

# Participatory in situ Conservation and Sustainable Use of Agrobiodiversity in Hainan

**Review CEO Endorsement and Make a recommendation**

## Basic project information

**GEF ID**

9875

**Countries**

China

**Project Name**

Participatory in situ Conservation and Sustainable Use of Agrobiodiversity in Hainan

**Agencies**

UNDP

**Date received by PM**

4/1/2019

**Review completed by PM**

12/10/2019

**Program Manager**

Ulrich Apel

**Focal Area**

Biodiversity

**Project Type**

MSP

## **CEO Approval Request**

**Project Consistency**

**1. Is the project aligned with the relevant GEF strategic objectives and results framework?**

**Secretariat Comment at PIF/Work Program Inclusion**

Yes

**Agency Response**

**2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?**

**Secretariat Comment at PIF/Work Program Inclusion**

Not fully.

While project design is appropriate, it needs to be presented in a way that all necessary information is in the Endorsement Request (ER) template and in the project document as these are the two documents to be circulated to Council. The ER template can have cross-references to the project document, but please avoid cross-references to other documents that will not be posted (e.g. child project concepts).

06/07/2019 UA:

Addressed.

Cleared

### **Agency Response**

UNDP Response, 2 May 2019

Thank you for your comment.

References to the concept note have been removed, and only references to the project document have been included. Also, the problem tree analysis and project theory of change figures were added to the ER for ease of reference and clarity (ER Part II, section A.1. numeral 1 Global Environmental Problems, Root Causes and Barriers, pages 7 and 8)

**3. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?**

**Secretariat Comment at PIF/Work Program Inclusion** Yes

### **Agency Response**

**4. Does the project sufficiently indicate the drivers of global environmental degradation, issues of sustainability, market transformation, scaling, and innovation?**

**Secretariat Comment at PIF/Work Program Inclusion** Yes

### **Agency Response**

5. Is the project designed with sound incremental reasoning?

**Secretariat Comment at PIF/Work Program Inclusion** Yes

**Agency Response**

6. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?

**Secretariat Comment at PIF/Work Program Inclusion**

Not fully.

Please check if the project has an investment component and mark accordingly in the table B.

Please also check latin names of species throughout PIF and project document (Bos taurus? Cairna oschata?).

06/07/2019 UA:

Addressed.

Cleared

**Agency Response**

UNDP Response, 2 May 2019

Please note there is no investment component planned on the project. Technical Assistance (TA) was indicated for each of the components in Table B.

- Thank you for pointing this out. Two corrections to the Latin names Wuzhishan pig (*Sus scrofa*) and Jiayi duck (*Anas domestica*) were made in the CEO ER (Pages 5 and 10), the Project Document (Pages 1, 20 and 27), and the landscape profile annex (Annex L, page 1)

7. Are socio-economic aspects, including relevant gender elements, indigenous people, and CSOs considered?

**Secretariat Comment at PIF/Work Program Inclusion** Yes

**Agency Response**

**8. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?**

**Secretariat Comment at PIF/Work Program Inclusion**

No. Please complete section of cost-efficiency in the portal.

06/07/2019 UA:

Has been completed.

Cleared

**Agency Response**

UNDP Response, 2 May 2019

This section has been completed in the portal

**9. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)**

**Secretariat Comment at PIF/Work Program Inclusion** Yes

**Agency Response**

**10. Is co-financing confirmed and evidence provided?**

**Secretariat Comment at PIF/Work Program Inclusion** Yes

**Agency Response**

**11. Are relevant tracking tools completed?**

**Secretariat Comment at PIF/Work Program Inclusion** Yes

**Agency Response**

12. Only for Non-grant Instrument: Has a reflow calendar been presented?

**Secretariat Comment at PIF/Work Program Inclusion** n/a

**Agency Response**

13. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?

**Secretariat Comment at PIF/Work Program Inclusion**

No. Please complete section on coordination in the portal.

06/07/2019 UA:

Has been completed.

Cleared

**Agency Response**

UNDP Response, 2 May 2019

This section has been completed in the portal.

14. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

**Secretariat Comment at PIF/Work Program Inclusion** Yes

**Agency Response**

15. Does the project have description of knowledge management plan?

**Secretariat Comment at PIF/Work Program Inclusion** Yes

**Agency Response**

Resource Availability

16. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):

**The STAR allocation?**

**Secretariat Comment at PIF/Work Program Inclusion** Yes

**Agency Response**

The focal area allocation?

**Secretariat Comment at PIF/Work Program Inclusion** Yes

**Agency Response**

The LDCF under the principle of equitable access

**Secretariat Comment at PIF/Work Program Inclusion** n/a

**Agency Response**

The SCCF (Adaptation or Technology Transfer)?

**Secretariat Comment at PIF/Work Program Inclusion** n/a

**Agency Response**

Focal area set-aside?

**Secretariat Comment at PIF/Work Program Inclusion** n/a

**Agency Response**

Secretariat Recommendation

**17. Is the MSP being recommended for approval?**

**Secretariat Comment at PIF/Work Program Inclusion**

MRS 7/27/2017.PPG is within the allowed limits and is recommended for approval.

07/03/2019 UA: Program Manager comment at CEO endorsement stage:

The following remaining issues need to be addressed:

1. Executing Partner and type needs to be entered in Part I of the portal template, no partner has been entered as the executing partner. It is understood that the Ministry of Agriculture and Rural Affairs in Hainan is the executing partner (not the implementing partner as stated in the text, please clarify).

2. Implementing / executing arrangements require clarification:

Section: Institutional arrangements and coordination: It is stated that if “*consensus cannot be reached within the PSC, final decision rest with UNDP Program Manager*”. This arrangement does not in line with the distinction between implementing and executing functions as stated in the GEF Guidelines for project and program cycle. Specifically, if through a UNDP representative the Implementing Agency is the one that ultimately take management decisions (which is an executing function) if the consensus cannot be reached within the Project Board, it will be a conflict of interest whenever the same Agency will perform implementing functions such a supervising the project.

Further, it is stated that "the Project Manager cannot participate in the PSC", which requires clarification why the project Manager cannot participate in the body that is *"responsible for making by consensus, management decisions when guidance is required by the Project Manager, including recommendations for UNDP/Implementing Partner approval of project plans and revisions, and addressing any project level grievances"*.

08/15/2019 UA:

The following issues have come up during the clearance process, please address:

1. There are some sections in the ProDoc that show executing activities that could be performed by UNDP, who is the Implementing Agency. In these sections the Agency has to remove the possibility of a UNDP staff to fill out some of the key positions for the execution of the project.
2. When reviewing the budget, we found that out of the \$1,509,663 GEF grant, the Agency charged \$235,560 for 'Contractual Services of the Implementing Partner' (see section IX. Financial Planning Management of the ProDoc). These contractual services are read as *"Project Manager salary adjusted with a cost of living adjustment of 5% per year and Project Assistant/Finance Officer salary adjusted with a cost of living adjustment of 5%"*. Salaries for Project Manager and Project assistant / Finance Officer are to be paid from the Project Management Cost (PMC), not from the project components. These charges have to be removed from the budget and charged to the PMC. Consequently, with additional \$235,560 (15.6% of the GEF Financing), the components would have more activities that presumably would contribute to generate additional GEBs.

09/24/2019 UA:

Clarification requests made in the review 8/15/2019 have been responded to. However, on issue (2) we note that \$143,700 of GEF grants are budgeted for salaries for Project Manager and Project assistant / Finance Officer outside the PMC. We do not understand why these costs cannot be covered by the co-financing portion of the PMC, which is \$992,000 in grant. Please clarify.

10/28/2019 UA:

Thank you for the response dated October 14, 2019. The GEF guidelines on Project and Program Cycle Policy, page 36-37, paragraph 5, state that: "Execution functions are financed through Project Management Costs (PMC), which are funded partly by the GEF funding and partly by the counterpart funding of the beneficiary government or other co-financing resources." We would therefore like to reiterate the need of covering all project staff costs and the activities associated with the execution of the project with the PMC using both –the GEF portion and the co-financing.

12/2/2019 UA: The outstanding issue has been addressed. However, the project document still has a budget line for direct project costs. Please remove.

12/10/2019 UA: DPC have been removed from the budget. Program Manager recommends project for CEO endorsement.

## Agency Response

UNDP response, 25 August 2019

1. Table A: Focal Area Outcomes has been filled out as requested.

2. Section VIII of the Project Document (Governance and Management Arrangements) and Section A.6 of the CEO ER (Institutional Arrangement and Coordination) have been modified to fit the new GEF7 ProDoc template and to emphasize UNDP's role as GEF Implementing Agency. The updated ProDoc reads as follows; *UNDP is accountable to the GEF for the implementation of this project. This includes oversight of project execution to ensure that the project is being carried out in accordance with agreed standards and provisions. UNDP is responsible for delivering GEF project cycle management services comprising project approval and start-up, project supervision and oversight, and project completion and evaluation. UNDP is responsible for the Project Assurance role of the Project Steering Committee.*

In summary, any text that could be interpreted as UNDP performing execution functions for the project has been removed.

3. Based on experience on other GEF-financed projects in China, it is imperative that the Technical Project Manager and Project Assistant/Finance Officer be full-time, dedicated positions. In order to ensure cost-effective delivery of global environmental benefits, the Technical Project Manager and Project Assistant/Finance Officer will have direct involvement with the implementation of the project.

These positions will be recruited by government using government contracts. Salary estimates used for budget calculations are in line with China and Hainan's labor market (USD 2,050 gross salary per month for the Technical Project Manager and USD 1,500 gross salary per month for the Project Assistant/Finance Officer). Thus, reducing the assigned budget for these positions will likely diminish the probabilities of securing suitable candidates. Also note that office space and cost of utilities will be absorbed by government agencies as co-financing for the project.

Regarding the budget distribution for these positions, the amount of Technical Project Manager and Project Assistant/Finance Officer costs allocated to Components 1-4 totals USD 143,470, of which 71.1% corresponds to the Technical Project Manager and 28.9% to the Project Assistant/finance officer; The balance of USD 92,090 is allocated under project management costs of which 36.9% corresponds to the Technical Project Manager position and 63.1% to the Project Assistant/finance officer. In order to emphasize the critical role that the Project Assistant/Finance Officer plays in supporting M&E efforts, as shown in the ToR, the 33.3% (USD 33,200) previously allocated to technical components 1-3 for this position have been re-allocated exclusively under component 4.

These are absolutely critical positions. Our experience has taught us that it is essential for project managers to have a high degree of technical competency for ensuring the successful implementation of the project. As the TOR stipulate, the Technical Project Manager will be recruited as a technical specialist in natural resource management, preferably with experience and specialist knowledge in agrobiodiversity, as well as a proven track record in project management. Apart from project management tasks, the Technical Project Manager, with constant support from the Project Assistant/Finance Officer, will provide substantive technical contributions

to the project, including provision of technical inputs into particular activities and outputs, being responsible for production of elements of technical outputs, provision of technical advocacy among key stakeholders, assisting local government units and service providers in design and implementation of project interventions, assuring quality of technical consultants' ToRs and deliverables as well as reports and M&E milestones.

If these positions did not provide the services described above, local consultants would need to be recruited, which would be more expensive to maintain and would diminish project coherence, as the project budget cannot support full-time local consultants to fulfill these roles.

UNDP response, 14 October 2019

Thank you for your comment.

After additional consultations with the Executing Entity, the Biodiversity Project Management Office and the GEF OFP, government has requested to adjust table C of the CEO Endorsement Request in light of the new GEF co-financing guidelines and to reflect in-kind co-financing in the amount of USD 1,000,000 to be invested in PMCs including office space, office supplies, equipment, utilities and the work that will be done by government staff related to this project management, among other.

Per government's guidelines, the grant co-financing committed through co-financing letters will be invested in substantive contributions to the technical components of the project as described in Section IX of the ProDoc. Including, but not limited to: the establishment and operationalization of one provincial and three county level GRFA Coordination Committees; the establishment of policy working groups to develop the agrobiodiversity strategy and action plan and other relevant policies; the development, operationalization of national and provincial level GRFA implementation frameworks; the integration of incentivized GRFA approaches into the 5-year work program of the Hainan; the establishment of three Landscape partnership working groups (i.e. farmers, members of agricultural associations and enterprises, local government staff members, representatives from social organizations); the establishment of nurseries and community seed banks; the development and organization of multiple technical training courses and knowledge transfer exchange; the revision of eco-compensation and other non-market incentive mechanisms for facilitating increased participation in conservation and sustainable use of GRFA, including direct payments for growing GRFA varieties; the upscaling of sustainable agrobiodiversity project demonstrations in larger landscapes; the implementation of the project's M&E plan; among other complementary government led initiatives at the national, provincial and county levels.

UNDP response, 5 November 2019

Thank you for your comment. After discussing this issue again with the Executing Entity and the Biodiversity Project Management Office, it was decided to merge the Project Manager and Project Assistant/Finance Officer positions into one single Project Coordinator position. The cost of this position has been fully allocated to component 4 under the project management costs budget line. For your information, administrative support will be provided when/if needed by the Biodiversity Project Management Office staff as co-financing.

Please note that Section VIII 'Governance and Management Arrangements', budget, budget notes and Annex C of the ProDoc, and Section A.6 'Institutional Arrangement and Coordination' of the CEO endorsement request have been adjusted to reflect this change and all edits have been highlighted in green for ease of reference.

UNDP Response, 2 December 2019

The direct project cost budget line has been removed in the Total Budget and Work Plan, Section X. of the ProDoc. The costs earlier indicated under DPCs have been allocated under Miscellaneous Expenses (Atlas Code 74500) in the Project Management Cost section of the budget; this line item includes expenses associated with telephone, internet and other project management office related expenses, as indicated in Budget Note No. 30 (highlighted in yellow).

Any mention to DPC or project support services has been deleted (i.e. acronym section page 4; and, budget note 31 page 92, as well as the DPC Letter of Agreement from Annex O).

02/07/2020 Council Member Canada comments shared with UNDP via e-mail

UNDP response to Council Member Canada comments, 11 March 2020

*Canada does not recommend approval for this project unless the following criteria below are adequately addressed:*

Without being familiar with Hainan Province, it seems reasonable to observe that the success of this project can only be evaluated if the results are compared to a scientific baseline of current agrobiodiversity there. However, there is little indication that such a baseline exists or that the project proposes to establish one (or even a gap analysis). A reliable baseline/inventory would help better identify priority crop varieties and races if domesticated animals for conservation in situ and/or in genebanks.

**UNDP Response, 9 March 2020:**

The selection of crop and livestock species for this project was based on a series of consultations during the project conceptualization (PIF) and development phases. During the preparing of the PIF, the Hainan Department of Agriculture and Rural Affairs (DARA) organized several workshops and invited experts from provincial and national research institutes and universities. The experts agreed that Hainan is an important agricultural province and the main agricultural products are food crops, vegetables, tropical fruits and livestock. Among food crops, rice accounts for a large percentage of the total production. Vegetables are widely planted in Hainan, especially in the winter months, and most arable fields are used for vegetable planting. Tropical fruits are typical economic plants in the province, and many farmer households earn large proportions of their livelihoods from tropical fruits. And, livestock is the main protein source for Hainan people, and types domesticated animals are raised by farmers and also some companies. The Hainan DARA also organized a field survey to investigate and determine target species in 6 counties for the project during the PIF phase. The results indicated that the genetic diversity level of almost all vegetable crops are improved varieties and the genetic diversity is very low. In the paddy fields, farmers are planting new rice

varieties, there are few traditional cultivars remaining. The results of the survey also found that in the upland fields, farmers are still planting Shanlan rice (upland rice) and many farmers maintained traditional cultivars by themselves. Shanlan rice has relatively higher genetic diversity. Therefore, Shanlan rice was selected as the target species of crops for the project.

In regard to tropical fruits, there are many local varieties of mango and different types of semi-cultivated litchi in Hainan. And, in regard to livestock, several species including Dongshan goat, Wenchang chicken, Jiaji duck, Wuzhishan pig, Qiongzong cattle and Hele crab are popular in Hainan and throughout China. During the field surveys it was found that almost all Dongshan goat, Wenchang chicken and Hele crab were improved varieties, and Jiaji Duck, Wuzhishan Pig and Qiongzong Cattle maintained some traditional populations by local farmers. Further site visits and consultations were made during the PPG phase and the selection of target species was finally made to include Shanlan rice, Jiaji duck and Wuzhishan pig.

The Baseline Report on the Demonstration Landscapes (Annex L to the project document) contains some information on the diversity status in the project landscapes. The participatory GRFA landscape assessments planned in each of the three demonstration landscapes under Output 2.1 will include baseline analyses of agrobiodiversity; this has been clarified in the narrative description of Output 2.1 in the project document (see page number 39 of the ProDoc)

Reference is made to activities contributing to the implementation of Aichi Target 13, but no indication is provided how the project would determine if the genetic diversity of cultivated plants and animals and their wild relatives would in fact be maintained. Only three cultivars/races are targeted, which is a very small number and the “demonstration landscapes” are quite small in area. What was the evidence base for the choice of cultivars/races and the sites of demonstration landscapes? Likewise, there is no indication how or whether to measure the sustainability of agricultural landscapes in the context of Aichi Target 7.

#### **UNDP Response, 9 March 2020:**

The local varieties of Shanlan rice will be collected at the project sites and in nearby villages to be planted by farmers’ cooperatives year by year as an in-situ conservation approach. The seeds of each local variety will be stored in the community gene bank (seed bank), and the copies of the local varieties will also be sent to the national long-term and provincial mid-term gene banks, as an ex situ conservation approach. Sending copies of the local varieties to national and provincial gene banks has been added to Output 2.2, under Activity 2.2.4 (see pages number 40 and 41 of the ProDoc). This information has also been included in the description of project contributions towards Aichi targets in Table 3 of the project document (see page number 3 of the ProDoc).

The project will focus on three species (rice, pig and duck) not three cultivars/races. Each of the species have many local varieties (or called cultivars/races). For example, there are several local cultivars or types of Shanlan rice even in a small village, because every family generally maintains the seeds by themselves and different farmers keep different types. With many different types of Shanlan rice having different genetic background, the genetic diversity of Shanlan rice is abundant. Similarly, different households raise populations of animals such as Jiaji duck and Wuzhishan pig, and different populations generally have different genetic backgrounds, even the main character such as the meat taste is similar, but different populations may have unique characters such as disease resistance, feeding effectiveness, etc.

· Very little attention is given to the complementary nature of in situ and ex situ conservation. In particular, if and when farmers decide to change crop cultivars or races of animals, genetic erosion should be avoided by ensuring that seed (or other reproductive material) of obsolete varieties or races is preserved ex situ in a genebank and made available for further breeding, as is done in much of the rest of the world. The establishment of one community seed bank for one variety of rice does not seem proportional to needs. It is potentially a missed opportunity that China's national crop plant genebank is not a partner?

**UNDP Response, 9 March 2020:**

**Noted. Copies of the local varieties of Shanlan rice seeds will also be sent to the national long-term and provincial mid-term gene banks, to expand the ex situ conservation dimension of the project. This activity has been added under Output 2.2 in the project document (see pages number 40 and 41 of the ProDoc).**

· This project proposes no mechanism to provide samples of the genetic resources that it finances nor how to contribute to SDG Target 15.6, despite mentioning it in the document. The proposed project Indicator 2.2 fails to specify whose access would be enhanced and it seems unlikely that access to genetic resources would be provided to anyone outside the project, even though the document recognizes that access to good quality genetic resources continues to be a barrier.

**UNDP Response, March 2020:**

**The narrative description of Output 1.2 in the project document includes mention of a feasibility study for introducing Access and Benefit-Sharing (ABS) systems in the province as part of the gap analysis that will inform the preparation of the Agrobiodiversity Strategy and Action Plan for Hainan Province. This information has been added to the description of the project contributions towards SDG 15.6 (see table 2, page number 16 of the ProDoc). Indicator 2.2 is indeed landscape-specific, as Component 2 is a demonstration of sustainable incentive mechanisms for in situ conservation and sustainable use of agrobiodiversity. Based on the results of the ABS feasibility study and experiences gained across the demonstration projects, the Agrobiodiversity Strategy and Action Plan will provide a framework for enhancing access to genetic resources in the province.**

· The project proposes to provide financial incentives for “sustainable” practices but little indication is given on how to sustain these once the GEF funding ceases.

**UNDP Response, 9 March 2020:**

**Output 1.3 is focused on revising eco-compensation appropriation policies to support in situ conservation and sustainable use of agrobiodiversity and on developing an eco-compensation plan for protection of agricultural varieties in the Central Highlands area, which is a large key biodiversity area (KBA) in Hainan Province. And, Indicator 1.3 calls for CNY 1 million of eco-compensation funds allocated for agrobiodiversity conservation by the end of the project. The durability of this result will be enhanced through the mainstreaming efforts under Component 3, which includes having incentivized agrobiodiversity conservation approaches integrated into the 14<sup>th</sup> 5-year workplan for the Hainan DARA.**

· More information on several relevant topics is promised in Annex K (Baseline Report on Policy, Governance and Knowledge Management), and Annex L (Baseline Report on Demonstration Landscapes) but these annexes are not part of the documentation.

**UNDP Response, 9 March 2020:**

**Annexes K and L are enclosed along with the responses to the review comments for ease of reference.**

IN SUMMARY: There is a risk for a large amount of funding to be wasted if a series of initiatives and mechanisms to enhance in situ conservation and sustainable use are established and funded without an adequate evidence base nor means to measure their impact or effectiveness in maintaining genetic diversity of crops and domesticated animals.

**UNDP Response, March 2020:**

**Please consider the responses above and the additional information provided in the project document**

Please also note that UNDP took this opportunity to update the ProDoc to the new March 2020 ProDoc template

**Review Dates**

	1SMSP CEO Approval	Response to Secretariat comments
<b>First Review</b>		
<b>Additional Review (as necessary)</b>		

**Recommendations**

**18. Is the MSP being recommended for approval?**

No. Please address comments.

06/07/2019 UA:

No. The following remaining issues need to be addressed:

1. Executing Partner and type needs to be entered in Part I of the portal template, no partner has been entered as the executing partner. It is understood that the Ministry of Agriculture and Rural Affairs in Hainan is the executing partner (not the implementing partner as stated in the text, please clarify).

2. Implementing / executing arrangements require clarification:

Section: Institutional arrangements and coordination: It is stated that if "*consensus cannot be reached within the PSC, final decision rest with UNDP Program Manager*". This arrangement does not in line with the distinction between implementing and executing functions as stated in the GEF Guidelines for project and program cycle. Specifically, if through a UNDP representative the Implementing Agency is the one that ultimately take management decisions (which is an executing function) if the consensus cannot be reached within the Project Board, it will be a conflict of interest whenever the same Agency will perform implementing functions such a supervising the project.

Further, it is stated that "the Project Manager cannot participate in the PSC", which requires clarification why the project Manager cannot participate in the body that is "*responsible for making by consensus, management decisions when guidance is required by the Project Manager, including recommendations for UNDP/Implementing Partner approval of project plans and revisions, and addressing any project level grievances*".

12/10/2019 UA: All issues have been addressed. Program manager recommends project for CEO endorsement.