



PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project

THE GEF TRUST FUND

Submission Date: February 28, 2008

Re-submission Date: June 9, 2008; 14 Sept 09

PART I: PROJECT IDENTIFICATION

GEFSEC PROJECT ID: 3670 PROJECT DURATION: 3years

GEF AGENCY PROJECT ID: 40685

COUNTRY: People's Republic of China

PROJECT TITLE: Jiangsu Yancheng Wetland System Protection Project

GEF AGENCY: Asian Development Bank

OTHER EXECUTING PARTNER: Jiangsu Provincial Government

GEF FOCAL AREA (S): Biodiversity

GEF-4 STRATEGIC PROGRAMS: BD-SP1; BD-SP7

NAME OF PARENT PROGRAM/UMBRELLA PROJECT:

China Biodiversity Partnership Framework Program

INDICATIVE CALENDAR	
Milestones	Expected Dates
Work Program (for FSP)	March 2010
CEO Endorsement/Approval	Nov 2010
GEF Agency Approval	Dec 2010
Implementation Start	Jan 2011
Mid-term Review	June 2012
Implementation Completion	Dec 2013

A. PROJECT FRAMEWORK (Please refer below)

B. INDICATIVE CO-FINANCING FOR THE PROJECT BY SOURCE and BY NAME (in parenthesis) if available, (\$)

Sources of Co-financing	Type of Co-financing	Project
Project Government Contribution	In-kind/cash	50,000,000
GEF Agency: ADB	Hard loan	50,000,000
Others	(select)	
Total co-financing		100,000,000

C. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	Previous Project Preparation Amount (a)	Project (b)	Total C = a + b	Agency Fee
GEF		2,500,000	2,500,000	250,000
Co-financing		ADB: 50,000,000 Govt: 50,000,000	100,000,000	
Total		102,500,000	102,500,000	250,000

*A PPG request for \$250,000 inclusive of agency fee will be submitted separately. Cofinancing for the PPG will be at \$800,000 from both ADB and the government.

D. GEF RESOURCES REQUESTED BY FOCAL AREA(S), AGENCY (IES) SHARE AND COUNTRY(IES)

NOT APPLICABLE

A. PROJECT FRAMEWORK

Project Objective: To conserve the coastal and upstream ecosystems of the Jiangsu/Yancheng wetlands while reducing rural poverty and promoting environmental sustainability through the establishment of an integrated wetlands management system.

Project Components	Indicate if Investment, TA, or STA**	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$)
				(\$)	%	(\$)	%	
Wetland Restoration and Biodiversity Conservation	Investment/TA	<p>YNNR and DMNNR properly planned, effectively managed, and sustainably financed.</p> <p>Natural hydrology restored in the core areas of YNNR and DMNNR</p> <p>Pollution into wetlands reduced</p> <p>Biodiversity safeguarded</p> <p>Buffer and experimental zones enhanced</p>	<ul style="list-style-type: none"> - PA management plan primarily for core zone of YNNR updated/refined - PA management plan primarily for the core zone of DMNNR <i>updated/ refined</i> - PA plans mainstreamed in county, municipal and provincial development plans - Opportunities for payment for eco-system services identified, formalized and implemented - Monitoring system for sustainable financing mechanisms established. - Aquaculture dikes and other obstructive structures removed or corrected to allow for natural water flow - Heavily clogged waterways dredged - Critical rivers and canals widened and/or dredged - Sources and nature and level of pollutants affecting the core zones of the nature reserves identified - Sewage treatment plants constructed and operational in areas affecting the core zones of YNNR and DMNNR - Environmental safeguards in place for industrial and settlements areas - Control and management of introduced <i>Spartina spp</i> - Illegal hunting and collection of protected species eliminated - Reclamation of mudflats stopped - Degraded areas adjacent to the core zones returned into forest and/or grasslands using endemic species and/or converted to uses supportive of biodiversity conservation such as the extensive culture of rice and reeds - Development guidelines in the buffer and experimental zones formulated and included in the PA management plans - Civil works properly located and constructed - Adequate attention to biodiversity conservation in estuarine and coastal areas provided 	2,250,000	3.1	70,000,000	96.9	72,250,000
2. Sustainable	Investment/	Sustainable	- Forestry reforestation projects using appropriate mix of			6,000,000	100	6,000,000

Project Components	Indicate if Investment, TA, or STA**	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$)
				(\$)	%	(\$)	%	
Natural Resources Management and Sustainable Livelihoods	TA	natural resource management projects pursued to support livelihoods and biodiversity conservation	<p>endemic species and other natural resource management projects pursued in the buffer and experimental zones</p> <ul style="list-style-type: none"> - Local population historically dependent on the nature reserves trained and employed in public sector investments in natural resources management and private sector investments in eco-tourism 					
3. Ecological Monitoring and Evaluation	Investment/TA	Effective monitoring of project and PA management plans	<ul style="list-style-type: none"> - Monitoring and evaluation plan developed and implemented - Capacity enhanced for monitoring and evaluation - Project and PA plan indicators e.g., pollution/water quality indicators, wildlife population, hydrological factors, regularly monitored in the upstream and coastal areas - On-the-ground monitoring facilities established and operational in YNNR and DMNRR - Information about project and its progress made accessible to all stakeholders - Wetland information system sustained - Lessons sharing and cross fertilization with other ADB/GEF project sites (e.g., Ningxia, Shaanxi-Qinling, Baiyangdian) and other CBPF projects. 	150,000	1.8	8,000,000	98.2	8,150,000
4. Environmental Governance	Investment/TA	Institutions strengthened for improved nature reserve management	<ul style="list-style-type: none"> - Detailed capacity building plan at the county and municipal levels prepared and implemented - Institutional responsibilities across government bureaus for the management of the buffer and experimental zones clarified and coordinated - Study tours for key government staff undertaken - Training programs implemented - Wetland learning centers sustained and accessibility to schools and local communities enhanced - Mechanisms for government-private sector cooperation particularly in eco-tourism formulated - Participatory planning processes pursued 			13,000,000	100	13,000,000
5. Project Mgt				100,000	3.2	3,000,000	96.8	3,100,000
Total costs				2,500,000		100,000,000		102,500,000

* Lists the \$ by project components. The percentage is the share of GEF and Co-financing respectively to the total amount for the component.

** TA = Technical Assistance; STA = Scientific & technical analysis.

PART II: PROJECT JUSTIFICATION

A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:

Global Significance

Jiangsu is among the provinces with the largest wetlands in PRC. The provincial system of protected wetland areas consists of national nature reserves, state-protected wetlands, national wetland parks and national urban wetland parks. Of relevance to in-situ biodiversity conservation would be the national nature reserves, state-protected wetlands and national wetland parks. There are three national nature reserves in the province, which incidentally are all wetlands – the Yancheng National Nature Reserve for Rare Birds (YNNR), Dafeng Milu National Nature Reserve (DMNNR) and Sihong Hongzehu Wetland National Nature Reserve (SHWNNR). Of these, YNNR and DMNNR are coastal wetlands while the SHWNNR is an inland wetland. Both YNNR and DMNNR are located within Yancheng municipality. The rest of the Yancheng Coastal Wetlands are in the category of state-protected wetlands. The other protected wetlands are primarily inland freshwater lakes and riverine systems. As shown by the area of core, buffer and experimental zones of YNNR and DMNNR below, the project covers about 80% of the total coastal wetland area in the entire Jiangsu province.

Yancheng municipality is located on the eastern side of Jiangsu province facing the Yellow Sea. The wetlands in this city cover a total area of 453,000 ha – about 30% of the municipality’s total area – and stretch for about 580 km along the coast. The wetlands comprise of intertidal mudflats, creeks, salt marshes and reed beds. From a biodiversity perspective, the two most important areas are the YNNR and the DMNNR befitting their category as national nature reserves. In recognition of the uniqueness of these wetland ecosystems and of the species biodiversity that they harbor, the two reserves are listed under the Ramsar Convention and in the UNESCO World Network of Biosphere Reserves. Further, YNNR is an important component of the Northeast Asian Crane Network. Both areas are prioritized in Jiangsu’s and Yancheng’s 11th Five Year Plans for environmental and ecological protection.

YNNR is China’s largest coastal wetland reserve with a total area of 284,179 ha based on a directive issued in 2006. The core area covers about 21,889 ha and the buffer and the experimental zones 55,682 ha and 206,608 ha, respectively. YNNR is famous for the red-crowned cranes (*Grus japonensis*) where between 700-1000 birds (70% of world total) spend the winter. About 3 million other birds belonging to 200 species migrate through the site annually. Fourteen animal species are under the PRC’s first-ranked, and 84 are under the second-ranked protection status, while 29 bird species are listed in the Red List of Threatened Species of the IUCN. Around 80,000 tourists visited the reserve in 2006.

DMNNR, on the other hand, is a typical intertidal mudflat ecosystem south of YNNR, extending from the upper tidal marsh and grasslands to the intertidal mudflats. It has a core area of 2,668 ha, 2,222 ha of buffer zone and 73,112 ha of experimental zone. Thirty species found in DMNNR are under PRC’s first and second ranked protection status and seven animals are listed in the IUCN Red List. Among them is the threatened Pere David’s deer of Milu (*Elaphurus davidianus*). Around 220,000 tourists visited the DMNNR in 2006.

The wetlands of Jiangsu province provide important ecosystem services. Local livelihoods are sustained through the capture and culture of marine and estuarine plant (e.g., reeds) and fish species. Wetland plants slow the flow of rivers and the mudflats absorb wave energy from the Yellow Sea thereby controlling coastal erosion. Wetlands also improve water quality by absorbing some of the waste from households and industries that are rapidly expanding in Yancheng municipality.

Issues/Threats

Jiangsu-Yancheng’s wetlands, despite their local, national and global significance have been under threat. First, the pressures from wetland reclamation and conversion have altered the ecology of the wetlands significantly. Reclamation of the intertidal and lower shore marshlands involves the construction of dikes for aquaculture. From 2000 to 2005, aquaculture ponds increased by 30% along the Yancheng coast by reclaiming natural wetlands. Conversion of the upper tidal marshlands involves the clearing of the wetlands directly for crop production. A large part of the experimental and buffer zones and even portions of the core zones have either been reclaimed or converted and effectively reduced the area suitable for wildlife.

Second, there are no clear guidelines in the utilization of the buffer and experimental zones. The construction of roads and dikes in the buffer and experimental zones (and even in some part of the core zone) has already altered the hydrology of the YNNR and DMNNR. These structures have “compartmentalized” some areas of the reserves and have prevented the

natural flow of water. Some areas outside the core zones have been converted to forest plantations that would act as real buffer to the core zones. Tourism facilities anchored on the flagship species in the nature reserves have been put in place and more are being planned in areas close to the core protection zones of the two reserves.

Third, the introduction in the 1970s particularly of *Spartina alterniflora* and *Spartina anglica*, originally intended to “stabilize” the mudflats has now displaced endemic flora in some areas of the YNNR and DMNRR. In particular, *Spartina alterniflora* is spreading rapidly in the inland and seaward directions thus negatively affecting biodiversity in the reserves.

Fourth, increasing pollution loads generated in the upstream areas of the many rivers crossing the wetlands contribute to acute pollution levels in the nature reserves. There may also be far reaching effects of the decline in water exchanges in the wetlands and the sedimentation of rivers.

In the most important and critical core zones of the YNNR and DMNRR, visible extensive changes in the vegetative cover brought about by the altered natural hydrology, introduction of alien species and wetland reclamation/conversion. All these threaten the ecological integrity of the nature reserves themselves and their ability to support globally important plant and animal species, local livelihoods and other ecosystem services.

Compounding the above are the institutional and policy barriers towards the integrated management of the coastal wetlands of Jiangsu-Yancheng. These barriers include the following: (i) no specific wetlands regulation exist to balance the wetlands conservation with other conflicting activities including agriculture, industry and urban development; (ii) no recognition of ecosystem services in a way that would put higher value to wetland conservation; (iii) inadequate technical guidance or services for eco-tourism development in both natural and artificial wetlands, and there are insufficient technical standards and procedures to ensure sustainable eco-tourism development; (iv) lack of enforcement of environmental laws at the local level because economic pressure from the local governments has led many enterprises or farmers to assume that direct discharge to waterways is the only solution; and (v) lack of cooperation between responsible agencies and the lack of coordinated institutional arrangements results in different agencies promoting different ways of natural conservation through different financial sources.

Moreover, current financial resources to address these barriers are not sufficient. The two protected wetland areas receive regular but fluctuation government support. From 2004 to 2009, annual government support for DMNRR and YNNR amounted approximately \$150,000 and \$650,000, respectively. Additional revenues were generated from tourism activities (\$65,000 and \$110,000 annually for DMNRR and YNNR, respectively). However, no other financing mechanisms are foreseen at the moment making the current financing levels insufficient for the adequate management of the protected wetland areas. As such, with increasing pressures due to economic development activities as described above, it will be difficult to ensure sufficient support for wetlands conservation, particularly in terms of compensating the farmers who will be banned from farming or fishing within wetlands as a result of the restoration and management activities.

The Project

The Jiangsu provincial and Yancheng municipal governments recognize the above issues and threats and the urgency to address them. The proposed project will address the threats to the ecological integrity of the coastal ecosystems and their ability to support globally significant plant and animal species and the ecosystem services that are important to the local economy.

The components of the proposed project are: 1. Wetland Restoration and Biodiversity Conservation; 2. Sustainable Natural Resources Management and Sustainable Livelihoods; 3. Ecological Monitoring and Evaluation, 4. Environmental Governance, and 5. Project Management. Further details are described in the results framework (Part I.A), while the indicators to monitor the outcomes will be further defined during the PPG/PPTA stage and will be related to the GEF Strategic Objectives (SOs) and Strategic Programs (SPs) that this project is being submitted. The SOs and the SP are further discussed below. The proposed project will address the threats to the ecological integrity of the coastal national nature reserves and their ability to support globally significant plant and animal species and ecosystem services that are important to the local economy. Management plans will be prepared and/or updated through an inclusive process to guide the interventions in the core zones as well as in the buffer and experimental zones. A science-based as well as a balanced conservation-development approach will guide the preparation of the management plans for the core zone of the nature reserve and the surrounding buffer and experimental zones. Appropriate mechanisms will be pursued for mainstreaming these plans into the broader development plan(s) in the counties of Yancheng municipality and Jiangsu province. The

activities in this component will build on the outcomes of the UNDP/GEF Project Wetland Biodiversity Conservation and Sustainable Use in China

Interventions in the core zones will focus on the restoration of the wetlands through the removal of structures that disrupt the natural hydrological and ecological processes. Complementary civil and engineering works will be implemented to restore such natural processes. Invasive alien species will be controlled and managed. In the buffer and experimental zones, guidelines will be developed for sustainable economic activities that will include eco-tourism, forest plantations and extensive aquaculture and agriculture and sustainable harvesting of wild plants and animals. These site-based management interventions will be complemented by improving environmental governance through capacity building for project implementation, monitoring and evaluation of country and municipal officials as well as raising the level of environmental awareness for the general public.

Global Environmental Benefits

The proposed project will ensure the conservation and protection of ecosystem and species biodiversity that are of global, national and local importance. YNNR and DMNNR are unique coastal wetland ecosystems recognized by UNESCO and the Ramsar Convention. The project will result in the restoration of the hydrological and ecological processes in an approximate area of 362,000 ha representing about 80 percent of the total coastal wetland area in Jiangsu, which is a considerable area at the provincial and even at the national level. Globally important species that will be protected will include the flagship species, namely Milu deer and red-crowned cranes and the animal and plant species in YNNR and DMNNR which are either under PRC's first-ranked or second-ranked protection status and/or in the Red List of Threatened Species of the IUCN. The core zones of the YNNR and DMNNR will be protected covering a total area of 24,557 ha, and 286,846 ha (including buffer and experimental zones) will be managed in a way that will support the ecological integrity of the core areas of the reserve.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL/REGIONAL PRIORITIES/PLANS:

The Jiangsu-Yancheng wetlands are covered in the Priority Programs for China's Agenda 21 under Priority 5 – Conservation and Sustainable Utilization of Natural Resources and Item 5-3 Conservation and Sustainable Utilization of Wetland Resources. This priority program provides an action plan for the conservation and sustainable utilization of wetland resources in China through the establishment of demonstration projects selected from typical wetlands and YNNR is one of several sites selected. To be carried on demonstration sites are: in-situ conservation and effective management; experiments for maintaining biological balance water conservation, flooding storage, conservation of flora and pollution controls; effective measures and means for the establishment and management of wetland nature reserves on the basis of biodiversity conservation, environment protection and sustainable utilization.

The two project sites are also included in the priority ecosystems in China's National Biodiversity Strategy Action Plan (NBSAP). YNNR is one of 5 sites in Category A-I, which are nature sites of international significance and of the highest order of priority. Further, YNNR is also prioritized under the Estuarine Wetland Ecosystems together with 6 other sites nationally. The proposed activities are clearly in line with the China's NBSAP.

Both the YNNR and DMNNR are prioritized in the draft Jiangsu's and Yancheng's 11th Five Year Plans for environmental and ecological protection. The proposed project is also prioritized under the China Biodiversity Partnership Framework (CBPF). The Yancheng Wetland Project is included in the China Biodiversity Partnership and Framework for Action and is expected to contribute significantly to mainstreaming biodiversity conservation and sustainable use into local plans (under theme 'Mainstreaming Biodiversity Into Socio-Economic Sectors, Plans and Investment Decision-Making'), effectively managing a NR and involvement in PA co-management and development by local communities, NGOs, and private sector (under theme 'Investing Effectively in Reducing Biodiversity loss in Protected Areas'). With more information about the priorities at the project site, the contribution of the project to CBPF has now been refocused. Its linkages are further discussed in Part II.D below.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:

The proposed project is consistent with the following biodiversity strategic long-term objectives and strategic programs: BD-SO1/SP1: Sustainable Financing of PA Systems at the National Level. The project covers the provincial system of coastal wetland protected areas as mentioned in Part II.A. On-site civil works will be undertaken to restore the natural hydrology of the nature reserves and subsequently their ecological integrity. To ensure the sustainability of the interventions, sustainable financing mechanisms will be introduced. These revenue generating mechanisms, drawing on

accepted good practices and increasing the efficiency of the PA system, may include systems of Payments for Environmental Services (PES), tourism-based fees and taxes, etc. The market and non-market based instruments will ensure (i) a direct linkage between the payments and ecological services, (ii) realization by beneficiaries of the importance and value of the PA ecosystem, (iii) existence of institutional and regulatory structure, (iv) manageability of the system, and (v) the establishment of overall support for the system. Details on the most appropriate sustainable financing mechanisms, including combinations thereof, will be determined during the PPG stage after extensive consultations and assessments. The preparatory activities will ensure financial sustainability of National Systems of Protected areas: (i) financial analysis, screening and selection of feasible options, and (iii) formulation of a business-oriented financial plan for the YNNR and DMNNR. Where necessary, the Project will seek further policy reform and/or incentives to catalyze engagement of the private sector and other stakeholders to attain improved financial sustainability of the Jiangsu-Yancheng wetlands.

Innovations in PA management – e.g., revenue generation schemes, co-management, etc. – that will increase the efficiency of the PA system to meet its management objectives, will be supported by the project. Sustainable eco-tourism development (although not financed by the project) will build on existing facilities. Mechanisms for plowing back sustainable eco-tourism profits (anchored on the flagship species in the two nature reserves, i.e., red-crowned crane and milu deer) will be developed to provide a sustainable financing source for the recurring management activities in the two nature reserves. These initiatives will cover the entire provincial system of coastal nature reserves. It is envisaged that the outcomes and experiences from the project can be applied to the entire national PA system, particularly on wetlands. The replications will be done in other ADB projects whether financed or not co-financed by GEF and through the CBPF.

BD-SO3/SP7: Prevention, control and management of invasive alien species. The project activities refer mainly to the control and management of the introduced *Spartina* spp, which has taken over large parts of the reserves displacing endemic plant species and affecting hydrological flows and impairing the ability of the wetlands to support wildlife. Although it is recognized that removal and control of the *Spartina* spp will be difficult, costly, and time consuming, as experiences worldwide show, it should be emphasized that a ‘no action’ alternative is not acceptable; the current impacts of the invasive species constitute a definite threat to the future conservation of the area. In line with SO3/SP7, the activities that will be conducted will include technical assistance to (i) strengthen the enabling policy and institutional environment for cross-sectoral prevention and management of *Spartina* spp invasions; (ii) development of early detection and rapid response procedures, and (iii) study and management of such invasions in pilot sites to ensure conservation and sustainable use of biodiversity. The costs and benefits of alternative control and management interventions of *Spartina* spp will be assessed during the PPG stage while concrete action will be implemented after project effectiveness.

D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES:

The GEF funds will be provided as grant to the national executing agencies to finance the incremental costs of the project. The GEF funds will be used to support activities in Components 1, 3 and 5. The activities are primarily technical assistance in nature to complement investments by the government from its own funds and from a loan from the ADB.

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

In recognition of these problems the Provincial Government of Jiangsu has initiated several baseline measures to address these threats: development of a Coastal Zone Management Plan (CZMP) and new policy relating to economic use of the coastal zone (not biodiversity needs); intensification of wetland management in the core area of YNNR to provide greater economic gain for the reserve (e.g., a further 50 km² is earmarked for development); development of eco-tourism infrastructure at YNNR and DMNNR; and alternative livelihood schemes around poultry and ostrich farming ventures in YNNR. These will be targeted to local communities responsible for over-exploitation of the inter-tidal mudflats within the Yancheng Biosphere Reserve's buffer zone, and the development of coastal forestry plantations at DMNNR. Despite these efforts, current baseline efforts to conserve wetlands and biodiversity in Yancheng Coastal Marshes are insufficient to conserve globally important biodiversity, in part because of the current focus on economic, rather than conservation priorities.

The proposed project will build on the achievements and lessons learned from the various initiatives in the area, including the UNDP/GEF Project Wetland Biodiversity Conservation and Sustainable Use in China, which is projected to complete

its activities in Yancheng by the end of 2008.¹ The UNDP/GEF project, based on its reformulation, has focused mainly on mainstreaming (BD-SO2). The UNDP/GEF project has conducted various capacity building and institutional strengthening activities within the county and municipal governments and state-owned farms. Wetland information system and research reports developed from the UNDP/GEF project (e.g. land-use analysis, population assessments of the certain species – Chinese water deer and Saunder’s gull) will be utilized in the design and implementation of on-site interventions. A comparative summary of the two projects is shown in the Annex.

An earlier version of this PIF has been shared with the UNDP/GEF China Wetlands project to ensure that the proposed project captures lessons from the UNDP/GEF project, is complementary to it and avoids any duplication. The UNDP/GEF project manager noted, after review of the ADB/GEF PIF, that while the two projects deal with the same nature reserves, the proposed ADB project area is much larger, as it also includes their upper reaches. Moreover, the project manager indicated that the UNDP/GEF wetlands project focused on mainstreaming, while the ADB/GEF proposal focuses on directly conserving the biodiversity of the nature reserves.

Based upon ADB’s fact-finding mission in Yancheng, two preliminary lessons can be learned from the UNDP/GEF project’s findings and experience at this juncture: (i) that a basis has been provided for up-scaling activities in the Yancheng area and leveraging needed investments for further conservation interventions, and (ii) that conservation is a long-term effort requiring commitment from all stakeholders not only during the initial planning stage, but also in the subsequent implementation of regulatory reforms and investment strategies.

The project will also link with other ADB/GEF projects in China, notably those in Ningxia Autonomous Region, Shaanxi-Qinling Mountains and Baiyangdian Lake. These projects have similarities in terms of incorporating biodiversity conservation into investment projects. The lessons from these GEF-supported projects which promote sustainable tourism activities with biodiversity conservation will guide the design and implementation of this proposed project. Coordination will be facilitated as these projects are managed in the same operational division in the ADB.

The proposed project is supported under and will be tied to the CBPF to which this project is expected to contribute in helping to achieve several program targets. As indicated in the CBPF, these relate to the following achievable results (AR): AR-12: Biodiversity conservation and sustainable use are mainstreamed into local plans; AR-18: NRs and PNRs are effectively managed; AR-20: At NNRs and PNRs, local communities, NGOs and/or the private sector are involved in PA co-management and development. Other contributions of the proposed project will be assessed during the preparation phase. Firm links with the CBPF results framework will be established during the PPG stage, at which time both the revised and updated CBPF and the projects implementation plans will have been finalized. The ADB PPG team will discuss these with the CBPF partnership and coordination office. Agreed coordination mechanisms with CBPF will be outlined in detail at CEO endorsement.

F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING:

The baseline project is ADB’s response to the request of the PRC government to provide assistance to the provincial and Yancheng Municipal Government (YMG) to meet PRC’s goals of conserving natural ecosystems and addressing ADB’s overarching goals of poverty reduction and environmental sustainability. The investment project is expected to address the technical, financial and institutional barriers towards the objectives mentioned in Part I.A. In particular, it will transform wetland conservation through protected area planning and management, implementation of sustainable financing schemes by integrating them with biodiversity conservation, sustainable resource management and strengthened environmental governance. The planned investment project presents opportunities for ensuring the conservation of ecosystem and species biodiversity in the project site through the following “incremental” activities to be financed by the GEF: a) preparation/updating/refinement of PA management plans; b) introduction of sustainable financing mechanisms, and c) the study and piloting of the complex and long-term task to control and manage invasive species. Without these, it is doubtful that the intended global benefits of conserving the YNNR and DMNNR areas for the mentioned endangered species (e.g. the red-crowned cranes and Pere David’s deer of Milu) can be achieved.

¹ Originally targeted for completion in December 2007, with project completion now extended to end 2008 as per information obtained from UNDP.

G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MEASURES THAT WILL BE TAKEN:

The principal identified risks are: (i) less than intended impact of removing the dikes and obstructive structures necessary to restore natural hydrology in the wetlands; (ii) inadequate support from the government to commit required human and financial resources to the agencies responsible for protected area management. These risks will be addressed respectively, by: (i) application of best engineering practices and standards to ensure proper construction and functioning of civil works to deliver the intended benefits; and (ii) inclusion of appropriate assurances in the loan covenant to ensure government compliance with terms for providing adequate staffing for protected area management and operations.

Climate change, warming trends and drier conditions could lead to: (i) sea level rise that would reduce the seaward portion of the nature reserves; and (ii) alter the natural ecology of the reserves and would affect migration patterns of birds particularly of cranes. This situation would have significant adverse impacts on protected area management. Both the GEF-supported interventions and the ADB loan investments will assess the possibility of extending the landward boundaries of the reserves to increase the core zones in response to sea level rise predicted in the coming decades. The project will also assess the nature and likelihood of impacts on the ecology of the reserves and devise appropriate measures.

Several tourism initiatives are being considered in the buffer and protection zones. For these initiatives to contribute to the objectives of the project in terms of providing alternative employment and incentives to nature reserve management, the project will encourage the proponents to undertake environment impact assessments and conduct sufficient market analysis to ensure commercial success.

H. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:

Cost effectiveness of the Project is demonstrated through two of key features of the design. Besides leveraging a large investment by the Provincial Government for Conservation purposes, the introduction of sustainable financing mechanisms will ensure that the project will remain cost-effective in the long-term. Furthermore, specific project components such as the preparation of PA management plans, the control of invasive alien species and similar interventions will follow best international practices that are embodied in similar projects supported by ADB, GEF and other donor agencies. In the course of project preparation and implementation, potential for replication of models and lessons learned in other sites utilizing the same approaches included in this project will be assessed. Replication will ensure overall cost-effectiveness of the project as other projects could potentially contribute to cumulative global environmental benefits (GEBs). As an ADB project, it will be subjected to the usual financial and economic analyses.

I. JUSTIFY THE COMPARATIVE ADVANTAGE OF GEF AGENCY:



The proposed project includes primarily investment work and technical assistance which are within the areas of comparative advantage of the ADB. Investments will include, among others, civil engineering works inside and outside the core protection zones of the nature reserves to restore natural hydrology, construction of wastewater treatment facilities, eco-tourism facilities and learning centers. The investment components will be complemented by technical support in the areas of planning, policy formulation, capacity building and institutional strengthening, awareness raising and related activities.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT AND GEF AGENCY

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT ON BEHALF OF THE GOVERNMENT:

Jinkang WU (Mr) Director, International Financial Institution Division Ministry of Finance, People's Republic of China	Date: 20 January 2008
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B. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.	
 <i>Daniele Ponzi</i> Principal Environment Specialist GEF Agency Coordinator	 <i>Akmal Siddiq</i> Principal Natural Resources Economist Project Contact Person
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Annex
Brief Overview of GEF/UNDP and Proposed ADB Yancheng Wetlands Project

	Ongoing UNDP/SFA: Wetland Biodiversity Conservation and Sustainable Use in China (Yancheng Wetlands part only).	Proposed ADB CBPF Jiangsu Yancheng Wetlands Protection Project	Remarks
General Outcomes:	Outcome C: Government agencies at local levels take into account wetland biodiversity conservation in decision making and action at four wetland sites (incl. Yancheng Coastal Marshes (Jiangsu Province)).	Local Government Agencies invest in wetland biodiversity conservation to ensure the sustainable management of the Yancheng Wetlands.	
Specific objectives:	To ensure conservation of globally significant wetland biodiversity - biodiversity conservation will be enhanced and alternative management strategies will be demonstrated. This will serve to illustrate how biodiversity conservation and sustainable use can be integrated into local area development planning. To incorporate wetland biodiversity conservation into national conservation plans, legislation and processes - including a mechanism for coordination and dissemination of project results, training and awareness.	Component 1: Wetland Restoration and Biodiversity Conservation Component 2: Sustainable Natural Resources Management and Sustainable Livelihoods Component 3: Ecological Monitoring and Evaluation Component 4: Environmental Governance	While the UNDP project aims at demonstrating, the complementary ADB project aims at providing the necessary investments to implement activities at a full scale.
Specific outcomes:	Under Outcome C, the project site at Yancheng Coastal Marshes works with local authorities and the general public to find better approaches in protecting the saltmarshes, mudflats and wildlife of this coast while also attain a wise use of natural resources.	Basically implement the identified approaches. The long list of activities is included in the PIF, and will further be defined during project preparation.	
Activities:	<ul style="list-style-type: none"> • Expansion and re-alignment of PAS to include additional biodiversity hotspots and create coastal wetland eco-cline • Improved PAS management and protection of globally threatened biodiversity in the core areas of Yancheng BR. • Sustainable use of inter-tidal resources by local communities in Dafeng NNR buffer zone demonstrated • Biodiversity-friendly land use planning in Yancheng Coastal Marshes demonstrated through preparation of biodiversity overlays • Alternative livelihood schemes developed for local communities in and around wetland areas. • Public awareness in Yancheng Coastal Marshes of wetland values and functions enhanced 	Proposed for GEF Support under Component 1 (Wetland Restoration and Biodiversity Conservation) : <ul style="list-style-type: none"> • Demonstrate and institutionalize sustainable financing mechanisms (not primarily eco-tourism) for the sustainable management of the Yancheng wetlands (under SO1/SP1: Sustainable Financing of PA systems at the National Level); • Support the control and management of invasive specie <i>Spartina</i> spp (under SO3/SP7: Prevention, control and management of invasive alien species) 	The sustainable financing mechanisms could be replicated in other PAs in the province and elsewhere.
Budget:	For Yancheng wetlands (source: UNDP Project Document for WP) PRC Gov:US\$ 4,438,890 GEF: US\$ 2,173,477 UNDP: US\$ 50,000 Total: US\$ 6,662,367	For project implementation only (from Table C – Indicative Financing of this PIF) PRC Gov: US\$ 50,000,000 GEF: US\$ 2,500,000 ADB: US\$ 50,000,000 Total: US\$ 102,500,000	