



REQUEST FOR CEO ENDORSEMENT/APPROVAL

PROJECT TYPE: Full-sized Project

THE GEF TRUST FUND

Submission Date: December 23, 2011

Resubmission Date: February 15, 2012

PART I: PROJECT INFORMATION

GEFSEC PROJECT ID: 3992

GEF AGENCY PROJECT ID: 4179

COUNTRY: People's Republic of China

PROJECT TITLE: CBPF - Strengthening the effectiveness of the protected area system in Qinghai Province, China to conserve globally important biodiversity

GEF AGENCY: UNDP

OTHER EXECUTING PARTNER(S): Qinghai Forestry Department

GEF FOCAL AREA(S): Biodiversity: SO-1 Catalyzing Sustainability of Protected Area Systems

GEF-4 STRATEGIC PROGRAM(S): BD1-SP3, BD1-SP1

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: China Biodiversity Partnership and Framework for Action

| Expected Calendar | |
|----------------------------------|---------------|
| Milestones | Dates |
| Work Program (for FSPs only) | March-2010 |
| CEO Endorsement/Approval | February 2012 |
| Agency Approval date | April -2012 |
| Implementation Start | July-2012 |
| Mid-term Evaluation (if planned) | April-2015 |
| Project Closing Date | November-2017 |

A. PROJECT FRAMEWORK

| Project Objective: To catalyze management effectiveness of Qinghai's PA system to fulfil its purpose of conserving globally important biodiversity | | | | | | | | |
|--|------|--|---|---------------------------|---|--------------------------|----|------------|
| Project Components | Type | Expected Outcomes | Expected Outputs | Indicative GEF Financing* | | Indicative Co-financing* | | Total (\$) |
| | | | | (\$) | % | (\$) | % | |
| 1. Mainstreaming PA management into provincial development and sector planning process | TA | PA system and its management mainstreamed within the national and provincial sectoral and development planning framework: indicated by clear inclusion of due consideration and concrete measures for biodiversity conservation and for PA development in Qinghai, as well as earmarked budget in sectoral development plans at the provincial level and in the 13th national 5-year plan. Threats to PAs from infrastructure placement (roads, dams) and other adverse land use are avoided, mitigated or offset, leading to more effective conservation outcomes in all Qinghai's PAs covering 25,166,500 ha., including the Middle Asian Montane Steppe and Wetlands, Tibetan Plateau Steppe Ecoregions. | <ul style="list-style-type: none"> <u>Inter-sectoral coordination and planning mechanism established to integrate PA systems and objectives into development and sectoral planning process</u>: This will include: (i) establishment of a provincial inter-sectoral coordination forum; (ii) mainstreaming of PA system and objectives in the provincial 5-year development plan and BSAP based on business case for the PA system made under output 2.4; (iii) targeted communication activities for fostering inter-sectoral collaboration. <u>Institutional capacities of the provincial government built for planning, monitoring and enforcement of biodiversity management to avoid/mitigate threats to PAs</u>: This will include: (i) adaption of national EIA and SEA regulations and procedures into province-specific regulations and procedures; (ii) development of practical regulations related to transportation and engineering work, including development of sector specific standards and measures to safeguard biodiversity within PAs; (iii) development of biodiversity safeguarding measures in the provincial grassland and animal husbandry planning and management framework. <u>Knowledge management system established including climate change resilience monitoring component</u>: This will include: (i) establishment of a GIS platform for analysing | 550,000 | 7 | 7,900,000 | 93 | 8,450,000 |

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|--|------|--|--|---------------------------|----|--------------------------|----|------------|
| Project Components | Type | Expected Outcomes | Expected Outputs | Indicative GEF Financing* | | Indicative Co-financing* | | Total (\$) |
| | | | biodiversity data (including the delivery of essential software and training); (ii) agreement on reporting and information sharing protocols; (iii) establishment of a virtual biodiversity data centre by network linking existing sub-centres; (iv) integration of socio-economic information (and information about current or planned development programmes) with biodiversity and other environmental information in the database, and subsequent identification of information gaps; (v) establishment of a biodiversity monitoring baseline, and development of procedures including training for database developers and managers; (vi) development of a basic guidebook on data management. | | | | | |
| 2. Increasing PA management effectiveness through strengthened systemic, institutional and staff capacities | TA | <p>Capacity development indicator score (%) for Forestry Department: Baseline is 33.5 %</p> <p>Province's system level PA financing increased to close existing annual financing gap of US\$ 3.6 million. (to be tracked using PA finance scorecard).</p> <p>Policing records system in place down to county level, with database designed to accommodate offence records and links to police/court cases.</p> <p>Increased share of PA budget allocated to field operations , with a field operations-to-HQ spending ratio increasing to 30:70 or higher (compared with the current 10:90 ratio).</p> <p>Coverage (ha) of the Qinghai PA system revised to provide complete habitat coverage, greater climate resilience and greater connectivity: (i) with at least 22 out of the 30 major vegetation types to be well represented (>5% coverage) in the PA system, compared with baseline of 13 types only; and (ii) adding at least 1.8 million ha to existing PA system and additional 100,000 ha of community co-managed areas.</p> | <ul style="list-style-type: none"> ▪ <u>Systemic capacity strengthened for effective PA system management</u>: based on (i) the further development of regulations in the SNNR, providing for a co-management framework and for different categories of management areas, including community reserves, genetic corridors, nature tourism areas, etc.; (ii) strengthening of compliance monitoring and law enforcement mechanism at provincial level with a greater policing mandate of NR staff and routine reporting with forms for numerical analysis; (iii) establishment of policing record system with database designed to accommodate offence records and links to police/court cases. ▪ <u>Institutional strengthening plan adopted and operationalised</u>: based on: (i) review of existing roles and responsibilities, areas of overlap, conflicts or gaps; (ii) identification of steps to improve coordination, reporting need, financial needs and opportunities, staff appointment (human resources), in-service training (continuing education), career structure and standards, operational procedures, etc.; (iii) provision of necessary management equipment, together with an appropriate maintenance plan and relevant technical training. ▪ <u>Budgeting procedures and resource allocation improved, directly addressing threats to PAs</u>: including (i) review and revision of annual PA budget allocations, plans and requests procedures; (ii) costing of management activities and elaboration of justification for increased funding for PA management; (iii) establishment of more transparent mechanisms for supervision and use of funds. ▪ <u>Business case made to show economic benefits derived from PA functions</u>: This will include: (i) development of a business plan that defines economic benefits, roles and responsibilities of different levels of Government and costing of PA functions (for planning, policing, monitoring, and enforcement); (ii) a study of economic | 1,510,000 | 27 | 4,100,000 | 73 | 5,610,000 |

| Project Objective: To catalyze management effectiveness of Qinghai's PA system to fulfil its purpose of conserving globally important biodiversity | | | | | | | | |
|---|--------|--|---|---------------------------|----|--------------------------|----|------------|
| Project Components | Type | Expected Outcomes | Expected Outputs | Indicative GEF Financing* | | Indicative Co-financing* | | Total (\$) |
| | | | <p>benefits from PA ecosystem services; (iii) a cost/benefit analysis of PA management and potential sources of income (co-financing); (iv) development of a new strategy to meet financial needs, including establishment of innovative financing mechanisms such as eco-compensation payment schemes in support of PA management as well as local community socio-economic development needs and aspirations; (v) awareness activities and publicity (posters, websites, television, etc.) to highlight the significant economic case for stronger environmental protection, and to raise people's pride (both locally and province-wide) in their nature reserves and in the environment and the unique wildlife in the province.</p> <ul style="list-style-type: none"> ▪ <u>PA staff skills raised, with 200 PA staff and other participants receiving training to better meet occupational competence standards:</u> This will include: (i) review and adaptation as needed of existing competence standards; (ii) development and delivery of training programmes to current PA staff and staff candidates based on required competence and skills, both technical and otherwise (i.e., mind set and approaches to conservation such as understanding traditional ecological knowledge, community development needs and aspirations, other cultural and livelihood considerations, the need to integrate natural and social sciences for conservation, etc.); (iii) adoption of improved career structure and promotional guidelines based on agreed standards; (iv) recruitment programme to increase PA staff numbers (both full-time and temporary/seasonal) included in staff skills development plan. ▪ <u>PA system plan developed with climate change considerations:</u> The plan will include: (i) biodiversity distribution review and adaptation strategies to a series of climate change scenarios; (ii) designing of appropriate migration corridor system for biodiversity adaptation to climate change for inclusion in systems plan and respective management plans; (ii) provincial level PA system consolidation plan with a concrete action plan; (iv) simultaneously, specific PA management plans will be developed for priority PAs (e.g. SNNR, Kekexili, Qinghai Lake, or Mengda) . | | | | | |
| 3. Demonstration of effective PA management with/through community involvement in the Sanjiangyua | TA/INV | Strengthened management effectiveness of the SNNR (152,300 km ²) to maintain biodiversity patterns and processes, while addressing the socioeconomic needs of communities in or adjacent to the PA, as indicated by: (i) the | <ul style="list-style-type: none"> ▪ <u>PA management system in three management units covering 59,100 km² in SNNR (Makahe, Suojia-Qumahe, Zhaling-Elinghu) improved through co-management projects:</u> This includes: (i) development of unit-specific management plans and zoning for three target SNNR units; (ii) extension of co-management concept and its benefits to community members; (iii) development of local co-management agreements at the | 2,764,000 | 38 | 4,572,828 | 62 | 7,336,828 |

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|---|-------------|---|---|----------------------------------|-----------|---------------------------------|-----------|-------------------|
| Project Components | Type | Expected Outcomes | Expected Outputs | Indicative GEF Financing* | | Indicative Co-financing* | | Total (\$) |
| n National Nature Reserve (SNNR) | | <p>management effectiveness index of SNNR is increased from a baseline of 33% to 60 % (as per METT); (ii) stable or upward trends in numbers of rare and threatened selected indicator species; (iii) awareness surveys among four or more local communities with increased positive attitudes towards PAs and biodiversity conservation (based on knowledge, attitude and practice survey).</p> <p>Reduction in biodiversity pressure from overgrazing over an area of 152,300 km²: as indicated by: (i) extent of area (ha) closed from domestic grazing increases from baseline of 100,000 ha to 400,000 ha; (ii) area of open corridors increase from current 0 ha to 50,000 ha.</p> | <p>community sites, with joint PA or natural resource governance and management systems in place including clear rules, roles, responsibilities and benefits agreed by all the parties, and agreement on sustainable use thresholds, monitoring arrangements, and clarity on expected payment/benefits/opportunities, etc.; (iv) operationalisation of PA site zoning system based on socio-economic (local livelihood) criteria.</p> <ul style="list-style-type: none"> ▪ <u>Monitoring and adaptive resource management systems in place:</u> This will entail: (i) establishment of an ecological monitoring system in SNNR based on a review of relevant existing data; (ii) selection of a data to be monitored for climate change and species adaptation; (iii) training of PA field staff and community co-managers on data collection, record keeping and reporting; (iv) development of guidelines for monitoring data collection; (iv) development of a network of community-based monitoring system in conjunction with expansion of successful co-management models; (vi) management infrastructure development including community guard posts; (vii) procurement of necessary equipment including development of a maintenance plan and training of NR staff and community members on equipment use. ▪ <u>Piloting of eco-compensation schemes in demonstration areas for the reduction of biodiversity threats:</u> (i) development of direct and systematic linkage between the grassland eco-compensation funds (and other potential co-financing mechanisms) and strengthening of SNNR management effectiveness (including new staff salaries); (ii) revitalisation of traditional knowledge on grassland management; (iii) deployment of eco-compensation schemes to motivate adoption of suitable sustainable use level thresholds and on-going participation in PA activities within target communities. | | | | | |
| 4. Project management | | | | 530,545 | 23 | 1,776,172 | 77 | 2,306,717 |
| Project Costs | | | | 5,354,545 | 23 | 18,349,000 | 77 | 23,703,545 |

B. SOURCES OF CONFIRMED CO-FINANCING FOR THE PROJECT (expand the table line items as necessary)

| <i>Name of Co-financier (source)</i> | <i>Classification</i> | <i>Type</i> | <i>Project</i> | <i>%*</i> |
|--------------------------------------|-----------------------|-------------|----------------|-----------|
| Qinghai Department of Finance | Government | Grant | 14,602,900 | 79.6 |
| Qinghai Department of Finance | Government | In kind | 3,746,100 | 20.4 |
| Total Co-financing | | | 18,349,000* | 100% |

*This amount does not include government co-financing amount of US\$ 151,000 for PPG.

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

| | <i>Project Preparation a</i> | <i>Project b</i> | <i>Total c = a + b</i> | <i>Agency Fee</i> | <i>For comparison: GEF and Co- financing at PIF</i> |
|---------------|----------------------------------|----------------------|----------------------------|-------------------|---|
| GEF financing | 100,000 | 5,354, 545 | 5,454,545 | 545,455 | 6,000,000 |
| Co-financing | 151,000 | 18,349,000 | 18,500,000 | | 18,500,000 |
| Total | 251,000 | 23,703,545 | 23,954,545 | 545,455 | 24,500,000 |

D. GEF RESOURCES REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)¹

N/A

E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

| Component | Estimated person weeks | GEF amount (\$) | Co-financing (\$) | Project total (\$) |
|----------------------------|-------------------------------|------------------------|--------------------------|---------------------------|
| Local consultants* | 618 | 506,200 | 0 | 506,200 |
| International consultants* | 197 | 556,000 | 0 | 556,000 |
| Total | 815 | 1,062,200 | 0 | 1,062,200 |

* Details to be provided in Annex C.

F. PROJECT MANAGEMENT BUDGET/COST

| <i>Cost Items</i> | <i>Total Estimated person weeks (GEF only)</i> | <i>GEF amount (\$)</i> | <i>Co- financing (\$)</i> | <i>Project total (\$)</i> |
|--|--|--------------------------------|-----------------------------------|---------------------------|
| <i>Local consultants*</i> | | | | |
| Project Manager (@\$41.6K per year over 5 years) | 260 | 208,000 | 0 | 208,000 |
| Project Assistant (@\$31.2K per year over 5 years) | 260 | 156,000 | 0 | 156,000 |
| <i>International consultants*</i> | | | | |
| International Technical Adviser (@ \$2,000 per week over 25 weeks in 5 years) | 25 | 50,000 | 0 | 50,000 |
| <i>Others</i> | | | | |
| Project Coordinating Unit Equipment (includes transport and office equipment for project management) | | 50,545 | 0 | 50,545 |
| Government co-financing support for Project Coordinating Unit operation including office facilities and utilities, NPD and other staff time for project management, representation in steering committee meetings, procurement, recruitment and human resource management, provision of drivers. | | 0 | 1,431,172 | 1,431,172 |
| Mid-term and Terminal Evaluations | | 52,000 | 110,000 | 162,000 |
| Travel | | 10,000 | 225,000 | 235,000 |
| Annual audit | | 4,000 | 10,000 | 14,000 |
| Total | 545 | 530,545 | 1,776,172 | 2,306,717 |

* Details are provided in Annex C.

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? yes [] no [X]

H. DESCRIBE THE BUDGETED M & E PLAN:

1. Project Monitoring and Evaluation (M&E) will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit (RCU) in Bangkok. The Project Results Framework in Section 3 provides performance and impact indicators for project implementation along with their corresponding means of verification. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, and a mid-term and final evaluation. The following paragraphs summarise the principle components of the M&E Plan and indicative cost estimates related to M&E activities. The M&E Plan will be presented and finalised in the Project Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

2. A Project Inception Workshop (IW) will be held within the first 6 months of project start with the full project team, relevant Government of Qinghai Province counterparts, co-financing partners, the UNDP-CO and representation from the UNDP-GEF RCU. A fundamental objective of this IW will be to assist the project team in understanding and taking ownership of the project goal and objective, as well as finalize preparation of the first annual work plan on the basis of the project results framework and the GEF SO1 Tracking Tool. This will include reviewing the results framework (indicators, means of verification, and assumptions), imparting additional detail as needed, and on the basis of this exercise, finalizing the Annual Work Plan (AWP) with precise and measurable performance indicators, in a manner consistent with the expected outcomes of the project.

3. Day to day monitoring of implementation progress will be the responsibility of the Project Manager based on the project AWP and its indicators. The Project Manager will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The Project Manager will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the IW with support from UNDP-CO and assisted by the UNDP-GEF RCU. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the AWP. Targets and indicators for subsequent years will be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

4. Periodic monitoring of implementation progress will be undertaken by the UNDP-CO through quarterly meetings with the project implementation team, or more frequently as deemed necessary. This will allow parties to take stock and troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities. The UNDP-CO and UNDP-GEF RCU as appropriate, will conduct yearly visits to the project's field sites, or more often based on an agreed schedule to be detailed in the project's Inception Report / AWP to assess first-hand project progress. Any other member of the Project Steering Committee (PSC) can also accompany these site visits, as decided by the PSC. A Field Visit Report will be prepared by the UNDP-CO and circulated no less than one month after the visit to the project team, all PSC members, and UNDP-GEF.

5. Annual Monitoring will occur through the PSC meetings. This is the highest policy-level meeting of the parties directly involved in the implementation of a project. The project will be subject to PSC meetings at least three times a year. The first such meeting will be held within the first six months of the start of full implementation

6. The Project Manager, in conjunction with the UNDP-GEF extended team, will be responsible for the preparation and submission of the following reports that form part of the monitoring process and that are mandatory. A Project Inception Report will be prepared immediately following the IW. It will include a detailed First Year/AWP divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. The Annual Project Report (APR) is a UNDP requirement and part of UNDP's CO central oversight, monitoring and project management. An APR will be prepared on an annual basis prior to the TPC Review, to reflect progress achieved in meeting the project's AWP and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The Project Implementation Review (PIR) is an annual monitoring process mandated by the GEF. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects. Quarterly Progress Reports outlining main updates in project progress will be provided quarterly to the local UNDP CO and the UNDP-GEF RCU by the project team. Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform and the risk log should be regularly updated in ATLAS based on the initial risk analysis included here. A Project Terminal Report will be prepared by the project team during the last three months of the project. This comprehensive report will summarize all activities, achievements and outputs of the project, lessons learned, objectives met or not achieved, structures and systems

implemented, etc., and will be the definitive statement of the project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's activities.

7. An independent Mid-Term Evaluation will be undertaken at the mid-point of the project lifetime. The Mid-Term Evaluation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-Term Evaluation will be prepared by the UNDP-CO based on guidance from the UNDP-GEF RCU. The management response of the evaluation will be uploaded to the UNDP corporate systems, in particular the UNDP Evaluation Office Evaluation Resource Center (ERC). The GEF SO1 Tracking Tool will also be completed during the mid-term evaluation cycle.

8. An independent Final Evaluation will take place three months prior to the terminal Project Board meeting, and will focus on the same issues as the Mid-Term Evaluation. The Final Evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities and requires a management response which should be uploaded to PIMS and to the UNDP Evaluation Office Evaluation Resource Center (ERC). The Terms of Reference for this evaluation will be prepared by the UNDP-CO based on guidance from the UNDP-GEF RCU. The GEF SO1 Tracking Tool will also be completed during the final evaluation.

9. Full compliance is required with UNDP's Branding Guidelines as well as the GEF's Communication and Visibility Guidelines. The UNDP guidelines can be accessed at <http://intra.undp.org/coa/branding.shtml>. The GEF Guidelines can be accessed at: http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08_Branding_the_GEF%20final_0.pdf. Amongst other things, the GEF Guidelines describe when and how the GEF logo needs to be used in project publications, vehicles, supplies and other project equipment. The GEF Guidelines also describe other GEF promotional requirements regarding press releases, press conferences, press visits, visits by Government officials, productions and other promotional items.

Audit Clause

10. The Qinghai Provincial Government will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted according to UNDP's financial regulations, rules and audit policies by the legally recognized auditor of the Qinghai Provincial Government, or by a commercial auditor engaged by the Qinghai Provincial Government.

Table 1: Indicative M&E work plan and budget

| Type of M&E activity | Responsible Parties | Budget (US\$) | Time frame |
|---|--|--|--|
| Inception Workshop | Project Coordinator UNDP CO UNDP GEF | Cost: 10,000 | Within first two months of project start up |
| Inception Report | Project Team UNDP CO | None | Immediately following IW |
| Measurement of Means of Verification for Project Purpose Indicators | Project Manager will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members | Indicative cost: 10,000 Cost to be finalized in Inception Phase and Workshop. | Start, mid and end of project |
| Measurement of Means of Verification for Project Progress and Performance (measured on an annual basis) | Oversight by Project Director. Project Team | No separate M&E cost: to be absorbed within salary and travel costs of project staff | Annually prior to ARR/PIR and to the definition of annual work plans |
| ARR and PIR | Project Team UNDP-CO, UNDP-GEF | No separate M&E cost: paid from IA fees and operational budget | Annually |
| Quarterly progress reports | Project team | | Quarterly |
| CDRs | Project Manager | | Quarterly |

| Type of M&E activity | Responsible Parties | Budget (US\$) | Time frame |
|--|---|---|--|
| Issues Log | Project Manager UNDP CO Programme Staff | | Quarterly |
| Risks Log | | | Quarterly |
| Lessons Learned Log | | | Quarterly |
| Mid-term Evaluation | Project Director and Team. UNDP-CO. UNDP-GEF RCU. External Consultants (i.e. evaluation team) | Cost:40,000 | At the mid-point of project implementation. |
| Final Evaluation | Project Director and Team. UNDP-CO. UNDP-GEF RCU. External Consultants (i.e. evaluation team) | Cost: 40,000 | At the end of project implementation |
| Terminal Report | Project team UNDP-CO | None | At least one month before the end of the project |
| Lessons Learned | Project team UNDP-GEF RCU (suggested formats for documenting best practices, etc) | Cost :10,000 (average 2,000 per year) | Annually |
| Audit | UNDP-CO Project team | Cost: 4,000 | Annually |
| TOTAL indicative COST <i>Excluding project team staff time and UNDP staff and travel expenses (see WP budget, Annex 2 in prodoc)</i> | | US\$ 114,000 (Some items covered under Government contribution) | |

PART II: PROJECT JUSTIFICATION:

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

11. This project focuses on strengthening the management effectiveness of the protected area (PA) system in Qinghai Province, in China, in order to ensure safeguarding of Qinghai's globally significant biodiversity. Qinghai province, located in north western part of the country is the fourth largest province in China with a total area of 720,000 km². It is named after one of the world's largest inland saltwater lakes (and the largest lake in China). Many important wetlands cover 6% of the province including rivers, flooded grasslands, freshwater and saline lakes, including Sanjiangyuan area which is the source of three rivers – the Mekong, Yangtze and Yellow. Qinghai is a mountainous arid plateau with a regional average altitude of about 4000m. The climate is typical of continental high plateaus: dry, cold and windy, with a very long frigid winter and a short cool summer. Total annual rainfall varies widely from less than 20mm at the centre of the Qaidam Basin to over 700mm on the plateaus.

12. The harsh environmental conditions of Qinghai have made it one of the most sparsely populated regions of China. The estimated population is 5.5 million people (with a high population growth rate of nearly 10% including migrants) and approximately 46% are from 54 ethnic minority groups. The province is one of the least developed in the country: it ranked 27th in terms of the human development index amongst 31 provinces/autonomous regions/ municipalities of China in 2007/08. Economic conditions in rural areas remain very poor. Communications are limited, education levels are basic, health services lag far behind levels in urban areas and the income of rural citizens is on average only one third of mean income of urban residents.

13. With only a small area of farmland in the north-east of the province, most of the province is classed as pasture (56%), unused lands (34%) and forest (4%). As a consequence, herding is the main income of the rural population. The major livestock are sheep and yaks but horses also occur at lower altitudes. Domestic camels are also common in the Qaidam desert areas. The extreme cold and arid climates and risk of salinization make Qinghai unfavourable for agriculture which occupies only 1% of the province's area. Farmland is restricted mainly to small areas along the Huang Shui and Yellow River valleys in the northeast and in the river valleys south and southeast of the Qaidam Basin. The system is single cropping of arid crops and with cold-tolerant species. Spring wheat and ginkgo make up over 80% of the agricultural areas in the province. The main cash crop is rape, which also supports a honey industry. Small amounts of other food crops (broad bean, garden pea and potato) are also grown.

14. Mining production in the province has seen rapid growth in recent years: between 2004 and 2008, gold production increased from 2 to 103 tons (a 51.5-fold increase), coal rose from 2,490,000 tons to 9,330,000 tons (a 3.74 fold increase), and building sand rose from 1,240,000 tons to 2.7 million tons (up 2.2 times).

Global Significance of Qinghai's Biodiversity

15. Qinghai is a complex region and belongs to five major bio-geographic divisions. They are, from north to south: Qilian Mountains, Qaidam Basin, Kunlun Mountains, Bayan Har Mountains and Southeast Plateau. Ten WWF Ecoregions fall inside Qinghai, including four WWF Global 200 ecoregions – part of Middle Asian Montane Steppe and Wetlands, Tibetan Plateau Steppe, and the upper sections of the Mekong River. Part of Conservation International's biodiversity hotspot "Mountains of Southwest China" also falls in Qinghai.

16. Being both arid and at a high altitude, Qinghai is not particularly rich in species numbers but the flora and fauna form unique assemblages and contain a high proportion of endemic forms as well as economically valuable species. The Qinghai-Tibetan Plateau is often known as 'the roof of the world'. It is the remotest and wildest place in China and the only place where one can still see huge herds of wild animals migrating across a vast wilderness. This gives the province a high nature tourism and ecotourism potential as well as high conservation importance.

17. The province harbours more than 10% of the higher plant and vertebrate species recorded in China – with a total of 3,000 higher plant species and 465 vertebrate species (including 56 fish, 16 amphibians and reptiles, 290 birds and 103 mammals). There is a high level of endemism in the area: more than 50% of plant species found here are endemic to China as well as several fish and bird species. Birdlife International, for example, has identified Qinghai Mountains as one of the high priority endemic bird areas of the world and Northern Qinghai Tibetan Plateau as a "secondary area" for endemic birds. This includes the biologically unique Qaidam basin which is the home of the endemic and vulnerable Rusty-necked partridge *Alectoris magna*.

18. *Gymnocarpus przewalskii* and *Circaeastes agrestis* are two of the more important endangered plants of Qinghai. The province's extensive grassland ecosystems support significant populations of globally threatened species such as the Wild Yak *Bos grunniens*, Wild Ass *Equus kiang*, Tibetan Antelope, *Pantholops hodgsonii*, Przewalski's Gazelle *Procapra przewalskii*, White-lipped Deer, *Cervus albirostris*, Brown bear *Ursus arctos*, and the Snow leopard *Uncia uncia*. Wild sheep such as Argali *Ovis ammon*, Blue sheep *Pseudois nayaur* and Ibex *Capra sibirica* are found in mountain areas.

19. Protected birds include a number of narrowly distributed species adapted to steppe and desert habitats such as Pheasant Grouse *Tetraophasius obscurus*, Chinese Hazel Grouse *Tetrastes sewerzowi* and Chinese Monal Pheasant *Lophophorus ihuysi*. Black-necked Cranes *Grus nigricollis* nest widely in the high grasslands and wetlands of the plateau. Qinghai Lake is a major breeding site for Brown-headed Gull *Larus brunnicephalus* and several important endemic fish. The Qinghai Lake, Zhaling Lake and Eling Lake are listed as Ramsar Sites. Qinghai Lake area is a key habitat of the Przewalski's Gazelle and the Sangjiangyuan and Kekexili Pas include the breeding habitat of the endemic Tibetan antelope (chiru). There are many geological, culturally sacred and scenic areas that also warrant protection in the province.

Threats, root causes and impacts

20. The globally significant ecosystems of Qinghai are fragile. Their constituent flora and fauna are under increasing threats from a number of factors.

21. **Habitat conversion:** Construction of dams, roads and other development infrastructure has been undertaken without adequate coordination with PA authorities and sometimes without due consideration of environmental impacts. This poses direct threats to biodiversity, including roadside erosion, water diversions from important wetlands and peat extraction, as well as indirect threats (e.g. increasing access to resources within PAs, and increasing markets for unsustainably and/or illegally harvested products). Creation of new towns in connection with major environmental programs, associated with inadequate employment opportunities, may also lead to increased threats to biodiversity through poaching or over-harvesting of local natural products (including e.g. caterpillar fungus, or *chongcao*, and/or wild animal products).

22. **Ecosystem degradation:** Many pastures show evidence of severe degradation as a result of over-grazing and it is estimated that herd levels are currently (or were up to recently) about 30% higher than sustainable levels. Ecosystem degradation is also evident from excavations for construction and mining, increases in rodent or pika populations and climatic change (which can lead to expansion of areas dominated by unpalatable species). Some PAs in Qinghai have a large human population in and around their boundaries. For example, in the Sanjiangyuan NNR, several tens of thousands

of residents follow a nomadic/pastoral lifestyle, and several towns exist between different blocks of the NR. Degradation poses threats to biodiversity, local livelihoods and the important ecological services delivered by the province.

23. **Overexploitation of natural resources:** Unsustainable timber extraction from forests, wetland reclamation for cultivation, environmentally unsound mining and over-extraction of water are also threatening biodiversity. Many species of economically important medicinal plants are being over-extracted (such as the endemic medicinal plant *Rhodiola chrysanthemifolia*), while collection of others (such as the valuable caterpillar fungus) results in digging damaging holes in the turf. Poaching of wildlife has also led to rapid population declines of some species, such as Tibetan antelope /chiru.

24. **Climate change:** The climate on the Qinghai plateau has been changing rapidly in recent years: it is becoming the globe's greatest heat receptor of solar energy. Average temperatures on the plateau are rising 2-4 times faster than for the rest of China, having risen 2°C in just 2 decades; the average temperature in 2009 was 1.5°C warmer than the average over the previous 20 years. Half of this 'extra' warming effect is attributable to the loss of the insulating herb layer due to overgrazing. This results in exponentially accelerating melting of remaining glaciers, melting of permafrost, and spread of forests higher into the mountain. The melting of ice, warming of the plateau and upward migration of flora and fauna is a medium term natural process. In addition, the open plateau is a main driver of the Asian monsoon pattern. The low pressure that builds up on the plateau during summer draws winds from the surrounding oceans and brings rain to the agricultural lands of Asia. However, the recent great increase in the warming of the plateau is causing a devastating super-monsoon system, with increasing occurrence and intensity of cyclones, floods and droughts. A range of predictive climate change scenarios all point to significant changes in the distribution of forests, grasslands and alpine tundra on the plateau. This will dramatically affect not only the survival of wildlife but also the patterns of grazing on which the local human population is almost totally dependent. More details are available in the Project Document.

25. The threats to biodiversity in the province are promoted by a series of underlying causes. With population growth and increased aspirations for higher levels of income, resources have been utilized in an unsustainable way (particularly grasslands, but also wildlife, and medicinal plants harvested from the wild). Ecosystem degradation, particularly of grassland and wetlands which serve as the most important watersheds in the country, is the result of multiple layers of negative influences. In addition to those listed above such as overgrazing and occasional hunting, many threats are rooted outside, especially development initiatives with cross sectoral government involvement. These include mining, grassland and animal husbandry development, privatization and local/regional fencing, road construction without considering ecological needs, and 'pest' control that is damaging to ecosystems. The specifics of threats and underlying causes vary with locality and ecosystem type. An overall matrix of threats and root causes is included in annex 1 of the Project Document.

Protected area system: current status and coverage

26. In order to conserve its biodiversity and ecological functions, Qinghai has established a network of PAs comprising five National Nature Reserves (NNRs) and six Provincial Nature Reserves (PNRs). NNRs cover 202,524.9 km² and PNRs cover 49,140 km² of the province, jointly accounting for approximately 35% (251,665 km²) of the provincial area. The PA system looks impressive. However, in reality there remain gaps and challenges. For example, two of the PNRs, namely Qaidam *Haloxylon* Forest and Qilian Mts, covering 45,689 km², are listed as NRs but are without any designated boundaries or management structure; accordingly, these PAs are not shown on provincial PA maps.

Table 2: Qinghai's PAs

| Title | National / Provincial | Counties | Area (km²) | Year of gazette | Human population | International designation |
|---|-----------------------|---|------------|-----------------|---------------------------|---------------------------|
| 1. Qaidam <i>Haloxylon</i> Forest * | P | Delingha City | 37,345 | 2005 | 0 | Part of IBA |
| 2. Golmud <i>Populus euphratica</i> | P | Golmud City | 42 | 2000 | 0 | |
| 3. Kekexili | N | Zhiduo County | 45,000 | 1995 | 0 | |
| 4. Keluke Lake -Tuosu Lake | P | Delingha City | 1,150 | 2000 | No data | |
| 5. Longbao wetland | N | Yushu County | 100 | 1984 | Circa 200 families | |
| 6. Mengda | N | Xunhua Salar Autonomous County | 173 | 1980 | No data | |
| 7. Qinghai Lake (including Bird Island) | N | Gonghe, Gangcha and Haiyan counties | 4,952 | 1975 | Several hundred | IBA, part is Ramsar site |
| 8. Sanjiangyuan | N | Zhiduo, Yushu, Nangqian, Chengduo, Zaduo, Qumalai, Jiuzhi, Banma, Maqin, Maduo, Zeku, Henan, Xinghai, Tongde, Geermu (Tuotuohe) | 152,300 | 2000 | Several tens of thousands | IBA, Ramsar sites |
| 9. Datong Beichuan | P | Datong County | 1,079 | 2005 | No data | Part of IBA |

| Title | National / Provincial | Counties | Area (km ²) | Year of gazette | Human population | International designation |
|-----------------|-----------------------|--|-------------------------|-----------------|------------------|---------------------------|
| 10. Qilian Mts* | P | Qilian, Menyuan, Tianjun and Delingha counties | 8,344 | 2005 | No data | |
| 11. Nomuhong | P | Dulan County | 1,180 | 2005 | 0 | |

Note: * indicates NRs that are listed but have no boundary or management structure at all.

(Source: CSIS, 2010 and QFD 2010)

27. These PAs are established under the Regulations on Nature Reserves (1994) and administered by the Qinghai Forest Department (QFD), which reports to the Qinghai Provincial Government and the State Forestry Administration (SFA) in Beijing. There are two kinds of PAs in Qinghai - national nature reserves (NNRs) and provincial nature reserves (PNRs). NNRs must be approved by SFA and MEP and are generally allocated higher levels of funding and staffing and have an annual reporting duty to the SFA. The designation of a NNR status allows the PA to access funding resources from the central government (as well as provincial and local governments) for its management. Any park infrastructure development work planned inside NNRs requires central government permission. Central government funding is limited and usually only available for reserve ‘development’ or for specific ‘projects’. The burden of additional construction and on-going (regular) operations falls primarily on local sources. NNRs are designated as such, based on their global and national importance. The provincial government can make legislation and its own special management arrangements for provincial PAs but there are no differences between NNRs and PNRs in terms of permissible land and resource use inside such areas. Currently, there are no specific provincial level laws for PA management in Qinghai.

28. Of the 11 PAs, Sanjiangyuan NNR¹ is the largest and most important in terms of biodiversity and the vital ecosystem services it provides, as it encompasses the source area of 3 major rivers: the Mekong, Yellow and Yangtze.² The 152,300 km² reserve covers more than 60% of the whole PA system in the province and is the second largest NR in China (nearly four times the size of Switzerland). It comprises six isolated sections and falls within 14 different counties; in total, it has 18 different blocks (or units, or conservation areas), each with its own set of core zone, buffer zone and experimental zone (see Table 2 and Map 1 below). The Sanjiangyuan NNR has an estimated 420,000 herding Tibetan residents in and around the NR, with 52 towns between or near its 18 management blocks. The reserve is of great importance for wildlife, wetlands, water catchment functions, and cultural values. Given the huge expanse of the reserve, different units include different habitats, wildlife and other features. The western block or unit in Geermu (Tuotuohe) forms an extension of the extremely harsh ‘Changtang’ region of Qinghai and Tibet. The large southern unit of Dangqu contains extensive marshy wetlands. Several units contain important lakes, notably the unit “Zhaling and Eling lakes” which is a Ramsar site. The Tongtianhe unit is an important riverine wetland, a breeding area for black-necked cranes. The extreme southern and eastern units are situated at relatively lower altitudes and enjoy milder climates with forests in the valleys. Flagship species include wild yak, Tibetan antelope, wild ass, snow leopard, brown bear, and black-necked crane. Although such an extensive PA system provides a foundation for the protection of Qinghai’s biodiversity and represents a valuable tool for conservation, there are growing challenges and new emerging threats. The PA system in Qinghai suffers from chronic underfunding and understaffing resulting in low level of management effectiveness.

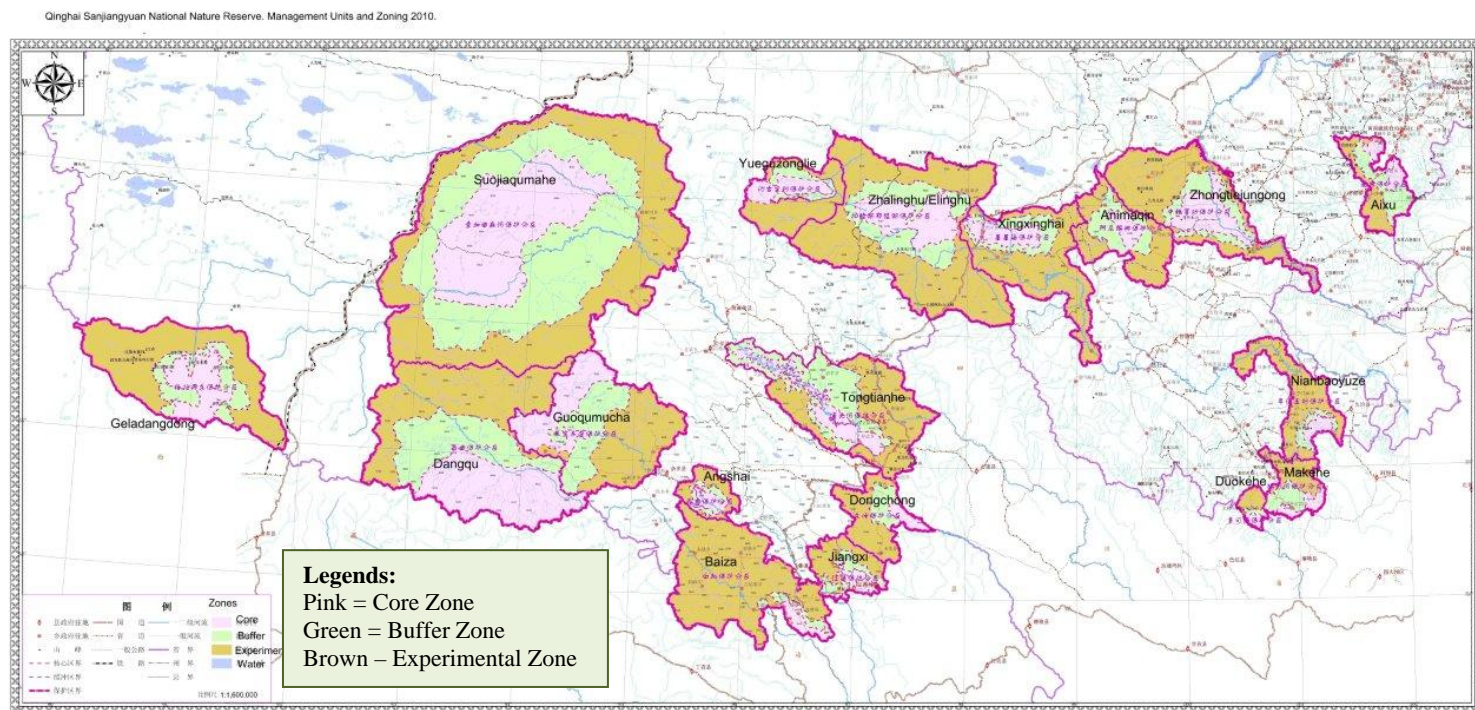
Table 3: Current Management Prescriptions for Different Zones within NRs

| Management Zone | Purpose | Management Prescriptions |
|-------------------|--|--|
| Core zone | To protect intact ecosystems where rare and endangered animals and plants are concentrated | <ul style="list-style-type: none"> No entry, except with special permission accorded for scientific studies. If necessary, people living inside are to be resettled. Construction of production facilities is prohibited. |
| Buffer zone | Area surrounding the core zone | <ul style="list-style-type: none"> No tourism, production or trading activities. Entry permitted on special permission for non-destructive research, specimen collection, and educational purposes Construction of production facilities is prohibited. |
| Experimental zone | Area surrounding the buffer zone | <ul style="list-style-type: none"> Visiting and tourist activities allowed with special permission. Tourism promotion should not damage or pollute original landforms and scenery. Visiting and tourist projects that violate the general guidelines of NRs are prohibited Construction of production facilities that may pollute the environment or damage the natural resources or landscapes prohibited. Existing facilities are required to reduce and control pollution discharge to be within prescribed standards. |

¹ For details, see the Sanjiangyuan NNR profile in the Project Document (Section IV PART III on page 80) .

² It is worth noting that nearly 600 million people (over 40% of the population in China and over 9% of the world’s population!) who live downstream are affected by or depend on the proper functioning – and hence the long-term protection – of these rivers (and their associated watersheds) for their livelihood.

Map 1: Sanjiangyuan National Nature Reserve showing 18 blocks (units), each with three different management zones



Long-term solution and barriers to achieving the solution

29. The long-term solution to the above issues is the establishment and effective management of a representative system of PAs, fulfilling its role for safeguarding globally significant biodiversity. This will not only ensure the survival of representative species, but will also deliver a range of vital ecological services such as protection of the upper catchments of the three major rivers. Such a system should be underpinned by the following principles:

- Sufficient level of understanding and appreciation for the PA system and its vital roles in socioeconomic development;
- Integration of the PA system and its objectives in the provincial and sectoral planning processes and *modus operandi*;
- Adequate management knowledge and capacity should be available at different levels of government for future planning and interventions.
- The design of the PA system should meet immediate biodiversity conservation needs but also allow for adaptation and range changes as may be needed for species facing a rapidly changing climate. Climate change will in turn dictate the types of pressures placed upon native biota as farming and forestry may become possible on a greater area of the plateau; grazing pressures will also change.
- The PA system should be designed and zoned in a way that creates minimum hardship or adjustment to the economic activities and further development of poor local communities. It should ideally bring greater economic opportunities, such as ecotourism or employment as PA staff or paid community co-management workers.
- In exchange for the ecological services provided by these catchment areas, downstream beneficiaries should provide direct or indirect eco-compensation to upstream regions and communities. This will create an incentive for local communities to maintain the ecological integrity of catchment areas and PAs.

Barriers

30. The province has made efforts in the above direction, including listing of two NRs in 2005 which cover up to then under-represented ecosystems, drafting a provincial Biodiversity Strategy and Action Plan (BSAP), and organising a programme to support herding communities' livelihoods within and around the NRs. Despite these advances, a number of barriers remain that prevent the establishment of an effectively managed and sustainable PA system in Qinghai, grouped in three categories: (i) disconnect between PA planning and management and provincial development and sectoral

planning process; (ii) inadequate resources and weak institutional and staff capacities for PA management; and (iii) limited participation and capacity of local communities in PA management.

Barrier 1: Disconnect between PA planning and management and provincial development and sectoral planning process

31. *No mainstreaming of PA and weak coordination and cooperation:* Effective PA management in Qinghai is hindered by a lack of mainstreaming of the PA system and its objectives in the province's development and sector planning process. The provincial 5-year plans and sector plans are the bread and butter of actual site level determination of land-use and development. This makes it critical to ensure that future development plans include clear strategy for enhancing effectiveness of the PA system and that they do not include projects and programmes that cause adverse impacts on PA management and biodiversity and ecosystems within the PA system. At the same time, the provincial and local budget allocation is by far the most important financing source for PA management, covering the personnel and operational costs, which are the foundation for PA management, while national budget appropriation (only applicable to national NRs) is used only for specific project and infrastructure activities. Without proper integration of PA system management in development and sector plans, the PAs will continue to be under-funded.

32. Coordination and cooperation between different government agencies is also almost non-existent. Government agencies responsible for agriculture, livestock, environmental protection and water resources operate inside PAs alongside the local prefecture and county governments. These institutions tend to operate independently from PA management authorities, such as QFD. Sub-provincial governments also plan and implement work inside PAs without due coordination or consideration for biodiversity conservation. The recently approved provincial biodiversity strategy and action plan also needs to integrate concrete strategy to ensure the PA system and its objective and functions will be optimised.

33. *Biodiversity-insensitive (negative) sector practices:* The above has led to activities with negative biodiversity impacts. For example, large scale fencing of natural pastures inside and outside PAs (argued to increase forage production for domestic animals) has reduced grazing areas for wild ungulates such as wild yaks, wild ass, gazelles (2 species) and White Lipped deer. Such fences also block migratory routes of Argalis and the Chiru, and sometimes cause injuries or death of wild animals. Even government programmes such as the Sanjiangyuan Ecological Construction Programme (SECP)³, a Central Government's major US\$ 1.15 billion investment programme aimed at protecting the water sources of the three major rivers and halting land degradation, have been largely construction-oriented and have not strengthened biodiversity conservation or PA management to date. The SECP started in 2008 and is expected to continue for another 10 years. There is an urgent need for developing official measures and standards for infrastructure development and operation and other activities within the PAs.

34. *Ecosystem management Knowledge* represents another barrier. While much knowledge on climate, geography and grassland ecologies has been accumulated through research by academia and government bureaus, it has not been made easily accessible to decision makers and thus has not contributed to better management of natural ecosystems inside and outside PAs, or within major programmes such as the SECP. For example, much engineering for road-making, laying of cables and collecting gravel involves destruction of the surface turf. At high altitudes it takes several hundred years for new turf to develop; meanwhile, without the turf protection, the land is open to rapid erosion. This could be avoided if turf was set carefully aside at the outset for re-laying when engineering works are completed. In another example, a massive campaign to poison the plateau pikas recently has eradicated pikas from wide areas of the province, including lands within PAs. The plateau pika is an abundant mammal in the grasslands, considered by the Department of Agriculture as a pest that competes with livestock for forage and contributes to grassland degradation through burrowing. Both national and international ecologists, on the other hand, recognise pika as a keystone species that contributes to grassland health, productivity and biodiversity; and hence resiliency in the face of change.

35. At the national level, MEP is developing a biodiversity information system. Software has been developed to handle biodiversity information on a transparent platform for public access and information purposes. Qinghai has been selected as one of the pioneer provinces, so there is likely to be some improvement in the holding and sharing of biodiversity data organized under the provincial Environmental Protection Bureau. However, the system is not catered for the purpose of PA management planning and will need additional support for it to include PA management oriented information. In addition, climate change impacts are already being felt in the region, with temperature increases accelerating, reductions in ice volumes in glaciers, drying up of smaller wetlands, and creep up of forest boundaries to

³ Sanjiangyuan Ecological Construction Programme started in 2008 and consists of 22 different projects which fall into three main categories - 1) ecological protection and construction projects; 2) infrastructural facilities construction for farmer livelihood projects; and 3) ecological protection support projects. Several of Category 1 projects are of direct relevance to this project, specifically: Returning grazing to pasture; Reforestation on cultivated land; Deteriorated/degraded grassland control; preventing fire in forest/grassland; Water and soil conservation; and Grassland rodent control. The second phase of the Programme is expected to commence by the end of 2011, and continue in the subsequent 13th Five Year Development Plan period beginning 2016.

higher elevations. However, such information is not widely available and thus has not contributed to effective plans, policies or management actions, such as delineation of PA zones or planning for future range shift needs of species.

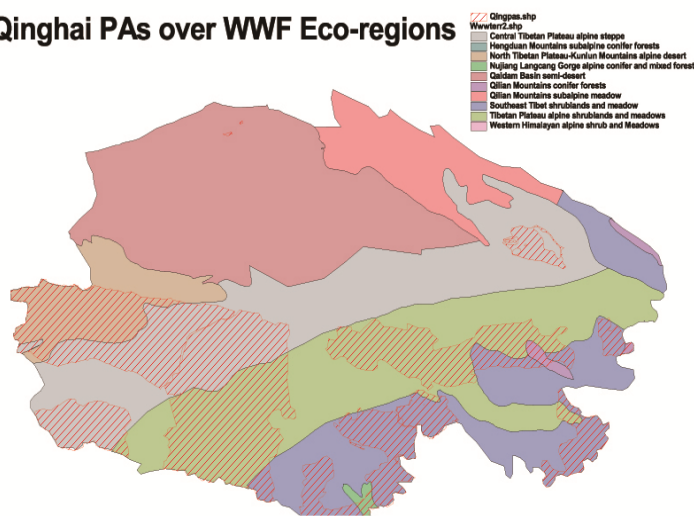
Barrier 2: Inadequate resources, and weak institutional and staff capacities for PA management

36. ***Weak legal basis and systemic capacity:*** These problems are exacerbated by weaknesses in the legal basis for PA development and management. Despite many laws and regulations relating to wildlife protection and management of forests, grasslands and other natural systems, there is no comprehensive law for the establishment of PAs. The PAs are established under ministerial Nature Reserve Regulations only, making them vulnerable to pressure from other sectors with strong sector laws⁴. The Regulations on Nature Reserves provides for the process of establishing NRs at different administrative levels, setting broad criteria for the NRs and indicating possible and prohibited activities in the three zones⁵. However, the regulations do not provide much flexibility in terms of zoning and management options. The result is that most PAs are managed in ways that are contradictory to the word and spirit of those regulations. There is a possibility for a province to develop its own regulations and there also has been some examples of PA site specific regulations, however, Qinghai Province has not yet explored the options. Similarly, the compliance monitoring and law enforcement capacity is insufficient, with very few officers having policing mandates and with no system for reporting and analysing incidents.

37. ***Institutional capacity barrier:*** The Qinghai Forest Department's current institutional capacity to oversee multiple PAs, plan and manage a large PA like Sanjiangyuan NNR with many residents, which in fact requires landscape management beyond the PA boundaries, is inadequate. Capacity to make sound operational decisions, manage budgets, deploy staff and monitor their performance is also inadequate. There have been some comprehensive studies of Qinghai Lake and Sanjiangyuan NNR, but this expertise is not mobilized into strategic planning, as departmental planners rarely invite academic experts to participate in the planning process. The Bureau is understaffed, with many positions not filled. There are approximately 160 staff in the QFD working for PAs, and it is estimated that staffing levels for PA management are between 8-15% of what is required. Each NR requires a management bureau which is responsible for developing master plans for the development of the site, securing budgets for developments, staff (full-time and temporary), operations and other projects. The bureau for Sanjiangyuan NNR is based in the provincial capital of Xining, but most other bureaus are based in the largest county town concerned. Each bureau posts field staff in offices (at county or sometimes village level) and must make appropriate negotiations with local communities to recognize and demarcate the boundaries and zones of the NR. It must also establish the use of experimental zones, where certain types of resource utilization are permitted. Most PAs are understaffed: for instance, there are only 38 staff for the entire Kekexili NNR. Even the largest NRs like Sanjiangyuan NNR has no management plan. The Sanjiangyuan NR has only 13 full time staff and 18 temporary staff, while there should be at least 300 staff to properly manage the area.

38. ***Financial barrier:*** Inadequate financing and suboptimal allocation of resources also hinder effective PA management in Qinghai. The Qinghai government invested US\$ 553 million in the PA system during the period between 2006 and 2009. Though the overall financing of PAs has been significant, the vast majority of this amount has been allocated to engineering projects (infrastructure such as roads and buildings), with only an estimated US\$ 1.18 million per year used for conservation work such as patrolling and afforestation, often without proper planning. It is estimated that the annual government investment for PA operation is US\$ 2 million per year. It is also estimated that for the basic operation of the PA system, US\$ 6.6 million per year is required, and US\$ 53.8 million is required to achieve the optimal level of operation. "Development" funds, such as funding from the SECP, are not guaranteed and mostly come from different central government programmes such as "from grain to green", "natural forest protection" and the national wetland

Qinghai PAs over WWF Eco-regions



Map 2: Qinghai PAs over WWF Ecoregions

⁴ In China, laws are formulated and issued by the National People's Congress, the highest order in China's legal system. Regulations are formulated and issued by the State Council and provincial People's Congress, or some people's congress of autonomous prefectures and municipalities. Regulations are less powerful than laws. Decrees can be issued by government at different levels through departments.

⁵ Three management zones in the Regulations are: Core Area (no entry except on special permission accorded for scientific studies), buffer zone (no tourism or trading activities and no construction of production facilities) and experimental zone (visiting and tourist activities allowed, construction of facilities are possible as long as it does not have negative effects on biodiversity.)

restoration programme. These funds do not cover staff salaries, which are mostly covered by provincial forestry bureaus and prefecture / county governments. In addition investment is extremely skewed towards some NRs namely Sanjiangyuan NNR and Qinghai Lake NNR, with only 1.5% of the total investment being allocated to the remaining 9 NRs. Despite seemingly large investment in, and priority setting towards, Sanjiangyuan NNR, it only receives a field operations budget of less than US\$ 80,000 per annum.

39. The underlying causes for the insufficient financing of the PAs are a lack of understanding of actual management needs and management costs, and insufficient appreciation for the economic value of the PAs' varied ecological services as the 'water tower' and climate regulator of China and the Asia region, and of the value they have as some of the last remaining wilderness areas in the world and habitat/home for many rare and endangered species.

40. *Individual capacity barrier:* At the sub-provincial level, on-the-ground PA management is the primary responsibility of field staff provided by local governments (prefecture and county). Such staff have almost no specific training in PA management and no job standards are applied (although such standards are available in Chinese and have been adopted in other provinces such as Yunnan). Many field staff have a limited mandate for legal enforcement: if they apprehend persons undertaking prescribed illegal activities, they have to hand them over to forestry police, who may be a considerable distance away. Most PAs also suffer from lack of basic management infrastructure (such as field stations for field staff) and adequate field equipment for surveillance and communication. Although past projects and government efforts have attempted to address some issues of institutional and staff capacity, they have been sporadic, unstrategic, largely dependent on external support and site-based (rather than systemic). Staff performance is also difficult to assess as PAs do not have management plans or business plans, making it impossible to monitor performance against PA objectives. The QFD division responsible for NRs lacks GIS capability to undertake elaborate systems planning and has only limited data management capability.

41. *Biogeographical barrier:* There is also a serious geographical representational gap in the Qinghai PA system. Though the PAs cover a significant area, major gaps remain in coverage of important ecosystems – 3 out of the 10 WWF Ecoregions found in Qinghai, PA1015 Qilian Mountains sub-alpine meadows, PA0517 Qilian Mountains conifer forests or PA1324 Qaidam Basin semi-desert are not represented at all. The two paper NRs, Qilian Mountains PNR and Qaidam *Haloxylon* Forest PNR, were proclaimed in 2005, to improve the representation, however, to date there is no set boundary or any management structure including staff. Similarly, the current PA system includes only 13 out of the 30 vegetation types (when the aforementioned two paper NRs are excluded).

42. Effectiveness of NRs is reduced as a result of the limited funding mechanism options through the Forestry Department. A wider range of PA categories could be piloted under provincial regulations, such as multiple use reserves, tourism reserves, genetic corridors etc, and these could be financed by innovative involvement of private funds and eco-compensation systems. Some national government-led eco-compensation programmes exist, including Sanjiangyuan Ecological Construction Programme and Grassland Eco-compensation Programme. However, the use of such funding systems remains geared mostly towards engineering oriented water schemes or some short-term measures; or reducing grazing pressure by relocating herders to towns, which is causing social problems as well as ecologically undesirable fencing. The failure of the province to allocate enough resources for basic NR protection and monitoring operations is also to a large extent a consequence of the low awareness of the importance and economic contributions that a well-managed PA system can deliver.

Barrier 3: Limited participation and capacity of local communities in PA management

43. As in other parts of China, Qinghai's PAs are composed of state and community lands. Much of the pasture lands have been allocated to local households on 30-year contracts for management and use. Given the province's vast and sparsely populated area, the government's supervision of households' use of land and natural resources is ineffective. Therefore, effective PA management will depend on sustainable management of land by local communities. NRs were established rather recently (1975-2005) and overlay pre-existing community rangelands, resulting in considerable conflict between perceived traditional land-use rights and NR protected status. Finding solutions to this inherent inconsistency remains a key challenge of the province.

44. In China, communities are allowed to be involved in management of government lands inside PAs through agreements with the government. However, there are no guidelines on community-based conservation and co-management of PAs, providing clear definition of community use rights and responsibilities in co-management arrangements. Many pilot co-management schemes have been attempted in different parts of the country, including Qinghai, such as those supported by the large-scale EU-China Biodiversity Programme (ECBP) which were operating in several villages and townships from 2007-2010. Establishment of viable co-management schemes takes many years, but, this said, under the ECBP and other projects, six co-management agreements have been reached in the province to date.

45. Two main forms of Collaborative Management have been noted in Qinghai Province: (a) community co-management; and (b) contract conservation. An example of community co-Management is the on-going Snow Leopard Conservation Project in Muqu Village, which is being carried out as a partnership between the local community, Sanjiangyuan NNR and NGOs. Local monitors have for several years been monitoring key snow leopard habitats and have begun to document their findings. Simultaneously, automatic camera traps have been trialed for comparative purposes, to determine the degree of overlap and/or complementarity of the two methods. Goals of the project include better understanding of the distribution and hence the conservation needs of snow leopards, supporting community efforts for wildlife conservation, and raising environmental awareness in the region.

46. Under the Contract Conservation model, the local community is given nearly full autonomy in conserving wildlife and protecting the environment. If the agreed conservation targets are achieved, the community receives a small financial contribution, which it can use or disburse at its own discretion. Generally, such funding is used for community purposes in health and/or education, and sometimes for social assistance (e.g., for community members in desperate need). It must be noted, however, that conservation targets must be agreed beforehand with the Sanjiangyuan NNR or other government authorities. Thus this is not an example of independent decision-making (as was the case in some previous nature reserve Contract Conservation agreements), but rather (as with community co-management) a collaborative form of management.

47. The Contract Conservation model has been applied in Cuochi village within the Sanjiangyuan NNR. The local community is given relevant rights to manage natural resources for conservation. Through the process of carrying out a conservation stewardship programme, this model of Contract Conservation has several key stages including a feasibility study, signing of conservation contracts, transfer of legal rights to local herder communities, implementation of contracts, and final project evaluation, followed by consideration of how to extend or scale-up the PA management model. More detail on the development of the model is provided in the box below.

Box 1: Major dates in the timeline of developing the new Contract Conservation model in Cuochi village

| | |
|-----------|---|
| 1999 - | Community mobilization, with significant local financial contribution (as well as livestock) to establish the village school and village clinic |
| 2000 - | Translation and dissemination of wildlife conservation regulations; anti-poaching group established; request for assistance/input from Plateau Perspectives and grassroots Upper Yangtze Organization |
| 2001 - | Site visit by Plateau Perspectives with community workshop, training about conservation and wildlife monitoring, support to village school and clinic; establishment during this trip of Wildlife Monitoring Unit; Plateau Perspectives donation of 13 binoculars for wildlife monitors |
| 2002 - | Beginning of formal, regular monitoring of selected wildlife species (by local community decision) |
| 2004 - | Establishment of the grassroots organization, 'Friends of Wild Yak' |
| 2004-06 - | Community initiated and motivated monitoring of selected wildlife (wild yak) with support from the Snowland Great Rivers Environmental Protection Association (SGREPA) |
| 2006 - | Initiation of a Conservation Steward Program (CSP) by local community together with SNNR and SGREPA, with additional support from CI |
| 2006-09 - | Implementation (trial) of CSP with regular dialogue and interaction between community and SGREPA, oversight by SNNR, joint evaluation with SNNR and CI |
| 2009 - | Initial evaluations of CSP, with consideration of scaling-up the model |

48. Despite the good progress made over the years, without rapid up-scaling of such approaches, the small conservation gains in some community co-management areas are unlikely to have sustained conservation benefits over a larger scale – particularly for species that seasonally migrate across the province⁶. However, the PA management authority's institutional arrangements and staff capacities are inadequate for rapid expansion of such co-management arrangements. Likewise, community institutional arrangements for such management do not exist in most places, and their capacities for effective management and legal enforcement are also weak. As such, the involvement of local communities in biodiversity conservation is at an early pilot stage and will require considerable strengthening and expansion to achieve significant conservation impacts. There has also been low involvement of other stakeholders such as local non-government organizations and private businesses in supporting conservation efforts to date.

49. It will be difficult to capitalize on the potential for co-management as long as there is general low awareness about the broad importance of healthy ecosystems among development practitioners, decision makers and local

⁶ Given that most wild animals move within and outside PAs, community management of lands within PAs alone will not reduce threats to many globally important species. Therefore, community management of lands outside (particularly adjacent to) PAs is also critical.

communities. There is also insufficient sharing of lessons learned from on-going work, so that successful models can be broadcast, replicated, upscaled and institutionalised. In addition to needing government enthusiasm and policy direction explicitly promoting co-management, it may also be helpful to gain the support of local religious or other cultural institutions, formerly more involved in land management, as these remain respected by local communities. Finally, local capacity is low in terms of technical know-how and awareness local people have limited ability or authority to participate in the planning, operations and monitoring for biodiversity management and there is generally limited availability of operational budgets and equipment to undertake such activities. Just as important, NR staff have poor capacities in understanding of the merits of community-based conservation and insufficient experience or capacity to provide support to and encourage the participation of local communities.

Strategy

50. The main focus of this Project is to remove the barriers mentioned above with three inter-related outcomes. To accomplish this, the Qinghai Provincial Government is requesting support from the GEF and UNDP to conserve its biodiversity of global importance. The project objective is to catalyse management effectiveness of Qinghai's PA system to fulfil its purpose of conserving globally important biodiversity.

51. The focus of the project is to strengthen the PA system in Qinghai to better protect a representative sample of its unique biodiversity and more effectively manage this PA network as a whole. With GEF support, interventions at the level of Qinghai PA system will:

i) Mainstream the PA system and its objectives into provincial development and sector planning framework, develop a comprehensive PA system plan with climate change adaptation strategies, and establish a knowledge management system to support biodiversity-sensitive decision-making in various sector activities and PA planning and management, strengthen the enabling legal framework, incentives and participative mechanisms, and mobilize necessary investments to support the expansion and effective management of the PA network;

ii) Strengthen the institutional and human resource capacity to establish and maintain an effectively managed PA system over the long term and support the cost-effective and sustainable management of PAs by building up their operational capacities, and engendering necessary investments to manage threats to biodiversity. This implies directing provincial strategic planning, policy-making, legislation, funding, tools and incentive structures towards active biodiversity management of the Qinghai PA system, and linking PA development priorities toward optimizing the true value of PAs in the socio-economic development of the province and beneficiary downstream provinces.

iii) Promote and upscale models of community co-management in PAs in selected demonstration areas/communities within Sanjiangyuan NNR. Co-management activities would support enhancement of PA effectiveness through increased community participation and co-ownership of natural resources and their sustainable utilisation, improved data collection storage and analysis, and development of appropriate compensation schemes/plans for continued or enhanced ecological services.

52. A range of other institutions will also be involved in the project, including experts from provincial academic institutes, NGOs active in the province in the field of biodiversity conservation and other departments concerned with the delivery of ecosystem services from the PAs, such as the Water Resources Department, Tourism Department and the provincial Ecological Restoration Leading Group (synonymous with steering committee) consisting of provincial and local government departments and specialists. Details of these agencies and their roles in the project are included in the Stakeholder analysis in the Project Document (Part XI).

53. Activities under these three outcomes will be focused at three levels of intervention: (i) the provincial level, through working with public institutions and agencies to develop the systemic, institutional and individual capacity to revise, plan and effectively supervise the PA system; (ii) at the site (or unit) level, by developing strong model management plans and enhancing staff management capacity for selected PAs; and (iii) at the local level, through working directly with target stakeholder groups and local communities in the *in situ* implementation of PA co-management activities.

Outcome 1: Mainstreaming PA management objectives and needs into the provincial development and sector planning process (Total cost: 8,450,000 US\$; GEF 550,000 US\$; Co-financing 7,900,000 US\$)

54. Designed to tackle barrier 1, this component will focus on building an inter-sectoral mechanism to mainstream protected area management objectives into provincial and sectoral policies and plans (such as agriculture, land use, meteorology, infrastructure development planning with sub-provincial local governments). Through such a mechanism, indicators will be developed to periodically assess the status of Qinghai's ecosystems. This coordination mechanism, along with a strengthened Provincial Government guided by a cross sectoral provincial leading group will ensure that different sectors continue to plan and implement their actions in a biodiversity-friendly way. The Provincial government's

capacities for effective monitoring and enforcement to avoid/ mitigate threats to PAs from activities of sectoral agencies will be also built through the use of biodiversity geographic information tools, Strategic Environment Assessment and EIA. Capacities will be also built to develop the government's ability to use such tools. The outputs necessary to achieve these outcomes are described below.

Output 1.1: Inter-sectoral coordination and planning mechanism established to integrate PA systems and objectives into development and sectoral planning process

55. Work under this output will focus on the establishment of a cross sectoral-planning body to ensure the PA system and its objectives are fully mainstreamed in the provincial development and sectoral planning. It is recommended that rather than creating a new body, revision should be made for the terms of reference of an existing cross sectoral planning body such as the provincial Leading Group for the Sanjiangyuan Ecological Construction Programme. It should be considered that the Leading Group would also play the role of the Project Steering Committee (PSC). This will ensure that the plans developed under this project can be smoothly mainstreamed into larger development and sectoral plans at provincial level. This would include recently developed provincial level Biodiversity Strategy and Action Plan (BSAP) as required by the Ministry of Environmental Protection and the Qinghai Development Plan based on National 5-year Plans. Although the provincial BSAP is a responsibility of the Environmental Protection Bureau (EPB) of the provincial government, it is important to make sure that the systems plan and specific NR management plans to be developed under Outcome 2 are fully integrated into it. The BSAP will ensure sustainability of project progress and achievements in Qinghai for many years beyond the project lifetime. Undertaking awareness activities, to ensure the existence and function of the coordination body is well known, should include website, newsletters, media releases and distribution of key documents and guidelines. Targets are relevant departments of provincial government, the media and general public. For rural areas, awareness products should be translated into local languages.

Output 1.2: Institutional capacity of the provincial government built for monitoring and enforcement of biodiversity management to avoid/mitigate threats to PAs

56. This output aims to build the institutional capacity of the provincial government to ensure mainstreaming of the PA system for effective implementation of biodiversity management and to avoid or mitigate threats to the NRs. The most effective way to ensure cross-sectoral mainstreaming is to add strong provisions for inclusion of biodiversity and PA concerns into EIA regulations, SEA planning and practical regulations or guidelines for undertaking engineering works (road-making, underground cables, bridges, quarrying) in fragile ecosystems. Although the national EIA and SEA regulations have been recently reviewed to include biodiversity aspects, there is a need for a provincial level regulation which safeguards NRs catering for unique and fragile ecosystems of the Qinghai plateau. For example, the soil profile on the high plateau is particularly fragile, requiring long recovery time (hundreds of years in some cases) once the turf is disturbed. Therefore, there should be local regulations relating to disturbance and after-operations replacement of the turf layer in all engineering activities. Stakeholder participation mechanisms in the EIA process will also be strengthened.

57. Another essential tool for raising institutional capacity for monitoring and enforcement of biodiversity management is the development and use of practical regulations related to engineering work. Infrastructure development sector specific standards and measures for safeguarding biodiversity within NRs will be developed. Operationalisation of the standards and measures will be supported through establishment of the enforcement section within the provincial government and training of the personnel in the section. In addition, policy and practice in livestock and grassland management, especially with regards to fencing and control of pikas and other 'pests', will be reviewed; and standards and measures for safeguarding biodiversity will be developed.

58. In order for the QFD to be able to make the best use of mainstreaming tools that are developed under output 1.1, compliance monitoring and law enforcement mechanism will be strengthened at the provincial level. In addition, the province level biodiversity and ecological condition monitoring indicators will be established. A selection of suitable indicators will be identified for monitoring biodiversity, ecological conditions, management effectiveness and socio-economic conditions. This will involve a workshop of experts to come up with an agreed list of indicators (key species, vegetation cover, social and economic data, climatic, water table, water flow data, etc.) that should be routinely monitored, and identify responsibilities and reporting requirements. The scheme should include monitoring at provincial and sub-provincial levels. A monitoring programme will also be developed and operationalised, making sure responsible agencies have adequate funding, equipment and training to perform their respective roles.

Output 1.3: Establish a knowledge management system, including climate change resilience monitoring component

59. Work under this output is designed to harness and add to local capacity to collect, manage and analyse environmental and biodiversity data to form a platform for planning and decision making in the province. Many of the components are already in place at the provincial level, but are currently scattered between research institutes, different management

bureaus and NGOs.

60. A GIS based Biodiversity Monitoring Database will be developed, comprising species inventory, status and trends of key species, vegetation conditions, climatic and physical information, essential information about individual NRs, incident monitoring systems to address wildlife crimes, and development programmes and activities/socio-economic information. A set of variables to assess climate resilience of Qinghai ecosystems will be developed and a monitoring system will be established. Province-wide biodiversity monitoring baselines and procedures will be developed with participation of different data holders. Gaps in information availability will be identified, and plans for filling the gaps will be devised. This could include targeted research, for instance, on the impact of fencing, control of putative pests, wildlife abundance and distribution, grazing pressures and pasture conditions. Agreement will be reached on reporting and information sharing protocols between different provincial agencies such as the EPB, QFD, Chinese Academy of Sciences' Institutes and sub-provincial monitoring units at county and NR level.

61. The necessary hardware and software will be put into place, and training, network, data flows, data sharing protocols and data reporting forms necessary to operationalise the database will be developed. Collaboration of several existing institutions (EPB, Northwest Plateau Institute of Biology, CERN, Department of Aquatic Products, Department of Meteorology) is envisaged and would constitute government contribution to the project. The database should be accessible online so that duly cleared information can be accessed by any user, linking existing sub-databases. The database should accommodate the flow of new data from the field based monitoring to be implemented under the project and include a legal incidents database. A monitoring guidelines booklet will also be developed, including sections for data management at different levels – community, NR, provincial, etc. – and data sharing and reporting protocols.

62. This is a large and complex activity that will require periodic follow up and supervision. It should be undertaken as a service contract, awarded to a qualified NGO or institution. Strong GIS capacity is essential. Training will be provided for database developers and managers within the provincial government.

Outcome 2: Increasing PA management effectiveness through strengthened systemic, institutional and staff capacities

(Total cost: 5,610,000 US\$; GEF 1,510,000 US\$; Co-financing 4,100,000 US\$).

63. This component will focus on systemic, institutional and staff capacity building of the Qinghai Forest Department and its associated prefecture and county level forestry bureaus (and other bureaus, as appropriate; since NR field staff are seconded from a variety of local government bureaus including grassland and animal husbandry bureaus at county level) for effective PA management, especially the SNNR bureau that administers the largest PA in the province. The project aims to streamline institutional arrangements so that not only are staff hired at prefecture and county levels for PA management trained regularly, but they have planning and reporting responsibilities that are common to all other PA management staff. Competence standards will be established to serve as the basis for training, promotions and appointments. A provincial level PA institutional strengthening plan will be developed that will define issues such as staffing; accountability along the decision-making chain; administrative processes; financial and human resources development and management; and optimal budget allocations. The project's work on improving PA operations at the landscape level will ensure that staff, equipment and other resources will be used optimally. Appropriate guidelines will be developed for management and business planning, effective enforcement, policing, reporting, survey/ monitoring work, and participatory/collaborative management. As far as possible, capacity building will be done through practical "learning-by-doing" and with peer support. A particular focus will be placed on strengthening prefecture level and county level policing by PA staff. In addition, staff capacities will also be developed for promoting community-State co-management of PAs.

64. Given the importance of sustainable financing of PAs, the project will identify and strengthen the overall legal, policy, regulatory and institutional arrangements for financial planning, revenue generation, and revenue retention at site and PA systems level. It will also strengthen business planning of PAs to ensure more effective use of scarce resources and help identify and implement additional streams of financing. A business case for the PA system will be developed that defines economic benefits, which will be used as a tool for mainstreaming activities under Output 1.1. Roles and responsibilities of different institutions and different levels of government, and costs of PA functions (for planning, policing, monitoring, and enforcement) will be defined. Efforts will be made to justify greater leverage of eco-compensation payments to be directed towards rewarding ecosystem stewardship within the PA system. Innovative financing mechanisms will be explored including inviting private enterprise to manage and fund PAs suitable for eco-tourism. The focus is on enhancing the management effectiveness of the existing PA system, which will help guide planned expansion or revision as developed under the PA systems plan. This component will also be strongly linked with component 3 below, which deals with demonstration.

65. A PA systems plan will be developed to identify overall needs for further protection, including anticipated needs to ensure the PA system is better able to sustain itself in a changing climate. This is expected to lead to the realignment of the PA system, to represent 22 out of the 30 major vegetation types and adding at least 1.8 million ha to the existing PA system and an additional 100,000 ha of co-managed areas.

66. The outputs necessary to achieve these outcomes are described below.

Output 2.1: Systemic capacity strengthened for effective PA system management

67. This output will fill the gap in national legislation through developing and enacting the PA specific provincial regulations for the SNNR, given its critical nature for China's water security and regional climatic stability. The PA specific regulations will include provisions for, *inter alia*: (a) community co-management, defining community use rights and responsibilities as well as participation mechanisms for PA management and decision making processes; (b) ensuring adequate level of staffing and management facilities; (c) establishment of new protection zonation categories such as community reserve, genetic corridor across farmlands forests and rangeland, privately managed areas, and nature tourism areas; (d) establishment of sustainable financing mechanisms; (e) EIA and SEA guidelines that are tailored for the ecological and socioeconomic conditions of the SNNR, with clear mechanisms for participation by resident and neighbouring communities; (f) guidelines for IAS response and pest control; (g) regulations on presence and/or types of fencing in different PA zones; and (h) climate change adaptation needs of the NR, which should also be mainstreamed in the regulations.

68. In addition, this output will establish a system of policing records from the province down to county level. A database designed to accommodate offence records and links to police/court cases will be established. Greater policing mandate may be granted to NR staff and designated co-managers, and a policing report form will be designed to allow numerical analysis. Such a system would allow managers to monitor the effectiveness of law enforcement efforts and focus attention more accurately on where greater enforcement or alternatives is needed.

Output 2.2: Institutional strengthening plan adopted and operationalised

69. An Institutional reform plan will be developed by a suitable institutional expert. This consultant should review PA institutional capacity and suggest reforms needed to streamline operations, clarify roles and responsibilities and encourage higher standards of performance. The review should look at existing roles and responsibilities, areas of overlap, conflicts or gaps, ways to improve coordination, reporting needs, financial needs and opportunities, staffing level, in-service training, career structure and standards, operational procedures. The institutional strengthening plan should be integrated with output 2.1 in order to ensure that identified possibly new functions are fully integrated in the institutional strengthening plan. There needs to be close linkage between this output and outputs 2.5 and 2.6, to ensure adequate financing for optimal institutional set up and training activities. Ideally PAs should enjoy the support of a strong alliance of synergetic agencies rather than be the sole responsibility of single weak institutions. Based on the management effectiveness tracking tool and capacity scorecard assessment conducted during the PPG, work under this output will focus on identifying and rectifying current weaknesses and shortcomings in institutional organisation and management. IUCN toolkit for PA management self-assessment (<http://data.iucn.org/dbtw-wpd/edocs/PAG-006.pdf>) will also be useful for guiding the process. Once areas in need of strengthening are identified, a stepwise plan will be developed to outline necessary actions including identification of training needs.

Output 2.3: Budgeting and resource allocation improved directly addressing threats to PAs

70. Financial assessment under PPG revealed big gaps in financial allocations for PA development and operation. Many PAs receive only a fraction of what they realistically need for basic operations such as patrolling, monitoring and law enforcement. In tandem with output 2.2, work under this output is focused on ensuring that budgeting is done based on the actual needs on the ground and that budgets available for PAs are directed efficiently to operational essentials rather than 'showy' facilities. For this, the project will support a thorough review of annual budget planning and allocation process to identify areas for improvement and actions that are necessary. In tandem with the management planning under 2.6, the project will also support costing of PA system management activities and development of a convincing official budget request document motivating for increased operational funds based on the results of this output (2.3).

Output 2.4: Business case justification shows economic benefits from PA functions

71. The project will undertake an economic valuation of ecosystem services delivered by PAs in Qinghai and work these results into a proper business plan which will identify novel financing mechanisms for PA operations including better use of eco-compensation mechanisms e.g. from downstream water taxation. Work under this output is intended to strengthen the justification for protection policy and help leverage greater payments from eco-compensation initiatives that could be used to motivate and reward local communities for good environmental stewardship. It is necessary to put both the PA

needs (inputs) and multiple services and opportunities (outputs) onto a clear business footing to allow cost-benefit analysis. This will help encourage private and sectoral investment in improving PA protection and will clarify key items that should be monitored.

72. Work under this output is intended to strengthen the justification for protection policy and increased government investment in PA management. It is also intended to help leverage greater payments from eco-compensation initiatives that could be used to motivate and reward local communities for good environmental stewardship. The project will support development of a PA system business plan which will estimate management costs of the PAs and PA system, and develop a plan to meet the required costs, identifying novel financing mechanisms for PA operations. Such mechanisms will include introduction of tourism concession systems, tourism tax, and better use of eco-compensation mechanisms e.g. from downstream water taxation. The business plan should also evaluate the potential of other types of revenue such as eco-tourism potential, advertising rights and promotion, carbon trades, branding of local products, access payments from railway, roads, underground cables, power lines etc. across PAs, towards the objective of achieving financial sustainability of the PA system. In support of the business case, building on previous ecosystem valuation work in Qinghai, the project will undertake an economic valuation of the PA system. It will identify and quantify economic values of a range of ecosystem services delivered by the PAs such as economic benefits from tourism. The results will strengthen the business plan through putting both the PA needs (inputs) and multiple services and opportunities (outputs) onto a clear business footing to allow cost-benefit analysis.

73. This work can be combined into a single consultancy or undertaken in specialized parts, but all must be closely coordinated. Better evidence is needed of the value of economic services especially in terms of water catchment security, water quality, carbon storage as peat and carbon fixation in grasslands and in forests, to serve as leverage for negotiations with national authorities and downstream beneficiary provinces to secure greater eco-compensation payments to Qinghai and a greater share of those payments to the local communities responsible for good ecosystem governance. The insulation role played by grass and other vegetation in reducing heat absorption of the plateau should be evaluated as a contribution to climate change mitigation. The business plan should also evaluate the potential of other types of revenue such as eco-tourism potential, advertising rights and promotion, carbon trades, branding of local products, access payments from railway, roads, underground cables, power lines etc. across PAs, towards the objective of achieving financial sustainability of the PA system. Awareness activities are required to broadcast the results of these analyses to make government planners, financiers and the general public understand better the need for investment in NR and PA protection.

Output 2.5: PA staff skills raised with 200 PA staff meeting occupational competence standards

74. PPG reveals that not only are staff way below requirements in numerical terms, they also lack basic training. While the QFD is committed to increase the number of the staff to an appropriate level, generic competency standards have been developed at national level by CCICED, and can be quickly adapted to provincial requirements. Work under this output is designed to put in place an effective system of competence standards. Adoption of such standards will raise capacity of PA management staff, and also will serve as a basis for identifying training needs. Adoption of promotional guidelines based on the standards will give a career structure to the PA service, and raise morale through application of a fairer skills-based promotional system.

75. Based on the competency standards, a training programme will be developed with implementation of a series of training workshops and/or courses supported. Several different training targets have already been identified including biodiversity monitoring, law enforcement techniques, community-based conservation and co-management approaches to conservation, specialized database management skills, and vehicle maintenance. Some training might also be undertaken in/with universities in the provincial capital, Xining, supported by additional organizations or institutions as necessary.

76. Support for further development of post-graduate training opportunities in the province is also encouraged. When institutional capacity is sufficiently developed (e.g., at Qinghai Normal University/ QNU) to deliver relevant workshops, courses and other learning opportunities in conservation, wildlife management, community development, local governance, etc., the forestry department and other relevant government departments would send PA and other staff for upgrading and/or they would target graduates from this programme for recruitment. Shorter courses would also be developed and included in the programme for field staff upgrading, possibly with subsequent (follow-up) distance learning approaches and related technological innovations employed. Also in support of effective PA management and biodiversity conservation in Qinghai, the establishment of a Research Centre focused on sustainability and its socio-economic and environmental foundations is recommended. One or more sister institutions of higher learning will assist in the necessary planning and development of this Centre, such as DICE (Durrell Institute of Conservation and Ecology) at University of Kent in Canterbury, UK (DICE/UoK and QNU already have reached in principle agreement for such a conservation training, teaching and research venture). As necessary, other co-financing mechanisms will also be

pursued; e.g., Ford Foundation has expressed interest in supporting QNU with Plateau Perspectives for post-graduate course development in the province, and University of Kent may seek additional financial support from UK DEFRA through the Darwin Initiative. With the input of a senior Plateau Perspectives consultant, who as CTA in a UNDP/FAO project assisted in the establishment of the Wildlife Institute of India (WII) in the 1980s (WII trains all senior PA management staff within India's forestry bureau) and more recently in the development of a conservation management MSc programme in one of Myanmar's major universities, initial outline of the structure, purpose and expected outputs of this Research Centre in the Tibetan plateau region has already been adopted in principle by a provincial university.

77. Specialist skills also needed in the project include training in community co-management and use of participatory 3D modelling for conflict resolution. The latter approach involves organising villagers to construct 3D models of their own lands, based on detailed GIS topographical maps. The activity of making the models and then colouring the surface to reflect land cover, ownership, trails, waterholes and other significant sites has been found to be a break-through approach in getting local community interest and participation and can serve as a valuable tool in then negotiating zones, fence lines, harvest areas, quotas and other forms of conflict resolution (see http://www.iapad.org/participatory_p3dm.htm or download manuals from http://www.iapad.org/publications/ppgis/p3dm_arcbc.pdf).

78. A staff recruitment programme will be organised to substantially increase staff numbers (both full-time and temporary) to fulfil the required functions identified under output 2.2. Evaluation of staff will be put in place to identify deficiencies where skills need to be developed

Output 2.6: Develop the PA Systems Plan including climate change considerations

79. Although only a desk study, the PA systems plan is an important output of the project and a key ingredient for strengthening the PA system as well as mainstreaming the PA system into other provincial development plans. Expert consultant(s) in PA systems design will work together with a team of provincial planners to undertake a provincial PA systems review. Starting from a clear policy objective of what is expected from the provincial PA system, the consultant should analyse the current distribution of PAs, distribution of species, habitats and NRs and review how well it meets this objective. Gaps in coverage of major ecosystems or species and areas where gap-filling new PAs may be required should be identified. The review should comment on the boundaries and zones of existing PAs in relation to biodiversity needs and the socio-economic context.

80. The climate change adaptation needs of biodiversity and ecosystems will be fully integrated into the PA system plan. Available climate change scenarios and prediction on impacts and vegetation/animal responses will be closely reviewed, and the PA system adaptation strategy and appropriate genetic corridor design will be developed. Genetic corridors aim to allow for animal migration needs and gradual species range shifts in response to changing climates. The plan will suggest amendments to the boundaries and zones of PA system and identify critical connectivity points where genetic corridors are needed. In most cases corridors will comprise fence-free zones linking core areas of different PAs or different sections of a PA. In some cases they may require habitat restoration. In cases where corridors are required across or beneath roads, railways, around dams or other engineering structures, these should be incorporated into the engineering designs. Better understanding of the insulation effect of vegetation cover and relations to carbon storage is required to guide policy on grazing levels over the SNNR. To this end, the project will fund small-scale research of differential grazing impacts on micro-climate.

81. The ultimate product of the above activities is the provincial level PA Systems Plan with a concrete action plan, including plans to ensure inclusion of PA support and investment in the 13th 5-year plan and the Sanjiangyuan Ecological Construction Plan.

82. In tandem with the PA system planning, up to three NR management plans will be developed for the SNNR and other priority PAs (Kekexili, Qinghai Lake and/or Mengda). Management plans should have a component of costing of the management, clarification of inputs necessary to implement the management plans. Given the vast size of SNNR, the management plan for the NR will be a framework plan under which more detailed management plans for different management sections (or management units or blocks) will be developed under component 3. An international expert in NR management planning, a national expert in NR management planning and a national ecologist should be recruited to help provincial planning teams develop Management Plans. The international expert would assist in developing the first Management Plan. The domestic experts should then assist with subsequent plans (up to 3 PAs). The international concept of Management Plan differs from the Master Plans developed in China. The former plan guides habitat and species management, zoning, visitor use, education programmes, community relationships, buffer zone development, concessions and local regulations, patrolling, monitoring reporting, communications programmes, etc; the latter guides investment in the physical construction of NRs. It is exactly these operational aspects that are traditionally ignored and under-financed in China. In order to guide the management plans, targeted research will be supported on biological pest control (as

opposed to chemical control of species such as pika which are considered to be “pests”) and different options of reducing grazing without fencing, or using different types of fencing, as well as on effects on different levels of grazing on turf conditions.

Outcome 3: Demonstration of effective PA management through local community involvement (co-management) in the Sanjiangyuan National Nature Reserve (SNNR)

(Total cost: 7,336,828 US\$; GEF 2,764,000 US\$; Co-financing 4,572,828 US\$).

83. Under Outcome 3, the focus will be on the continued trialling and development and scaling-up of prior conservation-oriented collaborative management experiences in Qinghai and China, with a focus on Sanjiangyuan experiences, and on ensuring the effectiveness of PA collaborative management (co-management) mechanisms. Community co-management will be developed and demonstrated in the SNNR, applying the improved systemic and institutional capacity developed under the previous outcomes of the project. A broad ‘landscape approach’ will be promoted in managing this vast NR with unconnected blocks and resident human population. Initially, 6 communities (covering 8,866 km²) in three of SNNR’s six management blocks (covering 59,100 km² of NR’s total 152,300 km²) have been selected as project sites. Up to a total of 12 community sites will be selected and assisted in developing co-management plans in the lifespan of the project; the exact number depending on identification of appropriate candidate sites/communities and project capacity and progress in Y1-Y3. Co-management sites (communities) that prove to be most successful will be further assisted and publicized to serve as demonstration or model communities. Community selection was (or will be) made using the following criteria: critical nature of the area for biodiversity conservation; community interest and willingness to be involved; community capacity (including community cohesiveness, basic awareness or experience with the concept of co-management, and the existence of local champions); and potential demonstration value of the community site for addressing unique sets of conservation issues (e.g., overgrazing, human-wildlife conflict, poaching, mining, infrastructure construction, tourism). The SNNR management units in which the initial communities were selected are characterised by different ecosystems – forest, grassland, and wetland – and are thus envisaged to contribute to improved understanding and implementation of ecosystem-specific models of co-management. Other communities may be added later in the project to fill observed gaps or to learn from cooperation and collaboration with yet unknown (undocumented or unreported) community conservation efforts, if agreed by all the parties – to broaden the scope of the project’s learning experience as much as possible, which will help inform and guide future strategic planning and assist in scaling-up co-management approaches to strengthen PA management effectiveness.

Table 4: Project Demonstration Communities⁷

| Pilot Village | SNNR Management Unit (Ecosystem) | SNNR Section Size (km ²) | Community Area Size (km ²) | Population | Household Number | Ecosystem and Biodiversity Significance | Threats |
|------------------|----------------------------------|--------------------------------------|--|--------------|------------------|---|---|
| Zhongzhi Village | Makahe (Forest) | 1,970 | 36 | 508 | 90 | Forest ecosystem; White-lipped deer, Alpine musk deer, Golden Cat, Chestnut throated partridge | Poaching Over-harvesting |
| Junqu Village | Suojia-Qumahe (Grassland) | 41,630 | 1,459 | 541 | 132 | Grassland ecosystem; Habitat for Tibetan antelopes, wild yaks, white-lipped deer, black-necked cranes, golden eagles, and snow leopards | Poaching Overgrazing Human-wildlife conflict |
| Duoxiu Village | | | 2,756 | 840 | 244 | | |
| Cuochi Village | | | 2,440 | 920 | 230 | | |
| Muqu Village | | | 1,500 | 800 | 200 | | |
| Duoyong Village | Zhaling-Elinghu (Wetland) | 15,500 | 695 | 256 | 82 | Alpine wetland; 38 species of birds, 29 mammal species, 4 amphibians, and 7 fish. Estimated 130-230 Black Necked Crane | Infrastructure development Pest control Infrastructure (tourism) Overgrazing |
| TOTAL | | 59,100 | 8,886 | 3,865 | 978 | | |

84. The project will help to support and strengthen up to 12 community co-management agreements, covering at least 8,882 km² (the land area of the initial six community areas). Based on existing community experiences and lessons learned in Qinghai, for example in Cuochi Village, community-NR institutional agreements (including roles, rights and responsibilities) and management capacities will be developed and strengthened. Community resource management plans will be developed and sustainable use thresholds established as well as mechanisms developed for regular monitoring of

⁷ More detailed information is found in Project Document, Section IV, Part III on page 8.

sustainable resource off-takes. It is expected that clear resource access and use rights will give local communities incentive to better manage local resources and to protect them from unsustainable use whether by local community members or by outsiders. Furthermore, a variety of eco-compensation schemes will be assessed and piloted in the selected community areas, which ultimately should lead to reduction in pressure from overgrazing and other threats to biodiversity; ultimately over an area of 152,300 km². The critical roles of the Forestry Bureau and other agencies, local communities and NGOs will be clarified to ensure that all the partners in trial collaborative management schemes (field projects) abide to their relevant parts of joint agreements.

Output 3.1: PA management system in three management blocks covering 59,100km² (Makahe, Suojia-Qumahe, Zhaling-Elinghu) improved through co-management

85. Several different activities will be centred under this output, sequentially applying the provisions that are included in the SNNR regulations to be developed under Component 2. Based on the framework management plan for the entire Sanjiangyuan NNR developed under output 2.6, management unit-specific plans will be developed, with substantial participation of resident communities including both women and men, leading to identification of biodiversity hotspots and ecologically sensitive areas in the conservation area (management unit) as well as initial in principle agreement regarding co-management mechanisms and potential socio-economic contributions or compensation that may be gained from collaboration amongst the parties. Although there already exists a zonation map for all 18 management units of the SNNR – including core, buffer and experimental zones – a more realistic zonation that takes into account historic/current use and local socio-economic realities shall be discussed. The current zonation system is largely meaningless, as the same range of production activities occur in each of the different zones and no free prior and informed consent was given by communities before the original (current) SNNR maps were drawn up. Under the project, the zones in each management unit – in Makahe, Suojia-Qumahe, and Zhaling-Elinghu – will be reviewed and redesigned as necessary, including agreements on corridors and no fence zones, resource collection areas, harvest/grazing quotas and seasons. Such a process should include participation and agreement/acceptance not only of resident communities, but also of the Forestry Bureau and SNNR as well as local government including a variety of different bureaus. Local people and communities shall be present in such discussions and review activities through consultation with community group representatives.

86. It is important to note that the afore-mentioned management unit review and planning work, which aims to strengthen and enlarge the scope for co-management within NR management/development plans (both the broader framework plan and unit-specific plans), does not in itself include either specific detail about or opportunity for experimentation with co-management approaches – that is, the former is a management unit-wide partnership and zonation planning activity, while the latter comprises the field-based, community-centred work that shall be undertaken in direct and close partnership with local communities. The main purpose of the latter set of activities – described below – is to develop, trial and demonstrate successful co-management approaches to biodiversity conservation from which a suite of *best practices* can be developed and shared, leading to a scaling-up of co-management throughout the entire SNNR and across the Qinghai PA system.

87. Within the selected communities sites (trial co-management projects), specific application of the more general unit-wide management plans will be undertaken. However it is recognized that making management plans a reality on the field will be a difficult job, one of the greatest challenges in the entire project. This will require a lot of acceptance and participation by local herdsmen, as well as socio-cultural sensitivity on the part of external project participants. Where sustainable use thresholds need to be agreed, for example, a management system that includes monitoring and adaptive management components for pasture use or the use of other resources harvested by local communities shall be developed. It is not realistic, however, to simply apply the same NR regulations to all the different units or zones in the NR. Rather it will be necessary to negotiate on a case-by-case basis with communities the specific ways in which certain activities, collection quotas or seasons, types of fencing used (if any), levels and timing of grazing by domestic animals, etc., are to be organised. In addition, concurrent with discussions about resource use including both stipulations and limitations, there shall also be discussion leading to agreement regarding resource monitoring (mentioned above, also see Outcome 3.2) and discussion regarding local socio-economic development needs and aspirations and the ways that these can be met, including in particular how Payment for Ecosystem Services (PES) and other Eco-Compensation mechanisms could be developed or used for local community benefit (see Outcome 3.3) in light of their incurred costs (opportunity loss) due to environmental restrictions or as payment for their active, regular participation in agreed conservation activities such as resource monitoring, patrolling/policing, or conducting applied conservation research.

88. Throughout the above process, a series of focused extension and consultation activities at the community level will take place, aiming to create good and widespread understanding of the principles and guidelines as well as the merits of community co-management among envisaged co-management partners, in particular community leaders, to demonstrate how co-management may be an effective approach. Engagement of certain cultural authorities such as locally influential monasteries may also be tried. Building on such understanding, the co-management policy will be applied and tested at

the trial community sites – initially with six communities, but possibly more as the project progresses. This activity (replicated for each of the selected communities) will provide the means to test and develop – in fact, to operationalize – an effective, relevant zoning system for each SNNR management unit, as envisaged above. Through development of local level co-management frameworks, with joint governance and (co-)management structures including clear rules, roles and responsibilities agreed at site level by all parties, effective biodiversity conservation is strengthened. Establishment of tourism concessions will also be explored, with independent private companies as potential third-party co-managers.

89. Work under this output will involve much on-the-ground (field-based) face-to-face discussions and negotiations with local communities. It is therefore recommended that local NGOs, where present, play a significant role in these activities. External NGOs with long track-record of working in the same geographic area on co-management and related issues, and that also have worked in close partnership with local communities and their socio-economic development needs/interests, also are highly recommended for this component.

90. Development and use of 3D models (topographic maps) may be tried as an approach to engaging some communities, or to deepen partnerships and enhance learning in/with communities where relationships have already been established. This approach has proven useful in conflict resolution in some situations, and as a basis for sharing information and stakeholder/individual opinions in a variety of other conservation projects. A full manual on this method can be downloaded at http://www.iapad.org/p3dm_guiding_principles.htm (see training activity under output 2.4).

91. Successful models of collaborative management (often called co-management but covering an array of activities) developed locally or elsewhere in China may be followed under this component, and/or refined in the light of the local situation and the majority interests of the community – cultural, environmental, or otherwise. Stewardship programs, contractual arrangements, voluntary partnerships, co-management projects, indigenous initiatives, business-driven models of resource use, community cooperatives, revolving funds, trust funds, etc. – there are many different forms and variations or emphases within the broad conceptual approach of ‘collaborative management’ that are already present, at least in trial and documented form, in Qinghai and elsewhere in China. The project can and in fact should learn from this wealth of experience; no single or particular co-management approach should *a priori* take dominance in the project. What works best is what is driven and owned by the local community with support from government and the project.

92. Where co-management already has some local history, such as in Cuochi and Muqu villages, their current favoured approach(es) should simply be refined, that is, improved or adapted according to known best practices to make their model approach even better. Thus, the project shall adopt an approach of considering and refining a ‘menu’ of options for communities to consider, not developing or promoting single narratives or purported ideals. Pragmatism with co-management, not pre-conceived solutions (blueprint approach), will prevail in the project’s dealing with the concerns of communities, and dealing with known or observed opportunities and threats to conservation.

93. In establishing the local level co-management framework, traditional knowledge on grassland management will also be revitalized. Resource monitoring systems will be instituted to assess pressures on natural resources and biodiversity, as well as state of the environment (biodiversity, wildlife, plant species) and its response project interventions (output 3.2). Development and application of eco-compensation schemes will equally be explored in demonstration areas with a view to reducing biodiversity threats (output 3.3). Work at the community level will also need to involve active patrolling and law enforcement activities based on training given, staff increase and capacity delivered, and based the community agreements signed. Patrols will be paid from PA operational budgets, co-management agreements, stewardship contracts or other sources. Various cost-effective ways to minimize human-wildlife conflicts will also be explored and demonstrated. It is anticipated that local, national and/or international NGOs will be contracted to undertake some or all of these tasks.

Output 3.2: Monitoring and adaptive resource management systems in place

94. The project will develop and deploy an Ecological Monitoring System. This will involve a review of relevant data already being collected by different agencies (climate, aquatic resources, socioeconomic, vegetation, key mammals and birds), both on the ground and via remote sensing, and collected by locally based individuals or groups/communities. Identification of data gaps is required for overall ecological monitoring of the entire SNNR, including data requirements to assess climate change risks including wildlife species’ (potential) spatio-temporal adaptation. The project will design links and reporting channels necessary to bring key datasets together for analysis and reporting and to allow access to previously analysed data as appropriate for planning and monitoring purposes. Resource inventories, enforcement plans and monitoring system will be developed. This work should be undertaken by a team combining biologists, ecologists and data management experts, as well as social scientists (for socio-economic and community-related data); understanding of Chinese database systems is essential, and knowledge of Tibetan plateau conditions is desirable.

95. Targeted training will be provided to NR staff, project leaders (including field projects) and selected co-managers on

data collection and reporting, and appropriate guidelines will be developed for monitoring data collection. This activity will be fully integrated with training activities supported under component 2. A network of community-based monitoring systems will be developed as a fundamental component to PA management. Management infrastructure development including community guard posts will also be established. The secret to success is the tight relationship between use of local natural resources and monitoring the levels of use (or harvest, off-take). It is recommended to contract an NGO to supervise this aspect of the project. It is suggested also to explore various novel approaches, such as to see if the army is willing to help organise helicopter monitoring of wildlife in some of the most remote areas of the SNNR and other PAs.

96. The SNNR is seriously lacking in operational equipment needed for patrolling and monitoring such vast areas. The project will ensure that strengthened PA field staff and co-managers have the equipment necessary for them to undertake their operational duties including wildlife monitoring and basic research, which may include communication equipment such as satellite phones, binoculars, motorbikes and other basic tools. Necessary training in the use and maintenance of such equipment (for environmental monitoring, wildlife research, etc.) will be provided, together with a maintenance plan as appropriate. Most of the equipment and all construction costs will be covered as part of the government co-financing. GEF expenditure on this aspect will be limited to computers, and communications equipment such as satellite phones. It is important to emphasise that field equipment also require both physical and financial resources for storage, maintenance and operation, costs that must be borne under the government operational budget.

97. Supervision of co-management and of monitoring activities is a large and complicated part of the programme, which will involve many ground-level activities in many locations spread over several years. It is suggested to bundle the entire implementation and supervision of the community co-management (demonstration) component of the project into one or several service contracts to be undertaken by one or more qualified international NGOs. Several NGOs have relevant experience in this area.

Output 3.3: Piloting of eco-compensation schemes in demonstration areas in reducing biodiversity threats

98. In exchange for the ecological services provided by these catchment areas, downstream beneficiaries should provide direct or indirect eco-compensation to upstream regions and communities, to create incentive (and provide recognition) for local communities' contributions to the maintenance and long-term conservation of the catchment areas and PAs in Qinghai. Under this output, the project will develop and establish eco-compensation schemes targeting the SNNR, in particular the target community areas. In October 2010, the national government announced that US\$ 2 billion will be allocated annually for subsidizing pastoralists for grassland conservation under the national Grassland Eco-compensation Programme. The goal is to reduce grazing pressure on grassland without compromising the income level of pastoralists. With the vast grassland areas present in Qinghai Province, a total of US\$ 299 million of the eco-compensation funding is earmarked for the Province. These compensation funds are expected to be used as subsidy for no-grazing zones, livestock reductions, grass planting (restoration, or creation of artificial grassland) and livelihood development.

99. Eco-compensation funds can be delivered in several ways: they may be allocated for PA management and operations, they could be transferred as direct payment to individual households, they could be provided as a contribution to local community funds, they may be allocated to recognized local community cooperatives (such as herders cooperatives), etc. Whichever approach is selected, either for China generally or in this project, transparent mechanisms must be established for the selection of donees and the execution of all such financial transfers, along with follow-up monitoring of funds.

100. Two approaches/beneficiaries for the use of eco-compensation funds are recommended in this project: a portion of funds can serve as (partial) financing mechanism for the SNNR (and the broader PA system), in particular for field operations including both development and support for community co-management within PAs and for important wildlife research and repeated monitoring of selected wildlife species' abundance and distribution (in part with co-managers); and a portion of these funds should serve to assist local resident communities, as payment for services rendered (both labour contributions and protection and safeguarding of ecosystem function and wildlife). Payment to communities should be as transfers into community funds, which shall be administered with clear accountability and governance structures. Support in the development or improvement of such structures, for example community cooperatives or community trust funds, should be an integral part of community-based co-management activities in this project, as appropriate or necessary. Local committees (such as the membership of herders cooperatives, or leadership/management of trust funds) may choose occasionally also to pay dividends to member households, thus leading to individual payments without necessitating one-on-one discussions with every resident household in target community areas. Other forms of direct payment for specific services such as monitoring activities can equally be made, to be decided in co-management dialogue through the project.

101. As one of the key challenges to developing an eco-compensation scheme to offset the cost of conservation action, which benefits a large downstream constituency (as well as local livelihoods), is the valuation of ecological services and

of the existence of wildlife populations; and as the process of developing adequate valuation tools and protocols and building consensus among multiple and varied stakeholders may be a long, sometimes arduous process; an interim stop-gap measure is recommended to move forward the development, trialling and up-scaling of the co-management approach for biodiversity conservation in the province (which remains vital, through the increased labour and support provided through this approach, unattainable through formal government employment alone). This interim stop-gap measure would be the provision, from government environmental compensation funds (i.e., the reserves from which eco-compensations shall be made), of annual contributions to co-managers' community funds in amounts less than the lowest initial estimates for an area's ecological services or according to novel 'willingness-to-pay' approaches – so that, simultaneously with the development of appropriate valuation tools, there can also be adequate experimentation and development of the other fundamental part of the eco-compensation equation, namely the co-management component together with the transfer, accounting, local decision making, use and monitoring of compensation funds. Such interim transfers to local communities, in amounts less than the initial estimated minimum environmental value of an area, can be accounted as subsidies to farmers and herders; until such time as the full valuation of environmental services is complete and adequate internalization of environmental costs and benefits is made in the context of national sustainable development programmes.

102. The potential of this project to pilot and demonstrate national strategies as currently being developed under the SECP initiative – such as fund transfers, environmental valuation tools, operationalisation of eco-compensation, integration of conservation and rural development, etc. – is large, and this can help to create much buy-in from partners in the project.

103. Several examples of community governance structures already exist in China, some of them actively being developed and trialled in the Tibetan plateau region (including, e.g., in Sichuan, Gansu, Inner Mongolia, Yunnan and Qinghai provinces). In particular there is scope to explore options with community-based herder cooperatives and associations, social enterprises and businesses, etc. Whether using business models of sustainable resource use, or voluntary association of like-minded people, or more formal herder cooperatives – the development and further strengthening of community development funds (possibly revolving funds, as already trialled in Cuochi village by SGREPA) and community trust funds (as being trialled with assistance from Ford Foundation and local business partners in Sichuan province) should be central in this project, with regard to detailed discussion, planning, management and monitoring of receipt of eco-compensation funds at community level. Details of how such community/trust funds are administered and for what purpose loans or payments will subsequently be made within the community (e.g., to individual community members, or as start-up grants for local enterprises, or as social contributions) will remain the domain of the communities themselves, with some project input for funding and facilitation and government input for additional funds, monitoring and wider support.

104. The project will equally develop the direct and systematic linkage between the grassland eco-compensation funds and the strengthening of the SNNR's management effectiveness. This will include use of the eco-compensation funds for increasing NR staff numbers, management infrastructure consolidation and establishment of training programme for NR staff and community co-managers, and development of grassland management tools such as a revitalisation of traditional knowledge on grassland management.

105. The community compensations will be fully integrated with the co-management mechanisms and the operational framework developed under 3.1 and 3.2, including deployment of eco-compensation schemes to help motivate adoption of suitable thresholds.

106. The project will develop detailed design of the eco-compensation programme in SNNR, detailing the actions and social as well as ecological outputs and outcomes. The project will further support operationalisation of the programme in the target areas and other suitable communities that may be identified, creating model arrangements that can be replicated across the province.

107. In addition, to further enhance the effectiveness of PA management and promote conservation in Qinghai, as well as to support co-management and strengthen community governance structures in the area, establishment of an *International Centre for Yak Husbandry* is recommended (along the lines of the International Centre for Reindeer Husbandry, or ICR). In other similar circumstances (cf. reindeer herding), such a Centre has proven to be a valuable initiative, supporting the sustainable development (sustainability) of livestock herding as livelihood and researching as appropriate natural resource conservation issues.

108. In the light of current plans for massive tourism development across the entire province, with a special focus on the Sanjiangyuan region, it is also recommended that an *Ecotourism Network* (either at prefecture or regional level, or at the provincial level) be established. Such a network should create new or enhanced opportunity for varied stakeholders to discuss and learn about sustainable and responsible tourism, about destination tourism (as opposed to site-based

tourism), and about the possibilities for ‘tourism for community development’. Best practices in tourism can be elaborated, and opportunity increased for local partners (co-management communities) to participate in such developments. Biodiversity conservation, integration (coordination) with PAs and community participation/ownership in tourism will remain central in the agenda and the purpose of such a Network. Members should include communities, tour companies, tourism bureaus, academics (as advisors), PAs, NGOs, etc. Places such as Qilian County, known for snow mountains and forests, seek to rapidly develop the tourism industry – this equally presents a unique opportunity for convergence of interests between regional economic development (tourism in general), local community benefit (with development of community-based tourism), and nature conservation and PA development (through planning for tourism in/near PAs, and development of ecotourism that benefits both conservation and local communities). Such synergies should be encouraged and supported in the project, both to ensure that development be kept in-check and that all conservation opportunities be maximized.

109. **Global Benefit:** By implementing the above-mentioned components, the project is expected to achieve significant global benefits. These will be achieved from the reduction of pressures on biodiversity through an improvement in PA management effectiveness in Qinghai of over 251,665 km² of PA estate that will lead to improved biodiversity status in PAs. This will improve the efficacy of PAs as a mechanism to address current threats and likely climate change. In particular, the demonstration work at the Sanjiangyuan NNR will have global biodiversity impacts covering an area of over 152,300 km². This PA is well known for its extensive wetlands and as habitats for globally threatened species such as the snow leopard, Tibetan antelope, wild yak, argali and black-necked crane.

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

110. The project forms a part of the China Biodiversity Partnership and Framework for Action (CBPF), which is China’s umbrella GEF investment strategy for biodiversity conservation. The project is designed to advance CBPF objectives, addressing urgent, priority and catalytic outputs under the framework, in particular under Theme 3: “Investing and Managing Effectively in Reducing Biodiversity loss in Protected Areas”.

111. The project is well aligned with several national and provincial policies and programmes. The Constitution of the People’s Republic of China is the basic law which establishes that the State will protect and will improve the living and ecological environment, prevent and eliminate pollution and other hazards to the public; ensure reasonable use of nature resources, and protect rare animals and vegetation. The 11th National Five-year Plan (2006 - 2010) identifies protection of ecosystems and environment as a key strategy and clearly stipulates the principle of “polluters pay”. The project is also in line with the Government’s Western Development Strategy, which was launched in 2000, aiming to help the underdeveloped western region (6 provinces, five autonomous regions and one municipality with a combined population of about 370 million) catch up with the more prosperous eastern region. The project will implement one of the key principles guiding the Strategy to strengthen environmental protection including biodiversity conservation and restoration of natural ecosystems and their services. The 12th National Five-year Plan (2011-2015) promotes environmental protection and sustainable growth, enhancing “ecological conservation and restoration.” The plan urges the reinforcement of biodiversity conservation, strengthening monitoring in NRs – the main protected area category - and improving their management and protection.

112. The project also addresses key priorities under the National Biodiversity Conservation Strategy and Action Plan (NBCSAP 2011-2030), launched in September 2010, through implementing its priority strategy of strengthening the effectiveness of the PA system in China. The NBCSAP lists Sanjiangyuan as the largest of the 35 biodiversity priority protection regions in China.

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

113. The project is aligned with Strategic Objective (SO) 1 of the Biodiversity focal area, ‘Catalyzing Sustainability of Protected Areas Systems’. The project will contribute to this SO by marginally increasing the spatial extent of protected areas in Qinghai and upgrading the status of some PAs from provincial to national level; but also substantially improving the spatial design and management effectiveness of the PA system; consolidating and strengthening the enabling legal, planning and institutional framework for the revision and effective management of terrestrial protected areas; and strengthening the capacity (strategies, tools, mechanisms, knowledge, skills and resources) to support the operational management and financing of PAs. More specifically, the project complies with the eligibility criteria for the Strategic Programme (SP3) on Strengthening Terrestrial Protected Area Networks. The focus of the SP is on ensuring better terrestrial ecosystem representation through filling ecosystem coverage gaps, and giving the PA system greater resilience in the face of fast changing climate by maintaining connectivity between core areas allowing the gradual redistribution of component species of different plateau ecosystems. Ancillary support will be provided to improve the operational

efficiency of the PA system. In addition to strengthening overall PA management effectiveness, the project's work to increase co-management will, in effect, increase the area under effective conservation management (this will be measured against control areas). The project's work on building capacities will also include a component on sustainable financing – particularly on increasing cost-effectiveness through partnerships and community involvement, which will contribute to Strategic Program 1: Sustainable Financing of Protected Area Systems.

114. The project will contribute to the achievement of GEF's main indicators under this priority programming area as follows:

| Relevant GEF-4 BD Strategic Program (SO) | Expected outcomes | Relevant GEF-4 BD Indicators | Project contribution to GEF-4 BD Indicators |
|--|--|--|---|
| Strengthened Terrestrial Protected Area Networks | Improved ecosystem coverage of under-represented terrestrial ecosystems areas as part of provincial/national protected area system Improved management of terrestrial protected areas | Terrestrial ecosystem coverage in provincial and national protected area systems Changes of status of threatened species Area of habitat under sustained use Trends in alien species Connectivity of ecosystems Protected area management effectiveness as measured by individual protected area scorecards | Proportion of major vegetation types represented in NNR PA system raised from baseline of 43% to 75% Threatened species maintain or improve Red List status %age of land within selected pilot sites rated as sustainably used raised from baseline c.10% to 80% AIS remains low threat despite changing climate Genetic corridor system in place. METT scores of state protected areas increase from a mean baseline of 40% to all PAs >70% Financial sustainability scorecard increases from 31% to >50% Capacity development scorecard increases from a baseline of 35.5% to 60% |

115. China's commitment to PA development and biodiversity conservation is also evident in China's early signature to the Convention on Biological Diversity (CBD) in 1992, and many other conservation conventions (CITES, Ramsar etc.). China has remained steadfast in its commitments under CBD and in particular with activities under article 8 (*in situ* conservation; including especially sub-articles 8 (a-e) regarding protected areas and landscape conservation, and articles 8 (i-j) regarding sustainable use of natural resources, local communities and traditional knowledge.) A very extensive national system of protected areas has already been established. By 2010 China had established over 5,000 PAs covering more than 18% of the national territory.

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

116. This project will fund activities directed at strengthening protection and ensuring the conservation of biodiversity of global significance through the development of a framework for an effectively managed and financially sustainable PA system in Qinghai Province. The bulk of funding will be provided by the provincial government in the form of co-financing. The GEF funding will, however, be essential to enable the project to undertake a range of complementary and substitutional actions that cannot be funded through use of regular domestic financing mechanisms. Such actions are mainly work or activities that require coordination and collaboration across jurisdictions and between different tiers of the government, which normally do not get funded by the Governments. For example, the project seeks the mainstreaming of the PA system into provincial and sectoral development planning, and establishment of an information management system which combines and consolidates information from different government agencies. These inputs include provision of international experts and consultants and special training, and contracting of community involvement to the extent that domestic mechanisms can be mobilized for sustainability. GEF funding will also provide an opportunity for Qinghai Province to access global best practices and lessons to bring about the mind-set change among government officials and stakeholders in the province, necessary in order to achieve a great leap forward in biodiversity conservation. The GEF investment will be in the form of a grant. No loan or revolving fund mechanisms are considered appropriate, and therefore grant-type funding is considered adequate to enable successful delivery of project outcomes.

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

117. The CBPF will provide a national platform to ensure strong coordination between approved and planned GEF biodiversity projects in the country as well as other relevant initiatives of the national Government and development agencies. This will be done through the CBPF Steering Committee and the Partner Coordination Group. This platform also will ensure strong coordination between GEF biodiversity projects and other relevant initiatives of the Government of Qinghai Province, and other development agencies working in Qinghai Province, including the PRC-GEF Partnership on Land Degradation in Dryland Ecosystems Programme (which includes support in Qinghai Province). The Project will

annually report its progress and impacts to the CBPF Steering Committee. Coordination within the CBPF will enable not only sharing of news, information and reports, but also to widely spread lessons learned and awareness of successful co-management models than can be replicated elsewhere and thus up-scaled. Furthermore, as the project is very much complementary with the new CBPF-Main Streams of Life (MSL) Programme for wetland PA sub-system strengthening, the project will liaise closely with the umbrella national project for the new Programme within the SFA to ensure synergetic impacts. For this, the project has been developed to align more closely with the CBPF-MSL Programme, e.g. targeting development of sector specific standards and measures to safeguard wetland biodiversity within NRs and use of KAP survey. The project, which focuses on probably the most critical wetland PA in China, will be considered as part of the CBPF-MSL Programme, and will be included in the annual exchange meeting between the sub-projects.

118. Much of the project design and the community co-management models that will be further refined, extended and replicated through the project are derived from field projects managed by UNDP under the EU-China Biodiversity Programme (ECBP), and from several community initiatives that began earlier (including Muqu since 1998, Cuochi since 1999, and Junqu since 2005) with training and financial and technical support from NGOs such as Upper Yangtze Organization, Plateau Perspectives and Snowland Great Rivers Environmental Protection Association. Some of the NGOs that worked on ECBP (e.g., Conservation International) and other NGOs working in the province (e.g., Shan Shui) also have longer term programmes in the region which can be brought into play during this project to undertake much of the training, research and co-management work involved. From the perspective of local herding or farming communities partnering or participating in programmes such as development of the Protected Areas network, the greatest affinity and sustained support for the project may be promoted if intermediaries such as NGOs are employed that most broadly reflect and contribute tangibly toward the communities' multiple, multi-sectoral interests – including both community development and conservation goals. Few such organizations exist nationally or internationally, as most NGOs focus either on a strict conservation agenda or on a development agenda; yet local communities generally value both conservation and development, and wish to partner with groups or agencies that not only respect but also share (in practice) their values and perspectives.

119. In response to serious land degradation in several important catchment areas of Qinghai, the government allocates a significant amount of resources to ecological restoration and environment protection. In addition the provincial government manages the aforementioned Sanjiangyuan Ecological Construction Programme (SECP). The ecological protection and construction projects within the programme are highly relevant to the proposed GEF project – in particular the 'Returning Rangeland to Grassland' programme (*tuimu huancao*); 'Reforestation of Cultivated Land' (or 'Grain to Green') programme (*tuigeng huanlin*); restoration of deteriorated/degraded grassland; fire prevention in forest/grassland; water and soil conservation; and rodent control projects. Although largely driven by central level funding, the SECP is under provincial implementation and is steered by a provincial level expert team. There should therefore be a close coordination between the provincial expert team of SECP and the project team in order to ensure that the SECP will work towards strengthening the PA system by reducing identified threats to biodiversity such as overgrazing, and by supporting the livelihoods of PA residents and of neighbouring communities, in order to achieve the programme's ultimate goals. The question of local livelihoods must address not only housing, but also it must give adequate consideration to important matters of employment, community structure, functional access to social services and sense of cultural identity.

120. A large earthquake (magnitude 7.1 on the Richter scale) struck Yushu town on April 14, 2010, causing the death of over 2,200 people and destroying much of the town. The local and provincial government and other parts of the country have rallied around the people of Yushu and enormous funds are now being spent on the region's restoration, including additional sums for ecological restoration. Some of the new physical developments may have marked impacts on the ecological protection functions of the Sanjiangyuan National Nature Reserve (SNNR), half of which (approximately) lies within Yushu Tibetan Autonomous Prefecture. There is already collaboration between the reconstruction programme and the GEF/UNDP supported project "Emergency Biodiversity Conservation Measures for the Recovery and Reconstruction of Wenchuan Earthquake Hit Regions in Sichuan Province." The present project will similarly ensure full involvement of the Yushu reconstruction committee and its member institutions to ensure that reconstruction activities will not have major adverse impact on Sanjiangyuan NNR biodiversity, and rather will complement the PA strengthening activities supported in this project.

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

121. The Government of China has clearly identified biodiversity conservation as a priority and strengthening the PA system is a fundamental pillar of the country's biodiversity conservation strategy as evident in the NBCSAP and CBPF. Although the country is making significant investments and efforts for PA planning and management, **under the baseline scenario without the GEF investment**, global biodiversity conservation and financing in Qinghai will remain at a basic

level and will not gain wider support from multiple stakeholders— including different government departments and programmes, local communities and the private sector. Sector activities in particular engineering works will continue to have negative impacts on biodiversity and PAs. Systemic and institutional capacity for mainstreaming PA objectives in development planning and management will remain weak with rigid and un-implementable PA regulations, resulting in a major discrepancy between actual management on the ground and what the regulations stipulate. The PA planning will continue to be *ad hoc* and vulnerable to climate change, without any province-wide PA system plan which take into account the potential climate change impact on biodiversity. Biodiversity information in the province will be scattered and not easily accessible for use in PA management and sector planning.

122. Inadequate resources for PA operations, small number and under-capacitated PA staff will continue to hamper the progress for PA strengthening. Currently, there are no plans by the Qinghai Provincial government to bring about any significant institutional or policy reforms to strengthen the PA management in the province. Though the need to strengthen the financial and human resources for PA management is recognized, without technical support from the project any follow-up actions will be limited in nature and will not be informed by best available knowledge and practices from China and around the world. Some issues related to sustainable financing may be addressed at some sites, but the requisite comprehensive and systemic approach to financing is unlikely to occur without this project's support, and infrastructure financing will dominate in the mind of most PA planners and provincial decision-makers. The national grassland eco-compensation scheme will be used largely for large-scale infrastructure and resettlement schemes to move herders from within PAs to towns, which may only have a very short-term impact for improving ecological conditions of the PAs, yet may create enormous long-term (generational) social problems. Capacity building of reserve staff will be insufficient and will not bring about significant changes in overall capacities of reserve managers. At the PA unit level, under the baseline, different agencies will continue to promote their agenda and actions without due consideration to their impacts on biodiversity in and adjacent to PAs and this may actually increase future costs of amelioration of biodiversity loss and degradation. With the presence of a large number of residents within the PAs, park-people and human-wildlife conflicts will continue. Levels of participation in PA management and support by local people for conservation activities will remain low. It is unlikely that any formal and sustainable co-management framework or actual new examples of co-management will be established without support of this project.

123. **Under the alternative GEF scenario**, Qinghai's PA system will be significantly strengthened, better fulfilling its objective for biodiversity conservation. Under this scenario, the legal framework for the establishment, management and regulation of PAs in Qinghai will be greatly strengthened through development of the SNNR specific regulations, which will act as a model for the PA system in the province. The required institutional arrangements and coordination mechanisms will also be permanently improved with expected dramatic increase of staff numbers through mainstreaming the PA system in provincial development and sectoral planning processes and through proving the economic value of the PAs. The project will provide a sound basis for monitoring biodiversity, planning an adequate PA system both to protect representative samples of biota found today and also designed to meet the challenges posed by rapidly changing climate. The alternative scenario will equally provide the additional capacity needed to undertake the massive task of controlling illegal poaching and regulating such damaging activities as over-grazing, ill-conceived pest eradication programmes and insensitive engineering projects. The mind-set shift of the provincial government will be realised regarding the importance of PAs and how conservation policy shall be pursued, while also ensuring appropriate/sensitive community development through eco-compensation schemes that will have truly long-term and effective impacts on ecosystems and local peoples' livelihood.

124. An environmental stewardship programme will be in place to facilitate community co-management of large areas of remote nature reserve, rangeland and genetic corridors. Such a system is cheaper than recruiting government staff, takes advantage of the great knowledge, field skill and mobility (traditionally horses, now also motorbikes) of local herdsmen. At the same time the stewardship programme helps break the inherent animosity between protection authorities and resource users as well as bringing new financial opportunities and alternative livelihoods to these remote and generally poor communities. The stewardship system can build on decades to centuries of communal pastoral practices and cultural-religious beliefs and traditions. Models developed under this project can be up-scaled cost-effectively over much larger areas, not only in Qinghai but also in other provinces such as Tibet, Sichuan, Gansu, Inner Mongolia, etc., where similar pastoral communities and grassland ecosystems exist.

125. Development of a business plan for the PA system based on economic valuation and exploration of possible new financing mechanisms is expected to improve the financing situation of the PA system. Communication, education and awareness programmes linked to the PA will be coordinated as a strategic, sustained and focused intervention. Improved awareness among both the herding communities and urban public will feed into media interest and national mind-set, and support government's confidence in further investment into biodiversity conservation. Provincial pride in the unique values of Qinghai's unique fauna and flora, together with better appreciation of how their protection contributes to vital

national ecosystem services will be engendered and this in turn will assist the province in negotiations with central government and downstream beneficiary provinces to leverage greater eco-compensation payments to cover the costs of good ecosystem stewardship.

126. The Project will generate global benefits directly in an area estimated at 59,110 km² through co-management and piloting of eco-compensation schemes, and in total 152,300 km² through strengthened institutional and staff capacities for overall PA management in the SNNR. By strengthening overall provincial institutional arrangements and coordination capacities and actions for mainstreaming biodiversity, and by strengthening the PA management authority's institutional and individual capacities, the project will also contribute to overall effective management of Qinghai's total PA system, which covers 251,665 km².

G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED AND OUTLINE RISK MANAGEMENT MEASURES:

127. The following potential risks and mitigation measures have been identified. These risks and the mitigation measures will be continuously monitored and updated throughout the project, and will be logged in ATLAS and reported in the PIRs.

| <i>Risk</i> | <i>Rating</i> | <i>Mitigation Measure</i> |
|---|----------------------|--|
| Mainstreaming biodiversity into sectoral policies will be hindered by lack of incentives for other sectors and poor enforcement of agreed priorities and plans | Medium | Inter-sectoral coordination has generally tended to mean joint meetings to share information as opposed to joint actions for results. Therefore, this project proposes to not just focus on coordination but joint planning, approval of policy, programmes and legislation at provincial level with participation of key biodiversity impacting sectors and agencies. The Project enjoys leadership by the Finance Department of the Provincial Government and support for this project from different departments of the Provincial Government has been cultivated. The Project will continue to directly engage with the various departments to ensure partnership with and participation from different (and sometime competing) agencies. Given the importance the Central Government has put on ecological management of this region because of the fact that Qinghai is the source of three major rivers in China, there is an added impetus for all agencies in the Province to work together and the project has been formulated with this spirit of partnership. In addition, participation of the private sector, local communities, scientists and other members of civil society in project design and implementation will also be helpful to mitigate this risk. Success in Qinghai can be up-scaled to national level using the successful coordination mechanisms now in place in several other provinces through a BSAP process and using the CBPF forum. |
| Severity of climate change impacts will undermine conservation efforts promoted by the project through changes in biodiversity distribution and changes in community resource use intensities | Low to medium | Given that climate change impacts are likely to increase over the long term, the project will assess these and propose actions to enhance and support approaches that increase ecosystem, local livelihood and PA system resilience. This is expected to help in addressing threats of climate change to biodiversity in the region, particularly through co-management, which will use both traditional and scientific knowledge to cope with changed climate variability and changes. |
| After 2013, China will launch a new round of government institutional reforms to mainstream the people's livelihood-related issues (such as increasing incomes, regional equality, and health) into the agenda of governments. This may reduce the focus on environmental protection (including PA system strengthening), disproportion the national and provincial investment and budget on PA planning and management, thereby hindering the process of achieving biodiversity conservation objectives. | Low to medium | Biodiversity conservation and people's livelihoods are closely interlinked, in particular in terms of pasture resource production, clean and steady water provision, as well as disaster mitigation. The project will ensure that these inter-linkages will be adequately acknowledged by policy makers at provincial and local levels as well as by the general public. The project will support necessary strategic studies and the production of practical toolkits and materials to foster better understanding of PAs' contributions to the economy and peoples' welfare and livelihoods. Furthermore, the project will promote co-management and equitable sharing of benefits from PAs, as well as the establishment of eco-compensation mechanisms to provide increased opportunities for the local households, communities and institutions engaged in biodiversity conservation to directly benefit from conservation-oriented activities. The Programme will actively support Communication, Education, Participation and Awareness (CEPA) as tools for conservation and wise use of biodiversity resources. |
| Even under co-management, economic development interests of communities will override conservation priorities, leading to continued loss and degradation of biodiversity | Low | Whilst there is significant interest amongst local communities to be entrusted with conservation of the land where they live, the project realizes that both incentives and penalties may be required for some communities to implement agreed conservation actions (when it is not of direct economic benefit for them, or actually causes losses in some livelihood opportunities or through increased conflict with wildlife). The project will ensure that communities are not completely or unduly burdened with the cost of conservation actions and that they receive reasonable financial and other support for the |

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| | | conservation work they do. In addition the government is already experimenting with a variety of models of eco-compensation schemes, and it is anticipated that rewards for good stewardship of ecosystems (and wildlife) can be greatly improved over coming years. |
|--|--|--|

H. EXPLAIN HOW COST-EFFECTIVENESS IS REFLECTED IN THE PROJECT DESIGN:

128. The project approach has aimed at maximizing cost-effectiveness by targeting system level barriers that will have wider rippling effects. The project is considered cost-effective in several ways. Firstly, the project's approaches in building support from across multiple sectors, local communities, and building capacities of the provincial forestry bureau are expected to lead to cost-effective PA management by avoiding duplication of work, avoiding biodiversity degrading investments (which would require additional resources for ecosystem rehabilitation, should that even be feasible) and by ensuring sharing of timely information and resources. The project is also considered cost-effective because it will build on pilot community conservation projects and approaches which have already undergone preliminary testing in the province as described earlier. Successful models will be up-scaled over the wider areas of the Sanjiangyuan NNR and in other NRs in Qinghai. Furthermore, the total project investment for strengthening overall PA effectiveness in Qinghai means that per year the investment per square km will be around US\$ 20 for Sanjiangyuan National Nature Reserve, which will be under direct project support, and only US\$ 15 per square km if Qinghai's entire PAs are considered. Comparable figures are not available for most NRs in China. Most NR's receive totally inadequate funding, whilst a few that benefit from international assistance or have large tourism revenues spend much higher amounts. The unit cost of protecting SNNR is relatively, given the low human population density, wide visibility for patrolling and relatively high connectivity of the site, enabling the project to produce cost effective impacts.

PART III: INSTITUTIONAL COORDINATION AND SUPPORT

A. INSTITUTIONAL ARRANGEMENT:

129. UNDP is the sole implementing agency of this project.

B. PROJECT IMPLEMENTATION ARRANGEMENT

130. The project will be implemented over a period of five years. The Qinghai Forest Department (QFD) is the government institution responsible for the daily execution and coordination of the project and will serve as the government *Executing Agency* (EA). UNDP is the *GEF Implementing Agency* (IA) for the project. The project is nationally executed (NEX), in line with the Standard Basic Assistance Agreement between the UNDP and the Government of China.

131. The QFD will take overall responsibility for the project execution, and the timely and verifiable attainment of project objectives and outcomes, but will report to the Project Steering Committee. QFD will provide support to, and inputs for, the implementation of all project activities, and recruitment of project staff and contracting of consultants and service providers with the advices from and involvement of the UNDP. International procurement will be mainly handled by the UNDP upon request of the QFD. The QFD will nominate a high level official who will serve as the National Project Director (NPD) for the project implementation. The NPD will chair the PSC and be responsible for providing government oversight and guidance to the project implementation. The NPD will not be paid from the project funds, but will represent a Government co-financing contribution to the Project.

132. The UNDP Country Office (UNDP-CO) will be responsible for: (i) providing financial and audit services to the project; (ii) overseeing financial expenditures against project budgets approved by PSC; (iii) appointment of independent financial auditors and evaluators; and (iv) ensuring that all activities including procurement and financial services are carried out in strict compliance with UNDP/GEF procedures. A UNDP staff member will be assigned the responsibility for the day-to-day management and control over project finances.

133. A *Project Steering Committee* (PSC) will be convened by the provincial government as a provincial leading group. The PSC will comprise several relevant provincial agencies (water resources, construction, agriculture, mining, environmental management etc.) as well as NGOs working within NRs. The province has established an ecological protection leading group to supervise the Government's Sanjiangyuan Ecological Construction Programme, which may be suitable as the PSC for this project. The Programme has established a roster of 271 technical experts who could

provide valuable technical support for this project.

134. The PSC will serve as the project's coordination and decision-making body. The PSC meetings will be chaired by the NPD. The PSC's role will include: (i) overseeing project implementation; (ii) approving annual project work plans and budgets, at the proposal of the Project Manager (PM), for submission to UNDP ; (iii) approving any major changes in project plans or programmes; (iv) providing technical input and advice; (v) approving major project deliverables; (vi) ensuring commitment of resources to support project implementation; (vii) arbitrating any conflicts within the project and/or negotiating solutions between the project and any parties beyond the scope of the project; and (ix) overall project evaluation.

135. The day-to-day administration of the project will be carried out by a *Project Coordinating Unit* (PCU) within the QFD comprising a Project Manager (PM), a part-time International Technical Adviser (ITA) who would also act as the project co-manager, Project Assistant and additional support staff. The project staff will be recruited following standard UNDP of the QFD recruitment procedures. The PM will, with the support of the ITA and Project Assistant, manage the implementation of all project activities, including: (i) preparation/updates of project work and budget plans, record keeping, accounting and quarterly and annual progress reporting; (ii) drafting of terms of reference, technical specifications and other documents as necessary; (iii) identification, proposal of project consultants to be approved by the PSC, coordination and supervision of consultants and suppliers; (iv) organization of duty travel, seminars, public outreach activities and other project events; and (v) maintaining working contacts with project partners at the central and local levels. The Project Manager and the ITA (co-manager) will liaise and work closely with all partner institutions to link the project with complementary national programmes and initiatives. The PM and ITA are accountable to the QFD and the PSC for the quality, timeliness and effectiveness of the activities carried out, as well as for the use of funds. The PM and ITA will produce Annual Work and Budget Plans to be approved by the PSC at the beginning of each year. These plans will provide the basis for allocating resources to planned activities. The PM and ITA will further produce quarterly operational reports and Annual Progress Reports (APR) for submission to the PSC. These reports will summarize the progress made by the project versus the expected results, explain any significant variances, detail the necessary adjustments and be the main reporting mechanism for monitoring project activities. The PM and ITA will also be technically supported by contracted national and international service providers. Recruitment of specialist services for the project will be done by the PM and ITA in consultation with the UNDP and the QFD. This should include staff for communications, information-sharing and documentation.

136. The project's management and implementation arrangements are more fully described in the UNDP PRODOC. For more detail, refer to Section I, Part III: 'Management Arrangements'.

PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL PIF:

137. There is no major shift in focus of the project compared with the design in PIF. Outputs and outcomes related to regulatory and normative interventions have been added, based on the PPG's findings on related barriers. A PA system planning and PA realignment target was also added, based on the PPG's findings on the serious level of inadequacy of PA coverage of different vegetation types, and the highly fragmented nature of the SNNR with six separate blocks. In addition, PA system planning was identified as essential to climate proof the PA system, changing boundaries and increasing connectivity. Furthermore, the funding allocation for each component was slightly adjusted to reflect more accurate budgeting. The Government has increased their share of the co-financing to maintain the same level of co-financing as PIF.

PART V: AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for CEO Endorsement.

| Agency Coordinator, Agency name | Signature | Date | Project Contact Person | Telephone | Email Address |
|--|---|------------------------|--|-------------------|------------------------|
| Yannick Glemarec UNDP/GEF Executive Coordinator |  | 15 February 2012 | Midori Paxton Regional Technical Adviser - EBD, UNDP | +66- 818787510 | midori.paxton@undp.org |

ANNEX A: PROJECT RESULTS FRAMEWORK

PART I: Strategic Results Framework (SRF)

| Objective/ Outcome | Indicator | Baseline | End of Project target | Source of Information | Risks and assumptions |
|--|--|--|--|--|--|
| Objective: To catalyze management effectiveness of Qinghai's PA system to fulfil its purpose of conserving globally important biodiversity | Financial sustainability score (%) for national systems of protected areas: <div>- Component 1 – Legal, regulatory and institutional frameworks</div> <div>- Component 2 – Business planning and tools for cost-effective management</div> <div>- Component 3 – Tools for revenue generation</div> | 42.3 % | 50% | Financial Sustainability | <u>Assumptions:</u> <div>- The government remains committed to strengthening the PA system and to an incremental growth in the funding allocation to finance the protected area network</div> <div>- The government continues to be committed to provide eco-compensations.</div> |
| | METT scores for different PAs: SNNR Mengda Kekexili Qinghai Lake Golmud Poplar forest | 32 54 40 53 23 | 70 65 55 75 50 | METT applied at PPG, Mid-Term and Final Evaluation | <u>Risks:</u> <div>- Mainstreaming biodiversity into sectoral policies will be hindered by lack of incentives for other sectors and poor enforcement of agreed priorities and plans</div> |
| | Selected indicator species that are rare and threatened show stable or upward trends in numbers (including <i>inter alia</i> wild yak, wild ass, Tibetan antelope, snow leopard, Pallas' cat, musk deer, white-lipped deer, black-necked crane, etc.) | Baseline survey of selected indicator species at outset of project, in three target units of the SNNR (Suojia-Qumahe, Zhaling-Elinghu, Makahe) | Key wildlife populations maintained or increasing; appropriate population structure | Biodiversity monitoring database | |
| | | | | | |
| Outcome 1 Mainstreaming PA management into provincial development and sector planning process | Outputs: 1.1 Inter-sectoral coordination and planning mechanism established to integrate PA systems and objectives into development and sectoral planning process. 1.2 Institutional capacities of the provincial government built for planning, monitoring and enforcement of biodiversity management to avoid/mitigate threats to PAs. 1.3 Knowledge management system established including climate change resilience monitoring component. | | | | |
| | PA system and its management mainstreamed within the provincial sectoral and development planning framework at the provincial level: indicated | No sectoral plans integrate PA objectives Development plans | At least 3 sectoral plans integrate consideration of PAs and of biodiversity conservation measures | Provincial sectoral plan 13 th 5-Year Plan | <u>Assumptions:</u> <div>- The Provincial Government continues to be committed to the establishment of co-management</div> |

| Objective/ Outcome | Indicator | Baseline | End of Project target | Source of Information | Risks and assumptions |
|---|---|---|---|---|--|
| | by clear inclusion of due consideration and concrete measures for biodiversity conservation and PA development, as well as ear marked budget in the sectoral development plans at provincial levels and in the (national) 13th 5-year plan. | include no vision and development plan for PAs and no link is made between the PAs and development, nor no concrete measure for biodiversity conservation | 13 th 5 year-Plan recognises clear linkage between PAs and provincial development, and includes PA- and biodiversity-related targets and budgets | | options and genetic corridors – Distributional data of threatened native species is updated and maintained at provincial level <u>Risks:</u> – The effects of climate change degrade the conservation value of PAs and areas targeted for PA expansion – The processes for development of regulations and safeguard measures to support effective management are prolonged and drawn out |
| | Threats to PAs from infrastructure placement (roads, dams) and other adverse forms of land use avoided, mitigated or offset, leading to more effective conservation in Qinghai's PA system covering 251,665km ² . | No procedure in place to deal with incompatible developments | Official standards for infrastructure development and operation within the PAs are developed and operationalised, with clear rehabilitation/offset mechanism. | Approved standards for infrastructure development and operation | |
| Outcome 2: Increasing PA management effectiveness through strengthened institutional and staff capacities | Outputs 2.1 Systemic capacity strengthened for effective PA system management. 2.2 Institutional strengthening plan adopted and operationalised. 2.3 Budgeting procedures and resource allocation improved, directly addressing threats to PAs. 2.4 Business case made to show economic benefits from PA functions. 2.5 PA staff skills raised, with 200 PA staff and other participants receiving training to better meet occupational competence standards. 2.6 PA system plan developed with climate change considerations. | | | | |
| | Capacity development scorecard (%) for the protected area system. | 35.5% | 60% | Institutional capacity development scorecard | <u>Assumptions:</u> – Stakeholder institutions constructively engage in the identification of the most cost-effective institutional and governance arrangements for the PAN – The individual PA institutions maintain a clear mandate and unequivocal authority to fulfil local oversight and management obligations for the protected area network – Information to support the planning and management of the |
| | Strategic plans prepared for PA institutions and procedures and investment, and PA staff numbers dramatically increased - Permanent staff - Temporary staff | No strategic plans 160 5 | Strategic Plan developed and adopted 360 150 | Approved institutional strengthening plan Staff complement | |
| | Province's system level PA financing increased to close the existing annual financing gap of US\$ 3.6 million for basic expenditure scenario (tracked | US\$ 2.8 million / year | US\$ 6.4 million per year | Audited financial reports of PAs | |

| Objective/ Outcome | Indicator | Baseline | End of Project target | Source of Information | Risks and assumptions |
|-----------------------|---|--|---|--|---|
| | with PA financial sustainability scorecard) | | | | <p>PAs is made available by government and institutional data holders</p> <p><u>Risks:</u></p> <ul style="list-style-type: none"> – Government institutions cannot agree on the rationalisation of the management authority for PAs – Severity of climate change impacts will undermine conservation efforts promoted by the project through changes in biodiversity distribution and changes in community resource use intensities |
| | Ratio of total PA budget spent on field operations raised to narrow spending gap | <10% of PA revenue spent on field operations | >30% of PA revenue spent on field operations | Departmental budgets and audits. Approved investments under 12 th & 13 th 5-year plans. | |
| | Reduction in illegal incident cases within the NRs – poaching, illegal harvesting, illegal-grazing, etc. | Currently no monitoring system in place. Baseline for the number of illegal incidents will be estimated at onset of the project. | Functioning policing records system with links to police/ court cases and an enhanced policing mandate of NR staff. Routine report forms designed for numerical analysis. Incidents reduced to 50% of the baseline level. | Incident database established at the onset of the project (output 2.1) | |
| | Annual income diverted to PA management from eco-compensation agreements (excluding funds arising from the Sanjiangyuan Ecological Construction Plan) | 0 | >US\$1.0m | PA financial accounts | |
| | More representative PA system approved with most of ‘major vegetation types’ represented (>5% coverage) in the NNR’s | 13 of 30 habitats | 22 of 30 habitats (addition of desert and Qilian montane habitats, with an overall increase of 18,000,000 ha in the provincial PA system) | Approved Systems Plan harmonised with other key plans Database and information management system in support of PA system Annual reports on state of biological environment | |

| Objective/ Outcome | Indicator | Baseline | End of Project target | Source of Information | Risks and assumptions |
|--|--|---|---|---|--|
| Outcome 3: Demonstration of Effective PA management through community involvement in the Sanjiangyuan National Nature Reserve (SNNR) | Outputs 3.1 PA management system in three management units covering 59,100 km ² in SNNR (Makahe, Suojia-Qumahe, Zhaling-Elinghu) improved through co-management projects. 3.2 Monitoring and adaptive resource management systems in place. 3.3 Piloting of eco-compensation schemes in demonstration areas to reduce biodiversity threats. | | | | |
| | Extent of area (ha) closed from domestic grazing Area of open corridors Area within the PA under community co-management | 1,000 km ² 0 km ² 2,440 km ² | 4,000 km ² 500 km ² 8,886 km ² (or more) | Stewardship and co-management plans and agreements in SNNR | <u>Assumptions:</u> – Government policy remains favourable to greater involvement and responsibility of local communities in co-management of grasslands, forests and wetlands <u>Risks:</u> – Even under co-management, economic development interests of communities will override certain conservation priorities, leading to continued loss and degradation of biodiversity – Insufficient incentives are created by eco-compensation and other co-financing schemes to facilitate conservation through co-management negotiations |
| | Increase in the key species number and distributions in target co-management community sites (up to 12 community field sites) | Baseline wildlife populations TBD at onset of project (Target species will be rare or endangered, to be agreed with SNNR and local communities) | Key wildlife populations maintained or increasing in co-management areas | SNNR annual reports, project field reports, end project survey (sub-contract) | |
| | Management effectiveness increased in SNNR due to co-management arrangements using the METT tracking tool | 33% Management unit baselines TBD at onset of project | 70% | METT applied at mid-term and at the end of the project. | |
| | Number of private-NR or of community co-management agreements: - Private enterprise management agreements - Informal, non-binding, agreements - Formal, legally binding, agreements | 0 6 0 | At least 1 >10 agreements >2 agreements | Filed and documented agreements | |
| | Awareness surveys among communities show increased positive attitude towards PA conservation | Baseline awareness TBD by Knowledge Attitudes & Practice (KAP) survey at onset of project | Baseline + 50% positive attitude | Initial KAP and end-of-project repeat KAP surveys in demo communities | |

ANNEX B: RESPONSES TO PROJECT REVIEWS

RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work programme inclusion and the Convention Secretariat and STAP at PIF)

| Comments | Response |
|--|---|
| Comments from the GEF Council | |
| <p>1. One of the identified key factors for undermining the conservation objectives is the infrastructure development in Qinghai. One example mentioned is the Sanjiangyuan Ecological Construction Programme, which is a national level programme. It should be explained, whether and to which degree this specific, and other relevant national level programmes, permit the provincial level administration to influence their implementation.</p> | <p>Although largely financed at State level, the Sanjiangyuan Ecological Construction Programme (SECP) and other similar programmes (e.g., Yellow River Conservancy Commission) are implemented by a special office established at the provincial level. The SECP also is steered by a provincial expert team, and is being considered as possible steering/coordination platform for the proposed projects, since all the key (government) stakeholders already are included in its steering committee. Changes in the design and work plan of the SECP may be possible at the provincial level, however the Forestry Department alone does not have the task or authority to persuade other stakeholders (government departments) to change or modify the plans. It is possible, though, to significantly align the present project with the SECP's recent announcement (16 Nov 2011) of a 'green development' accounting approach (not just GDP), and its provision that the central government should increase 'transfer payments' and that a standardized mechanism for long-term ecological compensation should be established. The recent announcement by Premier Wen Jiabao also continues to support various ecological protection measures as well as socio-economic improvements for local communities. Significantly, the announcement supports an enhanced role for civil society in the future and furthermore identifies farmers and herders as serving a main (central) role for ecological protection in the Sanjiangyuan region. In this context, it will be relevant and important to identify and strengthen linkages between the project and the national SECP, as they can be mutually reinforcing. The project will also support developing the necessary additional or enhanced capacity of the forestry bureau so that it can bring even more influence on the SECP and other similar programmes in the future (either in design or in implementation phase), to ensure maximum positive impact on regional biodiversity conservation and the maintenance of ecosystem services.</p> |
| <p>2. The participation of the local communities is considered an essential factor in the successful management of the PA system (in Qinghai). On page 7 of the PIF clear resource access and use rights are considered the main incentives for the local communities to avoid the unsustainable use of resources. On page 9, financial and other support is mentioned. A clearer elaboration of the proposed benefit sharing should be made.</p> | <p>The incentives for co-management and good stewardship are two-fold: i) contractual payments (contribution to community development funds) in exchange for stewardship activities and agreement/acceptance of resource use limits, combined with ii) clearly agreed access to resources on a sustainable basis (versus illegal extraction from NRs, which could be stopped at any time). At least one successful model already exists in the province, namely in Cuochi. The present project will study, refine, and seek to up-scale this or similar approaches (based on a widened experience of co-management trials, as provided for by the project), with all necessary modifications to match differing local conditions and attitudes. Learning experiences will be shared amongst communities, and more broadly. Efforts will equally be made to secure more sustainable payment for community stewardship/co-management services from the Government's planned eco-compensation mechanisms, which now are integral to the national SECP programme. This will allow for stronger incentives to be offered to local communities in future. Efforts to use eco-system compensation payments would follow (and refine and modify as necessary) examples already being tested widely in China within/for land conversion programmes (e.g., 'grain for green' and 'rangelands to grassland' restoration schemes) and granting of forest co-management licenses (with possibility of tenure reforms).</p> |
| <p>3. As with regards to the risks, inter-sectoral coordination with the objective to create an effective partnership is a challenge. The risk rating will therefore be probably higher than low.</p> | <p>The risk has been raised to medium. The Project enjoys leadership by the Finance Department of the Provincial Government, the Project Director is to be the Provincial Governor, and support for this project from different departments of the Provincial Government has been cultivated during the PPG through a number of meetings. The Project will continue to directly engage with the various departments to encourage effective partnership with, and participation from, different (and sometime competing) agencies. The project proposes to focus not just on coordination (i.e., information sharing) but more so on joint planning and approval of policy, programmes and legislation at provincial level with the participation of key biodiversity impacting sectors and agencies. Given the importance that the Central Government places on "ecological management" of this region – because of the fact that Qinghai is the source of three</p> |

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| | major rivers in China – there is added impetus for all provincial agencies to succeed (in all environment-related projects or programmes), and this project may bring broad benefit and recognition to all participating parties. Creating or elaborating the clear linkages the project has with the goals of SECP will be especially attractive to partners, as this will likely bring national level recognition and support. The project has been formulated with such spirit of wide partnership in mind. |
| 4. Furthermore, it should be explained how the experiences made at the provincial level can be upscaled to the national level to strengthen the effectiveness of the national protected area system. | Workable co-management models have wide applications in many parts of Tibet, Xinjiang, Yunnan, Sichuan, Gansu, and Inner Mongolia. Integration or coordination with directly compatible goals of the SECP will be sought. Greater emphasis has also been incorporated into the project design for knowledge management, awareness and broadcasting lessons learned. |
| Comments from the GEF Secretariat | |
| 5. The global biodiversity significance of the region is recognized and the project is expected to have tangible GEB in over 218000 sq km of PA estate in the Qinghai province in China. The demonstration conservation work at the Sanjiangyuan National Nature Reserve, known for its extensive wetlands and as habitats of globally threatened species, will directly cover an area of over 152300 sq km. Further identification of measurable indicators are expected at the time of CEO endorsement. | A range of measurable indicators have been devised as shown in the strategic results framework. These include better representation of habitat types, wildlife population improvements in selected indicator species (as agreed in co-management plans), better PA connectivity, establishment of climate adaptation corridors, and area under co-management, etc. |
| 6. It would be important that the demonstration at the SNNR is clearly linked with component 2 on PA system strengthening. Further activities to ensure this linkage needs to be identified and developed during project preparation | The flow from components 1 and 2 to the ground level in component 3 is well considered, from systems planning to management planning to field implementation; from designing provincial monitoring systems to training capacity and monitoring at NR and community level; from the legislative adjustments to empowerment of communities; from management standards to training PA staff to training community stewards. Awareness is a two-way process as well – involving both top-down (extension) and bottom-up (learning from experiences). As component 3 focuses on demonstration of effective PA management through community involvement, capacity development activities in outcome 2 have a specific focus on community-based conservation. Emplacement of a policing record system and the trial and establishment of eco-compensation payment schemes in support of PA management, as well as awareness activities, will all directly link to the demonstration activities in SNNR. |
| 7. The project's linkage with the CBPF is recognized. Further information and coordination mechanism needs to be clarified by the time of CEO endorsement. | The entire project forms part of a CBD response. Lead agency for CBD coordination and reporting in China is MEP and CBPF is the main coordinating mechanism for linking all CBD activities (including those executed by other agencies such as, in this case, Qinghai Forestry Department). The project will ensure the reporting of project progress and lessons to the CBPF steering committee. Furthermore, as the project is very much complementary with the new CBPF-Main Streams of Life (MSL) Programme for wetland PA sub-system strengthening, the project will liaise closely with the umbrella national project for the new Programme within the SFA to ensure synergetic impacts. For this, the project has been developed to align more closely with the CBPF-MSL Programme, e.g. targeting development of sector specific standards and measures to safeguard wetland biodiversity within NRs and use of KAP survey. The project, which focuses on probably the most critical wetland PA in China, will be considered as part of the CBPF-MSL Programme, and will be included in the annual exchange meeting between the sub-projects. |
| 8. The cost effectiveness of the project is explained. The justification notes that per year | There is no known comparison of per unit investment in PAs. However, given the relatively large size of NRs in Qinghai and in particular the sheer size of SNNR, it is considered cost effective to take the system approach to strengthen the PA management |

| per sq km investment in SNNR would be \$20 and it would be cost effective. Is there a comparison among investment in different PAs in China. If so, please provide some information. | in the province. Given the low human population density, wide visibility for patrolling and relatively high connectivity of the site, the project should be able to produce cost effective impacts. In addition, as explained in the PIF, another and more important dimension of cost effectiveness of this project is the fact that it builds on pilot community conservation approaches being tested in the province, which will not only save an initial long exploration period, but also provide chances for success and multiplying effects of such approaches. The project’s approaches in building support from across multiple sectors and local communities and building capacities of the provincial forestry bureaus are also expected to lead to more cost-effective PA management by avoiding duplication of work, avoiding biodiversity degrading investments and operations. | | | | | | | |
|---|---|--|--|--------------------------------------|---|----------------|--|--|
| 9. Major risks and mitigation measures are listed and considered adequate at this stage. Further information are expected at the time of CEO endorsement. | The risk table has been updated. The risks remain essentially unchanged but the project document gives a great deal more detail upon which these risks can be better assessed. | | | | | | | |
| Comments from STAP | | | | | | | | |
| 10. This is an ambitious project that might be strengthened by selecting the most important biodiversity areas within the PA network of Qinghai and focusing on these. The emphasis given in the PIF to field implementation with effective resource deployment is appropriate. Furthermore, the 'learning by doing' approach to capacity building is welcomed. | The project adopts a stratified focus. Some planning, capacity and systems design work is on the provincial scale, some management planning is focused on the 3 most important NRs. Field demo sites are focused on three main management units with varied habitats – grasslands, wetlands and forest regions of the largest NR. “Learning by doing” approach to capacity building both for NR staff and community co-managers is an important principle of the project. | | | | | | | |
| 11. Given the weakness of coordination between institutions responsible for land management in the project area, strong and effective communication will be essential for mainstreaming biodiversity conservation through the different agencies. Appropriate budget and human resources are recommended for this component. | Given the importance of enhanced awareness, communications and knowledge management for mainstreaming, explicit elements in this regard are embedded within all three project components, with corresponding resources allocations. Component 1 includes targeted communication activities to foster inter-sectoral coordination. These will include the development of a website, newsletter, media releases and distribution of key documents and guidelines. Targeted audiences are relevant departments of provincial and prefecture government, the media and the general public. | | | | | | | |
| Comments from GEF SEC at CEO Endorsement – January 13, 2012 | | | | | | | | |
| 13. Are the confirmed co-financing amounts adequate for each project component? A cofinancing letter from the provincial government has been provided that confirms the total cofinancing of \$18.35m, which includes in-kind \$13m and cash \$5.3million. This is in line with what has been approved at the PIF stage, however, the in-kind portion is considered very high. Considering various related investment in the region, please consider increasing the cash portion of the cofinance. Moreover, considering that this is the only | The breakdown of co-financing is indicated in the table below. Based on this, the cash por the co-financing has been increased from US\$ 5,302,861 to US\$ 14,602,900 as indicated in attached letter from the Qinghai Provincial Government. | | | | | | | |
| | <table><tr><th>Component</th><th>Co-financing Amount (slightly adjusted from the latest document)</th><th>Co-financing composition and sources</th></tr><tr><td>Component 1. Mainstreaming PA management into provincial development and sector planning process</td><td>US\$ 6,500,000</td><td>Approximately USD 4,000,000 through the intersectoral planning and coordination process as well as the ecological protection and construction projects of the Sanjiangyuan Ecological Construction Programme. This includes funding for the following sub-projects: Returning grazing to pasture; Reforestation on cultivated land; Deteriorated/degraded grassland control; preventing fire in forest/grassland; Water and soil conservation.</td></tr></table> | Component | Co-financing Amount (slightly adjusted from the latest document) | Co-financing composition and sources | Component 1. Mainstreaming PA management into provincial development and sector planning process | US\$ 6,500,000 | Approximately USD 4,000,000 through the intersectoral planning and coordination process as well as the ecological protection and construction projects of the Sanjiangyuan Ecological Construction Programme. This includes funding for the following sub-projects: Returning grazing to pasture; Reforestation on cultivated land; Deteriorated/degraded grassland control; preventing fire in forest/grassland; Water and soil conservation. | |
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| | | | |
|--|--|-----------------------|---|
| <p>source of cofinance, the GEFSEC requires further information on the composition of the cofinance, particularly on the source of finance and activities that are supported under the project framework. While number of related government initiatives are noted, it is still unclear what the cofinancing amount would exactly support under the project framework and how it would compliment the GEF financed activities.</p> | | | <p>USD 412,600 for wetlands census (partially funded with national government resources.)</p> <p>In-kind co-financing in the form of technical expertise, provincial facility use, travel and equipment for the purpose of project implementation – USD 2,087,400.</p> |
| | <p>Component 2.</p> <p>Increasing PA management effectiveness through strengthened systemic, institutional and staff capacities</p> | <p>US\$ 5,500,000</p> | <p>Provincial Government's Direct Investment in the PA system management USD 2,761,800 through budget allocation for nature reserve management within the Department of Forestry over the 5-year period.</p> <p>An estimated minimum amount for the nature reserves staff capacity building project funds - approximately USD 1,000,000 over the 5 year period (National Government).</p> <p>USD1,428,500 for wetland grant projects (national government)</p> <p>In-kind co-financing for the transport, travel and equipment for the purpose of project implementation – USD 338,200.</p> |
| | <p>Component 3.</p> <p>Demonstration of effective PA management with/through community involvement in the Sanjiangyuan National Nature Reserve</p> | <p>US\$ 4,572,828</p> | <p>Annual operational budget for the Sanjiangyuan NNR including field staff cost for law enforcement and community engagement - US\$ 80,000 X 5 years = US\$ 400,000</p> <p>An estimated US\$ 4 million eco-compensation funds to be earmarked to be spend in direct support for the project's activities under the component. national Grassland Eco-compensation Programme. (National Government)</p> <p>In-kind co-financing for the transport, travel and equipment for the purpose of project implementation – USD 172,828.</p> |
| | | | |

ANNEX C: KEY CONSULTANTS TO BE HIRED FOR THE PROJECT USING GEF RESOURCES

1. Overview of Inputs from Technical Assistance Consultants financed by GEF

| Position/Service Titles | \$/ person week | Estimated person weeks | Tasks to be performed |
|-------------------------------|-----------------|------------------------|--|
| For Project Management | | | |
| Local consultant | | | |
| Project Manager | 800 | 260 | <p>The Project Manager is responsible for overall coordination of the project activities and timely and quality delivery of project outputs. S/he will:</p> <ul style="list-style-type: none"> ▪ Supervise and coordinate the production of project outputs, as per the project document; ▪ Mobilize all project inputs in accordance with UNDP procedures for nationally executed projects; ▪ Supervise and coordinate the work of all project staff, consultants and sub-contractors; ▪ Coordinate the recruitment and selection of project personnel; ▪ Prepare and revise project work and financial plans, as required by UNDP; ▪ Liaise with UNDP, relevant government agencies, and all project partners, including donor organizations and NGOs for effective coordination of all project activities; ▪ Facilitate administrative backstopping to subcontractors and training activities supported by the Project; ▪ Oversee and ensure timely submission of the Inception Report, Combined Project Implementation Review/Annual Project Report (PIR/APR), Technical reports, quarterly financial reports, and other reports as may be required by UNDP, GEF, SFA and other oversight agencies; ▪ Disseminate project reports and respond to queries from concerned stakeholders; ▪ Report progress of project to the steering committees, and ensure the fulfilment of steering committees directives. ▪ Oversee the exchange and sharing of experiences and lessons learned with relevant community based integrated conservation and development projects nationally and internationally; ▪ Ensures the timely and effective implementation of all components of the project; ▪ Assist community groups, townships, NGOs, staff, students and others with development of essential skills through training workshops and on the job training thereby upgrading their institutional capabilities; ▪ Coordinate and assists scientific institutions with the initiation and implementation of all field studies and monitoring components of the project ▪ Ensure good communication on project results and lessons, liaising with media and stakeholders. ▪ Carry regular, announced and unannounced inspections of all sites and the activities of any project site management units. |
| Project Assistant | 600 | 260 | <p>Project Assistant will be responsible for overall administration of the project. S/he will:</p> <ul style="list-style-type: none"> ▪ Collect, register and maintain all information on project activities; ▪ Contribute to the preparation and implementation of progress reports; ▪ Monitor project activities, budgets and financial expenditures; ▪ Advise all project counterparts on applicable administrative procedures and ensure their proper implementation; ▪ Maintain project correspondence and communication; ▪ Support the preparations of project work-plans and operational and financial planning processes; ▪ Assist in procurement and recruitment processes; ▪ Assist in the preparation of payments requests for operational expenses, salaries, insurance, etc. against project budgets and work plans; ▪ Follow-up on timely disbursements by UNDP CO; ▪ Receive, screen and distribute correspondence and attach necessary background information; ▪ Prepare routine correspondence and memoranda for Project Managers signature; ▪ Assist in logistical organization of meetings, training and workshops; ▪ Prepare agendas and arrange field visits, appointments and meetings both internal and external related to the project activities and write minutes from the meetings; ▪ Maintain project filing system ▪ Maintain records over project equipment inventory; and ▪ Perform other duties as required. |
| Evaluation experts | 1000 | 10 | <p>The standard UNDP/GEF project evaluation TOR will be used. This will include: participate, alongside the international consultants, in the mid-term and final evaluation of the project, in order to assess the project progress, achievement of results and impacts; develop draft evaluation report</p> |

| Position/Service Titles | \$/ person week | Estimated person weeks | Tasks to be performed |
|---|-----------------|------------------------|--|
| | | | and discuss it with the project team, government and UNDP; as necessary, participate in discussions to realign the project time-table/logframe at the mid-term stage |
| International Consultant | | | |
| International Technical Adviser (project co-manager) ⁸ | 2000 | 25 | <p>Working closely with the Project Manager, the International Technical Adviser (ITA) will assume a role of project co-manager on a part-time basis during the lifespan of the Project. Sh/e will be responsible for overall coordination of the project activities and timely and quality delivery of project outputs. Duties include:</p> <ul style="list-style-type: none"> ▪ Co-manage the project being responsible for quality and timely delivery of outputs and ensuring the project; ▪ Provide technical inputs to the Inception Report, Project Implementation Review, technical reports, quarterly financial reports for submission to UNDP, the GEF, other donors and Government Departments, as required; ▪ Be responsible for preparing ToR and developing methodology in the execution of various technical studies to be carried out through the project, as well as assuring quality of technical reports compiled by consultants and link with project outputs and outcomes; ▪ Support technical consultancy procurement process, reviewing technical proposals and applications; ▪ Ensure the linkage between different consultancies, or different periods of the consultancy services continuing over several years; ▪ Ensure the development and implementation of project monitoring and evaluation plans, and annual update of the progress towards project impact indicators; ▪ Bring in international experiences to ensure that the project will operate making full use of global experiences, good practices and lessons learned in improving PA management effectiveness; ▪ Provide capacity building support to QFD staff and PA managers; ▪ Support the Project Manager in documenting lessons from project implementation and make recommendations to the Steering Committee for more effective implementation and coordination of project activities. provision of technical input to preparation of project work and budget plans, quarterly and annual progress reporting; ▪ Provision of technical support to seminars, public outreach activities and other project events; ▪ Coordination with project partners at the provincial and local levels, linking the project with complementary international and national programmes and initiatives. |
| Evaluation experts for mid-term and final evaluation | 3000 | 14 | <p>The standard UNDP/GEF project evaluation TOR will be used. This will include:</p> <p>Lead the mid-term and the final evaluations; Work with the local evaluation consultant in order to assess the project progress, achievement of results and impacts; develop draft evaluation report and discuss it with the project team, government and UNDP; As necessary participate in discussions to extract lessons for UNDP and GEF.</p> |
| For Technical Assistance | | | |
| COMPONENT 1 | | | |
| Local Consultant | | | |
| Sector mainstreaming specialist | 1000 | 40 | <p><u>Output 1.2 - Sector specific biodiversity safeguard development.</u> (a) review of national EIA/SEA regulations and procedures, and development of province-specific regulations and procedures; (b) review and analyse sectoral planning process and operational procedure of transport and infrastructure, livestock (animal husbandry) ; (c) design sector specific standards and measures within the planning and operational framework of the transport sector and engineering work, in order to safeguard biodiversity within NRs in close consultation with the relevant agencies and industry stakeholders; (d) design biodiversity safeguarding measures in the grassland and livestock (animal husbandry) planning and management framework of the province, in close consultation with the relevant agencies and stakeholders including communities.</p> |
| International Consultant | | | |
| PA planning and mainstreaming specialist | 3,000 | 40 | <p>Working closely with the National Project Director and Project Manager and Assistant the specialist will provide part-time but continuous technical support for outputs under outcome 1 for the duration of the project period. Tasks will entail:</p> <ul style="list-style-type: none"> ▪ Assist the QFD through the institutional strengthening process to ensure that adequate human and financial resources are secured for effective biodiversity conservation outcomes and effective park management; ▪ Ensure that the QFD institutes effective and sustainable biodiversity monitoring and evaluation mechanisms at both local and national levels, including knowledge management system establishment, support for PA system planning and park management planning; |

⁸ With the technical part of the adviser's role under outcome 2, the adviser or the co-manager will have a total of 60 weeks inputs during the project period.

| Position/Service Titles | \$/ person week | Estimated person weeks | Tasks to be performed |
|---|-----------------|------------------------|---|
| | | | <ul style="list-style-type: none"> ▪ Provide capacity building support to QFD staff and PA managers; ▪ Bring in international experiences to ensure that the project will operate making full use of global experiences, good practices and lessons learned in improving PA management effectiveness; ▪ Produce policy briefing papers and project technical reports for supporting decision making processes, advocacy and knowledge management as appropriate; ▪ Be responsible for ensuring a sound conservation basis for project intervention and intended biodiversity conservation outcomes of the project; ▪ Support preparation of ToR and development of methodology in the execution of various technical studies to be carried out through the project, as well as assuring quality of technical reports compiled by consultants and links with project outputs and outcomes; ▪ Provide technical inputs to the Inception Report, Project Implementation Review, technical reports, Quarterly financial reports for submission to UNDP, the GEF, other donors and Government Departments, as required. <p><u>Output 1.1 - Intersectoral coordination and planning mechanism:</u></p> <ul style="list-style-type: none"> ▪ advise the QFD in key strategic and policy issues related to biodiversity conservation strategy and protected area planning; ▪ support the QFD in development of a inter-sectoral coordination and planning mechanisms and integration of the PA systems and objectives into development and sectoral planning process; ▪ provide technical support to the coordination body to be established/designated; ▪ mainstream the PA system in the provincial BSAP; ▪ support for targeted communication activities fostering inter-sectoral collaboration. <p><u>Output 1.2 – Development of sector based standards and measures:</u></p> <p>Working closely with the national sector mainstreaming specialist, and through full consultation with sector agencies and stakeholders:</p> <ul style="list-style-type: none"> ▪ review national EIA/SEA regulations and procedures, and development of province-specific regulations and procedures; ▪ develop practical regulations related to transportation and engineering work, including development of specific standards and measures to safeguard biodiversity within NRs; ▪ develop biodiversity safeguarding measures in the grassland and livestock (animal husbandry) planning and management framework of the province. <p><u>Output 1.3 – Establishment of knowledge management system:</u></p> <p>Working with the service providers, ensure the establishment of a virtual biodiversity data centre by network linking existing sub-centres, as well as establishing a biodiversity monitoring baseline and procedures. production of a GIS platform for analysing biodiversity data, based on an agreement on reporting and information sharing protocols;</p> |
| Biodiversity monitoring and database expert | 3,000 | 10 | <p><u>Output 1.3 - Establishment of a knowledge management system:</u> The expert will assist national consultants and local subcontractors in designing and setting up suitable biodiversity data management systems that are user friendly and PA management oriented. The expert will also support the establishment of a biodiversity monitoring baseline and procedures, and contribute to development of a guidebook on data management.</p> |
| COMPONENT 2 | | | |
| Local Consultant | | | |
| Protected area law and law enforcement specialist | 900 | 40 | <p><u>Output 2.1 – Systemic capacity for PA management:</u> Working with the international protected area law and law enforcement specialist and in close consultation with the QFD and stakeholders, the specialist will:</p> <ul style="list-style-type: none"> ▪ Develop provincial regulations on the management of the SNNR, providing for, <i>inter alia</i>: (a) community co-management, defining community use rights and responsibilities as well as participation mechanisms for PA management and decision making processes; (b) ensuring adequate levels of staffing and management facilities; (c) establishment of new protection zonation categories such as community reserve, genetic corridor across farmlands forests and rangeland, privately managed areas, and nature tourism areas; (d) establishment of sustainable financing mechanisms; (e) EIA and SEA guidelines that are tailored for the ecological and socioeconomic conditions of the SNNR, with clear mechanisms for participation by resident and neighbouring communities; (f) guidelines for IAS response and pest control; (g) regulations on presence and/or types of fencing in different PA zones; and (h) climate change adaptation needs of the NR, which should also be mainstreamed in the regulations. ▪ Establish compliance monitoring and law enforcement mechanisms at eh provincial level; ▪ Design routine report forms for numerical analysis and establish a system of policing records from the province down to county level. |
| Legal drafter | 900 | 8 | <p><u>Output 2.1 – Draft SNNR regulations:</u> Translate the final draft regulations in legal language and format which can be submitted for official processing.</p> |

| Position/Service Titles | \$/ person week | Estimated person weeks | Tasks to be performed |
|--|-----------------|------------------------|---|
| Protected Area financing specialist | 900 | 20 | <u>Output 2.4 - PA system business plan:</u> Working closely with the international PA tourism and financing specialist, prepare a business plan for the PA system in Qinghai province, including (a) Based on the PA system plan, management plans and institution development plans, develop a realistic costing of managing Qinghai's PA system; (b) Analyse the current revenue streams for the Qinghai PA system; (c) prepare a comprehensive list of current, and potential, revenue generating activities for the five priority PAs, including innovative revenue generating mechanisms in addition to the traditional ones, suggested responsible entities and projections of the expected revenue over 10 years, comparing this with the itemized investment list needed to fully activate and process these revenue generating activities; (d) Conduct an in-depth feasibility study of using the eco-compensation schemes for PA financing; (e) Develop an action plan for achieving financial sustainability. |
| Biodiversity and ecosystem management specialist | 900 | 20 | <u>Output 2.6 – PA system Plan and PA management Plans:</u> Working closely with the international Climate Resilient Protected Area System planning and management specialist, the specialist will: (a) collate biodiversity data including species distribution, habitats and spatial coverage of NRs; (b) collate climate change scenarios and expected impacts in Qinghai; (c) provide technical inputs to development of climate resilient provincial PA system; (d) collect biodiversity and ecosystem information and data for development of PA management plans for target PAs with climate change consideration; (e) facilitate consultation meetings with the QFD, PA staff and PA stakeholders; (f) develop management plans for Kekexili, Qinghai Lake and Megda. |
| International Consultant | | | |
| International Technical Adviser (project co-manager) | 2,000 | 35 | Working closely with the National Project Director and Project Manager and Assistant the specialist will provide part-time but continuous technical support for outputs under outcome 2 for the duration of the project period. Tasks will include; <ul style="list-style-type: none"> ▪ Advise the QFD in key strategic and policy issues related to biodiversity conservation strategy and protected area planning; ▪ Assist the QFD through the institutional strengthening process to ensure that adequate human and financial resources are secured for effective biodiversity conservation outcomes and effective park management; ▪ Ensure that the QFD institutes effective and sustainable biodiversity monitoring and evaluation mechanisms at both local and national levels, including knowledge management system establishment, support for PA system planning and park management planning; ▪ Produce policy briefing papers and project technical reports for supporting decision making processes, advocacy and knowledge management as appropriate; ▪ Be responsible for ensuring sound conservation basis for project intervention and intended biodiversity conservation outcomes of the project. |
| Protected Area law and law enforcement specialist | 3,000 | 12 | <u>Output 2.1 – Systemic capacity for PA management:</u> Working with the national protected area law and law enforcement specialist and in close consultation with the QFD and stakeholders, the specialist will: <ul style="list-style-type: none"> ▪ Develop provincial regulations on the management of the SNNR, providing for, <i>inter alia</i>: (a) community co-management, defining community use rights and responsibilities as well as participation mechanisms for PA management and decision making processes; (b) ensuring adequate level of staffing and management facilities; (c) establishment of new protection zonation categories such as community reserve, genetic corridor across farmlands, forests and rangeland, privately managed areas, and nature tourism areas; (d) establishment of sustainable financing mechanisms; (e) EIA and SEA guidelines that are tailored for the ecological and socioeconomic conditions of the SNNR, with clear mechanisms for participation by resident and neighbouring communities; (f) guidelines for IAS response and pest control; (g) regulations on presence and/or types of fencing in different PA zones; and (h) climate change adaptation needs of the NR, which should also be mainstreamed in the regulations. ▪ Establish compliance monitoring and law enforcement mechanisms at the provincial level; ▪ Design routine report forms for numerical analysis and establish a system of policing records from the province down to the county level. |
| Training programme development specialist | 3,000 | 10 | <u>Output 2.5 – Training programme for PA managers and co-managers:</u> including; (a) review and finalisation of the competence standards for PA managers; (b) confirmation of target audiences, including both trainees and potential employers, and relevant list of topics, expertise; (c) assessment and comparison of value for purpose of different training formats: post-graduate course, short-term course, workshops, learning by doing (in situ training), refresher and follow-up courses, resident classroom versus distance learning approaches, etc. ; (d) needs assessment, course outline development, detailed course development in preliminary topics, identification of teaching roster; (e) provision of compiled list of teaching resources available online and from other sources (to avoid duplication), and course primers. |
| PA Tourism | 3,000 | 12 | <u>Output 2.4 – PA system business plan:</u> Working closely with the national protected area financing |

| Position/Service Titles | \$/ person week | Estimated person weeks | Tasks to be performed |
|--|-----------------|------------------------|---|
| development and financing specialist | | | specialist and the PA valuation contractor, the specialist will develop a business plan for the Qinghai PA system, in order to strengthen the justification for protection policy and increased government investment in PA management. The specialist will: (a) estimate management costs of the PAs and PA system; (b) develop a plan to meet the required costs, identifying novel financing mechanisms for PA operations; (c) investigate the viability of establishing a tourism concession system in Qinghai PAs in terms of tourism investment control and increasing PA and community income and develop an initial plan for establishing such an official system; (d) provide practical advice on improving destination marketing in support of the PA and local communities. |
| Climate resilient protected area system planning and management specialist | 3,000 | 30 | <u>Output 2.6 - PA system plan with climate change considerations and PA management plans:</u> Working with the national biodiversity and ecosystem management specialist, the specialist will provide international experience and advice in the development of the PA systems plan and the development of the first PA management plan. The plan will include: (a) biodiversity adaptation strategies to a series of climate change scenarios; (b) the provincial level PA system consolidation plan with a concrete action plan; (c) design of appropriate migration corridor system for biodiversity adaptation to climate change for inclusion in systems plan and respective management plans. Simultaneously, a framework PA management plan will be developed for SNNR and another priority PA (Kekexil or Qinghai Lake), using existing information and results obtained from targeted management oriented research activities. |
| COMPONENT 3 | | | |
| Local Consultant | | | |
| Community based natural resource management (CBNRM) specialist | 900 | 200 | Working closely with the international co-management specialist and community participation specialist, the specialist will work with the SNNR management bureau and target communities, to provide technical assistance to <u>Output 3.1 Co-management system establishment in three management units in SNNR</u> : entailing (a) development of area specific management plans and workable zonation for the target NR management unit, with identification of suitable small scale management infrastructure such as fly camps for patrolling; (b) development of local-level co-management agreement with joint management PA /natural resource governance and management structure, with clear rules, roles, responsibilities and benefits for site co-management agreed by all parties, including sustainable threshold. The specialist will also support <u>Output 3.2 Establishment of community-based monitoring and adaptive resource management system</u> , providing technical support to establishment of an ecological monitoring system, selection of a data to be monitored for climate resilience, and provision of training of PA field staff and community co-managers on data collection, record keeping and reporting. Furthermore, the specialist will provide technical support to <u>Output 3.3 Eco-compensation scheme pilot</u> , in developing community level structures to receive and utilise funding in a transparent and equitable manner. |
| Community cooperative development specialist | 800 | 40 | <u>Output 3.1 and 3.3 Development of community governance structure:</u> Working with CBNRM and community participation specialists, the specialist will support community process of determination and trial of implementation of community governance structures for decision-making, receipt and utilization of eco-compensation funds, including also monitoring and evaluation. |
| Community participation specialist | 700 | 150 | Working closely with the community based natural resource management specialist, the specialist will provide support for <u>Output 3.1, 3.2 and 3.3</u> , assuming the role of community liaison officer. The specialist will closely work with the target communities to ensure smooth communication between communities and the SNNR management bureau, QFD and the project, and fostering community member's full understanding and participation in the project. The specialist will play a pivotal role, <i>inter alia</i> , in the extension of the co-management concept and its benefits to community members, in negotiation on co-management agreements, participatory planning processes for development of area specific management plans, and determination of sustainable use level thresholds. Broad specialist knowledge is required for this. Ability to do PRA exercise is not sufficient. |
| Traditional knowledge specialist | 700 | 100 | <u>Output 3.3: Review traditional sustainable practices and create an action plan to revitalise traditional knowledge:</u> The specialist will draw together knowledge from literature and via interviews and compile documentation of traditional methods of sustainable resource use and grazing practices. Develop an action plan for revitalising traditional knowledge regarding sustainable rangeland management. The specialist will also provide technical support to implement the action plan in target communities. |
| International Consultant | | | |
| Conservation area management planning specialist | 3,000 | 8 | <u>Output 3.1 and 3.2 Management unit specific management plans :</u> The specialist will provide technical inputs to the detailed practical planning of three management with co-management integrated at unit-level in the three target units. The management planning will be done with full participation of the local PA staff (field station) and local government and communities. |

| Position/Service Titles | \$/ person week | Estimated person weeks | Tasks to be performed |
|------------------------------------|-----------------|------------------------|---|
| Community co-management specialist | 3,000 | 50 | <p>Working closely with the community based natural resource management specialist, community participation specialist and traditional knowledge specialist, the international specialist will provide strategic guidance and technical support to the three outputs under outcome 3. The specialist will bring in international experiences and global best practices and lessons which can be applied/adapted to the local situation in SNNR.</p> <p><u>Output 3.1 Establishment of local-level co-management framework in SNNR</u> : The specialist will support (a) development of area specific management plans and workable zonation for the three target SNNR management units; (b) development of co-management agreements that strengthen PA management and increase benefits to communities; (c) establishment of governance and management structure with clear rules, roles and responsibilities for site co-management; (d) establishment of sustainable use threshold and emplacement of a monitoring system; (e) PA managers with technical assistance in managing relationships between the NR authority and communities; (f) development of training programmes on collaborative management and participatory approaches for NR managers</p> <p><u>Output 3.2 Establishment of community-based monitoring and adaptive resource management system</u>: The specialist will support: (a) establishment of an ecological monitoring system and a selection of data to be monitored for climate resilience; (b) provision of training of PA field staff and community co-managers on data collection, record keeping and reporting; (c) development of guidelines for monitoring data collection; (d) development of small scale management infrastructure such as fly camps for patrolling; (e) identification of management oriented research needs and technical support for commissioning such research activities.</p> <p><u>Output 3.3 Eco-compensation scheme pilot</u>: The specialist will provide technical assistance to: (a) development of direct and systematic linkage between the grassland eco-compensation funds and other possible funds and strengthening of SNNR management effectiveness in a sustainable manner; (b) revitalisation of traditional knowledge on grassland management; (c) deployment of eco-compensation schemes to motivate adoption of suitable sustainable use level thresholds and on-going participation in PA activities within target communities.</p> |

ANNEX D: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS

A. EXPLAIN IF THE PPG OBJECTIVE HAS BEEN ACHIEVED THROUGH THE PPG ACTIVITIES UNDERTAKEN.

The consultants contracted for the PPG phase gathered all the information that were expected and met with all the key individuals and organizations necessary for developing the Project. Workshops were held with the representatives of all the relevant departments of the Qinghai province. Meetings were held with the Qinghai Department of Finance and Qinghai Forestry Department, local NGOs, Other relevant institutions and experts and PA managers and community stakeholders. These meetings helped to clarify the alignment of project activities with the identification of, and future management arrangements for the planned project. A field trip to three main PAs including Sanjiangyuan NNR was undertaken. The commitment and co-financing of the Qinghai provincial government has been reconfirmed, and the project document was developed and reviewed by the project participants. Hence, the PPG objective was fully achieved.

More specifically, the following key PPG outputs, *inter alia*, have been achieved:

- Baseline data collected on PA system, socio-economic conditions, institutional and legal context, status of key biodiversity, climate change concerns; some information gaps were identified;
- PA Management effectiveness assessment was conducted and PA capacity building strategies were developed;
- Assessments for stakeholders' capacities to mainstream PA management objectives across development sectors and across landscapes were conducted;
- PA financial sustainability scorecard assessment was conducted;
- Areas for community involvement to demonstrate effective co-management were scoped;
- Barriers identified in PIF were confirmed and clarified;
- Strategic action plans developed to guide project interventions, including draft overall work plan;
- Full project activities scoped;
- Institutional arrangements agreed, budget prepared and M&E Plan developed;
- Co-financing confirmed; and
- Full project design endorsed by relevant stakeholders.

B. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:

There are no findings that would fundamentally affect the project design.

D. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES AND THEIR IMPLEMENTATION STATUS IN THE TABLE BELOW:

| <i>Project Preparation Activities Approved</i> | <i>Implementation Status</i> | <i>GEF Amount (\$)</i> | | | | <i>Co-financing (\$)</i> |
|--|------------------------------|------------------------|-----------------------------|-------------------------|----------------------------|--------------------------|
| | | <i>Amount Approved</i> | <i>Amount spent to date</i> | <i>Amount Committed</i> | <i>Uncommitted Amount*</i> | |
| Assessments for stakeholders' capacities (institutional and staff) to mainstream PA management objectives across development sectors and across landscapes | Completed | 17,000 | 17,000 | 0 | 0 | 25,000 |
| PA Management effectiveness assessment and PA capacity building strategies' development Assessment of A management effectiveness and financial sustainability | Completed | 28,000 | 28,000 | 0 | 0 | 36,000 |
| Prioritization of areas for community involvement to demonstrate effective co-management of PA Assessment of legal and institutional framework | Completed | 30,000 | 30,000 | 0 | 0 | 60,000 |
| Project monitoring and evaluation strategy | Completed | 25,000 | 25,000 | 0 | 0 | 30,000 |
| Total | | 100,000 | 100,000 | 0 | 0 | 151,000 |

ANNEX E: TOTAL BUDGET AND WORK PLAN

| | |
|--|---|
| Short Title: | Strengthening Qinghai's PAs to conserve globally important biodiversity |
| Award ID: | 00063658 |
| Project ID: | 00080635 |
| Award Title: | PIMS 4179 Qinghai, PA System Strengthening |
| Business Unit: | CHN10 |
| Project Title: | Strengthening the effectiveness of the protected area system in Qinghai Province, China to conserve globally important biodiversity |
| Implementing Partner (Executing Agency) | Department of Forestry, Qinghai Province Government, People's Republic of China |

| GEF Outcome/ Atlas Activity | Implementing Agent | Fund ID | Donor Name | Atlas Budgetary Acct Code | Atlas Budget Description | Amount Year 1 (USD) | Amount Year 2 (USD) | Amount Year 3 (USD) | Amount Year 4 (USD) | Amount Year 5 (USD) | Total (USD) | Budget Note |
|--|-----------------------|------------|---------------|---------------------------------|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|----------------|----------------|
| COMPONENT 1: Mainstreaming PA management into provincial development and sector planing process | QFD | 62000 | GEF | 71200 | International Consultants | 5,000 | 40,000 | 40,000 | 40,000 | 25,000 | 150,000 | 1 |
| | | | | 71300 | Local Consultants | 2,000 | 15,000 | 15,000 | 8,000 | 0 | 40,000 | 2 |
| | | | | 72100 | Contractual service companies | 5,000 | 15,000 | 15,000 | 15,000 | 10,000 | 60,000 | 3 |
| | | | | 71600 | Travel | 7,000 | 10,000 | 10,000 | 8,500 | 4,500 | 40,000 | 4 |
| | | | | 72100 | Contractual service companies | 0 | 80,000 | 80,000 | 30,000 | 0 | 190,000 | 5 |
| | | | | 74200 | Audio-visual and printing production costs | 30,000 | 10,000 | 10,000 | 10,000 | 0 | 60,000 | 6 |
| | | | | 74500 | Miscellaneous | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 10,000 | 7 |
| | | | | | Total | 51,000 | 172,000 | 172,000 | 113,500 | 41,500 | 550,000 | |
| COMPONENT 2: Increasing PA management effectiveness through strengthened institutional and staff capacities | QFD | 62000 | GEF | 71200 | International Consultants | 20,000 | 67,000 | 80,000 | 75,000 | 20,000 | 262,000 | 8 |
| | | | | 71300 | Local Consultants | 15,000 | 20,000 | 30,000 | 14,200 | 0 | 79,200 | 9 |
| | | | | 71600 | Travel | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 100,000 | 10 |
| | | | | 72100 | Contractual service companies | 20,000 | 70,000 | 70,000 | 60,000 | 20,000 | 240,000 | 11 |
| | | | | 72100 | Contractual service companies | 0 | 80,000 | 90,000 | 90,000 | 90,000 | 350,000 | 12 |

| | | | | | | | | | | | | |
|---|-----|-------|-----|-------|--|----------------|----------------|----------------|----------------|----------------|------------------|----|
| | | | | 72200 | Equipment and furniture | 50,000 | 100,000 | 40,000 | 0 | 0 | 190,000 | 13 |
| | | | | 72100 | Contractual service companies | 10,000 | 40,000 | 49,000 | 30,000 | 0 | 129,000 | 14 |
| | | | | 72800 | Information technology equipment | 0 | 60,000 | 30,000 | 0 | 0 | 90,000 | 15 |
| | | | | 74200 | Audio-visual and printing production costs | 0 | 10,000 | 20,000 | 20,000 | 10,000 | 60,000 | 16 |
| | | | | 74500 | Miscellaneous | 2,000 | 2,000 | 2,000 | 2,000 | 1,800 | 9,800 | 17 |
| | | | | | Total | 137,000 | 469,000 | 431,000 | 311,200 | 161,800 | 1,510,000 | |
| COMPONENT 3: Demonstration of effective PA management through community involvement in the Sanjiangyuan National Nature Reserve (SNNR) | QFD | 62000 | GEF | 71200 | International Consultants | 14,000 | 40,000 | 60,000 | 50,000 | 10,000 | 174,000 | 18 |
| | | | | 71300 | Local Consultants | 20,000 | 100,000 | 130,000 | 97,000 | 40,000 | 387,000 | 19 |
| | | | | 71600 | Travel | 15,000 | 50,000 | 60,000 | 50,000 | 20,000 | 195,000 | 20 |
| | | | | 72100 | Contractual service companies | 30,000 | 200,000 | 500,000 | 300,000 | 120,000 | 1,150,000 | 21 |
| | | | | 72100 | Contractual service companies | 24,000 | 30,000 | 30,000 | 30,000 | 30,000 | 144,000 | 22 |
| | | | | 72200 | Equipment | 50,000 | 70,000 | 80,000 | 60,000 | 30,000 | 290,000 | 23 |
| | | | | 75700 | Training | 15,000 | 30,000 | 70,000 | 70,000 | 20,000 | 205,000 | 24 |
| | | | | 74200 | Audio-visual and printing production costs | 10,000 | 20,000 | 30,000 | 30,000 | 30,000 | 120,000 | 25 |
| | | | | 74500 | Miscellaneous | 10,000 | 25,000 | 25,000 | 25,000 | 14,000 | 99,000 | 26 |
| | | | | | Total | 188,000 | 565,000 | 985,000 | 712,000 | 314,000 | 2,764,000 | |
| PROJECT MANAGEMENT | QFD | 62000 | GEF | 71200 | International Consultants | 5,000 | 12,000 | 33,000 | 12,000 | 30,000 | 92,000 | 27 |
| | | | | 71300 | Local Consultants | 47,000 | 76,000 | 91,000 | 76,000 | 84,000 | 374,000 | 28 |
| | | | | 71600 | Travel | 1,000 | 3,000 | 3,000 | 3,000 | 0 | 10,000 | 29 |
| | | | | 72200 | Equipment | 50,545 | 0 | 0 | 0 | 0 | 50,545 | 30 |
| | | | | 74100 | Audit fees | 0 | 1,000 | 1,000 | 1,000 | 1,000 | 4,000 | 31 |
| | | | | | Total | 103,545 | 92,000 | 128,000 | 92,000 | 115,000 | 530,545 | |

| | | | | | | | |
|--------------------|----------------|------------------|------------------|------------------|----------------|------------------|--|
| Grand Total | 479,545 | 1,298,000 | 1,716,000 | 1,228,700 | 632,300 | 5,354,545 | |
|--------------------|----------------|------------------|------------------|------------------|----------------|------------------|--|

| Budget Notes | |
|---------------------|--|
| 1 | Protected Area Planning and Mainstreaming Specialist (US\$3,000 X 40 mw), Biodiversity monitoring and database expert (US\$3,000 X 10mw). |
| 2 | National Senior Mainstreaming Specialist (US\$1,000 X 40 mw) |
| 3 | Key planning and consultation meetings for, <i>inter alia</i> , : production of the inception report; development of sector specific standards and measures; development of reporting and information sharing protocols; mainstreaming of the PA system and objectives in the 5-year plans and budget and provincial biodiversity strategy and action plan; monitoring programme; development of province specific EIA and SEA regulations and procedures; GIS platform establishment; establishment of biodiversity monitoring baseline; development of a guidebook on data management. |
| 4 | <i>Pro rata</i> in-country travel for international and national consultants and project staff. |
| 5 | Service contract to develop the knowledge management system including climate change resilience monitoring component, and link up data network system (Output 1.3). Targeted applied research to fill the gaps in the current data sets: biological pest control approaches; grazing controls without fences; micro-climate impacts under differential grazing intensity. |
| 6 | Translation, editing, design and printing of reports and awareness materials and other publications |
| 7 | Contingency to cover exchange rate fluctuations and miscellaneous costs associated with organizing focused specialized meetings (venue, catering, facilitation, interpretation etc.). |
| 8 | The technical assistance component of the International Technical Adviser (US\$2,000 X 35 mw); Protected Area Law and Law Enforcement Specialist (US\$3,000 X 12); Training Programme Development Specialist (US\$ 3,000X10mw); PA Tourism Development and Financing Specialist (US\$3,000 X 12 mw); Climate resilient Protected Area System Planning and Management Specialist (US\$3,000 X 30mw). <i>Domestic expertise in protected area management related disciplines is still in the early stage of development and international expertise in the mentioned areas would be critical for ensuring transformational change.</i> |
| 9 | National: Protected Area Law and Law Enforcement Specialist (US\$900 X 40mw); Legal Drafter (US\$900 X 8 mw); Protected Area Financing Specialist (US\$900 X 20mw); Biodiversity and Ecosystem Management Specialist (US\$900 X 20mw) . |
| 10 | <i>Pro rata</i> travel costs for international, national consultants and project staff. |
| 11 | Service contract/s to cover: Institutional strengthening planning including financial management system and process analysis (Output 2.2, 2.3); Protected Area System Economic Valuation (Output 2.4); community based ecotourism and nature tourism development, destination planning (Output 2.4); management oriented research for development of protected area system planning and management planning (Output 2.6) |
| 12 | Development of training programmes and delivery of special training for PA managers at the QFD and prefecture/county forestry staff, police, agricultural bureaus, as well as technical short-term exchange arrangements. (Output 2.5) |
| 13 | Equipment costs from GEF sources in support of PA management (discussions with local government have enabled co-funding to be used to cover the bulk of equipment and vehicle costs under government co-financing; GEF to cover only needs of PMO and consultants plus some items not readily available in China). GEF Funds cover purchase of 3 x 4-wheel vehicles, 3 pick-ups, motor bikes, and assorted satellite telephones, optical and camping equipment. <i>Vehicles are critical for this project given the sheer size of the target PA.</i> |
| 14 | A number of key planning meetings and consultations including: SNNR regulation development; competence standards review and application; law enforcement mandate review and strengthening of the current system; PA system plan development, PA management plans development, PA valuation exercise and financing planning etc. |
| 15 | Computers, software, peripherals and communication equipment (GPS, sat phones) for PA operations. |
| 16 | Translation, editing, design and printing of reports and awareness materials developed under component. |
| 17 | Contingency to cover exchange rate fluctuations and miscellaneous costs associated with organizing focused specialized meetings (venue, catering, facilitation, printing, interpretation etc.). |
| 18 | Community Co-management Specialist (US\$3,000 X 50mw); Conservation Area Management Planning Specialist (US\$ 3,000 X 8mw). |
| 19 | National experts: Community Based Natural Resources Management Specialist (US\$900 X 200 mw); Community Cooperative Development Specialist (US\$800 X 40mw); Community Participation Specialist (US\$700 X 150mw); Traditional Knowledge Specialist (US\$700 X 100mw). |

| Budget Notes | |
|--------------|--|
| 20 | <i>Pro rata</i> travel costs for international and national consultants and project staff. (Extensive travel over very large areas) |
| 21 | Service contracts to cover supervision of several aspects of component including: Development of co-management structure and management system, community extension agreement, operationalisation of zonation system etc. (Output 3.1); Establishment of ecological monitoring system in SNNR including monitoring plan, selection of species, training, guideline development etc. (Output 3.2); Establishment of eco-compensation schemes in direct support of the SNNR management (Output 3.3). <i>Contracts will be awarded to specialised institutions/NGOs on a competitive basis, based on both thematic and geographic experience, to undertake relevant work.</i> |
| 22 | Key planning meetings with community leaders, community gatherings, religious leaders, local government etc. for, <i>inter alia</i> ; development f unit-specific management plans and zonation for three target SNNR units; extension of co-management concept and its benefits to community members; development of co-management agreements; establishment of ecological monitoring system; development of a network of community based monitoring system in conjunction with expansion of successful co-management models; management infrastructure development; development of eco-compensation schemes in SNNR. |
| 23 | Procurement of equipment that are necessary for field operations in the demonstration areas. |
| 24 | Implementation of training aiming at PA managers and co-managers at the demonstration sites within the SNNR. |
| 25 | Translation, editing, designing and printing of reports and awareness materials, handbooks for community managers, monitoring, traditional knowledge. All reports for local use should be printed in Chinese and Tibetan. |
| 26 | Contingency for exchange rate fluctuations and small costs associated with organizing focused specialized stakeholder engagement workshops and hosting issue-based stakeholder workshops (venue, catering, facilitation, printing, interpretation, etc.). |
| 27 | The project management support part of the International Technical Adviser (co-manager) (US\$2,000 X 25mw); International Project Evaluator (US\$ 3,000 X 14mw) . |
| 28 | National Project Manager (US\$ 800 X 260 mw) ; Project Assistant (US\$ 600 X 260 mw); National Evaluation Consultant (US\$1,000 X 10 mw) |
| 29 | Travel associated with project monitoring. |
| 30 | Project management equipment (transport and office equipment) |
| 31 | Annual project audit cost. |

Summary of Funds

| Source | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|----------------------|-----------|-----------|-----------|-----------|-----------|------------|
| GEF | 479,545 | 1,298,000 | 1,716,000 | 1,228,700 | 632,300 | 5,354,545 |
| Government (in cash) | 2,000,000 | 4,820,000 | 4,820,000 | 4,709,000 | 2,000,000 | 18,349,000 |
| Total | 4,479,545 | 6,118,000 | 6,536,000 | 5,937,700 | 4,632,300 | 23,703,545 |

*Excludes PPG funding