to ensure women can fully participate and learn in the project? For example, attention**

- should be given to identifying specific support to mother's who find it difficult to participate, resource challenges, language barriers, males who prevent them from participating on the grounds they know more than women on forestry issues, business-related challenges to sell forestry products, recognition of their own technologies to build resilience and sustainably use biodiversity, etc.);
- What are the three main needs of youths that the project should address to ensure they engage in project activities and replicate them? For example, attention should be given to managing their time in relation to studies/work, communication barriers that prevent them from seeing sustainable livelihoods can be established by working in forestry and developing the under-forest economy, access to university courses in SFM, perception of forestry services, etc.
 - How could the project best respond to meeting these felt needs in a cost-effective manner? For example, attention should be given to expanding some demonstrations as combined actions in forest farms and collective farms (especially where there are opportunities for CCM creation, or development of income streams from forest products), establishing extensionists in the Forestry Bureaus who trained to work in both forest farms and collective forest farms, employing more women/ethnic persons who are trusted by the local community, etc.
- c) Conduct a workshop to discuss the establishment of the projects gender and ethnic minority strategy to clarify its response to these felt needs and optimise the participation of (including in decision-making). To aid this it is recommended FAO provides a gender/ethnic minority specialist to supervise developments and coordinate with the consultant proposed to develop the project's communication strategy in which women/ethnic minority support, information, good practices, etc. are diffused. The adopted strategy should form an integral part of the annual planning and progress reporting process to facilitate learning and knowledge exchange. Women and youths should participate in at least one annual review on progress, gaps, lessons, good practices and so forth to ensure all four provinces are aware of developments, which ultimately should be replicated in other state forest farms in the respective provinces, as well as rolled out nationally by the NFGA.
24. **Recommendation 5 – Efficiency and effectiveness – for NFGA/PAC, GCU, FAO-CN and FAO Rome:** To ensure all three recommendations are implemented efficiently and effectively the project will need to undergo a full review of its budget in order to:
- a) **Reassign GEF funds to areas where there are gaps. It is suggested the following gaps are addressed:**
- Adequate funding for the CCM benefit creation proposed. This should include certification and MRV costs to support the application of ETS agreements in line with international standards (established under the framework of REDD+) and to determine changes in forest carbon inventories of the pilot forest farms that will be uploaded and tested;

- **Supporting the development and show-casing of the under-forest economy (including certification and marketing-related activities);**
 - **Supporting the establishment of the proposed forest chiefs to act as official focal points for their local communities in order to relay findings, good practices and lessons on project activities realised within the State forest farms. This should include covering logistical and equipment costs;**
 - **Third-party checks of the project activities in the forest farms to sort out the backlog in reimbursements;**
- b) **Establish separate accounting of cash and in-kind co-finance payments at the national and provincial levels. In addition, where GEF funds are deemed insufficient to implement recommendations 1-3 discussion solutions using co-finance should be explored**
- c) **Resolve the USD 400 000 cash contribution of FAO. The MTR recommends an agreement is reached to make a cash contribution of USD 100 000 and convert the remaining USD 300 000 to in-kind support. It is recommended the cash contribution covers two main funding gaps. First, the funding of the assurance activities that are required in the OPA to remove the current backlog of reimbursable payments that remain unpaid to date. Second, the promotion of ETS (based on the Fujian model) in Guangxi and Henan provinces, where financial support is needed to help subsidise the costs associated with the start-up of ETS. In-kind support, should focus on high profile communications designed to visualise FAO's contribution to reducing carbon emissions in the forestry sector in China and supporting specific studies, such as how to increase farm-gate prices for timber products under the CFCS.**
25. **Recommendation 6 – Efficiency and sustainability – for NFGA/PAC, GCU, FAO-CN and FAO-R: To support the M&E system become more results (outcome) focused, it is recommended the adoption of the ToC is integrated into the Results Matrix by way of a summary section at the end of each component entitled “Progress in delivering change and learning”. Suggestions on how this should be done to improve project planning, implementation, monitoring and communicating are listed as follows:**
- a) **Process: how far is the project stimulating change. Responses should focus on process in relation to the ToC (not outputs) and assess the project's contribution to change at:**
- **The policy level: in terms of alignment with national/provincial priorities and explain what still needs to be addressed through policy dialogue to achieve project results/objectives;**
 - **The institutional level: in terms of capacity development, intra and inter-institutional coordination, funding, etc. and explain what still needs to be done (at the PSC, PMO and national/provincial/local government levels) to achieve expected results/objectives?**
 - **The legal, regulatory and guidelines framework level and explain what still needs to be done to meet standards, remove gaps/overlaps, etc. to achieve results and objectives?**
 - **The end beneficiary level (local communities/civil society) and explain what needs to be done to achieve results/objectives?**

- **The gender and ethnic minority level, explaining how far the project is empowering rural women, youths, ethnic groups through access to training, information, resources, etc. and explaining what still needs to be done to ensure they participate in decision-making roles to enhance their equality and equity?**
- b) Lessons: What are the lessons being learnt and good practices that should be adopted in annual planning, reporting and communications?**
- c) Communication: how far has the project established an effective strategy to target different audiences to not only communicate the above-mentioned results, but to also enhance learning and stimulate the adoption and/or up-scaling of good practices at the government, private and civil society levels?**
- d) Value added: what is the added value of GEF/FAO support? Here it is important to show what could have been achieved without GEF/FAO support and compare it to what has been achieved.**
- e) Reflexion and recommendations: it is important the PMO and PSC is empowered to think strategically and state what needs to be discussed with the LTO/FAO-CN/GCU to optimise change and enhance future impact of the project (after closure). This should include references to the exit strategy (see recommendation 2d) to help sustain results well after the project.**

0.5 GEF rating table

Table 1: GEF Rating Table

GEF criteria/sub-criteria	Rating ¹	Summary comments ²
A. STRATEGIC RELEVANCE		
A1. Overall strategic relevance	HS	Project is fully aligned with GoC's policy and legal framework (underpinned by the revised Forest Law, effective from July 2020) to switch to mixed multi-functional planted forests to reduce vulnerability and increase ecological civilisation
A1.1. Alignment with GEF and FAO strategic priorities	HS	Project is consistent with GEF-5 Focal Area Strategies for climate change, biodiversity and SFM/REDD, CCM-5 and BD-2. Compliant with FAO SO2 and supportive of CPF 2016-2020 Priority Area 1.
A1.2. Relevance to national, regional and global priorities and beneficiary needs	HS	Supports implementation of the NBCSAP, GoC's commitment to SDGs 13 and 15, CBD-Aichi Targets 5,7, 14 and 18, INDCs, President Xi's Beautiful China Initiative and his call to step up ecological civilisation. Highly relevant to strengthening NFGA capacity on SFM, BD and CCM benefit creation. Highly relevant to the needs of local communities who manage collective forest farms, but there are shortcomings in the project design to optimise the replication of SFM/BD/CCM good practices outside state-owned forest farms
A1.3. Complementarity with existing interventions	MU	Generally, the project design has not adequately clarified how the NFGA is to develop complementarity between the project, the EIB loan and the NSTRP (especially at the forest farm level). Synergies with government institutions that have mandates that link directly to project planning and development (MARAF, MARA,

¹ See rating scheme at the end of the document.

² Include reference to the relevant sections in the report.

		MEE, MNR, NDRC, etc.) have not been mentioned. Synergies with other GEF5, FAO and donor projects supported by GiZ, iNGOs, etc. have not been identified. However, a MoU with a GEF-funded project end 2019 (implemented by IUCN) is a positive development to increase access to international knowledge and information on SFM, BD and CCM creation.
B. EFFECTIVENESS		
B1. Overall assessment of project results	MS	The project has launched almost all its main activities despite a delay at start-up of almost one year. The project is making good progress in finalising three sets of guidelines (national, provincial, county levels).
B1.1 Delivery of project outputs	MS	The project's delivery of outputs is behind plan by around 1 year. Delivery of outputs under component 1 is most advanced in particular in final review of guidelines and has developed the software for the national monitoring system. Delivery of outputs under component 2 is well behind schedule except for advances in certification under CFCS (aided by previous work funded by the EIB loan). Target levels set in RM appear to be over-ambitious, or unrealistic.
B1.2 Progress towards outcomes ³ and project objectives	MS	The project is on track to strengthen NFGA's capacity to apply SFM and monitoring incorporating BD conservation in state-owned forest farms. CCM benefit creation has only advanced in Fujian Province, but has not been used as a model for learning to date. However, achievement of objectives is unlikely unless changes are made as the incentives to replicate project demonstrations in collective forest farms are compromised by short-term income dependency on fast growing pine, eucalyptus and Chinese fir, unattractive local price differentials in certified timber prices and a lack of TA and financial resources to supervise and guide change outside the forest farms.
- Outcome 1	MS	The project is likely to meet outcome 1, but would benefit from developing more explicit guidelines and policy framework dedicated to establishing Forest Ecosystem Management, rather than SFM alone as this does not take fully into account biodiversity conservation issues that would offer a wider number of options to exploit PES opportunities.
- Outcome 2	MS	Achievement of outcome 2 is unlikely unless an extension is granted, targets revised and changes in approach made to increase adoption rates of SFM, BD and CCM benefit creation outside state-owned farms. This includes applying good practices established on CCM benefit creation in Fujian Province and on BD benefit creation in Hainan Province.
- Outcome 3	MS	Outcome 3 is supporting progress in meeting outcomes 1 and 2. Outcome 3 refers more to outputs needed to fulfil outcomes 1 and 2 most of which are behind schedule. SFM training programmes that include "in the forest lectures" have been popular among NFGA staff. However, there are shortcomings in the way knowledge exchange is not adequately picking up good practices from the state farms (especially in Fujian and Hainan provinces) to support learning and guide planning reveals weaknesses in internal monitoring and communication.
- Overall rating of progress towards achieving objectives/ outcomes	MS	The project is making a positive contribution to strengthening capacity of NFGA to promote in its state-owned farms the transition to SFM and apply monitoring of BD and carbon

³ Assessment and ratings by individual outcomes may be undertaken if there is added value.

		inventories. However, it is not clear who will ultimately benefit from BD and CCM creation in state-owned farms, or what the strategy is to ensure the transition in collective forest farms is optimised.
B1.3 Likelihood of impact	Not rated in MTRs	
C. EFFICIENCY		
C1. Efficiency ⁴	MS	The execution of the project through an OPA underpinned by <i>ad hoc</i> conditions set by FAO's Senior Management proved to be an inefficient mechanism to implement the project in the first year. This was due to several factors including a Prodoc not designed to fund the application of these conditions, a lack of FAO guidelines and previous work experience to support the NFGA implement these conditions, a PMO operating on a part-time basis (until 2019), staff rotation in both the PMO and FAO-CN and major institutional reforms in the period 2017-2018. These factors contributed to delays of almost 1 year before operations started, which set back the project's ability to meet targets as planned. However, since 2019 the project is demonstrating it can convert its resources into outputs with satisfactory levels of cost efficiency in relation to direct execution (DEX) by FAO. Currently the MTR estimates the project has achieved a physical advance of around 40% while the financial advance is very low at just 5.5% to 31/12/2019, although this excludes contract payments that are delayed because they are made only after deliverables have been submitted and approved. The internal monitoring system and communication strategy concentrate mainly on reporting operations and outputs in line with FAO/GEF requirements, which has reduced the scope for learning through bottom-up/top-down knowledge exchange on lessons learned, good practices, etc. Moreover, staffing levels have still not been fully consolidated and gaps remain at forest farm level where the project activities are managed by a nominated individual from the Forest Bureau, rather than a team dedicated to developing the communication strategy, supervising the replication of SFM in collective forest farms and supporting business development (through CCM, CFCS, PES, etc.).
D. SUSTAINABILITY OF PROJECT OUTCOMES		
D1. Overall likelihood of risks to sustainability	ML (state farms) & MU (outside)	At the national, provincial and state-farm level the sustainability of SFM, biodiversity and carbon monitoring and in some cases BD and CCM creation (mainly in Hainan and Fujian respectively) are likely to be sustained due to direct access to government resources, management teams in place and Hainan has established partnerships with the local community to develop the "under-forest economy", while Fujian has on partnerships with collective forest farms in place to generate income from three pilot ETS. However, creation of more ETS agreements is seen by the PMO as unlikely while the national carbon credit training scheme is not operational. Meanwhile, the sustainability of replicated SFM, BD and CCM practices outside the state-owned farms is unlikely due to a lack of resources to support, supervision and monitoring.
D1.1. Financial risks	ML	NFGA has demonstrated it can provide co-finance on time at both the national and provincial levels. However, there are

⁴ Includes cost efficiency and timeliness.

		gaps in the project's budget that mean there are limited, or no funds to support key activities, such the development of CCM/ETS agreements/CFCS certificate fee. There are also problems in reimbursing Forestry Bureaus for their support in conducting training and demonstrations due to the omission of funding for third-party inspections under the budget allocation for the assurance activities foreseen as part of the conditions set by FAO's Senior Management to reduce the risks associated with indirect execution of the project through NFGA. In addition, FAO has provided none of the USD 400 000 grant agreed in the Prodoc to cover the costs of assurance activities as well as other conditions applied in the OPA on the grounds this is an error and should refer to in-kind payments only.
D1.2. Socio-political risks	ML	The project enjoys the full support of the NFGA and the GoC in general
D1.3. Institutional and governance risks	ML	Institutional reforms have taken place to indicate further upheaval is unlikely. However, the project's approach does not fully engage local inhabitants in developing partnerships to support law enforcement in the state farms, or in the collective forest farms by way of local community forest chiefs.
D1.4. Environmental risks	ML	The project is designed to reduce the high vulnerability of monocultural forests to the effects of climate variability and change (including abnormal weather events, fires, pests, etc.) by establishing mixed, multi-functional stands that increase their resilience to these effects. However, inadequate attention given to FEM may compromise SFM practices over the medium to long-term (in particular relating to watershed / water resources management)
D2. Catalysis and replication	ML	Under the current set-up of the project, replication of training activities such as "lectures in the forest" and SFM practices at the Forestry Bureau level in the forest farms was found to take place. However, the project's focus on exclusively promoting replication through demonstrations in these farms, means it is not possible to verify replication levels in collective forest farms as this is not monitored and there are no resources to cover TA, supervision and monitoring to help sustain the replication process.
E. FACTORS AFFECTING PERFORMANCE		
E1. Project design and readiness ⁵	MU	The project contains some shortcomings in particular an apparent disconnect between objectives (focusing on local communities) and outcomes (focusing mainly NFGA), gaps in the budget to cover and support local communities and guidance on coordination with other partners (including the EIB loan and NSTRP). Moreover, insufficient guidance was provided by FAO to the BH/FAO-CN in advance of start-up to ensure project could apply and fund the <i>ad hoc</i> conditions underpinning the OPA. As a result, neither the BH, nor NFGA were prepared to implement the project based on an OPA underpinned by such conditions. Moreover, there were no guidelines to guide the BH and executing partner on their application.

⁵ This refers to factors affecting the project's ability to start as expected, such as the presence of sufficient capacity among executing partners at project launch.

E2. Quality of project implementation	MS	The quality of project implementation has improved following the delays in start-up. However, stakeholders interviewed in the pilot provinces voiced the need for better communication with national consultants (including more visits to the field) and more guidance in key areas, such as biodiversity monitoring and applying MRV. The MTR found quality of internal monitoring is in need of improvement to facilitate learning, especially relating to local communities applying SFM, BD and CCM practices.
E2.1 Quality of project implementation by FAO (BH, LTO, PTF, etc.)	MS	In the absence of adequate guidance to implement the OPA in line with the <i>ad hoc</i> conditions set by FAO's Senior Management, GCU invested significant resources in contracting an international and national consultant to support the BH/FAO-CN and NFGA apply the OPA in accordance with these conditions. However, GCU confirmed this support attempted to implement these conditions in line with the OPIM/MS-701 which was launched two months after the OPA was signed in September 2016. This has contributed to the incorrect interpretation by the acting BH (interviewed in August 2020 during the MTR of project 052) and staff in FAO-CN that the project is applying OPIM/MS-701. This situation has not been aided by the fact FAO's internal coordination with units responsible for supporting the application of MS-701 (Project Support Services) has been inadequate to clarify the project is not applying OPIM, but rather "exceptional projects" applying <i>ad hoc</i> conditions and processes, or to help find solutions where these processes are not being applied (such as assurance activities by third parties that are needed to remove the growing backlog of reimbursable costs that have not been paid to date). The quality of FAO's technical support was found to be satisfactory. The LTO has visited the project twice and has provided important observations in the second BTO report (Oct. 2019) on the need to address the gender aspect and improve synergies with other actors/projects. However, follow-up and participation in the project events and activities is limited due to LTO's location in FAO-Rome.
E2.1 Project oversight (PSC, project working group, etc.)	MS	The Project Advisory Committee has ensured PMO representatives at the provincial level are engaged more actively in the projects planning and decision-making, although monitoring of results relating to local participants is limited and not picking up good practices from the state farms. The task force established by the national consultants to manage the reviews of the three sets of guidelines and development of the national monitoring system has facilitated coordination, but there is a view among some stakeholders they do not fully understand forestry characteristics in sub-tropical and tropical maritime regions of the country. Oversight at the forest farm level is highly limited as there are no technical teams in place and rely exclusively on one individual to coordinate project activities.
E3. Quality of project execution	S	The NFGA has provided co-finance and staffing needs generally on time and in accordance with needs to facilitate project execution. NFGA staff have been assigned full-time to the PMO since 2019. However, the Prodoc did not foresee the need for a Letter of Agreement to employ the services of an iNGO to support implementation, develop networking, provide guidance on study tours, which are all areas identified by the MTR that could be improved.

E3.1 Project execution and management (PMU and executing partner performance, administration, staffing, etc.)	MS	The PMO and executing partner experienced difficulties in reconciling government procedures with the above-mentioned <i>ad hoc</i> conditions set by FAO's Senior Management. However, since 2019 project execution and management has improved, especially since the decision to employ full-time staff in the PMO in Beijing, (including the project manager), from 2019. Furthermore, PMO staff in Beijing commented they like the PMO approach to support policy dialogue. Nonetheless, PMO staff at all levels, especially at the local and provincial levels, confirmed they still need more guidance and support on project execution, especially on resolving the impasse concerning reimbursement costs and procedures governing budgetary revisions.
E4. Financial management and co-financing	S	The MTR found no evidence to suggest there are problems with financial management. The PMO has established financial staff in all provincial PMOs to manage project funds. The availability of co-finance has been satisfactory and there is no evidence of any major delays in delivery. Currently co-finance levels have superseded 60% of total allocations. The MTR found the PMO had not broken-down expenditure according to cash and in-kind payments, but this was provided in September 2020 and incorporated into this report (see Table 5)
E5. Project partnerships and stakeholder engagement	MU	The MTR found the project has not actively developed a strategy designed to establish partnerships with civil society. This is despite the fact two provinces have established at least four partnerships in total (1 in Hainan and 3 in Fujian). Likewise, there are no official partnerships established with the NSTRP, MEE, NDRC, or other projects. However, a recent MoU signed with a GEF6 project is likely to stimulate networking and synergies with IUCN.
E6. Communication, knowledge management and knowledge products	MU	The project has not established an effective communication strategy dedicated to learning, knowledge exchange and supporting policy dialogue. It is too early to assess knowledge products, but the newsletters and media spots realised so far mainly focus on narratives of the project activities and progress, rather than systematisation of results, stimulating research and supporting informed decision-making.
E7. Overall quality of M&E	MU	The internal M&E system is geared to supporting reporting of operational progress and outputs in line with FAO and GEF reporting procedures. The PMO stated it intends to use the national monitoring system to improve the quality of progress reports. However, the MTR believes this will be difficult to achieve until the very end of the project as monitoring data needs to be consolidated in the system for a period of at least two years before the first trends can be identified.
E7.1 M&E design	MU	The current internal M&E design encourages micro management, based on the filling out of forms, tables and templates provided by FAO/GEF. As a result, they are time consuming to complete, tend to duplicate reporting at the end of the year and not efficient tools to support results analysis and informed planning designed to optimise results.
E7.2 M&E plan implementation (including financial and human resources)	MU	The project has been unable to meet its physical and staffing targets, or achieve the expenditure levels planned in the annual M&E plans implemented so far. This is not aided by the M&E design, which focuses on meeting these targets, by reprogramming them in the next plan.

E8. Overall assessment of factors affecting performance	MU	Overall, the MTR believes the project needs to address some major design, M&E and communication gaps to strengthen the probability it can meet its objectives.
F. CROSS-CUTTING CONCERNS		
F1. Gender and other equity dimensions	MU	The PMO in Beijing has largely overlooked the development of a gender strategy to fully engage women and youths in the project's main activities, capture their needs and support them replicate good practices. This is due to the belief women already enjoy full equality in China. This is despite the fact Hainan Province has established an effective gender strategy that focuses on encouraging couples to participate in the project activities and in return allow them to develop the "under-forest economy" according to their needs and aspirations.
F2. Human rights issues	MU	The project provides little or no details on its approach to working with ethnic minorities in Fujian, Guangxi and Hainan provinces. In general, there is a lack of recognition that the ethnic minorities may have local knowledge and technologies relating to forestry. Hainan Province confirmed it has an active policy to target ethnic minority couples to participate in the project and are also invited to develop the under-forest economy through group-based approaches to land clearing and growing of crops.
F2. Environmental and social safeguards	S	The project continues to comply with the ESS checklist in all areas, but more should be done to assess actual compliance with II-4 (enhance resilience of people communities and ecosystems) and II-5 (effective governance mechanisms)
Overall project rating	MS	

Ratings: Highly satisfactory (HS), Satisfactory (S), Moderately satisfactory (MS), Moderately unsatisfactory (MU), Unsatisfactory (U) Highly unsatisfactory (HU) Unable to assess (UA). Additional ratings for Section E: Likely (L), Moderately likely (ML), Moderately unlikely (MU), Unlikely (U)

1. Introduction

1.1. Purpose and scope of the MTR

26. The mid-term review (MTR) of project GCP/CPR/056/GFF, “Sustainable forest management to enhance the resilience of forests to climate change in China”, hereafter referred to as project 056, was launched in May 2020 in line with the provisions of the project document (Prodoc). The **main purpose of the MTR** is to assess the project’s progress in meeting its expected objectives, outcomes and outputs at the mid-way point of implementation. Main tasks are: (i) review the effectiveness, efficiency and timeliness of project implementation; (ii) analyse effectiveness of implementation and partnership arrangements; (iii) identify issues requiring decisions and remedial actions; (iv) identify lessons learned about project design, implementation and management; and (v) identify corrective measures and proposals to achieve planned objectives, outcomes and outputs. The terms of reference (ToR) of the MTR stipulate the main purposes of the MTR are to:

- Provide accountability – to respond to the information needs and interests of forest resource management authorities of different levels and other actors with decision-making power, for example, FAO management and the GEF Coordination Unit (GCU);
- Provide recommendations to improve the project management by providing valuable information evaluation findings, lessons learned and good practices to managers and others responsible for regular project operations, such as the project management office (PMO), the project advisory committee (PAC), the Project Task Force (PTF), FAO-China (FAO-CN) and GCU; and
- Contribute to learning by developing an in-depth understanding and contextualization of the project and its practices among the government authorities responsible for sustainable forest management, biodiversity conservation and climate change mitigation (CCM), the entities responsible for managing 16 state-owned forest farms and county forests, local authorities, FAO-GEF Coordination Unit (GCU), FAO staff and development practitioners in China and the rest of the world.

27. The **scope of the MTR** covers the implementation of the project’s three main components between the entry of duty (EOD) when operations started on 30 September 2016 to 30 April 2020. The geographical scope of the evaluation covers all main activities and stakeholders who have participated in the project activities at the national level, in the four pilot provinces (Fujian, Guangxi, Hainan and Henan) and in the 16 SFFs selected for on-the-ground forestry-related training and actions (see Box 2 in the next chapter). Specific attention has been given to include in the interview process female-headed households and members of ethnic minorities who are found in a selection of project sites in Guangxi and Hainan Provinces to determine how far the project is meeting their specific needs and priorities.

1.2 Objective of the MTR

28. The **objective of the MTR** is to provide valuable recommendations based on as much triangulated evidence as possible, taking into account the current restrictions imposed by the COVID-19 pandemic globally and in particular in China. To reach this objective the MTR addresses a set of main questions under the evaluation criteria set by GEF/FAO for MTRs. These are summarised in Box 1.

Box 1: Main questions for the MTR

1. Relevance	Are the project outcomes congruent with current country priorities, GEF focal areas/operational programme strategies, the FAO Country Programming Framework and the needs and priorities of targeted beneficiaries?
2. Effectiveness	To what extent has the project delivered on its outputs, outcomes and objectives?
3. Efficiency	To what extent has the project been implemented efficiently and cost effectively?
4. Sustainability	What is the likelihood that project results can be sustained beyond the project?
5. Factors affecting progress (questions relate to one of the above criteria)	<p>Is the project design suited to delivering the expected outcomes?</p> <p>Is the project's causal logic coherent and clear, practical and feasible within the timeframe allowed?</p> <p>How do the various stakeholder groups see their own engagement with the project and what are the strengths and challenges of the project's partnerships?</p> <p>Were local actors – civil society or private sector – involved in project design or implementation and what was the effect on project results?</p> <p>Is the project on track as it was originally designed or have there been delays in the project approval, implementation and reporting process?</p> <p>What are the major reasons of the delay?</p> <p>To what extent did the executing agency effectively discharge its role and responsibilities in managing and administering the project?</p> <p>How well is the PMO functioning?</p> <p>Are there sufficient human resources, financial resources, etc. for the PMO operation and does it have the capacity to support project implementation.</p> <p>What have been the main challenges in terms of project management and administration?</p> <p>How well have risks been identified and managed?</p> <p>What have been the financial-management challenges of the project? To what extent has pledged co-financing been delivered? Has any additional leveraged co-financing been provided since implementation?</p> <p>To what extent has FAO delivered supervision and backstopping (technical, administrative and operational) during project identification, formulation, approval, start-up and execution? What kind of support or changes is expected from FAO by the execution partners?</p>

	How effective has the project's internal M&E system been in supporting project planning and the development of a communication strategy to inform and promoting its key messages and results to partners, stakeholders and a general audience?
6. Cross-cutting priorities	<p>To what extent were gender considerations (including a gender analysis) taken into account in designing and implementing the project? How has stakeholder engagement and gender assessment (gender-disaggregated targets and indicators) been integrated into the M&E system? Has the project been implemented in a manner that ensures gender-equitable participation and benefits?</p> <p>To what extent were environmental and social concerns taken into consideration in the design and implementation of the project?</p>
Lessons learned	What lessons and good practices are likely to be replicated or scaled up during and soon after the project's closure?

29. To support the MTR, address these questions and report on GEF's MTR scoring⁶, an **evaluation matrix** was elaborated and approved by the FAO-CN and GCU (see Appendix 4). The evaluation matrix provides a set of sub-questions to help answer the main questions in Box 1 and provides a summary of the indicators and judgement criteria to be considered to help guide the interviews and analyse responses. In addition, the matrix provides the main sources of information to be consulted and methods to be applied to obtain as much evidence as possible to ensure main findings have been subject to triangulation.

1.3 Intended users

30. In line with the stakeholder analysis conducted during the inception phase and finalised in the Inception Report (IR) cleared on 12 June 2020 by FAO-GCU. The main users of this MTR report are:

- The Chinese counterpart institutions participating in the project; namely the NFGA/MNR and the World Bank Project Management Centre (WBPMC). Indirectly, the report is also considered of interest to the Ministry of Ecology and Environment (MEE), due to its national mandate to monitor the state of China's biodiversity, and the Ministry of Finance (MoF), which is officially GEF's partner in the People's Republic of China;
- The Project management office (PMO) at the national, provincial and country levels;
- University and research establishments involved in the project implementation;
- State-owned forest farms and private farms participating in the project activities (and in other parts of the pilot provinces adopt good practices of SFM on the ground);
- Civil society organisations, in particular local inhabitants in and around the project sites who are participating in the project's training and on-the-ground activities in the forest farms; and
- FAO, including FAO-GCU and the GEF secretariat.

⁶ Each evaluation criterion is scored in terms of: highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory.

1.4 Methodology

31. The MTR team is comprised of two consultants; one international consultant and one national consultant. The international consultant, Mr. Warren Olding, has over 20 years work experience in project management and conducting external evaluations relating to natural resources management, biodiversity conservation and sustainable rural development (includes FAO/GEF-funded projects). The national consultant, Dr Fan Longqing, has been the manager of a GEF-funded project implemented by UNDP supporting the strengthening of the protected area system in Qinghai Province, China and is currently the Chief Technical Advisor of a GEF-funded project in Qinghai and Gansu Provinces also implemented by UNDP. His core areas of expertise are natural resources management and climate change mitigation and adaptation as well as project management.
32. In the light of the COVID-19 pandemic, it was agreed with GCU and FAO-CN that the overall methodological approach of the MTR would centre on a desk review of the project documents (see Appendix 5) supported by remote semi-structured interviews covering a wide sample of stakeholders who are directly involved in the project's implementation. All interviews were conducted using online video telephony such as Zoom, TenCent/Voov, Skype and WeChat to help triangulate findings and identify gaps and themes where more in-depth analysis could be applied in the event a field mission to the project is authorised later in 2020 by the Chinese authorities, FAO and GEF.
33. The stakeholder analysis conducted in the inception phase focused on identifying and prioritising all stakeholders at the national, provincial and local levels who should be interviewed in the Desk Phase via online interviews. Priority stakeholders identified ranged from: FAO officials directly linked to the project, such as the Lead Technical Officer (LTO) responsible for project 056 who is based in FAO-Rome, the GEF Funding Liaison Officer (FLO) responsible for overseeing implementation of project 056⁷, representatives working in the PMO at the national, provincial and forest bureau/county levels, personnel from the NFGA, national advisers and consultants supporting the project's implementation and a selection of end beneficiaries (local inhabitants who have participated in the project activities in the forest farms. The latter were identified by the national consultant in liaison with the PMO and interviewed by using WeChat or TenCent applications. All responses were summarised and translated into English by the national consultant before being relayed to the MTR team leader. The full list of stakeholders interviewed, the reason for their selection and dates and times of the interviews can be found in Appendix 3.
34. Work methods and tools centred on, first, constructing a theory of change (ToC) with the participation of FAO-CN and the LTO. The ToC was presented in the IR and subsequently shared with the PMO for their comments and interpretation of the project's causal logic and potential impact in China. The ToC and EM were used to help identify the MTR's questions and sub questions to be applied to four groups of

⁷ The FLO requested one interview to cover the MTRs being conducted by the international team leader for the following three GEF-funded projects in China between March and September 2020: GCP/CPR/052/GFF, GCP/CPR/056/GFF and GCP/CPR/057/GFF.

stakeholders: (i) FAO/GEF; (ii) PMO/NFGA and senior advisers and consultants at the central level, including the Chief Technical Officer (CTA); (iii) the PMO at the provincial and county/forest bureau levels; and (iv) a selection of members of the local communities who have participated in the project. Every effort was made to ensure women and ethnic minorities were included for interview in the latter group.

35. All questions were tailored to the specific expertise, work experience and interests of the four groups of stakeholders. Questions for stakeholder groups (ii) to (iv) were attached in an Annex in the IR. To enhance the quality of the semi-structured interviews, the MTR team forwarded the MTR questions in advance to each group of stakeholders selected for interview. The MTR interviews limited the number of questions according to the stakeholder group in order to reduce interviewee fatigue and focus on key issues relating to the evaluation criteria listed in Box 1 above.
36. Taking into account the level of engagement of local government and CSO stakeholders in the project sites has been limited to a relatively small number of mobile phone interviews, the MTR team have flagged areas in this report where further analysis and interviews in the field are desirable. In particular interviews with members of ethnic minorities, who the MTR team found are participating at selected project sites in three provinces, have been limited.⁸ This is mainly due to their lack of availability and confirms there is a need to address this issue in the field phase (if authorised). In addition, interviews with indirect beneficiaries, such as the Ministry of Ecology and Environment (MEE) and the Ministry of Finance (MoF) are considered desirable in a field phase, given MEE has in-depth experience in biodiversity monitoring and MoF is the main government partner of GEF in China. In these cases, the interviews should take place with a professional interpreter to guarantee quality and support triangulation of findings, lessons learnt and good practices not been picked up in the online interviews. Also, important is a wrap-up meeting in Beijing with key stakeholders together with FAO-CN representatives to discuss the updating of findings and conclusions in order to fine tune the recommendations in the final report.

1.5 Limitations

37. As mentioned earlier in this report the continuation of restrictions on travel caused by COVID-19 coronavirus pandemic, has forced the MTR to be conducted through homebased analysis of documents, supported by remote interviews. Under these conditions it was agreed with FAO-CN and FAO-GCU that the MTR reporting would be limited to preparing and presenting a first draft report, followed by comments and observations to be incorporated into a second draft report. In addition, given the pandemic is evolving and unforeseen developments are likely, it was agreed the MTR should be carried out in a flexible manner and that all deadlines for the submission of deliverables should remain indicative. In this way the health and safety of the MTR team, their families and all interviewees, together with the new obligations they must follow, can be respected and applied correctly.

⁸ The MTR identified ethnic minorities participate in: Fujian Province (Shungchan Forest Farm); Guangxi Province (various forest farms) and Hainan province (Dongfang County forest). There are no ethnic minorities participating in the Forest Farms in Henan Province.

38. In the event the pandemic prevents the field mission from taking place later in 2020, a solution will be sought with FAO-CN/FAO-GCU to mitigate the limitations of the MTR exercise. This could imply accepting the draft report as the definitive MTR report at which point the MTR is considered closed. Alternatively, it could be closed, but with the proviso a field mission is conducted by the MTR team in 2021 in the interests of assessing progress in the implementation of the recommendations and to provide support and guidance on the exit strategy, the systematisation of results and promoting the up-scaling of good practices to facilitate replication, or catalyst effect.

2 Project background and context

2.1 Threats and barriers being addressed by the project

39. The current situation in China's forestry sector can be summarized as a story of "quantity over quality". While the efforts to halt forest loss and degradation through reforestation and afforestation initiatives have been highly ambitious and steadily increasing in intensity and scope over the course of the last two decades, significant opportunities for improvements regarding the quality of forest management remain. Monoculture, single age stands continue to cover millions of acres in China, representing forest structures that are not only vulnerable against pest and diseases as well as climatic shocks, but also yield much lower environmental benefits in terms of fostering biodiversity and sequestration of carbon to support efforts to mitigate climate variability and change
40. In the run up to the Paris Agreement at the end of 2015 the government of China has recognised these problems and made efforts to move from a centralized system of forest management to a more decentralised one. A key part of the decentralisation process is to engage local communities in the management of forest areas. The government sees both forest certification and carbon trading as important incentives to promote sustainable forestry management (SFM) from which income streams can be developed. However, China lacks the policy, legal and regulatory framework to promote an incentive-based reforestation and forest restoration process that enhances biodiversity conservation and/or carbon storage and sequestration.
41. The project, *"Sustainable forest management to enhance the resilience of forests to climate change in China"* responds to China's request to develop SFM through two main incentives. First, the establishment of forest certification that mainstreams biodiversity conservation to facilitate the commercialisation of sustainable timber and other sustainable forest products. Second, to develop and operate a forest inventory and carbon monitoring system that supports the sale of carbon trading certificates through a national level carbon trading scheme, which is also supportive of the country's national and international commitments to mitigate climate change.
42. The project document (Prodoc) has been designed to support these developments through three components. The first, focuses on reforms to the policy, regulatory and guidelines framework governing forest management. The second on promoting the incentive-based sustainable forest management (SFM) practices linked to forest and carbon certification in four Chinese provinces (Henan, Fujian, Guangxi and Hainan Provinces). Third, on developing the monitoring, reporting and validation (MRV) capacity to assess forest biodiversity conservation and carbon sequestration/emissions reduction.
43. The Global Environment Facility (GEF) is the resource partner for the project, the United Nations Food and Agriculture Organization (FAO) works as the project implementing agency, whilst the World Bank Project Management Centre (WBPMC) of the National Forestry and Grassland Administration – NFGA, (formerly the State Forestry Administration until 2018), serves as the project execution partner.

2.2 Project description

Box 2. Project summary

GEF Project ID: 5139.

FAO Project ID: GCP/CPR/056/GFF.

GEF 5 focal area(s): BD-2 - mainstream biodiversity conservation and sustainable use into production landscapes, seascapes and sectors.

FAO Strategic Objectives (2019): SO2 - make agriculture, forestry and fisheries more sustainable;

CPF 2016-2020: Priority areas 1 and 4: Fostering sustainable and climate resilient agricultural development and facilitating China's regional and international agriculture cooperation.

GEF allocation / disbursed to 31 Dec. 2019: USD 7 152 728 / USD 395 790 (5.5%);

Total co-funding allocation: USD 48 400 000 of which USD 7 200 000 in cash as follows but without a breakdown: (i) NFGA-Beijing: USD 911 156; (ii) NFGA-Fujian: USD 886 700; (iii) NFGA Guangxi: USD 1 143 000; (iv) NFGA-Hainan: USD 319 000; (v) NFGA-Henan: USD 1 550 200; and (vi) FAO: 400 000 (grant).

Total budget: USD 55 552 728 (for more information see Section 4.3)

Date of CEO endorsement: 10 April 2015.

Entry of duty (start date): 30 September 2016 (receipt of first instalment was on 01 August 2017).

Implementation end date: 31 August 2022, (from first instalment actual end date is 31 July 2023).

Executing agency: State Forestry and Grassland Administration (Ministry of Natural Resources).

Implementation modality: indirect execution based on an OPA establishing NFGA as the executing agency/operational partner and underpinned by *ad hoc* conditions established by FAO's Senior Management

Country and geographic locations: China - national project operating in four pilot provinces: Fujian, Guangxi, Hainan and Henan Provinces;

Target/pilot sites: 16 forest farms (project sites): Fujian Province: 1) Yangkou Forest Farm, 2) Shunchang Forest Farm; 3) Baisha Forest Farm, 4) Weiming Forest Farm, 5) Jiangle Forest Farm; and 6) Chitouban Forest Farm, Guangxi Province: 7) Yachang Forest Farm, 8) Qipo Forest Farm, 9) Motianling Forest Farm and, 10) Shankou Forest Farm. Hainan Province: 11) Dongfang County Forestry Bureau. Henan Province: 12) Huangbaishan Forest Farm, 13) Nanwan Forest Farm, 14) Minquan Forest Farm, 15) Xinxian Forest Farm, 16) Dengfeng County Forestry Bureau.

Project's environmental objective: To enable local communities in four Chinese provinces to effectively employ incentive-based sustainable forest management (SFM) practices in reforestation and forest restoration activities, enhancing carbon storage and sequestration as well as biodiversity conservation.

Project's development objective: To increase and improve provision of goods and services from forestry in local communities across four Chinese provinces in a sustainable manner, particularly emphasising the long-term resilience of restored and reforested forest areas against environmental pressures.

Project outcomes: 1) Strengthened institutional, policy and regulatory frameworks for the implementation of SFM from national to local level, creating a basis for enhanced biodiversity conservation and carbon sequestration; 2) Demonstration and adoption of SFM practices, enhancing carbon storage and improving biodiversity conservation; 3) Capacity development, awareness raising, knowledge exchange, monitoring, evaluation and dissemination of best practices

Main beneficiaries: NFGA and local inhabitants participating in project activities and who are expected to replicate SFM in their own forests and/or act as catalysers of SFM.

Key technical partners: World Bank Project Management Centre and FAO

Any significant changes since project implementation began: The Tianli County Forest was replaced by Qipo Forest Farm and two additional project sites were added after signature of the Prodoc (Shunchang Forest Farm (Fujian) and Dengfeng County Forestry Bureau (Henan). The COVID-19 pandemic has contributed to restricting travel and conducting group activities since January 2020.

Any changes made to the project's design, timeline or budget: None

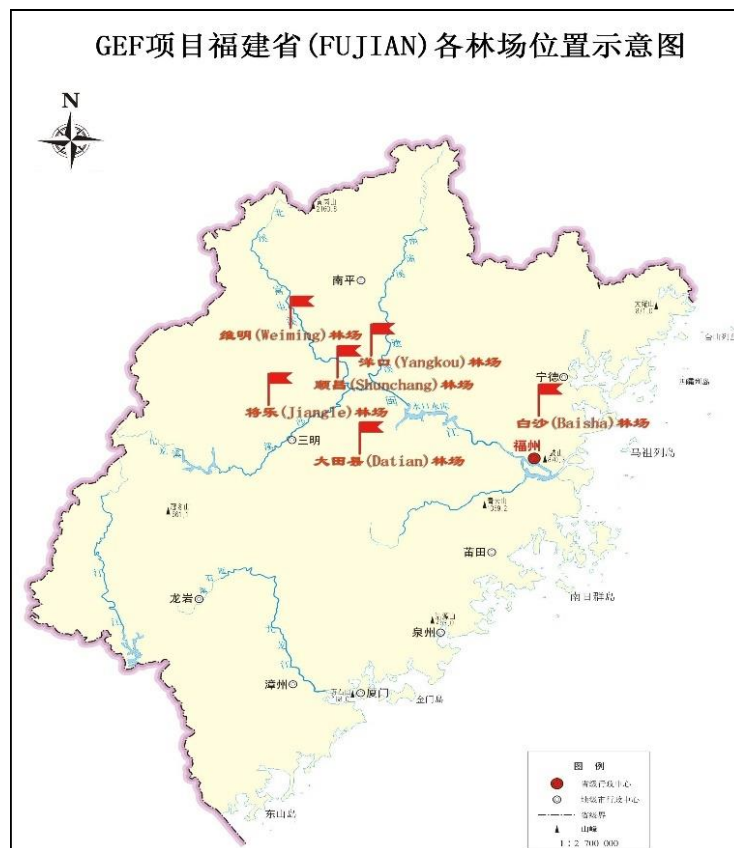
Project status: implementation is behind schedule due to start-up delays and the COVID-19 pandemic

Figure 1: Map of China showing the location of the four pilot provinces (in green)



Source: PMO.

Figure 2: Map of project sites in Fujian Province



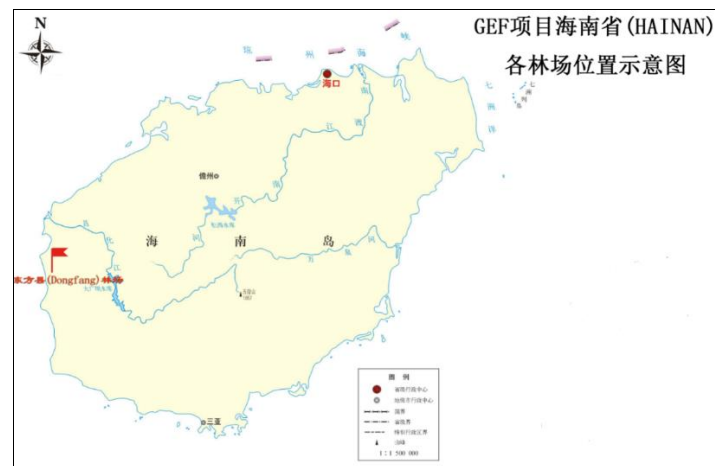
Source: PMO.

Figure 3: Map of project sites in Guangxi Province



Source: PMO.

Figure 4: Map of project sites in Hainan Province



Source: PMO.

Figure 5: Map of project sites in Henan Province



Source: PMO.

3 Theory of change

44. In the absence of a ToC in the Prodoc the MTR team proceeded to construct its interpretation of the ToC in coordination with FAO officials before submitting it as a first version in the IR. To achieve this the first step concentrated on determining the project's intended impact in the years immediately after its closure taking into account its environmental and development objectives (see Box 2). To enable local communities in the four targeted provinces in particular, and throughout China in general, to employ incentive-based SFM, enhance carbon storage and increase the provision of goods and services through the conservation of forest biodiversity and its sustainable use, the MTR recognised the project's impact will depend on how far it contributes to catalysing a profound change in China's approach to reforestation and forest restoration at the national, provincial and county levels. The term "profound change" was interpreted by the MTR team to amount to three main developments post project (impacts):
- (i) Increase in knowledge of the benefits of SFM leads to growth in services to promote SFM through educational and research establishments, private and public consultancy and advisory services, etc. (measured in number of services available/annum to 2030⁹);
 - (ii) Growth in public and private investment in SFM to exploit the environmental goods and services derived from SFM (measured in sales of certified forest products and services/annum to 2030);
 - (iii) Global environmental benefits (GEB) continue to grow in China (measured in terms of the number of rare/endangered tree/non-tree species that are conserved/removed from the Red List managed by the International Union for the Conservation of Nature (IUCN).
45. The second step, linked the expected wider outcomes (end results) to these impacts and a similar exercise linked expected outcomes (initial results) to project outputs to ensure they were coherent with the expected wider outcomes. The MTR team found the project's activities, outputs and outcomes in the Prodoc were generally clear and coherent to aid the construction of the ToC. This was done in the form of a flow diagram to facilitate analysis and feedback by the PMO. Cross-cutting priorities and a summary of key assumptions were included relating to GEF/FAO policies on gender equality, social inclusion and ethnic minorities, but which were either only briefly mentioned or absent in the Prodoc. In addition, good governance relating to the application of new SFM practices, the Chinese Forestry Certification Scheme (CFCS) and carbon trading certificates were also considered important to include as a cross-cutting priority supported by the integration of risk management to ensure planning and good governance also focuses on resilience (to ensure SFM practices include adaptation to mitigate the effects of climate variability and change). Key assumptions provided in the RM were found to be coherent and relevant and were, therefore, also summarised in the ToC. However, one external factor not included in the RM, which the MTR team considered important to include in the ToC concerned the assumption no major natural disaster take place in the project sites, (caused by climatic events linked to climate variability and change), given this could lead to major disruptions to the on-the-ground actions planned and even act as a disincentive for many local inhabitants to participate in the project and/or promote change. The final step concerned the finalising of the ToC by integrating feedback from the PMO/NFGA. The results of the feedback were generally positive with some minor additions that have been integrated into the version provided in Appendix 9.

⁹ The year 2030 was selected to coincide with China's commitments under the 2030 Agenda for Sustainable Development

4 Key findings and MTR questions

4.1 Relevance

MTR question 1 – Are the project outcomes congruent with current country priorities, GEF focal areas/operational programme strategies, the FAO Country Programming Framework and the needs and priorities of targeted beneficiaries?

Finding 1. The project's three main components continue to be highly relevant to the NFGA's on-going commitment to increase awareness and capacity on SFM, increasing the country's capacity to sequester carbon from mixed forestry approaches and enhance biodiversity conservation and its sustainable use through the reform of the CFCS scheme. However, due to the continued suspension of the national carbon trading scheme the relevance of establishing carbon trading schemes at six forest farms has diminished and the MTR has reservations that the project's emphasis on demonstrating SFM good practices in state-own forest farms is the most effective way to catalyse change in the local communities living around these farms who have immediate needs to be satisfied first, before ecological civilisation can be fostered and sustained.

Finding 2: The project's design is strong in terms of complying with GEF5 and FAO objectives and priorities, successfully communicates how the conservation of rare and endangered tree species can be addressed and emphasises the importance of developing synergies with other projects. Nevertheless, inter-institutional coordination and synergies with other relevant government institutions, such as the Ministry of Ecology and Environment, or the National Development and Reform Commission has not been clarified and there is a lack of guidance and resources to support local communities identify markets and develop business capacity to optimise the income opportunities that can be created from SFM, the CFCS, and CCM benefit creation.

4.1.1 Strategic relevance of the project's expected outcomes (components 1-3)

46. The MTR found the project's design is coherent and remains highly relevant to the national government's commitments to steer the country onto a sustainable development path, mitigate the effects of climate change and conserve its biodiversity, in particular rare and endangered endemic tree species. The project's three main expected outcomes were also found to be fully supportive of the government's growing commitment to remove the main barriers associated with the uptake and expansion of multi-purpose SFM.¹⁰ Indeed, the MTR found the removal of these barriers is of strategic relevance to the national government. This is due to high dependency on vast landscapes of monocultural forest stands throughout the country that are increasingly susceptible to the effects of climate

¹⁰ The three main barriers highlighted in the Prodoc are: 1) Inadequate framework and guidance for the effective implementation of the evolving regulatory framework promoting sustainable forest management, biodiversity mainstreaming and carbon emission reductions in China's forests; 2) Inadequate knowledge in many local administrations and communities about how to effectively apply SFM practices in a practical and beneficial way; 3) Ability to realize the full value of forest environmental benefits at local and global level and to seize opportunities for creating additional sources of income through environmental protection

variability and change, are less effective in storing carbon than native broadleaf tree species and which have little or no biodiversity to optimise rainfall regulation, protect soils and generally sustain the forest's ecosystem.

47. The project's specific focus on strengthening the institutional, policy and regulatory framework to facilitate and promote the expansion of SFM practices that supports biodiversity conservation and carbon sequestration (outcome 1) was found to be highly relevant and justified. Indeed, the political, legal and planning context in China has actually improved since project 056 was launched, indicating there is a favourable political space to support the NFGA develop and apply new guidelines, plans and regulations to establish and demonstrate the benefits of SFM, biodiversity conservation and carbon sequestration. For example, the MTR identified the following developments to be highly relevant to achieving outcome 1:

- The National Biodiversity Strategy Conservation and Action Plan 2011-2030 (NBCSAP), has as its long-term goal to effectively protect the country's biodiversity in the interests of making sectors such as forestry more productive and sustainable by 2030. Among its 10 Priority Areas are the improvement of the policy and legal system of biodiversity conservation and sustainable use, integrate biodiversity conservation and its sustainable use into sectoral and regional planning, promote and carry out monitoring and evaluation of biodiversity and establish public participatory mechanisms and partnerships for biodiversity conservation¹¹;
- The submission of China's Intended Nationally Determined Contribution (INDC) to the secretariat of the United National Framework Convention for Climate Change (UNFCCC) on 30 June 2015, confirms the country's commitment to increase forest stock by 4.5 billion m³ from 2005 levels by 2030 through a series of measures including protection of natural forests, the restoration of forests and grasslands (from farmland) and the strengthening of forest disaster prevention and forest resource protection to reduce greenhouse gas (GHGs) emissions and enhance carbon storage¹²;
- President Xi Jinping made a call to the nation in 2016 to improve forest quality as part of his Beautiful China Initiative and in 2019 reiterated the importance of stepping up the development of an ecological civilisation in China, founded on the ancient Chinese concept that man lives in harmony with nature¹³;
- The 13th Five-Year Plan (2016-2020) includes the provision of increasing forest cover from 21.7 per cent to 23 per cent of the country's total land area through mainly afforestation programmes. It also includes an Action Plan on adapting the forest sector to climate change (2016-2020);

¹¹ FAOLEX Database, summary of the NBCSAP 2011-2030, 17 September 2010,

¹² Guide to Chinese Climate Policy, Columbia University, New York City, which includes an assessment of People's Republic of China, *Enhanced Action on Climate Change: China's Intended Nationally Determined Contributions* (June 2015).

¹³ In an article written by President Xi Jinping in the English Edition of the QiuShi Journal he calls for recognising the importance of stepping up development of an ecological civilisation in line with China's past as far back as the Qin and Han dynasties (221 BC to 220 AD) when, "there were separate officers responsible for forests, rivers, shorelines, gardens, and farmlands, and the warden system in fact carried on all the way to the Qing Dynasty were separate officers responsible for forests, rivers, shorelines, gardens, and farmlands, and the warden system in fact carried on all the way to the Qing Dynasty". 17 September 2019, p.1.

- The launch of the National Forestry Management Plan 2016-2050 (NFMP), recognises the importance of decentralizing forest management structures and promoting SFM practices through incentive-based initiatives such as the CFCS and carbon trading.¹⁴ Among its targets are the increase in mixed forest areas to 45 per cent of all forests by 2020 and 65 per cent by 2050. In addition, the forest area dedicated to valuable species is to be increased by 15 per cent between 2016 and 2020 and by 40 per cent between 2021 and 2050¹⁵;
- The National Strategic Timber Reserve Programme (NSTRP) supports commercial forest expansion to secure the long-term supply of timber resources in provinces such as Henan Province, where the project aims at supporting improved management under the NSTRP at three forest farms (Minquan, Huangbaishan and Nanwan forest farms);
- The 19th National Congress of the Communist Party of the People's Republic of China in October 2017, has called for the speeding up of the forestry reform process in support of the Beautiful China Initiative and development of an ecological civilisation;
- The institutional reforms of 2017-2018, have resulted in the creation of the National Forestry and Grassland Administration - NFGA (replacing the State Forestry Administration) under the Ministry of Natural Resources in 2018. The NFGA's mandate includes the development of effective monitoring and management of forests, grasslands, wetlands and deserts, ecological protection, forest restoration and reforestation and management of National Parks.¹⁶ In addition, it runs a carbon forest programme (launched in 2010) to support poor households access carbon credit payments through participation in afforestation and reforestation programmes in several provinces that includes Guangxi Province¹⁷;
- The adoption of a revised Forest Law in December 2019, which will become effective from July 2020. The revised Law requires all planted forests to follow the principles of sustainability and protection of biodiversity, provides a new legal framework for the NFGA to promote and establish SFM, improve forestry planning (incorporating fire prevention, pest control, etc.) and demonstrate the multiple benefits of multifunctional forests, such as carbon trading and the sale of certified timber and non-timber forest products as a means to reducing the incentive to commercialise illegally sourced forest products.¹⁸

48. Furthermore, the MTR found China's commitment to carbon sequestration through forestry programmes is already producing positive results. For example, in its Second Biennial Update Report to UNFCCC (December 2018) the Chinese government estimated that 1 150 Gigatonnes (Gt) of carbon dioxide equivalent (CO₂e) had been sequestered by improvements to land use and forestry in 2014, which is equivalent to approximately 11

¹⁴ The NFMP establishes three main categories of forest: (i) protected forests (mainly natural forests that have important ecological functions); (ii) managed multifunctional forests; and (iii) commercial timber forests, (which are to be increasingly converted to multifunctional forests over time to enhance their sustainability and eco-services).

¹⁵ Self-evaluation of project 056 by the PMO, May 2020, p. 22

¹⁶ NFGA website

¹⁷ A Review of Carbon Forest Development in China, Wei Zou,, Peichen Gong and Lan Gao, 13 August 2017.

¹⁸ Timberbiz, "China's new Forest Law makes sweeping changes", 14 February 2020.

per cent of China's annual CO₂ emissions in the same year¹⁹. This is based on scientific evidence provided by NFGA that mixed, different age forest stands that include endemic broadleaf tree species sequester more carbon than monoculture forests.²⁰ As a result, the MTR found the selection of 16 demonstration sites in Fujian, Guangxi, Hainan and Henan provinces (outcome 2) is **highly relevant in supporting the Chinese government achieve its forestry targets to 2030 and, more importantly, substantially increase its capacity to sequester carbon.**

49. Similarly, the emphasis given to promoting the CFCS scheme under outcome 2 was found to be a **highly relevant as an incentive to develop viable income streams** from mixed forest stands using trees of different ages (including high value rare species). First, CFCS has already been found by NFGA to act as an important catalyst for change due to the higher prices paid for sustainable forest products both nationally and internationally. Second, it supports the diversification of the forest economy and, thus, reduces dependency on three wood species that are highly vulnerable to the growing effects of climate variability and change.²¹ Furthermore, by stimulating the forest economy the CFCS scheme contributes to stemming the high outward migration of local inhabitants, especially youths, that weakens the local economy and increases the pressures of urbanisation, which is a major challenge in China. Third, the CFCS offers a gateway into the development of other economic activities that can be developed at the same time, such as recreation activities, eco-tourism and the exploitation of payments for ecological services (PES), especially where they support progressive cities that are keen on promoting themselves as "sustainable cities" and/or advocates of President Xi's "Beautiful China Initiative".
50. However, the approach to achieving outcome 2 primarily through demonstrations at state-owned forest farms (excluding Hainan Province where the Dongfang County forest is managed by private contractors) **does not take into account the immediate needs of participating local inhabitants** associated with the replication of good practices and developing income streams from the establishment of mixed, multi-purpose forests, biodiversity conservation and trading of carbon credits in their collective forest farms. An analysis of the project's overall strategy in Figure 4 of the Prodoc (p. 32) and, more specifically its strategy to achieve outcome 2 in Figure 8 of the Prodoc, (p. 43) confirms the strategies concentrate primarily on developing the methodologies to establish SFM practices, apply the CFCS initiative and promote carbon trading. As a result, the Prodoc has largely overlooked three key issues. First, it focuses heavily on the assumption that by inviting the poorest local inhabitants (such as women and ethnic minorities) to participate in trainings and activities dedicated to applying the above-mentioned methodologies they will replicate these practices and generate income streams from the goods and services they produce. However, the **Prodoc does not provide sufficient clarity on the**

¹⁹ Guide to Chinese Climate Policy, Columbia University, New York City, p. 5. And based on the Second Biennial Update Reports, 2018.

²⁰ Interview with SFGA, Fujian Province, 17 June 2020. This finding was also confirmed in a study in Southern China where it found each additional tree species introduced to a plantation could add 6 per cent to the total carbon stocks.

²¹ For example, the Prodoc mentions weather damage to plantation forests in Guangxi Province (p.45) and the study, "Influence of an Ice Storm on Aboveground Biomass of Subtropical Evergreen Broadleaf Forest in Lechang, Nanling Mountains of Southern China" by Fang Zhang, Guangyi Zhou, Motoshi Hiratsuka, Kazuo Tanaka and Yasushi Morikawa, dated 9 July 2012, found that, "All seven plots studied exhibited significant damage, with the total number of damaged trees varying between 63 and 92%... [and] after 2 to 3 years, tree numbers had declined in all seven plots".

“economic incentive mechanisms” to be established to support the local community participants bring about these changes. In particular, the Prodoc is unclear as to how the project will support the potential loss of revenue that will be incurred during the lag time between the switch from monoculture to mixed, multi-purpose forest stands. Indeed, the project does not have any budget to support the development of incentive mechanisms, or specific technical training and guidance to support local communities adopt good SFM practices and develop short-term income generation activities under the forest. Also, the MTR found no reference to, for example, a phased approach that ensures income generation from monoculture timber sales are protected in the short-term until longer-term SFM benefits can be exploited.

51. Second, the Prodoc lacks the inclusion of market studies and training, to support learning on where the current and emerging markets for forest goods and services are and how they can be exploited by local inhabitants using the business models proposed (output 2.3.4), but which are inadequately explained as to how they are to be applied. Meanwhile, the **strong emphasis given to increasing carbon sequestration is not matched with clear indications as to the different carbon markets (including voluntary markets) that could be exploited** to develop revenue streams from provincial, national and international carbon markets. In fact, the Prodoc concentrates on developing participation in the China’s national carbon emission trading scheme despite the fact the Chinese government had not launched the scheme in 2016 when the project design was approved and which remains the case to date. The MTR therefore questions the relevance of targeting six forest farms to “successfully create carbon credits under the SFM methodology for China’s national carbon trading scheme” (output 2.2.3), when there was no guarantee this could be achieved, nor provides details of a “Plan B” alternative
52. Third, the Prodoc has not adequately clarified as to **who will be the beneficiaries of forest products developed** in the state forest farms, in particular the sale of timber from the rare trees being promoted, when they are harvested (in the next 30 to 50 years). The MTR understands the NFGA does not have a mandate to commercialise these products on the open market and currently the local inhabitants who are participating in the demonstrations have limited, or no access to these benefits given they are trainees and/or employees in the state farms. The Prodoc mainly emphasizes environmental benefits and indicators relating to land cover targets and yields of tCO₂e, while there are no indicators on the number of local beneficiaries, or on the increase in income to be generated from SFM practices, which has resulted in focusing the implementation partners’ attention more on physical targets than on the project’s development objectives. However, in the case of Hainan Province, interviews confirmed the project is working with private contractors responsible for the management of the Dongfang County Forest where there is more scope for local inhabitants to develop income streams from the forest products being developed. As a result, the MTR found this approach represents a clearer way to achieving the project’s environmental and development objectives.
53. Finally, the MTR found outcome 3 provides a comprehensive list of training activities and outputs to be achieved to support the achievement of specific outcomes, although the **MTR argues these outcomes in many cases relate to outputs to achieve outcomes 1 and 2**. In addition, the project’s M&E system aims at tracking indicators and targets

established in the RM to support "*adaptive project management*", while at the same time "*go hand in hand with the biodiversity and carbon monitoring systems to be established under project component 1*" (p. 83 of the Prodoc). However, the MTR found coordination and collaboration with public institutions such as the National Development and Reform Commission (NDRC), or the Ministry of Ecology and Environment (MEE), has not been addressed in the Prodoc. This is despite the fact there is a specific outcome (1.4) dedicated to policy and regulatory reforms and MEE has a national mandate to conduct and report on biodiversity monitoring in relation to the implementation of the NBCSAP, the Aichi Targets²² and on carbon sequestration/GHG emissions relating to the INDCs to the secretariats of the Convention for Biological Diversity (CBD) and . Furthermore, given the monitoring of biodiversity and carbon sequestration will take several years to consolidate, it is evident that more emphasis could and should have been given to using and evaluating this data to support the determination of the project's exit strategy, which is absent in the Prodoc.

4.1.2. Alignment with GEF strategic priorities

54. The MTR found the project has been designed to be consistent with GEF 5 Focal Area Strategies for Climate Change, Biodiversity and SFM/REDD incentive mechanism. In particular the MTR found the project is aligned with the following objectives of GEF-5:

- Climate change mitigation/Objective 5 (CCM-5): *Promotion of conservation and enhancement of carbon stocks through sustainable management of land use, land-use change and forestry*. The project's emphasis under outcome 2 on promoting mixed, multipurpose forest stands with trees of different ages is considered particularly relevant in achieving this objective when taking into account the above-mentioned observation that mixed forests are scientifically proven to fix more carbon than monoculture forests;
- Objective 2 (BD-2): *mainstream biodiversity conservation and sustainable use into production landscapes/seascape and sectors*. The project's emphasis on mainstreaming biodiversity conservation into the forestry policy and regulatory framework in general and into the CFCS scheme in particular confirms outcome 1 is fully aligned with the BD-2 objective.
- GEF-5 learning objectives (objective 1): *To better understand the conditions for success of projects and draw lessons from implementation experience in order to increase GEF's catalytic effect*. The project's emphasis on developing integrated national and local level monitoring systems (outcome 1.3) and the publication and dissemination of information and experiences for public awareness raising (outcome 3.3) were found to be fully in line with this learning objective.

²² In this case the following targets are relevant: Aichi Target 5: By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced; Target 7: By 2020 areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity; Target 14: By 2020, ecosystems that provide essential services, including services related to water, and contribute to health, livelihoods and well-being, are restored and safeguarded, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable; and Target 18: By 2020, the traditional knowledge, innovations and practices of indigenous [ethnic minorities] and local communities relevant for the conservation and sustainable use of biodiversity, and their customary use of biological resources, are respected, subject to national legislation and relevant international obligations, and fully integrated and reflected in the implementation of the Convention with the full and effective participation of indigenous and local communities, at all relevant levels.

55. Furthermore, the Prodoc mentions the project is intended to contribute to the objectives of SFM/REDD-1: *Reduce pressures on forest resources and generate sustainable flows of forest ecosystem services*. According to the Prodoc the project will support this objective through the strengthening of the enabling environment within the forestry sector and across sectors and by introducing good management practices promoting SFM and contributing to ecological and social sustainability. However, given the interviews have reconfirmed that China is not participating in the REDD+ programme (but has been an observer since 2019), the MTR believes the project can only be considered as indirect contributor to this objective. Furthermore, as can be seen in the previous sub-section (4.1.1) the project has a strong focus on the development of multifunctional forests to provide income streams from the sale of certified forest products and trading of carbon credits, but greater clarity is needed to ensure these developments are being planned as part of a wider strategy to conserve the forest's ecosystem (which would also open up opportunities to develop the payment of ecological services relating to clean water provision).

4.1.3 Alignment with the Sustainable Development Goals, FAO's Strategic Objectives and Country Programming Framework 2016-2020.

56. The MTR found the project responds directly to Sustainable Development Goal 15 (SDG-15) in particular Target 15.2: *By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally* and Target 15.B: *Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation*. In addition, the project also contributes to meeting Target 15.5 relating to the halt of biodiversity loss and supports the wider SDG 13 – Climate Action, in particular Targets 13.1 *Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries*.

57. In terms of the project's alignment with FAO's five Strategic Objectives (SO) that support the implementation of the 2030 Agenda for Sustainable Development, the project aligns closely with SO2: *Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner* and supports the achievement of the four outcomes identified to meet this objective: adoption of SFM practices (by NFGA), strengthening governance at all levels (of the forestry sector) support the transition towards sustainable agriculture (forestry) and the mainstreaming of good practices and internationally recognised standards relating to SFM, biodiversity conservation and monitoring verification and reporting (MRV) of national forestry inventories (on carbon sequestration) and development of the GHG inventory²³.

58. However, the Prodoc does not mention its alignment with the four main priority areas set out in the CPF 2016-2020. Nonetheless, the MTR found the project is consistent with

²³ In particular relating to the UN-REDD Strategy for National Forest Monitoring Systems and the MRV methodology applied by FAO to assess the reduction of GHG emissions from forest deforestation and forest degradation, the conservation and enhancement of carbon stocks and SFM practices under the UN-REDD+ programme.

Priority Area 1: *Fostering sustainable and climate resilient agricultural development*. On this the CPF confirms, the *Forest sector will also be a priority area for interventions, with Sustainable Forest Management (SFM) to be piloted in selected provinces for increasing carbon storage and creating carbon credit for trade... [and] in addressing the climate change impacts in the technical areas of livestock, grassland management, forestry and beyond.*²⁴

4.1.4 *Complementarity with existing interventions being implemented by UN agencies, or funded by international donors and non-government organisations*

59. Coordination with other on-going and planned interventions relating to forest management, forest carbon sinks and biodiversity management is included in the Prodoc. To facilitate this, the knowledge exchange mechanism to be established under component 3 is intended to support dialogue on developing synergies where there is mutual interest to enhance efficiency and avoid the duplication of resources. This approach is also seen as a good way to exchange information on good practices, lessons learnt and key findings. Also noteworthy is the emphasis on FAO to ensure coordination between projects funded by GEF in China, given they mainly focus on biodiversity conservation. For example, the Prodoc specifically mentions the importance of establishing coordination with the GEF-funded project, *"Securing Biodiversity Conservation and Sustainable Use in Huangshan Municipality"*.
60. International non-governmental organisations (iNGOs) also supporting SFM have been identified. These include:
- The World Wide Fund for Nature (WWF) which has in-depth work experience on forest certification (in commercial forests);
 - The International Union for the Conservation of Nature (IUCN), which has valuable work experience on the conservation of forest biodiversity, the reduction of illegal logging and promotion of sustainable forest products in China (through its Livelihoods and Landscapes Strategy and Forest Law Enforcement and Governance activities);
 - KfW (German Development Bank), which has-funded Sino-German Afforestation Projects that include afforestation of formerly barren and unproductive land in provinces such as Henan in the period 1998-2018;
 - UNDP-GEF projects in China where there is mutual interest, such as on wetland restoration (in Hainan Province);
 - The Nature Conservancy (TNC) which has work experience creation of carbon credits from forest activities for the voluntary carbon market.
61. The European Forest Institute is an international organisation, established by European States. 29 European States have ratified the Convention on EFI with 120 Associate and Affiliate Member organisations in 38 countries. EFI also has offices China and conduct research and provide policy support on issues related to forests and facilitate and stimulate forest-related networking and promote the dissemination of unbiased and policy-relevant information on forests and forestry.

²⁴ CPF 2016-2020, p.4.

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62. The Sino-German Environment Partnership Project (2013-2021) has been supporting China achieve the Paris Agreement and 2030 Agenda. Technical assistance is provided by GiZ in areas such as adaptation to climate change, management of natural resources, sustainable forest management, and environmental governance.

4.2 Effectiveness

MTR question 2 – To what extent has the project delivered on its outputs, outcomes and objectives?

Finding 3: The project is about one year behind schedule on meeting its targets as specified in the Prodoc. Progress is most evident under component 1, where the project has designed, tested and revised the guidelines supporting the application of SFM (incorporating BD and CCM benefit creation) and established the national monitoring system, which is being tested through link ups with the four provinces that are providing data from sample sites. The testing of the guidelines has supported the 16 participating Forest Bureaus formulate SFM plans, which incorporate the main activities planned under component 2. However, requests have been made to revise the guidelines so that they fully reflect the specific needs of the southern provinces where different climatic conditions, topography, etc. apply. Progress in meeting targets under component 2 is moderately satisfactory, although the project has already surpassed the final target in the RM for forest area under the CFCS and the MTR found some of the project sites have established innovative approaches to SFM that demonstrate progress in removing the three main barriers identified in the Prodoc. This is particularly the case in Fujian and Hainan provinces where the MTR found partnerships with the local community have opened new windows to exploit the economic, social and environmental benefits of SFM, the CFCS and CCM benefit creation.

Finding 4: The internal M&E system, communication strategy and reporting is heavily focused on operational progress and outputs. As a result, the training foreseen under component 3 has established a strong focus on delivering outputs, but a generally weak approach to establishing effective bottom-up communication channel through which the above-mentioned innovative practices and learning in general can be shared and discussed at the national and inter-provincial levels. This is not aided by national consultants who are predominantly from the northern part of China coupled with limited inter-provincial exchanges and international study tours to observe good practices on SFM, BD and CCM benefit creation to guide trainings and develop capacity in applying effective monitoring of biodiversity and carbon inventories, data management and use, etc. In addition, the MTR found the approach to SFM planning, implementation and monitoring would benefit from greater alignment with forest ecosystem management to widen the opportunities for income flows from PES that would contribute to both removing barrier 3 in the Prodoc and guiding policy and regulatory reforms (foreseen under outcome 1.4)

63. The MTR's analysis of implementation of project activities under its three main components/outcomes indicates physical progress in reaching outputs and

targets in the RM is mixed (see Appendix 6). On the one hand, some outputs have been achieved in line with the targets in the RM, such as the revision of national and provincial guidelines relating to SFM, BD and CCM creation and, in a few cases, surpassed planned targets. For example, the area of forest certified under the application of CFCS integrating biodiversity conservation currently stands at 123 per cent of the target in The RM (to April 2020). Meanwhile, the project is facing challenges in meeting targets in other areas due to the complexity of the tasks at hand, or due to external factors that are likely to prevent it from achieving the expected outcomes. This is particularly the case concerning the development of CCM creation in general due to a large extent to the lack of progress in launching the national carbon trading scheme (see section 4.1.1), but also due to inadequate funding allocated in the project's budget. Similarly, the development of MRV capacity at the county forest bureau level is challenging as it requires a lot of technical supervision to ensure data collection, processing, validation and use is conducted correctly to meet international standards.

64. However, despite these challenges and the slower pace of implementation than planned, the project is on track to meeting the majority of its planned outcomes and objectives. This is aided by the fact the project enjoys a high sense of ownership by the Chinese government, which sees the project as instrumental in catalysing change towards the establishment of an ecological civilisation that underpins sustainable economic development and promotes the "Beautiful China Initiative" of President Xi.

4.2.1 Achievement of project outputs and progress towards project outcomes under component (outcome) 1 - Strengthened institutional, policy and regulatory frameworks for the implementation of SFM from national to local level, creating a basis for enhanced biodiversity conservation and carbon sequestration

65. The MTR found the project has made good progress in achieving outcome 1. This is demonstrated through five positive developments identified by the MTR from its document review and interviews. First, the NFGA has made good progress concerning the production, testing and revision of national, provincial and local guidelines on implementing SFM practices in line with the objectives and goals of the above-mentioned policies, strategies and plans, in particular the NFMP (outcomes 1.1 and 1.2). So far, the NFGA has reached the following milestones to April 2020:

- Identified, tested and produced a second revised edition of the, *National and provincial guidelines to implement SFM* (outcome 1.1). The second version of these guidelines are currently being reviewed by national consultants and NFGA before they can be submitted to the Project's Advisory Committee (PAC) at its next meeting (planned in July 2020). The official rolling out of these guidelines nationwide is planned in 2021 (as foreseen in the Prodoc).
- Identified, tested and produced a second revised edition of the, *local guidelines for SFM planning in state forest farms* (outcome 1.2). All 16 participating Forestry Bureaus

are reported to have compiled their forest management plans, incorporating SFM practices foreseen under component 2, and are implementing them in line with the national and provincial guidelines for SFM. To achieve this the Forestry Bureaus have included the modification of their local forestry policies and regulations (including law enforcement guidelines) to ensure they were fully compliant with the National Forestry Management Plan 2016-2050 and the revised Forest Law adopted in 2019 and which takes effect in July 2020.

- Identified, tested and produced a second revised edition of the, *Technical guidelines for managing specific threats to SFM* (outcome 1.2). The guidelines are intended to support the Forestry Bureaus identify and implement specific plans to address local threats and challenges such as weather events, pests, fires, etc. that may jeopardise the application of SFM. The revised guidelines are currently under review, but also planned to be presented to the PAC in July 2020.

66. Interviews confirm the process of identifying, testing and revising these guidelines has contributed to developing NFGA's internal capacity. This includes, clarifying what constitutes SFM (especially in terms of the approach to afforestation, reforestation, forest restoration/rehabilitation, etc.), and identifying gaps and needs to facilitate the implementation of these guidelines at the county/forest farm level. The MTR also found this process facilitates an increase in inter-provincial dialogue, which has been conducive to promoting learning and developing consensus on key issues. For example, interviews confirm there is a high level of consensus on the need for decentralised approaches to applying the SFM in order to respond more effectively to the local environmental and social context. In addition, interviewees stated this approach facilitates greater knowledge sharing with local inhabitants. This has resulted in some positive developments, in particular the capture of local knowledge on the local/endemic species of trees to be strategically planted to manage the threats of pests, droughts, fires, ice, etc. and, thus, increase forest resilience.

67. However, the MTR found from the interviews conducted with a selection of representatives from the forest farms, that the guidelines on applying SFM plans were designed more for forestry practitioners operating in temperate forests in northern China (such as Henan Province). As a result, some of the guidelines were not considered to be adequately tailored to the characteristics and needs of forest stands in sub-tropical (Guangxi province) and tropical areas Hainan province). For example, on the management of different types of pests, or on how to manage forests spanning different ecological regions (i.e. high and low altitudes). More on this finding can be found in the next sub section (paragraph 4.2.2). In addition, the MTR found the guidelines focus on SFM designed to deliver the transition from monocultural practices to mixed, multi-purpose, different-aged forest stands, but relatively little explicit emphasis to underpinning this transition within the wider context of forest ecosystem management. For example, the MTR identified insufficient evidence to indicate the guidelines have a strong landscape approach to support the conservation of the forest's watersheds and soils and with the objective of enhancing the ecological functions and services of each forest farm to exploit not only CCM benefit creation, but other payments for ecological services (PES), in particular clean water provision, flood regulation and rehabilitating forest flora and fauna (such as pollinators and seed distributors). Indeed, the MTR only identified one case in

Fujian Province (Shunchang Forest Farm), which is studying with SGS-China the possibility of certifying watershed protection services which includes not only certification of timber and bamboo forest, but also certification of individual household forest that is classified under the so-called “One-dollar payment for carbon credit” terminology in China. As a result, the MTR believes effective SFM needs to not only be better aligned to forestry ecosystem management according to the ecoregion(s) present, but that forest ecosystem management needs to **work more closely with spatial/land-use planning services** (under the MNR) to optimise public/private investment opportunities, reduce potential land conflicts that could affect ecological services and advance the process of ecological civilisation.

68. Second, the project has produced, tested and completed a second revision of the, *National guidelines on forest biodiversity protection standards in the China Forest Certification Scheme* together with corresponding guidelines for the provincial and county levels (output 1.1.2). Currently, national consultants and NFGA are finalising the review of the second version of the guidelines on forest biodiversity protection and plan to submit them to the PAC for approval in the August 2020 meeting. A key element of the guidelines at the county level is the design and implementation of forest certification implementation plans at all 16 project sites. Interviews again confirm the testing and revision of these guidelines has stimulated dialogue and raised awareness on the benefits and opportunities of protecting forest biodiversity, in particular endemic tree species. For example, in Hainan Province the PMO confirmed the emphasis on protecting endemic trees in the CFCS initiative is particularly relevant given the conservation of tree species such as the Huanghuali tree, opens up new opportunities to produce and sell Huanghuali by products such as certified oils, resins, and wooden artifacts and crafts, as well as develop economic opportunities under the trees (see figures 8 and 9 below). Furthermore, to support the development of these new opportunities the PMO in Hainan Province has produced *guidelines on reforestation of rare tree species*.
69. Third, the project has tested and completed the second revision of the *National and provincial guidelines to develop and implement carbon sequestration projects* under the Chinese Certified Emission Reduction (CCER) credit initiative. These guidelines have mainly received inputs from the three provinces where the Prodoc identified potential to implement carbon sequestration projects (Fujian, Guangxi and Henan provinces). National consultants and NFGA are currently reviewing these guidelines and the aim is to present them together with the abovementioned guidelines to the PAC in August 2020. Like the guidelines for biodiversity conservation, these guidelines are also considered complementary to the SFM guidelines. However, interviews with the PMO in Beijing and in Guangxi and Henan provinces indicate the opportunities to develop and implement carbon sequestration projects at the project sites in these two provinces are limited. This is mainly because the majority of the project sites are not big enough to fix adequate levels of carbon to justify participation in carbon trading schemes. However, in Fujian Province where carbon sequestration and trading has been achieved through the establishment of alliances with collective forest farms at Shunchang forest farm (with support from local universities) the project has examples demonstrating individual household forest farmers can participate in carbon trading (see also sub section 4.2.2 below). Nonetheless, the MTR believes the current guidelines may not have fully taken

into account the potential of mainstreaming this approach, which not only supports rural poverty reduction and supporting the country increase its carbon stocks, but also support ecological civilisation. Indeed, the MTR believes the guidelines would benefit from not only focusing on the establishment of carbon sequestration inventories, but also on guiding state-owned forest farms identify where alliances with collective forest farms could be established in the pilot provinces (and beyond thereafter) to define and implement ETS and other PES opportunities (at the provincial, national and/or international levels).

70. Fourth, the project has identified and developed a national monitoring system on SFM practices, biodiversity conservation and carbon sequestration that is linked to provincial and local monitoring systems, which will rely on data inputs from the Forestry Bureaus at the 16 project sites (outcome 1.3). Interviews confirm the monitoring system is currently being tested in Henan Province at the 5 participating forest farms. An online presentation of the software confirms the national monitoring system is based on a series of modules, some of which were developed before the project. From the presentation the MTR found the system provides the NFGA with an integrated platform for uploading metadata on SFM, forest biodiversity and carbon storage and retrieving information to support analysis relating to, among others:

- All aspects of forests including their location, category, age, structure, land area, biomass, etc. On this, the MTR found there is significant potential to guide informed planning and facilitate law enforcement, (once the thematic maps using GIS software are in a position to provide the evidence needed to support informed decision-making and/or prove illegal/bad practices are taking place);
- Status of forest biodiversity, including information on number of rare tree species conserved and taken off the endangered list (starting at the sample plots at the project sites). The MTR found this module has the potential to link into rural economic stimulus programmes as well as be developed as a tool to support compliance monitoring of the CFCs initiative (to retain the integrity of the scheme);
- Changes in carbon inventories, including estimates on carbon emissions reductions and enhanced removals. The MTR found this module is still in development and has limited data due to the need to establish MRV capacity at the project sites. Nonetheless it has the potential to provide the data needed to support and justify the development of the CCER initiative as well as voluntary carbon trading at the provincial, national and international levels.
- The production of online tables and graphs to support reporting to international bodies such as the secretariat for CBD on progress relating to the implementation of the NBSAP, the Aichi Targets, etc., and to the UNFCCC secretariat concerning progress on implementing the INDCs, NAMAs, SDG 13, etc.

71. Overall, the MTR found the monitoring system has been designed in line with the proposals in the Prodoc; namely it supports both regional and local scale monitoring, allows evaluation of criteria relating to forest status and change and enables forest practitioners to monitor the results of their SFM practices (in particular the transition to establishing multi-functional forests). Moreover, it supports monitoring of all three main categories of forests recognised in the new Forest Law of 2019. Nevertheless, the MTR

found the monitoring system interface to be quite complicated to navigate. Furthermore, until MRV capacity has been strengthened at the project sites data on carbon storage measured in tonnes of carbon dioxide equivalent (tCO₂e) cannot be provided and this is currently evident in the progress reports and self-evaluation report of the PMO where no data on emission reductions and enhanced removals is provided. Nevertheless, the MTR has requested estimates and these are provided in Table 2 in section 4.2.2.

72. Finally, modifications to the project may be needed to ensure effective monitoring on the state of the forest ecosystem at the county level in order to fully align with the provisions in the revised Forest Law of 2019, in particular that multi-functional forests should include ecological protection (which requires planning to focus on forest ecosystem management). This indicates more training and technical supervision may be needed before the monitoring system is in a position to support both intra-institutional dialogue on SFM and inter-institutional policy dialogue directed at safeguarding the long-term health and functionality of the forest ecosystem (which is also supportive of the NBCSAP).
73. Interviews with stakeholders in all four provinces confirmed a common agreement on the need for more training, interchanges, international study tours and technical assistance at all levels to develop monitoring and planning capacity. This appears to be particularly the case at the Forest Bureau level where more regular support and guidance is required in areas such as data collection, processing and validation and on how to use and interpret the data in the monitoring system to support decision-making (includes application of modelling software). MTR believes this is particularly important where data accuracy is highly important. For example, relating to the application of the carbon flow monitoring protocols. However, the MTR was informed there is a funding gap in GEF funding to support carbon monitoring and CCM creation. As a result, it is not clear if the above-mentioned training and technical supervision can be funded, which is likely to have a negative impact on the quality of MRV in the pilot sites (and elsewhere).
74. Fifth, the on-going learning process and dialogue that has been developed in response to the testing and revision of the above-mentioned guidelines, plans and monitoring system has also enriched the discussion in workshops and conferences on the future direction and reforms needed to the policy, legal and regulatory framework governing SFM of mixed, multi-purpose forests. However, the MTR did not identify any specific reforms to this framework have taken place so far at the national level, but at the county level the 16 participating Forestry Bureaus have conducted policy and regulatory changes to support the implementation of their forest management plans.

4.2.2 Achievement of project outputs and progress towards project outcomes under component (outcome) 2 – Demonstration and adoption of SFM practices, enhancing carbon storage and improving biodiversity conservation

75. Analysis of the project results summarised in Table 2 below confirm the project has successfully incorporated all the planned demonstrations foreseen under component 2 in the forest management plans elaborated by the 16 participating forestry bureaus as part of the process to test new guidelines for SFM (under component 1). Furthermore, all forest farms have received training and support to start implementing these plans. In a

few cases, the project has already surpassed targets in the RM, in particular concerning forest certification under the CFCS initiative. However, the majority of planned activities are well behind on achieving the targets established in the RM for component 2. Interviews confirm an important reason is the delayed start of the project (see Box 2), coupled with the longer than planned development of the guidelines for SFM, biodiversity conservation and CCM creation under component 1. The MTR also found the targets in the RM, which have been broken down in Table 2 by province at the request of the MTR, appear to need revising because they were identified in 2015 when it was not possible to factor in issues such as the delay in the launch of the national carbon trading scheme, which indicates targets may now be over-estimated, or the fact the CFCS has expanded rapidly in China, confirming the CFCS targets are now under-estimated. The following paragraphs assess achievements against the targets for outcomes 2.1 to 2.3 and provide indications where targets may need to be revised.

Table 2: Progress in meeting targets under component 2 to 30 April 2020 (in ha)

Action	Fujian		Guangxi		Hainan		Henan		Total	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
SFM practices applied (ha)	25 000	2 000	41 630	15 061	6 667	457	31600	6 232	100 000	23 750
Forest restored/ reforested. (ha)	9 573	64	6 500	2	6 667	457	26 000	5 561	42 000	6 084
Enhanced carbon management (ha)	13 780	928	41 630	12 878	0	0	31 600	6 232	87 000	20 038
Estimated carbon stored (tCO _{2e})*	2 876 202	110 228	6 143 862	-	0	0	3 907 890	-	12 927 948	110 228
Forest farms trading carbon credits (no.)	3	3	2	0	0	0	1	0	6	3
Forest under CFCS (ha)	6 700	6 469	20 000	36 492	3 330	581	5 000	8 486	35 000	52 010
Rare tree species planted (ha)	1 250	120	0	2 625	1 600	1 667	13 000	170	15 000	4 583
Tree nurseries / rare tree seedlings (no.)	1	1/25 000	1	1/798 000	1	1/25 000	2	2/650 000	5	5
Rare tree species sold (no.)	0	106 000	0	0	0	0	0	270 000	0	376 000

Source: PMO * Based on national calculations that comply with FAO's EX-Ante Carbon-balance Tool

76. Progress in applying SFM practices in at least 100 000 ha of economically used monocultural forests (outcome 2.1 - forestry bureaus and local communities empowered to apply SFM practices) is reported to currently cover 23 750 ha, which is equivalent to 23.7 per cent of the RM target. The MTR found this to be satisfactory taking into account this is in line with the projection of 30 000 ha for year 3 (Prodoc, p. 99) and the fact the

project's effective start date was 01 August 2017. Interviews with a selection of Forestry Bureau staff confirm a high level of support for SFM as a means to facilitating the transition from monocultural forest practices to the establishment of mixed, multipurpose stands and, for this reason, the project is likely to meet its target under outcome 2.1 (assuming project closure is on 31 July 2023). This is justified with reference to the following main findings from the interviews conducted with Forestry Bureau staff at the county level:

- Henan Province/Huangbaishan Forest Farm: pine monocultural practices have increased the farm's vulnerability to pests and diseases such as nematodes (*Aphelenchoides xylophilus*) which are infecting pine forests in the county. As a result, there is a strong belief that developing capacity to transform the forest into mixed stands will greatly reduce the spread of this disease, especially through the introduction of local tree species that are resistant to this pest. To do this they have learned good SFM practices some of which are popular with local inhabitants participating in the project who are reported to be replicating them in their collective forest farms: a) gradual and partial cutting of monocultural stands ensuring any saplings of local tree species are retained; and b) ending of burning of cleared forest debris and promoting mulching and other environmentally-friendly approaches;
- Henan Province/Minquan Forest Farm: pests and diseases are a major threat to poplar and other fast-growing tree species at the farm. The project is seen as a timely intervention to address these threats given the farm is 60 per cent poplar forest, which evident from its new focus on establishing a multi-purpose/multi-value forest farm in which initiatives such as the development of an ecological park. Indeed, the MTR sees this type of initiative as an important contribution to developing the ecological civilisation promoted by President Xi. However, a key finding at Minquan is the need for study tours to see and learn about how to develop and manage eco-parks that have already been established and are operating successfully;
- Guangxi Province/Yachang Forest Farm: the introduction of SFM practices is seen as important, because the farm is over-dependent on monoculture (70% of farm's budget comes from sale of fast-growing Mason and Yunnan Pine timber). Furthermore, bad practices such as high use of chemicals and burning to make clearings were common. Generally, participants found the training and application of SFM plans has raised awareness and capacity on how to develop mixed multi-purpose stands without the need for large-scale application of chemicals, or burning of mountain cover. However, because the guidelines were not produced by consultants from Guangxi Province, Forestry staff found the new guidelines were not fully aligned to their local conditions. In this case, the lesson learnt is that in countries that have forests in different eco-regions, forestry guidelines and plans need to be tailored closely to the specific needs and characteristics of the forest type and practices in each ecoregion;
- Guangxi Province/Qipo Forest Farm: the project is seen as highly important in developing capacity on reducing dependency on eucalyptus and Caribbean pine. This has led to the development of a far more innovative culture to developing mixed forests. For example, the farm is applying different mixed forest patterns to see which ones are the most suited and productive in the farm (includes contour forest belts interspersed with herbaceous plants, uniform selective cutting, small window

applications, etc.). However, interviewees also confirmed the guidelines were not fully suited to sub-tropical ecoregions, with tree thinning requirements for eucalyptus trees cited as one example;

- Hainan Province/Dongfang County Forest: the project is seen as highly complementary to the SFM demonstration and forest resource restoration activities funded in Dongfang County Forest by European Investment Bank (EIB) loan for forestry projects in China.²⁵ However, interviews also called for guidelines on developing SFM plans to be tailored better to the specific needs and characteristics of sub-tropical forests, such as the management approaches needed to control specific pests that attack the Huanghuali tree, and manage forest types that are found in sites that have different ecological zones (i.e. both low plains and mountains).

77. Achievement of targets under outcome 2.2 (carbon sequestration enhanced and GHG emissions from forests reduced) were found to be well behind schedule. Reference to Table 2 confirms a total of 6,084 ha have been reforested/restored to April 2020 against the overall target of 42 000 ha in the RM (Output 2.2.1), which is equivalent to less than 14.4 per cent of the target. Meanwhile, a total of 20 038 ha of enhanced carbon management demonstrations has taken place so far, equivalent to 23% of the target of 87,000 ha in the RM (Output 2.2.2). Interviews with Forestry Bureau staff indicate a high level of satisfaction in developing capacity on forest reforestation/restoration techniques using a mixture of broadleaf and endemic species suited to the farms and which are known to be more resilient to weather events. For example, staff interviewed in Guangxi Province confirmed the need for forest restoration due to major damage from abnormal ice storms in 2009. In addition, there was general satisfaction in the interviews conducted with Forestry Bureau staff on the introduction of reduced impact logging (covering 174 ha in total), as part of the forest enhancement demonstrations, although several interviewees also indicated they did not understand how RIL reduces carbon emissions.²⁶

78. However, interviews also confirmed there is a lack of capacity in conducting MRV in the forest farms in Guangxi, Hainan and Henan provinces (see also sub section 4.2.1), although contrary to this situation, the PMO in Fujian Province demonstrated they have this capacity, but which appears is not being optimized by the project. As a result, the project provides no monitoring of the targets established in the Prodoc (Tables 6.1 to 6.3 and Table 7). Furthermore, there is no information on replication rates (in hectares) in the collective forest farms of participating local inhabitants in the demonstrations on reforestation, restoration and enhancement. In response to this situation the MTR requested this information, which has been summarised by the PMO in Table 2. It confirms that improved forests are estimated to be yielding 110 228 tCO₂e to date, which is equivalent to 1 per cent of the total carbon emissions reductions and enhanced

²⁵ EIB agreed a loan of EUR 250 million with the Government of China known as the Forestry Framework Loan (2014-2018) to promote SFM in coordination with the government's National Strategic Timber Reserve Programme. Project 056 was designed to be complementary to the Forestry Framework Loan by optimising global environmental benefit creation.

²⁶ Training on RIL appears to have been well understood from a practical point of view, rather than on understanding its impact through post-harvest analysis workshops (which should be an integral part of RIL). For example, training increased capacity on identifying the trees for planned harvesting, identifying and constructing the access roads to extract these trees based on reduced-impact methods and application of improved tree cutting techniques to reduce forest damage and timber wastage.

removals projected in the RM.²⁷ This confirms the project's demonstrations are making only a negligible contribution to meeting China's INDC goals of increasing carbon stock volume through such practices to date.

79. Progress in establishing six project sites with carbon credit certificates was found to be highly problematic in Henan and Guangxi Provinces. This is primarily due to assessments indicating the participating forest farms are not projected to capture enough carbon to justify participation in the national carbon trading scheme. As a result, these provinces are not developing capacity to apply MRV and develop alternative income streams from SFM. However, the MTR found the opposite to be the case in Fujian Province, where the project is contributing to the application of three pilot emission trading schemes (ETS) involving three projects with local industry under the CCER.²⁸ The MTR found all three ETS have been agreed in accordance with the Fujian Forestry Certified Emission Reduction Credit system (FFCER) and focus on three project types: afforestation, forest management and bamboo management.²⁹ As mentioned previously in this report this has obliged the development of MRV capacity, which has facilitated learning. Indeed, one of the most significant lessons learned is that mixed, multipurpose forests fix considerably higher amounts of carbon than any other types of managed forest, thus, fully justifying the global environmental and economic benefits of shifting from monoculture forestry approaches to SFM. In addition, interviewees from Fujian province stated that the ETS schemes generated RMB 4 m. (USD 563 389).
80. Despite these findings, the MTR found the project is not showcasing the Fujian model as a highly credible alternative to participating in ETS, whereby **state and collective forest farms develop partnerships to develop provincial-based ETS with heavy industry interested in improving their profile by offsetting their carbon emissions**. Indeed, the MTR believes this model may be of significant national interest as it promotes not only win-win scenarios, but also a means to advancing the Beautiful China initiative and other economic streams, such as managed eco-tourism and healthcare investment. Indeed, interviews with stakeholders in Hainan Province indicate this is already happening (see assessment of outcome 2.3 below).
81. The MTR has identified three important findings from its analysis of progress under outcome 2.2. First, the Fujian model needs to be showcased so that improvements in training and application of MVR are addressed in Guangxi and Henan provinces, particularly at the forest farm level. This is also crucial to establishing reliable data on carbon emissions and enhanced removals in these provinces so the data can be reported and uploaded into the national monitoring system (outcome 1.3). Second, the targets under outcome 2.2 appear to be over-ambitious in the project's timeframe, the resources available and taking into account the development of MRV capacity will need several

²⁷ Yields refer to carbon emission reductions from introducing mixed forests and enhanced removal of carbon dioxide through sequestration (via photosynthesis) and storage in the forest biomass. The Prodoc estimates 42,000 ha of reforested/restored forests will yield a total of 4 770 611 tCO₂e over the project's duration while enhanced carbon management of a targeted 87 000 ha of forests (supported by SFM practices) will yield a further 12 927 948 tCO₂e over the project's duration. In total this equals 17 698 559 tCO₂e, although in Table 7 of the Prodoc (p. 150), the total estimated yield totals 17 884 842, which suggests the former total was not updated.

²⁸ Due to this situation, the MTR requested to expand its interview programme to include Fujian Province, which also ensured all four participating provinces were included in the interviewing process.

²⁹ The International Carbon Action Partnership, China – Fujian pilot ETS, 15 September 2020.

years to consolidate. As a result, the targets may need to be revised downwards. In the case of ETS (output 2.2.3), there are clear indications that training and resources should be concentrated in Fujian Province, where one further ETS should be targeted and used as a case study for learning (especially through site visits). This is also important to remove the second barrier identified in the Prodoc and which is evident in Guangxi and Henan provinces (i.e. inadequate knowledge on CCM creation). Third, to support this approach, a long-term, more on-demand oriented, training and supervision programme is required to advance MRV and ETS through partnerships with civil society. This is also considered important to help remove the third barrier identified in the Prodoc (capacity to exploit the full value of forests) and enhance the opportunities for China to meet its INDC targets by 2030.

82. Progress in meeting targets under outcome 2.3 (enhancement of forest biodiversity through protection and conservation of rare and endangered native species) has been highly satisfactory. Progress reports and the self-evaluation by the PMO (April 2020) confirm total forest area certified under the new CFCS integrating biodiversity conservation, currently stands at 52 010 ha (30 April 2020). As a result, the project has already surpassed, by 148 per cent, the RM's final target of 35 000 ha. Furthermore, this has been achieved at just two forest farms in Guangxi and Fujian provinces (Yachang and Weimin Forest Farms).³⁰ According to interviews with stakeholders from Guangxi province the CFCS initiative has been instrumental in the conservation of 5 endemic species that are also reported to be highly endangered. The MTR also found the application of the CFCS is currently ongoing in several other forest farms covering all four provinces, with projections that over 20 000 ha are likely to gain CFCS approval.
83. The MTR found the application of the CFCS initiative in Hainan Province is particularly innovative and also an opportunity for the project to showcase its innovative approach. This is also aided by the fact the implementation of GEF-funded on-the-ground activities in Dongfang County Forest has been contracted out to the private sector (in particular the Runsheng forest company). Unlike state-owned and managed forest farms, the private sector has to rely far more on developing partnerships with local inhabitants (including the Li ethnic minority), as well as with the private sector. For example, the Runsheng forest company has established a policy to recruit poverty-stricken households to support it collect data on forest biodiversity in order to establish baseline information required to support the application to join the CFCS. This has helped establish the biodiversity monitoring as an important learning exercise to support SFM practices.
84. Employment of local communities in forest farms in the other provinces has also been identified by the MTR, although the project does not appear to monitor the number of jobs created to apply the on-the-ground activities funded by GEF funding. For example, the MTR was informed Minquan Forest Farm in Henan province has employed 350 local inhabitants covering 80 women and 40 poor households and Huangbaishan Forest Farm in Henan province has employed about 2500 local inhabitants which are 50% women and 20% poor households to develop CFCS over the last year (2019) through the establishment of tree nurseries for rare and endangered tree species (output 2.3.3) and

³⁰ In the case of Yachang Forest Farm, the certification process was facilitated by the fact it had already started the process of gaining compliance with the principles of the Forest Stewardship Council (SFC) before project 056.

in forest restoration using the rare tree seedlings produced (output 2.3.2). However, no data is available on the number and type of jobs created. Similarly, other farms in Henan Province are reported to be paying on average RMB 2.5 m. (USD 352 112) to cover employment of locals. To date employment of locals is reported to have contributed to restoring a total of 4,583 ha of forest incorporating rare tree species, which is equivalent to almost 31 per cent of the end target of 15 000 ha in the RM. This has been aided by the establishment of all five tree nurseries planned in the Prodoc. For example, Henan Province has reported the establishment of a tree nursery covering over 41 ha of which almost 2 ha is dedicated to the production of rare tree species. In Hainan Province tree nurseries of rare species span a total of 10 ha.

Figures 6 & 7: Forest restoration incorporating rare tree species in Hainan Province



Source: PMO Hainan Province (2019)

Figures 8 & 9: Photographic evidence of the under-forest economy in Hainan Province



Source: PMO Hainan Province (2019)

80. However, the MTR was unable to determine how far the forest restoration work incorporating rare trees has been planned to support the long-term conservation of the forest's ecosystem (in terms of its structure, functions and productivity). For example, the presentations of the provincial PMO included images of planting of rare tree species that do not appear to show the restoration work is fully compliant with international standards (such as on soil conservation), or apply "close to nature" good practices. For example, Hainan Province have provided images that show monocultural-style replanting methods and use of dams to support irrigated forestry methods (see figures 6 and 7). Furthermore,

information on the development of revenue generation from the sale of rare species (output 2.3.4) is mainly focuses on the number of seedlings to be sold. For example, in Henan Province the nursery is aiming to sell around 270 000 seedlings of rare tree species. However, it is not clear if there is sales strategy in place to support the replication of rare tree nurseries in collective forest farms, private forests and other state forest farms (including those that have participated in the EIB-funded programme). Moreover, greater clarity is required to ensure the income generated from sales of rare tree seedlings will be ploughed back into conservation efforts to save endangered and rare tree species (as well as other forest biodiversity upon which they depend) in each province.

81. In addition, to income generation from rare tree seedlings, the MTR identified some highly innovative income generating activities that are benefiting the local community directly and which promote both ownership and good practices. Most impressive are the income streams that are already being generated in Dongfang County, in Hainan Province. Here local inhabitants enjoy usufruct rights to develop the so-called “under-forest economy”. This ensures local inhabitants can produce short-term products for both food and for sale, while at the same time support the forest restoration process over the long-term. Income generating activities include, among others, the inter-cropping of flowers, herbs and other cash crops, bee-keeping and the rearing of ducks and chickens (see examples in figures 8 and 9). Interviewees confirm the production of flowers, herbs, honey, eggs and meat under environmentally friendly/free-range practices are in high demand and also command better prices than mass-produced alternatives.
82. Also, significant is that the conservation of the endemic tree species of the highly endangered huanghuali tree (scented rosewood) in Dongfang County, is attracting interest and investment from other sectors, such as the healthcare sector. This sector is particularly interested in the teas and oils that have traditionally been developed and used for their therapeutic qualities. For example, a health hotel has opened in Dongfang County in April 2020 as a refuge for the elderly who wish to be close to nature and enjoy access to rare huanghuali teas and oils.

4.2.3 Achievement of project outputs and progress towards project outcomes under component (outcome) 3 - Training and capacity development; awareness raising and knowledge exchange; monitoring, evaluation and dissemination of best practices

83. As stated earlier in this report component/outcome 3 of project 056 refers to activities and outputs designed to support the achievement of expected results (outcomes) under components 1 and 2. For this reason, the MTR has assessed the main activities and outputs achieved so far to determine their contribution to achieving outcomes 1 and 2. Progress in achieving outcome 3.1 (Enhanced knowledge and capacity of local farmers and government staff to implement SFM practices, create CCM and BD related GEBs and implement the corresponding monitoring systems) has been moderately satisfactory so far. The MTR found from the triangulation of results identified in the progress reports and self-evaluation report and subsequently analysed through the online interviews, that national and cross-provincial trainings (output 3.1.1) together with the training provided in the field on SFM practices incorporating biodiversity conservation and carbon stock-

taking exercises to support CCM benefit creation (output 3.1.2) have been instrumental in bringing about some positive changes. These changes align with the thinking in the ToC (see appendix 9) and are summarised as follows:

- Consolidating a much clearer understanding as to what constitutes SFM in the NFGA and, in order to change the mindset and dependency created on monoculture forestry, that it is important to create social and economic incentives to adopt SFM through income generating activities. For example, at the national and provincial level this understanding is demonstrated by the fact the PMO sees project 056 as an important contribution in moving the understanding of SFM policy and application dedicated to environmental needs and considerations (as promoted under the Forestry Framework Loan 2014-2018 from EIB) to a new vision and mission, whereby SFM can be used to stimulate economic, social and environmental benefits at the same time. This new awareness is particularly evident at the forest farm level in Hainan and Fujian provinces where interviewees emphasised the benefits of biodiversity conservation and ETS stimulate new partnerships with civil society. In both provinces these partnerships have facilitated innovative practices (such as the development of the under-forest economy) that both safeguard food security and stimulate the development of the local economy;
- Increasing the recognition and value of the role local tree species play in developing resilient forests. For example, interviewees from the project sites confirmed the incorporation of local trees is now recognised as important to reduce the threats of pests and fires. In addition, interviewees from Hainan and Henan provinces also stated the importance of harnessing local knowledge to aid the identification of tree species when developing plans to reduce the effects of pests and weather events.
- Developing a much better understanding on the benefits associated with conserving rare and endangered tree species. For example, the conservation of the scented rosewood tree in Hainan Province appears to be helping change the mindset from being forest “farmers” to one of forest “guardians”. This is not only supporting the conservation of a tree species in danger of extinction, but also awareness that biodiversity conservation can also attract inward investment from new sectors, such as healthcare and tourism. In Henan Province interviewees also mentioned the opportunity of attracting eco-tourism and leisure activities due to the fact the province is relatively close to Beijing residents looking for weekend breaks in the countryside.

84. Training associated with the development and application of carbon and biodiversity monitoring at the provincial and county levels (output 3.1.3) has focused on the identification and establishment of the provincial and county monitoring systems that will feed into the national monitoring system established under outcome 1.3. To date, data collection is in progress at sample plots in the project sites. Interviews indicate the approach of combining indoor workshops and lectures with lectures in the forest sample sites has increased capacity on how biodiversity monitoring and MRV operates. Nonetheless, some gaps in the training approach have been identified by MTR that suggest the provision of relevant data to support decision-making (output 3.1.4) will need to be addressed before informed decision-making can take place to guide SFM practices

and support the application of BD and CCM benefit creation applied in the forest farms. These gaps mainly centre on:

- The lack of a clearly defined person or institution responsible for overseeing the development of a team of biodiversity and carbon monitors involving a combination of Forest Bureau staff and representatives from the local community acting as civil forest “chiefs” responsible for promoting SFM good practices in collective forest farms and monitoring how many families are replicating these good practices (such as those identified by the MTR in Hainan and Fujian provinces);
- The tendency to promote decentralised SFM plans through training indoors and in the field that does not appear to be fully capturing and incorporating what the MTR considers are highly innovative good practices that work well and which could be incorporated in the guidelines and replicated in provinces located in similar ecological zones (such as provinces in the southern belt that share similar forest types, geomorphology, high presence of ethnic minorities, etc.). This situation is also not aided by the observation of many interviewees in the southern provinces that the guidelines supporting the development and application of the forest management plans are not fully suited to their forest farms and that the team of national consultants should be more diversified, so that there is more representation from the southern provinces of Fujian, Guangxi and Hainan;
- The project’s training implementation plan has largely been conceived, developed and implemented as a project activity. There is little evidence to indicate it has been established as a long-term national and provincial training programme that will continue well beyond the project’s closure. Furthermore, interviewees from all provinces mentioned the peer-to-peer training and knowledge exchange between project staff in the four provinces (outcome 3.2) is not applied regularly enough to facilitate the exchanges needed to support them act on common lessons learned, or on the identification and application of good practices. The MTR believes this situation is not aided by the project’s internal monitoring and evaluation (M&E) system (output 3.3.1), which requires project staff to focus too much attention on tracking project activities and outputs to meet GEF and FAO progress reporting procedures and formats. This indicates the M&E system is not geared to developing effective communication channels on the exchange of good practices and lessons learned that can be subsequently integrated into the planning process. For example, the MTR found there are no provincial focal points in place to act as permanent channels through which learning and good practices can be diffused at both the intra-provincial and inter-provincial levels. This situation encourages the project to retain a top-down approach to joint assessments and reflection on meeting project targets and there is little or no information on project contributions to relevant SDGs, Aichi Targets or carbon emission targets to 2030;
- The need for greater access to on-demand training responses and study tours abroad to develop capacity on applying effective monitoring of biodiversity and carbon storage inventories. For example, interviews with Forest Bureau staff indicate they experience difficulties in identifying local species (especially rare tree species) and need more support to apply and manage effective MRV. Indeed, this latter observation not only reduces the opportunities to promote CCM benefit creation, but also may be acting as a disincentive to promote further ETS. This suggests not enough

has been done to use the three ETS as models to support learning and promote the development of provincial responses to CCM benefit creation, rather than waiting for the national carbon trading scheme to be launched.

85. In summary, the MTR found the project's communication channels are not geared to the systemisation of results, lessons learned and good practices that is needed to enrich the peer-to-peer teaching and exchanges of knowledge and experiences between project staff (outputs 3.2.1 and 3.2.2). This is especially the case at the inter-provincial level, where the MTR observed the need to identify a more effective M&E and communication strategy that captures results, lessons learned and good practices from each province/forest farm, in particular where these practices are supportive of forest ecosystem management (FEM). Moreover, the project needs greater access to international expertise and case studies on FEM, biodiversity monitoring and MRV to ensure the economic, social and environmental benefits derived from SFM practices in each province continue to flow over the long-term and, thus, advance the Beautiful China initiative. In addition, the project has not defined an exit strategy so far that clarifies how the training programme will be continued and funded to at least 2030; starting with its inclusion in the Next Five-Year Plan 2021-2025.

4.3 Efficiency

MTR question 3 – *To what extent has the project been implemented efficiently and cost effectively?*

Finding 5: The project's efficiency in terms of delivering planned outputs on time has been compromised by delays. Most significant is the 10-month delay in receiving the first instalment of GEF funds and gaps in the project budget. Indeed, the latter has compromised the project's ability to implement some of the project's planned activities, such as the development and application of the national monitoring system for the forestry sector, or the establishment of carbon trading agreements promoting CCM benefit creation through ETS.

Finding 6: In terms of converting resources into outputs, the project has demonstrated it can deliver a high level of cost-efficiency and a satisfactory level of cost-effectiveness. Physical progress is estimated by the PMO to be around 85, 50 and 79 per cent for components 1, 2 and 3 respectively, while total expenditure of GEF funds amounted to only 5.5 per cent to 31/12/2019. This has been achieved in part because payments to consultants are still in arrears due to delays in submitting deliverables and in part due to cost savings achieved through, among others competitive tendering, higher rates of co-finance than planned and, more recently, the signing of a Memorandum of Understanding with another GEF-6 project in the forestry sector, which facilitates cost sharing through joint exercises. However, analysis of progress against targets under components 1 and 2 was found to be over-estimated, especially as the project has lost almost one year of implementation due to several factors including project design and budgetary shortcomings that have made it more difficult to implement the OPA based on *ad hoc* conditions, the application of a part-time PMO until 2019, staff rotation in both the PMO and FAO-CN, slow mobilisation of the CTA and some key national consultants and major

institutional reforms between 2017-2018. In addition, FAO has been unable to provide financial assistance as foreseen in the Prodoc (USD 400 000), which the MTR understands was approved in error and should only refer to in-kind funding.

4.3.1 *Timeliness of activities*

86. The project's capacity to convert its resources into results (outputs and outcomes) as planned was found to be moderately satisfactory. Physical progress against targets under component 1 is reported to be around 85 per cent and around 50 per cent under component 2, but in both cases these achievements are almost one year behind planned outputs in the Prodoc. As a result, the opportunities for learning and capacity development planned under component 3 have also slower than planned. The delays have mainly been caused by the receipt of the first disbursement of GEF funds on 01 August 2017; ten months after start-up (see Box 2). The main contributory factors identified causing these delays include difficulties in applying the OPA under *ad hoc* processes and instruments set by FAO's Senior Management, operating the PMO on a part-time basis until 2019, staff rotation within the PMO and FAO-CN, slow mobilisation of the CTA and key consultants between 2017-2018 and major institutional reforms (which included the reform of the State Forestry Administration to the NFGA).
87. One of the most significant delays (almost one year) in project activities concerns the formulation and testing of the guidelines for SFM, CFCS and establishing carbon inventories supported by MRV, which was not completed until late 2019. The final review of these guidelines coincided with the COVID-19 pandemic in 2020, which means all three sets of guidelines are unlikely to be approved by the PAC/NFGA before the second half of 2020. This situation means it is unlikely the new guidelines will be rolled-out in the pilot provinces and nationally until late 2020/early2021, which is likely to have implications in terms of implementing some of the project's activities (such as the application of the national monitoring system and CCM benefit creation), as well as obliging the participating Forestry Bureaus to adjust their forest management plans in line with the new guidelines.
88. The delays in testing the guidelines in the 16 project sites (in particular the formulation and implementation of the forest management plans incorporating component 2 activities) is a major reason why activities and outputs listed in Table 2 above are behind schedule at the project's midway point. This is further demonstrated by the fact total expenditure to April 2020 stands at less than 6 per cent of the project's revised budget (see Table 3 below). In addition, the onset of the COVID-19 pandemic has caused disruptions in conducting group activities, trainings and meetings since November 2019. The likely continuation of the pandemic through 2020 indicates the project will struggle to meet its targets by July 2023. Moreover, from its analysis under sub section 4.2.2 the MTR found that many of the targets for component 2 are no longer realistic, highly ambitious, or under estimated. For example, the project's target for certified forest under CFCS has been under estimated, because it has not factored in support from the EIB-funded Forestry Framework Loan to the Yachang Forest Farm (Guangxi Province) in identifying over 36 000 ha of forest for CFCS certification in the period 2014-2018.

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89. Under these circumstances the project will need to review its targets and workplan with FAO and NFGA to determine what can be realistically achieved during the project's implementation period. Furthermore, this review will need to adopt a new approach to assessing certain targets. For example, the innovative approaches and good practices identified by the MTR in section 4.2 relating to CCM benefit creation in Fujian Province has demonstrated carbon trading opportunities are viable where the state-owned forest farms enter into association agreements with collective forest farms. This indicates Tables 6.1 to 6.3 and Table 7 in the Prodoc should be reassessed applying the Fujian approach. In addition, due to funding gaps in the project's budget to support CCM benefit creation, the project will also need to apply a new funding approach that prioritises resources where ETS initiatives are viable and can be showcased for replication purposes. Furthermore, the targets review process will require the official approval from the PAC and FAO/GEF that the project's implementation period may need to be extended to ensure project objectives are reached.

4.3.2 *Cost-efficiency and cost-effectiveness of the project*

90. The execution of the OPA by the NFGA has experienced a number of challenges, resulting in high transaction costs. First, it took many months for the NFGA to understand and implement the *ad hoc* conditions applied by FAO's Senior Management in accordance with national and provincial government rules and regulations governing internationally-funded projects. In particular, interviewees confirmed it took a long time to familiarise themselves with the rules and procedures applied in the Project Implementation Management Manual (PIMM). For example, the opening of a bank account allowing the deposit and management of GEF disbursements in US Dollars took many months to finalise due to government conditions and restrictions governing the management of funds from international organisations. Moreover, the BH/FAO-CN had no previous experience in applying OPAs underpinned by *ad hoc* conditions, which were erroneously taken to equate to the conditions applied in the release of OPIM/MS-701 at the end of 2016, in particular concerning assurance activities applied to projects applying an OPA. As a result, FAO-CN believed it was implementing OPIM/MS-701, when in fact project 056 was, together with other GEF5-funded projects that included projects 052 and 057³¹ considered by FAO's Project Support Services (PSS) as an exceptional project operating under *ad hoc* processes and instruments and, therefore, not subject to MS-701 rules and procedures.
91. In addition, the setting up of the PMO took time. On the one hand, the PMO required the establishment of offices in all four provincial Departments of Forestry, as well as in the Forestry Bureaus managing the project sites. Interviewees confirmed this was challenging, because of the part-time nature of the PMO and the limited number of staff available to work in the project. Indeed, PMO staff confirmed they already had large workloads and regularly face logistical and equipment challenges. This was also not aided by staff rotations. For example, the PMOs at the forest farm level underwent some changes following an assessment of the forest farms selected in the Prodoc, which led to the change of one project site and the incorporation of two more (see Box 2).

³¹ The lead international consultant for the MTR of project 056 was also responsible for the MTRs of projects 052 and 056 in 2020.

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92. However, the majority of interviewees confirmed the PMO had established the management structure needed to plan and implement the project's main activities at the national, provincial and local levels since the recruitment of the Chief Technical Officer (CTA) in October 2017 and key national consultants in 2018. Furthermore, interviewees associated with the PMO and PSC found indirect execution of the project through the OPA has produced a strong sense of ownership of the project within the NFGA at the national and provincial levels. For example, interviewees confirmed this has facilitated greater dialogue on project planning, implementation and monitoring between NFGA and the provincial Forestry Departments (aided by the establishment of WeChat groups on mobile phones) in particular concerning access to the PAC and decision-makers in the NFGA regarding the approval of the strategic guidance material produce for SFM, CFCS and CCN benefit creation. Furthermore, the PMO found the OPA has facilitated the NFGA's ability to recruit national consultants fairly quickly through open tenders and coordinate day-to-day planning and operations between central office, provincial and county offices.
93. The main areas where the OPA was found to be affecting efficiency and which were highlighted during the interviews mainly concern the following issues:
- The majority of Forestry Bureaus are experiencing problems in receiving financial reimbursement for their support in the realisation of project activities conducted in the field, such as the field lectures and trainings, conducting on-the-ground demonstration activities promoting SFM practices and monitoring exercises. This has increased transaction costs as well as calls for a more efficient assurance system to be put in place to authorise these payments. Indeed, the MTR understands there are delays dating back to 2018 in the authorisation of GEF funds to cover these reimbursement payments, which has obliged public funds to cover the shortfall. The MTR understands that the main reason for this problem relates to the absence of funds in the Prodoc to cover assurance activities such as third-party inspections and spot checks in the field, which is one of the *ad hoc* conditions established by FAO's Senior Management in the OPA (section 15.2) to mitigate the risks of executing the project through the NFGA as executing agency/operating partner, rather than through direct execution (DEX) by FAO. The MTR understands this situation has also been exacerbated by the FAO's Fee Guidelines concerning the administration of GEF-funded projects. For example, separate interviews with the acting BH and GCU confirm there are shortcomings in these Guidelines that have made it very difficult for the BH/FAO-CN to fund adequate levels of administrative support to all GEF-funded projects operating in China (including project 056).³² The MTR understands this is primarily because the Guidelines specify that only 30 per cent (USD 771 000) of the 9.5 per cent fee rate applied to manage the GEF5 project portfolio in China (USD 2.57 m.) is paid to the BH to cover administration and project management costs. The acting BH confirmed to the MTR that these funds are only sufficient to

³² The BH in FAO-CN left his position in early 2020 and was unavailable for interview. The interview with the acting BH in FAO-CN and a senior official within GCU took place in September 2020 during the MTR of project GCP/CPR/052/GFF: Piloting Provincial-level wetland PA System Management in Jiangxi Province, involving the same lead international consultant.

cover the employment of two of the three GEF Portfolio coordinators in FAO-CN³³ and that there are no funds to cover other services, such as the above-mentioned assurance activities foreseen in the OPA.

- Government rules and regulations restrict provincial and county staff from direct access to international funds (even through the central PMO office). This appears to be particularly complicated for local PMO staff who are implementing activities funded by the project and the EIB loan, but are not clear as to which funding source should reimburse them;
- The need for greater coordination of activities promoted under the EIB loan, the NSTRP and project 056. Interviewees in all four pilot provinces stated the need for national consultants to conduct more regular visits to the forest farms to address this issue, as well as develop more efficient communication channels to exchange knowledge and experience (outcomes 3.1 and 3.2) to ensure local conditions, needs, developments, good practices, etc are adequately integrated into policy dialogue, the guidelines for SFM, the CFCS and CCM creation and in implementation plans;
- The need for more exposure to international experience on SFM to ensure there is a better understanding of standards and good practices that could be integrated into the transition to mixed forestry management practices. The MTR found staff have been sent to participate in an international forestry event in Malaysia and have received lectures from a German forestry expert, but the majority of interviewees expressed the need for study tours to gain access to information in areas where they feel there are gaps. Examples of these gaps include how to apply efficient and effective biodiversity and carbon monitoring techniques, development of close-to-nature good practices and innovative approaches to preventing forest fires, pest outbreaks, etc. In addition, the MTR found there is a need to visit case studies on forest ecosystem management and also explore the possibility of establishing a letter of agreement with an iNGO to help address the above-mentioned gaps, oversee specific training activities, improve international networking and even explore "twinning" opportunities;³⁴
- The FAO provides administrative guidance on project management through FAO-CN, but technical guidance and supervision is provided through a Lead Technical Officer (LTO) and Funding Liaison Officer (FLO) both of whom are based far away in FAO's headquarters in Rome. The MTR found this situation reduces the opportunity for maintaining regular and coordinated communication with the PMO, conducting site visits, facilitating quick approval of work plans, etc. For example, the LTO has not conducted field visits to all four pilot provinces, or been able to attend the majority of PAC meetings and the FLO has not been able to visit the project due to high workload. Although this situation has been palliated by the recruitment of the CTA since the end of 2017, the main finding is that there is a need to increase the presence of the LTO in the project.

94. Despite these shortcomings, the MTR found there is general agreement that indirect execution through the NFGA represents a more efficient means to implementing GEF-funded projects than had it been done through direct execution by FAO. Interviews confirm the embedding of the PMO structure within the state apparatus has been

³³ The GEF portfolio task manager responsible for project 056 is funded from FAO-CN's own budget.

³⁴ Twinning is an initiative of EU to facilitate temporary staff exchanges to support learning and capacity development.

instrumental in allowing the NFGA to establish a hands-on approach to the project's implementation, which has not experienced major internal difficulties since the receipt of GEF funds in 2017. Another reason, is that FAO-CN would have needed far more time than the NFGA to recruit the human resources needed to manage the implementation of the project. This approach would have also required more financial resources to hire experts and reduced the scope for institutional capacity building.

95. The cost-effectiveness of employing national consultants to establish a project "taskforce" was found to be satisfactory in terms of establishing the academic capacity needed to produce the guidelines, provide support and guidance on the training activities and develop the national monitoring system. However, the MTR found the national consultants did not include enough representation from the southern provinces to ensure the project's activities are fully factoring in the wide range of needs and challenges faced in Guangxi, Hainan and Fujian forest farms. Indeed, the MTR argues the emphasis given to recruiting national consultants has not been matched by the recruitment of provincial consultants responsible for dynamizing the project through regular top-down and bottom-up communications on not only knowledge exchange, but also on innovations, lessons learned, good practices, needs and challenges, etc. At the local level, the MTR also found that the Forestry Bureaus are also in need of a consultant, or representative as a focal point that is able to communicate not only with the provincial PMO and national consultants, but also a representative from civil society (such as a civil forestry chief) to communicate their needs and challenges relating to SFM and optimising the value of their collective forests, replication of good practices, etc.
96. In terms of the cost-effectiveness of the project's main activities, trainings and capacity building exercises for each component, the MTR found the delivery of main outputs registered in Table 2 above has been achieved at relatively low cost to 31/05/2020. For example, reference to Table 3 below indicates expenditure under component 1 amounts to USD 144 447, (to 31 December 2019), which is equivalent to 13.1 per cent of the total allocation of GEF funds for this component, while activities under this component are reported to be on average 85 per cent completed. This is demonstrated further under component 2, where expenditure stands at 2.5 per cent of allocated funds in return for a physical advance estimated by the PMO to be around 50 per cent, while under component 3, total expenditure of 8.3 per cent of GEF funds has returned a reported 79 per cent implementation rate to 31/05/2020. Even though final payments are pending for many activities, the project appears to be converting resources efficiently into outputs. However, the MTR found these implementation rates are generally over-estimated (see section 4.2.2), and for this reason believes cost-effectiveness is satisfactory, rather than highly satisfactory reported by the PMO.
97. Nonetheless, the signing of a memorandum of understanding with a project funded by GEF-6 entitled "Enhancing ecosystem services of planted forests in China through Forest Landscape Restoration and Governance Innovation", has the potential to increase cost-effectiveness over the remaining period of the project (see also section 4.5.5). For example, the MoU is designed to facilitate joint training exercises and increase information and knowledge exchange between the two projects. Furthermore, by pooling human resources the project will reduce potential overlaps and have new opportunities

to address the above-mentioned gaps identified by the MTR relating monitoring and developing landscape approaches to support forest ecosystem management, through which risk management can be strengthened.

4.3.3 GEF funding and co-finance

98. Total expenditure of GEF funding at 31 December 2019 stood at USD 395 790, which is equivalent to **5.5 per cent of the total GEF grant** (USD 6 756 938). Taking into account 2 631 households have participated in the project to the end of 2019, this equates to average spending of just over USD 150/household. A breakdown of this expenditure by component is provided in Table 3. Analysis of expenditure in Table 4 shows there are major shortfalls in spending against planned expenditure under all main components at the central and provincial levels.

Table 3. Summary of current status of GEF expenditure in USD (to 31 Dec. 2019)

Component	2016-2023 Plan	2017* Actual	2018 Actual	2019 Actual	Total Actual	Total Balance
Comp. 1	1,102,100		101,448	42,999	144,447	957,653
Comp. 2	4,382,650		17,603	94,088	111,691	4,270,959
Comp. 3	1,327,978		37,501	73,161	110,662	1,217,316
PMO	340,000	19	13,028	15,943	28,990	311,010
TOTAL	7,152,728	19	169,580	226,191	395,790	6,756,938

Source: PMO * Expenditure from 01 October 2016 to 31 December 2017

99. The main reasons identified by the MTR for the low expenditure rates relate to, among others:

- The delay of 10 months before the first instalment of GEF funds was received in August 2017;
- Major institutional reforms in the 2017-2018 period, which included the NFGA;
- Staff rotations, especially following the institutional reforms, which led to some delays in recruiting replacements for the PMO and PAC (that were also restructured);
- Higher cost savings than planned through competitive bidding of national experts, services and equipment purchases;
- Later than planned payment of national consultants engaged in the production of the three sets of guidelines (who are paid in arrears of deliverables);
- Delays in applying GEF/FAO procedures means reimbursement costs and forestry equipment purchases have yet not been finalised.

100. In addition, the high level of co-finance already spent in the project has been used to cover some of the above issues, in particular relating to the reimbursement of costs accrued by the Forestry Bureaus to facilitate the project's field activities. Financial data provided by the PMO (see Appendix 7) shows total expenditure of co-finance from the Government of China (GoC) in the form of cash and in-kind payments is estimated to be

USD 36 425 208 at 31 December 2019. This is equivalent to **75.2 per cent of total agreed co-finance** of USD 48 000 000 (in cash and in-kind) at the half-way point in the project. The MTR understands all co-finance has been provided in a timely fashion and has been instrumental in facilitating the project's implementation since 2017.

Table 4. Current status of GEF expenditure by Province in USD (to 31 Dec. 2019)

Component	NFGA (Central)	NFGA (Fujian)	NFGA (Guangxi)	NFGA (Hainan)	NFGA (Henan)	NFGA Total
Comp. 1 (Plan)	371,000.00	198,000.00	95,000.00	34,000.00	89,700.00	787,700
Comp. 1 (Actual)	105,168.00	16,616.00	14,147.00	-	8,516.00	144,447
Comp. 2 (Plan)	-	879,000.00	1,368,200.00	231,000.00	741,000.00	3,219,200
Comp. 2 (Actual)	-	39,477.00	72,214.00	-	-	111,691
Comp. 3 (Plan)	457,000.00	56,000.00	74,000.00	40,000.00	39,000.00	666,000
Comp. 3 (Actual)	97,983.00	5,233.00	5,291.00	2,155.00	-	110,662
PMO (Plan)	83,156.00	10,000.00	13,000.00	14,000.00	17,000.00	137,156
PMO (Actual)	21,394.00	-	7,596.00	-	-	28,990
TOTAL (Plan)	911,156.00	1,143,000.00	1,550,200.00	319,000.00	886,700.00	4,810,056
TOTAL (Actual)	224,545.00	61,326.00	99,248.00	2,155.00	8,516.00	395,790

Source: PMO

Table 5. Summary of current status of co-finance in USD (to 31 Dec. 2019)

Component	2016-2023 Plan Cash / In-kind*	2017 Actual*	2018 Actual*	2019 Actual*	Total Actual*	Total Balance*
SFGA/WBPMC	n/a	74,600	113,383	-	187,983	n/a
Prov Gov Guangxi	n/a	1,443,194	9,931,304	3,320,380	17,725,436	n/a
Prov Gov Henan	n/a	5,364,816	4,555,527	1,325,330	14,969,346	n/a
Prov Gov Hainan	n/a	950,269	81,127	831,851	3,429,393	n/a
Prov Gov Fujian	n/a	553,827	176,653	254,026	113,050	n/a
Total Gov of China	48,000,000	8,386,706	14,857,994	5,731,587	36,425,208	11,574,792
FAO	400,000	-	-	-	-	-
TOTAL	48,400,000	8,386,706	14,857,994	5,731,587	36,425,208	11,974,792

Source: PMO; n/a = unavailable; * The MTR was informed there is currently no breakdown of the in-kind contribution (mainly obtained through the EIB loan) or cash contribution (mainly from the NSTRP).

101. Analysis of Table 5 indicates two provinces (Guangxi and Henan) have provided almost 90 per cent of this co-finance to 31 December 2019. This confirms a high concentration of training-related activities have taken place in these provinces and also explains why interviewees from both provinces were particularly keen to resolve the above-mentioned

delays in receiving reimbursement for mobilisation-related activities, which they claim should be covered by GEF funding. This information also indicates the need for more rotation of the project activities in the pilot provinces, which was highlighted by interviewees from Hainan and Fujian provinces.

102. In terms of the allocation of funds in the budget established in the Prodoc, the MTR identified three main shortcomings that will need to be addressed to facilitate project implementation in the following three years. These are summarised as follows:

- The budget allocated to develop the national monitoring system, which includes the establishment, operation, control and use of data inputs from the pilot provinces and 16 participating Forestry Bureaus, has been under-estimated. This has also been highlighted in the PMO's self-evaluation report (p. 51) and in the interviews conducted with all stakeholders. Taking into account the project's efficiency and effectiveness, as well as that of NFGA, will be enhanced if its decision-making is increasingly based on information provided through the monitoring system, it is considered highly important the funding shortfall is addressed to ensure monitoring capacity is not compromised;
- There is no specific budget to establish and apply SFM, biodiversity conservation and carbon storage inventories, certification fees and MRV within the wider context of forest ecosystem management to support land use planning, risk management (through risk mapping) and the development of sustainable cities and towns. Indeed, the development in these areas would also facilitate law enforcement and increase the opportunities for civil society to participate in governance-related activities such as protection of biodiversity and eco-services.
- The budget allocated to set up the carbon trading schemes (ETS) only covers technical assistance. As pointed out by the PMO in the self-evaluation report (p.50), there are no funds included to prepare the sites for certification, cover the costs of certification and entering into ETS agreements with provincial-based industries and at the national level if the national carbon trading scheme is launched while the project is still in operation (preferably before 2022). Taking into account Fujian province has established what the MTR considers to be an efficient and effective model to engage civil society in the benefits of ETS, a budgetary solution is required.
- The project's budget has no allocation to support local communities adopt good practices of SFM in their own forests and develop short-term income generating activities under the forest. Local inhabitants mainly benefit from participating in trainings and employment in the state-owned forest farms and private forestry companies. As a result, it is unlikely the project's impact can be optimised in its current format. Taking into account good practices identified in Fujian and Hainan provinces, the MTR considers their innovative models provide good examples of how the project can reach its objectives and scale-up such approaches countrywide.

103. Finally, the MTR found no expenditure has been registered concerning the FAO grant of USD 400 000 (in cash) agreed in the Prodoc. Interviews with FAO indicate these funds were agreed in error and that the Prodoc should have clarified these funds would be provided in-kind. This represents a significant oversight during the approval process of the Prodoc and means the project is unlikely to recover these funds as FAO has not

assigned these funds in its general budget. An interview with the Budget Holder (BH) was not possible due to the coronavirus pandemic and the fact the BH is in the process of transferring to the African region. However, the MTR concludes that an amendment to the Prodoc will be needed to clarify this issue as the lack of FAO funds is a major factor why there are delays in conducting the above-mentioned third-party assessments needed to reverify the reimbursement of costs incurred by the Forestry Bureaus to mobilise project training exercises and carry out the demonstrations.

4.4 Sustainability

MTR question 4 – *What is the likelihood that the project results can be sustained after the end of the project?*

Finding 7: The current socio-political, institutional and financial situation in China is highly supportive of the NFGA's intentions to roll-out a new set of guidelines for SFM, the CFCS and CCM benefit creation following their finalisation and official endorsement in 2020. The institutionalisation of the project at the national, provincial and county levels has also ensured there will be institutional capacity to continue the roll-out well after the project has ended, as well as consolidate the SFM demonstrations in the participating forest farms. However, there are medium to high level risks that will need to be addressed in order to optimise the medium to long-term sustainability of SFM, CFCS and CCM practices. These include inadequate attention given to sustaining the forest ecosystem at each project sites and establishing intra and inter-institutional coordination and synergies to ensure the protection of the forest ecosystem fully reflected in land-use planning, infrastructure developments, biodiversity and carbon monitoring, etc. In addition, the project will need to define its exit strategy to ensure key issues such as the training programme for SFM, CFCS and ETS initiatives are continued to at least 2030.

Finding 8: The project's objectives foresee the replication of SFM practices, CFCS and CCM benefit creation in the collective forest farms, but provides inadequate guidance on how local communities are expected to sustain these practices between their implementation and the time they start to generate enough income to maintain and expand them. Furthermore, local prices paid for certified timber are not commanding premium prices in relation to non-certified products and the national carbon trading scheme remains suspended to date. Under these circumstances, the MTR doubts SFM practices are sustainable outside the forest farms until this problem has been addressed.

4.4.1 *Socio-political, financial, institutional and governance, and environmental risks to sustainability*

104. The MTR found the risks associated with current socio-political, financial and institutional situation in the country are low and there is sufficient evidence to indicate the project's main activities under components 1 and 2 are likely to be sustained by GoC over the

medium to long-term (i.e. to 2030 in line with the Agenda 2030 and to 2050 in line with the NFMP). As such, the project has the strategic support mechanisms in place to allow it to reach its outcomes and objectives. The following findings support this assertion:

- a) **Socio-political risks are low.** The current policy, legal and regulatory framework is supportive of the project's main actions. The NFMP 2016-2050 is in place and enjoys the support of a revised Forest Law (2019) that will take effect on 01 July 2020. China is also committed to biodiversity conservation through the implementation of the NBCSAP, and reducing carbon emissions to meet INDC targets. Furthermore, there is a clear intention from GoC and the Communist Party under the leadership of President Xi to shift away from unsustainable monocultural approaches to mixed-multifunctional planted forests in support of the Beautiful China initiative and development of ecological civilisation;
- b) **Institutional risks within NFGA/MNR are low.** Following start-up difficulties that were exacerbated by major institutional reforms in 2017-2018, the configuration of the PAC and PMO at the provincial level had to be changed. However, since the start of 2019 the PMO modality is now firmly embedded in the NFGA at the national, provincial and local levels. Interviews confirm the execution of the project by the NFGA and implemented under the guidance of the PSC and a PMO that has been established at all levels of government has been highly conducive to building capacity within the NFGA, the participating provincial Forestry Departments and at the Forest Bureau levels on applying SFM through a more coordinated process, which will be underpinned by the roll-out of new national guidelines for SFM, the CFCS and CCM benefit creation, which the NFGA confirmed it is committed to applying beyond the project's closure.
- c) **Financial risks within NFGA/MNR are low to medium.** The NFGA at the national and provincial levels has shown it has been able to fulfil its co-financing obligations to support the project's implementation. Likewise, the MTR found no evidence to suggest GoC will not fulfil its co-financing obligations over the next three years, or carry out major reductions in the funding of project-supported actions, future policy and regulatory reforms, etc. Additionally, the above-mentioned MoU recently signed with a GEF-6 project supporting NFGA, together with the development of income generating activities in the forest farms, will further strengthen the opportunities of consolidating and amplifying SFM practices promoted by the project well after its closure.
- d) **Fiduciary risks are low.** The MTR found no evidence to indicate staff within NFGA are acting contrary to GEF and FAO's interests and principles, which have been integrated into the PIMM to guide project accounting procedures and rules. External spot checks and audits in 2018 and 2019 respectively have not reported problems concerning a lack of transparency, or accounting irregularities of GEF funding. However, due to the absence of funds allocated to support the BH/FAO-CN implement the *ad hoc* conditions applied by Senior Management to guide the implementation of the OPA (through the PIMM), there is a lack of on-site inspections at the Forestry Bureau level to control the reimbursements of costs incurred to support the implementation of project activities. As there is a considerable backlog in paying these reimbursements dating back in some cases to 2017, it is not clear to the MTR how this situation can be resolved.

105. The MTR also identified three areas where the sustainability of the project activities at the forest farm level are exposed to medium and high risks, that have not been fully identified and/or mitigated to date. These are summarised as follows:

- a) **Environmental-related risks are medium to high.** The long-term resilience of forest farms that have established a transition to mixed, multi-purpose forests will depend on effective intra-institutional and inter-institutional coordination at all levels, but especially at the county level, to ensure the forest's ecosystem is not only protected from unsustainable development pressures, but also develops PES as a strategy to address these pressures in partnership with industry, agriculture, etc. The MTR found little evidence to suggest these risks have been addressed so far, although there is scope to do this under output 1.4.1 (adjustments to forest policies, legal provisions and/or regulation). For example, to promote forest ecosystem management through a landscape approach the project should be coordinating far more closely with the land use planning services within the MNR to ensure the forest sector is actively promoted as an integral part of the sustainable development drive of GoC, (rather than a separate sector-based initiative). Similarly, MEE has a national mandate to monitor the state of the country's biodiversity and carbon emissions, but there is little evidence to indicate the NFGA and MEE are fully coordinating the biodiversity monitoring component. Consequently, the risks of overlaps of monitoring tasks is high and the opportunities to feed data from the NFGA's national monitoring system into reporting on the NBSCAP, achievement of relevant Aichi Targets (5, 7, 14 and 18), SDGs (in particular SDGs 13 and 15), INDCs, etc. are not being optimised. This also reduces the scope to achieve GEF and FAO strategic priorities and objectives mentioned in sub sections 4.1.2-4.1.3;
- b) **Rural poverty-related risks are medium to high.** The project relies heavily on replicating SFM in the collective forest farms through the training and employing of the local community at the state-owned forest farms. However, the project provides no technical support, or financial incentives, to guide and monitor the replication process to ensure local communities are optimising good practices, reducing poverty and enhancing law enforcement partnerships with the Forestry Bureaus. The MTR found the majority of local community participants face a dilemma. On the one hand they are trained and/or employed to apply SFM practices, but on the other hand, they depend heavily on the sale of timber from quick-growing varieties for their income. As a result, the uptake of SFM practices are likely to be applied through "quasi" SFM practices that do not compromise short-term income needs from the sale of pine, fir and eucalyptus. This is difficult to confirm without field visits, but this is to some extent substantiated by three findings. First, interviewees at the county level confirmed the local price of certified wood compared to non-certified wood is often not high enough to justify the costs to switch to the CFCS, which indicates middlemen are probably benefitting from the price differential paid for certified timber in big cities such as Shanghai and Beijing. Second, interviewees (excluding Fujian Province) confirm there is little incentive to promote PES activities associated with the ETS because there is no national market in place to trade carbon credits. Third, the project's communication strategy is not adequately identifying and

promoting good practices that have been pioneered at several forest farms (such as those already mentioned in Fujian and Hainan provinces);

- c) **Health-related risks are high.** The coronavirus pandemic is growing globally at the time of writing (July 2020), which affects travel and group activities, such as training workshops and intra and inter-province exchanges. As a result, the project will need to adopt a robust risk management strategy to address and mitigate this situation where it is likely to affect the sustainability of key activities and results.

106. The MTR also found the project has not drafted an exit strategy for the project's main activities. In particular, there is no information on how the mainstreaming and expansion of biodiversity and carbon monitoring will be continued after the project. To consolidate the national monitoring system, a medium to long-term training and supervision programme will be needed to respond to areas where interviewees stated there are difficulties. These include, among others, the identification of seeds, rare tree species, forest flora, collecting and validating carbon data in line with international standards on MRV, modelling, etc.

107. In another example, there appears to be no medium to long-term strategy to establish linkages between biodiversity and carbon monitoring and the education and research sector. For example, the MTR did not identify partnerships with provincial universities to encourage post-graduate study on forestry biodiversity recuperation levels in mixed forest stands, or on market analysis of sustainable forest products that would help enhance the profile of GEBs and the long-term economic and environmental benefits of protecting and conserving endemic, slow-growing tree species. Also, important for the exit strategy is greater clarity on how networking will be developed to first ensure sustainable forest products continue to meet international standards and, second, ensure the local communities obtain fair prices from the sale of these products to support the development of the local economy and enhance ecological civilisation.

108. Finally, the MTR observed the project has focused little attention on developing eco-tourism leisure and health-related services in the forest farms. Hainan Province has shown there is considerable scope to promote such services and generate rural employment at the same time. Interviewees from Henan Province mentioned the relative proximity of their forest farms to Beijing would make this viable through, for example, short breaks. However, they were largely unaware of health tourism that is growing in Dongfang County in Hainan Province.

4.4.2 Evidence of replication or catalysis of project results

109. The MTR found the project does not report data on replication of SFM practices outside the participating forest farms (i.e. in the collective forest farms and farmland neighbouring them). This is surprising because the Prodoc clearly states that baseline studies were conducted to determine where the EIB Framework Loan and GoC financing could be directly leveraged to not only support the implementation of project activities but, *"catalyse their replication and scaling-up beyond the project's scope"* (p.21). Furthermore, the Prodoc states that the, *"knowledge created through the project will be*

collected and disseminated to inform the replication and scaling-up of activities beyond the project duration" (p. 32).

110. This situation will, therefore, need to be addressed by the PAC for the following reasons:

- The proposed ToC (see appendix 9), emphasises the importance of learning lessons from M&E (outcome 5 – initial results), so that new sites adopt best practices on BD and CCM benefit creation (wider outcome 3 – end results);
- The guidelines for SFM, CFCS and CCM benefit creation are intended to replicate good practices identified from the participating forest farms (this assumes recommendations 1 and 2 are applied);
- The MTR has identified highly innovative good practices in Hainan and Fujian provinces, which could be used as a starting point for a study dedicated to the identification of good practices and lessons learned in each state farm (and those supported by the GEF6-funded project with the project has established an MoU) to facilitate dialogue with the forest managers from the local communities who are participating in the project;
- The Prodoc, which states, *"the ultimate application of SFM practices under project component 2 lies with the household level forest managers from the local communities"* (p. 74);
- The FAO's has significant knowledge base and expertise on SFM that can be tapped to provide advice on monitoring replication of SFM practices (starting with its Global Forest Resources Assessment (published in 2016), and State of the World's Forests 2020, which provide details on indicators relating to the expansion of multiple-use forests and suggestions on establishing balanced solutions to poor forest management and biodiversity loss respectively.

4.5 Factors affecting performance

MTR question 5 – *What are the main factors affecting the project from reaching its results?*

Finding 9: The project has not been able to remove barriers 2 and 3 listed in the Prodoc so far, because there are gaps in the project design, which focus exclusively on demonstrations in state-owned forest farms as the means to catalyse change in local communities. There is also limited engagement of international expertise to improve access to international good practices on SFM, or provide support in developing partnerships with civil society, the private sector and government agencies involved in areas of mutual interest, such as the MEE which is responsible for biodiversity and carbon monitoring. In addition, the internal M&E system is geared to support progress reporting, rather than stimulate learning.

Finding 10: The project's communication strategy is limited mainly to providing narratives on project activities and events. As a result, it is not being used to capture data, learning and innovation in the forest farms that can be directed at key audiences to stimulate knowledge exchange and support decision-making at the local, provincial, national and

international levels. This situation is not aided by limited staff assigned to the project, especially at the forest farm level where there is an absence of dedicated teams comprising a mix of Forestry Bureau staff, consultants and civil society to promote bottom-up learning.

4.5.1 *Project design and readiness*

111. There is a general perception among the stakeholders interviewed that the project's intervention logic is clear and that this is aided by the fact outcomes 1 and 2 are designed to be mutually reinforcing. However, there is a common agreement that some key activities relating to these outcomes are not supported by an adequate level of funding. This is particularly the case concerning the development of the national monitoring system and the development of CCM benefit creation where more funds are needed if the project is to meet its target of six project sites participating in ETS (output 2.2.3).

112. In addition to this budgetary shortcoming the MTR identified other shortcomings in the project's design, which have not been adequately addressed so far. These are summarised as follows in order of importance:

- The project's focus exclusively on state-owned forest farms, coupled with the recruitment of national consultants, limits the scope of support to local communities in two main ways: trainees and/or employees who are responsible for supporting the implementation of the new guidelines in the state forest farms. The MTR believes the design should have focused more attention on recruiting small teams of forest-based consultants and developing partnerships between state and local communities to stimulate both bottom-up and top-down approaches to SFM, biodiversity conservation and CCM benefit creation;
- The project focuses heavily on developing the internal capacity of NFGA at all levels through guidelines, monitoring and demonstrations, but has largely overlooked service contracts with iNGOs, university and research establishments, the private sector, etc. to increase access and exposure to FEM, international standards and practices on SFM, certification of timber and non-timber products, ETS, etc., to develop networking and identify study tours to observe how these standards are implemented, and to provide support and guidance on businesses development with local communities to ensure they participate in the benefits;
- The internal M&E system is intended to promote learning and knowledge exchange, but in practice it has to be geared to support progress reporting to FAO and GEF. This appears to be a major reason the project is not capturing the above-mentioned innovative practices identified by the MTR, which would support the development of the guidelines, motivate local community participation and promote ecological civilisation.
- The Prodoc dedicates one paragraph to gender equality and there is no mention of the application of GEF/FAO policies and guidelines to be applied when working with ethnic minorities, who are directly implicated in Fujian, Guangxi and Hainan Provinces (more information on this is provided below in sub section 4.6.1 and 4.6.2).

113. Also, it is important to point out that the Prodoc does not provide any guidance on the development of an exit strategy (see sub section 4.4.1), to clarify how key activities, such

as training and monitoring are to be continued beyond the project into the short and long-term in the interests of sustaining the project outputs and outcomes and reporting on the Agenda 2030 goals and targets.

4.5.2 *Quality of project execution and management arrangements (including assessment of risks)*

114. The MTR found the decision to guide project execution and implementation via a Project Advisory Committee composed of representatives from FAO-CN, the national PMO and four provincial PMOs, plus SFA representatives specialised in areas such as forest fire management, proved to be challenging in the first year of operations. This was mainly due to the need to find ways to reconcile national rules and regulations with those applied to GEF5-funded projects applying indirect execution through an OPA. Moreover, major institutional reforms in 2017-2018 caused a period of uncertainty until the mandate of the State Forestry Administration (SFA) was clarified to include grasslands as well as enhance its governance over protected areas and forests (thus, establishing the NFGA). Overall, the MTR found the PAC has helped increase project ownership by bringing members of the PMO together (both in person and through social media) to discuss and reach agreement on project planning, operations, finance and budgets, human resource needs, recruitment of national consultants, logistics, etc. In turn, this has also helped the PAC members come together to learn how to execute the OPA in accordance with both national and GEF/FAO rules and procedures, as well as provide a more "hands-on" approach to project implementation through the PMO operating at all levels of government, than would have been the case with a Project Steering Committee involving government staff only indirectly associated with the project. For example, interviewees from the PMO at the national level found they have improved their management capacity and communication with the provincial Forestry Departments. Indeed, interviews confirm the execution of the project through the OPA requires government staff to improve their project management skills and autonomous decision-making capacity. Nonetheless, as previously stated in this report, both FAO-CN and PMO staff have experienced difficulties in applying assurance activities by third-parties without adequate funding or guidelines provided by FAO. In fact the MTR observes that due to the release of Manual Section 701 (MS-701) by FAO a few months after the signing of the OPA in September 2016, FAO-CN and the PAC have assumed they are applying the operational partner's implementation modality (OPIM) in accordance with MS-701. However, an interview with FAO's Project Support Services in September 2020, confirms this is not the case, because the OPA is bound by *ad hoc* conditions set by FAO's Senior Management that do not fully comply with OPIM/MS-701. As such project 056, together with other GEF5-funded projects in China, are considered by PSS as exceptional projects that have not been designed to comply with MS-701.³⁵

115. The MTR did not find evidence to indicate the quality of the project delivery through its trainings and on-the-ground activities was below a minimum standard. For example, the MTR found from its interviews that NFGA and the provincial Forestry Departments

³⁵ According to the PSS, the MS-701 requires all OPAs to be established in accordance with a capacity assessment of the operating partner in order to identify a risk mitigation and assurance plan. Following signature, the operating partner and FAO are required to apply the OPA in accordance with a standard template, clarify the conditions for funds transfers, reporting (including reporting formats), monitoring, assurance activities, etc., stipulate ineligible expenditures and establish the roles and responsibilities of FAO and the operating partner.

expressed their satisfaction with the quality of work and reporting provided by the CTA and the national consultants. Likewise, at the Forest Bureau level interviews confirmed satisfaction with the SFM demonstrations supported by trainings that include “lectures in the forests” that interviewees stated has helped learning to be more effective (supported by on-the-spot knowledge exchange). However, provincial and local staff interviewed confirmed a need for more frequent travel to the provinces and that there should more provisions to employ provincial-based consultants to act as go-betweens to filter knowledge, learning and results between Beijing and the forest farms. For example, the guidelines for SFM, biodiversity conservation and CCM benefit creation have applied testing, revision and review exercises to control quality, but it appears these are not joint-review exercises that capture the good practices identified by the MTR.

116. The capture of good practices and lessons learned from the forest farms has not been aided by the application of an internal monitoring and evaluation system that is heavily geared to fulfilling progress reporting requirements for GEF and FAO. This is a major reason why the PAC is generally not capitalising on good practices and lessons learned from the forest farms that would facilitate joint-review exercises with the national experts and promote dialogue internally within MNR and with other institutions. For this reason, the MTR believes the PAC is unable to fully fulfil its fifth main function in the Prodoc; namely to, *“coordinate with other governmental line agencies and consult with them on mainstreaming SFM initiatives into sector development planning and sector development programmes and projects”* (p. 74).

4.5.3 Project oversight by FAO as the GEF Agency and national partners

117. The MTR found that in the absence of previous work experience in applying indirect execution through OPAs, FAO’s GCU responded quickly by employing an international and national consultant to guide the BH/FAO-CN on the execution of GEF5-funded projects between 2017-2018. However, the MTR understands from GCU that despite these efforts FAO was unable to avoid the delays in the project’s implementation, nor resolve the fact that the GEF5 projects in China were exceptional projects bound to *ad hoc* processes and instruments that did not fully comply with MS-701.

118. In terms of supporting project management, FAO-CN’s GEF portfolio manager confirmed she has been present at all main PAC meetings and ensured compliance with all reporting requirements. Technical support from the LTO was found to be satisfactory, with stakeholders confirming the LTO has provided valuable inputs such as supporting networking and supporting PMO staff attend an international forestry event in Malaysia. However, interviewees also confirmed there is a need for more regular participation of the LTO in the project activities and quicker response times on the approval of annual work plans. The MTR is unaware of any visits to the project by GEF staff.

4.5.4 Financial management and co-financing

119. The MTR did not identify any major problems associated with the accounting and management of GEF funds in the project, or in the slow disbursement of co-finance that have affected implementation rates, or the need to reschedule activities. However, the

MTR was informed in several interviews that there are insufficient fund allocations for CCM benefit creation and the monitoring of SFM, biodiversity and carbon inventories/CO₂ emissions, which has restricted decisions of funding to this area in the Prodoc and which needs to be resolved.

4.5.5 *Project partnerships and stakeholder engagement*

120. The MTR found that the partnerships established between the Forest Bureaus and grassroot forestry managers and organisations in Hainan and Fujian provinces have been highly effective in empowering local inhabitants learn new skills on SFM and participate in the economic benefits of ETS agreements. Furthermore, the MoU established with the above-mentioned GEF6-funded project (GEF ID 9518) offers the opportunity to improve efficiency (see subsection 4.3.2) and gain access to an international organisation (International Union for Conservation of Nature – IUCN), which is one of the implementing agencies. Indeed, the MoU will enable each project to learn and mutually reinforce each other. For example, the GEF-6 project, aims to, *“strengthen the policy, practice and evidence base of forest landscape restoration in China as an approach to reducing land degradation, conserving biodiversity, and adapting to climate change”*. This offers project 056 an opportunity to coordinate its activities under outcome 1.4 and facilitate dialogue on establishing guidelines, monitoring and demonstrations that have a clearer focus on establishing forest ecosystem management (based on the forest landscape restoration approach). Moreover, this approach will also support the development of the national monitoring system to report on land degradation, biodiversity conservation, adaptation to the effects of climate variability and change (including freak weather events), etc.

121. Partnerships with other projects and international organisations, or iNGOs/NGOs were not identified. For example, although a guest speaker from GiZ has participated in the application of the training activities conducted in the forest farms, there is no evidence this has led to synergies with the work and projects managed by GiZ. Likewise, partnerships, or synergies MEE on biodiversity and carbon sequestration monitoring are not evident.

4.5.6 *Communication, visibility, knowledge management and knowledge products*

122. The project’s internal communication has been aided by the establishment of the PAC and PMO structure which reaches down to the provincial and county levels. This is aided further by the MoU with the GEF6-funded project mentioned above, which is already facilitating communication between the two projects, which in turn facilitates communication within the NFGA. However, interviewees at the provincial level (especially in Fujian, Guangxi and Hainan) believed internal communication could be improved by increasing staffing levels. Indeed, a general view gathered from all interviewees in the provinces is that staffing levels are too low in relation to the large number of activities planned in the Prodoc.

123. Following an assessment of core staff assigned to support project implementation (see Table 6), the MTR found there are staffing gaps that substantiate the view that current staffing numbers need to be strengthened to improve communication and knowledge

exchange. This particularly appears to be the case at the forest farm level, where there is just one person assigned per farm to support and supervise the demonstrations, attend training sessions, control monitoring, communicate progress and achievements, relay information to staff and locals, carry out day-to-day administrative duties, etc. Furthermore, the forest managers from the local communities who are responsible for promoting the replication. PMO in Beijing does not have a dedicated forest farm focal point who is responsible for ensuring there is a top-down and bottom-up flow of knowledge and information designed to capture good practices, innovation and lessons learned direct from the forest farms to support informed decision-making within the PMO at all levels (especially between the forest farms and civil society). In summary the project has not established the small project teams it needs to fully optimise its learning capacity and communication strategy at the forest farm level, which is also not aided by infrequent visits of national consultants to the forest farms to provide them with the technical guidance they need to achieve project targets.

Table 6. Core staff and consultants working for the project

Staff category	National PMO	Fujian Province	Guangxi Province	Hainan Province	Henan Province
Head/Chief	2	1	1	1	1
PMO focal point	1	1	1	1	1
Financial officer	1	1	1	1	1
Forest Farm/PMO staff	0	6	4	1	5
Consultants	7	2	2	2	2
TOTAL	11	11	9	6	10

Source: PMO

124. Another important observation is the limited capacity within the PMO at all levels to communicate in English. The MTR team leader found the online interviews and assessment of reports challenging, which confirms there is a need to engage a professional translator to ensure key project communications and reports are produced to a high standard and which facilitates networking and information exchange at the international level as well as with the LTO (who is only partially familiar with the Chinese language).
125. Project visibility was generally found to be satisfactory. For example, the project has produced a project brochure (in Chinese and English), distributed five newsletters (in Chinese only) and uses banners and posters (in English and Chinese) when conducting inhouse lectures, workshops, conferences, etc. These communications also show the project is funded by GEF and implementation is supported by FAO. The MTR also observed from the images provided in the online interview presentations that the project's visibility is also clearly marked in signs erected at the demonstration sites in the forest farms. There is also a dedicated website page in the NFGA website, although information in English is limited and information is mainly provided on the project objectives and activities, rather than as a hub to access technical documents, monitoring information, etc. The MTR also understands that project visibility has been enhanced through spots on mainly provincial television and radio stations reporting on project activities.

126. In terms of knowledge management, apart from the above-mentioned newsletters the PMO produces six-monthly project progress reports (PPR) to FAO and an annual Project Implementation Report (PIR) to GEF in accordance with GEF and FAO procedures (incorporated in the PIMM). As previously mentioned, the progress reporting is heavily geared to reporting on operational progress and how far targets are being achieved. The MTR found this requires the PMO to engage in micro-management tasks, where the objective is to fill in tables, rather than providing more space for the systematisation of results to stimulate reflection and dialogue on where the project adds most value, the causes behind the project successes and shortcomings, identifying lessons and good practices that can support the replication process, etc. As a result, the project's communication strategy is neither capitalising on the knowledge flows and innovation that are developing in the project sites, nor targeting key players at the national and provincial levels that will have a bearing on the efficiency, effectiveness and sustainability of key activities. These include, among others, local communities, the private sector, the education sector, government institutions such as MEE, or potential international partners such as UNDP, GiZ and the World Bank.

127. This situation risks "by-passing" some important and highly relevant developments that confirm the project is producing both local benefits and GEBs. For example, the project should be producing tables on what each forest farm is applying in the way of outcome 2 activities to facilitate the production of technical reports that summarise "who does what" in order the project team and/or short-term consultants are employed to produce knowledge products relating to, for example, the project's contribution to the conservation of endangered and rare tree species, on carbon inventories (including emission reductions and enhanced removals) that are supporting provincial targets in the INDC, good practices that work at the local level relating to SFM, CCM benefit creation, etc. In summary, the absence of effective knowledge management means the project is not in a position to optimise the multiplier effect as intended in the Prodoc.

128. Finally, due to the general lack of employment of international consultants/iNGOs and study tours to observe case studies on SFM, BD and CCM benefit creation, there is a general absence of knowledge products dedicated to international good practices. Nevertheless, there is potential to address this problem through the MoU.

4.5.7 Monitoring and evaluation (M&E), including M&E design, implementation and budget

129. The MTR has already commented in several parts of this report on the current limitations of the project's internal M&E system, which due to its heavy focus on operations and outputs to support reporting limits information and analysis on their effects in terms of outcomes (results). Furthermore, the monitoring is not tied to a ToC to support such analysis, nor is there baseline information on the needs of the local communities to assess change outside the forest farms. However, the MTR observed the project has updated the GEF tracking tool (August 2020), which has also been applied in the GEF6-funded project with which project 056 is applying a MoU.

130. However, there are indications these deficiencies will be addressed as the MoU with the GEF6 project starts to blossom and the operation of the national monitoring system for

the forestry sector begins to generate information, maps, graphs, etc. on the project sites. The self-evaluation report also indicates the monitoring system will have an early warning function based on real-time tracking of project progress data relating to its three main themes (SFM practices, BD and CCN benefit creation). However, the MTR believes for a real-time facility to be developed and operate significant resources and automated equipment will need to be agreed and in operation for several years first. Furthermore, it is not clear how this will be funded taking into account the project already has budgetary limitations, for example, to assess carbon inventories through the application of MRV.

4.6 Cross-cutting priorities

MTR question 6 – *To what extent have gender consideration been taken into account in project design and implementation? And To what extent were environmental and social concerns taken into consideration in the design and implementation of the project?*

Finding 11: The project design provides limited information and guidance on the gender strategy and focus adopted as well as its approach to working with ethnic minorities who are present in the project sites in Fujian, Guangxi and Hainan provinces. This situation has not been addressed during the project's implementation through specific assessments and monitoring in line with GEF and FAO policies and guidelines. As result, reporting provides very limited information on sex-disaggregated participation, reaching the most vulnerable forest farmers, or the mechanisms in place to track empowerment and economic development of ethnic minorities.

Finding 12: The MTR is satisfied from the evidence gathered that the project continues to conform with the environmental and social standards established prior to start-up in September 2016 in the ESS, but that additional information is desirable to clarify its potential wider impact on the forest ecosystem and conservation of globally (and nationally) important biodiversity, as well as on governance to not only protect forest biodiversity, but also support new opportunities derived from its eco-services (PES).

4.6.1 Gender and social inclusion focus

131. The MTR found a gender analysis was not conducted during the project design. This is reflected in the Prodoc where, as mentioned in 4.5.1, only a brief mention is made on gender equality as follows, "*...local communities will be an active participant in the project related decision-making processes ensuring local ownership. Participatory practices will place strong emphasis on the realization of gender equality throughout the project implementation process. Furthermore, the training and capacity development mechanisms that are envisioned to operate well beyond project duration will also serve as knowledge exchange fora to be used for farmers' interaction on past experience. The conscious inclusion of women in these knowledge exchange mechanisms will further strengthen the gender equality focus of the project.*"³⁶ Furthermore, despite the issuing of GEF's Policy on Gender Equality in November 2017, the MTR found no evidence to indicate the PMO has

³⁶ Prodoc, Section 5.1 "Social sustainability", p. 88.

taken active steps to apply its guiding principles in its annual planning of activities and staffing needs.

132. Analysis of progress reporting confirms the project provides very limited information in the PIRs on the gender-responsive measures being applied by the project in the trainings and demonstrations applied in the forest farms. Interviews confirmed that gender equality is not an issue in China, which is justified with reference to countries policy of equal pay for men and women who occupy the same posts and do the same work. However, the MTR identified a highly innovative approach is applied in Hainan Province, where there is an active policy to recruit couples (man and wife) rather than individuals to promote the SFM demonstrations, development of the tree nurseries and promotion of the “under-forest economy”. Interviewees confirmed this approach encourages couples to learn a wider range of tasks, share all tasks and reduces the chances of abandonment of project-related activities (due to the increased sense of ownership of the activities realised).
133. Overall, the project reports **a total of 2 621 individuals have participated in training activities relating to component 2 activities (comprised of indoor workshops and lectures in the field) of which 451 (17%) are women.** The MTR was unable to determine from the data provided in the self-evaluation or progress reports the composition of participants, but interviews confirm that none of the forest managers from the local communities who have participated in the trainings is a woman. In terms of participation rates of men versus women in each pilot province, it also appears Hainan Province has best ratio of men to women participants, although only Guangxi province appears to be systematically recording sex-disaggregated data on participant numbers. For example, the PPR (January-June 2019) and the PPR (July-December 2019) indicate, for example that the training conducted in Qipo forest farm in March 2019 registered 38 per cent of participants were women, while at the Yachang forest farm training session in August 2019, 28 per cent of participants were women.
134. Information on how far the project is applying GEF and FAO’s policies and guidelines concerning ethnic minorities was also found to be very limited.³⁷ This is despite the fact the MTR found from its interviews that ethnic minorities are working in Forestry Bureaus in some of the forest farms in Guangxi province and they are present in the local communities bordering several forest farms in Fujian (in particular She ethnic group), Guangxi (Hui, Li, Yao, Zhuang ethnic groups) Hainan (Li ethnic group) provinces. Consequently, the MTR was unable to determine from the project’s literature how many participants come from ethnic minorities, or how far they were consulted prior to holding the training sessions. Moreover, when asked in the interviews whether ethnic minorities were being consulted to identify their local knowledge and technologies associated with traditional forestry practice, knowledge on rare and endemic varieties and their uses, etc. there was a general belief that ethnic minorities do not have this knowledge anymore and that they are more interested in safeguarding food security and immediate income needs.

³⁷ Principles and Guidelines for engagement with Indigenous Peoples, October 2012 (p. 18-21)

135. However, interviews in Hainan province indicate the project has established a strategy to target the participation of poverty-stricken households (couples) from the Li ethnic group. As an incentive to participate in the forest restoration work, the Li couples are encouraged to participate in their own self-determined “under-forest” activities. This approach has proved successful in developing awareness on the benefits of SFM practices, while also attending to short-term food security needs. For example, Li couples are reported to produce staple foods such as upland rice varieties, which are often implemented through group approaches (see figure 10).

Figure 10: Photographic evidence of ethnic minority participation in Hainan Province



Source: PMO

136. The MTR also found in Shunchang forest farm (Fujian), 30 members of the She ethnic minority have been encouraged to register and participate in the forest restoration demonstrations. Nonetheless, field visits are needed to collect more information on the extent to which ethnic minorities are benefiting from the project’s approach and activities.

4.6.2 Environmental and social standards

137. The PMO has not included an update on the Environmental and Social Screening (ESS) checklist elaborated in 2016 in its self-evaluation report. However, the MTR found the project’s approach and activities continue to comply with the ESS, although there are two areas where the project has provided inadequate information on progress. These are:

- Enhance resilience of people, communities and ecosystems (ESS II – point four). The project provides ample evidence that it is addressing forest resilience through mixed forest approaches designed to reduce external threats such as fires, pests and weather events. Nevertheless, the guidelines and implementation plans do not appear to be supported by risk maps designed to pinpoint where resources should be prioritised to protect the forest ecosystem of each project site. In fact, as stated above, the MTR only identified one case in Fujian province where protection of the forest watershed has been studied for PES. Furthermore, it is not clear how far the project is contributing to building resilience of the local communities beyond their participation in trainings and/or employment in the forest farms. For example, over

2 600 provincial and county staff and community forest managers are reported to have been trained so far against the target of 4 000, but the MTR was unable to determine how many of the community forest managers have increased their resilience in the collective forests;

- Include responsible and effective governance mechanisms (ESS II – point 5). The MTR found the project has placed a strong focus on introducing SFM practices, biodiversity conservation and monitoring of carbon stocks, but the Prodoc has not included a budget to strengthen the governance mechanism needed to support the implementation of the forest management plans in line with the revised Forest Law that will come into effect in July 2020.

138. The MTR points out that to substantiate these findings, a field mission is required, especially to determine how far the MoU (in particular dialogue with IUCN) is leading to new thinking on the wider issues of forest ecosystem management and how good governance can support such management.

5. Conclusions and recommendations

5.1. Conclusions

139. The project is achieving moderately satisfactory progress in meeting its planned outcomes and objectives. There are positive indications the project can achieve its objectives, but some important adjustments are needed, together with a no-cost extension of at least one year to recover around a year of inaction at project start-up and the current restrictions on project implementation associated with the coronavirus pandemic. On the one hand, the strengths of the project are that it enjoys a high level of political relevance, which is underpinned by a clearer legal framework following endorsement of the revised Forest Law in 2019 and which has just entered into effect on 01 July 2020. Indeed, the project is seen as highly supportive of President Xi's "Beautiful China Initiative" and call in 2019 to step up the development of "ecological civilisation".

140. Another strength identified is the widespread acknowledgement that the execution of the project through the NFGA as the operating partner, supported by the establishment of the PAC and PMO operating at all levels of government has strengthened the internal capacity of the NFGA, Provincial Forestry Departments and Forestry Bureaus to both coordinate and apply SFM practices and monitoring at the state forest farm level. The signing of the MoU with a GEF6-funded project also working with the NFGA is also seen as a positive step to share costs, promote coordination and improve knowledge exchange. Indeed, coordination between the NFGA, the provincial Forestry Departments and Forest Bureaus is in the process of being consolidated through the finalisation of three sets of national guidelines designed to replicate SFM practices that conserve forest biodiversity and increase carbon storage capacity. Indeed, the rolling-out and testing of these guidelines nationally will help remove Barrier 1 in the Prodoc. Likewise, the establishment of the software to operate the national monitoring system for the forestry sector, will increase knowledge and education to support the expansion of SFM to support the

removal of barrier 2 in the Prodoc (inadequate knowledge to apply SFM practices in a practical and beneficial way).

141. On the other hand, the MTR identified some challenges that need to be addressed to fully remove the three barriers highlighted in the Prodoc, especially Barriers 2 and 3 (optimise the full economic value of the goods and services derived from effective SFM practices). For example, one of the most significant challenges is to resolve design deficiencies in the Prodoc and to improve project planning and internal monitoring. Indeed, these deficiencies were found to hinder the opportunities of optimising the number of households who could be benefit directly from the project's demonstrations under component 2 in the four pilot provinces (environmental objective). As a result, the MTR believes the opportunities to generate income from SFM, biodiversity conservation and CCM creation has not been optimised (development objective) and that this has implications as to how far the project can achieve not only the establishment of resilient forests, but the creation of resilient forest communities, which the MTR believes will also contribute to establishing ecological civilisation on a more sustainable footing.
142. Taking into account the above-mentioned strengths and challenges facing the project, the **MTR's overall risk rating is low-medium, which corresponds to moderately likely the project can reach its main outcomes and objectives**. Overall, the MTR has reached this conclusion following its analysis of the current/future opportunities identified in relation to the external threats that could jeopardise achievements. In the case of the former the MTR identified some innovative good practices that have developed at the forest farm level that provide excellent learning opportunities to support a new approach to engaging local communities more actively in the project's demonstrations and the socio-economic and environmental benefits they produce. On the latter, the external threats of political instability, institutional upheavals, weak legal and regulatory framework, etc. are low and the project addresses the threats of the effects of climate variability and change. However, one threat that will need to be monitored is the economic damage the coronavirus epidemic may have on public and private investment in the forestry sector in general and CCM benefit creation in particular in coming years.

Conclusion 1 (Relevance) on question 1: *Are the project outcomes congruent with current country priorities, GEF focal areas/operational programme strategies, the FAO Country Programming Framework and the needs and priorities of targeted beneficiaries?*

The project remains highly relevant to NFGA, but its design has some shortcomings that has encouraged the PMO to focus too much attention on training and employing local communities to establish SFM practices, biodiversity conservation and CCM benefit creation in state-owned forest farms, rather than responding to the needs of local communities to bring about change in the forest landscapes they manage and depend on for their livelihoods. This conclusion is justified by two main findings. On the one hand the project's strategic relevance is high, because it is fully congruent with the government's commitment to establish a policy, legal and regulatory framework that reduces the country's dependency on monocultural forestry practices that are increasingly vulnerable to the effects of climate variability and change (outcome 1). Likewise, the project's focus

on building awareness and capacity within the NFGA and local communities on the economic, social and environmental opportunities derived from mixed, multi-functional forests represents a highly viable approach to reducing this vulnerability and demonstrating win-win situations for the environment and economic development (outcome 3). On the other, the promotion of demonstrations and monitoring exclusively in state-owned forest farms (outcome 2), is highly pertinent to the needs of NFGA, but less relevant to participating local communities who are expected to replicate these practices without the support of the project, or synergies with other relevant government institutions, or the private sector. Indeed, the Prodoc has largely dismissed the importance of establishing alliances in key areas such as monitoring, or business development and, as a result, there is no budget for such activities.

Conclusion 2 (Effectiveness) on question 2: *To what extent has the project delivered on its outputs, outcomes and objectives?*

The project is making an important contribution to strengthening the NFGA's capacity to guide the transition to mixed, multifunctional planted forests, redress biodiversity loss and increase carbon storage in its state-owned forest farms. Furthermore, Fujian and Hainan Provinces have demonstrated significant advances in promoting CCM creation and the under-forest-economy respectively. However, the majority of the demonstrations are behind schedule and there is insufficient monitoring of the level of uptake of project demonstrations outside the project sites to determine how far the project is likely to meet its objectives in all four pilot provinces. The evidence identified and triangulated as far as possible through a wide range of interviews indicates the replication rates are low. This is because the local inhabitants do not receive technical assistance, or financial resources to apply their training in their collectively-owned forest farms and the incentives to adopt BD and CCM benefit creation are impinged by unfavourable market conditions. Also significant is the finding that SFM is not being explicitly promoted within the context of forest ecosystem management, which suggests not enough emphasis is being given to the management of biological diversity in the ecosystem(s) present. This is particularly relevant to the policy reforms foreseen under outcome 1.4, because there is a common belief in the southern provinces (Fujian, Guangxi and Hainan) that the guidelines are not adequately capturing the specific needs associated with forestry in the sub-tropical and tropical maritime ecological regions of China. Furthermore, innovative practices in Fujian and Hainan Provinces that are successfully engaging local communities in the project's demonstrations are not being adequately captured by the internal monitoring system to support and promote a communication strategy designed to stimulate learning. Indeed, communication focuses mainly on operational issues and information on project progress and events, rather than a channel through which bottom-up and top-down knowledge exchange and learning flows. For example, the data from Fujian Province that mixed forests fix significantly more carbon than monoculture forests, together with its partnership approach with local communities to justify ETS agreements at the provincial level is not being showcased.

Conclusion 3 (Efficiency) on question 3: *To what extent has the project been implemented efficiently and cost effectively?*

The delays of one year before operations started has affected the finalisation of key outputs under components 1 and 2 and this is a major reason for a very low expenditure

rate of just 5.5 per cent to 31 December 2019. The absence of coordination and synergies with other government institutions, the private sector and INGOs also reduces opportunities to share costs, apply effective monitoring and enhance learning. Nevertheless, the project has intensified operations to demonstrate it can convert its resources into results with satisfactory levels of cost-efficiency and cost-effectiveness and also started to address its isolation by collaborating with another GEF6 project, which will facilitate the sharing of costs in areas such as trainings. Overall, the MTR is satisfied the project has overcome the problems associated with the start-up of the project, is achieving a satisfactory level of cost-efficiency and cost-effectiveness, especially in relation the delivery of key outputs under components 1 and 3, such as the guidelines for SFM, BD and CCM benefit creation and monitoring, which are still in the process of finalisation before they can be approved, paid and rolled-out nationally from 2021. However, project efficiency has been affected by slow disbursement of GEF funds (5.5 per cent at 31/12/2020) due to slower than planned completion of deliverables by the national experts engaged in the project and the inability to approve reimbursable payments due to the lack of funding for assurance activities. In addition, the cost-effectiveness of demonstration activities under component 2 was found to be less evident when taking into account the total number of participants from the local communities participating in SFM, CFCS and CCM benefit creation is 2 631 households to March 2020. This equates to an average cost of approximately USD 150 (excluding co-finance) to engage each member of the local community in the project. Nevertheless, the MTR calculates physical progress stands at around 40 per cent, as opposed to 70 per cent stated in the Self-Evaluation Report to 31/03/2020. As a result, the MTR believes this cost is likely to come down as the Forest Bureaus start to implement the outputs foreseen under components 1 and 3 and assuming FAO finds a solution to remove the backlog of unpaid reimbursable payments accrued to date.

Conclusion 4 (Sustainability) on question 4: *What is the likelihood that the project results can be sustained after the end of the project?*

The perspectives of sustaining SFM practices and biodiversity conservation are high in the forest farms, but low in collective forest farms, where local communities who are applying reforestation and forest restoration activities (project objective) do not receive regular supervision, or support to tie them into CCM creation, except in Fujian Province. The sustainability of CCM benefit creation is likely where carbon offset markets are in operation (in Fujian Province) as an alternative to the national carbon trading scheme, which is not operational. However, long-term sustainability will depend on regular training and supervision of MRV capacity and finance, which are likely to require at least three years to consolidate. The MTR justifies this conclusion on the basis that local communities who have limited, or no access to financial and technical support to guide and support them fully establish the economic benefits of SFM practices and BD benefit creation, are unlikely to take on the risks associated with certification and the long lead times before they start to generate economic benefits. As a result, in these cases the project is unlikely to act as a catalyst of change in the local communities. However, the MTR also concludes that Fujian Province has shown CCM benefit creation can be sustained when a partnership is established between state and collective forest farms. In these cases, the Fujian model indicates the development of partnerships is key to achieving the carbon sequestration levels needed to justify ETS agreements with the private sector. Furthermore, because the

three ETS agreements have been established through Fujian's own provincial carbon trading initiative, it is not necessary to suspend further CCM benefit creation, because the national carbon trading scheme has been postponed. This indicates the creation of alliances between state and collective forest farms can act a catalyst to promote and sustain change in local communities and that this change does not have to be dependent on the national carbon scheme being operational.

Conclusion 5 (factors affecting performance) on question 5: *What are the main factors affecting the project from reaching its results?*

The project's design has overlooked the importance of establishing partnerships and synergies to enhance learning, support monitoring, improve communication and increase efficiency. The shortcomings in design have also contributed to gaps in the project's budget that reduce the project's scope and implementation in some key areas, especially CCM benefit creation and business development linked to the sale of sustainable forest products. First, partnerships between forest farms and local communities have not been identified to stimulate joint-learning and optimise the incentives to deliver change. Second, it is not clear as to how income streams are to be created outside the state-owned farms without promoting partnerships with the private sector and/or supporting the marketing of sustainable forest-based products. Third, the creation of partnerships and synergies with government institutions that have a mutual interest in areas such as biodiversity and carbon monitoring (MEE), on policy reforms (NDRC), on land-use planning (MNR, which is also responsible for NFGA), on food security (Ministry of Agriculture and Rural Affairs), etc. Fourth, the creation of partnerships with one or more iNGOs limits the opportunities to gain exposure to international standards, good practices, networks, etc. For this reason, the establishment of a MoU with a GEF6 project that is also executed by NFGA, is considered a positive step to addressing this issue and improving communication in this case with IUCN.

Conclusion 6 (Cross-cutting priorities) on question 6: *To what extent have gender consideration been taken into account in project design and implementation?*

The project's design, annual planning and internal monitoring and evaluation system are not based on prior gender and ethnic minority assessments to determine the specific needs, aspirations and knowledge of women and the different ethnic groups engaged in the project. This situation has not been fully addressed during implementation, where the project was found to lack an effective gender strategy targeting rural women, ethnic minorities and other vulnerable groups. As a result, monitoring on women/ethnic minority participation is not systematically monitored and report, which limits learning and reduces the opportunities to enhance local Chinese heritage, knowledge and technologies. The MTR found the project encourages the participation of women and ethnic minorities in the project's activities, but does not clarify how it aims to advance gender equality, or the empowerment of ethnic minorities in SFM, BD and CCM benefit creation. Furthermore, the internal M&E system has not established sex-disaggregated baselines, targets and indicators and generally only reports on participation levels in general terms.

5.2. Recommendations

143. **Recommendation 1 - Strategic relevance and effectiveness – for NFGA/PAC, FAO-GEF Coordination Unit (GCU), FAOR in China (FAO-CN) and FAO-Rome:** A no-cost extension is highly recommended to at least 31 July 2023 to recuperate the delayed start of the project on 01 August 2017. It is recommended the no-cost extension is granted with the following conditions:

- a) Adopt the theory of change proposed in Appendix 9 to clarify the vision and mission of the project is part of an ongoing process to promote ecological civilisation and support China meet its targets under the 2030 Sustainable Development Agenda and NFMP 2016-2050;
- b) Produce a new Results Matrix that sets the project within the wider context of the 2030 Agenda and NFMP 2016-2050. The RM should be developed as an internal management tool within the national monitoring system to support the NFGA guide its strategic planning. Before the RM is revised a table should be produced in Excel that lists all 16 forest farms by province to show what are the current activities taking place in each one and the numbers of households participating in each one. The table should then be expanded with additional columns to support analysis on the following:
 - **Optimise the potential for CCM benefit creation with local communities using the best practices of the Fujian model:** in order to advance ecological civilisation and resilience the project should use GIS data in the national monitoring system to identify and rank each state-owned forest farm in terms of its potential for partnerships with local communities to establish the critical land area of mixed, multifunctional forests needed to capture enough carbon (tCO₂e) to justify participation in ETS initiatives (includes voluntary national and international markets). It is proposed Fujian Province leads this initiative (as main training incubator) together with a short-term international expert on ETS. The aim should be to: (i) identify up to three project sites where an ETS initiative with a national/international industrial partner can be showcased for training purposes and to stimulate the multiplier effect, (ii) based on lessons learned and good practices identified revisit the guidelines on CCM benefit creation and revise them accordingly before the project closure;
 - **Optimise the potential for income generation** by identifying measures to optimised CFCS timber sales in the local market and: to increase the take-up of SFM practices and step-up ecological civilisation, it is important to consider, on the one hand policy reforms to allow the introduction of incentives that cut the costs associated with certification and, on the other, to identify and rank each forest farm in terms of its potential to develop and expand the under-forest economy in partnership with the local community. It is proposed Hainan Province leads this initiative (as main peer-to-peer training incubator) together with a short-term national or international expert on business development of non-timber forest products and food security. The aim should be to: (i) identify and prioritise at least one forest farm per province to showcase their different approaches, products and good practices to stimulate the multiplier effect, (ii) based on lessons learned and good practices identified revisit the guidelines on

SFM, BD and CCM benefit creation and revise them accordingly before project closure;

- **Optimise forest resilience at as many sites as possible by setting SFM within the context of forest ecosystem management in partnership with local communities and their collective forest farms:** to support the long-term sustainability of mixed, multi-functional forests and to enhance their quality it is important SFM, BD and CCM benefit creation is underpinned by FEM in partnership with local communities. Each forest farm should be mapped to determine where the main risks to the forest's ecosystem(s) are outside existing forest farm boundaries. The production of risk maps should identify where partnerships with local communities can mitigate these risks to safeguard the ecosystem (i.e. conserve watersheds, reduce soil erosion, increase the regulation of floods, protect biodiversity, reduce land-use conflicts, pollution sources, etc. This initiative should be led by the CTA with the support of a short-term expert specialised in landscape approaches to FEM. The aim should be to: (i) integrate risk management in SFM to facilitate the shift to FEM and, at the same time support local communities to become the guardians of planted forests both in and outside the forest farms, thus, enhancing the opportunities for BD and CCM benefit creation and up-scaling ecological civilisation, (ii) based on lesson learnt and good practices identified, revisit the guidelines and revise them before the end of the project (in coordination with the revisions proposed above).
- c) Following the completion of the table the PMO should review the targets in the following manner to support the theory of change and international commitments:
- Revise targets under outcome 2 in accordance with what the project can realistically achieve before closure;
 - Clarify the linkages between the revised targets and their contribution to meeting government targets relating to the 2030 Agenda, which includes reporting on Aichi Targets 3, 5, 14 and 18 and INDC targets on carbon sequestration goals;
 - Clarify the linkages with the long-term contribution of each state farm to meeting goals and objectives in the NFMP 2016-2050.
- d) Repeat the process under a-c to establish within the national monitoring system a national table of all state forest farms where partnership approaches with local communities are possible and rank them in order of priority. The aim should be to support decision-making on where to concentrate public investment to amplify SFM-FEM practices (based on the landscape approach), stimulate the under-forest economy and amplify the opportunities to develop PES (including ETS). It is recommended the development of the table starts in the pilot provinces and does not exclude inter-provincial partnerships with local communities where possible.

144. Recommendation 2 - Effectiveness – for NFGA/PAC/PMO, GCU, FAO-CN, FAO-Rome:

to implement the above approach the project should identify a training programme that is not only project time-bound, but one designed to continue well after the project to consolidate and amplify ecological civilisation and support the achievement of national and international targets and goals to 2030/2050. The programme should be designed to achieve the following:

- a) **Engage educational establishments** to support the training process and also apply courses to train the next generation of expertise in SFM/FEM, BD and CCM benefit

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- creation;
- b) **Identify synergies with other government institutions** who are connected to the project's activities and have a mutual interest to develop them. Through a stakeholder analysis the project should prioritise the synergies that should be established to reduce overlaps and which offer opportunities to share costs. In particular, the project should explore synergies with MEE in the area of biodiversity and applying MRV;
 - c) **Identify synergies with the GEF6 project**, in particular looking at increasing collaboration with IUCN and FAO to establish joint-training activities that support project implementation in general and the application of recommendation 1 in particular. In addition, FAO-CN and the LTO should support the development of synergies with other relevant GEF6 and GEF7 projects, especially as the latter includes developing value chains in partnership with Alibaba and other online platforms;
 - g) **Identify with the support of IUCN and FAO a study tour** that supports training and knowledge exchange on good practices associated with FEM, BD and CCM benefit creation
 - h) **Support the development of the training programme** that engages the local community to nominate leaders who are trained by the project to become official "local community forest chiefs" (or community extensionists). The training should focus on making them responsible for gathering and communicating main findings, good practices and lessons identified at the demonstration sites in order to promote and supervise their replication in collective forests.
 - d) **Define the continuation of the training programme in an exit strategy** designed to enhance project sustainability and optimise its impact to at least 2030, but preferably to 2050 in line with the National Forestry Management Plan. It is highly recommended the training programme includes technical support, lectures in the forest and supervision in collective forest farms as well as state farms to promote inclusiveness and economies of scale (to protect the forest's ecosystem, enhance the opportunities for CCM partnerships between state farms and collective farms, stimulate the local economy by expanding the under-forest economy and increase the scope for biodiversity conservation and sustainable use.

145. **Recommendation 3 – Effectiveness and sustainability – for NFGA/PAC, GCU, FAO-CN and FAO-Rome:** review and improve the project's communication strategy so that more attention is given to communicating the annual systematisation of results together with lessons learned and good practices (in Chinese and English). To achieve this, it is recommended a short-term communications expert is recruited to provide guidance on in key areas such as:

- a) **Ensure the internal M&E captures the flow of lessons learned** and good practices identified at the forest farm and neighbouring collective forest level;
- b) **Tailor the communication strategy** to the needs and interests of different stakeholders by employing a highly qualified short-term consultant to support the identification of this strategy with the PMO/PSC and, subsequently conduct an annual review of its application and propose recommendations to improve key messages on findings and good practices that can be applied in the participating state farms and scaled up. As funds are not foreseen in the GEF budget, a reallocation of GEF funds from activities where cost savings can be made (such as through the MoU with the GEF6 project). Alternatively, additional co-finance may be needed;

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- c) **Promote a wider range of knowledge products.** It is recommended these products are identified by the project in coordination with the communication strategy expert and ensure they target different audiences (decision-makers, technicians, civil society, local communities, youths and women, etc).

146. **Recommendation 4 – Cross-cutting priorities and effectiveness – for NFGA/PAC, GCU-FAO, FAO-CN and FAO Rome:** In the absence of both a gender and ethnic minority strategy, the project should delegate staff in each Forestry Bureau to assess:

- a) **The number of rural women and ethnic minorities** who are directly participating in each forest farm in order to consolidate a sex-disaggregated monitoring table for each province specifying number of male/female participants and male/female ethnic minorities;
- b) **Identify through a brief questionnaire** the following information:
- What are their three main needs that the project should address to ensure women can fully participate and learn in the project? For example, attention should be given to identifying specific support to mother's who find it difficult to participate, resource challenges, language barriers, males who prevent them from participating on the grounds they know more than women on forestry issues, business-related challenges to sell forestry products, recognition of their own technologies to build resilience and sustainably use biodiversity, etc.);
 - What are the three main needs of youths that the project should address to ensure they engage in project activities and replicate them? For example, attention should be given to managing their time in relation to studies/work, communication barriers that prevent them from seeing sustainable livelihoods can be established by working in forestry and developing the under-forest economy, access to university courses in SFM, perception of forestry services, etc.
 - How could the project best respond to meeting these felt needs in a cost-effective manner? For example, attention should be given to expanding some demonstrations as combined actions in forest farms and collective farms (especially where there are opportunities for CCM creation, or development of income streams from forest products), establishing extensionists in the Forestry Bureaus who trained to work in both forest farms and collective forest farms, employing more women/ethnic persons who are trusted by the local community, etc.
- c) **Conduct a workshop** to discuss the establishment of the project's gender and ethnic minority strategy to clarify its response to these felt needs and optimise the participation of (including in decision-making). To aid this it is recommended FAO provides a gender/ethnic minority specialist to supervise developments and coordinate with the consultant proposed to develop the project's communication strategy in which women/ethnic minority support, information, good practices, etc. are diffused. The adopted strategy should form an integral part of the annual planning and progress reporting process to facilitate learning and knowledge exchange. Women and youths should participate in at least one annual review on progress, gaps, lessons, good practices and so forth to ensure all four provinces are aware of developments, which ultimately should be replicated in other state forest farms in the respective provinces, as well as rolled out nationally by the NFGA.

147. **Recommendation 5 – Efficiency and effectiveness – for NFGA/PAC, GCU, FAO-CN and FAO Rome:** To ensure all three recommendations are implemented efficiently and effectively the project will need to undergo a full review of its budget in order to:

- a) Reassign GEF funds to areas where there are gaps. It is suggested the following gaps are addressed:
 - Adequate funding for the CCM benefit creation proposed. This should include certification and MRV costs to support the application of ETS agreements in line with international standards (established under the framework of REDD+) and to determine changes in forest carbon inventories of the pilot forest farms that will be uploaded and tested;
 - Supporting the development and show-casing of the under-forest economy (including certification and marketing-related activities);
 - Supporting the establishment of the proposed forest chiefs to act as official focal points for their local communities in order to relay findings, good practices and lessons on project activities realised within the State forest farms. This should include covering logistical and equipment costs;
 - Third-party checks of the project activities in the forest farms to sort out the backlog in reimbursements;
- b) Establish separate accounting of cash and in-kind co-finance payments at the national and provincial levels. In addition, where GEF funds are deemed insufficient to implement recommendations 1-3 discussion solutions using co-finance should be explored
- c) Resolve the USD 400 000 cash contribution of FAO. The MTR recommends an agreement is reached to make a cash contribution of USD 100 000 and convert the remaining USD 300 000 to in-kind support. It is recommended the cash contribution covers two main funding gaps. First, the funding of the assurance activities that are required in the OPA to remove the current backlog of reimbursable payments that remain unpaid to date. Second, the promotion of ETS (based on the Fujian model) in Guangxi and Henan provinces, where financial support is needed to help subsidise the costs associated with the start-up of ETS. In-kind support, should focus on high profile communications designed to visualise FAO's contribution to reducing carbon emissions in the forestry sector in China and supporting specific studies, such as how to increase farm-gate prices for timber products under the CFCS.

148. **Recommendation 6 – Efficiency and sustainability – for NFGA/PAC, GCU, FAO-CN and FAO-R:** To support the M&E system become more results (outcome) focused, it is recommended the adoption of the ToC is integrated into the Results Matrix by way of a summary section at the end of each component entitled "Progress in delivering change and learning". Suggestions on how this should be done to improve project planning, implementation, monitoring and communicating are listed as follows:

- f) **Process:** how far is the project stimulating change. Responses should focus on process in relation to the ToC (not outputs) and assess the project's contribution to change at:
 - The policy level: in terms of alignment with national/provincial priorities and explain what still needs to be addressed through policy dialogue to achieve project results/objectives;
 - The institutional level: in terms of capacity development, intra and inter-institutional coordination, funding, etc. and explain what still needs to be done

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- (at the PSC, PMO and national/provincial/local government levels) to achieve expected results/objectives?
- The legal, regulatory and guidelines framework level and explain what still needs to be done to meet standards, remove gaps/overlaps, etc. to achieve results and objectives?
 - The end beneficiary level (local communities/civil society) and explain what needs to be done to achieve results/objectives?
 - The gender and ethnic minority level, explaining how far the project is empowering rural women, youths, ethnic groups through access to training, information, resources, etc. and explaining what still needs to be done to ensure they participate in decision-making roles to enhance their equality and equity?
- g) **Lessons:** What are the lessons being learnt and good practices that should be adopted in annual planning, reporting and communications?
- h) **Communication:** how far has the project established an effective strategy to target different audiences to not only communicate the above-mentioned results, but to also enhance learning and stimulate the adoption and/or up-scaling of good practices at the government, private and civil society levels?
- i) **Value added:** what is the added value of GEF/FAO support? Here it is important to show what could have been achieved without GEF/FAO support and compare it to what has been achieved.
- j) **Reflection and recommendations:** it is important the PMO and PSC is empowered to think strategically and state what needs to be discussed with the LTO/FAO-CN/GCU to optimise change and enhance future impact of the project (after closure). This should include references to the exit strategy (see recommendation 2d) to help sustain results well after the project

6. Lessons learned

149. **Lesson 1 – on conducting a homebased MTR:** The application of teleconferencing in a Desk Phase is good practice as it ensures the MTR develops an in-depth understanding of the project and where further analysis in a field phase will add most value to reporting. Moreover, teleconferencing helps bring stakeholders together on one platform through which all participants are able to discuss and learn at the same time, which is more difficult and also more costly in the field.
150. **Lesson 2 – on the catalytic effect of the project:** Hainan and Fujian provinces have shown the establishment of partnerships with civil society is good practice to stimulate the benefits of BD and CCM benefit creation outside state-owned forest farms, which enhances the opportunities to optimise the multiplier effect of SFM practices;
151. **Lesson 3 – on applying biodiversity monitoring:** Data on forest biodiversity is an entry point to develop dialogue with new sectors such as healthcare and eco-tourism sectors to enhance win-win situations that enhance biodiversity conservation and promote sustainable development of the rural economy, which also contributes to reducing seasonal and permanent migration.
152. **Lesson 4 – on biodiversity conservation:** The restoration of forests offers a viable entry point to expand opportunities for PES beyond ETS, such as regulating fresh water resources, flood prevention, etc.
153. **Lesson 5 – on biodiversity monitoring:** The recognition and value of the local knowledge and technologies of ethnic minorities is considered to have been addressed by encouraging their participation in the project's main activities. However, this approach bypasses opportunities to first consult and identify ancestral good practices and autochthonous technologies that could add value to the project's activities, protect local heritage and history and enhance both social and environmental harmony with nature.
154. **Lesson 6 – on producing guidelines:** Forestry guidelines should be tailored to the characteristics and needs of forest stands according to its region; namely temperate forest in Henan Province, sub-tropical in Guangxi and Fujian Provinces and tropical in Hainan Province. In this way the management of different types of pests, or on how to manage forests according to their ecosystem (rather than forest range), which may span not only different ecological regions that cover high, medium and low altitudes, but also political boundaries involving two or more provinces that need coordinated inter-provincial responses.
155. **Lesson 7 – on training:** the lectures in the forest provide opportunities to enhance learning through on-the-spot observation and group analysis that is highly popular with participants, in particular relating to the discovery that mixed forests using local tree varieties fix more carbon than monoculture forests and bamboo forests. It is therefore considered good practice that can be scaled-up to include both State and neighbouring collective forest farms.

7. Appendices

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Appendix 1. Terms of reference for the MTR

**Terms of Reference for the Mid-Term
Review of the project on “Sustainable
forest management to enhance the
resilience of forests to climate change
in China”**

**GCP/CPR/056/GEF
GEF ID: 5139**

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

June 2020

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Acronyms and abbreviations

BH	Budget Holder
CSO	Civil Society Organization
EIB	European Investment Bank
EOD	Entry-of-duty
FAO	Food and Agriculture Organization of the United Nations
FLO	Funding Liaison Officer
FPMIS	Field Project Management Information System (FAO)
GCU	FAO GEF Coordination Unit
GCP	Government Cooperation Programme
GEBS	Global Environmental Benefits
GEF	Global Environment Facility
GHG	Greenhouse Gas
GOC	Government of China
LTO	Lead Technical Officer
LTU	Lead Technical Unit
MTE	Mid-Term Evaluation
MTR	Mid-Term Review
NFGA	National Forestry and Grassland Administration
NFSCA	National Forestry Carbon Sequestration Accounting and Monitoring Center (NFGA Department)
NTE	Not-to-exceed
OED	FAO Office of Evaluation
OPA	Operational Partner Agreement
PFD	Provincial Forest Department
PIF	Project Identification Form (GEF)
PMO	Project Management Office
PPRC	People's Republic of China
PAC	Project Advisory Committee
PTF	Project Task Force
RM	Mid Term Review Manager
SCCF	Special Climate Change Fund
SFA	State Forestry Administration
SFM	Sustainable Forest Management
ToC	Theory of Change
TOR	Terms of Reference
WBPMC	World Bank Project Management Center, NFGA

Introduction

This document provides the terms of reference for the mid-term review (MTR) of the FAO-GEF project on “Sustainable forest management to enhance the resilience of forests to climate change in China”

1 Project/programme background and context

- a) The project on “Sustainable forest management to enhance the resilience of forests to climate change in China” aims to enable local communities in four Chinese provinces, namely Henan, Fujian, Guangxi and Hainan, to effectively employ incentive-based sustainable forest management (SFM) practices in reforestation and forest restoration activities, enhancing carbon storage and sequestration as well as biodiversity conservation.
- b) The Global Environment Facility (GEF) is the resource partner for the project, the United Nations Food and Agriculture Organization (FAO) works as the project implementing agency, whilst the World Bank Project Management Center (WBPMC) of the then State Forestry Administration (SFA) and now National Forestry and Grassland Administration (NFGA) serves as the project operational partner, supported by its provincial and country level subordinates.
- c) The GEF provides a funding of USD 7152 728 for the project whilst the counterparts provide a co-financing of USD 48 400 000 in cash and in kind. The duration of the project is six years with the Entry-of-Duty (EOD) date as 30 September 2016 and the Not-to-exceed (NTE) date as 31 August 2022, according to the Field Project Management Information System (FPMIS) of FAO.

1.1 Description of the project, project objectives and components

1.1.1 Basic project information

Box 1 : Basic project information

<p>Project title: Sustainable forest management to enhance the resilience of forests to climate change in China</p> <p>GEF Project ID Number: 5139</p> <p>Recipient country: China</p> <p>Implementing Agency: FAO</p> <p>Executing Agency: SFA, restructured as NFGA in 2018</p> <p>Focal Area: Climate Change, Biodiversity, SFM-REDD+</p> <p>GEF Objectives: BD-2 (Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors)</p> <p>FAO Strategy/operational program: SO2 (Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner)</p> <p>Date of GEF CEO endorsement: 10 April 2015</p> <p>Date of GCP agreement signed: 06 September 2016</p> <p>Date of OPA signed: 30 September 2016</p> <p>Date of OPA expiration: 31 May 2022</p> <p>EOD in FPMIS: 30 September 2016</p> <p>NTE in FPMIS: 31 August 2022</p> <p>Operational EOD and NTE: At the request of the Operational Partners, an official FAO letter was sent to acknowledge “the actual duration for operation of the project are from the Entry-Of-Duty date of 01 August 2017 to the Not-To-Exceed date of 31 July 2023. The actual Entry-Of-Duty date respects the date when the first instalment of the project fund was made from FAO’s bank account, whilst the actual Not-To-Exceed date</p>
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is registered to reflect that the project duration is six years as per the Project Document enclosed in the signed Operational Partners Agreement.”

1.1.2 Context and rationale

- a) The current situation in China’s forestry sector can be summarized as a story of “quantity over quality”. While the efforts to halt forest loss and degradation through reforestation and afforestation initiatives have been highly ambitious and steadily increasing in intensity and scope over the course of the last two decades, significant opportunities for improvements regarding the quality of forest management remain. Monoculture, single age stands continue to cover millions of acres in China, representing forest structures that are not only vulnerable against pest and diseases as well as climatic shocks, but also yield much lower environmental benefits in terms of fostering biodiversity and mitigating climate change. Especially the comparatively low carbon stocks and sequestration ability in large parts of China’s forest areas represents a challenge that this projects sets out to address.
- b) On the other hand, the current dynamic offers a unique window of opportunity. The management structures of China’s forest areas have been changing dramatically in recent years, moving from a centralized system to an increasing responsibility of local communities for the management of forest areas. Forest certification as an incentive-based mechanism to promote sustainable forestry practices has been continuously strengthened in China in recent years. A functioning forest inventory and carbon monitoring system represents a prerequisite for measurable climate change mitigation activities in the forest sector. China is currently in the process of establishing a national level compulsory carbon trading scheme.
- c) The combination of these trends, all strongly backed by political interest and government commitment, creates a promising window of opportunity for project activities to create a high amount of Global Environmental Benefits with relatively small incremental investments. This project is designed to make full use of this opportunity.
- d) To bring down the mission to the ground, a list of 16 pilot project sites were selected from four provinces, after extensive field mission and comprehensive analysis of site level forest status and characteristics. The 16 project sites together contain 793,813 ha of forest land, distributed in four project provinces as presented below.

Box 2: List of project sites

Henan Province	Hainan Dao Province
a. Huangbaishan Forest Farm b. Nanwan Forest Farm c. Minquan Forest Farm d. Xinxian County Forest	a. Dongfang County Forest

<p>Guangxi Autonomous Region</p> <p>a. Yachang Forest Farm</p> <p>b. Tianli County Forest</p> <p>c. Xing'an County Forest</p> <p>d. Shankou Forest Farm</p>	<p>Fujian Province</p> <p>a. Yangkou Forest Farm</p> <p>b. Datian County Forest</p> <p>c. Minhou Baisha Forest Farm</p> <p>d. Shaowu Weiming Forest Farm</p> <p>e. Jiangle Forest Farm</p>
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1.1.3 Description of the project or programme

- a) China's government at the national as well as provincial level is keenly aware of the weaknesses and unused potential in its forest sector. In light of the crucial positive role forest can play in solving China's daunting environmental challenges, the government made the improvement of the quality of forest management a political top priority. While, in consequence, government investments have gradually increased in areas like forest fire and pest control programmes, strengthening of an ecological culture and enhancing public awareness of forestry, these investments are but a starting point for a more comprehensive transformation towards the full use of SFM practices according to internationally accepted good practices. For a GEF investment, the current situation therefore provides a strategic opportunity: In order to safeguard existing and create additional creation of GEBs from China's forests, turning the story from "quantity over quality" into "quantity with quality" through innovative initiatives to help China further shift forest management in the direction of ecosystem-based SFM, promises a highly effective use of GEF incremental support.
- b) The overall project objective is to enable local communities in four Chinese provinces to effectively employ incentive-based SFM practices in reforestation and forest restoration activities, enhancing carbon storage and sequestration as well as biodiversity conservation. This is expected to be achieved through adopting an integrated, catalytic approach applied to different sites in a context-sensitive and cost-effective manner. Following the structure of the GEF Project Framework, the specific project components and outcomes are structured as below.

Box 3: Components and sub-components of the project

Component 1: Strengthened institutional, policy and regulatory frameworks for the implementation of sustainable forest management from national to local level, creating a basis for enhanced biodiversity conservation and carbon sequestration.

- 1.1 Improved implementation framework translating the SFM principles and goals embodied in national policies into tangible choices and priorities for on-the-ground SFM activities;
- 1.2 Strengthened local level application and coherent planning of SFM practices, including biodiversity conservation and carbon benefit enhancements;
- 1.3 Integrated national and local level monitoring systems guide the application of SFM practices, biodiversity conservation and carbon sequestration efforts;
- 1.4 Enhanced national level policy, legal, and regulatory framework based on feedback of project experiences and identified gaps.

Component 2: Demonstration and adoption of SFM practices, enhancing carbon storage and improving biodiversity conservation.

2.1 County forestry bureaus and local communities empowered and capacitates to apply a large spectrum of SFM practices selected in accordance with location-specific needs and challenges;

2.2 Carbon sequestration enhanced and GHG emissions from forests reduced through reforestation of damaged forest, rehabilitation of degraded forest, as well as enhanced SFM practices leading to emission reductions;

2.3 Enhancement of forest biodiversity through protection and conservation of rare and endangered native species.

Component 3: Training and capacity development; awareness raising and knowledge exchange; monitoring, evaluation and dissemination of best practices.

3.1 Enhanced knowledge and capacity of local farmers and government staff to implement SFM practices, create CCM and BD related GEBs and implement the corresponding monitoring systems;

3.2 System for peer-to-peer teaching and regular exchange of knowledge and experiences between project site staff within and between the four provinces;

3.3 Establishment of project monitoring and evaluation system measuring project progress and achievements; publication and dissemination of information and experiences for public awareness raising.

c) The main beneficiaries of the Project include:

- (i) Forest management staff at 16 forest farms in Henan, Guangxi, Hainan and Fujian receiving direct support under the Project,
- (ii) Local and municipal government stakeholders,
- (iii) Communities living in proximity to the project-supported areas expected to benefit directly from the Project and the broader Municipality benefiting from conservation education and public awareness activities supported by the Project.
- (iv) Broader forest management practitioners and agencies benefiting from the lessons, experience, and expertise built up at the pilot sites under the Project through knowledge sharing and exchange.

Box 4. Project Financing

FINANCING PLAN: GEF/LDCF/SCCF ALLOCATION:	USD 7 152 728
<u>Co-financing:</u>	
State Forestry Administration and	
Provincial Forestry Departments (in-kind)	USD 40 800 000
	USD 7 200 000

State Forestry Administration and Provincial Forestry Departments (cash)	USD 400 000
FAO (grant)	USD 48 400 000
Subtotal Co-financing:	USD 55 552 728
Total Budget:	

- d) *The project was endorsed by the GEF CEO on 10 April 2015. The Government Cooperation Programme (GCP) Agreement was countersigned on 06 September 2016. The Operational Partners Agreement (OPA) was countersigned on 30 September 2016 and will expire on 31 May 2022. FAO FPMIS reads the project EOD date as 30 September 2016 and the NTE date as 31 August 2022. At the request of the Operational Partners, an official FAO letter was sent to acknowledge "the actual duration for operation of the project are from the Entry-Of-Duty date of 01 August 2017 to the Not-To-Exceed date of 31 July 2023. The actual Entry-Of-Duty date respects the date when the first instalment of the project fund was made from FAO's bank account, whilst the actual Not-To-Exceed date is registered to reflect that the project duration is six years as per the Project Document enclosed in the signed Operational Partners Agreement."*

1.2 Project stakeholders and their role

Table 1. Stakeholder analysis matrix

Key stakeholders (disaggregated as appropriate) ³⁸	What is their role in the project?	What is the reason for their inclusion in or exclusion from the MTR?	Priority for MTR (1-3) ³⁹	How and when should they be involved in the MTR?
1. Active stakeholders with direct responsibility for the project, e.g. FAO, executing partners				
FAO	GEF agency	Manage and disburse funds from GEF in accordance with the rules and procedures of FAO; Oversee project execution in accordance with the project document; Provide technical guidance, backstopping and supervision; Report to the GEF Secretariat through the annual Project Implementation Review on project progress and provide financial reports to the GEF Trustee.	1	Interviewees: Vincent Martin, FAOR and BH; Kenichi Shono, Lead Technical Officer (LTO) based in Rome, Skype interview; Yurie Naito: Funding Liasing Officer (FLO) based in HQ, Skype interview. Zhang Zhongjun, AFAOR Programme; Han Yan, AFAOR Administration Fu

³⁸ Include the names of relevant individuals, if known, and be as specific as possible

³⁹ 1 = essential; 2 = desirable; 3 = if time and resources allow

Key stakeholders (disaggregated as appropriate) ³⁸	What is their role in the project?	What is the reason for their inclusion in or exclusion from the MTR?	Priority for MTR (1-3) ³⁹	How and when should they be involved in the MTR?
				Rong, programme Officer
WBPMC/NFGA	WBPMC/NFGA is the execution partner of the project. The WBPMC/NFGA is the national level body responsible for forestry management in China. It provides financing and strategic direction and guidance to the nation's provincial and county level forestry departments, including those for the involving project sites	Directly responsible for operational and technical execution of project activities, day-to-day monitoring as well as financial management and purchase of goods, minor works, and services (procurement). It closely coordinates with other national partners on different levels and reports periodically to FAO	1	Interview with Liu Yuying, Deputy Director General of WBPMC/NFGA; Chen Jinghua, Deputy Division Director, WBPMC/NFGA; Sun He, Project Officer, WBPMC/NFGA
Forestry provincial bodies	Under the supervision of WBPMC/NFGA, the provincial level forestry bodies oversee day-to-day execution of the project.	Directly responsible for technical execution of project activities, day-to-day monitoring as well as financial management and purchase of goods, minor works, and services (procurement) at provincial and farm levels.	1	TBC (Two from provincial forestry and grassland department, two from project farms)
Chief Technical Adviser and national and provincial consultants	Consultants at national and provincial levels play a key role in providing technical support under the guidance of the PMO and project lead technical officer from FAO.	Consultants play an essential role in preparing, in collaboration with PMOs at all levels, the national and provincial guidelines on sustainable forest management, biodiversity standards, forest carbon project development and management.	2	Wu Shuirong, Chief Technical Advisor (CTA), Chinese Academy of Forestry Sciences; Two specialists who are available; Provincial consultants of the selected provinces for field mission
2. Active stakeholders with authority to make decisions on the project, e.g. members of the PAC				
Ministry of Finance	GEF Focal Point in China that controls and manages all F+GEF funding	Overall planning and supervision of all GEF projects.	2	TBC (it is suggested to be a combined visit that covers the MTR for the other two projects)
3. Secondary stakeholders (only indirectly or temporarily affected)				

Key stakeholders (disaggregated as appropriate) ³⁸	What is their role in the project?	What is the reason for their inclusion in or exclusion from the MTR?	Priority for MTR (1-3) ³⁹	How and when should they be involved in the MTR?
4. Stakeholders at grassroots level who benefit directly or indirectly from the intervention (gender disaggregated where possible)				
Sate-owned forest farm	16 state-owned farms are the implementation units at grassroots level in this project.	16 state-owned farms are the direct implementer and beneficiaries of the project.	1	TBC in the provinces to be selected for field missions
5. Stakeholders at grassroots level who do not benefit from the intervention (gender disaggregated where possible)				
Name Stakeholder group 1				
Name Stakeholder group 2				
Etc.				
6. Other interest groups that are not participating directly in the intervention, e.g. development agencies working in the area, civil-society organizations				
Name Stakeholder group 1				
Name Stakeholder group 2				
Etc.				

1.3 Theory of change

The project document did not propose any Theory of Change (TOC) but has a detailed results matrix. The Theory of Change will be reconstructed by the MTR team during the inception or main review phase. The reconstructed ToC will be included in the MTR report.

1.4 Implementation progress and main challenges to date

- a) The project inception workshop was organized in 2019 using the funding from the WBPMC. The first instalment of GEF grant of USD 1,250, 600 was transferred to the WBPMC on 01 August 2017 when the special bank account for the project had been established.
- b) A full-time project team at WBPMC, which includes the authorized officer, the project manager, the programme officer, and a finance officer, have been established for the implementation of the project with the support of the project management offices at provincial and county levels. Project management manual, project financial management manual, as well as project consultancy service manual have all been put in place to enhance the effectiveness and efficiency of project implementation. The Project Advisory Committee (PAC), including representatives from WBPMC, NFGA departments, provincial PMOs, and FAO have discussed and agreed on the annual workplan and budget for the years 2017, 2018 and 2019. One spot check was undertaken in 2018 and one audit was organized in 2019, with satisfactory and positive findings and constructive recommendations for improvement.

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- c) In general, the project is on track according to the annual work plan. The major progress of project implementation for each component is summarized as follows:
- Component 1: a) The national guidelines on sustainable forest management, biodiversity standards, forest carbon project development and management have been developed and reviewed several times at national, provincial and forest farm levels involving professionals and practitioners; b) provincial forest management plans drafted in four provinces have been reviewed; c) a package of implementation plans on demonstration and extension activities on SFM, monitoring activities and methods, forest certification, and capacity building and knowledge dissemination for the four provinces and all the forest farms have been drafted and reviewed which are ready for implementation.
 - Component 2: a) China Forestry Certification Scheme (CFCS) certificates have been obtained in Weimin Forest Farm of Fujian province (6469ha). Preparation and trainings on certification were conducted in Henan and Guangxi provinces; b) Preparation and trainings on forest carbon management were taken in Henan province; c) Practical SFM activities in the four provinces and all the targeted forest farms were enhanced.
 - Component 3: A series of technical training workshops and "Lecture in the forest" were taken, involving over 911 participants.
 - Communication and visibility: A project specific website (www.pmcgef.cn) has been maintained. Three issues of project newsletter were compiled in the PIR reporting period. An international workshop on this project was organized at the 4th World Congress on Planted Forest during October 22-25 2018 sharing the project concept and experiences with the international participants. A number of release press on project activities were published on several important media platforms.
- d) As the project design was done in a few years back, some of the activities/outputs designed no longer fit the current situations nor have allocated sufficient resource, posing a challenge for project implementation and requiring for adaptive management. For example, no budget was allocated for the third-party review/ verification which is a key step of obtaining carbon credit certificate. The financial gap is US\$800,000 for doing third-party verification for each carbon credit certificate, which is too large to be addressed by any budget revision. The target of "Six national level project sites successfully creating carbon credits under the SFM methodology for China's national carbon trading scheme" would only be feasible to be changed to achieve "one national level and two provincial level" carbon credits instead. Another example is that the project site Tianlin County of Guangxi province faced difficulties in project implementation due to the reform of forest farm in the country. Therefore, this project site had to be replaced by a new unit. Such kinds of challenges have been raised at stakeholder meetings and written justifications and proposals for adaptive management have been documented.
- e) Despite the good technical progress and sound project management procedures, the project delivery on reimbursement basis remains to be comparatively low and poses another challenge, for which the PMO is making every effort to expedite the expenditure.

2 MTR purpose and scope

- a) The MTR is a requirement of the GEF and also demanded by FAO for project monitoring, management and reporting purposes. It is being conducted for both accountability and learning purposes of GEF, FAO, and other participating institutions.
- b) As indicated in the project document, an independent MTR will be undertaken during the third year of project implementation. The evaluation or MTR will determine progress being made towards achievement of objectives, outcomes, and outputs, and will identify corrective actions if necessary. It will, inter alia: 1) review the effectiveness, efficiency and timeliness of project implementation; 2) analyze effectiveness of implementation and partnership arrangements; 3) identify issues requiring decisions and remedial actions; 4) identify lessons learned about project design, implementation and management; 5) highlight technical achievements and lessons learned; and 5) propose any mid-course corrections and/or adjustments to the implementation strategy as necessary.
- c) It is foreseen the MTR reports will serve to:
 - provide accountability – to respond to the information needs and interests of forestry resource management authorities of different levels and other actors with decision-making power, for example, FAO management and the FAO GEF Coordination Unit (GCU) ;
 - improve the project management by providing valuable information to managers and others responsible for regular project operations, such as the PMO, PTF, FAO-GEF CU and PSC; and
 - contribute to knowledge – in-depth understanding and contextualization of the project and its practices, of particular benefit to the government authorities for land and water resources management and biodiversity conservation, NGOs, FAO-GEF CU, FAO staff and future developers and implementers.
- d) The main audience and intended users of the MRT will be:
 - The Chinese counterparts, such as Ministry of Finance as the GEF focal point in China, government authorities on forest resources management, environmental protection, planning, etc., will use the evaluation findings and conclusions for future practice.
 - Project team
 - The FAO Country Office, Project Management Team, members of Project Task Force in the FAO Headquarters and regional offices who will use the findings and lessons identified in the MTR to continue and improve the project activities and plan for sustainability of the results achieved;
 - The GEF who will use the findings to inform strategic investment decisions in the future in China; and

2.1 MTR scope

- a) The MTR will cover the project implementation period since its EOD in September 2016, until February 2020, and will analyze all the project components. It will cover all the geographical areas where the project has been implemented, although not all the project locations might be visited by the MTR team.
- b) The MTR will also consider the pre-conditions and arrangements in place that have contributed to – or hindered - the adequate implementation of the planned activities, including linkages and/or partnerships between the project and other major country initiatives.

3 MTR objectives and key questions

3.1 MTR objectives

- a) The objective of the MTR is to provide valuable recommendations based on evidence and findings under the topics of: relevance, effectiveness, efficiency, factors affecting project performance including coherence of project design, project implementation and executing arrangements and operation (including financial management and co-financing), as well as potential sustainability and longer term impact. The MTR objectives describe precisely what it should achieve and what it should examine in relation to the GEF evaluation criteria. It will address and rate the following:

Box 5: MTR objectives

Relevance – the extent to which the intervention’s design and intended results are consistent with local, national, sub-regional and regional environmental and development priorities and policies of the Government of China and to GEF and FAO strategic priorities and objectives; its complementarity with existing interventions and relevance to project stakeholders and beneficiaries; its suitability to the context of the intervention over time.

Effectiveness – the degree to which the intervention has achieved or expects to achieve results (project outputs, outcomes, objectives and impacts, including Global Environmental Benefits) (GEF, 2019c) taking into account key factors influencing the results, including an assessment of whether sufficient capacity has been built to ensure the delivery of results by the end of project and beyond and the likelihood of mid- and longer-term impacts.

Efficiency – the cost-effectiveness of the project and timeliness of activities; the extent to which the intervention has achieved value for resources by converting inputs (funds, personnel, expertise, equipment, etc.) into results in the timeliest and least costly way compared with alternatives.

Sustainability – the (likely) continuation of positive effects from the intervention after it has ended and the potential for scale-up and/or replication; any financial, socio-political, institutional and governance, or environmental risks to sustainability of project results and benefits; any evidence of replication or catalysis of project results.

Factors affecting performance – the main factors to be considered are:

- project design and readiness for implementation (e.g. sufficient partner capacity to begin operations, changes in context between formulation and operational start);
- project execution, including project management (execution modality as well as the involvement of counterparts and different stakeholders);
- project implementation, including supervision by FAO (BH, LTO and FLO), backstopping, and general PTF input;
- financial management and mobilization of expected co-financing;
- project partnerships and stakeholder involvement (including the degree of ownership of project results by stakeholders), political support from government, institutional support from operating partners (such as regional branches of agricultural extension services or forestry authorities);
- communication, public awareness and knowledge management; and
- application of an M&E system, including M&E design, implementation and budget.

Cross-cutting dimensions – considerations such as gender, indigenous-peoples and minority-group concerns and human rights; the environmental and social safeguards applied to a project require, among other things,

a review of the Environmental and Social Safeguards (ESS) risk classification and risk-mitigation provisions identified at the project's formulation stage.⁴⁰

3.2 MTR questions

- a) MTR questions should be corresponding to one or more GEF evaluation criteria (the MTR gathers evidence by posing questions to assess its degree of compliance with the GEF criteria). MTR questions should be based on project objectives and draw on the project's theory of change. They should be sufficiently broad, but still help focus the MTR and address project-specific issues, as agreed by the BH/RM and principal stakeholders. They will be refined later in consultation with the MTR team and documented in the inception report.
- b) Depending on the size and complexity of the project (and, thus, the MTR), each question can be divided into sub-questions, creating an MTR matrix.⁴¹ Example questions for each of the criteria can be found in Table 2. Please note that the questions need to be phrased in the context of the project's theory of change.

Table 2: MTR questions

Table 2: Examples of MTR questions	
1. Relevance (rating required)	<p>Are the project outcomes congruent with current country priorities, GEF focal areas/operational programme strategies, the FAO Country Programming Framework and the needs and priorities of targeted beneficiaries (local communities, men and women, and indigenous peoples, if relevant)?</p> <p>Has there been any change in the relevance of the project since its formulation, such as the adoption of new national policies, plans or programmes that affect the relevance of the project's objectives and goals? If so, are there any changes that need to be made to the project to make it more relevant?</p>
2. Effectiveness of project results (rating required)	<p>To what extent has the project delivered on its outputs, outcomes and objectives?</p> <p>How far have the institutional, policy and regulatory frameworks for the implementation of sustainable forest management been strengthened from national to local level, creating a basis for enhanced biodiversity conservation and carbon sequestration?</p> <p>Have the four project provinces demonstrated and adopted the SFM practices, enhancing carbon storage and improving biodiversity conservation and its sustainable use?</p> <p>Has the capacity developed, awareness raised, knowledge exchanged, and the best practices monitored, evaluated and disseminated regarding the SFM, contributed to biodiversity conservation and carbon sequestration?</p>

⁴⁰ FAO applies an online screening system during the project design phase. This is mandatory, even if the project was approved before FAO adopted the GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards (GEF, 2011) in February 2015, as FAO had already applied the Environmental Impact Assessment Guidelines in 2011 (FAO, 2012a) to screen and rate the risks of every FAO project. Consequently, the MTR team should review and confirm the ESS assessments and risk status at mid-term and any changes suggested, if needed. The most recent GEF guidance can be found in GEF (2019b). A GEF project should not cause any harm to the environment or to any stakeholder and, where applicable, will take measures to prevent and/or mitigate any adverse effects.

⁴¹ See Annex 9 of the MTR Guide for an MTR matrix template.

	<p>What are the initial outcomes (broader results) of the project at regional and global level to date in particular relating to environmental stress reduction and environmental status improvements, or changes in policy, legal or regulatory frameworks?</p> <p>Are there any unintended consequences of the project's actions (positive and/or negative)?</p> <p>Are there any barriers or other risks that may prevent future progress towards and the achievement of the project's longer-term outcomes?</p> <p>Provide conclusions on the extent to which progress towards long-term impacts can be attributed to the project and recommendations on what can be done to increase the likelihood of attaining planned outcomes from the project?</p>
3. Efficiency (rating required)	<p>To what extent has the project been implemented efficiently and cost effectively?</p> <p>To what extent has project's implementation mechanism contributed to efficient implementation of main actions and planned outputs?</p> <p>Has project management been able to adapt to any changing conditions to improve the efficiency of project implementation?</p> <p>How much has the co-financing contributed to the project outcomes and objectives?</p> <p>How does the project's cost efficiency (cost/time) compare to that of similar projects (if relevant)?</p> <p>To what extent has the project built on synergies and complementarities with other projects, partnerships, etc. and avoided duplication of similar activities by other groups and initiatives?</p> <p>Has the Operational Partners Agreement been applied efficiently?</p>
4. Cross-cutting priorities	<p>To what extent were gender considerations taken into account in designing and implementing the project? Has the project been designed and implemented in a manner that ensures gender-equitable participation and benefits? Was a gender analysis done?</p> <p>To what extent were environmental and social concerns taken into consideration in the design and implementation of the project?</p>
5. Sustainability (rating required)	<p>What is the likelihood that the project results can be sustained after the end of the project?</p> <p>What are the key risks that may affect the sustainability of the project results and its benefits (financial, socioeconomic, institutional and governance, and environmental aspects, as well as the risks identified in the project document)?</p> <p>What project results, lessons or experiences have been replicated (in different geographic areas) or scaled up (in the same geographic area, but on a much larger scale and funded by other sources)?</p> <p>Has the project established sustainable institutional arrangements or cross-sector partnerships?</p> <p><i>Did the OPIM contribute to ensure major ownership and sustainability of the project results?</i> <i>Did the OPIM contribute to increase national, sub-regional and sub-regional ownership to</i></p>

	<i>support better sustainability of results? And to strengthen capacities of regional, sub-regional and/or national entities?</i>
6. Factors affecting progress (ratings required)	<p>Is the project design suited to delivering the expected outcomes?</p> <p>Is the project's causal logic coherent and clear?</p> <p>To what extent are the project's objectives and components clear, practical and feasible within the timeframe allowed?</p> <p>How do the various stakeholder groups see their engagement in the project (ownership) and what are the strengths and challenges of the project's partnerships?</p> <p>Were other actors – civil society or private sector – involved in project design or implementation and what was the effect on project results?</p> <p>Is the project on track as it was originally designed? Is there any delay in the project approval, implementation and reporting process? What are the major reasons of the delay?</p> <p>To what extent did the executing agency effectively discharge its role and responsibilities in managing and administering the project?</p> <p>How well is the PMO functioning?</p> <p>Are there sufficient human resources, financial resources, etc. for the PMO operation and does it have the capacity to support project implementation?</p> <p>What have been the main challenges in terms of project management and administration under the OPIM modality?</p> <p>How well have risks been identified and managed?</p> <p>What have been the financial-management challenges of the project? To what extent has pledged co-financing been delivered? Has any additional leveraged co-financing been provided since implementation?</p> <p>To what extent has FAO delivered oversight and supervision and backstopping (technical, administrative and operational) during project identification, formulation, approval, start-up and execution? What kind of support or changes is expected from FAO by the execution partners?</p> <p>How effective has the project's internal M&E system been in supporting project planning and the development of a communication strategy to inform and promote its key messages and results to partners, stakeholders and a general audience?</p>
7. Lessons learned and best practices	<p>What lessons and good practices are likely to be replicated or scaled up in the near future?</p>

- c) It should be noted that GEF is placing increased emphasis on gender concerns and how its programmes and projects contribute to gender equality and women's empowerment (GEF, 2017a;

2017b; 2018a; 2018b). Consequently, the MTR should, as much as possible, collect and report sex-disaggregated and gender-sensitive indicators and results. GEF is also paying more attention to stakeholder engagement and development, the use of knowledge products and the identification of good practices. All of these areas require specific reporting when the MTR report is uploaded to the GEF Portal webpage.

4 Methodology

- a) The MTR will adhere to the UNEG Norms & Standards (UNEG, 2016) and align with the FAO–GEF MTR Guide and annexes detailing methodological guidelines and practices. The MTR will adopt a consultative and transparent approach, keeping internal and external stakeholders informed throughout the MTR process. The evidence and information gathered will be triangulated to underpin its validity and analysis and to support its conclusions and recommendations. The MTR must provide evidence-based information that is credible, reliable and useful. Due to the COVID-19 pandemic, it is accepted by all parties a flexible approach will be adopted throughout the evaluation process, in particular concerning the level of research and analysis that can be reasonably be done by the evaluation team from home and via remote interviews using Skype, Zoom, TenCent, etc.
- b) The main evaluation tools and methods will include the following:
 - A **desk-review** of existing project documents and reports (e.g. the inception report, project implementation report, project progress reports, backstopping mission reports, etc.). Under the current restrictions on travel and movement posed by the COVID-19 pandemic the evaluation team will conduct a series of **semi-structured interviews remotely using Skype/VooV** with key stakeholders. These will include representatives of FAO project taskforce members, PAC members, the operational partners, the local government authorities, national consultants and, if possible, with a selection of representatives from the local communities who have participated in the training and on-the-ground activities supported by the project. Alternatively, where stakeholders cannot be interviewed under the current restrictions relating to the COVID-19 pandemic, an online questionnaire will be considered for collecting information on the project. To help substantiate findings, stakeholders will be asked to provide images, video clips, promotional materials, reports, etc. to the evaluation team where considered useful and appropriate.
 - To support the evaluation process a theory of change will be constructed at the start of evaluation and incorporated into the **inception report**. The ToC will outline the multiple linkages between the project objectives, outputs and outcomes to the national goals, and will support the evaluation process. Following the submission of the first draft of the evaluation report at the end of the desk phase an on-line meeting will be held to present via Skype/Zoom initial findings and conclusions with the Project Coordination Unit and representatives of the PAC (including FAOR China). Feedback and comments will be incorporated into a revised second draft of the evaluation report.
 - **Field visits** to selected project sites will be carried out **ONLY in the event UNDSS provides clearance that international and/or national experts can take place**. The main purpose of the field visits will be to triangulate findings in the MTR draft report submitted at the end of the desk phase. Particular attention will be given to verify the draft reports main findings on project implementation and results. The field visits will offer the opportunity to concentrate on interviewing local stakeholders and end beneficiaries in the field in order to collect feedback from

local partners, analyse their capacities and assess key issues such as the sustainability of key activities, outputs and results, lessons learned, good practices, gender focus, etc. Face-to-face interviews (group and/or individual) will be carried out during the field visits and mainly aim to cover stakeholders and end beneficiaries that have not been interviewed remotely during the desk phase. All interviews will be conducted in line with UNEG interview protocols and procedures to ensure all interviewees are aware of the purpose of the evaluation, who is conducting it, the independent nature of the evaluation, respecting the anonymity of all interviewees, etc. A wrap-up meeting will be held at the end of the field mission in Beijing, China. The MTR report will be adjusted after the field visit and a final draft version presented to the GEF PCU for final comments and feedback, prior to submitting the final report.

5 Roles and responsibilities

- a) The **BH** is accountable for the MTR process and report and is responsible for the initiation, management and finalization of the MTR process.
- b) The **BH** is accountable for the MTR process and report and is responsible for the initiation, management and finalization of the MTR process. Depending on availability and commitments, the BH have designated Fu Rong as the **RM**, to act on his behalf.
- c) With the assistance of the project's **LTO** and the FAO-GEF **CU, FLO and MTR focal point**, and guidance from this document and the main MTR Guide, the BH/RM is responsible for the drafting and finalizing the terms of reference and providing input to the background and context section. The BH/RM is also responsible for identifying and recruiting the MTR team members, in consultation with the GCU and the LTO. In collaboration with the GCU, the BH/RM also briefs the MTR team on the MTR methodology and process and leads the organization of MTR missions. The BH/RM and the GCU's MTR focal point review the draft and final MTR reports to assure their quality in terms of presentation, compliance with the terms of reference, timely delivery, quality, clarity and soundness of evidence and analysis supporting the conclusions and recommendations. The BH is also responsible for leading and coordinating the preparation of the FAO Management Response and the associated follow-up report, supported by the LTO and other members of the PTF.
- d) The FAO-GEF **CU** will appoint a focal point to provide technical backstopping throughout the MTR process, including guidance and punctual support to the BH/RM and MTR team on technical issues related to the GEF and the MTR. This includes support in identifying potential MTR team members,⁴² reviewing candidate qualifications and participating in the selection of consultants, as well as briefing the MTR team on the MTR process, relevant methodology and tools. The GCU also follows up with the BH to ensure the timely preparation of the Management Response.
- e) **PTF** members, including the BH, are required to participate in meetings with the MTR team, make all necessary information and documentation available and comment on the terms of reference and MTR report. However, their level of involvement will depend on team members' individual roles and level of participation in the project.

⁴² The BH/RM should be responsible for the administrative procedures associated with the recruitment of the MTR consultants.

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- f) The **National Project Director** (NPD) facilitates the participation of government partners in the MTR process and supports the PMO in ensuring good communication across government. The **Project Advisory Committee** (PAC) facilitates government and other partner and stakeholder participation in the MTR process.
- g) The **MTR team** is responsible for developing and applying the MTR methodology, producing a brief MTR inception report, conducting the MTR and producing the MTR report. All team members will participate in briefing and debriefing meetings, discussions and field visits. They will contribute written inputs to the draft and final versions of the MTR report, which may not reflect the views of the government or of FAO. The MTR team leader will guide and coordinate the MTR team members in their specific tasks and lead the preparation of the draft and final reports. The team leader will consolidate team inputs with his/her own and will have overall responsibility for delivering the MTR report. The MTR team will agree with the GCU MTR focal point on the outline of the report early in the MTR process, based on the template provided in Annex 12 of the MTR Guide. The MTR team is free to expand the scope, criteria, questions and issues listed above, and develop its own MTR tools and framework, within the timeframe and resources available and based on discussions with the BH/RM and PTF. Although an MTR report is not subject to technical clearance by FAO, the BH/RM and GCU do provide quality assurance checks of all MTR reports.
- h) The relevant **GEF Operational Focal Point** (OFP) must be involved in any GEF project or programme evaluation process, in accordance with the GEF Evaluation Policy (2019). The BH should inform the OFP of the MTR process and the MTR team is encouraged to consult with him/her during the review process. The team should also keep the OFP informed of progress and send him/her a copy of the draft and final MTR reports.

6 MTR team composition and profile

- a) The MTR team will be formed by one international consultant, as the team leader and one national consultant, as the team member. Please refer to the TORs of the 2 consultants attached for more details.
- b) The MTR consultants should be independent of any organizations that have been involved in designing, executing or advising on any aspect of the project being evaluated in the MTR and should not have been involved in any aspect of the project previously.

7 MTR products (deliverables)

- a) This section describes the key deliverables the MTR team is expected to produce. At a minimum, these products should include the following in English:

Box 6 MTR deliverables

- 1) **The MTR inception report.** The MTR team will prepare an inception report before beginning data collection. This should detail the MTR team's understanding of what is being assessed and why, and their understanding of the project and its aims. It serves as a map and reference for planning and conducting an MTR and as a useful tool for summarizing and visually presenting the MTR design and methodology in discussions with stakeholders. The inception report details the GEF evaluation criteria, the questions the MTR seeks to answer (in the form of an MTR matrix), the data sources and data collection methods, analysis tools or methods appropriate for each data source and data collection method, and the standard or measure by which each question will be evaluated. The inception report should include a proposed schedule of tasks, activities and deliverables, designating a team member with lead responsibility for each task or product (as appropriate)
- 2) **The draft MTR report to be presented at the end of the desk phase.** The project team, BH/RM, GCU and key stakeholders in the MTR will review the draft MTR report to ensure its accuracy and quality in two review rounds: (a) a first review, taking around 10 working days, by the project team and FAO (BH, LTO, FLO and GCU MTR focal point), then a second review, also taking around 10 working days, by the government counterpart(s), key external partners and stakeholders.
- 3) **The final MTR report.** This should be presented following the completion of a field mission (if the travel restrictions are lifted) to a selection of the project sites and include an executive summary. Supporting data and analysis should be annexed to the report, if deemed important, to complement the main report. The executive summary should include the following paragraphs in order to update the GEF Portal: (1) information on progress, challenges and outcomes on stakeholder engagement; (2) information on progress on gender-responsive measures; and (3) information on knowledge activities and products.
- 4) **A two-page summary** of key findings, lessons, recommendations and messages from the MTR report, produced by the RM and PMO, in consultation with the MTR team, that can be disseminated to the wider public for general information on the project's results and performance to date. This can be posted as a briefing paper on the project's website but more

creative and innovative multimedia approaches, such as video, photos, sound recordings, social media, short stories, infographics or even comic or cartoon format, may be more effective depending on the circumstances.

- 5) **Participation in knowledge-sharing events**, such as stakeholder debriefings, as needed.

8 MTR timeframe

Table 3 Suggested MTR timeline

Task	When/duration (indicative)	Responsibility
Terms of reference preparation	February, 2020	BH/RM, LTO, FLO and GCU MTR focal point
Terms of reference finalization	March, 2020	BH/RM
Team identification	December 2019	BH/RM, LTO, FLO and GCU MTR focal point
Team recruitment	March 2020	BH with input from the GCU for international and national consultants
Travel arrangements and organization of the agenda and travel itinerary in country for the field mission	To be confirmed as per the COVID-19 development	BH/RM, project team and MTR team
Reading background documentation	From May 11th, 2020	MTR team in preparation for the MTR
Briefing of MTR team	By May 19 th 2020	BH/RM, supported by PTF and GCU as necessary
MTR inception report	By May 22 nd , 2020	MTR team
Quality assurance and clearance of the MTR inception report	By May 27 th , 2020	BH/RM and the GCU MTR focal point
Skype interviews	By June 10 th , 2020	MTR team with the support of the PMO
Production of first draft report for circulation	By June 25 th 2020	MTR team
Circulation and review of first draft MTR report	By June 26 th 2020	BH/RM, PMO, GCU MTR focal point, LTO for comments and quality control (organized by BH/RM)
Production of second draft MTR report	By July 3 rd 2020	MTR team
Circulation of second draft MTR report	By July 10 th 2020	BH/RM and key external stakeholders (organized by BH/RM)
MTR missions – confirmation of interviews, meetings and visits	7 days for the MTR field mission (if approved)	MTR team with the support of the PMU
Production of final MTR report	By July 15 th 2020	MTR team
Management Response	By July 31 st 2020	BH
Follow-up reporting in FAO PPR or GEF PIR	July 15 th 2020	BH

Box 7 Documents to be provided to the MTR team

Documents to be provided to the MTR team (“project information package”)

- GEF PIF with technical clearance
- GEF-approved project document
- Project inception report
- Six-monthly FAO PPRs
- Annual workplans and budgets
- Annual GEF PIR reports
- Operational Partners Agreement under OPIM and Amendment No. 1
- List of stakeholders
- List of project sites and site location maps (for planning mission itineraries and fieldwork)
- Relevant technical, backstopping and project-supervision mission reports
- Minutes of the meetings of the PAC, FAO PTF and other relevant groups
- Any ESS analysis and mitigation plans produced during the project design period and online records on FPMIS
- Any awareness-raising and communications materials produced by the project, such as brochures, leaflets, presentations for meetings, project web address, etc.
- FAO policy documents in relation to topics such as FAO Strategic Objectives and gender
- Finalized GEF focal-area tracking tools at CEO endorsement, as well as updated tracking tools at mid-term.
- Financial management information, including an up-to-date co-financing table, a summary report on the project’s financial management and expenditures to date, a summary of any financial revisions made to the project and their purpose, and copies of any completed audits for comment
- The GEF Gender Policy (GEF, 2017), GEF Gender Implementation Strategy (GEF, 2018a), GEF Guidance on Gender Equality (GEF, 2018b) and the GEF Guide to Advance Gender Equality in GEF Projects and Programmes (GEF, 2018c)

The following documents should also be made available to the MTR team on request or as required:

- FAO Country Programme Framework documents, the FAO Guide to the Project Cycle (FAO, 2012b), FAO Environment and Social Management Guidelines (FAO, 2015), FAO Policy on Gender Equity, the Guide to Mainstreaming Gender in FAO’s Project Cycle (FAO, 2017a) and the Free, Prior and Informed Consent Manual (FAO, 2016)

Appendix 2. MTR itinerary, including field missions (agenda)

No field mission was conducted due to the COVID-19 pandemic.

Appendix 3. Table 7 - List of stakeholders prioritised for interview in the Desk Phase (following stakeholder analysis)

Key stakeholders	Role in the project	Reason for their inclusion/ exclusion from the MTR	Priority for MTR 1 = essential 2 = desirable 3 = complementary	How and when should they be involved in the MTR* (Desk &/or Field Phase)
1. Active stakeholders with direct responsibility for the project, e.g. FAO, executing partners				
FAO-CN & GEF				
Vincent Martin (M)	Budget Holder (BH), FAO	Member of the Project Advisory Committee (PAC). The BH is responsible for oversight and supervision on the use of funds by the executing partner and achievement of project results.	1	Planned to be conducted during MTR of project 052 in July/August 2020. However, due to unavailability, it was agreed to interview the acting BH on 05 August 2020 (see below)
Zhang Zhongjun (M)	Acting Budget Holder (BH), FAO-Rep assistant	Acting BH is responsible for oversight and supervision on the use of funds by the executing partner and achievement of project results.	1	Desk phase (Tencent, Zoom meeting) 05/08/2020 (Wed) 3:00-5:00 pm (Beijing); 8:00-10:00 am (London)
Kenichi Shono (M)	Lead Technical Officer (LTO), FAO	Member of the PAC. LTO provides technical advice and backstopping to the project, and monitor and certify the technical quality of each Operational Partner's activities.	1	Desk phase (Zoom/Skype) 10 am (Rome) on Thursday 04 June 2020
Yurie Naito (F)	Funding Liaison Officer (FLO), GEF Coordination Unit, FAO	FLO reviews and approves project progress reports, implementation reviews and financial reports, including budget revisions. FLO also participates in the mid-term and final evaluations and the development of corrective actions in the project implementation strategy.	1	Desk phase (Zoom/Skype) Date: 10:30 am (Rome) on Friday 05 June 2020
Fu Rong (F)	Project Task Manager (PTM), FAO	PTM supports the BH in the supervision of financial management, project progress, procurement and contracting processes, and in the provision of technical guidance to the project, in close consultation with the LTO	1	Desk phase (Zoom) Date: 9 am (UK) on Wednesday 03 June 2020

Jeffrey Griffin (M)	Senior Coordinator, GEF-FAO Coordination Unit	Responsible for coordinating GEF funding in China in line with Fee Guidelines of FAO.	1	Tele interview (Zoom) on 17 September 2020 (Fri) 10 am (Rome); 9 am (London).
Olga Abramova (F)	Official in FAO's Project Support Services, responsible for the application of MS-701/OPIM	To assess how far the project applied the OPIM modality in conformity with OPIM/MS-701	1	Tele interview (Zoom) on 29 September 2020 (Tue). 11-12 pm (Rome); 10-11 am (London)
PAC/PMO NFGA and national advisers				
Wan Jie (M)	Project Manager, Division Director, World Bank Project Management Center (WBPMC), National Forestry and Grassland Administration (NFGA), Project Implementation Partner.	Member of the PAC. WBPMC serves as the specialized department for the management of international projects in collaboration with international agencies. The PMO at WBPMC, composed of the authorized officer, project manager, project senior engineer, project financial officer, and project focal point, is responsible for day-to-day project implementation management, in close consultation with FAO and supported by other department at NFGA and provincial level PMO officers in all pilot provinces.	1	Desk phase (Tencent) Date: 8 am (UK)/3pm (Beijing) on Monday 08 June 2020
Chen Jinghua (F)	Senior Engineer, WBPMC, NFGA			
Qiao Mengpei (F)	Finance Officer, WBPMC, NFGA			
Sun He (M)	Programme Officer and focal point, WBPMC, NFGA			
Wu Shuirong (F)	Project Chief Technical Advisor (CTA) and Professor, Chinese Academy of Forestry Sciences	In close consultation with national PMO, FAO LTO, as well as national and provincial experts, the CTA provides overall technical support for the project implementation, including the annual workplan development, reporting, guideline compilation, field implementation plan, monitoring and evaluation from technical point of view.		
Chen Jian (M)	National Expert on Forest Monitoring, and Researcher, Institute of Planning, NFGA	The expert provides technical support for the development of national level forest monitoring system for collecting and processing information on SFM activities in the 4 provinces.		
PMO and other stakeholders in Henan Province				
Zhang Menglin (M)	Director, Henan Provincial PMO	Provincial member of the PAC. In close consultation with WBPMC, Henan Provincial PMO is responsible for project implementation in Henan as per the project design.	1	Desk phase (Tencent) Date: 8 am (UK)/3pm (Beijing) on Tuesday 09 June 2020
Chen Xiaowei (F)	Focal Point, Henan Provincial PMO			

Zhang Xiangyang (M)	Henan Provincial Expert on Sustainable Forest Management	In close consultation with CTA and national consultants and in coordination with provincial PMOs, the provincial consultants support the implementation of a wide spectrum of SFM practices on the project farms in the provinces as required by the project.		
Yan Dongfeng (M)	Henan Provincial Expert on Forestry Biodiversity			
PMO and other stakeholders in Guangxi Province				
Ye Chunsheng (M)	Director, Guangxi Provincial PMO	Provincial member of the PAC. In close consultation with WBPMC, Guangxi Provincial PMO is responsible for project implementation in Guangxi as per the project design.	1	Desk phase (Tencent) Date: 8 am (UK)/3pm (Beijing) on Thursday 11 June 2020
Li Xiaozhong (M)	Deputy Director, Guangxi Provincial PMO			
He Yanran (F)	Focal Point, Guangxi Provincial PMO			
Zhuang Jia (M)	Guangxi Provincial Expert on Sustainable Forest Management and Forest Biodiversity	In close consultation with CTA and national consultants and in coordination with provincial PMOs, the provincial consultants support the implementation of a wide spectrum of SFM practices on the project farms in the provinces as required by the project.		
Lu Jianzhen (M)	Project Assistant, Guangxi Provincial PMO			
Tan Tianyi (F)	Project Assistant, Guangxi Provincial PMO	implementation of a wide spectrum of SFM practices on the project farms in the provinces as required by the project.		
PMO and other stakeholders in Hainan Province				
Fu Jiexiong (M)	Deputy Director, Hainan Provincial PMO	Provincial member of the PAC. In close consultation with WBPMC, Hainan Provincial PMO is responsible for project implementation in Hainan as per the project design.	1	Desk phase (Tencent) Date: 8 am (UK)/3pm(Beijing) on Friday 12 June 2020
Xu Liqing (M)	Focal Point, Hainan Provincial PMO	Hainan Provincial PMO is responsible for coordinating day-to-day project implementation in Hainan province		
Xu Kangjun	Focal point in Dongfang County	Responsible for implementation of the project activities on the farm.		
Yu Xuebiao	Hainan Provincial Expert on Sustainable Forest Management	In close consultation with CTA and national consultants and in coordination with provincial		

Chen Zongzhu	Hainan Provincial Expert on Forestry Biodiversity	PMOs, the provincial consultants support the implementation of a wide spectrum of SFM practices on the project farms in the provinces as required by the project.		
Yan Wei (M)	Biodiversity expert	Participants in the project at the forest farm level		
Deng Linlin (M)	Engineer in Dongfang County Forestry Bureau			
Wen Zhenneng(M)	Staff in Dongfang County Forestry Bureau			
PMO and other stakeholders in Fujian Province+				
Lin Ping (F)	Director-General, Fujian World Bank Project Management Center/ Fujian Provincial PMO	Provincial member of the PAC In close consultation with WBPMC, Fujian Provincial PMO is responsible for project implementation in Fujian Province as per the project design	1	Desk phase (Tencent)
Qian Guoxin (M)	Counsel, Fujian World Bank Project Management Center/ Fujian Provincial PMO	Focal point and members of the PMO in Fujian Province, responsible for coordinating day-to-day project implementation in the forest farms in Fujian		
Fan Guangkuo (M)	Programme officer, Fujian World Bank Project Management Center/ Fujian Provincial PMO			
Jin Shaofei (M)	Project Assistant			
Zhang Shuo (M)	Project Assistant			
Chen Changxiong (M)	Fujian Provincial Expert on Sustainable Forest Management	In close consultation with CTA and national consultants and in coordination with provincial PMOs, the provincial consultants support the implementation of a wide spectrum of SFM practices on the project farms in the provinces as required by the project.	1	Date: 8 am (UK)/3pm (Beijing) on Wednesday 17 June 2020
Zhong Zhaoquan (M)	Senior Engineer, Shunchang State-owned Forest Farm	Responsible for implementation of the project activities on the farm	1	
2. Active stakeholders with authority to make decisions on the project, e.g. members of the PAC (not included on group 1 interviews)				

Wu Shuirong (F)	Project Chief Technical Advisor (CTA) and Professor, Chinese Academy of Forestry Sciences	In close consultation with national PMO, FAO LTO, as well as national and provincial experts, the CTA provides overall technical support for the project implementation, including the annual workplan development, reporting, guideline compilation, field implementation plan, monitoring and evaluation from technical point of view.	1	Desk phase (Tencent) Date: 8 am (UK)/3pm (Beijing) on Wednesday 10 June 2020
3. Stakeholders at grassroots level who benefit directly or indirectly from the intervention (gender disaggregated where possible)**				
Zheng Tiancai (M)	Huangbaishan Forest Farm, Henan Province	Responsible for implementation of the project activities on the farm.	1	Desk phase (nation expert will conduct interview in Chinese) Date: 9am (Beijing) on Tuesday 09 June 2020
Ren Jinxi (M)	Minquan Forest Farm, Henan Province	Responsible for implementation of the project activities on the farm.	1	Desk phase (nation expert will conduct interview in Chinese) Date: 11am (Beijing) on Tuesday 09 June 2020
Chen Jixun (M)	Nanwan Forest Farm, Henan Province	Responsible for implementation of the project activities on the farm.	2	Desk/Field phase
Han Junxue (M)	Yachang Forest Farm, Guangxi Province	Responsible for implementation of the project activities on the farm.	1	Desk phase (nation expert will conduct interview in Chinese) Date: 9 am (Beijing) on Thursday 11 June 2020
Meng Yuping (M)	Qipo Forest Farm, Guangxi Province	Responsible for implementation of the project activities on the farm.	1	Desk phase (nation expert will conduct interview in Chinese) Date: 11 am (Beijing) on Thursday 11 June 2020
Meng Yuehuan (M)	Shankou Forest Farm, Danxian County, Guangxi Province	Responsible for implementation of the project activities on the farm.	2	Desk/Field phase
Xu Kangjun	Hainan forest farm producing the endemic <i>Dalbergia odorifera</i> conservation, known as <i>Huanghuali timber</i>	Responsible for implementation of the project activities on the farm.	1	Desk phase (national expert will conduct interview in Chinese)

				Date: 09 am (Beijing) on Friday 12 June 2020
Guangkuo Fan (M), Dexiang Zheng (M) and Ms Wang (F),	Shunchang State-owned Forest Farm Fujian Province	Provincial PMO Fujian CFCS specialist Works in forest farm	1	Date: 16:00-17:00 (Beijing) on Friday 03 July 2020
4. Secondary stakeholders (only indirectly or temporarily affected)				
Ministry of Ecology and Environment; Ministry of Agriculture and Rural Affairs (MARA); GEF-IUCN# Worldwide Fund for Nature The Nature Conservancy	To be determined if field phase is authorised		2	Field phase
5. Stakeholders at grassroots level who do not benefit from the intervention (gender disaggregated where possible)				
To be determined if field phase is authorised	To be determined if field phase is authorised		2	Field phase
Mr. Xing Chaoquan &/ Ms. Fu Jinlan (husband & wife)	Li Ethnic Minority and Contracted workers from neighboring village	Participate in seedling watering, forest tending and pest and disease prevention on Runsheng Forest farm, Dongfang City, Hainan Province	1	Desk phase (nation expert will conduct interview in Chinese) Date: 15:30-16:20 pm (Beijing) on Thursday 18 June 2020

Li Zhaolong(M)	Li Ethnic Minority and Contracted workers from neighboring village	Work as Safeguard and cleaner on Yongtao Forest farm, Dongfang City, Hainan Province	1	Desk phase (nation expert will conduct interview in Chinese) Date: 16:30-17:10 pm (Beijing) on Thursday 18 June 2020
6. Other interest groups that are not participating directly in the intervention, e.g. UN/other agencies working in the area, civil-society organizations				
UNDP and UNEP##	To be determined if field phase is authorised		3	Filed phase

* Interviews grouped as follows: 1) with FAO-CN staff, then 2) Project Management Unit/PAC/NFGA staff, then 3) PMO staff in the Provincial Forestry Departments, then 4) grassroots CSOs and NFGA staff at county level (national expert will be delegated do these by himself with questions agreed with me in advance and then report back to me) and then 5) research centres/universities, indirect stakeholders, etc.

** Stakeholder groups 3 and 4 listed in the ToR have been interchanged to reflect the three main groups of direct beneficiaries, followed by indirect beneficiaries in groups 4-6.

Refers to the Memorandum of Understanding signed between the project and IUCN relating to a GEF-funded project designed to safeguard biodiversity and restore ecosystems in China.

Refers to the two other UN institutions responsible for the REDD+ initiative globally who may have lessons learned and good practices to share with project 056 and vice-versa.

+ Stakeholders from Fujian Province were included for interview after the first submission of the IR as it is the only province participating in the carbon credit certification scheme (at the provincial level).

Appendix 4. MTR matrix (review questions and sub-questions)

UNEG/GEF Criteria	Questions and sub questions	Indicators and judgement criteria	Sources of information/Brief summary of methods
1. Strategic relevance: Are the project outcomes congruent with current country priorities, GEF focal areas/operational programme strategies, the FAO Country Programming Framework and the needs and priorities of targeted beneficiaries			
Alignment & ownership 1.1	Political/policy relevance - Does the project respond to current needs of the government at central and provincial levels on biodiversity conservation?	1.1.1 Level of project alignment to relevant national, sector and provincial policies and plans Judgement criteria: (a) The Prodoc conforms with government (central/provincial) priorities on conservation and sustainable use of biodiversity? (b) government (central/ provincial) shows willingness to support project by providing resources to support policy/strategy/plan reform to promote SFM?	1) Prodoc 2) Aichi Targets 3) National Biodiversity Strategy (NBCSAP) 4) National Development Plan 2015-2020 5) National sector policies, strategies and plans (forestry, agriculture, land use/environment, etc.) 6) National statistics on forestry, carbon sinks, biodiversity 7) Theory of change 8) Interviews with central/provincial government stakeholders, education and research institutions, project staff, FAO/GEF-China

Alignment and ownership 1.2	Local relevance - does the project respond to local needs (forest bureaus and end beneficiaries in forest farms - (men and women, specific needs of ethnic minorities, etc.)	1.2.1 Level of alignment with local needs and priorities Judgement criteria: (a) Prodoc designed following stakeholder analysis? (b) Adoption of a participatory approach to project design and implementation through its annual work plans? (c) Level of focus on specific needs of end beneficiaries - relationship between biodiversity conservation and food security; sale of certified forest products and access to markets; etc.?	1) Prodoc 2) FAO documents on Gender, FPCI 3) Forestry management plans 4) Interviews with local government stakeholders, heads of civil society, members of end beneficiaries, education and research institutions in pilot sites
Alignment with FAO Strategic Objectives and Country Programming Framework 1.3	FAO - is the project supportive of FAO Strategic Objective 2 (OE2): Make agriculture, forestry and fisheries more productive and sustainable and Country Framework 2016-2020 priority no. 1 Fostering sustainable and climate resilient agricultural development (CPF P1)	1.3.1 Level of alignment with FAO OE2 and CPF P1 Judgement criteria: (a) Prodoc and work plans provide evidence of supporting OE 2 and CPF P1? (b) Level of commitment of stakeholders/project to meeting OE 2 and CPF P1? (c) Internal monitoring includes tracking of indicators relating to OE2 and CPF P1?	1) Prodoc 2) Strategic documents of FAO (Our Priorities - Strategic Objectives, CPF 2016-2020); 3) Work plans; 4) Interviews
Alignment with GEF5 Priorities 1.4	FMAM - is the project supportive of GEF 5 priority 2 (BD2): Reduce threats to globally significant biodiversity Sustainably use biodiversity and BD4: mainstream biodiversity conservation	1.4.1 Level of alignment with GEF5-BD2 Planning: Judgement criteria: (a) Works plans supportive of BD2-P3 and BD4-P10? (b) Level of commitment of stakeholders/project to meeting BD2	1) Prodoc; 2) GEF-6 Programming Directions 3) Interviews

2. Effectiveness To what extent has the project delivered on its outputs, outcomes and objectives?			
2.1 Component 1	How far has biodiversity conservation and carbon sequestration been incorporated into the policy and regulatory framework governing SFM in China?	2.1.1 Progress in meeting outcome 1.1: Guidelines to implement improved SFM on-the-ground Judgement criteria: a) Level of progress in elaborating SFM implementation guidelines b) Level of progress in applying new guidance at pilot sites in the four participating provinces and whether it is also seen as an opportunity to support decision-making on adaptation issues?	1) Theory of change 2) Progress reports (PIR/PPR) 3) GAP analysis and other relevant project assessments 4) SFM-related policies and plans at national and provincial levels (Guangxi, Hunan, Hainan and Fujian) 5) Local SFM management plans at pilot county/forest farm level; 6) Interviews with national and provincial/county bureaus working with the project
		2.1.2 Progress in meeting outcome 1.2: Strengthening of local SFM plans and practices Judgement criteria: a) Level of progress in establishing SFM plans? b) Level of progress in developing management standards for SFM and enforcement c) Number of specialised plans produced so far? d) number of forest farmers adopting SFM practices	1) Progress reports (PIR/PPR) 2) BD monitoring studies; 3) SFM plans and regulations at national and provincial level; 4) Interviews if deemed necessary with stakeholders at provincial level on SFM practices.

		<p>2.1.3 Progress in meeting outcome 1.3: Integrated monitoring on SFM including BD and carbon sequestration</p> <p>Judgement criteria:</p> <p>a) Progress in identifying the national monitoring system and its connection to four provinces</p> <p>b) Progress in establishing a national framework and action plan for monitoring carbon sequestration levels and reduction of carbon emissions in pilot sites</p> <p>c) Progress in completing de facto the MRV "readiness" phase on BD and CCM monitoring and providing data to support fulfilment of China's NDCs</p>	<p>1) Progress reports (PIR/PPR)</p> <p>2) Association agreements with CSOs</p> <p>3) Interviews with CSOs who are partners in SFM and monitoring of BD and carbon storage</p>
		<p>2.1.4 Progress in meeting outcome 1.4: reform to the policy, legal and regulatory framework for forests</p> <p>Judgement criteria:</p> <p>a) Level of progress in identifying (through Gap analysis) reforms to policies, laws and regulations on forestry based on informed decisions from project</p> <p>b) Level of progress in applying newly reformed policies relating to SFM, in particular to support development of forest inventories and application of National Forest Monitoring System (MRV) to support SFM?</p>	<p>1) Progress reports (PIR/PPR)</p> <p>2) Policy documents, regulations, plans, etc. that have been reformed/updated;</p> <p>3) Interviews with stakeholders who have applied and tested the BD and carbon monitoring activities so far</p>

<p>2.2 Component 2</p>	<p>Are the on-the-ground activities in the four provinces successfully demonstrating they are both feasible and effective in terms of raising awareness on the benefits of biodiversity conservation and carbon sequestration in SFM?</p>	<p>2.2.1 Level of attainment of outcomes 2.1 and 2.2: Training of forestry bureaus and locals in SFM according to their needs on carbon storage (excludes Hainan province)</p> <p>Judgement criteria:</p> <p>a) Progress in establishing 100,000 ha of commercial forests under new SFM practices?</p> <p>b) Progress in establishing and operating 42,000 ha of restored forests that have been damaged by weather events (with aim of yielding 4.77 m. tCO₂e? over 4 years)?</p> <p>c) Progress in establishing enhanced management of 87,000 ha of forests in order to produce higher tCO₂e yields (12.93 m. tCO₂e over 4 years)?</p> <p>d) Number of pilot sites that have identified carbon storage and in process of creating carbon trading certificates (against the target of 6 sites)?</p> <p>e) How far have the activities been implemented through low carbon emission practices (such as tree planting by hand instead of machinery, application of reduced impact logging, etc.) in Fujian, Guangxi and Hainan provinces?</p>	<ol style="list-style-type: none"> 1) Theory of change 2) Progress reports (PIR/PPR); 3) MoU or terms of reference of CSO partners in monitoring biodiversity at the pilot sites; 4) Interviews with provincial stakeholders engaged in SFM
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		<p>2.2.2 Level of attainment of outcome 2.3: developing CFCS to support the conservation and sustainable use of biodiversity, especially endemic and endangered species of trees</p> <p>Judgement criteria:</p> <p>a) Progress in declaring 35,000 ha under CFCS in which biodiversity conservation and sustainable use has been highlighted (Fujian = 6,700 ha; Guangxi = 20,000 ha; Henan = 5,000 ha; and Hainan = 3,300)?</p> <p>b) Number of nurseries / endemic and endangered species / number of saplings currently in all nurseries?</p> <p>c) How many forest farms have established business plans to sell sustainable forest products?</p> <p>d) Progress in conserving globally important biodiversity in the pilot areas (GEBs) in relation to national targets under the NBCSAP</p>	<p>1) Progress reports (PIR/PPR);</p> <p>2) Project technical reports;</p> <p>3) CFCS and CCM related documents;</p> <p>4) Forest carbon sink reports;</p> <p>5) Interviews with provincial and local stakeholders engaged in SFM</p>
2.3 Component 3	How far has the peer-to-peer training and knowledge exchange on developing SFM practices designed to exploit CFCS and Carbon credits?	<p>2.3.1 Level of attainment of outcomes 3.1 and 3.2 developing knowledge and capacity to exploit revenue streams from BD and CCM</p> <p>Judgement criteria:</p> <p>a) Achievements so far in training forest bureaus and local forest managers on SFM (target 4,000)</p> <p>b) Is cross-provincial training effective in developing new communication channels using WeChat, texts, e-mail, etc.</p> <p>b) Achievements so far in forest inventory and accounting on carbon storage at the community level</p>	<p>1) Theory of change;</p> <p>2) Progress reports (PIR/PPR);</p> <p>3) Project mapping of forests identifying biodiversity hotspots and carbon sink levels;</p> <p>4) Project communications and from NFGA authorities on BD and CCM application</p> <p>5) Interviews with stakeholders at national, provincial and local levels who participate in SFM networking</p>

<p>Factor that may be affecting performance</p>		<p>2.3.2 Level of attainment of outcome 3.3: Developing and applying effective project M&E and communication strategy to target different stakeholders</p> <p>Judgement criteria:</p> <p>a) Is data on project targets accompanied by assessments on lessons learned and identification of best practices that feed back into planning and development of training activities?</p> <p>b) Does the project conduct reflexion seminars on specific activities and has the RM been subject to any updating?</p> <p>c) Achievements in feeding M&E findings into the communication strategy</p> <p>d) How effective is the communication strategy?</p>	<p>1) Progress reports (PIR/PPR);</p> <p>2) Project training materials on SFM/CCM/BD;</p> <p>3) Interviews with NFGA Forest Bureaus, provincial authorities and CSO officials engaged in SFM on how they use M&E.</p> <p>4) Level of perception of the wider needs of forest habitats and their ecosystems (not evident in Prodoc)</p>
<p>3. Efficiency: To what extent has the project been executed efficiently by the executing partner and the PMO and implemented cost effectively with FAO's technical support?</p>			

3.1 PAC/PMO	<p>To what extent has the project's execution mechanism (OPA/PMO, PAC and Technical Committee/Task Force) contributed to efficient implementation of main outputs?</p>	<p>3.1.1 Level of project execution attained due Project Advisory Committee decision-making and PMO capacity</p> <p>Judgement criteria:</p> <p>a) How far is the PAC guiding planning and implementation, learning from monitoring, etc.</p> <p>b) How far is the executing agency effectively discharging its role and responsibilities in managing and administering the project and ensuring co-finance is channelled to the project as agreed in the Prodoc?</p> <p>c) How far is the executing agency and PSC ensuring the project has the human resources to carry out project duties in an effective and timely manner?</p> <p>d) Has the Operational Partner's Agreement been applied efficiently and do LoAs facilitate project implementation?</p>	<p>1) Progress and annual reports;</p> <p>2) Minutes of PSC PMO/Technical meetings minutes</p> <p>3) Assessment of project budgets and OPAs</p> <p>4) Interviews with project staff, FAO-China, GEF-China and key stakeholders involved in the project.</p>
3.2	<p>Has project management been able to adapt to any changing conditions/risks to improve the efficiency of project implementation?</p>	<p>3.2.1 How far has the management of risk facilitated efficient implementation of project actions (and not caused major delays)?</p> <p>Judgement criteria:</p> <p>a) Are risks being regularly assessed by executing partner and updated to support smooth execution as planned</p> <p>b) Have any risk mitigation measures actually sped up execution and provide lessons or good practices?</p> <p>c) Do the project activities pose risks (e.g. by not planting the right tree species, choice of tree species location, not taken into account the need for/role of seed distributors such as bats, birds and forest animals</p>	<p>1) Progress and annual reports;</p> <p>2) Interviews with PAC/PMO/NFGA staff, CSOs, FAO-China, GEF-China</p>

3.3	How does the project's cost efficiency (cost/time) compare to that of similar projects?	<p>3.3.1 Level of cost efficiency attained in relation to government programmes and other donor-funded projects.</p> <p>Judgement criteria:</p> <p>a) Cost of executing the project through the OPA (using NFGA as the executing agency) in relation to direct execution by FAO-CN?</p> <p>b) Cost of project operations using GEF resources in relation to government programmes or other donor projects?</p> <p>c) Are the costs of the trainings (per capita) favourable in relation to government programmes or other projects?</p>	<p>1) Progress and annual reports;</p> <p>2) Assessment of training budgets and costs</p> <p>3) Interviews with PMO staff, FAO-China, GEF-China and Ministry of Finance</p>
3.4	To what extent has the project built on synergies and complementarities with other projects, partnerships, etc. and avoided duplication of similar activities by other groups and initiatives?	<p>3.4.1 Synergies in place are producing a positive effect on project implementation</p> <p>Judgement criteria:</p> <p>a) No. of synergies in place that have avoided the duplication of project resources (cost savings)?</p> <p>b) Synergies where no clear benefits in cost savings on project implementation are evident</p>	<p>1) Progress reports</p> <p>2) Interviews with PMO staff, FAO-China and provincial stakeholders on their perception of the synergies in place</p>
3.5	How far has co-financing from the government aided the project reach planned results?	<p>3.5.1 Level of co-finance secured to support project implementation (especially during the government's institutional reforms in 2016-2018)</p> <p>Judgement criteria:</p> <p>a) Level of co-finance committed and disbursed to March 2020;</p> <p>b) Where has co-finance been most forthcoming and important (at national, provincial, local levels)?</p>	<p>1) Prodoc;</p> <p>2) Progress and annual reports and budgets;</p> <p>3) Interviews with GEF-China, FAO-China and NFGA</p> <p>4) Application of GEF Table in Appendix of ToR</p>

3.6	Has project implementation been more efficient as a result of FAO-CN guidance, supervision and technical backstopping?	3.6.1 Level of FAO intervention in the project: Judgement criteria: a) general perception of PMO/NFGA of FAO's support; b) How far do FAO and GEF procedures increase bureaucracy and affect efficiency?	1) Progress and annual reports; 2) Interviews with FAO/GEF/PMO/NFGA staff and advisers
4. Sustainability: What is the likelihood that the project results can be sustained after the end of the project?			
4.1	What are the key risks that may affect the sustainability of the project results and its benefits (financial, socioeconomic, institutional and governance, and environmental aspects, as well as the risks identified in the project document)?	51.1. How far do high/medium risks, including the pandemic and lack of ownership of results, pose a threat to sustaining the main outputs and outcomes achieved? Judgement criteria: a) Capacity to continue managing risk as an integral part of NFGA initiatives in the pilot areas b) Level of risk mitigation that can be sustained with national/provincial/local resources in the pilot areas c) Level of fiduciary risk following project's end, especially at the provincial level	1) Prodoc 2) Work plans and progress/annual reports; 3) Technical, training and workshop reports; 4) M&E reports 5) Project communications 6) Group and individual interviews government stakeholders

4.2	Has the project established sustainable institutional arrangements or cross-sector partnerships?	<p>5.2.1 Degree to which the beneficiary institutions and CSO partners can continue to operate and maintain project outputs and sustain outcomes</p> <p>Judgement criteria:</p> <p>a) Mechanisms in place to continue PMO and partnerships established with government, non-government institutions;</p> <p>b) Funding and support identified/in place for BD and/or carbon monitoring at pilot sites;</p> <p>c) capacity of government institutions identified/in place to upscale good practices from the project;</p> <p>d) stakeholders have identified how the communication strategy should be continued with all parties involved;</p> <p>e) Internal capacity of CSOs to operate as planned beyond the project in BD and/or carbon monitoring, applying sustainable use of biodiversity, suitable land use practice, etc.</p>	<p>1) Prodoc</p> <p>2) Work plans and progress/annual reports;</p> <p>3) Technical, training and workshop reports;</p> <p>4) M&E reports</p> <p>5) Project communications</p> <p>6) SFM policy documents and plans</p> <p>7) Group and individual interviews with project staff, government and CSO stakeholders</p>
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4.3	Has the exit strategy been identified in the project design, or during implementation so far, to clarify how all resources and materials will be transferred to stakeholders?	<p>5.3.1 Degree to which the exit strategy has been identified to date?</p> <p>Judgement criteria:</p> <p>a) Work plans show evidence of main actions to be incorporated in the exit strategy as and when planned outputs and outcomes have been reached;</p> <p>b) How far PSC, PMO and FAO-China have discussed the exit strategy and incorporated it in planning, especially work plan 3 for 2020;</p> <p>c) Key stakeholders interviewed confirm they are satisfied they know how training and technical supervision on developing the CFCS and Carbon certificates after the project has ended; how access to resources to continue the nurseries and monitor forest health, how networking will continue to develop, etc.</p> <p>d) Has the systematisation of results, findings, lessons and good practices been contemplated and plan to diffuse it been determined?</p>	<p>1) Prodoc</p> <p>2) Work plans and progress/annual reports;</p> <p>3) NFGA policy documents and plans</p> <p>4) Interviews with stakeholders on the exit strategy and lessons to be incorporated into this strategy</p>
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5 Factors affecting performance

<p>Factors that may be affecting progress</p> <p>5.1</p>	<p>Is project design suited to delivering the expected outcomes?</p>	<p>1.5.1 Is the implementing mechanism appropriate to deliver results in a timely manner and in line with resources assigned?</p> <p>Judgement criteria:</p> <p>(a) OPA is coherent with government interests and capacity (has the legal framework to operate)?</p> <p>(b) The OPA had the necessary assurance in place and support from FAO to manage the risks associated with the management of GEF funds directly through the operating partner?</p> <p>(c) Local authorities and CSOs participated in the project design and selection of the pilot sites? Do they have the capacity (human and financial resources) to support project implementation and take ownership of expected results?</p>	<p>1) Prodoc/logical framework; 2) FAO/OED Capacity Development Assessment; 3) OPA and PIMM; 4) Association Agreements and contracts; 5) Interviews with PMO/PAC staff, government stakeholders, end beneficiaries</p>
<p>5.2</p>	<p>Is the project's causal logic coherent and clear (i.e. linkages between objectives, outcomes, outputs and actions are clear and realistic)?</p>	<p>1.6.1 To what extent are the project's products (outputs), outcomes and objectives clear, practical and feasible within the timeframe allowed?</p> <p>Judgement criteria:</p> <p>(a) Desk analysis confirms coherence between products, outcomes and objectives?</p> <p>(b) Project's key stakeholders find the products, outcomes and objectives are coherent and realistic?</p> <p>(c) Stakeholder groups see their engagement in the project is appropriate to reach expected products and outcomes?</p>	<p>1) Prodoc/logical framework 2) Theory of change 3) Interviews</p>

5.3	Is the internal M&E system well designed with coherent indicators supported by baselines and targets that are sex-disaggregated?	<p>1.8.1 How far are the indicators realistic (taking into account the timeframe, financial resources and outcomes foreseen) and aligned with national needs and priorities?</p> <p>Judgement criteria:</p> <p>a) Perception of stakeholders of the indicators applied in relation to national indicators relating to WRM;</p> <p>b) How far the indicators had/need to be changed following their review since project start-up?</p>	<p>1) Prodoc/logical framework;</p> <p>2) Monitoring and evaluation system;</p> <p>3) FAO Guidelines for the assessment of gender mainstreaming</p> <p>4) Interviews</p>
5.4	Are there any unintended consequences of the project's actions?	<p>2.4.1 Type of unintended results to date:</p> <p>Judgement criteria:</p> <p>a) Positive unforeseen change to date due to the project;</p> <p>b) Negative unforeseen change to date due to the project</p>	<p>1) Progress and annual reports;</p> <p>2) Interviews with project staff, FAO-China, GEF-China and key stakeholders at national and provincial levels on positive and negative developments;</p> <p>3) Follow-up interviews in the field (if approved to triangulate positive and negative developments due to project actions)</p>

6. Cross-cutting priorities: To what extent have gender consideration been taken into account in project design and implementation?

<p>6.1 (participation)</p>	<p>¿What has been the level of participation of women and youths in project planning, trainings, implementation of activities and monitoring?</p>	<p>4.1.1 Women and youth's confirm they participate actively in the project's planning and implementation</p> <p>Judgement criteria:</p> <p>a) Evidence of gender analysis in the design and its incorporation in the M&E system (where it should be sex-disaggregated)</p> <p>b) Do the staff in the PMU have gender sensitive skills to ensure women are fully heard during project planning and implementation, in M&E and communications, etc.?</p> <p>c) Perception of women and youths concerning their level of access to information, training, resources, etc. and benefits derived from project actions (including specific results/benefits for women)?</p> <p>d) Is training focused on both women and men so the latter can value and recognise the role of women in biodiversity conservation?</p> <p>e) Number of women and youths at all levels, but particularly in the pilot sites, who have assumed leadership roles in SFM since the start (against baseline data)</p> <p>f) Positive or negative developments on women due to project's actions (e.g. on increasing workload disproportionately more than men)</p>	<ol style="list-style-type: none"> 1) Prodoc 2) Work plans; 3) Technical, training and workshop reports; 4) Assess M&E system 5) FAO/GEF Gender objectives and guidance documents 6) SFM policies, plans and guidelines include gender focus 7) Group and individual interviews with women and youths to determine the value and quality of their participation and access to resources and project benefits
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6.2	To what extent were social concerns (inclusive approach) taken into consideration in the design and implementation of the project to ensure the participation of the most vulnerable groups in project activities at the project pilot sites?	<p>4.2.1 Level of participation of vulnerable groups (ethnic minorities, families under the poverty line, disabled, etc.) in the design, planning, implementation and monitoring of the project's actions</p> <p>Judgement criteria:</p> <p>a) Level of application of FPIC as per FAO guidelines</p> <p>b) Perception of project staff, FAO-China, GEF-China and government stakeholders on inclusion of ethnic communities and other vulnerable groups and how far this is monitored by the M&E system;</p> <p>c) How far have project methods and dialogue channels been adapted to meet the needs and priorities of vulnerable groups?</p>	<p>1) Prodoc</p> <p>2) Work plans;</p> <p>3) Technical, training and workshop reports;</p> <p>4) Assess M&E system</p> <p>5) FAO/GEF objectives and guidance documents on FPIC and the rights of ethnic minorities</p> <p>6) SFM policies, plans and guidelines include social inclusion;</p> <p>7) Group and individual interviews with vulnerable groups to determine the value and quality of their participation and access to resources and project benefits</p>
6.3	To what extent were environmental concerns (such as forest habitat health and forest ecosystem management) taken into consideration in the design and implementation of the project?	<p>4.3.1 How far has biodiversity conservation been linked to the wider needs of sustaining the river ecosystem?</p> <p>Judgement criteria:</p> <p>a) Level of integration of the ecosystem approach in the project to promote forest biodiversity conservation and its sustainable use</p> <p>b) Level forest land use considerations are linked to forest ecosystem management / landscape approaches</p>	<p>1) Prodoc</p> <p>2) Work plans;</p> <p>3) Technical, training and workshop reports;</p> <p>4) Use of MEE guidance on forest biodiversity conservation (monitoring, reporting and verification);</p> <p>5) Coordination with FAO REDD+ learning and best practices from around the world</p> <p>5) Interviews with project staff and government officials at national, provincial/local levels</p>
6.4 (in addition to ToR)	Has the project communicated effectively to ensure the sharing of information and results reaches women, youths and vulnerable groups?	<p>4.5.1 How far has the project established a communication strategy to meet the needs of different groups, including women, youths and vulnerable groups?</p> <p>Judgement criteria:</p> <p>a) How far does project communications focus on the needs and priorities of women, youths, vulnerable groups?</p> <p>b) How far has the project established the capacity to meet these needs?</p>	<p>1) Prodoc</p> <p>2) Work plans and progress/annual reports;</p> <p>3) Technical, training and workshop reports;</p> <p>4) M&E reports</p> <p>5) Project communications</p> <p>6) SFM policy documents and plans</p> <p>7) Group and individual interviews with women, youths and vulnerable groups</p>

7. Lessons and good practices: Are there lessons learnt, or good practices identified to support GEF/FAO guide future projects planned in China and elsewhere?

7.1 (in addition to ToR)	What results, lessons or experiences on good practices are systematically documented to support the communication strategy and support post project activities relating to replicating and scaling up BD conservation and e-flow protection in China?	<p>6.1.1 Level of lessons learned and good practices that are feeding into project planning and implementation</p> <p>Judgement criteria:</p> <p>a) Lessons and good practices are being reported by the project as outputs and outcomes happen or are monitored</p> <p>b) Interviewees confirm they are using lessons learned and good practices to conserve biodiversity</p>	<p>1) All documents consulted</p> <p>2) Interviews with stakeholders</p>
7.2 (in addition to ToR)	¿Is the project producing a catalytic effect in other provinces in China concerning biodiversity conservation and sustainable use in the water and/or other sectors?	<p>6.2.1 Number of provinces that have shown an interest to/will replicate project activities, or participate in seminars, trainings, workshops, receive communications, etc.</p> <p>Judgement criteria:</p> <p>a) Interviewees confirm one or more new provinces have contacted the project and/or participated in project activities</p>	<p>1) Interviewees with stakeholders</p>

Appendix 5. List of documents consulted

Documents consulted not available on the internet

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Appendix 6: Results matrix at 30 April 2020 with MTR ratings & observations*

Results Chain	Indicators	Baseline	Progress to date (30 April 2020)	End of project targets (31 August 2022)	Achievement rating (HS, S, MS, MU, U, HU)	Justification for rating
Outcome 1	Strengthened institutional, policy and regulatory frameworks for the implementation of sustainable forest management from national to local level, creating a basis for enhanced biodiversity conservation and carbon sequestration					
Outcome 1.1	Improved implementation framework translating the SFM principles and goals embodied in national policies into tangible choices and priorities for on-the-ground SFM activities					
Output 1.1.1	National and provincial level implementation guidelines facilitating implementation of existing SFM policies, legal provisions and standards.	No implementation guidelines for translating SFM policies into practice at local level	At national level: a) completed second revision of Preliminary Study Report on SFM; b) Implementation Guidelines for SFM; c) Technical Guidelines for Specific Threats and Corresponding Sustainable Forest Management Practices; and d) GEF project experiment demonstration implementation plan. At provincial/county level: a) corresponding guidelines and implementation plans for pilot provinces and 16 forest farms are being finalised for final approval.	Integrated set of implementation guidelines approved and in operation at national level, four pilot provinces and 16 forest farms	S	The project is in the final stages of finalising the guidelines after testing and modifying them as planned. Approval of the guidelines is foreseen by mid-2020.
Output 1.1.2	Incorporation of biodiversity standards in the implementation guidelines for the China	No implementation guidelines for BD in the CFCS Guidelines	At national level: a) Completed second revision of <i>Preliminary Study Report on Biodiversity Conservation Implementation</i> and, b)	Full incorporation of BD considerations into the implementation guidelines and plans of the CFCS initiative at the	S	The project has conducted the planned studies and is on track to finalise the guidelines and plans integrating biodiversity conservation and its sustainable use in the CFCS scheme.

	Forest Certification Scheme (CFCFS).		<i>Biodiversity Conservation Guidelines in Forest Certification Implementation Plans.</i> At provincial/county level: c) corresponding guidelines and implementation plans for pilot provinces and forest farms have been tested and undergoing final revision for approval by mid-June 2020.	national level and in the pilot provinces in particular		Approval of the guidelines is foreseen in 2020 and roll-out for piloting countrywide in 2021.
Output 1.1.3	Incorporation of implementation guidance to improve forest inventory procedures and MRV for carbon sequestration and GHG emission reductions from forests, land-use and land-use change including the existing methodology for obtaining tradable carbon certificates from enhanced SFM.	No implementation guidelines to conduct forest inventories and determine carbon sequestration levels and GHG emission reductions from forests through MRV	At national level: a) completed the second revision of <i>China's Certified Emission Reduction (CCER) Carbon Sequestration Project Development Procedure and Implementation Guidelines</i> ; b) preliminary study completed on <i>Forestry Carbon Project Implementation, and Implementation Guidelines on Emission Reductions & Carbon Enhancement</i> . At provincial level: c) corresponding guidelines and implementation plans for the pilot provinces and 16 forest farms are under currently being finalised.	Full incorporation of CCM creation into implementation guidelines following SFM methodology criteria for carbon certification	S	Final approval of the new guidelines to support CCM creation is foreseen in 2020 and roll-out for piloting countrywide in 2021
Outcome 1.2	Strengthened local level application and coherent planning of SFM practices, including biodiversity conservation and carbon benefit enhancements					
Output 1.2.1	Local SFM plans (following 1.1.1)	No fully-fledged local SFM plans;	Each forest farm has compiled their forest	Drafting of comprehensive SFM	S	Interviews confirm SFM plans incorporating BD conservation and

	provisions) for each project area containing a set of modifications in forest regulations, policies and guidelines.	existing forest management plans do not explicitly incorporate SFM practices and principles	management plan, and integrated the pilot activities into their forest management plan	plans for each of the 16 project areas		carbon sequestration inventories (where relevant) have been identified, approved and in the process of implementation at all 16 project sites. However, interviews in Guangxi and Hainan province indicate guidelines and plans were not fully designed taking into account sub-tropical forestry needs and characteristics.
Outcome 1.3	Integrated national and local level monitoring systems guide the application of SFM practices, biodiversity conservation and carbon sequestration efforts					
Output 1.3.1	Development of overarching national level monitoring system for collecting and processing information on SFM activities in the 4 provinces (envisioned for national roll-out)	Building-blocks exist, but need to be integrated, gaps filled	Project has identified, designed and launched the national monitoring system for SFM that includes modules for BD and CCM monitoring. All four provinces are testing the system by providing data inputs from a sample of forest plots (includes project sites as planned under outputs 1.3.3 and 1.3.4.	Fully functional national level SFM monitoring system established and applied in the 4 pilot provinces	MS	National monitoring system to support SFM has been established and an online presentation made to MTR team on 11 June 2020. All four pilot provinces are connected and provide data inputs that are GPS-referenced (to produce forest land use maps). Quality control relating to data validation at provincial level remains unclear and should be assessed further if a field mission authorised.
Output 1.3.2	Development of national level framework and action plan for establishment of a forest carbon sequestration and emission reductions monitoring system	Building-blocks exist, but need to be integrated, gaps filled	Work on a new National Action Plan for Carbon Sequestration and GHG emissions reduction monitoring system (to start in 2020).	Fully functional national level forest carbon monitoring system established and applied in pilot provinces (excludes Hainan)	MS	National consultants found not all forest farms sequester adequate levels of carbon to justify CCM creation. Data collected before and during the project indicates the switch to mixed forest stands incorporating endemic broadleaf varieties fixes more carbon than monoculture and bamboo forests. This increases carbon storage capacity through forestry and is highly supportive of policy goals to reduce GHG emissions and promote a greener economy, but

						China will reduce its chances of meeting its NDC unless it resolves quickly its national carbon trading scheme and promotes both voluntary and international carbon trading opportunities.
Output 1.3.3	Design of local level BD monitoring systems integrated with the national level system and following guidance provided under 1.1.2.	No local level BD monitoring system in place	The implementation of local SFM, BD, and CCM monitoring and advanced CCM monitoring systems are currently being tested at the 16 project sites	Fully functional BD monitoring system established and applied in the 16 forest farms	MS	BD monitoring system has been developed and is being tested in all 16 forest farms to link up with national system (output 1.3.1). However, interviews confirm more technical support and guidance is needed from the project to fully implement the system (in particular on the identification of species and where/how to conduct the MRV principles to international standards).
Output 1.3.4	Design of local level CCM monitoring systems integrated with the national level system and following guidance provided under 1.1.3.	No local level CCM monitoring system in place		Fully functional CCM monitoring system established and applied in 9 counties; Advanced monitoring system in accordance with carbon credit certification standards established and applied in 6 forest farms	MU	CCM monitoring systems being tested to support link up with national monitoring system (output 1.3.1), but interviews indicate they can only be used to provide forest inventory/carbon storage data. Development of income streams from carbon trading is either not possible due to size of state farm, or not possible as national scheme is unlikely to start until at least 2021 and other trading alternatives identified in Fujian Province which show mixed forest fix more carbon than monoculture ones has not been used as a model for other provinces.
Outcome 1.4	Enhanced national level policy, legal, and regulatory framework based on feedback of project experiences and identified gaps					
Output 1.4.1	Several adjustments to national forest policies, legal provisions and/or	No feedback loop from local level back	Some advices and suggestions on forest regulations for adjustment	All national level provisions reviewed according to feedback	MS#	Revisions to the forestry policy, legal and regulatory framework are on-going and will take time before informed decision-

	regulation directly linked to and informed by experiences gained from project implementation at the local level.	to national level provisions National level policies with some remaining weaknesses and gaps	have been raised up at workshops based on the local experiences. Some investigation on problems and needs of forest regulations related to forest management activities involved in the project has been conducted.	from project experience at local level Weaknesses and gaps identified and addressed		making can take place. However, no stock-taking of results, lessons learned and good practices based on an internal review by national consultants has not been identified. However, the systematisation of results will be needed (by mid-2021) to ensure gaps are correctly identified to guide policy reform process. MTR believes more exposure to international good practices would benefit China's reform process.
Outcome 2	Demonstration and adoption of SFM practices, enhancing carbon storage and improving biodiversity conservation					
Outcome 2.1	County forestry bureaus and local communities empowered and trained to apply a large spectrum of SFM practices selected in accordance with location-specific needs and challenges					
Output 2.1.1	Strengthened SFM capacity at local level; at least 100,000 ha of economically used forest benefitting from enhanced SFM practices across the 4 provinces.	0 ha	Partly completed the planned activities in the project sites: a) Fujian: 1,145 ha; b) Guangxi 15,061 ha; c) Henan: 6,232 ha; d) Hainan: 6	100,000 ha of project sites under SFM across all four provinces	MS	Project has provided training and technical support to forest bureaus and participating local inhabitants on the introduction of SFM practices covering approximately 23 750 which is equivalent to a 23.7% progress rate to mid-term point in the project. Indications are 100,000 ha target is realistic if the project continues to July 2023.
Outcome 2.2	Carbon sequestration enhanced and GHG emissions from forests reduced through reforestation of damaged forest, rehabilitation of degraded forest, as well as enhanced SFM practices leading to emission reductions					
Output 2.2.1	42,000 ha of reforestation and forest restoration/rehabilitation yielding 4,770,611 tCO ₂ e (project duration).	0 tCO ₂ e of added emission reductions through application of SFM practices	Partly completed the planned activities in the selected farms of the project provinces. In total completed: 229.47 ha of forest restoration and rehabilitation for pilot and demonstration;	42,000 ha of reforestation and restoration fixing 4,770,611 tCO ₂ e based on the application of SFM practices	MS#	So far 6 084 ha of reforestation and forest restoration demonstrations have taken place in the pilot sites so far. This is equivalent around 1.4% of the target of 42,000 ha, but data on tCO ₂ e is not available. MTR found from interview with Fujian PMO that mixed restored forests fix on average 5.25 tCO ₂ e whereas

			205.16 ha of reforestation for pilot and demonstration.			monocultural Chinese Fir forests fix on average 3.45 tCO ₂ e and bamboo forests only 1.36 tCO ₂ e. This indicates project has contributed to fixing 2,284 tCO ₂ e/annum so far. This confirms the target of 42,000 ha in the RM is not realistic in the allocated timeframe and the 4.8 m tCO ₂ e is over-estimated and will need to be revised down to viable and realistic levels that can be achieved over the next 3 years.
Output 2.2.2	87,000 ha of enhanced carbon management yielding 12,927,948 tCO ₂ e (project duration).	0 tCO ₂ e of added emission reductions through application of SFM practices	Partly completed the planned activities in the selected farms of the project provinces. In total completed: 123 ha of enhanced tending and thinning for pilot and demonstration; 119.3 ha of conversion from monocultures to mixed forest for pilot and demonstration; 174.8 ha of reduced impact logging for pilot and demonstration; 5936.14 ha of improved pest control fire management for pilot and demonstration.	12,927,948 tCO ₂ e of added emission reductions through application of SFM practices	MS	So far 6,353 ha of enhanced carbon management demonstrations have taken place, equivalent to 7.3% of overall target, but data on GHG emission reduction is not shown (tCO ₂ e). Interviews confirm progress on the application of improved pest control and forest fire management techniques has included the integration of local knowledge related to fire/pest resistant local tree species. However, information of these good practices and how much tCO ₂ e is captured is not integrated into the national monitoring system (under outcome 1.3). Also target levels appear to be unrealistic in the project's timeframe and should be revised downwards to viable levels that can be achieved at the 16 project sites.
Output 2.2.3	Six project sites successfully create carbon credits under the SFM methodology for	No carbon credits gained from application of SFM	Carbon credit certificates obtained based on the Fujian provincial standard (FFCER) for two forest management	Creation of certified carbon credits under the national SFM	MS	Project has been instrumental in securing 3 carbon credit trading agreements in Fujian Province, which is equivalent to 50% of the target in the RM. Income

	China's national carbon trading scheme.		carbon projects and one bamboo management carbon project in Shunchang and Yangkou State-owned Forest Farms. Effort of developing forest carbon project in Henan province has been made.	methodology in 6 counties		generated since the start of the carbon trading/offset agreements with local industry in Fujian amounts to over RMB 4 m. (USD 0.56 m), which is 230% more income than from bamboo forests (RMB 1.2 m) and almost 150% more than from Chinese Fir forests (RMB 2.8 m) for same period. This demonstrates provincial carbon trading is a viable alternative to the national carbon trading scheme that remains suspended. PMO stated need to drop any further CCM creation in all provinces due to national carbon trading scheme suspension. However, MTR sees Fujian Province could and should be used as a model to promote provincial and voluntary carbon trading in Henan and Guangxi Provinces for 2 reasons: a) Fujian has achieved the economies of scale to trade carbon through alliances between state forest farms and family-owned collective forest farms . This shows how the project can benefit local inhabitants and reduce poverty through sustainable practices that can be used to exploit eco-tourism, leisure and forest products; b) ensure China retains know-how on different carbon trading opportunities that create win-win scenarios and an incentive to launch the national carbon trading scheme.
Outcome 2.3	Enhancement of forest biodiversity through protection and conservation of rare and endangered native species					
Output 2.3.1	35,000 ha of additional forest area certified	0 ha	Forest certificates obtained for 36,492.3 ha of forest in	35,000 ha	HS	Forest area certified under the CFCS scheme (integrating biodiversity

	under CFCS with particular focus on CFCS biodiversity requirements.		Yachang Forest Farm and 6,469 ha of forest in Weimin Forest Farm. Forest certification in Henan province is under development.			conservation) has been a major success at two forest farms (42,961 ha) in Guangxi Fujian provinces and confirms the RM target has been surpassed (123% to date). Interviews confirm CFCS is in progress and likely to cover more than 20 000 ha. Target has been underestimated and needs to be revised upwards. Moreover, the project should assess the causes where low prices for CFCS timber is being recorded and apply suitable measures to reduce this problem to ensure households secure better prices for their certified timber and related products. Interview with Henan Province indicates CFCS certification has so far not led to increased prices for timber. However, 5 participating state farm Miquan in Henan has paid RMB 3 m/year to employ local inhabitants in forest restoration work and CFCS development (clearing, planting, watering, tending, etc.). In other farms average is around RMB 2.5 m.
Output 2.3.2	15,000 ha of forest restoration efforts incorporate the planting of rare species.	0 ha	Compiled operation designs on rare tree species planting; Planting activities for rare species implemented in four provinces; Henan: 170.2 ha of pilot on rare tree species planting; Guangxi: 2625.31 ha of rare tree species planting;	15,000 ha	MS	Almost 4 583 ha of rare trees have been planted, which is equivalent to around 30% of the target in the RM. Interviews and provision of images indicate this is part of forest restoration (recovering the forest ecosystem structure, function and productivity). However, in Hainan Province some images of planting of the rare Huanghuali (scented rosewood) indicate monocultural approaches (see

			Fujian: 120.23 ha of rare species planting demonstration Hainan: 1667 ha of rare tree species planting.			figure 6 and 7). Field analysis is needed to determine how far this is forest restoration. Images provided from other provinces the indications are they are intercropped with other trees to support mixed stands. Target of 15,000 ha appears to be over ambitious. To date rare tree saplings being produced in five nurseries are sufficient to cover over 2120 ha
Output 2.3.3	Nurseries for rare tree species created or improved.	0 nurseries producing rare tree species in the pilot provinces	Henan: carried out rare tree species seedlings breeding and three nursery construction in total area of 41.33 ha; 1.67 ha of rare tree species seedlings breeding and propagation, expecting to produce 650,000 seedlings annually. Guangxi: Completed 6.17 ha of nursery construction; Cultivated and produced 305,000 seedlings; Collected 150 kg high quality certified <i>Phoebe zhennan</i> seeds, 60 kg <i>Pistacia chinensis</i> seeds; Completed the construction of 0.2 ha of greenhouse. Fujian: completed 1.53 ha of nursery; cultivated 25,000 <i>Bretschneidera sinensis</i> seedlings. Hainan: 10 ha of nursery.	5 nurseries improved, expanded and/or newly created	S	5 tree nurseries have been established (100% of RM target) as follows: a) Fujian: nursery covers 1.53 ha and growing 25,000 seedlings of the rare <i>Bretschneidera sinensis</i> tree which is sufficient to support 28 ha of mixed forest b) Guangxi: nursery covers 6.17 ha and currently producing 798 000 rare tree species. 380,000 seedlings of <i>Albizia odoratissima</i> , 360,000 of <i>Phoebe zhennan</i> , 50,000 <i>Pistacia chinensis</i> Bunge, and 8,000 of <i>Pistacia weinmannifolia</i> J. Poisson ex Franch to support about 400 ha of reforestation. Seeds of rare species <i>Phoebe zhennan</i> and <i>Pistacia Chinensis</i> in the process of propagation in 0.2 ha of greenhouses. c) Hainan: 10 ha of nurseries established mainly for the huanghuali species. d) Henan: 1.67 ha of rare tree species <i>Pinus taiwanensis</i> Hayata, <i>Quercus acutissima</i> Carruth., <i>Liriodendron chinense</i> (Hemsl.) Sarg. <i>Liquidambar formosana</i>

						<i>Hance, Sassafras tzumu (Hemsl.) Hemsl, Emmenopterys henryi Oliv.etc.) to support 360 ha of forest restoration</i>
Output 2.3.4	Implementation of business models for revenue generation from rare species protection.	No business plans	Henan: develop seedling marketing mode, modify and improve seedling marketing plan; selling 270,000 seedlings of rare species. Fujian: established the win-win business model of "company + farmer", for demonstration area for rare tree species, selling 106,000 seedlings of rare species. Hainan: preliminary selection	Business models designed and implemented in at least 3 counties	S	Interviews confirm business models have been developed and are already being applied successfully in Fujian and Henan. Sale of rare species direct to farmers is proving to be a win-win business model in Fujian and Hainan to expand production of rare species and act as a catalyst for change in the form of: a) reduction in bad practices such as burning of forest clearings to plant mixed and rare tree species; b) develop the "under-forest economy" (Hainan) with flowers, honey, ducks and chickens, upland rice, etc. which is raising income (farm shops and online sales of sustainable free range eggs, duck meat and honey) and helping to reduce economic poverty in the short-term while promoting longer term investment in high value timber products for local families; c) encouraging private companies to engage in CFCS in Hainan (3 companies have certified 634 ha under CFCS).
Outcome 3	Training and capacity development; awareness raising and knowledge exchange; monitoring, evaluation and dissemination of best practices.					
Outcome 3.1	Enhanced knowledge and capacity of local farmers and government staff to implement SFM practices, create CCM and BD related GEBs and implement the corresponding monitoring systems					
Output 3.1.1	National level as well as cross-provincial trainings for stakeholders from all project provinces	Knowledge and practical skills on SFM is limited; capacity and	Organized the trainings at national level with active	200 Provincial and county-level forest bureau staff trained	MS	

	including international experts and exchange at international level	information on BD conservation as well as CCM through forest management is insufficient	participation from the four provinces. In 2019, project official from the NFGA PMO went to Malaysia participating in the training of the "Eleventh Implementation Forest Policy Course" organized by FAO. International experts invited to give lectures to the provincial and county-level forest bureau staff. Organized trainings at local level in the four provinces. Over 2621 persons (times)			Interviews confirm general satisfaction with training approach. MTR identified approach is based on five main aspects: a) workshops rotating in the four provinces; b) lectures in the field rotating in the forest farms to promote good practices under the principle "seeing is believing"; c) applying peer-to-peer learning processes in both the workshops and lectures in the field; d) inviting local community participation in the trainings to increase awareness and capacity to apply SFM, CCM and BD conservation-related activities in their collective forest farms; e) study tours.
Output 3.1.2	Provincial and county-level forest bureaus as well as local community forest managers trained in SFM practices with specific focus on CCM and BD benefit creation. Total number of trainees across the four provinces: 4,000	Knowledge and practical skills on SFM are limited; capacity and information on BD conservation as well as CCM through forest management is insufficient	Over 2621 persons (times) were trained with main focuses on SFM, CCM and BD. Of which, 451 females participated in the trainings. The trainings combined indoor lectures and field classes --"Lecture in the forest" on the sites of the selected 16 forest farms in the four provinces was promoted to enhance the capacities at the local level.	4000 Provincial and county-level forest bureau staff as well as local community forest managers trained	MS	
Output 3.1.3	Provincial and county-level forest bureaus as well as local community forest managers trained in the setup and application of carbon as well as biodiversity monitoring systems as designed under component 1.	No monitoring systems, no corresponding capacity		4000 Provincial and county-level forest bureaus as well as local community forest managers trained	MS	However, MTR found from interviews with all four provinces that: a) the number of local participants to be relatively low with an average of 163 persons/farm so far given the majority are linked to employment on the farms; b) it's not clear how many of the local community participants replicate good SFM practices in the collective forest farms, or are actively engaged in monitoring activities and support informed decision-making; c) training figures do not differentiate the number of forest bureau participants, or by SFM/CCM creation/BD conservation; d) adaptation to climate change to enhance resilience is not included explicitly in the training (although use of endemic species and other SFM practices

						are doing just this and should be showcased); e) inadequate access to cutting edge international good practices relating to SFM, CCM and BD conservation such as “close to nature” and multi-functional approaches (Canada, Finland, Indonesia (Kalimantan), UK), carbon sink forests (Germany, Finland, Canada, Japan, New Zealand), forest products (Canada, France, Finland)
Output 3.1.4	Improved provision of relevant data and knowledge to project stakeholders.	No dedicated channels and mechanisms for BD and CCM data and information provision in place	Specific project website established for information sharing. Project website: www.pmcgef.cn Field training mechanism – called “Lecture in the forest” on the sites of the selected 16 forest farms in the four provinces developed. Wechat groups established for better communications.	Establishment of dedicated mechanisms for data and knowledge dissemination on BD and CCM	MS	Project has established a project web page with English version (within the website of NFGA), but mainly provides narrative information on activities realised rather than on results, lessons learned, good practices to stimulate reflection and informed decision-making on project planning, upscaling and out-scaling of good practices, etc. especially using WeeChat groups and Ten Cent as the means of information diffusion to direct and indirect stakeholders to stimulate peer-to-peer action.
Outcome 3.2	System for peer-to-peer teaching and regular exchange of knowledge and experiences between project site staff within and between the four provinces					
Output 3.2.1	Mechanisms and communication channels for regular exchange of knowledge and experience incl. peer-to-peer teaching between local forest managers and government administrators at county	No mechanisms exist	Preparation of peer-to-peer or similar mechanisms; regular channel for knowledge exchange at national and provincial levels established and implemented jointly	Peer-to-peer or similar mechanisms established for all project counties and provinces	MS	Interviews confirm forest farms have established focal points who are communicating with the provincial PMOs. Communication between forest farms and provincial PMOs appears to ensure lessons and good practices are being identified and discussed in each province

	and provincial level established.					
Output 3.2.2	Mechanisms and communication channels for exchange of knowledge and experience between project stakeholders from different provinces established.	No mechanisms exist	Regular channel for knowledge exchange at national and provincial levels jointly established and implemented. Launched the project publicity website, compiled and disseminated the project progress in a timely manner. Printed and distributed project training materials.	Regular channel for knowledge exchange between provinces established	MU	Good practices and lessons learnt are not being adequately captured from each province and diffused effectively by the PMO Beijing. For example, MTR found evidence from interviews with all four provinces that: a) all have major problems in receiving reimbursement for demonstrations conducted in the forest farms and are using alternative funds to cover this problem, which could act as a disincentive to participate in the project if this situation is not resolved; b) each province have specific strengths relating to innovative approaches to SFM/CCM/BD, but this is not evident in reporting, the website, newsletters, through phone apps, etc. For example, Hainan has developed innovative approaches to developing and selling forest products (includes high quality teas from huanghuali tree). Fujian has used partnerships between state and collective forest farms to engage in CCM and Guangxi has developed local knowledge on collecting and producing rare tree species to support the development of CFCS initiatives.
Output 3.2.3	Interaction on SFM utilized to strengthen social networks and new social capital among local forest managers (possibly	No interactions on SFM	Conducted exchange and training activities involving consultants and practitioners at all the levels and all provinces.	Extensive interactions on SFM through mechanisms established under 3.2.1 and 3.2.2	MS	Interaction between forest managers at the state farms has led to WeChat groups being formed (facilitated through participation of forest managers at project training events). A new MoU with

	including creation of forest manager associations where suitable).		Developed synergy through collaboration with the other GEF project executive agency.			a GEF 6-funded project in 2019 is a positive step to share information and collaborate in areas of mutual interest. But more needs to be done to promote learning and informed decision-making at three levels (national-provincial and local) through a better communication strategy between PMOs in Beijing/provinces. Also, participation in the Eleventh Course on the Implementation of Forest Policy in Malaysia (held by FAO in Malaysia only included national staff (excluding opportunities for learning from state farm managers and PMO provincial staff.
Outcome 3.3	Establishment of project monitoring and evaluation system measuring project progress and achievements					
Output 3.3.1	Project M&E system designed, established and applied throughout the project and across all components, provinces and project sites.	No project M&E system	Preparation of implementation plan for project M&E system; Completed project M&E system at national level linking with the monitoring activities in four provinces. The annual PAC meetings were held in the project year of 2018 and 2019 to review and approve the annual work plan (AWP) and budget. In 2020, due to the COVID-19 epidemic, the PAC adopted an online approach to fulfil its duties.	Fully functional M&E system	MS	Project's internal M&E system is mainly used to support GEF/FAO reporting requirements relating to output and activities as prescribed in the RM of the Prodoc. Insufficient attention is given to capturing change (in the form of replication and expansion of good SFM practices/CCM/BD conservation in the collective forest farms. No formal state farm forest manager network and secretariat has been established in the PMO-WBPMC/NFGA/PMO

Output 3.3.2	Publication and dissemination of project information and experiences; public awareness raising	No publication and dissemination	Project website launched and project newsletters developed for dissemination. Training materials printed and distributed; Established WeChat communication platform for formal and informal use among stakeholders at various levels.	Comprehensive dissemination of SFM related information to the public	MU	Publications and newsletters provide mainly narrative information on the project's progress as opposed to a focus on learning and strengthening policy dialogue. Specific publications on project good practices and systematisation of results at each forest farm has limited the opportunities to guide the PAC adopt informed decision-making on planning prioritise GEF funding and identify alternative funding sources.
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Source: PMO; #Assumes at least one-year extension of project is granted

Indicator assessment key

Green = Achieved	Yellow = On target to be achieved	Red = Not on target to be achieved
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Appendix 7. Co-financing table

Sources of co-financing ⁴³	Name of co-financer	Type of co-financing ⁴⁴	Amount confirmed at CEO approval ⁴⁵ (30 Sept. 2016)		Actual amount materialized (to 31 December 2019)		Actual amount materialized at mid-term (31 Dec. 2019)	Expected total disbursement at end of project (31 May 2022)
			Cash	In kind	Cash	In kind		
National Gov.	NFGA/WBPMC	Cash/In-kind	7,200,000	40,800,000		187,983	187,983	n/a
Provincial Gov.	NFGA/Guangxi	Cash/In-kind			3,106,860	14,618,576	17,725,436	n/a
Provincial Gov.	NFGA/Henan	Cash/In-kind			3,723,673	11,245,673	14,969,346	n/a
Provincial Gov.	NFGA/Hainan	Cash/In-kind			1,897,683	1,531,710	3,429,393	n/a
Provincial Gov.	NFGA/Fujian	Cash/In-kind			113,050	0	113,050	n/a
UNO	FAO*	Grant	400,000	0	0	0	0	n/a
TOTAL			7,600,000	40,800,000	8,841,266	27,583,942	36,425,208	n/a

n/a = Not available (no data provided to the MTR)

⁴³ Sources of Co-financing may include: Bilateral Aid Agency(ies), Foundation, GEF Agency, Local Government, National Government, Civil Society Organization, Other Multi-lateral Agency(ies), Private Sector, Beneficiaries, Other.

⁴⁴ Grants, loans, equity participation by beneficiaries (individuals) in the form of cash, guarantees, in kind or material contributions and other (please explain).

⁴⁵ The type of co-financing whether cash or in-kind should be indicated separately

* Data provided by FAO on its co-finance agreement of USD 400 000 (as a grant)

Appendix 8. GEF evaluation criteria rating table and rating scheme

Table 8: MTR ratings and achievements summary table

GEF criteria/sub-criteria	Rating ⁴⁶	Summary comments ⁴⁷
A. STRATEGIC RELEVANCE		
A1. Overall strategic relevance	HS	Project is fully aligned with GoC's policy and legal framework (underpinned by the revised Forest Law, effective from July 2020) to switch to mixed multi-functional planted forests to reduce vulnerability and increase ecological civilisation
A1.1. Alignment with GEF and FAO strategic priorities	HS	Project is consistent with GEF-5 Focal Area Strategies for climate change, biodiversity and SFM/REDD, CCM-5 and BD-2. Compliant with FAO SO2 and supportive of CPF 2016-2020 Priority Area 1.
A1.2. Relevance to national, regional and global priorities and beneficiary needs	HS	Supports implementation of the NBCSAP, GoC's commitment to SDGs 13 and 15, CBD-Aichi Targets 5,7, 14 and 18, INDCs, President Xi's Beautiful China Initiative and his call to step up ecological civilisation. Highly relevant to strengthening NFGA capacity on SFM, BD and CCM benefit creation. Highly relevant to the needs of local communities who manage collective forest farms, but there are shortcomings in the project design to optimise the replication of SFM/BD/CCM good practices outside state-owned forest farms
A1.3. Complementarity with existing interventions	MU	Generally, the project design has not adequately clarified how the NFGA is to develop complementarity between the project, the EIB loan and the NSTRP (especially at the forest farm level). Synergies with government institutions that have mandates that link directly to project planning and development (MAR, MEE, MNR, NDRC, etc.) have not been mentioned. Synergies with other GEF5, FAO and donor projects supported by GiZ, iNGOs, etc. have not been identified. However, a MoU with a GEF-funded project end 2019 (implemented by IUCN) is a positive development to increase access to international knowledge and information on SFM, BD and CCM creation.
B. EFFECTIVENESS		
B1. Overall assessment of project results	MS	The project has launched almost all its main activities despite a delay at start-up of almost one year. The project is making good progress in finalising three sets of guidelines (national, provincial, county levels).
B1.1 Delivery of project outputs	MS	The project's delivery of outputs is behind plan by around 1 year. Delivery of outputs under component 1 is most advanced in particular in final review of guidelines and has developed the software for the national monitoring system. Delivery of outputs under component 2 is well behind schedule except for advances in certification under CFCS (aided by previous work funded by the EIB loan). Target levels set in RM appear to be over-ambitious, or unrealistic.

⁴⁶ See rating scheme at the end of the document.

⁴⁷ Include reference to the relevant sections in the report.

B1.2 Progress towards outcomes ⁴⁸ and project objectives	MS	The project is on track to strengthen NFGA's capacity to apply SFM and monitoring incorporating BD conservation in state-owned forest farms. CCM benefit creation has only advanced in Fujian Province, but has not been used as a model for learning to date. However, achievement of objectives is unlikely unless changes are made as the incentives to replicate project demonstrations in collective forest farms are compromised by short-term income dependency on fast growing pine, eucalyptus and Chinese fir, unattractive local price differentials in certified timber prices and a lack of TA and financial resources to supervise and guide change outside the forest farms.
- Outcome 1	MS	The project is likely to meet outcome 1, but would benefit from developing more explicit guidelines and policy framework dedicated to establishing Forest Ecosystem Management, rather than SFM alone as this does not take fully into account biodiversity conservation issues that would offer a wider number of options to exploit PES opportunities.
- Outcome 2	MS	Achievement of outcome 2 is unlikely unless an extension is granted, targets revised and changes in approach made to increase adoption rates of SFM, BD and CCM benefit creation outside state-owned farms. This includes applying good practices established on CCM benefit creation in Fujian Province and on BD benefit creation in Hainan Province.
- Outcome 3	MS	Outcome 3 is supporting progress in meeting outcomes 1 and 2. Outcome 3 refers more to outputs needed to fulfil outcomes 1 and 2 most of which are behind schedule. SFM training programmes that include "in the forest lectures" have been popular among NFGA staff. However, there are shortcomings in the way knowledge exchange is not adequately picking up good practices from the state farms (especially in Fujian and Hainan provinces) to support learning and guide planning reveals weaknesses in internal monitoring and communication.
- Overall rating of progress towards achieving objectives/ outcomes	MS	The project is making a positive contribution to strengthening capacity of NFGA to promote in its state-owned farms the transition to SFM and apply monitoring of BD and carbon inventories. However, it is not clear who will ultimately benefit from BD and CCM creation in state-owned farms, or what the strategy is to ensure the transition in collective forest farms is optimised.
B1.3 Likelihood of impact	Not rated in MTRs	
C. EFFICIENCY		
C1. Efficiency ⁴⁹	MS	The execution of the project through an OPA underpinned by <i>ad hoc</i> conditions set by FAO's Senior Management proved to be an inefficient mechanism to implement the project in the first year. This was due to several factors including a Prodoc not designed to fund the application of these conditions, a lack of FAO guidelines and previous work experience to support the NFGA implement these conditions, a PMO operating on a part-time basis (until 2019), staff rotation in both the PMO and

⁴⁸ Assessment and ratings by individual outcomes may be undertaken if there is added value.

⁴⁹ Includes cost efficiency and timeliness.

		<p>FAO-CN and major institutional reforms in the period 2017-2018. These factors contributed to delays of almost 1 year before operations started, which set back the project's ability to meet targets as planned. However, since 2019 the project is demonstrating it can convert its resources into outputs with satisfactory levels of cost efficiency in relation to direct execution (DEX) by FAO. Currently the MTR estimates the project has achieved a physical advance of around 40% while the financial advance is very low at just 5.5% to 31/12/2019, although this excludes contract payments that are delayed because they are made only after deliverables have been submitted and approved. The internal monitoring system and communication strategy concentrate mainly on reporting operations and outputs in line with FAO/GEF requirements, which has reduced the scope for learning through bottom-up/top-down knowledge exchange on lessons learned, good practices, etc. Moreover, staffing levels have still not been fully consolidated and gaps remain at forest farm level where the project activities are managed by a nominated individual from the Forest Bureau, rather than a team dedicated to developing the communication strategy, supervising the replication of SFM in collective forest farms and supporting business development (through CCM, CFCS, PES, etc.).</p>
D. SUSTAINABILITY OF PROJECT OUTCOMES		
D1. Overall likelihood of risks to sustainability	ML (state farms) & MU (outside)	<p>At the national, provincial and state-farm level the sustainability of SFM, biodiversity and carbon monitoring and in some cases BD and CCM creation (mainly in Hainan and Fujian respectively) are likely to be sustained due to direct access to government resources, management teams in place and Hainan has established partnerships with the local community to develop the "under-forest economy", while Fujian has on partnerships with collective forest farms in place to generate income from three pilot ETS. However, creation of more ETS agreements is seen by the PMO as unlikely while the national carbon credit training scheme is not operational. Meanwhile, the sustainability of replicated SFM, BD and CCM practices outside the state-owned farms is unlikely due to a lack of resources to support, supervision and monitoring.</p>
D1.1. Financial risks	ML	<p>NFGA has demonstrated it can provide co-finance on time at both the national and provincial levels. However, there are gaps in the project's budget that mean there are limited, or no funds to support key activities, such the development of CCM/ETS agreements/CFCS certificate fee. There are also problems in reimbursing Forestry Bureaus for their support in conducting training and demonstrations due to the omission of funding for third-party inspections under the budget allocation for the assurance activities foreseen as part of the conditions set by FAO's Senior Management to reduce the risks associated with indirect execution of the project through NFGA. In addition, FAO has provided none of the USD 400 000 grant agreed in the Prodoc to cover the costs of assurance activities as well as other conditions applied in the OPA on the grounds this is an error and should refer to in-kind payments only.</p>

D1.2. Socio-political risks	ML	The project enjoys the full support of the NFGA and the GoC in general
D1.3. Institutional and governance risks	ML	Institutional reforms have taken place to indicate further upheaval is unlikely. However, the project's approach does not fully engage local inhabitants in developing partnerships to support law enforcement in the state farms, or in the collective forest farms by way of local community forest chiefs.
D1.4. Environmental risks	ML	The project is designed to reduce the high vulnerability of monocultural forests to the effects of climate variability and change (including abnormal weather events, fires, pests, etc.) by establishing mixed, multi-functional stands that increase their resilience to these effects. However, inadequate attention given to FEM may compromise SFM practices over the medium to long-term (in particular relating to watershed / water resources management)
D2. Catalysis and replication	ML	Under the current set-up of the project, replication of training activities such as "lectures in the forest" and SFM practices at the Forestry Bureau level in the forest farms was found to take place. However, the project's focus on exclusively promoting replication through demonstrations in these farms, means it is not possible to verify replication levels in collective forest farms as this is not monitored and there are no resources to cover TA, supervision and monitoring to help sustain the replication process.

E. FACTORS AFFECTING PERFORMANCE

E1. Project design and readiness ⁵⁰	MU	The project contains some shortcomings in particular an apparent disconnect between objectives (focusing on local communities) and outcomes (focusing mainly NFGA), gaps in the budget to cover and support local communities and guidance on coordination with other partners (including the EIB loan and NSTRP). Moreover, insufficient guidance was provided by FAO to the BH/FAO-CN in advance of start-up to ensure project could apply and fund the <i>ad hoc</i> conditions underpinning the OPA. As a result, neither the BH, nor NFGA were prepared to implement the project based on an OPA underpinned by such conditions. Moreover, there were no guidelines to guide the BH and executing partner on their application.
E2. Quality of project	MS	The quality of project implementation has improved following the delays in start-up. However, stakeholders interviewed in the pilot provinces voiced the need for better communication with national consultants (including more visits to the field) and more guidance in key areas, such as biodiversity monitoring and applying MRV. The MTR found quality of internal monitoring is in need of improvement to facilitate learning, especially relating to local communities applying SFM, BD and CCM practices.
E2.1 Quality of project implementation by FAO (BH, LTO, PTF, etc.)	MS	In the absence of adequate guidance to implement the OPA in line with the <i>ad hoc</i> conditions set by FAO's Senior Management, GCU invested significant resources in contracting

⁵⁰ This refers to factors affecting the project's ability to start as expected, such as the presence of sufficient capacity among executing partners at project launch.

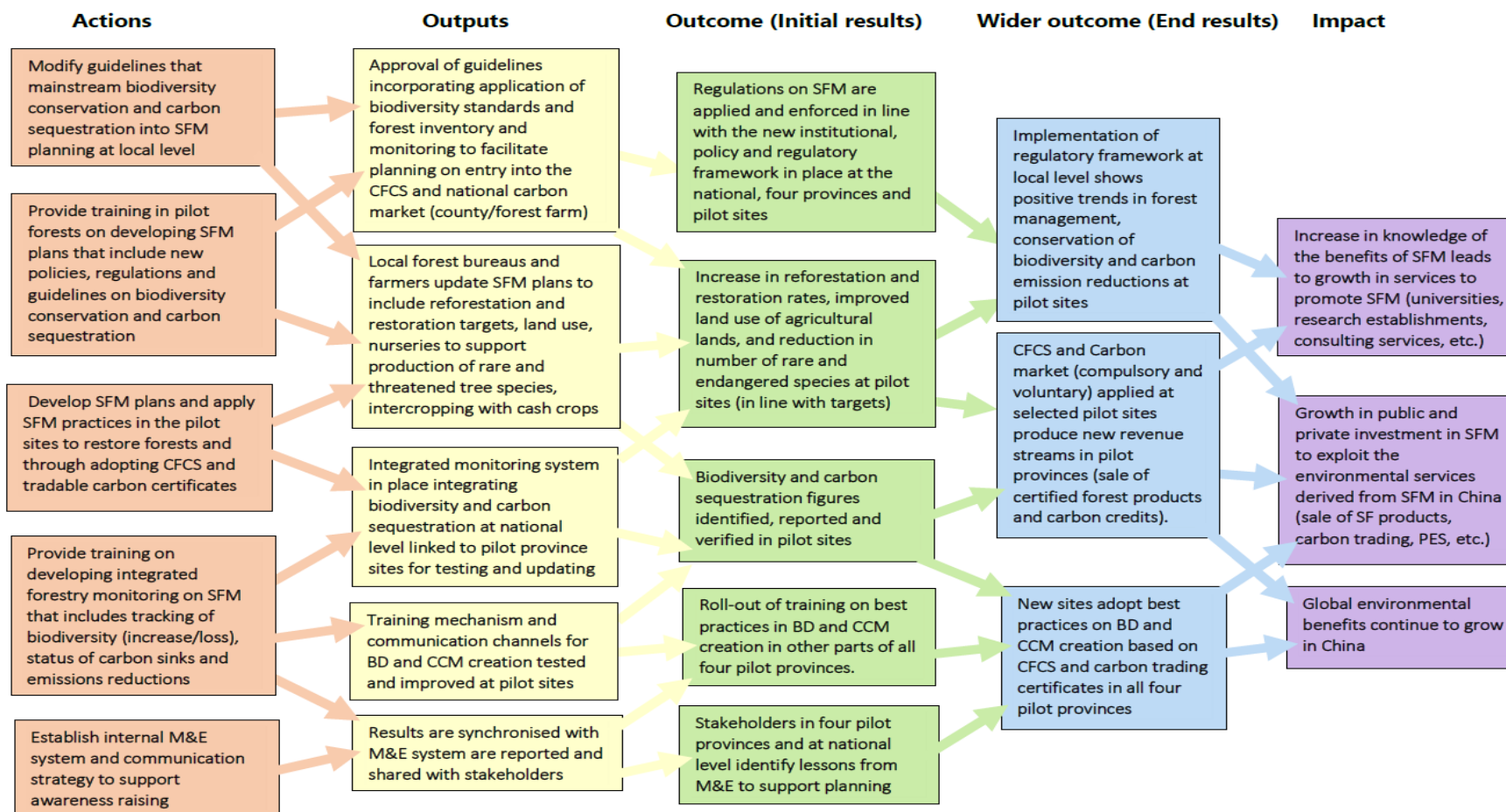
		<p>an international and national consultant to support the BH/FAO-CN and NFGA apply the OPA in accordance with these conditions. However, GCU confirmed this support attempted to implement these conditions in line with the OPIM/MS-701 which was launched two months after the OPA was signed in September 2016. This has contributed to the incorrect interpretation by the acting BH (interviewed in August 2020 during the MTR of project 052) and staff in FAO-CN that the project is applying OPIM/MS-701. This situation has not been aided by the fact FAO's internal coordination with units responsible for supporting the application of MS-701 (Project Support Services) has been inadequate to clarify the project is not applying OPIM, but rather "exceptional projects" applying <i>ad hoc</i> conditions and processes, or to help find solutions where these processes are not being applied (such as assurance activities by third parties that are needed to remove the growing backlog of reimbursable costs that have not been paid to date). The quality of FAO's technical support was found to be satisfactory. The LTO has visited the project twice and has provided important observations in the second BTO report (Oct. 2019) on the need to address the gender aspect and improve synergies with other actors/projects. However, follow-up and participation in the project events and activities is limited due to LTO's location in FAO-Rome.</p>
E2.1 Project oversight (PSC, project working group, etc.)	MS	<p>The Project Advisory Committee has ensured PMO representatives at the provincial level are engaged more actively in the projects planning and decision-making, although monitoring of results relating to local participants is limited and not picking up good practices from the state farms. The task force established by the national consultants to manage the reviews of the three sets of guidelines and development of the national monitoring system has facilitated coordination, but there is a view among some stakeholders they do not fully understand forestry characteristics in sub-tropical and tropical maritime regions of the country. Oversight at the forest farm level is highly limited as there are no technical teams in place and rely exclusively on one individual to coordinate project activities.</p>
E3. Quality of project execution	S	<p>The NFGA has provided co-finance and staffing needs generally on time and in accordance with needs to facilitate project execution. NFGA staff have been assigned full-time to the PMO since 2019. However, the Prodoc did not foresee the need for a Letter of Agreement to employ the services of an iNGO to support implementation, develop networking, provide guidance on study tours, which are all areas identified by the MTR that could be improved.</p>
E3.1 Project execution and management (PMU and executing partner performance, administration, staffing, etc.)	MS	<p>The PMO and executing partner experienced difficulties in reconciling government procedures with the above-mentioned <i>ad hoc</i> conditions set by FAO's Senior Management. However, since 2019 project execution and management has improved, especially since the decision to employ full-time staff in the PMO in Beijing, (including the project manager), from 2019. Furthermore, PMO staff in Beijing commented they like the PMO approach to support policy dialogue. Nonetheless, PMO staff at all levels, especially at the local and provincial levels,</p>

		confirmed they still need more guidance and support on project execution, especially on resolving the impasse concerning reimbursement costs and procedures governing budgetary revisions.
E4. Financial management and co-financing	S	The MTR found no evidence to suggest there are problems with financial management. The PMO has established financial staff in all provincial PMOs to manage project funds. The availability of co-finance has been satisfactory and there is no evidence of any major delays in delivery. Currently co-finance levels have superseded 60% of total allocations. The MTR found the PMO had not broken-down expenditure according to cash and in-kind payments, but this was provided in September 2020 and incorporated into this report (see Table 5)
E5. Project partnerships and stakeholder engagement	MU	The MTR found the project has not actively developed a strategy designed to establish partnerships with civil society. This is despite the fact two provinces have established at least four partnerships in total (1 in Hainan and 3 in Fujian). Likewise, there are no official partnerships established with the NSTRP, MEE, NDRC, or other projects. However, a recent MoU signed with a GEF6 project is likely to stimulate networking and synergies with IUCN.
E6. Communication, knowledge management and knowledge products	MU	The project has not established an effective communication strategy dedicated to learning, knowledge exchange and supporting policy dialogue. It is too early to assess knowledge products, but the newsletters and media spots realised so far mainly focus on narratives of the project activities and progress, rather than systematisation of results, stimulating research and supporting informed decision-making.
E7. Overall quality of M&E	MU	The internal M&E system is geared to supporting reporting of operational progress and outputs in line with FAO and GEF reporting procedures. The PMO stated it intends to use the national monitoring system to improve the quality of progress reports. However, the MTR believes this will be difficult to achieve until the very end of the project as monitoring data needs to be consolidated in the system for a period of at least two years before the first trends can be identified.
E7.1 M&E design	MU	The current internal M&E design encourages micro management, based on the filling out of forms, tables and templates provided by FAO/GEF. As a result, they are time consuming to complete, tend to duplicate reporting at the end of the year and not efficient tools to support results analysis and informed planning designed to optimise results.
E7.2 M&E plan implementation (including financial and human resources)	MU	The project has been unable to meet its physical and staffing targets, or achieve the expenditure levels planned in the annual M&E plans implemented so far. This is not aided by the M&E design, which focuses on meeting these targets, by reprogramming them in the next plan.
E8. Overall assessment of factors affecting performance	MU	Overall, the MTR believes the project needs to address some major design, M&E and communication gaps to strengthen the probability it can meet its objectives.
F. CROSS-CUTTING CONCERNS		
F1. Gender and other equity dimensions	MU	The PMO in Beijing has largely overlooked the development of a gender strategy to fully engage women and youths in the project's main activities, capture their needs and support them

		replicate good practices. This is due to the belief women already enjoy full equality in China. This is despite the fact Hainan Province has established an effective gender strategy that focuses on encouraging couples to participate in the project activities and in return allow them to develop the “under-forest economy” according to their needs and aspirations.
F2. Human rights issues	MU	The project provides little or no details on its approach to working with ethnic minorities in Fujian, Guangxi and Hainan provinces. In general, there is a lack of recognition that the ethnic minorities may have local knowledge and technologies relating to forestry. Hainan Province confirmed it has an active policy to target ethnic minority couples to participate in the project and are also invited to develop the under-forest economy through group-based approaches to land clearing and growing of crops.
F2. Environmental and social safeguards	S	The project continues to comply with the ESS checklist in all areas, but more should be done to assess actual compliance with II-4 (enhance resilience of people communities and ecosystems) and II-5 (effective governance mechanisms)
Overall project rating		MS

Ratings: Highly satisfactory (HS), Satisfactory (S), Moderately satisfactory (MS), Moderately unsatisfactory (MU), Unsatisfactory (U) Highly unsatisfactory (HU) Unable to assess (UA). Additional ratings for Section E: Likely (L), Moderately likely (ML), Moderately unlikely (MU), Unlikely (U)

Appendix 9. Participatory Theory of Change (final draft version)



Cross cutting priorities → Gender strategy and socially inclusive approach implemented, environmental good governance fully integrates risk management

Assumptions → Political willingness to continue decentralised SFM practices, support development of national carbon trading platform and no natural disasters at sites