



REQUEST FOR CEO ENDORSEMENT/APPROVAL

PROJECT TYPE: Full-sized Project

THE GEF TRUST FUND

Submission Date: **March 23, 2010**

April 12, 2010

PART I: PROJECT INFORMATION

GEFSEC PROJECT ID: 3608

GEF AGENCY PROJECT ID: 101844

COUNTRY(IES): China

PROJECT TITLE: Sustainable Development in Poor Rural Areas Project - Sustainable Land Management and Adaptation

GEF AGENCY(IES): World Bank, (select), (select)

OTHER EXECUTING PARTNER(S): State Council/ Leading Group for Poverty Reduction; Provinces of Shaanxi, Henan and Chongqing

GEF FOCAL AREA(S): Multi-focal areas

GEF-4 STRATEGIC PROGRAM(S): LD-SP 1; LD-SP 2; CC-SP6

NAME OF PARENT PROGRAM/UMBRELLA PROJECT: CN-SUSTAINABLE DEVELOPMENT IN POOR RURAL AREAS PROJECT

Expected Calendar (mm/dd/yy)	
Milestones	Dates
Work Program (for FSPs only)	07/28/2008
Agency Approval date	05/27/2010
Implementation Start	09/14/2010
Mid-term Evaluation (if planned)	06/15/2013
Project Closing Date	12 /31/2015

A. PROJECT FRAMEWORK (Expand table as necessary)

Project Objective: The Project Development Objective of the Sustainable Development in Poor Rural Areas Project (SDPRAP) is to explore and pilot more effective and innovative ways of providing poverty reduction assistance to the poorest communities and households through CDD and participatory approaches. By bringing project funding down to the community level and enabling communities and households to determine the use of those funds, the Project will help resolve the problems of: (a) only a limited portion of available poverty reduction funding reaching the local level and (b) institutional priorities and administrative constraints predetermining what poverty reduction activities actually take place at the local level. The Global Environment Objective of the Project is to demonstrate—under the Sustainable Land Management and Adaptation component (SLMA)—improved sustainable land management through innovative community pilots addressing vulnerability to climate change in poor rural areas for introduction and mainstreaming into the project's Community-driven Development (CDD) approach.

Project Components	Indicate whether Investment, TA, or STA ²	Expected Outcomes	Expected Outputs	GEF Financing ¹		Co-Financing ¹		Total (\$) c=a+ b
				(\$ a)	%	(\$ b)	%	
1. CDD (Community-driven Development) component	Investment	Improved enabling environment for poor rural communities	Rural roads, water supply & sanitation, other public services	0	0	\$97.8 million	100	\$97.8 million
2. CDG (Community Development Grant) component	Investment	Improved rural incomes and livelihoods	Improved agriculture, livestock production, other income generating activities	0	0	\$36.8 million	100	\$36.8 million
3. Rural Migrants Support component	Investment, TA	Models for Migrants'	Infrastructure, social support	0	0	\$10.7 million	100	\$10.7 million

		support	packages					
4. Sustainable Land Management and Adaptation (SLMA) component	Investment, TA, STA	Improved capacity of communities to plan and implement SLM and adaptation measures	Village surveys, vulnerability assessments, adaptation pilots; integration of successful pilots into CDD menu, national-level consultation.	\$4.265 million	100	0	0	\$4.265 million
5. Project Management, Monitoring and Evaluation component	Investment	Improved capacity for CDD/CDG facilitation	Coordination and M&E	0	0	\$9.6 million	100	\$9.6 million
Total Project Costs				\$4.265 million		\$154.9 million		\$159.165 million

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>
Government contribution	Nat'l Gov't	In-kind	54,900,000	35
IBRD	Multilat. Agency	Hard-loan	100,000,000	65
Total Co-financing			154,900,000	100

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	280,000	4,265,000	4,545,000	454,500	4,265,000
Co-financing	0	154,900,000	154,900,000		143,400,000
Total	280,000	159,165,000	159,445,000	454,500	147,665,000

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

<i>GEF Agency</i>	<i>Focal Area</i>	<i>Country Name/ Global</i>	<i>(in \$)</i>		
			<i>Project (a)</i>	<i>Agency Fee (b)²</i>	<i>Total c=a+b</i>
World Bank	Land Degradation	China	1,818,000	181,800	1,999,800
World Bank	Climate Change	China	2,727,000	272,700	2,999,700
Total GEF Resources			4,545,000*	454,500	4,999,500

*This amount includes the PPG amount of US\$280,000, which was equally split between the two focal areas.

E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

<i>Component</i>	<i>Estimated person weeks</i>	<i>GEF amount (\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
Local consultants*	980	1,200,000	0	1,200,000
International consultants*	25	90,000	0	90,000
Total	1005	1,290,000	0	1,290,000

* SLMA component only.

F. PROJECT MANAGEMENT BUDGET/COST

<i>Cost Items</i>	<i>Total Estimated person weeks/months</i>	<i>GEF amount (\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
Cost for Project Management and M&E through Project Management Offices at all administrative levels		0	9,600,000	9,600,000
Total		0	9,600,000	9,600,000

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? yes ☐ no ☒

(If non-grant instruments are used, provide in Annex E an indicative calendar of expected reflows to your agency and to the GEF Trust Fund).

H. DESCRIBE THE BUDGETED M & E PLAN: A M&E plan for the SLMA component, including indicators, baselines, and M&E responsibilities, has been developed during preparation in line with the GEF M&E policy and requirements. The M&E framework is summarized in the table below. It includes 2 parts: (a) an environmental impact monitoring, including carbon stock monitoring and (b) outcomes and results monitoring (intermediate outcomes). M&E under this component activities aim at: (i) general knowledge generation and sharing through environmental impact monitoring; (ii) documenting the achievement of SLMA objectives through the assessment of impacts, outcomes, and processes; and (iii) providing input into decision-making for related to climate change adaptation and land management strategies and programs in China's poor regions. M&E methodologies and procedures, baselines, and M&E responsibilities and implementation are described in the SLMA Preparation Report and are included in the SLMA manual. The SLMA component monitoring is integrated into overall project monitoring component. Technical assistance support will be sought for carbon stock monitoring, village resource assessments and vulnerability assessments (with an estimated budget of US\$140,000) as part of SLMA component implementation.

M&E framework of the SLMA Component

Level	Indicators
GEF strategic objective: Global environment benefits for climate change add sustainable agriculture, pasture and forest management	Impact Indicators: 1. Carbon stock index in pilot villages in fragile environments of national importance in China: trends verified 2. Poverty, vulnerability and adaptation: linkages demonstrated. 3. Sustainable land management in SDPRAP villages: trends monitored.
SLMA Component objective: To demonstrate improved sustainable land management, through innovative community pilots addressing vulnerability to climate change in poor rural areas, for introduction and mainstreaming into the project's CDD approach.	Outcome Indicators: Local government and community capacity in SLM and CCA significantly increased in the SDPRA project area, starting with SLMA villages Selected long-term SLM indicators considered in national poverty reduction monitoring
Sub-component objectives: 1. Pilot design and implementation: To build awareness in sustainable land management and climate change adaptation and trial community-based adaptation measures 2. Dissemination and CDD integration To strengthen capacity in the project provinces to integrate vulnerability to land degradation and climate change with community-driven poverty reduction 3. Consultation and coordination To identify policy implications of poverty, vulnerability and adaptation and contribute to their review at national level 4. Improved carbon sequestration in SLMA pilot villages	Intermediate Outcome Indicators: Percent of SLMA pilot villages with village assessments and resource maps completed Percent of SLMA pilot villages with water management infrastructure tested/evaluated Percent of SLMA pilot villages with other climate change adaptation activities tested/evaluated Percent of SDPRAP counties, villages with capacity-building program completed with incorporation of SLM and CCA experience Number of SLMA innovations introduced into SDPRAP menus of CDD activities Number of agencies and persons having participated in policy study consultations Number of indicators formulated covering land management, climate change vulnerability, adaptation and coping range. Carbon stock increased by 5 percent across all pilot SLMA villages; equivalent to an estimated total of 96,000 tons of carbon by project completion. (For the total project area of 700 villages, a total of 400,000 t C sequestered by project completion is estimated.)

Environmental Impact Monitoring (GEF strategic objective). The environmental impact monitoring in SLMA uses three impact indicators: (I) Carbon stock index/carbon stock. A carbon stock index/carbon stock will be assessed in one third of the approximately 80 SLMA pilot villages. This will include the mapping of carbon stock classes in villages based on an innovative methodology developed during project preparation. Carbon stock monitoring includes baseline measurement at implementation start-up and a one-time update towards the end of component implementation. Carbon stock monitoring will be carried out by contracted consultants. The methodology and its application are described in detail in the Annexes to the preparation report. (II) Vulnerability to climate change assessment. This indicator aims at

identifying linkages between vulnerability, poverty and adaptation to climate change. It will be monitored in all SLMA pilot villages by the provincial PMOs with participation of local communities that will be supported by external consultants. The methodology for the vulnerability assessment is described in the Guidelines for the Application of Village Assessment and Planning Tools of the preparation report. Monitoring templates and examples of established baselines have been developed. (III) Sustainable land management in poor villages. This will include monitoring of basic socio-economic indicators, such as population density, total area of basic farmland (i.e., land appropriate for improved agricultural production), share of the young active population (male/female), actual woodland area etc. These indicators will be monitored in all SLMA pilot villages. Monitoring of these indicators will be jointly done by the county PMOs and townships/administrative villages. The already established baselines are documented in the preparation report. Socio-economic baselines will have to be developed for all SLMA pilot villages during the first year of project implementation. Baselines will be updated at the end of project implementation. M&E of the Environmental Impacts will be done under this component only.

Monitoring of Outcomes and Intermediate Outcomes (component level). Outcome indicators and intermediate outcome indicators have been defined for the SLMA component in the above table. M&E of outcome and intermediate outcomes will be the responsibility of provincial and county PMOs for SLMA sub-components 1 and 2. Township PMOs and participating communities will be actively involved in the monitoring of the results of these two sub-components. M&E of subcomponent 3 will be the responsibility of CPCO/FCPMC. M&E results and intermediate outcome indicators will feed into the project's overall results framework that is documented in the Project Appraisal Document.

PART II: PROJECT JUSTIFICATION:

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

The SDPRAP covers 24 nationally designated poverty counties and approximately 800 administrative villages in remote areas of Shaanxi, Henan, and Chongqing where poverty rates are among the highest in China and where the rural poor have not been able to participate in the country's growth and poverty reduction performance over the past 20 years. In the project area, poverty reduction poses specific challenges as the poor are widely scattered throughout mountainous regions, not easy to reach, and are vulnerable to climate change risks because of poor agriculture production conditions, poor natural resources environments, lack of basic infrastructure and market linkages, and few alternative income and livelihood sources.

In the past, livelihood dependence on farming and animal husbandry in marginal areas of naturally poor production potential, limited understanding of land management as well as the causes and processes of degradation, and inadequate agriculture practices have resulted in extensive land degradation, loss of vegetative cover and resilience of ecosystems, soil nutrient losses and downstream river sedimentation. Specifically in Shaanxi, where the project extends over areas of the semi-arid Loess Plateau, unsustainable livestock management and poor cropping patterns have caused severe erosion and degradation. In the karst mountains of the Wujiang watershed in Chongqing and the Funiu Mountains of Henan, unsustainable land

management still continues to cause erosion, deterioration of productive soil properties and loss of arable and grazing land.

The SLMA component of the SDPRAP is based on the recognition that government programs and policies on sustainable land management have achieved remarkable initial successes in environmental rehabilitation over the past decade but ensuring long-term sustainability requires more consideration and new approaches. In particular, the impacts of climate change pose new challenges to long-term sustainability of the existing program and policies and adaptation to climate change is becoming a critical element to meet the challenges. Sustainable land management can be achieved by reducing vulnerability through improved risk management and hence by increasing adaptability and coping range of the poor.

In October 2007, the leadership of the State Council's Leading Group Office of Poverty Reduction (LGOP) declared at a Beijing conference in recognition of the new challenges that the poorest population is facing rising natural disaster events due to climate change –a statement that provides strong policy support to the proposed approach. LGOP is China's coordinating body for development-oriented poverty alleviation. Its mandate is to formulate poverty alleviation and development policies and organize their implementation, coordinate all circles of the society in poverty alleviation efforts, define the national poverty line and monitor poverty, and coordinate and monitor the use of funds earmarked for poverty reduction through various government agencies. The poverty reduction agenda is a powerful vehicle to support new approaches to sustainable land management. Managing land more sustainably in poor areas relates not only to solving pressing poverty issues and environment issues but also to attention to the long-term future of poor rural communities. Although adaptation has not yet directly been incorporated into institutional mandate of the poverty reduction agencies, it has been selected as an entry point to support a shift of attention from short-term pressing poverty and land degradation issues to longer-term sustainable land management and risk management. This linkage is fully consistent with the advocacy role of LGPR for China's poor population.

The SLMA component is fully blended into the main project with the aim to build the capacity of local governments and communities to analyze land degradation and climate change risks and vulnerability and to implement innovative adaptation measures to address such risks, and to support the formulation of pilot indicators for sustainable land management, climate change vulnerability, and adaptation for consideration in national poverty monitoring. GEF's contribution will provide technical assistance and training in the application of field assessment tools that have been developed and tested during preparation. It will also provide investment support for small-scale infrastructure and equipment to pilot innovative but simple adaptation measures. Upon completion of the pilots, GEF support will facilitate the project-wide dissemination of lessons learned and support communities to take adaptation measures into consideration when making investment decisions under the CDD component. The component will also support national level coordination and policy dialogue between LGPR and other agencies on sustainable land management and adaptation. Specifically, the SLMA component consists of the following sub-components:

- Pilot design and implementation. This subcomponent will be implemented in approximately 80 pilot villages (or 10 percent of all project villages) covering 24

counties. It includes: (a) Capacity-building in SLMA and on village assessment and planning tools through technical assistance. Target groups include village facilitators, county and township technical staff, and community members. (b) Participatory village assessments in each pilot village, including mapping of village resources and identification of preferred options for adaptation pilots with the active participation of the communities. Adaptation measures will vary across provinces and locations. It is expected that small infrastructure will often relate to water resource or village waste management in Chongqing and Henan, and to land management in Shaanxi. Similarly, it is expected that agricultural improvements will relate to the introduction of new farm and forage varieties to increase diversity and drought resistance, small equipment to manage climate hazards, and improvements of soil fertility. It is also expected that community assessments will lead to identify innovative small infrastructure projects other than in land, water and waste management. Following an eligibility confirmation of village-selected innovations, technical specialists will advise on technical design and specifications; (c) implementation of pilot activities and technical training to be undertaken by pilot beneficiaries with technical assistance support; (d) participatory monitoring; and (e) management of SLMA Pilots, including training courses for PMO staff at the provincial, county and township levels and for community representatives in the management of the component.

- Dissemination and CDD integration. This subcomponent will support training and extension activities and will be implemented project-wide across all communities. Its purpose is to strengthen capacity in the project provinces to integrate vulnerability to land degradation and climate change with community-driven poverty reduction. Specifically, it will support: (a) evaluation workshops to review lessons learnt during the SLMA pilots and help to expand menu of CDD activities to include successful adaptation activities. Such adaptation activities may be village assessments and village resource maps; innovative small infrastructure; and innovative agricultural inputs and investments; (b) media and other communication products, including the production of posters, video stories for dissemination through DVDs or local TV programs, booklets and village signboards for the dissemination of pilot results; and (c) SLMA and CDD Training Program covering topics related to SLMA for local staff and community members and facilitators in CDD methods applied to sustainable land management and adaptation to risks, including climate change risks. Trainers will be provincial and county specialists who will have developed expertise in SLMA through the initial pilots. The main target groups for the provincial and county training courses will be local government staff and community representatives with responsibilities in planning, poverty reduction, agriculture, forestry, and land and water resource management. It is expected that specific courses in the programs will focus on the use of village resource maps and assessments, others on water and waste management related innovations, and others on agricultural innovations.
- Consultation and coordination. This subcomponent will seek to identify policy implications of poverty, vulnerability and adaptation and contribute to their review at national level in support of the policy review process that will lead to the post-2010 poverty reduction agenda in China. Specific activities will include: (a) a policy study

analyzing the linkages between poverty, vulnerability to climate change and adaptation, and on related policy implications. The study will also cover the potential role of CDD approaches in lifting barriers to sustainable land management and to climate change adaptation; (b) consultation workshops to facilitate exchange between LGOPR and other agencies with mandates and responsibilities in land and water resource management, agriculture, forestry and other aspects of climate change adaptation; and (c) coordination among the project provinces regarding all aspects of SLMA critical to the success of the component.

The SLMA component is expected to generate local sustainable land management and adaptation benefits that in turn would generate global environmental benefits in two focal areas: (a) the Land Degradation Focal Area including: (i) ‘sustainable agriculture and rangeland management’ and (ii) ‘sustainable forest management in production landscapes’; and (b) the Climate Change Focal Area since it would ‘pilot an operational approach to adaptation in relation to Land Use, Land Use Change and Forestry’. The innovative combination of two focal areas is expected to reinforce global environmental benefits in several ways. At the ecosystem level, the linkage is most obvious in Shaanxi and in the Eastern Henan Plain. With increased soil vegetation cover and the renewable use of biomass, carbon storage would increase. At community and institutional levels, the SLM and CCA combination has two areas of value that apply throughout the project area: (a) it would contribute to adjusting public programs in areas which currently receive land conversion subsidies and (b) it would help integrate the needs of vulnerable groups in climate change adaptation plans. In the long term, the integration of SLMA and the CDD approach would help support a combination of planned adaptation and stronger decision-making within communities. Such a combination is likely to maximize adaptation capacity and reduce risk exposure to climate events. Flexible decision-making at all levels, including community and household and stakeholder partnerships, are needed for successful adaptation activities (Millennium Environment Assessment 2005). These processes are weak in China’s poor rural areas and would receive strong support through the project. Current efforts are mainly directed at the strategic agricultural sector with little consideration for marginal areas where vulnerability may be even higher. Some large adaptation infrastructure projects have been implemented but serious adaptation work in marginal smallholder agriculture has not started.

The project would yield modest direct global benefits. A total of approximately 80 administrative villages would undertake pilot adaptation planning and activity implementation through direct GEF support. Capacity for adaptation with global benefits would also be built among communities in about 700 other poor villages and among government agencies involved in rural infrastructure and land use in the 24 project counties. The GEF-financed SLMA component has, however, the potential to yield substantial indirect benefits: Specifically, it would create a facilitating framework for sustainable land management in poor areas and for pro-poor climate change adaptation at national level. It would further contribute to avoiding excessive focus of adaptation actions on the more productive agricultural regions and coastal regions and raise awareness of the expected negative impacts of climate change on China’s more marginal inland areas. This increased awareness would be built among government agencies in the three project provinces and national partner institutions of LGOP that would take part in the national consultation.

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

The SDPRAP is consistent with China's 11th Five-Year Plan and Western Region Development Strategy to reduce economic disparities between the country's western and coastal regions. It is also consistent with China's objective of mitigating land degradation and reducing poverty towards a New Socialist Countryside. The project will contribute to China's obligations under the: (a) UN Convention to Combat Degradation (UNCCD) and UNCCD National Action Plan for Desertification Control; (b) Convention of Biological Diversity (CBD) and the China Biodiversity Conservation Action Plan; and (c) UN Framework Convention on Climate Change (UNFCCC). China has been a party to UNCCD since 1994 and has ratified UNFCCC in 2002. China's National Action Plan to combat desertification through a number of shelterbelt programs is coordinated by the State Forestry Administration. China has published a national climate change program in 2007 that includes a section on climate change adaptation covering a diversified range of issues.

The SDPRAP is also fully in line with and complementing various sub-national and provincial programs concerning sustainable land management. The three project provinces Chongqing, Shaanxi and Henan have been implementing policies and programs to improve land management and reverse land degradation for close to three decades. Land conversion, i.e. the Sloping Land Conversion Program (SLCP), has by far been the most important policy and program in the project area in the 2000s (except for the Eastern Henan plain where it was not implemented). Land conversion, including the implementation of a grazing ban and the compensation of farmers for retiring sloping farmland, dwarves the watershed management programs of the 1990s in terms of government funding provided. The grazing ban is most important in Shaanxi where it also had the biggest positive environmental impact among the three provinces. While the SLCP is coming to a close in 2008/09, a follow-up phase with more diversified investments is anticipated to begin in 2008/09 to which SDPRAP implementation would be of relevance. The SDPRAP will also complement and fit into programs for productive agricultural land that are in operation in project counties in Chongqing and Shaanxi.

The three provinces have also implemented a number of afforestation and sustainable land management projects with funding from international donors, which have focused on watershed management in Shaanxi and irrigated agriculture in Henan. In Shaanxi, the SDPRAP seeks close coordination with the 2004-2013 PRC/GEF Partnership Project on Combating Land Degradation in Dryland Ecosystems which aims at reducing poverty, containing land degradation and rehabilitation ecological systems in Western China.

Regarding climate change policies and programs, the first national climate change program was formulated in 2007. The program 'places equal emphasis on both mitigation and adaptation' and 'integrates climate change policy with other interrelated policies'. The strategic goal of China with regard to adaptation is 'to enhance the capability of continuous adaptation to climate change', 'to remarkably raise public awareness on climate change', and 'to further strengthen the institutions and mechanisms on climate change'. Adaptation, including public awareness and policy analysis, is a key area for international cooperation. Specific areas for adaptation of relevance to the SDPRAP in the national program include 'to continue to expand demonstration on water-saving irrigation, to build pilot projects in the main grain production area, to accelerate

the construction of water collection and utilization engineering in hill mountain areas and to improve crop and variety arrangement'. Evidence of climate change is also recognized in the three project provinces, which give attention to climate change and adaptation activities.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:

The SDPRAP with GEF support is fully in line with the Land Degradation Focal Area Strategy. It supports Strategic Objective 1, with a focus on integrating sustainable land management (SLM) into national development and poverty policies and programs, and Strategic Objective 2 through upscaling investments into SLM. Specifically, the integration of pilot implementation lessons into the project-wide CDD approach and subsequently into the poverty programs may result in scale-up and long-term sustainable financing for SLM from public resources directed at poverty alleviation. The project will be implemented in GEF high-priority agro-ecological zones and support Strategic Program 1 'Supporting sustainable agriculture and rangeland management' and Strategic Program 2 'Supporting Sustainable Forest Management in Production Landscapes' through activities that promote sustainable high yielding agriculture and prevent the conversion of forest and grassland ecosystems into croplands. It will help project beneficiaries to improve water resources management for agriculture, diversify land use, and upgrade sustainable rangeland management schemes for wider replication. The project will contribute to GEF objectives of reducing green house gas emissions from LULUCF, through avoidance of land degradation and protection and maintenance of carbon stocks, and adaptation to climate change in production landscapes and is fully in line with the Climate Change Focal Area Strategy and its Strategic Objective on Adaptation. Specifically, it supports pilot approaches to reduce vulnerability of local communities affected by climate change. The project will also support the operational goal of promoting partnerships and coordination with other organizations, land users, etc. to address land degradation, climate change, the causal relationship between poverty and environmental degradation, and the negative impacts of various forms of land degradation on livelihoods and economic well-being. GEF assistance is fully complementing the development and poverty alleviation interventions of SDPRAP and contributes to their long-term sustainability.

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

The SLMA component is a means to develop and pilot innovations in adaptation and sustainable land management with potential for scale up throughout the project areas. Given its innovative nature of the SLMA component and the inherent potential for success and failure in the proposed innovations, grant financing support is fully justified. While IBRD financing would be used for conventional infrastructure investments at the community level, GEF grant resources would create the space and motivation for experimenting with new approaches without exposing participating communities to any livelihood risk. Although GEF grant support only comprises about 3% of total project funding, GEF grant support offers potentially high rewards for its innovation and awareness building at the local as well as institutional levels.

E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

GEF-funded sustainable land management activities have mostly been within the forestry sector under the "PRC-GEF Partnership on Land Degradation in Dryland Ecosystems". Here, with

specific focus on Shaanxi, the project would seek to coordinate implementation among the State Forest Administration, the provincial poverty alleviation office and relevant provincial technical agencies under the umbrella of the partnership. In Henan, the project would coordinate closely, with the GEF-funded project “Mainstreaming Climate Change Adaptation in Irrigated Agriculture Project” in China’s Huang-Huai-Hai basin that has recently started in Eastern Henan. The implementing agency, the Comprehensive Agricultural Development Commission, is merged with PADO in that province and the SLMA component would seek coordination of the two adaptation initiatives in Henan. At the local level, the county poverty alleviation offices will ensure close coordination with technical line bureaus at the provincial and county level. At the national level, analytical work and policy consultations will aim at bringing together agencies and academia involved and with mandates in land and water resource management and climate change adaptation.

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

SDPRAP is the fifth operation in a series of World Bank financed poverty alleviation projects in China that began in the 1990s. These projects successfully demonstrated multi-sector approaches to poverty reduction in areas of extreme rural poverty, promoted participatory approaches to rural development in China’s marginal areas, and had profound policy impacts. The projects contributed to the establishment of participatory village development planning processes which have become the main approach for planning and implementing the Government’s rural poverty reduction interventions. The World Bank and other donors also supported the Government in its evolving poverty reduction agenda and policies through analytical work that built on implementation experiences and lessons learnt and contributed to the formulation of the Government’s current poverty reduction strategy 2001-2010. An update of this strategy is currently under preparation, which will define the direction of poverty alleviation policies and programs for the coming decade.

There are two opportunities for SDPRAP to contribute to the formulation and implementation of the new poverty strategy: a governance opportunity through institutionalizing participatory approaches and, in particular, community-driven development (CDD) which forms the core of the project (IBRD investment), and an opportunity to reaffirm and support the Government in its approach to environmental rehabilitation in regions affected by chronic poverty. It is the latter opportunity where GEF support is critical and could be effective in supporting the Government in the integration of land management and adaptation with poverty reduction efforts.

The SDPRAP baseline scenario without GEF support comprises three IBRD-financed components: Community-Driven Development (CDD) for the provision of public goods and services; Community Development Grant (CDG) to provide grant support for household-level income generation; and Project Management and Monitoring and Evaluation. These components will be implemented in 24 poor counties of the three provinces Shaanxi, Chongqing, and Henan with the aim to pilot more effective ways of providing poverty reduction assistance to the poorest communities and households. The project seeks to bring project funding down directly to the community level and to enable communities to determine the use of those funds as well as manage them. The benefits sought under the baseline scenario are the empowerment of project communities to decide on their development prospects with as little bureaucratic interference as

possible. Besides the institutional and governance innovations to be achieved through the CCD/CDG approach, tangible benefits on the ground will include the communities' participation and ownership of village development planning processes, improved access to social services (water, roads, housing etc.), and income generation.

The GEF will provide incremental support to link rural poverty reduction with sustainable land management and adaptation to climate change risks. The GEF support, through the project's Sustainable Land Management and Adaptation (SLMA) component, will build general awareness and capacity among local officials as well as communities to better understand the linkages between poverty, sustainable land management and effective adaptation. It will enable communities, through a well-defined process, to actively take part in land management and adaptation decisions. It will also enable them to identify innovations to be tested through a set of participatory tools used for situation analysis and implementation planning.

Land management decision-making largely bypasses communities. The vast majority of villages in China's poor areas do not have land use maps or other resource management tools. In the context of limited dialogue between line agencies and rural communities, local farmer knowledge about their land area and soil fertility has also often been underestimated and has not been fully used. Less-than-optimal land management decisions are often made because these tools and that dialogue between government and communities are absent. A broad range of agricultural subsidies also often generates biased land management decisions by local government and by communities. Furthermore, although mitigation and adaptation initiatives have been initiated in the project provinces, these remain very small scale. There are very few existing adaptation activities in poor villages except for some simple weather forecasting and technical measures. The capacity of individual households to identify risks to climate change and coping measures is very low. Reasons for this include limited awareness and a lack of technical and financial capacity, as well as poor local decision-making processes and institutional weaknesses, similar to those related to land management. The inclusion of the concept of 'vulnerability to climate change' into the project approach will help reorient traditionally top-down methods, which may predominate decision making in adaptation, towards decision making by the community. Through strengthening communities, the GEF contribution will help lifting a key institutional barrier to sustainable land management and effective adaptation.

On the ground, the value-added of GEF support will include the piloting of participatory vulnerability and resource assessments, improved interaction between communities and technical government agencies, support to land and water management improvements and innovative small rural infrastructure in some of the poorest communities (particularly focusing on vulnerable household strata), and the monitoring of landscape (incl. carbon) changes. A range of village tools has been developed during preparation to facilitate that dialogue. GEF support will promote locally appropriate measures to improve land management to increase coping ranges of poor households to extreme climate events and encourage greater ownership of intended risk reduction and adaptation actions. Communities will identify vulnerable household strata to participate in the project as actors capable of preventing disasters and adapting to climate change within their own communities. GEF support will also be directed at 'mainstreaming' implementation lessons from pilot activities into the SDPRAP's community-driven (CDD) approach and thus GEF will have a direct impact across the total project area of 24 counties. At

the national level, GEF will support analytical work on the linkages between poverty, vulnerability to climate change and adaptation and on related policy implications. The analysis will cover the potential role of community-driven development approaches in lifting barriers to sustainable land management and to climate change adaptation. It will also address the need for an updated framework of land management and poverty monitoring indicators in China's poverty reduction program. This innovative study will draw on best international practice in the analysis of poverty and environment linkages and in vulnerability analysis.

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

Experiences from the Bank's rural poverty project portfolio in China indicate that risks to achieving the project development objective and risks to project sustainability are small. Government implementation capacity in integrated rural development projects is strong at all levels of government and there are no specific technical risks associated with the project, including the SLMA component to be financed by the GEF. No negative environmental risks or impacts have been identified for the SLMA component. The design of the SLMA component aims at achieving positive environmental impacts through piloting sustainable land management and adaptation measures in fragile mountain areas and through mainstreaming the experiences from successful pilots across the SDPRAP area. The project may have positive net impacts on the global carbon cycle through protection and restoration of natural vegetation cover although an exact quantification of such benefits is beyond the technical scope of the project. (Carbon impacts, however, will be monitored on a pilot basis in selected villages under the component's M&E system.) Climate change risks are not expected to affect project implementation but it is important to note that the key feature of the SLMA component is to build general awareness of climate change risks in poor rural areas and to address such risks through a participatory process of resource and vulnerability assessments and by piloting land and water resource management related interventions that have been identified during the assessments as viable risk management measures. At the local level, there is solid scientific evidence and experience of the benefits of sustainable land management which can be regarded as the core strategy of adaptation in the project areas. While adaptation has not yet been identified as a specific objective for poverty reduction, addressing adaptation needs has been selected as an entry point to support a shift of attention from short-term pressing poverty and land degradation issues to longer-term sustainable land management and to strengthen the institutional mandate of poverty reduction agencies with regard to climate change risk management. It is expected that the poverty reduction agenda could be an efficient vehicle to support new approaches to adaptation through sustainable land management. Managing land more sustainably in poor areas relates not only to solving pressing poverty issues and environment issues but also to attention to the long-term future of the communities.

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

The SLMA component has been designed in a cost-effective way. It is fully built into the main project implementation structure and the creation of parallel and cost-intensive implementation arrangements has been avoided. Cost-effectiveness is further reflected in that the SLMA component will be implemented in communities where the main IBRD project is operating and implementation support is available. This will provide savings in terms of implementation

coordination, training and capacity building, and monitoring and evaluation as well as World Bank supervision. The project offer a highly cost-effective opportunity to the GEF to initiate the mainstreaming of environmental concerns, particularly climate change adaptation concerns, into China's national poverty alleviation program.

PART III: INSTITUTIONAL COORDINATION AND SUPPORT

INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENT:

The SDPRAP will be implemented under the leadership of the Foreign Capital Project Management Center (FCPMC) of the State Council's Leading Group for Poverty Reduction in the provinces of Henan and Shaanxi and in Chongqing Municipality. The project involves only one GEF Agency (World Bank) and will be supervised under the Bank's regular project supervision schedule.

At the central level, a Central Project Coordination Office within FCPMC is responsible for overall coordination among the implementing entities and for liaising with the World Bank. At the provincial level, Project Leading Groups (PLGs), consisting of representatives from the provincial Planning Commissions, Finance Bureaus, Poverty Alleviation and Development Offices, and other related technical agencies, are responsible for mobilizing the institutional, technical and financial resources and support for project implementation and for providing coordination and monitoring functions. Provincial Project Management Offices (PPMOs) are responsible for implementation and guidance to lower level agencies and for project M&E. PPMOs are equipped with full time staff to satisfy the needs of project management. In Shaanxi and Henan, prefectural PMOs have been established to coordinate work within the project prefectures and to monitor and assist with project fund withdrawal and reimbursement.

PLGs and PMOs have also been set up at the county level. These will play an important role in day-to-day project implementation and M&E. PLG and PMOs include the poverty alleviation offices and technical line bureaus. The PMO system will extend to the township level in form of Township Project Work Stations, which will work under the guidance of country PMOs and be responsible for the day-to-day execution of the project in their corresponding areas.

As the SDPRAP aims at community empowerment, most activities will be implemented at the administrative village and natural village levels. During project start-up, a comprehensive project implementation and management system will be set in each administrative village. This will include the Village Committee and, specifically for the project, a Project Decision Making Committee and Project Supervision Committee. The Project Decision Making Committee will be responsible for reviewing and approving community proposals under the CDD component. The Project Supervision Committee will be responsible for implementation supervision and M&E. Community assistants will be employed to assist village committees in community mobilization, activity implementation, organization of technical training, and undertaking M&E of activity implementation progress and achievements.

The SLMA component will be implemented within this overall project implementation structure. The CPCO, PPMOs, and County PMOs will each appoint one full-time staff member to facilitate implementation of SLMA activities in the selected pilot villages. The CPCO will be responsible for the central level sub-component 3. The CPCO, PPMOs and County PMOs will recruit technical assistance to support the implementation of village resource assessments and mapping, design of pilot activities, training, environmental and vulnerability monitoring as well as national studies and consultations.

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

The design of the SLMA component is fully consistent with the initial approach and design proposed at the PIF stage. Design work has incorporated relevant technical comments provided by the STAP. The final design of SLMA component has greatly benefited from the overall project preparation cycle, which has allowed for the formulation and detailing of an innovative but practical approach to adaptation and sustainable land management, including detailed preparation work at the village level, testing and verification of earlier assumptions regarding conditions on the ground, and the establishment of initial baselines. The resulting SLMA component design is consistent with the PIF, it is fully aligned with the project's main investment activities and provides significant potential for innovation.

The overall project design of the SDPRAP has remained consistent with the proposed approach at identification stage, except for two changes: First, the originally envisaged Small Town Development Component has been eliminated to reduce the overall complexity of the project. During the preparation process, this component was also being assessed as too small in coverage and overall investment as to have a significant impact on the ground. In addition, the original 'Community Infrastructure and Public Service Delivery' and the 'Household Income Generation' components have been renamed into 'CDD' and 'CDG' components, respectively, to put more emphasis on the approaches to be followed for implementation rather focusing on the type of activities to be funded. No material changes have been made to the design of these components.

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 (Month, day, year)	Project Contact Person	Telephone	Email Address
Steve Gorman			Jiang Ru	202 473 8677	

ANNEX A: PROJECT RESULTS FRAMEWORK

PDO	Project Outcome Indicators	Use of Project Outcome Information
Explore and pilot more effective and innovative ways of providing poverty reduction assistance to the poorest communities and households through CDD and participatory approaches.	CDD approach highlighted in national poverty reduction program plan for 2011-2020. 80% (90% in Henan) satisfaction rate among beneficiaries regarding (a) project impact on income levels and well-being, and (b) CDD approach.	Determine whether project has been successful in (a) influencing national policy, (b) empowering project communities' to determine their own development, and (c) improving the income levels and well-being of beneficiaries.
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<p>Component One: CDD Widespread participation of villagers in design, implementation and management of development plans.</p> <p>Improvement in access to drinking water, power, roads, and other basic infrastructure and services.</p> <p>Poorest households' dangerous housing (or cave dwellings) improved.</p>	<p>Funds transferred to project villages as % of available approved funds.</p> <p>Funds transferred to the poorest natural villages at least equal to the average for all natural villages in the community.</p> <p>Women as % of participants in village committees.</p> <p>% of infrastructure works found to be satisfactory in the "yanshou" quality review.</p> <p>% of project activities with specific arrangements for maintenance and management.</p> <p>Villages which have completed their multiyear development plans as % of all project villages.</p>	<p>Determine whether there is a need to adjust procedures or plans for participatory approach and planning or encourage increased participation.</p> <p>Assess and evaluate whether project is in accordance with the needs and desires of the communities and villagers.</p> <p>Assess the quality of construction.</p>
<p>Component Two: CDG Empowered communities (better capacity of self-governance and self-development) through managing CDG and increased farmers' income through successfully utilizing assistance provided by CDG.</p>	70% of poorest households benefit from CDG.	<p>Evaluate whether CDG is operating successfully.</p> <p>Evaluate whether poor farmers have benefited from CDG assistance.</p> <p>Evaluate whether the training plan and capacity building program are feasible and practical.</p>
<p>Component Three: Rural Migrants Support New and innovative approaches targeted at providing better services to rural migrants are introduced, piloted, and ready for scaling-up.</p>	<p>Number of vocational trainings completed (person/times).</p> <p>Employment rate after vocational training.</p>	Evaluate the performance of the "integrated" approach to migrant service provision and identify areas for improvement.

	Two Migrant Workers Service Centers established, and annual increase in provision of services to members.	
Component Five: Management and M&E Establish the project management and M&E system at all levels. Increase staff capacity and training at all levels, and improve project implementation performance.	Effective and comprehensive project management and M&E system established within 6 months of project effectiveness.	Determine whether institution building program has helped establish sufficient capacity for successful project management and M&E.
GEF Global Objective		
To demonstrate improved sustainable land management through innovative community pilots addressing vulnerability to climate change in poor rural areas for mainstreaming into the CDD approach.		
Component Four: Sustainable Land Management and Adaptation (GEF global objective) Increased capacity of local governments and communities to implement sustainable land management and adaptation activities. Pilot indicators for sustainable land management, climate change vulnerability, and adaptation formulated for consideration in national poverty monitoring. Improved carbon sequestration in SLMA pilot villages.	70% of all pilot villages successfully completed village assessments and resource mapping and identified adaptation needs. 50% of pilot villages implement innovative adaptation measures based on application of new assessment tools. Number of adaptation innovations introduced into CDD menu. Number of indicators formulated covering land management, climate change vulnerability, adaptation and coping range. Carbon stock increased by 5 percent across all pilot SLMA villages; equivalent to an estimated total of 96,000t / C by project completion (or 400,000t/C for total project area by project completion).	To determine whether adjustments are needed in village assessment tools and to identify – through evaluation of pilot implementation – suitable adaptation activities for inclusion into the menu of CDD eligible activities project wide. To strengthen inter-sector coordination and facilitate recognition of poverty-vulnerability-adaptation linkage in national poverty agenda.

Arrangements for results monitoring

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Satisfaction rate among beneficiaries regarding (a) project impact on income levels and well-being, and (b) CDD approach.	0%	50%	60%	70%	80%	80% to 90%	Baseline, Mid-Term, and post-completion	MIS system and independent quantitative and qualitative surveys	PMO and independent M&E systems
Intermediate Outcome Indicators									
Funds transferred to project villages as % of available approved funds.	0%	10%	25%	50%	65%	75%	Baseline, Mid-Term, and post-completion	MIS system and independent quantitative and qualitative surveys	PMO and independent M&E systems
Funds transferred to the poorest natural villages at least equal to the average for all natural villages in the community.	none	Equal	Equal	Equal	Equal	Equal			
Women as % of participants in village committees.	0%	15%	20%	25%	30%	33%			
% of infrastructure works found to be satisfactory in the “yanshou” quality review.	0%	75%	80%	85%	90%	95%			
% of project activities with specific arrangements for maintenance and management.	0%	10%	25%	50%	65%	75%			
Villages which have completed their multiyear development plans as % of all project villages.	0	10%	30%	60%	90%	95%			
% of poorest households benefit from CDG.	0%	50%	55%	60%	65%	70%	(a) Annual and (b) Baseline, Mid-Term, and post-completion	MIS system and independent quantitative and qualitative surveys	PMO and independent M&E systems
Number of vocational trainings completed (person/times).	0	0	5,000	10,000	15,000	20,000	Annual	MIS system	PMO system

Employment rate after vocational training.	0%	40%	50%	60%	70%	80%	Annual	MIS system	PMO system
Two Migrant Workers Service Centers established, and annual increase in provision of services to members.	0, 0	0,0	2,0	2,+15%	2,+30%	2, +45%	Annual	MIS system	PMO system
SLMA (GEF) Component Intermediate Outcome Indicators									
70% of all pilot villages successfully completed village assessments and resource mapping and identified adaptation needs.	0	20	40	60	70	70	Annual	MIS system	PMO system
50% of pilot villages implement innovative adaptation measures based on application of new assessment tools.	0	5	20	35	50	50	Annual	MIS system	PMO system
Number of adaptation innovations introduced into CDD menu.	0	0	0	Actual	Actual	Actual	Annual	Provincial Workshops and Consultations	PMO system
Number of indicators formulated covering land management, climate change vulnerability, adaptation and coping range.	0	0	0	Actual	Actual	Actual	Annual	National Workshops	CPCO (FCPMC)
Carbon stock index increased by 5 percent across all pilot SLMA villages; equivalent to an estimated total of 96,000 t/C by project completion	0	0	0	5	5	5	Year 4 of project implementation	Carbon stock baseline and one-time update in year 4	PMO system

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

The guidance received from STAP on the original Project Information Form (PIF), dated February 14, 2008, has been shared among all stakeholders involved in the preparation of the SLMA component and been fully incorporated into preparation of the component. The detailed responses of team to the STAP comments, including those submitted by Council members submitted on July 28, 2008, are included below:

(1) STAP Comments

STAP comment 1: The project needs a clearer statement on how the proposed actions lead to outcomes. The outputs of the proposal are not clear, in that no specific figures or quantitative ranges are provided for the outputs.

The initial description of the component included in the PIF has been revised in order to clarify how the proposed actions and activities will lead to outcomes. Specifically, a detailed design framework and a separate monitoring framework for this component have been prepared during the preparation process. The component objective has been refined ‘to demonstrate improved sustainable land management through community pilots addressing vulnerability to climate change in poor rural areas for mainstreaming into the project’s CDD approach. A full component results framework has been formulated that includes the following two achievable outcomes: (a) increased capacity of local governments and communities to implement sustainable land management and adaptation activities; and (b) pilot indicators for sustainable land management, climate change vulnerability, and adaptation are formulated based on field experiences for consideration in national poverty monitoring. The elements of the component results framework have been integrated into the overall results framework of the SDPRAP.

STAP comment 2: It would be important to know how the project intends to include land users’ knowledge to design and implement improved techniques on land management, and ecosystem based land planning.

The STAP statement that assumptions that poor understanding and inadequate practices by local people are the main barrier to sustainable land management should be avoided has been followed. During preparation, any oversimplifying statements on land degradation were avoided. In fact, the component was prepared on basis of detailed assessments of agro-ecosystems, village socio-economic and vulnerability assessments in 15 sample villages in the three project provinces with the active participation of local communities in assessing current situation and identifying solutions. The methodologies developed for component implementation fully reflect the participatory nature of this component. Participatory methodologies as well as baselines formulated during the preparation process are documented in the final component preparation report that is available in the project files.

STAP comment 3: The proposal also does not specify how the techniques will be gender specific to target better women’s and men’s land management needs.

The component proposal (PIF) on land management and adaptation has no particular gender focus or related objective. However, attention to gender issues has been given during the preparation field work where women have been invited and have actively participated in village assessments. More

generally, gender issues will be taken into full account during project implementation as part of the project's CDD approach and are part of the implementation procedures of the CDD and CDG manuals.

STAP comment 4: On global environmental benefits, the proposal does not specify what indicators will be used to measure improvements to land management (rehabilitation, protection), or how will changes to soil quality and carbon stocks be measured and tracked.

Regarding global benefits and associated scientific barriers, an innovative methodology to estimate trends in local carbon stock based on a carbon stock index has been developed and tested in the field during the component preparation. The methodology is described in the component preparation report (and described in detail in PAD Annex 16) and will be used for environmental impact monitoring. Baseline values have established for 15 villages and are documented on GIS-based maps. Since the expected global climate change benefits mostly derive from adaptation and sustainable land management, related impact indicators have been developed and integrated into the components environmental monitoring system.

STAP comment 5: On risks, the proposal should be strengthened by including the scientific barriers associated with increasing the levels of carbon stocks by stabilizing vegetation cover, as well as measuring accurately changes in carbon levels.

The final preparation report discusses the scientific barriers, limitations and complexities of measuring carbon stocks and trends. The developed methodology represents an innovative compromise between the requirement of measuring carbon sequestration as an indicator of the project's contribution to global environmental benefits and the difficulty in accurately and cost-efficiently measuring carbon sequestration (e.g. Pearson et al 2005). The carbon stock index value to be generated can be used as a descriptor of the carbon state of a defined area (baseline) and, at the same time, as a relative indicator of change in this area (impact).

STAP comment 6: The approach to be adopted by SDPRAP could also be a source of risk itself, especially if the GEF portion is tied to the formidable task in the Chinese context of "tackling key institutional constraints within the Chinese poverty alleviation system". If this last part fails to be achieved, how will the GEF objectives in these difficult dryland areas be met?

The risk that the overall approach of the SDPRP may fail has been rated moderate. There is strong national and local level ownership of the project's CDD approach – an approach that will tackle institutional constraints—and this ownership is based on successful implementation experiences of the government's own CDD pilot initiatives which have been implemented over the past years. Risks to the GEF objective are considered to be low because (a) the component will focus only on incremental changes to a well-established CDD approach and (b) the component's pilot activities can also be implemented independently of the main project and have relevant impacts on ground.

(2) Comments from Council Members (Germany)

Germany shares the opinion of the STAP that the proposal needs clarification in terms of how the proposed actions lead to outcomes. What systems and parameters will be established for monitoring and evaluation? For instance, will carbon sequestration from increased vegetation be quantified? For the project's first component, what means will be used for the rural electrification project, and will there be a significant increase in Greenhouse Gas emissions as a result?

Response:

- (a) The design of the SLMA component monitoring system has taken the Council member's comments into account. During project preparation an innovative and cost efficient M&E system to assess changes in carbon stocks at the community level has been formulated and tested in the field (see detailed description in Part I, section H and, for more detailed treatment of SLMA component monitoring, see the project document Annex 16). This M&E system, including the carbon stock index monitoring, will be applied during implementation.
- (b) The SLMA component will not finance any electrification projects. At project identification stage, it was expected that under the IBRD-financed CDD component, communities may opt for investing some of the available funds in basic rural electrification. However, field visits during project preparation have shown that nearly all villages in the project areas are already connected to the electric grid and therefore, the project as a whole is highly unlikely to support any electrification. No increases in greenhouse gas emissions are expected.

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

<i>Position Titles</i>	<i>\$/ person week*</i>	<i>Estimated person weeks**</i>	<i>Tasks to be performed</i>
For Technical Assistance			
Local			
Provincial Land Management /Land Use Specialists/ Adaptation Specialists	1,200	80	Team Leader in each province to guide capacity development, training, and technical work at provincial level
GIS Specialist	1,200	50	Carbon stock index monitoring
Social Specialists	1,200	70	Vulnerability assessments, baseline
M&E	1,200	40	M&E tasks
Technical Specialists (agriculture, agronomy, irrigation, water management, livestock, extension)	1,200	160	Technical support to adaptation pilot planning, selection, and implementation
County level training consultants	1,200	230	Dissemination, village level training and capacity building
County -level technical advisors	1,200	350	Support to provincial lead specialists in pilot planning, selection, and implementation
International			
Poverty specialist	3,600	8	Support to FCPMC in national policy consultation and analytical work
Land Management	3,600	10	Support to FCPMC in national policy consultation and analytical work
Economist	3,600	7	Support to FCPMC in national policy consultation and analytical work
Justification for Travel, if any: Local travel is required to reach project counties and villages in each provinces as well as for training and evaluation consultations and workshops.			

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 PDF-B Project Preparation Grant (TF091753) that was approved by the GEF Secretariat on February 4, 2008 (in an amount of US\$280,000) to support the preparation of the Sustainable Land Management and Adaptation Component (SLMA) of the China-Sustainable Development in Poor Rural Areas Project (P099751/P101844) has been completed. The Foreign Capital Project Management Center (FCPMC) of the Leading Group for Poverty Reduction has implemented the PPG and completed the agreed activities.

Specific preparation activities included: (a) an analysis of sustainable land management, rural development/poverty reduction, climate change risk adaptation policies in the project provinces and an institutional analysis; (b) design of practical land use and adaptation models and activities and relevant implementation tools that link into the project's Community-driven Development (CDD) approach; (c) detailed design studies for SLM/climate change adaptation packages covering the specific conditions in each province; (d) an incremental cost/benefit analysis; and (e) the design of an innovative M&E system for the component that links into the overall project M&E system and pilots an approach of how to monitor vulnerability and adaptation.

A final preparation report that consolidates the individual provincial outputs and reports has been received by the Bank on November 3, 2009 and is available in the project files. The detailed component design work has been discussed by the Bank team with FCPMC and the participating provinces during a number of workshops (Zhengzhou June 2008; Beijing Sept 2008; Beijing May 2009). The final report has been reviewed and was deemed a satisfactory output of the preparation.

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

None

**C. 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 Todate</i>	<i>Amount Commit ted</i>	<i>Uncommitted Amount*</i>	
Overall guidance on component design and preparation of final report (team leader - international consultant)	Completed	-	\$20,000	-	-	-
Component design and formulation of M&E system (M&E specialist - international consultant)	Completed	-	\$18,750	-	-	-
Chongqing – Background studies, village assessments, and detailed component design – consultant: Southwest University of Chongqing	Completed	-	\$50,000	-	-	-
Henan – Background studies, village assessments, and detailed component design - consultant: Agriculture and Technology Consultation Center, Landscape Planning Institute, Henan Agriculture University	Completed	-	\$50,000	-	-	-
Shaanxi – Background studies, village assessments, and detailed component design - consultant: Xian Chongde Eco-engineering Consulting Co. Ltd.	Completed	-	\$76,000	-	-	-
Audit	Completed	-	\$4950	-	-	-
Workshops and Training	Completed	-	\$40,272	-	-	-
Total			<u>\$268,792.06*</u>	-	<u>\$11,207.94</u>	-

* Subtotals as per Bank Client Connection based on approved withdrawal applications; differences between individual items and total preparation cost are due to exchange variations. Total preparation cost are US\$268,792.06. The uncommitted balance of US\$11,207.94 is being refunded to the GEF.