United Nations Development Programme

Project Document

<table>
<tr><td colspan="3">Project title: Restoration of Degraded Natural Forests and Soil Erosion Management Improvement in Erosion-Prone Regions of China</td></tr>
<tr><td>Country(ies):
People's Republic of China (China)</td><td>Implementing Partner (GEF Executing Entity):
National Forestry and Grassland Administration (NFGA)</td><td>Execution Modality:
National implementation</td></tr>
<tr><td colspan="3">Contributing Outcome:
United Nations Sustainable Development Cooperation Framework (2021-2025) Outcome 3: People in China and the region benefit from a healthier and more resilient environment.
UNDP Country Programme Document for China (2021-2025), Pillar 2 (A healthier planet and resilient environment), Output 2.1: Adaptive policies developed at target level (subnational), financed and applied for nature-based systems to align with multilateral agreements and transboundary platforms.
Aligned with UNDP Strategic Plan (2022-2025) Output Signature Solution #4 (Environment); contributing to UNDP SP Result 4.1: Natural resources protected and managed to enhance sustainable productivity and livelihoods; and Result 4.2: Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions</td></tr>
<tr><td colspan="2">UNDP Social and Environmental Screening Category:
MODERATE</td><td>UNDP Gender Marker:
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<tr><td colspan="3">LPAC meeting date: 1 March 2022</td></tr>
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<tr><td colspan="2">Expected date of Mid-Term Review: March 2025</td><td>Expected date Terminal evaluation: September 2027</td></tr>
<tr><td colspan="3">Brief project description:
The project will support the Government of China's effort to meet the national Land Degradation Neutrality (LDN) targets by strengthening policy and incentive frameworks, enhancing institutional and individual capacities, improving the ecosystem services in these areas, safeguarding globally significant biodiversity, and leveraging expanded sources of financing for sustainable management of natural forest use land (NFUL). The project aligns the GEF-7 Land Degradation Focal Area Objective 2 "Creating an enabling environment to support voluntary LDN target implementation".
The project's multi-level governance approach for forest landscape restoration and sustainable management will be incorporated into the NFGA's work for managing NFUL areas in China. The project interventions are expected to contribute towards restoration of 83,000 ha of forest land and replication of best practices to an</td></tr>
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additional cumulative area of 341,000 ha. Restoration techniques will include use of mixed plant species, including endemic and local species, to improve forest community biodiversity and to avoid risks of invasive alien species encroachment. In addition, the project will test innovative forest restoration techniques for scaling up potential. The underlying objective of the project is to strengthen the resilience of the erosion-prone project landscapes through introduction of improved and innovative forest land restoration techniques. The landscape approach implemented under the project promotes multi-level, cross-sectoral, and multi-stakeholder collaboration in generating global environmental benefits and socioeconomic co-benefits for an estimated 30,000 direct beneficiaries, of whom 15,000 are women. Expanded stakeholder participation will also be facilitated through new and strengthened public-private-community partnerships and adoption of ecological compensation mechanisms that better reflect the values and services of NFUL.

Reductions in the rates of loss and degradation of forests will also translate into reductions in the rates of loss of carbon sinks, resulting in an estimated 11.3 million tons of carbon dioxide equivalent of lifetime direct project greenhouse gas emissions mitigated and 46.7 million tCO2e of lifetime indirect GHG emissions mitigated, attributed to the catalytic action for upscaling.

The knowledge gained from the restoration demonstrations will be disseminated nationally through an online knowledge hub administered by the National Forest and Grassland Administration (NFGA).

FINANCING PLAN		
GEF Trust Fund grant		USD 2,986,758
(1) Total Budget administered by UNDP		**USD 2,986,758**
CO-FINANCIERS THAT WILL DELIVER PROJECT RESULTS INCLUDED IN THE PROJECT RESULTS FRAMEWORK (FUNDS NOT ADMINISTERED THROUGH UNDP ACCOUNTS)		
National Forestry and Grassland Administration (NFGA)	Public investment (Investment mobilized)	USD 18,180,000
	In-kind (Recurrent expenditures)	USD 300,000
Gansu Provincial Forestry Bureau	Public investment (Investment mobilized)	USD 2,000,000
	In-kind (Recurrent expenditures)	USD 1,000,000
Chongqing Municipal Forestry Bureau	Public investment (Investment mobilized)	USD 1,500,000
	In-kind (Recurrent expenditures)	USD 600,000
Yunnan Provincial Forestry Bureau	Public investment (Investment mobilized)	USD 1,000,000
	In-kind (Recurrent expenditures)	USD 400,000
Guizhou Provincial Forestry Bureau	Public investment (Investment mobilized)	USD 500,000
	In-kind (Recurrent expenditures)	USD 100,000
Fujian Provincial Forestry Bureau	Public investment (Investment mobilized)	USD 1,000,000
	In-kind (Recurrent expenditures)	USD 400,000
Menghai Jinsha Agricultural Technology Development Co. Ltd.	Grant (Investment mobilized)	USD 200,000
Guizhou Qiming Agricultural Technology Development Co. Ltd.	Grant (Investment mobilized)	USD 300,000
UNDP	In-kind (Recurrent expenditures)	USD 50,000
(2) Total confirmed co-financing		**USD 27,530,000**

	(3) Grand-Total Project Financing (1)+(2)	USD 30,516,758
SIGNATURES		
Signature:	Agreed by Government Development Coordination Authority	Date/Month/Year: 30/11/2022
Signature: Mr. Fu Changjie Deputy Director General Ecological Rehabilitation Programme Management Center National Forestry and Grassland Administration (NFGA)	Agreed by Implementing Partner	Date/Month/Year: 11/10/2022
Signature: Mr. James George Deputy Resident Representative UNDP China	Agreed by UNDP	Date/Month/Year: 01/12/2022

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Abbreviations and Acronyms:

ABS	Access and benefit-sharing
ADB	Asian Development Bank
AWP	Annual work plan
BAU	Business as usual
BPPS-NCE-VF	Bureau for Policy and Programme Support, Nature, Climate and Energy, Vertical Fund team
CC	Climate change
CNY	Chinese yuan
C-PAR	China's Protected Area Reform Program (GEF-6)
CPD	Country programme document (UNDP China)
CSR	Corporate social responsibility
DD	Due diligence
ERP	Ecological Rehabilitation Program (of NFGA)
ERPMC	Ecological Rehabilitation Program Management Center (of NFGA)
FAO	Food and Agriculture Organization of the United Nations
FLR	Forest landscape restoration
FPIC	Free, Prior and Informed Consent
FSP	Full Sized Project
GHG	Greenhouse gas
GEF	Global Environment Facility
GEFSEC	Global Environment Facility Secretariat
GRM	Grievance Redress Mechanism
ha	Hectare
HACT	Harmonized Approach to Cash Transfers
HCS	High carbon stock
HCV	High conservation value
IP	Implementing Partner
IPP	Indigenous Peoples Plan
IPPF	Indigenous Peoples Planning Framework
IRRF	Integrated Results and Resources Framework (UNDP)
IUCN	International Union for Conservation of Nature
KAP	Knowledge, attitudes and practices
KBA	Key biodiversity area
KfW	*Kreditanstalt für Wiederaufbau KfW Bankengruppe*
KM	Knowledge management
LADA	Land Degradation Assessment in Drylands (FAO-UNDP-GEF project)
LDN	Land degradation neutrality
LDN TSP	LDN Target Setting Programme
M&E	Monitoring and evaluation
MARA	Ministry of Agriculture and Rural Affairs
MEE	Ministry of Ecology and Environment
MNR	Ministry of Natural Resources
MTR	Mid-term review
NBSAP	National biodiversity strategy and action plan
NFGA	National Forest and Grassland Administration
NFPP	National Forest Protection Program
NFUL	Natural forest use land
NGO	Non-governmental organization
NPD	National Project Director
NTFPs	Non-timber forest products
PA	Protected area
PIMS	Project information management system

PIR	Project Implementation Report (GEF)
PMO	Project management office
POPP	Programme and operations policies and procedures
PPCP	Public private community partnership
PPG	Project preparation grant
PRC	People's Republic of China
RTA	Regional Technical Advisor
SDG	Sustainable development goal
SECU	Social and Environmental Compliance Unit
SES	Social and environmental standards (UNDP)
SESP	Social and environmental screening procedure (UNDP)
SFM	Sustainable forest management
SLM	Sustainable land management
SOP	Standard operating procedure
STAP	GEF Scientific Technical Advisory Panel
TBD	To be determined
tCO2e	Tons of carbon dioxide equivalents
TE	Terminal evaluation
TOR	Terms of reference
TRI	The Restoration Initiative
TSA	Targeted scenario analysis
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNDP CO	United Nations Development Programme Country Office
UNDP CPD	UNDP Country Programme Document
UNEP	United Nations Environment Programme
UNSDCF	United Nations Sustainable Development Cooperation Framework (China)
USD	United States dollar
WOCAT	World Overview of Conservation Approaches and Technologies
WWF	World Wide Fund for Nature

II. DEVELOPMENT CHALLENGE

1. Land degradation is a major challenge in today's China, seriously impacting those living in the affected downstream areas. In most regions of China, land degradation is a result of deforestation, which has led to soil erosion, loss of soil organic matter, soil salinization, and soil compaction, ultimately resulting in a decline in the ecosystem services which these areas are providing. While the root causes for the wide-spread land degradation are described in detail later in the section, the lack of or inadequate forest resource management policy in the past should be highlighted as a major factor for the degradation, which impacts forest landscapes in the NFUL today. However, since 1998, China has radically changed its policies after the country experienced devastating floods resulting in 3,656 deaths that year. In response, the government banned logging[1] in NFUL areas in the upper reaches of the Yangtze River and the upper and middle reaches of the Yellow River. China's Voluntary Land Degradation Neutrality (LDN) Target Setting Programme report to the UNCCD (2017) notes that the area affected by soil and water loss, due to water induced soil erosion and water run-off, amounted to 1,293,200 km^2 according to 2011 statistics, of which 21.2% were intensely affected. These problems, in turn, lead to downstream river siltation, excessive water runoff and low soil fertility in upstream forest and agricultural areas, and in its ultimate form, catastrophic flooding and landslide events.

2. Whilst China has been able to increase its overall forest cover from 17% to 23 % over the last two decades including an expansion in forest area designated as natural forest use land (NFUL), which in 2016 covered 138.68 million ha, the forest quality remains relatively low. For instance, 35.52 million ha are young forests, and 39.29 million ha are middle-aged forests making up 53.95% of the overall NFUL[2]. Moreover, the typical standing stock in China's NFUL has an average from 90 to 130 m^3 per ha, far below the 300 m^3 per ha found in good forests around the world. And although tree coverage has increased, this has not translated into improved forest function. For instance, soil retention in many areas has not improved. thus, proving current efforts to be insufficient to address negative impacts from the decades of deforestation. Similarly, other ecosystem services provided by the NFUL, in particular, services related to soil improvement and surface runoff, are weak. The challenge of restoring NFUL is difficult, given that many regions have an ecologically fragile environment and poor soil quality.

Project Landscapes:

3. The five targeted forest landscapes (see **Figure 1**), namely Xiaolongshan, Gansu Province; Wuxi County, Chongqing Municipality; Xishuangbanna area, Yunnan Province; Libo County, Guizhou Province; Changting County, Fujian Province, provide important national and global ecosystem services, and are experiencing systemic problems facing NFUL in China, increased levels of erosion, habitat degeneration and fragmentation, sedimentation and flooding of rivers, resulting in loss of carbon stocks and globally significant biodiversity.

4. The majority of NFUL in and around **Xiaolongshan** is state-owned. Xiaolongshan Forestry Bureau is a state-owned entity located in South-eastern **Gansu Province**. It is responsible for protecting and restoring state-owned forest land. It has 21 forest farms, with almost 6,000 employees, under its purview. Both the Yangtze River and the Yellow River cut through areas of Xiaolongshan. Total NFUL area is 828,699 ha, of which 74.5% or 617,078 ha is forested. The degraded NFUL areas cover an overall of 246,830 ha at the project site and of these 32% has a rating of intensive or above, which is mainly attributed to lack of effective and real-time restoration and management of the forest and land. The poor forest management, due to low investment for tending, has resulted in a large expanses of degraded forest and land. Xiaolongshan has suffered serious degradation over the years, weakening its ability to provide ecosystem services and natural forest restoration. Xiaolongshan houses more than 27 species of national level key protected, 32 endemic species, including 14 endemic tree species and 1,004 medicinal plant species, and endemic or local species which can be used in the forest reforestation are Red birch (*Betula albo-sinensis*) and Chinese oil pine (*Pinus tabulaeformis*), and Dragon spruce (*Picea asperata*).

[1] A logging ban for all NFUL areas in China was imposed in 2015.

[2] NFGA publication Forest Resources in China The 9th National Forest Inventory http://www.china-ceecforestry.org/wp-content/uploads/2019/08/Forest-Resources-in-China%E2%80%94%E2%80%94The-9th-National-Forest-Inventory.pdf

5. **Wuxi County** is located at the edge of the northeast area of **Chongqing Municipality**. In contrast to Xiaolongshan, the majority of NFUL in Wuxi County is collective. The state-owned forest farms in the county have only 140 state forest farm workers. Mountains and hills occupy 91.4% of Wuxi County's area. The county is classified as a national-level poverty county. Total land area classified as NFUL is 326,933 ha of which of 218,912 ha are forested. The degraded NFUL areas cover an overall of 140,309 ha at the project site and of these 67 % has a rating of intensive or above. The threats and drivers of forest and land degradation in Wuxi County are mainly due to ineffective policy and management systems, and lack of cost-effective techniques and adequate approaches to enhance forest and land quality. Of this, 12.2% is designated as protected ecological forest and 25.8% is public benefits forest at the national level. Another 40.6% is classified as collective public benefits forest at the local level. Thus, a total of 78.6% of Wuxi's forest use land is strictly protected. Wuxi county houses more than 109 key protected species of national level, 27 endemic species, including 12 endemic tree species and 157 medicinal plant species. Endemic or local species which can be used in the forest restoration are, among others, Chinese pistache (*Pistacia chinensis*) and cypress (*Cupressus funebris*).

6. **Xishuangbanna area** is a three-county area in **Yunnan Province** covering 19,150 km^2 that borders Laos in the south and Myanmar in the southwest. The area is known for its large ethnic minority populations of multiple ethnicity. 95% of Xishuangbanna is mountainous or hilly. The area is a transition zone between the flora and fauna of tropical Southeast Asia and subtropical and temperate China, resulting in a region with the highest biodiversity in China. Xishuangbanna is the second largest rubber planting area in China, supplying about 37% of the domestic natural rubber production. The high income possibilities from rubber, plus tea, banana and others crops and commodities pose considerable pressure for expansion of monoculture plantations into the natural forests of this key biodiversity area (KBA). The forested area of NFUL covers an overall area of 1,118,800 ha at the project site, and degraded NFUL areas covers an overall area of 434,867 ha at the project site and of these 42 % has a rating of intensive or above. Thus, the threats and drivers of forest and land degradation in Xishuangbanna are attributed to pursuit of maximal economic benefits as a sole aim, without adequate monitoring and supervision. In particular, large areas of tropical rainforest and shifting cultivation lands at lower altitudes have been converted to rubber plantations because of the higher incomes they offer. As a result, natural forestland at higher altitudes or on steep slopes has then been cleared to meet the thereby created demand for new arable land. Xishuangbanna houses more than 90 key protected species of national level, 44 endemic species, including 20 endemic tree species and 1,715 medicinal plant species. Endemic or local species which can be used in the forest restoration are Oak (*Quercus spp*.), fir (*Cunninghamia Lanceolata*), and Yunnan pine (*Pinus yunnanensis).*

7. **Libo County** is located in the southern part of **Guizhou Province**, and also the upper reaches of the Pearl River. It has an area of 2,431.8 square kilometres and is designated as one of the main ecological function zones in China. Maolan Karst Forest ecosystem in Libo county, is the only surviving karst forest ecosystem in the world and Libo, together with Shilin and Wulong, was listed as the World Natural Heritage of Karst in Southern China in 2007. There are 193,655 hectares of NFUL in Libo county, of which 147,282 ha are forested. 46,373 hectares (23.9%) is the barren mountain and 27,213 hectares (14.1%) the rocky-desertification forest of which of large parts are seriously degraded making ecological restoration difficult. The degraded NFUL areas cover an overall area of 83,950 ha at the project site and of these 32% has a rating of intensive or above, which is largely caused by anthropogenic destruction such as overcutting and inadequate forestland conversion, as well as natural processes such as karst rocky desertification. The county's forest coverage rate is 55.2% and houses more than 170 species of national level key protected and 354 medicinal plant species providing for a "natural drug store" and a large in-situ gene bank. Nevertheless, despite the implementation of the National Forest Protection Program (NFPP) (program name was changed in 2021 to Ecological Rehabilitation Program (ERP)), the destruction of NFUL and its resources, including biodiversity, are intensifying and phenomena such as deforestation, indiscriminate reclamation of NFUL and overharvesting of wild plants extensively occur, thus leading to severe habitat fragmentation of NFUL in Libo County. Libo County houses more than 170 species of national level key protected, 41 endemic species, including 19 endemic tree species and 354 medicinal plant species. Endemic or local species which can be used in the forest restoration are Chinese cypress (*Platycladus orientalis*), fir (*Cunninghamia Lanceolata*), and camphor tree (*Cinnamomum camphora*).

8. **Changting County** is located in the western mountainous region of **Fujian Province**, south of the Wuyi Mountains, neighbouring Guangdong Province to the south, and Jiangxi province to the west. The county is dominated by low mountains and hilly regions. In Changting county, NFUL coverage is 274,000 hectares of which 80% are community managed. The degraded NFUL areas cover an overall area of 153,988 ha in the project

landscape and of these 58 % has a rating of intensive or above, which is attributed to overharvest and overexploitation of forest and land resources. Due to extensively long-term poor management, inferior and residual forests account for about half of the total area of the NFUL, and the average stock rate on these lands is 55.3 m^3/ha, which is much lower than the provincial average of 86.2 m^3/ha. The ground layer is mainly sandstone, mudstone and acid igneous rocks, which are brittle and have strong surface erosion potential. The soil after weathering is mainly red soil and sandy loam, which is susceptible to collapse and mudslides. These unique natural conditions contribute to the ecological vulnerability of the area. Changting county houses more than 91 species of national level key protected, 24 endemic species, including 10 endemic tree species and 130 medicinal plant species. Endemic or local species which can be used in the forest restoration are cryptomeria (*Cryptomeria fortunei*), metasequoia (*Metasequoia glyptostroboides*), and Fokienia-cypress (*Fokienia hodginsii*).



Figure 1: Country map showing locations of project landscapes

More information on the project landscapes is described in the *Landscape profiles* in **Annex 15** to the Project Document.

Threats and Root Causes (Drivers):

9. From 1949 until the mid-1980s, the exploitable resources in most State-owned forest bureaus declined markedly while at the same time, China's economic reality encouraged ever-increasing harvests of forest resources to generate revenue. This resulted in that forest bureaus, when encountering issues conflicting with their mandate, often favored economic returns. In addition, bureaus were often ineffective in enforcing timber harvest laws enabling farmers to indiscriminately clear forests to create farmland[3]. Although China has made leaps and bounce in terms of forest policy, planning and implementation since then, including the large-scale Natural Forest Protection Program, it is still marked by the effects of the forest degradation in the past.

10. In its current efforts to restore NFUL, China encounters a number of key issues that need to be addressed in order to ensure that the forests located on these lands can provide stronger ecological benefits including soil retention, contain water in the local areas and increase biodiversity through establishment of functional habitats. Among the issues, weak natural resource governance is one of the key underlying root causes and drivers of these threats. For a long time, there has been a lack of multi-level, multi-stakeholder governance approach for forest landscape restoration and sustainable management.

[3] Yang Yuexian (2001) Impacts and effectiveness of logging bans in natural forests: People's Republic of China - http://www.fao.org/3/x6967e/x6967e06.htm

11. **Unsustainable forest landscape management and restoration**: The current forest landscape restoration (FLR) and management threaten the effective restoration and rehabilitation of the degraded NFUL areas. Evidently current practices could be corrected to improve habitat quality and integrity, as well as improve upon the ecosystem services these landscapes can provide. For instance, under the current restoration practices the use of large-scale monoculture planting (and seed dispersal), most often using non-local species, is widespread. This is ill-advised as monocultures exhibit higher soil erosion, lower water retention capabilities, and lower soil organic content than mixed broadleaf and coniferous forest. Also, In the newly rehabilitated forest areas in previously heavily degraded natural forest soils, lack of active management directly results in a degradation of the young forest, for which thinning is needed to avoid competition among individual trees, decrease the risk of pest and prevent from forest fire. In addition, despite the strong efforts and investment in NFUL areas, these are often focused on small-scale, such as the forest stand level, rather than landscape level. Therefore, issues such as fragmentation are not detected and are seldom addressed. Part of this is related to the current lack of a holistic view and broad use of qualified indicators. Currently the ERP uses limited indicators such as forest cover and standing stock but does not consider other key indicators, such as soil quality, resistance to pests and disease, biodiversity, connectivity, etc.

12. **Lack of effective engagement with local communities and forest owners**: Even though 48% of the NFUL areas is collectively owned by local communities, they are not actively engaged in the decision-making processes nor in site management per se. This has led to a lack of interest (and awareness) in the NFUL areas, its functions, as well as management. There is, therefore, a need to actively engage the local communities in the restoration and management planning efforts in the local areas in which they live. Such engagements will strengthen the community ownership and help raise the awareness of the purpose and expected results of the FLR efforts. Part of this process would be to help local communities identify possible opportunities for additional financial or livelihood benefits that could supplement the government compensation schemes.

13. **Lack of access to financing**: In the current setting local actors owning NFUL land receive eco-compensation from the Chinese government through its established funding mechanism. However, the compensation, which is on an average of CNY 15 (approx. USD 2.3) per Chinese mu/year[4], has to be considered low. Because of this, locals often engage in (as briefly outlined below) in illegal activities such as small plot farming. There is thus a need to develop new financial mechanisms and establish local close-to-nature businesses through private sector engagements, which cater to stakeholders in the local communities.

14. **Engagement in activities contradicting FLR objectives**: Because of the lack of access to financing and lack of effective engagement with local communities and forest owners, local people often engage in small scale agriculture within the NFUL areas, harvest wood for sale, graze livestock, as well as burn crop residue and other activities not allowed within the NFUL. While compensations to local communities are provided for refraining from such activities, common practice is, due to the low level of compensation, to collect the compensation and engage in illegal activities regardless. This is because, people depend on exploiting the natural resources for their livelihood/income. Addressing the issue of community involvement in the planning, management, and restoration processes of the NFUL areas, as well as expanding the financial and livelihood options available to local communities, would help minimize this root cause. Although habitat fragmentation is easily visible in the project targeted landscapes, such fragmentation is mostly based on old land use decisions which date decades back. That said local communities' involvement in illegal activities in the NFUL areas is facilitating a further reduction in interior habitat and an increase in edge length, edge habitat area and the degree of isolation of natural forest land patches, which can modify the habitat's physical or biota conditions that many species depend on.

15. Despite decades of NFUL restoration policy implementation, it has not generated the desired tangible results on the ground. The current approach to NFUL restoration is not sufficient to meet the national challenges of FLR, biodiversity conservation and green livelihood creation. The empirical evidence supports that this can be largely attributed to a lack of evidence-based natural forest and land restoration policy. The current government policy and program lack an approach to overcome these challenges. Although recently a landscape-level integrated approach of natural forest management is increasingly favored at the local level, there are several barriers to effectively adopting this approach nationally. The proposed project aims to overcome such key

[4] 1 mu = 1/15 ha. The average compensation for one ha of land would be CNY 225 (approx. USD 35) per ha/year.

barriers and usher in a landscape-level integrated natural forest and land restoration approach nation-wide. The key barriers impeding the adoption of new approach are summarized below.

More information is provided in the *Landscape profiles* in **Annex 15**.

Baseline Scenario:

16. Some of the key complementary baseline initiatives and policy and development frameworks are outlined below. The project will build upon lessons learned and strengthened capacities, and foster synergies through interaction on multi-stakeholder governance mechanisms, delivery of capacity building through learning-by-doing approaches and co-financing arrangements

17. There are relevant and enabling national and provincial policies, programs and strategies for the proposed project, which include key legislation such as the People's Republic of China (PRC) Law on Prevention and Control of Desertification, the Forestry Law, the Environment Protection Law and the Law on Water and Soil Conservation. As mentioned in the below section Consistency with National Priorities the project is in support of the National Biodiversity Strategy and Action Plan (2011-2030) and in line with China's Voluntary LDN Targets (2017). Further, the project is aligned with various NFGA initiatives such as the National Plan for Poverty Alleviation through Forestry issued in 2014 and the Outlines on Promoting Ecological Civilization (2013-2020). Finally, the project, with its focus on NFUL areas, coincides with one of the six key NFGA programs[5], which has been put in place to halt and reverse land degradation in NFUL areas, namely the ERP. With the adoption of the Plan for the Protection and Restoration of Natural Forests[6] the ERP will be expanded in the coming years to include all NFUL designated areas in China. The annual program expenditures are expected to more than double from the current approximate USD 3 billion annually. The full legislative, strategy and programmatic ecosystem of the project will be developed, as part of the PPG phase.

18. However, due to the outlined root causes and barriers, in the absence of the proposed project, the technical forestry approaches implemented in the NFUL areas will not exhibit significant improvement from the current models of monoculture planting and the used restricted access approach to natural regeneration. The lack of addressing fragmentation of natural forest will also allow to continuously omit possibilities for integrating and connecting NFUL with other conservation lands, such as protected areas and ecologically sensitive zones, as well as the NFUL areas themselves. While increased forest cover and its benefits will continue to occur using the current methodologies and approaches, they will not expedite the overall progress towards putting China on a holistic path of reducing the occurrence of catastrophic flooding and landslides to the expected extent. China will continue to judge its NFUL restoration efforts in a unidimensional way, using only forest cover as its main indicator of progress. Livelihoods of local people living in and around NFULs will continue, and the communities will still experience a lack of inclusion in issues that matter to them, even with regard to forest lands, which are owned by the communities themselves. Under-compensation for restrictions to land use will continue leading to increased pressure on the forests from the community engagement in animal grazing, wood collection and crop growing. Finally, the changes to the financing mechanisms of China's NFUL restoration efforts will not be accelerated. The fund allocations from central government, through the established channels, will continue but the limited supplementary provisions for provincial and local initiatives will be maintained. Without testing pilots focusing on alternatives there will be no new mechanisms and set-ups for channeling needed funding to local initiatives, facilitating community engagement and bottom-up approaches to FLR. Thus, the programme will continue to face challenges where less than ideal restoration methods will continue to be implemented.

19. The baseline investment from the Chinese Government to the ERP, implemented by the NFGA, for the next five years, is estimated to be roughly CNY 150 billion (approx. USD 23 billion). The current level of

[5] Ecological Rehabilitation Program (ERP); Sloping Land Conversion Program; Desertification Combating Program around Beijing and Tianjin; Shelterbelt Network Development Program; Wildlife Conservation and Nature Reserve Protection Program; and the Industrial Timberland Plantation Program. Please see **Annex 13** for information on these individual programs.

[6] The Plan for the Protection and Restoration of Natural Forests outlines 20 sub-task areas related to among other 1) Improve the natural forest management and protection system, 2) Improve the natural forest restoration system 3) Establish a natural forest use control system, 4) Improve support policies and 5) Implement the supervision and regulation system for natural forest protection and restoration.

programme funding is CNY 20 billion (approx. USD 3 billion) per year, which is estimated to double to CNY 40 billion per year sometime after 2020. With the planned expansion of the ERP from 70% to 100% of the NFULs the ERP will cover 31 provinces, 1,900 counties and 300 forest industry bureaus, a rough calculation estimate renders an annual county investment of less than USD 2 million. This investment will support a continuation of the current unidimensional approach (i.e. uniform afforestation work and restricted access) to achieve natural regeneration of NFUL areas.

20. In addition to the ERP, a number of ongoing initiatives are relevant to the FLR development challenges that the proposed project aims to address. In addition to the six key NFGA programs (i.e., the ERP); Sloping Land Conversion Program; Desertification Combating Program around Beijing and Tianjin; Shelterbelt Network Development Program; Wildlife Conservation and Nature Reserve Protection Program; and the Industrial Timberland Plantation Program).

More information on baseline initiatives and programmes is provided in **Annex 13** (*Baseline report on sustainable forest management policies, programmes and practices*) and in **Annex 14** (*Baseline report on revenue and policy options for incentivizing participatory NFUL management*).

Baseline Activities: GEF and other Donor-funded Initiatives

21. UNDP-GEF China's Protected Area Reform Program (C-PAR): Under the C-PAR, a set of four projects related to protected area (PA) reform and enhancement are under implementation. They include a national-level project on PA system reform, two provincial projects (Gansu and Qinghai), and one costal project in south-eastern China. The national-level C-PAR project includes development of policies and guidelines on ecological corridors, which would be directly complementary to the forest landscape restoration interventions in the subject project.

22. UNDP-GEF Payment for Watershed Services in the Chishui River Basin for the Conservation of Globally Significant Biodiversity: The project aims to develop and implement a system of payments for watershed services as a means of preserving the rich biodiversity in the Chishui River Basin. The lessons and outcomes of this project will be important in the assessment and formulation of improved ecological compensation mechanisms that reflect the values and services of NFUL.

23. UNDP-GEF Developing and Implementing the National Framework on Access to and Benefit Sharing of Genetic Resources and Associated Traditional Knowledge: The focus of the project is to develop an Access Benefit Sharing (ABS) system for China in which local people are compensated for access to genetic resources in their communities by other entities (such as companies). The results of the ABS project will help inform the development of new and strengthened public-private-community partnerships in the project landscapes under Component 3, including best practices in engagement of ethnic minority communities.

24. Asian Development Bank-GEF Western China Land Degradation Partnership: The partnership is an ongoing programmatic approach to land degradation. Currently the Partnership has launched its second phase and is carrying out the Sustainable and Climate Resilient Land Management in Western PRC Project, implemented by NFGA. With NFGA the lead Implementing Partner of the subject project, there will be opportunities to directly engage with the ADB-GEF project in Western China, e.g., through sharing best practices in land degradation, successful approaches with respect to community involvement, etc.

25. Asian Development Bank-GEF Sustainable and Climate-Resilient Land Management in the Western Regions: Under PRC-GEF Partnership on Land Degradation Parent Program, this project continues to support government efforts to strengthen the PRC–GEF Partnership on land degradation in dryland ecosystems by expanding the regional scope and upscaling sustainable land management (SLM) investments in selected provinces and autonomous regions in western China. There are also opportunities for sharing best practices, collaborating on capacity development initiatives, etc.

26. FAO-GEF Decision Support for Mainstreaming and Scaling up of SLM Project: The FAO-GEF project works with 15 countries to further scale up approaches developed by the earlier FAO-UNEP-GEF project Land Degradation Assessment in Drylands (LADA). China participated in LADA and in this project. Approaches taken

for scaling up SLM results would be very useful for the subject project, which has specific upscaling targets under Component 2.

27. IUCN-GEF Building Climate Resilient Green Infrastructure: enhancing ecosystem services of planted forests in China through forest landscape restoration and governance innovation: The project seeks to improve ecosystem services in China's state-owned forest farms through the implementation of restoration programs, mainstream ecosystem services into China's forestry policy and build the capacity of relevant institutions. The project is part of the Restoration Initiative (TRI) – Fostering innovation and integration in support of the Bonn Challenge. The global program involving 10 countries is led by IUCN and supported by FAO and UNEP. There are potential synergies with respect to capacity development activities.

28. Sino-German Financial Cooperation Projects on Sustainable Forest Management: These ongoing projects, funded by bilateral donors (KfW from Germany and Ministry of Finance of China) under Sino-German Financial Cooperation Governmental Agreement, are currently planned and implemented in the provinces of Anhui, Hubei, Chongqing, Gansu and Shanxi. Two of the provinces/municipalities, namely Chongqing and Gansu, are common between the KfW funded project and the subject project, thus providing opportunities for collaboration, e.g., as part of the multi-stakeholder, multi-level landscape mechanisms. The KfW Sino-German cooperation projects in Guizhou and Hunan provinces provide important experiences and lessons on introduction of mixed forest stands with native species, erosion control, participatory planning and governance, and other sustainable forest management practices and approaches.

29. Non-governmental organizations (NGOs) are also actively leading initiatives on forest conservation, carbon sequestration, development, sustainable development and utilization of non-timber forest products (NTFPs), sustainable livelihoods for local communities, habitat restoration, etc. NGOs with activities in the project landscapes will be invited as members of the multi-level, multi-stakeholder landscape mechanisms, and there will be opportunities to collaborate with ongoing, complementary initiatives.

Long-term Vision:

30. The long-term vision is to meet the national Land Degradation Neutrality (LDN) targets relevant to NFUL by strengthening policy and incentive frameworks, building capacities for implementing sustainable forest management practices, improving ecological resilience of NFUL through implementation of participatory approaches of forest landscape restoration in five target landscapes that restores ecosystem services, safeguards globally significant biodiversity, and ensures socioeconomic well-being of local communities.

Barriers towards Achieving the Long-term Vision:

31. The barriers currently impeding the achievement of this vision are described below.

32. **Barrier 1: Outdated policies and weak natural resource governance for NFUL management, and limited institutional capacities for overseeing innovative NFUL management approaches.** China has the largest man-made forests in the world.[7] However, while forest area is increasing, the quality of the forest and the ecosystem services provided are far from optimal. This is a direct result of the prevailing afforestation approach for natural forest and land management, which generally lacks landscape-level integrated approaches. The nation-wide change in the approach is only possible through a change in the national policy and program implementation. Further, there is a lack of a long-term plan for transitioning from the current top-down implementation approach to one that engages stakeholders at the landscape-level. This policy barrier is described as an "umbrella problem" by Chinese experts, and it will require an evidence-based innovative solution to bring about such a paradigm shift. Without changing the national policy and bringing changes to the ERP implementation modalities, it is difficult to address the restoration challenges associated with forest and land in China. Furthermore, current national policy does not facilitate an environment that jump-starts changes, such as experimenting alternative restoration techniques, exploring financing mechanisms and transforming sustainable food production systems. Also lack of landscape planning guidelines and methodologies has hindered the ERP in optimizing its interventions in the past. This is because holistic planning is currently absent and does not take into account ecological functionality of the broader landscape, water source and stream protection. The national policy lacks the foregoing standards, long-term plans and program to search for

[7] Source: FAO. 2020. Global Forest Resources Assessment 2020: Main Report.

innovative solutions. Based on the analyses of the project landscapes and performance of governance of the NFUL, it can be seen that the governance systems are fragmented, with periodic, project-driven interaction between government sectors, limited information sharing and ineffective participation of community members and other stakeholders.

33. Moreover, responsible forestry institutional entities at the national and local levels lack capacity to develop and implement plans that will initiate transition towards an integrated approach to forest landscape. Baseline capacities of the NFGA and the landscape level forestry institutional entities were assessed during the project preparation phase using a Capacity Development Scorecard adapted for the project (see **Annex 16**: *Baseline capacity assessment and proposed capacity development approaches*). As shown below in ***Table 1***, there is room for improvement across each of the strategic areas evaluated in the baseline assessments.

Table 1: Breakdown of Capacity Development Scorecard baseline assessments

Strategic Area	Percentage of maximum possible scores for the NFGA and the landscape* level forestry institutions					
	NFGA	Gansu	Chongqing	Yunnan	Guizhou	Fujian
SA1: Capacities for Engagement	44%	33%	22%	33%	44%	33%
SA2: Capacities to Generate, Access and Use Information and Knowledge	44%	33%	22%	33%	44%	33%
SA3: Capacities for Strategy, Policy and Legislation Development	56%	44%	33%	44%	56%	33%
SA4: Capacities for Management Implementation	33%	17%	33%	33%	33%	33%
SA5: Capacities for Community Engagement	33%	20%	33%	33%	27%	27%
SA6: Capacities to Monitor and Evaluate	66%	17%	33%	17%	50%	33%
Total Baseline Score:	**47%**	**28%**	**32%**	**33%**	**45%**	**33%**
*The landscape level forestry institutions are defined as a consolidation of provincial/municipal, county/prefecture, and township forestry bureaus and offices						

34. **Barrier 2: Use of obsolete natural forest and land management techniques, lack of evidence-based technical guidelines on landscape-level approaches and lack of support program on sustainable livelihood innovation:** The restoration approach commonly implemented in China has been ineffective in achieving the national natural forest restoration goals. A number of key markers, such as soil quality, biodiversity, and improved livelihoods, are below expectations or have not been achieved, as they receive little or no, focus under the current implementation of the ERP. Also as noted, monoculture has been a preferred afforestation technique, and while it simplifies the initial establishment process, monocultures alter the native soil conditions, reduce biodiversity and provide for lower levels of ecosystem services compared to other forest types. Furthermore, planting market-oriented plant species disincentivize restoration with native species. All of which has immense negative social and environmental consequences. At the same time, without proven good models for adoption, policy and decision makers do not receive evidence-based advice to assess the options for policy amendments. Although China has had some successful restoration activities implemented in the past, e.g. “close the mountain grow the forest” (enclosure management) and restoration of degraded watersheds in the Loess Plateau, those activities may not be fully applicable in the selected project landscapes. There is also a lack of national level evidence-based guidelines on a landscape-level integrated approach to forest landscape. In addition, China’s forest restoration efforts are unsuccessful due to a disconnect between national policy and the local stakeholders’ needs in ERP. Consequently, many communities have restricted use of natural forests. The current program does not take this into consideration by for instance providing local communities with alternative green livelihood options. And there are no programs to address the needs of people living on the fringes of society. Ethnic minorities and women from low-income families, in particular, are often heavily dependent on natural forest resources for their livelihood. Although compensations are made for the imposed restrictions on land usage, the compensation is far too low in comparison to loss of livelihood. As a result, unsustainable exploitation of natural resources is prevailing. Studies have shown that there is a need to develop alternative livelihoods for local people, as part of ERP, with funding provided through the program. Although some small livelihood initiatives are implemented, these *ad hoc* projects and their results do not grab the attention of NFGA policy makers, and thus are not translated into the national policy. One problem is that these

programs distribute money to individual households, which makes it difficult to measure the impact of the program, as it is difficult to track the fund utilization, and thus to measure success. Therefore, there is a need for implementation of nationally supported demonstration project that will provide an evidenced-based advice to NFGA on incorporation of green livelihoods support program in the ERP.

35. **Barrier 3: Inadequate incentive mechanisms for adopting and upscaling innovative FLR approaches**: There are two financial impediments for adoption and scaling up of new approaches. First impediment is the lack of payment system that is based on valuation of ecosystem services encouraging adoption of protection and restoration activities. Forest restoration and sustainable use can be encouraged by appropriate financial incentives. Currently there are no financial incentives available for transforming from monoculture restoration practices to “accelerated" natural regeneration. Similarly, the communities that own or rely on forests and lands are not encouraged to preserve and sustainably manage the forest. Instruments such as Payment for Ecosystem Services that can help finance a move away from traditional forest management and encourage sustainable forest use, are absent from the current national policies and programs. A second impediment is that there is not enough funding available to support FLR at the level needed to achieve national results. There are a number of different, innovative financing mechanisms that have been discussed by NFGA, however, none have been brought to a level of detail and refinement so that they could be practically applied to generate more funds. An “eco-compensation” mechanism for financial transfers from downstream beneficiaries of ecosystem services to upstream service providers has been deliberated, but not yet institutionalized or capitalized. Lastly, while there have been some efforts to include the private sector in the restoration and protection of NFUL areas, results of these efforts have not materialized. This is a drawback because the private sector may bring the benefit of greater efficiency – carrying out restoration and management at lower costs for the same level of quality. This barrier will be mainly addressed through the project’s interventions under Component 3: Development and emplacement of innovative financing mechanisms for SFM, FLR and LDN of NFUL in China.

More information is available in **Annex 14** (*Baseline report on revenue and policy options for incentivizing participatory NFUL management*).

36. **Barrier 4: Limitations in the flow of knowledge and information**: Despite the decades of investment on natural forest and land restoration, China has not developed proven best management practices guidelines nor widely disseminated knowledge to local stakeholders. Most people (including Government staff and forest workers) are unaware of the technical deficiencies of current afforestation practices. Thus, capacity of responsible authorities, on how to oversee and implement restoration principles and techniques that have environmental, social, and economic benefits, also needs to be built. And while there is some knowledge of possible financing alternatives, that knowledge lacks depth. Similarly, while there is awareness of livelihood issues, there is little knowledge on how these could be addressed in a systematic way. Experts and officials also lack the detailed knowledge they need for improving soil restoration efforts, and the general public lacks knowledge of integrated approaches to address forest degradation and restoration issues. At the same time local communities have diverse and unique knowledge of their local forest and land. However, this knowledge is not incorporated into the national policy due to lack of consultation processes during policy and program formulation.

Summary of Problem Analysis:

37. As illustrated in the problem tree in **Figure 2**, a multitude of problems are stemming from the barriers discussed above in the barrier analysis. Despite the high levels of investment and strong efforts of forestry officials and forest workers across the country, progress in forest and soil restoration via ERP in China has been slow and generally ineffective in achieving sustainable forest management outcomes. Management, sustainable use, and restoration of NFUL have not been approached in an integrated, multi-dimensional, multi-scale way and has lacked the innovations needed to advance ERP and related efforts to a higher level of achievement.

38. Policy and planning problems related to the achievement of soil restoration via NFUL landscape restoration are overarching. The lack of long-term strategic plans, enabling policies and standards for NFUL landscape restoration, are resulting in poorly planned restoration, including a prevalence of monoculture planting, often using non-local species. Old practices of the commodity timber economy continue to permeate the forestry sector, even though ecological protection rather than timber production is now the underlying goal. Although there is strong scientific evidence demonstrating how mixed forest plantings are superior to

monoculture in achieving ecological protection and restoration objectives, there are strong barriers to realizing the planting of mixed forests. First, costs are considered to be much higher than for monoculture; and central government subsidies do not cover these costs. Second, there are technical challenges, in particular, forest farm and county forestry bureau personnel have found that broadleaf species when planted with conifer often do not survive, so that the resulting forest is conifer only.

39. Weak natural resource governance is an important driver with respect to management of NFUL. Natural forests are becoming increasingly fragmented in the country, partly attributed to the practice of various parties taking advantage of loopholes in rules or even violate rules to encroach on the forest for infrastructure/building, mining and quarrying, or agricultural activities, thus increasing fragmentation. Increasing fragmentation is evidenced by research showing that the number of fragments is increasing, and the size of the fragments is decreasing. The technical problem is that, despite the strong efforts and investment in natural forest protection, these trends are often not detected, because the focus is put on a small scale, such as the forest stand level, rather than on a larger scale, such as the landscape level. Thus, fragmentation continues to occur largely undetected. Also, past fragmentation has not been addressed in afforestation efforts. Taking a larger scale, broader point of view in planning for protection and regulatory efforts would make the fragmentation more obvious to planners and may enable them to adopt compensatory measures in their afforestation, reforestation, and restoration plans.

40. Inefficient incentive mechanisms are also driving low levels of participation and limited innovation with respect to NFUL management and restoration. Firstly, standard levels of various payments for forest restoration, forest protection, or forest non-use (subsidies to those with use rights for collective forest) are too low. State-owned forest farms find they do not have enough funds to move beyond monoculture plantings and simple enclosure management (without any human facilitation). Subsidies to those with use rights for collective natural forest use land who are no longer permitted to use the land are often considered too low. In some cases, were the local people receiving the subsidies allowed to rent out their land for use instead, rental rates would surpass subsidy rates by many times. At present, payment rates are unidimensional, considering area only. There is no consideration of the specific situation of the natural use forest land, such as special requirements for planting or especially high opportunity cost of non-use in areas with high land rental rates.

41. The second major issue, which is related to the first, is that there is insufficient funding available to support natural forest use land restoration at the level needed to achieve more comprehensive results and thus better progress towards soil restoration. There are a number of different, innovative financing mechanisms that have been considered and discussed, some for many years now. Yet, none have been taken to a level of detail and refinement at which they could practically be applied in China to generate more funding or more efficient use of funds in natural forest use land restoration and management. Such mechanisms include an ecological compensation mechanism for financial transfers from downstream beneficiaries of ecosystem and soil protection services to upstream parties who make sacrifices necessary to achieve such services (payment for watershed services). There has long been discussion about such a mechanism, but the actual details have never been worked out in a practical way. Another mechanism is carbon trading. While China has now established a carbon trading system and is piloting it in the industrial sector, no concrete steps have been taken to develop a clear system for calculating the carbon benefits of natural forest use land, so that efforts in restoration can generate streams of financial resources via trading. Lastly, while there have been some efforts to include the private sector in natural forest use land restoration and protection work, these efforts have not been systematized so that private sector involvement might be achieved on a large scale. The private sector may bring the benefit of greater efficiency – carrying out restoration and management at lower costs for the same level of quality.

42. Another aspect in which China's natural forest use land restoration and protection efforts have been unidimensional is with regard to stakeholders, including a lack of genuine participation by local communities. While many local people have lost access to natural forest use land due to the ERP, the program has not put any effort into providing these people with alternative livelihoods. And there have been no special efforts to address the needs of women and ethnic minorities. Ethnic minorities, in particular, often live in or near natural forest use land areas in China. As mentioned, there has been compensation for land taken out of use, but the compensation rates, generally CNY 15 (USD 2.22) per Chinese mu (or CNY 225 or USD 33.28 per ha) at the national level, are considered too low in many places, when compared to the land rental rates that households can make a request to the tenant. Destruction of natural forestland areas by local people has gone down

substantially with the ERP and over time as peoples' awareness to conserve the forestland have raised. Yet, stakeholders agree that there is a substantial equity issue with regard to limiting development in some of the poorer areas of the nation for the good of downstream populations who are better off and do not face the same limitations on their development. Experts suggest there is a need to develop alternative livelihoods for local people as a part of ERP, with funding provided through the program. Yet, although there have been numerous small-scale livelihood initiatives in various locations, none have been conducted in a systematic way that can catch the attention of NFGA policy makers and be translated into actual policy. One problem is that many programs distribute monies to individual households, which makes it difficult to scale up efforts and difficult to ensure that funds are used for alternative livelihoods rather than simply spent as another cash subsidy. NFGA would need to see a much more systematic model in order to incorporate livelihoods support into the ERP, also taken into consideration the complex socioeconomic dynamics, including migration of workers to urban areas, often leaving women and the elderly to tend to land holdings in rural villages.

43. There are also shortcomings with respect to technical knowledge and awareness of sustainable NFUL management practices. There is limited knowledge of how human facilitation could benefit natural regeneration, a lack of know-how of actual techniques, and lack of know-how of how to implement such techniques cheaply, so as to be able to work within tight budgets. And, despite the significant investment China has been making into NFUL restoration, most people are unaware of the technical deficiencies of current afforestation and restoration practices. While there may be some knowledge of possible financing alternatives, that knowledge lacks depth. Similarly, while there is awareness of livelihood issues, there is little knowledge of how these could be addressed in a systematic way. At the same time experts and officials lack the detailed knowledge they need to improve soil restoration efforts, and the general public also lacks awareness of the general need for a more multi-dimensional approach to addressing the nation's soil restoration issues.

44. The activities undermining sustainability that are stemming from the problems discussed above are impacting ecosystem services, biodiversity, and socioeconomic conditions. With respect to regulatory services, degradation of NFUL are reducing water retention capacities and soil quality, decreasing erosion control capabilities, weakening climate regulation services, and decreasing net primary productivity. Climate change is an important negative externality with respect to regulatory services, i.e., the increased levels of climate and disaster hazards are likely to exacerbate the impacts associated with impaired ecosystem services.

45. Impacts to provisioning services include reductions in stocks of sustainable wood, decreased clean water supplies, and lower quality and reduced extent of non-timber forest products (NTFPs). NFUL degradation also leads to reduced opportunities of nature tourism and loss of nature-related heritage. Habitat fragmentation and deterioration are causing reductions in species richness and genetic diversity. These impacts to ecosystem services and biodiversity are affecting socioeconomics of local communities, i.e., reductions in nature-based livelihood opportunities, exclusion of women and other vulnerable groups, and loss of traditional knowledge.

National Policy Alignment:

46. The project will be an important national contribution to the global efforts undertaken in connection with the UN Decade on Ecosystem Restoration (2021-2030), the United Nations strategic plan for forests (2017–2030) and global initiatives such as the Bonn Challenge and ECCA30 as well as UNCCD's implementation of Land Degradation Neutrality (LDN). The project supports the goals set forth in the China Final National Report of the Voluntary Land Degradation Neutrality Target Setting Programme (December 2017), specifically those described below in **Table 2**.

Table 2: Project alignment with the National LDN Target Setting Programme

National LDN Target Setting Programme	Proposed project contributions
Newly treated soil erosion area 860,000 km^2 by 2030	424,000 ha undergoing restoration
Forest Coverage (>24% by 2030)	11.3 million tons CO2e lifetime direct and 46.7 million tons CO2e lifetime indirect of greenhouse gas emissions avoided
Enhance publicity and mobilization and induce social participation	30,000 direct beneficiaries; improvements in knowledge, attitudes and practices
Strengthen the legal system to protect resources and achievements	National roadmap for sustainable management of NFUL endorsed by the NFGA; and 5 Landscape NFUL strategies approved by Provincial government units

Strengthen leadership and coordination, intensify institutional development	Improved institutional capacities of NFGA and landscape level forestry entities
Rely on scientific & technological progress to improve prevention and control	Demonstration of innovative forest restoration (FLR) techniques
Improve policies and measures and increase investment	Ecological compensation mechanisms reflecting the values and services of NFUL; increased private sector involvement through public-private-community partnerships

47. The project also supports the National Biodiversity Strategy and Action Plan (2011-2030), which makes a specific reference to NFUL under the NBSAP's Priority Area 4 (i.e., To strengthen in-situ biodiversity conservation) and its Action 15 (i.e., Improve biodiversity conservation outside nature reserves).

48. The project is also aligned with Pillar 2 (healthier planet and resilient environment) of the UNDP Country Programme Document (CPD) (2021-2025), which includes working with the NFGA and other national partners in reducing land degradation, improving control of desertification and drought response, and increasing productivity and food security. Pillar 2 of the CPD is associated with Outcome 3 (People in China and the region benefit from a healthier and more resilient environment) of the United Nations Sustainable Development Cooperation Framework (2021-2025).

49. The project is also aligned with China's National Plan on Implementation of the 2030 Agenda for Sustainable Development (issued in September 2016) notes that regard to the SDG target 15.2 China is to "Launch a large-scale land greening campaign, focus on key forestry projects, improve the protection system for natural forests, comprehensively prohibit commercial cutting of natural forests, and protect and cultivate the forest ecosystem. By 2020, increase the national forest coverage rate to 23.04% and forest reserves to 16.5 billion cubic meters. Advance the conversion of degraded farmlands into forests and grasslands. Explore the establishment of a working mechanism for the government to purchase social services for afforestation and forest preservation."

50. During the project concept and preparation phases, the project design was consistent with the objectives of the 13th Five-Year Plan for Forestry Development of the People's Republic of China (2016-2020) which directly addressed the barriers towards NFGA's process of transforming the National Forest Protection Program which is being implemented in accordance with the Policy Plan on National Forest Protection and Restoration. The 14th Five-Year Plan (2021-2025), released in March 2021 during the finalization of the project development stage, reflects the concept of ecological civilization that was one of the pillars of the 13th Five-Year Plan, and provides strategic direction for continuing the process of low emission development and also focuses on rural development.

Relevance to Sustainable Development Goals (SDGs) and post-2020 Global Biodiversity Framework:

51. The project is relevant to a number of SDGs, most notably SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), SDG 15 (Life on Land), and SDG 17 (Partnerships for the Goals), as outlined below in **Table 3.**

Table 3: Project contributions towards Sustainable Development Goals

SDG	Project Contribution:
	30,000 estimated direct beneficiaries, participating and benefitting in interventions on strengthening access to natural resources, appropriate new technology and financial services (aligned with SDG 1.1). Landscape strategies provide pro-poor and gender-sensitive frameworks for accelerating development in poverty-stricken areas (aligned with SDG 1.b).
	50% of the envisaged direct beneficiaries are estimated to be female (15,000 individuals). Women empowerment is expected to be strengthened through increased autonomy with respect to natural resource management, enhanced decision-making regarding credit, increased leadership through active participation in women's groups, and reduction in workload (aligned with SDG 5.a).
	The project will facilitate strengthened resilience and adaptive capacity to climate-related hazards and natural disasters in the target landscapes (aligned with SDG 13.1). Climate change mitigation measures will be integrated into the FLR Demonstration and Management Plans for the target landscapes (aligned with SDG 13.2). Local communities will have increased awareness of climate change mitigation through learning-by-doing capacity building delivered through partnerships with expert organizations and interactions enabling stakeholders (aligned with SDG 13.3).

SDG	Project Contribution:
	The project aims to improve management practices (aligned with SDG 15.2) and facilitate restoration of degraded NFUL (aligned with SDG 15.3). Biodiversity values will be integrated into the landscape strategies (aligned with 15.9), and co-financing from government, private sector and civil society will be mobilized to support conservation and restoration interventions (aligned with SDG 15.b).
	Enhancing South-South and triangular regional and international cooperation on and access to best management approaches, specifically participatory models of forest landscape restoration (aligned with SDG 17.6).

52. The project will also contribute to achievement of the targets outlined in the post-2020 global biodiversity framework [8], which was under development at the time of developing the Project Document. The project is aligned with the following draft 2030 Action Targets of the zero draft of the post-2020 global biodiversity framework:

- **Target 1.** By 2030, [50%] of land and sea areas globally are under spatial planning addressing land/sea use change, retaining most of the existing intact and wilderness areas, and allow to restore [X%] of degraded freshwater, marine and terrestrial natural ecosystems and connectivity among them.
- **Target 7.** By 2030, increase contributions to climate change mitigation adaption and disaster risk reduction from nature-based solutions and ecosystems-based approaches, ensuring resilience and minimizing any negative impacts on biodiversity.
- **Target 13.** By 2030, integrate biodiversity values into policies, regulations, planning, development processes, poverty reduction strategies and accounts at all levels, ensuring that biodiversity values are mainstreamed across all sectors and integrated into assessments of environmental impacts.
- **Target 19.** By 2030, ensure that quality information, including traditional knowledge, is available to decision makers and public for the effective management of biodiversity through promoting awareness, education and research.
- **Target 20.** By 2030, ensure equitable participation in decision-making related to biodiversity and ensure rights over relevant resources of indigenous peoples and local communities, women and girls as well as youth, in accordance with national circumstances.

[8] CBD, 17 August 2020. Update of the Zero Draft of the Post-2020 Global Biodiversity Framework. Convention on Biological Diversity, CBD/POST2020/PREP/2/1. The term "post-2020 global biodiversity framework" is used as a placeholder pending decision on the final name at the fifteenth meeting of the Conference of the Parties.

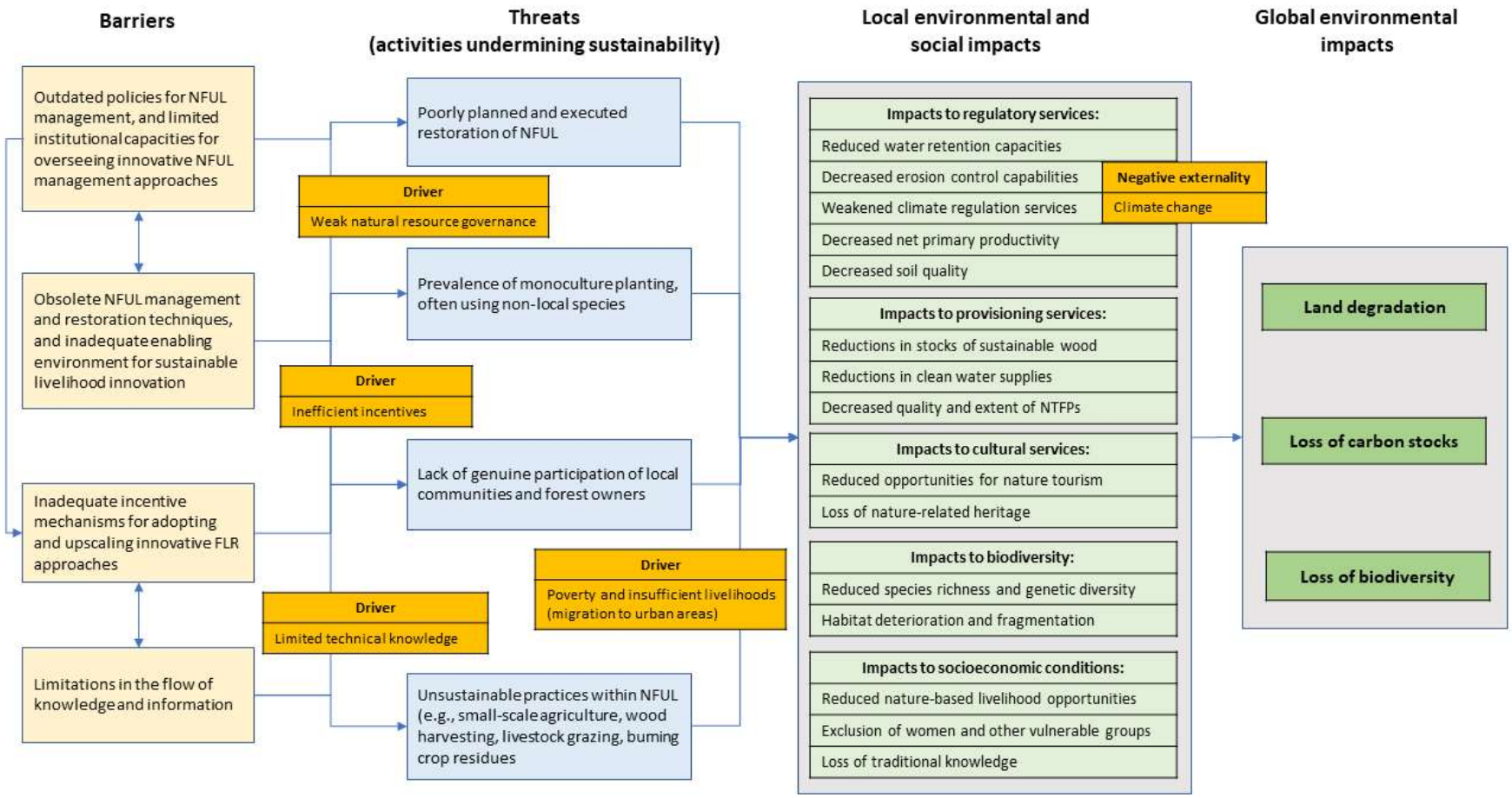


Figure 2: Problem tree analysis

III. STRATEGY

53. The project strategy is designed to address key barriers and underlying root causes that hinder an effective FLR in NFUL in China, and aims at improving ecosystem services, halt further forest degradation and forest fragmentation and shrinkage in forest areas. The adoption of a multi-level governance and landscape approach to FLR in NFUL areas will restore vital ecosystem functions, improve habitat quality, increase patch connectivity between NFUL etc. hereby expanding the areas accessible for biodiversity and provide resilient livelihood opportunities for local communities. An important aspect in the forest restoration efforts will be the use of locally occurring species, including endemic species, to take full advantage of their climate and habitat adaptation needed to survive in the conditions governing the individual forest landscapes.

54. The project strategy as the GEF alternative is broken down into the following four integrated components:

Component 1: Institutional Strengthening for Forest Landscape Restoration of Natural Forest Use Land

Outcome 1: Multi-level governance and landscape approaches for FLR and LDN in degraded NFUL areas enabled through strengthened policy frameworks and institutional capacities at national and subnational levels

Output 1.1: National, provincial and local NFUL conservation statutes reviewed and amended, or new statutes introduced to promote FLR of NFUL.

Output 1.2: National-level roadmap for sustainable management of NFUL adopted by NFGA and transcribed into landscape level NFUL strategies with secured resources and mechanisms for implementation.

Output 1.3: Indicator system for monitoring and evaluating the implementation of FLR of NFUL developed, demonstrated in the project landscapes, and adopted in other NFUL areas in China.

Output 1.4: National and subnational institutional capacities strengthened for sustainable management of NFUL

Component 2: Demonstration and upscaling of innovative participatory FLR interventions

Outcome 2: Innovative, participatory FLR interventions demonstrated and upscaled in NFUL, facilitated by multi-level and multi-stakeholder landscape governance mechanisms

Output 2.1: FLR demonstration management plans developed and endorsed by multi-level, multi-stakeholder landscape governance forums.

Output 2.2: Sustainable livelihoods for local beneficiaries demonstrated and enhanced through capacity building and partnership building, with particular emphasis on gender mainstreaming.

Output 2.3: FLR Demonstration and Management Plans implemented in the five project landscapes.

Output 2.4: Best practices of FLR innovative, participatory approaches upscaled in other NFUL based on results and lessons of demonstrations in project landscapes.

Component 3: Incentive systems for durable investment in sustainable management of NFUL

Outcome 3: Incentive systems improved and expanded for durable investment in sustainable management of NFUL

Output 3.1: Improved ecological compensation mechanisms formulated using targeted scenario analysis approaches and advocated for adoption in the project landscapes and in other NFUL in China.

Output 3.2: Expanded types and sources of financing for sustainable management of NFUL through public-private-community partnerships

Component 4: Coordination, Knowledge Management, and Monitoring and Evaluation

Outcome 4: Integrated coordination, knowledge management, and monitoring and evaluation to enhance capacities for upscaling

Output 4.1: Project implementation overseen by a representative Project Board, and durability of project results guided through development of a project sustainability plan.

Output 4.2: Knowledge management and communication systems implemented for supporting scaling up of best practices.

Output 4.3: Inclusive participation and adaptive management supported through participatory monitoring and evaluation of the gender action plan, SESP, stakeholder engagement plan, and other safeguard management frameworks and plans.

Theory of Change:

55. The proposed GEF alternative to overcoming the barriers hindering sustainable management, restoration, and governance of natural forest use land (NFUL) in the project landscapes is predicated on a participatory and integrated landscape approach, as outlined in the project theory of change, illustrated below in **Figure 3**. As shown in this diagram, the theory of change for the project is represented by the following four causal pathways.

Causal Pathway 1: Institutional strengthening.

56. The outputs and interventions under Component 1 are designed to facilitate institutional strengthening, including adopting enabling policies for Forest Landscape Restoration (FLR) approaches and building capacities of national and subnational government stakeholders tasked with management of NFUL. A national-level road map for sustainable management of NFUL will be transcribed into landscape level NFUL strategies, supported by an indicator system for delivering monitoring and evaluation feedback to ensure adaptive management measures are implemented in response to system level changes. An important impact driver affecting this causal pathway is the government's sustained commitment to environmental sustainability, particularly with respect to NFUL. And it is assumed that there is sufficient flexibility at the institutional level for mainstreaming best management practices and committed financing to support incentive mechanisms.

57. One of the key assumptions outlined in the project theory of change for advancing from project level outcomes to longer-term outcomes (intermediate states) and ultimately to durable impacts is that multi-level and multi-stakeholder governance structures remain in place for delivering integrated approaches for sustainable landscape management. It is also assumed that this high-level commitment is reflected among key institutions and that governance conditions in local jurisdictions are sufficiently flexible to adopt change. The longer-term outcome linked to these assumptions is to achieve enabling policies and allowing land uses, ecosystem values and services and stakeholder interests to be reconciled. Mainstreaming these policies and frameworks in the project landscapes and scaling up to other areas in the target provinces and in other jurisdictions in China will help ensure NFUL landscapes are sustainably managed, leading to resilient ecosystems and communities, zero net land degradation, and substantial avoidance of GHG emissions.

Causal Pathway 2: Demonstrating innovative FLR approaches at scale.

58. Participatory models of conservation and restoration of NFUL under the project will feed into national and subnational strategic development priorities, assuming that governance conditions in the project landscapes permit restoration and conservation and local stakeholders are motivated and committed to participate. Over the longer term, ecosystem functions and environmental services will be ensured through conservation and restoration, with co-benefits generated for participating local communities. The effectiveness of these models will depend on enabling policies and incentives that are assumed will adapt to changing circumstances over time. There need to be clear linkages between conservation goals and social outcomes, e.g., diversification of livelihoods through sustainable use of forest resources, genuine collaborative management regimes involving local communities into decision-making and benefit-sharing schemes – including women and other marginalized groups, including ethnic minorities. Realization of innovative FLR approaches at scale, the technical interventions demonstrated under Component 2 will be incentivized through the improved ecological compensation mechanisms and enabling partnerships promoted through the activities under Component 3 and by mainstreaming participatory approaches in strategic planning and policy frameworks in Component 1.

Causal Pathway 3: Incentivizing sustainable management of NFUL.

59. The improved landscape management approaches are assumed to reduce threats to NFUL, whereby forest-dependent communities recognize the return on investment in the sustainable models demonstrated under Component 2. This scenario is dependent on the assumption that the sustainable options are attractive to local farmers and business sector partners, i.e., participatory NFUL conservation and restoration approaches need to be technically and economically feasible.

60. Realizing durable change will depend on the availability and accessibility of public and private resources for incentives. This assumes that business sector partners share the vision of sustainable management of NFUL,

and markets reliably reward sustainable production. An important factor driving this change is consumer demand and their willingness to pay for sustainably produced ecosystem goods and services. Achieving the longer-term outcome of maintaining and improving the flows of ecosystem services, including sustainable livelihoods for forest-dependent communities is interdependent on the enabling policies and frameworks in Causal Pathway No. 1.

Causal Pathway 4: Enabling adaptive management.

61. Ensuring durable long-term impacts will depend on the landscape-level stakeholders' ability to adopt best practices and emerging knowledge regarding sustainable management of NFUL, as well as adapt to changing socio-political and environmental conditions. The project will implement an inclusive knowledge management strategy, facilitating collaborative interactions across local, national, regional, and global levels. The receptiveness of stakeholders to knowledge inputs is an important impact driver in this regard, and it is assumed that human resources and institutional frameworks remain stable. The coordination, collaboration, and knowledge management strengthened on the project will help foster change and upscaling, thus maximizing the effectiveness, durability, and scale of the long-term impacts.

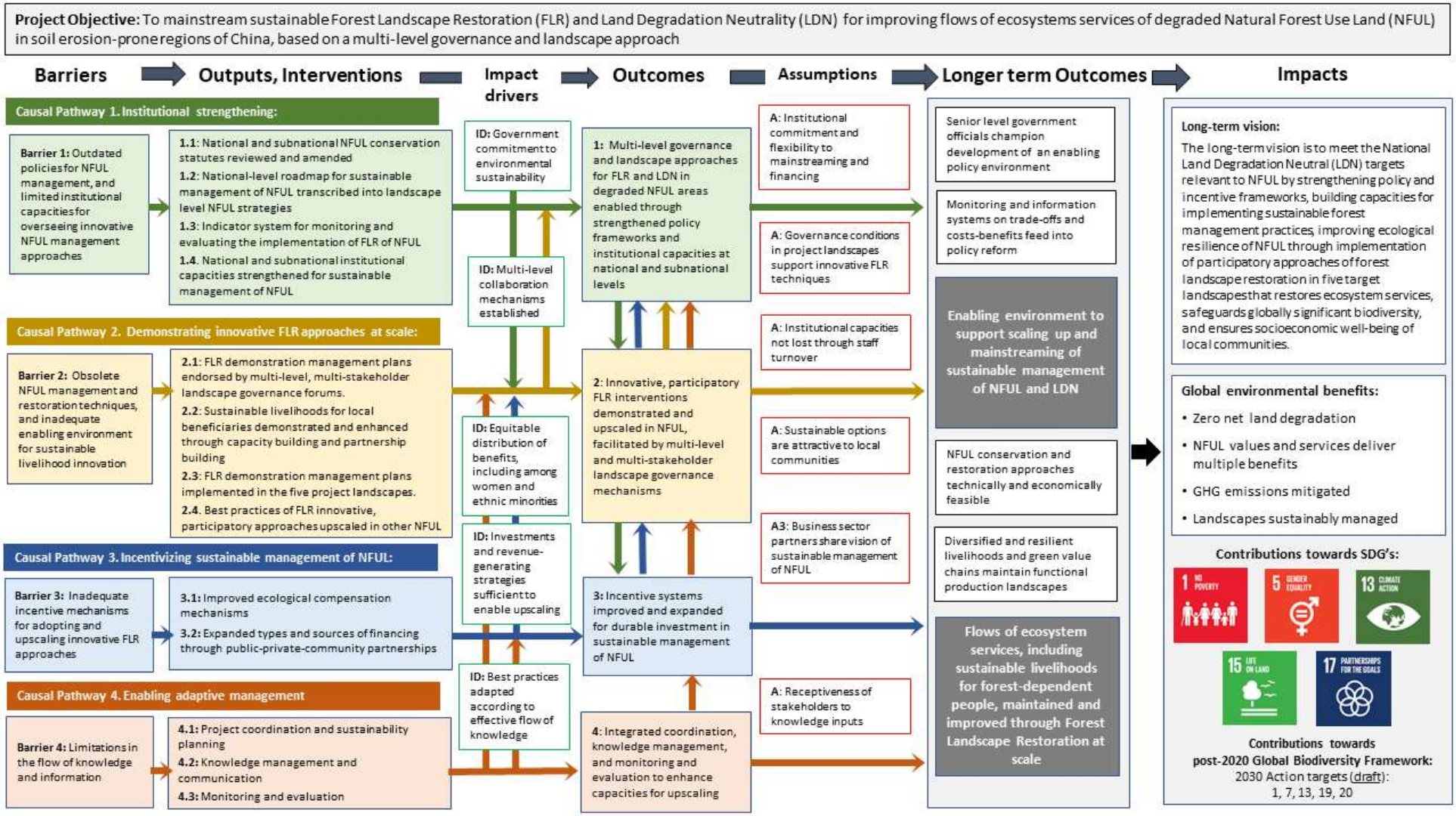


Figure 3: Project theory of change

Innovative Forest Landscape Restoration Techniques

62. Indicative intervention areas and FLR techniques have been identified in the five project landscapes, according to baseline analyses and stakeholder consultations completed during the PPG phase. The actual intervention areas and techniques will be further confirmed during the participatory landscape assessments carried out during project implementation under Component 2 and documented in the FLR demonstration and management plans.

63. During the PPG phase, the project design team proposed five types of project site-based FLR techniques. The envisaged FLR techniques include corridor establishment between fragmented stands of NFUL, upgrade of monoculture to mixed forests, planting mixed forests on degraded bare land, community-managed natural regeneration, and restoration of degraded NFUL. Native and resilient species will be selected for the mixed forest approaches. Selection of species and detailed design of the FLR techniques will be documented in the FLR Demonstration and Management Plans developed under Output 2.1. The plans will be developed in line with the requirements of UNDP Social and Environmental Standards, namely Standard 1 on Biodiversity Conservation and Sustainable Natural Resource Management.

64. Each of the five types of FLR techniques was conceptualized as a means of addressing some of the barriers to reversing land degradation via improved NFUL management, leading to climate resilient landscapes with reduced incidents of erosion, and protection of globally significant biodiversity and generation of socioeconomic benefits for local communities. Participation of local communities, as well as private sector and civil society sector stakeholders, is an important aspect of the project design. Coupling livelihood benefits and food security objectives, e.g., through climate-resilient agroforestry systems, with the forest landscape restoration outcomes will help ensure the restored NFUL areas are sustained. The five types of FLR techniques that were identified have to do with forest restoration, afforestation, and forest management approaches and the rationale behind them is described below:

FLR techniques	Rationale
1. Monoculture upgraded to mixed forest	The majority of planting under ERP has been monoculture. Yet, monoculture has proven weak in terms of restoration results. Mixed forest approaches offer superior results in soil restoration and various other aspects of NFUL quality.
2. Planting of mixed forest on bare land	Same rationale as above. In addition, local stakeholders find it challenging to successfully plant mixed forests on bare land and need guidance.
3. Managed natural regeneration	Roughly half of the natural regeneration efforts under the ERP is only achieving bush and grass cover. Human facilitation could speed up the process of adding trees to the mix and thus improve soil restoration and other aspects of natural forest use land quality.
4. Corridors between natural forest areas	Patchiness/ fragmentation of natural forest cover is increasing in many areas, as the number of patches rise and the average area of patches decreases. Developing forest corridors between natural forest patches enhances soil restoration and other aspects of natural forest use land quality.
5. Restoration of degraded natural forest	Due to long-term excessive logging and unreasonable management, some of the natural forest areas are severely degraded, resulting in reduced natural resources and declining ecological functions. Restoring degraded natural forest speeds up recovery of biodiversity, complex structure, function and services of the natural forest ecosystem, and thus improves soil retention and other aspects of NFUL quality.

65. During the PPG field mission, at each of the target landscapes (Xiaolongshan Forestry Bureau, Gansu Province; Wuxi County, Chongqing Municipality; Xishuangbanna Area, Yunnan Province; Libo County, Guizhou Province; and Changting County, Fujian Province), the project design team interacted extensively with stakeholders and conduced site visits. All five types of FLR techniques were initially considered for each landscape. Considering specific potential sites at each landscape and various characteristics of those locales, both technique types of the "Monoculture upgraded to mixed forest" and "Planting of mixed forest on bare land" were not considered for Xishuangbanna Area, Yunnan Province, while the technique type of "Restoration of degraded natural forest" was not considered for Libo County, Guizhou Province. According to the feedback of

the stakeholders, monoculture does not cause as many problems in Xishuangbanna as in other places in terms of diseases and pests, etc., and monoculture forests gradually become mixed forests due to the fast rate of growth in Xishuangbanna. Yet, there is not much bare land in Xishuangbanna. In Libo County, due to climate and karst environment, "Restoration of degraded natural forest" can be effectively substituted through "Managed natural regeneration" supplemented with the other approaches.

Xiaolongshan, Gansu Province:

66. The planned project interventions in Xiaolongshan in Gansu Province are focused within the Taoping Forest Farm, situated at the southwest part of the landscape as shown below in **Figure 4.**

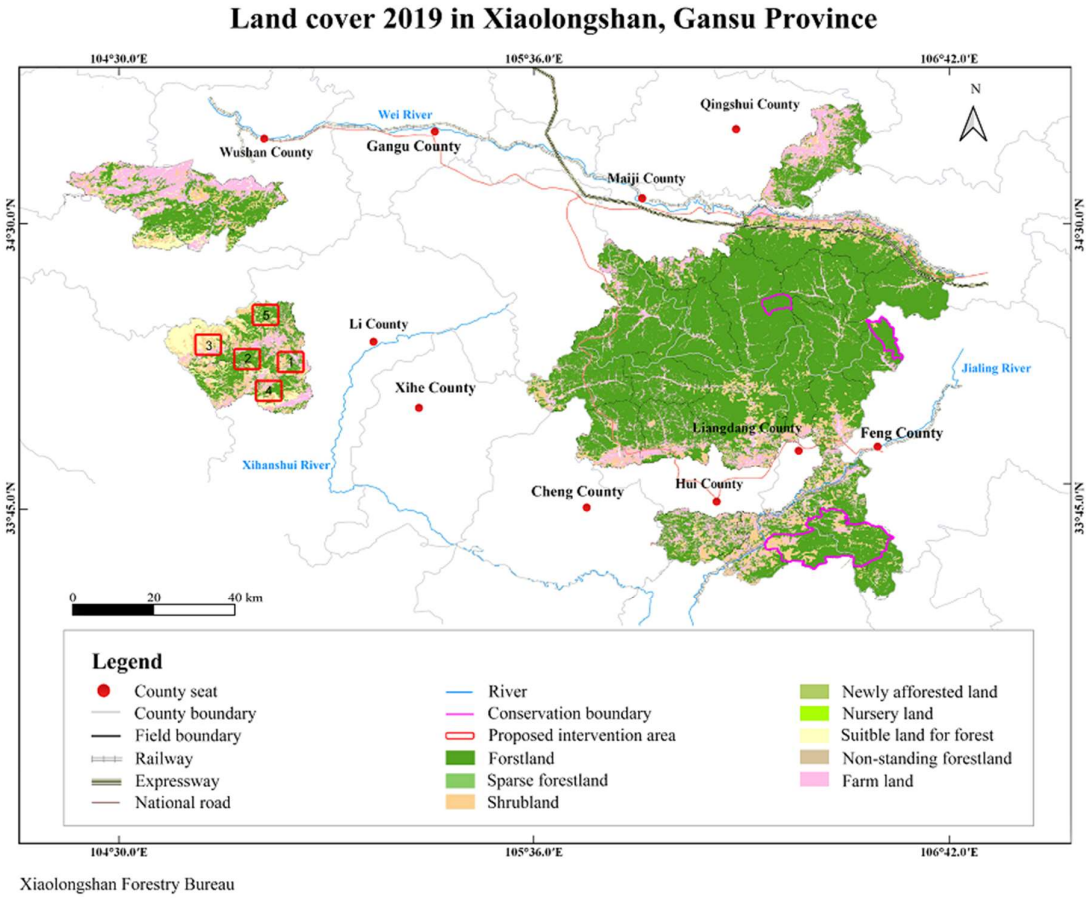


Figure 4: Indicative intervention areas, Xiaolongshan

67. The estimated 30,900 ha of restoration envisaged in the Xiaolongshan landscape is preliminarily broken down into five different types of intervention, as listed below **Table 4**.

Table 4: Indicative intervention areas in Xiaolongshan, Gansu Province

Proposed intervention	Estimated area (ha)	Description of the location
1. Monoculture upgraded to mixed forest	3,700	In the eastern part of Taoping Forest Farm, in a highly dense monoculture area having poor resistance and low forest quality.
2. Planting of mixed forest on bare land	300	In the middle part of Taoping Forest Farm, where forest land has been degraded and formed bare land, largely due to the improper selection of tree species.
3. Managed natural regeneration	8,700	In the northwest part of Taoping Forest Farm, where shrubs are widely distributed, requiring enhanced management to foster natural regeneration.
4. Corridors between natural forest areas	200	In the southeast of Taoping Forest Farm, where different forest stands have fragmented, presenting an opportunity for establishment of ecological corridors as

Proposed intervention	Estimated area (ha)	Description of the location
		a means to achieve improved forest integrity and connectivity.
5. Restoration of degraded natural forest	18,000	In the north of Taoping Forest Farm, where the forest density is too high and the structure is unreasonable.
Total:	**30,900**	

Wuxi County, Chongqing Municipality:

68. The planned project interventions in Wuxi County in Chongqing Municipality are situated in eight townships (Zhonggang, Ninchang, Chengxiang, Tianxing, Shuangyangguan, Tongcheng, Huatai, and Fengling), four state forest farms (Hongchiba, Maoerbei, Guanshan and Baiguo), and three river valleys (Daning River, Heishui River and Wantan River), as shown in the map below in **Figure 5**.

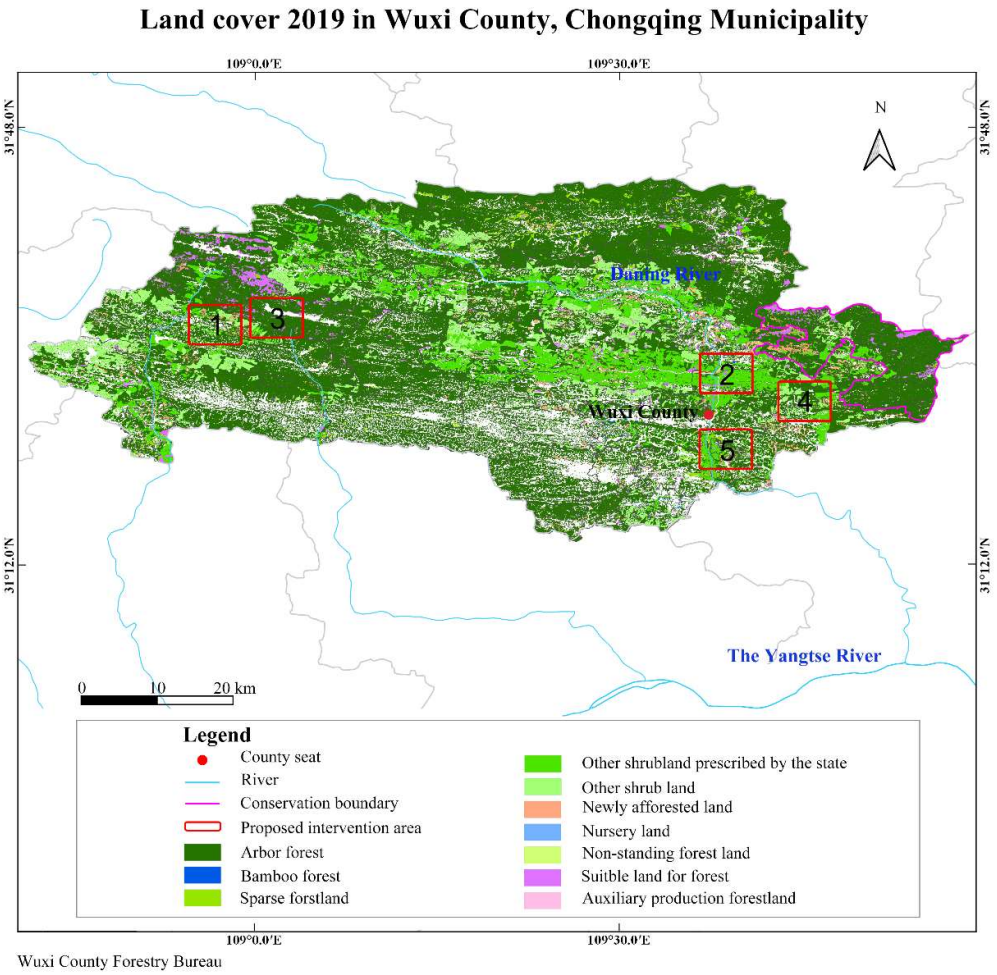


Figure 5: Indicative intervention areas, Wuxi County

69. The two most expansive indicative intervention areas in Wuxi County include 6,000 ha of monoculture upgraded to mixed forest in Zhonggang Township in the vicinity of the Hongchiba Forest Farm, and 6,500 ha of restoration of degraded natural forest in the junction of Tongcheng Town, Huatai Town, Chengxiang Town and Fengling Town. Other indicative interventions, as listed below in **Table 5,** include 300 ha of planting of mixed forest on bare land, 1,000 ha of managed natural regeneration, and 2,000 ha of corridors established between natural forest areas.

Table 5: Indicative intervention areas in Wuxi County, Chongqing Municipality

Proposed intervention area	Estimated area (ha)	Description of the location
1. Monoculture upgraded to mixed forest	6,000	In the middle of Zhonggang Township, in the vicinity of the Hongchiba Forest Farm.
2. Planting of mixed forest on bare land	300	Mainly in Ningchang Town and Chengxiang Town, but also part of the eastern part of Tianxing Township, close to Daning River. There are sparse forest lands located in this region of the landscape..
3. Managed natural regeneration	1,000	Within the Hongchiba Forest Farm, where improvements are needed to the managed natural regeneration of degraded forest land, including reducing human interference
4. Corridors between natural forest areas	2,000	In the middle of Shuangyangguan Township, close to the Yintiaoling National Nature Reserve.
5. Restoration of degraded natural forest	6,500	At the junction of Tongcheng Town, Huatai Town, Chengxiang Town and Fengling Town. Woodland patches are disconnected caused by unsustainable human activities, leading to deterioration of ecological services and functions.
Total:	**15,800**	

Xishuangbanna, Yunnan Province:

70. Three proposed intervention areas are earmarked for the Xishuangbanna landscape in Yunnan Province (see **Figure 6**). The intervention areas, each located in Menghai County, cover a cumulative area of 24,000 ha.

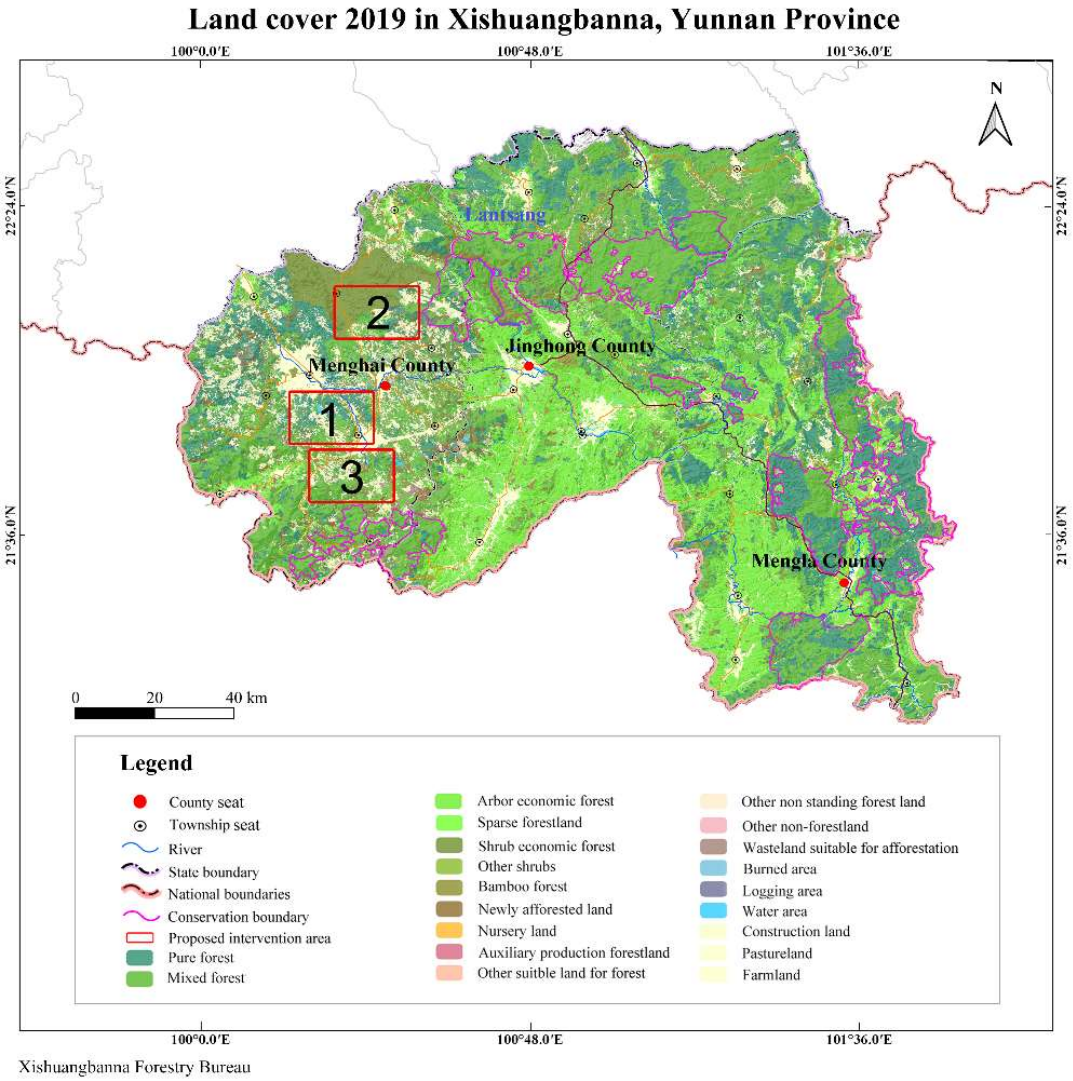


Figure 6: Indicative intervention areas, Xishuangbanna

71. Three types of interventions are envisaged in the Xishuangbanna landscape, including 7,000 ha of managed natural regeneration, 11,000 ha of ecological corridors established between natural forest areas, and 6,000 ha of degraded natural forest land restored, as described below in **Table 6**.

Table 6: Indicative intervention areas in Xishuangbanna, Yunnan Province

Proposed intervention	Estimated area (ha)	Description of the location
1. Managed natural regeneration	7,000	In Menhun Town, Menghai County, with the branch of Liusha River passing inside. There are extensive undisturbed forest coverage in this region of the landscape; managed natural regeneration considered a viable approach to restore degraded patches.
2. Corridors between natural forest areas	11,000	In the upper middle part of Menghai County, adjacent to the Xishuangbanna National Nature Reserve and state-owned natural forest.
3. Restoration of degraded natural forest	6,000	In Menhun Town, Menghai County, adjacent to the Xishuangbanna National Nature Reserve. Naturally degraded sparse woodlands and shrubs require restoration to rehabilitate ecosystem functions and forest integrity.
Total:	**24,000**	

Libo County, Guizhou Province:

72. The estimated 2,300 ha earmarked for restoration in the Libo County landscape in Guizhou Province is distributed across four proposed intervention areas, shown below in **Figure 7**, and situated in three townships, namely Yuping, Limingguan Shui nationality township, and Xiaoqikong.

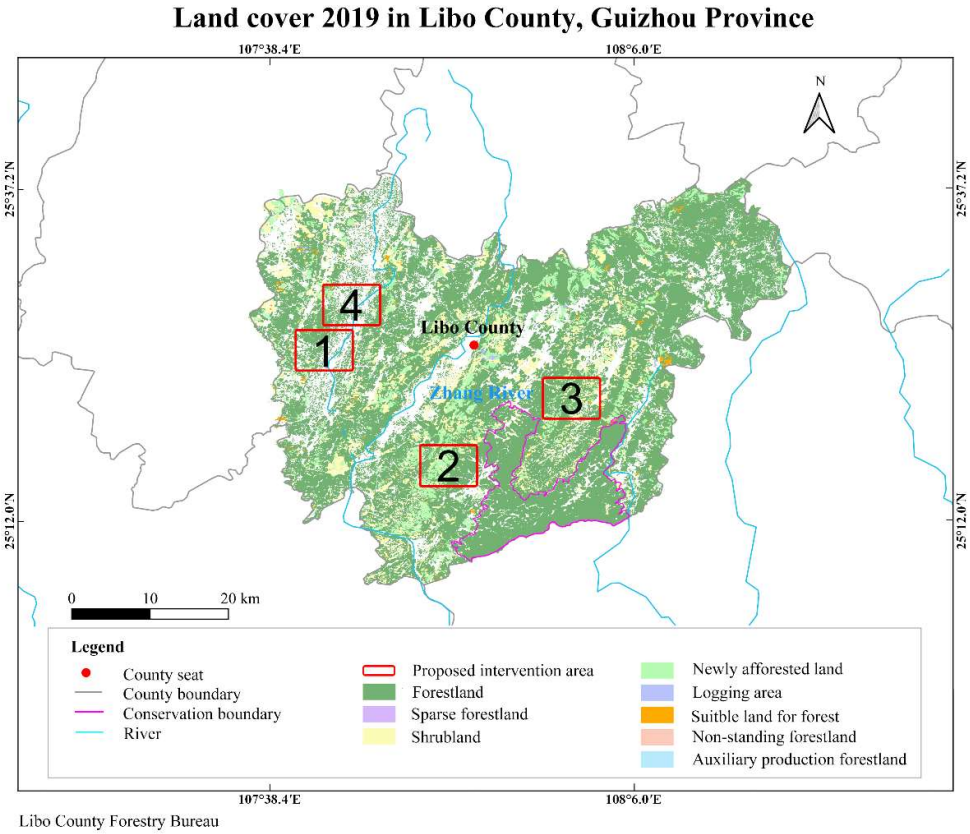


Figure 7: Indicative intervention areas, Libo County

73. The proposed types of interventions in the Libo County landscape include monoculture upgraded to mixed forest (500 ha), planting mixed forest on bare land (200 ha), managed natural regeneration (1,000 ha), and establishment of ecological corridors between natural forest areas (600 ha), as described below in **Table 7**.

Table 7: Indicative intervention areas in Libo County, Guizhou Province

Proposed intervention	Estimated area (ha)	Description of the location
1. Monoculture upgraded to mixed forest	500	In the middle of Xiaoqikong Town, close to the water source protection area.
2. Planting of mixed forest on bare land	200	In the middle of Limingguan Shui nationality Township, in the vicinity of the Dongtang management station. Low vegetation coverage, providing opportunities to restore through planting mixed forest.
3. Managed natural regeneration	1,000	In the northeast of Limingguan Shui nationality Township. This region has characteristic karst topography, and limited human interference. Managed natural regeneration considered an appropriate technique for restoring degraded forest lands.
4. Corridors between natural forest areas	600	Mainly in Xiaoqikong Town, passing through the Qi River basin. Opportunity for connecting NFUL outside protected areas through establishment of ecological corridors.
Total:	**2,300**	

Changting County, Fujian Province:

74. The 10,000 ha of proposed restoration in the Changting County landscape in Fujian Province is distributed across 15 of the 18 townships in the province, but primarily in six, including Hetian, Cewu, Sanzhou, Tongfang, Xinqiao, and Gucheng townships. The locations of the proposed intervention areas are shown on the map below in **Figure 8**.

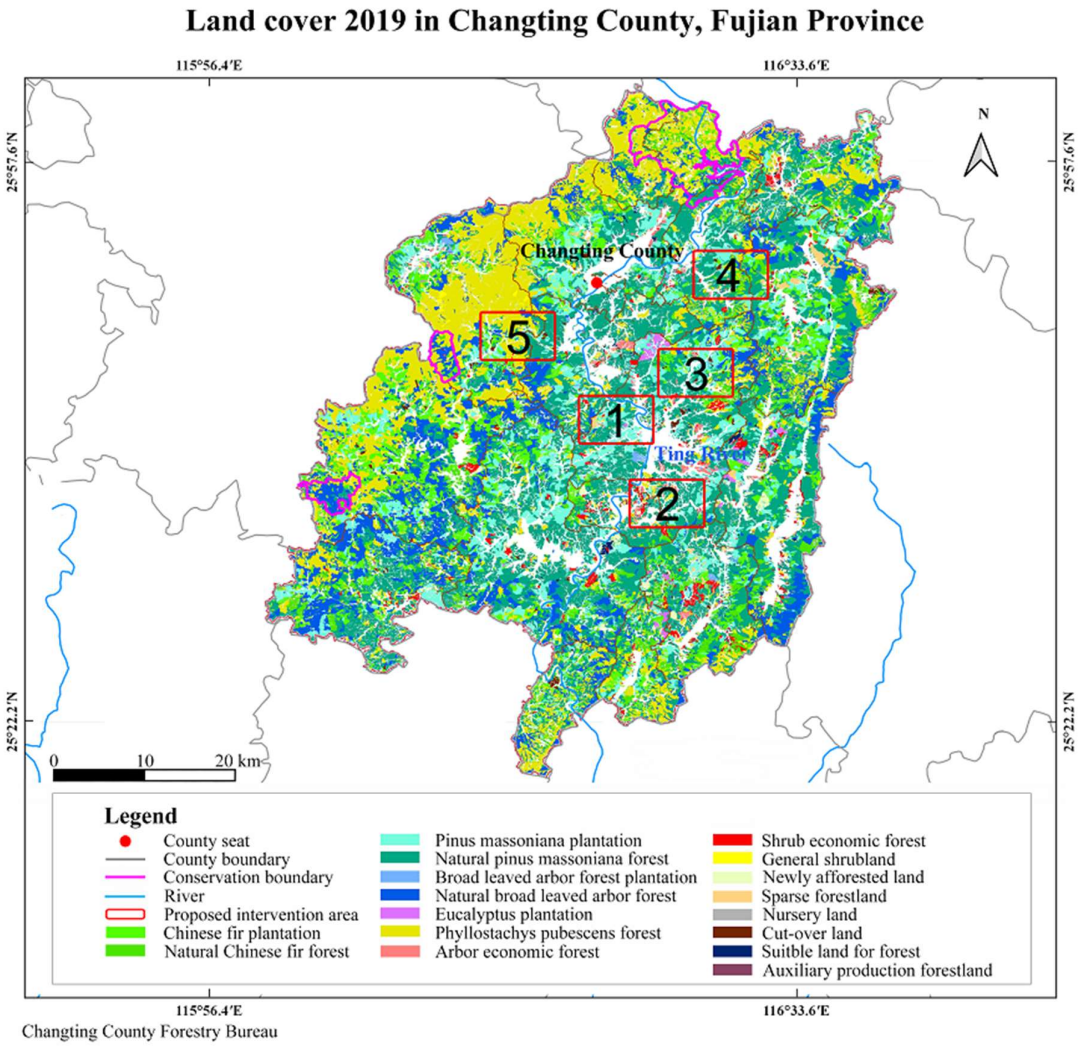


Figure 8: Indicative intervention areas, Changting County

75. Each of the five types of interventions are proposed in the Changting County landscape, including 2,000 ha of monoculture upgraded to mixed forest, 500 ha of mixed forest planed on bare land, 3,000 ha of managed natural regeneration, 3,000 ha of ecological corridors established between natural forest areas, and 1,500 ha of degraded natural forests restored, as described below in **Table 8**.

Table 8: Indicative intervention areas in Changting County, Fujian Province

Proposed intervention	Estimated area (ha)	Description of the location
1. Monoculture upgraded to mixed forest	2,000	Across Hetian Town and Cewu Town, including the Ting River Basin.
2. Planting of mixed forest on bare land	500	Mainly in Sanzhou and Hetian Town. Degraded land within NFUL landscape, available for productive use.
3. Managed natural regeneration	3,000	In the northern of Hetian Town, where there are extensive plantations of Masson's pine (*Pinus massoniana*).

4. Corridors between natural forest areas	3,000	Tongfang and Xinqiao Town, with the county boundary in the middle of the landscape. Opportunity for connecting NFUL outside protected areas.
5. Restoration of degraded natural forest	1,500	Mainly in Gucheng Town, covering large areas of shrubland and Masson's pine (*Pinus massoniana*) natural forest.
Total:	**10,000**	

Socioeconomic Benefits:

76. The durability of the innovative forest landscape restoration interventions demonstrated in the project and upscaled will largely depend on sustained involvement and generation of livelihood benefits for local communities. The estimated project direct beneficiaries include 10,000 local farmers, of whom 50% are women. Additionally, 17,500 forest workers and ecological forest rangers are among the direct project beneficiaries. These people from the local communities in the project landscapes will benefit directly through strengthened and expanded sustainable livelihood initiatives. Engagement and generation of socioeconomic benefits for local communities is an important aspect of the integrated landscape approach in the project design. The viability of the FLR approaches demonstrated on the project over the long-term will largely depend on sustained involvement of local communities and flow of sustainable livelihood benefits. The project will provide opportunities for local people to be involved in capacity building activities aimed at strengthening their existing or introducing new close-to-nature livelihood models, including under-canopy agroforestry, ecotourism, participatory restoration (e.g., community nursery, planting, and maintenance), etc. Under the current conditions in China, one of the biggest barriers hindering economic prosperity in rural area is that farmers, especially women and ethnic minority farmers often have limited access to green supply chains, lack financial management skills, and are uninformed of real-time market information and of partnership opportunities. By facilitating linkages to local economic associations, cooperatives and women's groups and ecologically conscious private enterprises who are closer to the marketplace, the prospects of their income generation capabilities and assets accumulation will be substantially improved.

77. Apart from these monetary gains, i.e., increased financial capital, the local direct beneficiaries will gain non-monetary benefits. Adoption of improved NFUL management practices are expected to restore ecosystem functions and services, resulting in improved land productivity, water quality, climate regulation services, erosion control capabilities, etc. These improvements will generate contribute to increased nature capital of the local communities.

78. Significant gains in human capital are also expected through the project interventions. For example, local communities will benefit from knowledge achieved through skills trainings, learning-by-doing, financial management training, etc. The institutional level direct beneficiaries, including 2,500 people at the national level and 17,500 forest workers and ecological forest rangers at the landscape level, will also increase knowledge and hands-on experience. Strengthened institutional capacities will help ensure sustainability of the results achieved during the project and upscaling of the demonstrated interventions in other parts of the landscape and in other regions in the country.

79. In addition, the project strategy emphasizes the need to strengthen social capital in the target landscapes, through establishment of multi-stakeholder, multi-level landscape mechanisms, which will provide local people, including women and ethnic minorities an opportunity to actively participate in the decision-making processes regarding sustainable management of NFUL resources in their communities. The project will also facilitate enhanced social association, e.g., cooperatives, small enterprises, as well as fostering enabling partnerships with governmental entities, NGOs, and private sector enterprises, e.g., through insertion of local farmers into green value chains,.

80. The cumulative monetary and non-monetary benefits will strengthen the resilience of local communities with respect to the expected impacts of climate change, e.g., restored and protected ecosystem functions and services, and also in regard to socioeconomic disruptions, e.g., diversified income opportunities will allow local households to cope with possible market fluctuations or supply chain interruptions, such as those that occurred during the COVID-19 pandemic.

81. Local communities will also benefit from the enhanced resilience to natural disasters, such as flooding. Mitigation of risks associated with soil erosion will reduce potential losses of both property and life in the project landscapes. Further, improved soil restoration at scale can bring benefits to the agricultural sector and thus the economy generally. It is not only those in the upstream forest areas that will benefit, but downstream farmers across wide areas in China will also be important beneficiaries of soil restoration work. Livelihood diversification, as promoted by the project (both in the livelihood demonstrations and the rubber and tea monoculture upgrade to forest corridor demos), if replicated on a wide scale, will bring strong socioeconomic benefits beyond the project landscapes.

82. The durability of the global environmental benefits achieved through the project strongly depends on sustained participation of local communities, civil society, private sector, and other stakeholders. The multi-level, multi-stakeholder governance approaches demonstrated on the project are instrumental in achieving the global environmental benefits.

IV. RESULTS AND PARTNERSHIPS

Expected Results*:*

83. The project will promote an objectively targeted, evidence-based approach to forest landscape restoration in order to maximize the delivery of multiple global environmental benefits. The project's multi-level governance approach for forest landscape restoration and sustainable management will be incorporated into the NFGA's work for managing NFUL areas in China. The project interventions are expected to contribute towards restoration of 83,000 ha of forest land and replication of best practices to an additional cumulative area of 341,000 ha. Restoration techniques will include use of mixed plant species, including endemic and local species, to improve forest community biodiversity and to avoid risks of invasive alien species encroachment. In addition, the project will test innovative forest restoration techniques for scaling up potential.

84. The underlying objective of the project is to strengthen the resilience of the erosion-prone project landscapes through introduction of improved and innovative forest land restoration techniques. The landscape approach implemented under the project promotes multi-level, cross-sectoral, and multi-stakeholder collaboration in generating global environmental benefits and socioeconomic co-benefits for an estimated 30,000 direct beneficiaries, of whom 15,000 are women. Expanded stakeholder participation will also be facilitated through new and strengthened public-private-community partnerships and adoption of ecological compensation mechanisms that better reflect the values and services of NFUL.

85. Reductions in the rates of loss and degradation of forests will also translate into reductions in the rates of loss of carbon sinks, resulting in an estimated 11.3 million tons of carbon dioxide equivalent of lifetime direct project greenhouse gas emissions mitigated and 46.7 million tCO2e of lifetime indirect GHG emissions mitigated, attributed to the catalytic action for upscaling.

86. The knowledge gained from the restoration demonstrations will be disseminated nationally through an online knowledge hub administered by the National Forest and Grassland Administration (NFGA).

Global Environmental Benefits:

87. The project aligns the GEF-7 Land Degradation Focal Area Objective LD-1 (*Support on the ground implementation of SLM to achieve LDN*) Outcome LD-1-3 (*Maintain or improve flows of ecosystem services, including sustaining livelihoods of forest-dependent people through Forest Landscape Restoration (FLR*); Objective LD-2 (*Creating an enabling environment to support voluntary LDN target implementation),* Outcome LD-2-5 (*Create enabling environments to support scaling up and mainstreaming of SLM and LDN*).

- LD-1-3: The project design is predicated on providing incremental support to the implementation of the Ecological Rehabilitation Program (ERP) by demonstrating innovative and participatory approaches regarding Forest Landscape Restoration (FLR), resulting in improved protection of natural forest use land (NFUL) and generating multiple global environmental and socioeconomic benefits. The proposed innovative techniques include upgrading monoculture to mixed forests, establishing ecological corridors between natural forest areas, facilitating community-managed natural regeneration, and planting mixed forests on degraded bare land. Involvement of multiple stakeholders, including multiple levels of government, local communities, civil society, academic-research institutes, and private sector enterprises will foster broader engagement, including by forest-dependent local people. The project supports the goals set forth in the China Final National Report of the Voluntary Land Degradation Neutrality Target Setting Programme (December 2017), including on the ground implementation FLR across 424,000 ha of NFUL, inducing social participation of 30,000 direct beneficiaries.
- LD-2-5: In line with China's Final National Report on the Voluntary LDN Target Setting Programme, the project will help strengthen the requisite enabling environment, including development of a National Roadmap for Sustainable Management of NFUL, improved institutional capacities of NFGA and landscape level forestry entities, increased private sector involvement through public-private-community partnerships, and improvements in ecological compensation mechanisms that reflect the values and services of NFUL.

88. The project will generate global environmental benefits through:

- Reducing soil erosion by providing for adequate soil cover and other runoff control measures.
- Reductions in the rates of loss and degradation of forests, as described above, will also translate directly into reductions in the rates of loss of carbon sinks and consequent greenhouse gas emissions.
- The restoration of forest areas and the promotion of structurally and compositionally diverse systems, will result in net increases in carbon capture.
- Restoration of ecosystems in areas of importance for biological connectivity or habitat, using appropriate species and management regimes tailored to the ecological needs of priority species, will contribute towards restoration-rehabilitation of degraded forest areas.
- Promotion of biodiversity-friendly, agroforestry systems, and the establishment and/or maintenance of corridors and set-asides will contribute towards restoration of degraded forest areas and croplands.
- Reducing the decline of soil fertility through the application of integrated nutrient management (good agricultural practice).

89. These global environmental benefits are reflected quantitatively in the GEF-7 Core Indicator worksheet included in **Annex 18** and summarized below:

GEF-7 indicators and targets	
3.2. Area of forest and forest land restored	**424,000 ha**, including: 83,000 ha (direct) 341,000 (upscaling)
6.1. Carbon sequestered or emissions avoided in the AFOLU sector	**11.3 million tCO2e** (lifetime direct) **46.7 million tCO2e** (lifetime indirect)
11. Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment	**30,000** (50:50 gender balance)

90. The project is also designed to generate significant climate change adaptation benefits. The underlying objective of the project is to demonstrate innovative and participatory approaches to forest and soil restoration that reduce catastrophic flooding and landslides. These natural disasters have high social and economic costs in terms of persons displaced, lives lost, and economic damages. Annual losses from flooding in China are in the tens of billions of USD. Thus, a reduction in flooding in China achieved by enhanced resilience through improved soil restoration techniques has a high potential for reducing socioeconomic losses due to such disasters.

91. **Project objective**: To mainstream sustainable Forest Landscape Restoration (FLR) and Land Degradation Neutrality (LDN) for improving flows of ecosystems services of degraded Natural Forest Use Land (NFUL) in soil erosion-prone regions of China, based on a multi-level governance and landscape approach.

Component 1: Institutional strengthening for forest landscape restoration of natural forest use land
Total Cost: USD 6,203,680; GEF project grant requested: USD 603,680; Cofinancing: USD 5,600,000

92. **Component 1** focuses on updating policies, plans, and standards that will take China's NFUL restoration and management program, from its current unidimensional approach. Hereby moving away from forest protection using mostly monoculture planting etc., to one that pursues multiple aspects of natural forest management, which includes the use of multiple environmental parameters, and the involvement of multiple stakeholder groups in the pursuit of improved FLR.

Outcome 1: Multi-level governance and landscape approaches for FLR and LDN in degraded NFUL areas enabled through strengthened policy frameworks and institutional capacities at national and subnational levels

93. The baseline situation and incremental reasoning for Outcome 1 are summarized below in **Table 9**.

Table 9: Summary of baseline and incremental reasoning for Outcome 1

Summary of Baseline Situation	Incremental Reasoning
Output 1.1: National, provincial and local NFUL conservation statutes reviewed and amended, or new statutes introduced, to promote FLR of NFUL	
In 2003, the Chinese government issued a Directive to Enhance Forestry Development (Central Committee of the Communist Party of China and China State Council 2003), which greatly accelerated the development of forestry through implementation of both the strategy of sustainable forest development and the forest reclassification system. Significant gains have been achieved in terms of forest cover, but the current policy frameworks are not stressing the importance of multi-dimensional forest management, e.g., taking into consideration biodiversity conservation, carbon sequestration, cultural services, etc. More information on baseline initiatives and programmes is provided in **Annex 13** (*Baseline report on sustainable forest management policies, programmes and practices*) and in **Annex 14** (*Baseline report on revenue and policy options for incentivizing participatory NFUL management*).	The incremental support delivered under this output includes strengthening the policy framework to provide an incentivized enabling environment for sustainable NFUL management and broad uptake of forest landscape restoration approaches.
Output 1.2. National-level roadmap for sustainable management of NFUL adopted by NFGA and transcribed into landscape level NFUL strategies with secured resources and mechanisms for implementation	
National plans and programs are in place but do not cater adequately for stakeholder engaged landscape-level based afforestation, thus, lowering the effectiveness of the on the ground restoration work. As adequate instructions and guidance are currently not provided at provincial and local level, engagement is not based on a landscape-level integrated approach towards a natural forest and land restoration. Therefore, activities do not take into account for instance forest fragmentation and connectivity. More information on baseline initiatives and programmes is provided in **Annex 13** (*Baseline report on sustainable forest management policies, programmes and practices*) and in **Annex 14** (*Baseline report on revenue and policy options for incentivizing participatory NFUL management*).	The GEF alternative includes development of a national roadmap towards addressing the multiple aspects of NFUL quality aimed at obtaining the full FLR potential of the ERP will be developed. The bearing elements of the roadmap will be transposed to local levels through development of landscape NFUL strategies for the five project landscapes. In the planning process, there will be a strong focus on stakeholder engagement for innovative forest landscape restoration approaches, to ensure ownership and sustainability.
Output 1.3. Indicator system for monitoring and evaluating the implementation of NFUL FLR developed, demonstrated in the project landscapes, and adopted in other NFUL areas in China	
In the last few decades forest and land management approaches in China have been unidimensional, focusing on one or two indicators alone, namely forest cover. This has led to a failure to restore natural forests to a state that provides maximal functionality in protecting and enhancing soils. The current approach towards monitoring and evaluating progress of the sustainable management of NFUL do not fully address ecological variables, such as fragmentation ratio, connectivity, species diversity, etc.	Under the GEF alternative, an indicator system for monitoring the implementation of forest landscape restoration, providing timely feedback to enable improved adaptive management. The indicator framework will include variables that are currently not considered, thus facilitating a more holistic approach for evaluating forest integrity, net primary productivity, species richness, etc.

Summary of Baseline Situation	Incremental Reasoning
More information on baseline initiatives and programmes is provided in **Annex 13** (*Baseline report on sustainable forest management policies*).	
Output 1.4. National and subnational institutional capacities strengthened for designing and implementing multi-level governance forest landscape restoration of NFUL areas	
There is long-standing capacity in China in forest management, at the national level, e.g., within NFGA, as well as the provincial, county, and local level forest bureaus in the five project landscapes. However, there is limited capacity and experience in implementing participatory landscape approaches, which are inclusive of multiple stakeholders, not only the forestry sector and adopt innovative techniques and methods. More information is included in the *Capacity baseline assessment and proposed capacity development approaches* in **Annex 16.**	The project will deliver a targeted institutional capacity development plan, aimed at building upon existing structures and services and introducing training modules on sustainable NFUL management and providing learning-by-doing experiences, focusing on strengthening and expanding involvement of women, youth, and ethnic minorities. GEF funds are also earmarked for organizing knowledge transfer learning exchanges domestically and internationally, providing opportunities to learn from best practice approaches. More information is included in the *Capacity baseline assessment and proposed capacity development approaches* in **Annex 16.**

94. Results expected through achievement of Outcome 1 include:

- **Enabling environment strengthened**, as measured by (a) a national level roadmap for sustainable management of NFUL endorsed and supported by an improved policy framework; and (b) five landscape NFUL strategies approved by provincial governmental entities.
- **Capacities of forestry institutions improved**, as measured by increases in the cumulative values of the Capacity Development (CD) Scorecard for (a) NFGA, (b) Gansu, (c) Chongqing, (d) Yunnan, (e) Guizhou, (f) Fujian.

Output 1.1: National, provincial and local NFUL conservation statutes reviewed and amended, or new statutes introduced to promote FLR of NFUL

Key deliverables:

- Policy briefs for amended and/or new policies, rules, and regulations at national and subnational levels

95. Under this output, building upon the assessments made during the PPG phase, a gap analysis will be carried out of current ERP and the Public Benefits Forest regulations and other NFUL statues to identify current inadequacies hindering an ecology driven approach. This work will be undertaken at national and the subnational levels. Based upon results of the analyses and stakeholder consultations, policy briefs will be developed for amendments or new policies, rules, and regulations.

96. Strategic environmental and social assessment (SESA) principles and methodology will underpin the gap analysis and development of policy briefs. Where such policy briefs may have impact on ethnic minorities, free, prior and informed consent (FPIC) will be duly applied following UNDP SES Standard 6 requirements.

97. Indicative activities under Output 1.1 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian

Activity 1.1.1. Building upon review made at PPG phase, carry out an updated gap analysis of the national level NFUL policy framework, and prepare policy briefs for amended and/or new policies, rules, and regulations.	✓					
Activity 1.1.2. Organize a stakeholder workshop to introduce and advocate for adoption of amended and/or new NFUL policies, rules, and regulations.	✓	✓	✓	✓	✓	✓
Activity 1.1.3. Review subnational policy frameworks for the five project landscapes, and prepare recommendations for amended or new policies, rules, and regulations.		✓	✓	✓	✓	✓

Output 1.2: National-level roadmap for sustainable management of NFUL adopted by NFGA and transcribed into landscape level NFUL strategies with secured resources and mechanisms for implementation

Key deliverables:

- National roadmap for sustainable management of NFUL.
- Five landscape level NFUL strategies.
- Improved capacities of forestry institutions in the five project landscapes.

98. The project will support the development of a roadmap delineating China's long-term approach towards sustainable management of NFUL, aimed at obtaining the full FLR potential of the ERP. Part of this work is to understand the extent of land degradation within NFUL and its socioeconomic impacts. Assessments of the ecological impact of the ERP so far, including ecosystem services provision will be undertaken. In addition, targeted research on trade-offs, costs-benefit analysis of restoration, and identifying incremental synergies will be undertaken. The UNCCD's LDN TPP[9] checklist, the UNCCD Secretariat's LDN Operational Guidance for Country Support[10], the STAP guidelines on LDN project funded by the GEF[11] and other relevant documents which will be used for guidance for the project overall, will also be used as references in connection with the roadmap development. The roadmap will be reviewed and endorsed using internal NFGA mechanisms.

99. The key element of the national roadmap will be transcribed into landscape level NFUL strategies for the five project landscapes. Established tools, such as the Restoration Opportunities Assessment Methodology (ROAM), and available NFGA and academic analysis tools will be considered in developing the NFUL strategies. Care will be taken to involve local stakeholders including local community actors to ensure broad buy-in and also to ensure that management of community owned forest is community centered.

100. The development of the national roadmap and the five NFUL landscape strategies will follow strategic environmental and social assessment (SESA) principles and methodologies. After determining how the roadmap and strategies might impact ethnic minorities, FPIC will be applied as appropriate.

101. Indicative activities under Output 1.2 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 1.2.1. Building upon the situational analyses prepared during the PPG phase, carry out an updated review of national-level plans, strategies, and incentive mechanisms for NFUL FLR and conservation.	✓					

[9] UNCCD's LDN TPP https://knowledge.unccd.int/knowledge-products-and-pillars/access-capacity-policy-support-technology-tools/checklist-land

[10] UNCCD 2019: Land Degradation Neutrality Transformative Projects and Programmes, Operational Guidance for Country Support http://catalogue.unccd.int/1224_UNCCD_LDN_TPP_technical_guide_GM.pdf

[11] Land Degradation Neutrality: *guidelines for GEF project. A STAP document* November 2019: https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.STAP_.C.57.Inf_.02_Land%20Degradation%20Neutrality_Guidelines%20for%20GEF%20Projects.pdf

Activity 1.2.2. Develop a national-level roadmap for sustainable management of NFUL through application of SESA principles and participatory involvement of officials from governmental ministries and agencies, as well as non-governmental organizations and the donor community.	✓					
Activity 1.2.3. Develop landscape level NFUL strategies for the five project landscapes – including sustainable financing plans for implementation of actionable plans stemming from the NFUL strategies and integrated into provincial planning and budgeting frameworks. SESA principles should be incorporated into the methodology.		✓	✓	✓	✓	✓
Activity 1.2.4. Convene stakeholder workshops in the five project landscapes, facilitating awareness and fund-raising for implementation of the NFUL strategies.		✓	✓	✓	✓	✓

Output 1.3: Indicator system for monitoring and evaluating the implementation of NFUL FLR developed, demonstrated in the project landscapes, and adopted in other NFUL areas in China

Key deliverables:

- NFUL FLR indicator system

102. Supporting the development of NFUL FLR indicator system, the project will look at (1) technical and cost aspects of improved standard field work models for NFUL restoration; (2) monitoring methodologies[12] and indicator development, including those demonstrated in Component 2 and considering relevant metrics, such as rate of erosion; (3) close-to-nature livelihood options, such as agroforestry and under the canopy husbandry in NFUL areas having in mind special initiatives promoting women and ethnic minorities (neither currently addressed in existing policy); and (4) protection and conservation function of NFUL workers.

103. Indicative activities under Output 1.3 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 1.3.1. Based on a comprehensive review of relevant indicator systems, develop a NFUL FLR indicator system that is appropriate for institutional arrangements in China.	✓					
Activity 1.3.2. Implement the indicator system for the five project landscapes, assess the results and lessons after at least one full year of implementation, update the system in the form of a technical guidance document based on results and lessons of implementation demonstrations.	✓	✓	✓	✓	✓	✓
Activity 1.3.3. Disseminate and advocate the indicator system for other NFUL areas in China, e.g., through organizing a stakeholder workshop, holding online training sessions, etc.	✓					

Output 1.4: National and subnational institutional capacities strengthened for designing and implementing multi-level governance forest landscape restoration of NFUL areas

Key deliverables:

- Updated capacity needs assessment
- Institutional capacity development plan
- Training records

104. Achieving sustainable NFUL management through participatory landscape approaches will depend on an effective institutional enabling environment, which is largely influenced by the capacities of institutional staff

[12] This will include a mix of indexes including, Normalized Difference Vegetation Index and Soil Health Index, based on on-the-ground recording and remote sensing (including open source) using available national and international data sources.

members. The activities under this output are focused on strengthening institutional capacities of NFGA and landscape level forestry institutions.

105. The results of the preliminary capacity needs assessment and proposed capacity development approaches formulated during the project preparation phase (see the *Capacity baseline assessment and proposed capacity development approaches* in **Annex 16**) will be updated and finalized at project inception.

106. Site-level learning will focus on implementation capacities including for the field interventions designed under Component 2 of the project, with capacity building delivered through a learning-by-doing approach. The domestic knowledge transfer trainings are planned in collaboration with the five project landscapes. Resources are also allocated under this output for international knowledge transfer exchange, providing key stakeholders an opportunity to directly observe and interact with stakeholders involved in international best practices in conservation and sustainable use of agrobiodiversity. The focus will be on senior staff members who are deemed potential "change agents", i.e., persons having the authority and aptitude to proactively advocate for integration of the knowledge gained into sector level plans and strategies. These international exchanges will also be designed to deliver specific competencies. The location and thematic focus of the exchanges will be determined as part of validating the capacity development plan, following an adaptive management approach as circumstances and priorities might change over the course of the 5-year project. Through the networking associated with arranging the international trainings and international experts, the project will help facilitate improved partnerships.

107. Indicative activities under Output 1.4 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 1.4.1. Verify the capacity needs assessment completed during the PPG phase and design an institutional capacity development plan.	✓	✓	✓	✓	✓	✓
Activity 1.4.2. Update capacity-building modules and training materials and deliver capacity building to national and subnational institutional stakeholders.	✓	✓	✓	✓	✓	✓
Activity 1.4.3. Organize domestic and/or international technical exchanges, interacting with projects working on NFUL areas in other countries.	✓	✓	✓	✓	✓	✓

Component 2: Demonstration and upscaling of innovative, participatory FLR interventions
Total Cost: USD 14,513,280; GEF project grant requested: USD 1,413,280; Cofinancing: USD 13,100,000

108. **Component 2** focuses on demonstrating, monitoring, and improving approaches for innovative models of NFUL restoration and management that will improve FLR results and climate and disaster resilience. The demonstrations will cover new technical approaches to NFUL restoration and alternative livelihoods for people living in NFUL areas. The project will use approaches, which have been "small plot" tested by Chinese academic and forestry institutions in collaboration with local stakeholders. International tools and best practices that are applicable to local conditions will be reviewed and applied as appropriate. As part of this, international resource sites such as World Overview of Conservation Approaches and Technologies (WOCAT)[13], the UNCCD knowledge hub[14], the FAO Sustainable Forest Management (SFM) Toolbox[15] will be explored. These international resources along with relevant national ones will also be fully explored in connection with the work under all of the project's four components. The NFUL restoration models and associated work will place emphasis on technical and financial viability of the NFUL and will include (1) upgrading of monoculture planted on NFUL to mixed forest; (2) planting of mixed forest on bare land in NFUL areas; (3) human facilitated natural regeneration ("close off

[13] https://www.wocat.net/en/about

[14] https://knowledge.unccd.int/knowledge-products-and-pillars/best-practices-sustainable-land-management/identifying-slm-0

[15] http://www.fao.org/sustainable-forest-management/toolbox/tools/en/

the mountain, grow the forest") via selective methods for planting, sowing, mulching, etc.; and (4) development of forest corridors (or "forest belts") to connect fragments of natural forest. As part of the process extensive training of government officials at provincial and local level will be provided, as will training to forest workers and other relevant stakeholders.

Outcome 2: Innovative, participatory FLR interventions demonstrated and upscaled in NFUL, facilitated by multi-level and multi-stakeholder landscape governance mechanisms

109. The baseline situation and incremental reasoning for Outcome 2 are summarized below in **Table 10**.

Table 10: Summary of baseline and incremental reasoning for Outcome 2

Summary of Baseline Situation	Incremental Reasoning
Output 2.1. FLR demonstration management plans developed and endorsed by multi-level, multi-stakeholder landscape governance mechanisms	
Under the baseline situation, forest management involves a relatively narrow group of stakeholders, namely the forestry institutions and forest farm associations. There is a lack of coordinated participatory approaches that consider broader landscape level ecosystem services. Information on the project landscapes is compiled in the *Landscape Profiles* in **Annex 15**.	Under this output, the GEF resources are directed to participatory structures and procedures. Through the functioning of the multi-level, multi-stakeholder landscape mechanisms, participatory landscape assessments will be carried out for each of the project landscape. The participatory landscape assessments will include all key stakeholders, with specific attention to women and ethnic minorities. Based on the results of the assessments, FLR Demonstration and Management Plans will be developed for the five landscapes.
Output 2.2. Sustainable livelihoods for local beneficiaries demonstrated and enhanced through capacity building and partnership building, with particular emphasis on gender mainstreaming	
The livelihood dependence of local communities on the direct use of natural forest resources has been significantly reduced in recent years due to socioeconomic dynamics and strict policies and improved enforcement. There is an increasing tendency of households contracting land to enterprises, some of which are operating unsustainable initiatives, such as monoculture tea plantations. More information on baseline initiatives and programmes is provided in **Annex 14** (*Baseline report on revenue and policy options for incentivizing participatory NFUL management*).	The GEF alternative entails strengthening the livelihood assets of local communities, through identification of economically viable sustainable models that are compatible with the NFUL strategies and reflect gender equality and social inclusion principles; strengthening local associations through delivering training on developing skills and financial management; fostering new and strengthened partnerships with business enterprises and other enabling stakeholders; and providing demonstration scale technical and investment assistance for sustainable livelihood models.
Output 2.3. FLR Demonstration and Management Plans implemented in the five project landscapes *Output 2.4. Best practices of FLR innovative, participatory approaches upscaled in other NFUL areas based on results and lessons of demonstrations in project landscapes*	
Monoculture has until now been a preferred technique for restoring degraded forests and bare land technique in the national, provincial and local reforestation programs. Whilst significant forest cover gains have bene achieved, there are significant environmental shortcomings associated with this approach, including reduced ecosystem services, such as erosion control capacities and biodiversity conservation, as compared mixed forest systems.	Under the GEF alternative, innovative forest landscape restoration approaches will be demonstrated at scale in Output 2.3, and based on the best practices and strengthened capacities, upscaled in the project landscapes in Output 2.4. Adaptive management will be facilitated through pilot implementation of the NFUL M&E indicator framework developed under Output 1.3

Summary of Baseline Situation	Incremental Reasoning
More information on baseline initiatives and programmes is provided in **Annex 13** (*Baseline report on sustainable forest management policies*).	

110. Results expected through achievement of Outcome 2 include:

- **Local participation in FLR improved**, as measured by 10 (of which at least 4 are women-led) sustainable livelihood models operationalized through strengthened or new associations (e.g., cooperatives, women's groups, ethnic minorities, enterprises, etc.) in the project landscapes.
- **Sustainable long-term flows of ecosystem services from NFUL enhanced**, as measured by innovative participatory FLR approaches demonstrated on the project mainstreamed into the annual operating work plans of the five (5) provincial/municipal forestry bureaus.

Output 2.1: FLR demonstration management plans developed and endorsed by multi-level, multi-stakeholder landscape governance mechanisms

Key deliverables:

- Establishment and operationalization of multi-level, multi-stakeholder landscape mechanisms.
- Five (5) participatory Landscape Assessments completed (each incorporating methodology and content consistent with the requirements of a scoped Environmental and Social Impact Assessment – ESIA, as per UNDP SES Policy – and applying FPIC where relevant).
- Five (5) FLR Demonstration and Management Plans developed (each incorporating a dedicated section on management of safeguards risks, consistent with the requirements for a scoped Environmental and Social Management Plan, as per UNDP SES Policy, and applying FPIC where relevant).

111. Output 2.1 is focused on establishing and operationalizing multi-level, multi-stakeholder landscape mechanisms to facilitate inclusive participation in the implementation of forest landscape restoration approaches. Such mechanisms will be established for each of the target landscapes, with participation by provincial, prefecture, county, and township government units, forest and agricultural associations, NGOs and business sector, and having equitable representation of women and ethnic minorities. In-person gatherings and meetings connected with the multi-level, multi-stakeholder landscape mechanisms will be conducted in according with government and UNDP directives, in case the COVD-19 pandemic is prolonged or recurrent. Adaptive management measures will be implemented as outlined in the COVID-19 Analysis Action Framework (see **Annex 18**).

112. Building upon the baseline analyses made during the project preparation phase, participatory Landscape Assessments incorporating ESIA methodology and content (see **Annex 10b**) will be carried out for each of the five landscapes with the objective to assess the identified SES risks for each of the targeted stakeholders, and identify appropriate management measures. The process will include equitable participation by women and ethnic minorities, following FPIC. The landscape assessments will be screening processes based on the UNDP Social and Environmental Screening Procedure (SESP), and will include assessment of the presence of ethnic minorities, updated analyses of environmentally sensitive areas; verification of degraded NFUL areas; updated analyses of threats and root causes regarding degradation of and encroachment into NFUL areas; descriptions of baseline activities including those of co-financing partners; updated stakeholder analyses updated climate and disaster risk assessments; and updated analyses of socioeconomic conditions, local livelihoods, and demographics.

113. Precise locations for project activities have not been selected at the current stage of project development, and it is therefore not certain whether ethnic minorities will be affected. Where the potential for such impacts is confirmed, an Indigenous Peoples' Plan (IPP) will be developed by an independent capable entity during the first year of implementation, and affected Ethnic minorities will have ample opportunities to

participate in full compliance with Free, Prior and Informed Consent (FPIC) requirements. Detailed screening process are outlined in the Indigenous Peoples Planning Framework (IPPF) annexed to the Project Document (**Annex 10b**) and summarized in **Figure 9** below. Field work will not commence until the FLR Demonstration and Management Plans are reviewed and approved by UNDP, and then endorsed by the landscape level forestry bureaus. UNDP will not approve any activity that may negatively affect the human rights, lands, natural resources, territories, and traditional livelihoods of ethnic minorities.

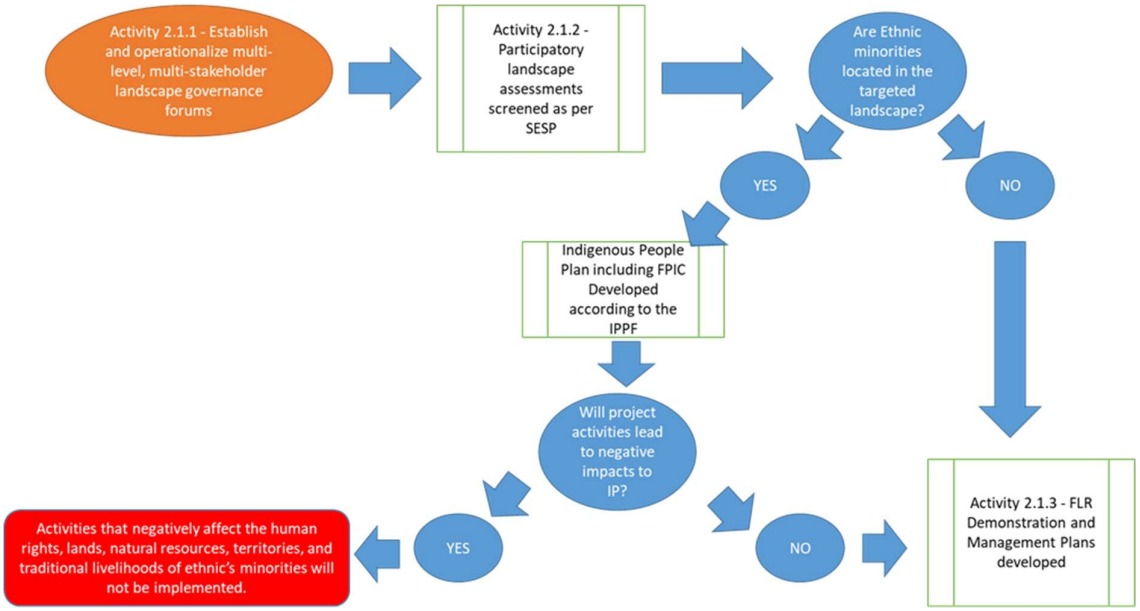


Figure 9: Summary of Avoidance & Mitigation measures as per the SESP findings in Output 2.1

114. Based on the results of the landscape assessments, FLR Demonstration and Management Plans will be developed for each landscape and will verify priority actions, closely aligned with the landscape NFUL strategies developed under Output 1.2 and incorporating the M&E indicator framework prepared in Output 1.3. These will be prepared in full compliance with UNDP SES and will include an Environmental and Social Management Plan (ESMP) for each of the project landscapes (See Annex 10a for an indicative outline). Consistent with UNDP SES Standard 1 (SES S1) on *Biodiversity Conservation and Sustainable Natural Resource Management*, project activities in or near environmentally sensitive areas require an abundance of caution. The draft versions of the FLR Demonstration and Management Plans prepared in line with the requirements of UNDP SES S1 and all other risks identified in the ESMF (Annex 10a) and will be reviewed and cleared by UNDP prior to initiating any field interventions. And field work will be made by experienced forest workers and other trained personnel, under the supervision of local forest management entities. No invasive alien species (IAS) will be used; preference will be given to native species. Concerns for IAS encroachment will be addressed in the FLR Demonstration and Management Plans, and the project team will liaise with the UNDP-GEF IAS GEF-6 project for technical advisory support, as needed.

115. The FLR Demonstration and Management Plans will also include descriptions of management measures that will be implemented to mitigate climate and disaster risks, in accordance with UNDP SES Standard 2 on *Climate Change and Disaster Risks*. For instance, local species will be selected that are adapted to local climatic conditions and more resilient to local climate variations, thus enhancing the likelihood for survival. More information is presented in the Climate and Disaster Risk Screening report (see **Annex 17**).

116. FPIC processes conducted in connection with the development of the FLR Demonstration and Management Plans will be comprehensively documented in the plans under a dedicated section.

117. Indicative activities under Output 2.1 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 2.1.1. Establish and operationalize multi-level, multi-stakeholder landscape mechanisms in each of the five project landscapes, with participation by provincial, prefecture, county, and township government units, forest and agricultural associations, NGOs and business sector, and having equitable representation of women and ethnic minorities.		✓	✓	✓	✓	✓
Activity 2.1.2. Building upon the PPG baseline analyses presented in the *Landscape Profiles* (**Annex 13** to the Project Document), carry out participatory landscape assessments, including equitable participation by women and ethnic minorities, screening proposed project activities as per SESP requirements, confirming key intervention areas and identifying livelihood enhancement priorities.		✓	✓	✓	✓	✓
Activity 2.1.3. Develop FLR Demonstration and Management Plans for each of the five project landscapes aligned with province level ERP interventions, incorporating the indicator system developed under Output 1.3, and endorsed by the multi-level, multi-stakeholder landscape governance mechanisms.		✓	✓	✓	✓	✓

Output 2.2: Sustainable livelihoods for local beneficiaries demonstrated and enhanced through capacity building and partnership building, with particular emphasis on gender mainstreaming

Key deliverables:

- Livelihood Viability Screening Assessments of livelihood models, identifying gaps and opportunities.
- Market Analyses for potentially viable sustainable livelihood options.
- Business Plans for sustainable livelihood models.
- Training records
- Technical and investment assistance for sustainable livelihood models.

118. This output focuses on strengthening and expanding nature-based livelihood models for local communities in the five landscapes, in line with the landscape level NFUL strategies and FLR Demonstration and Management Plans. Facilitating genuine participation of the local communities in the proposed FLR interventions is a key part of the project strategy. The project will work with landscape level stakeholders in strengthening existing and/or identifying new close-to-nature income generating schemes for local communities, and how existing incentive mechanisms can be better utilized to benefit the livelihoods of local people. In some cases, existing, unsustainable activities, such as unauthorized livestock grazing or harvesting of forest resources, may be curtailed as part of the FLR Demonstration and Management Plans. The livelihood activities are aimed at addressing potential economic displacement associated with newly introduced management measures, but also recognizing durable management of NFUL landscapes require broad stakeholder participation, first and foremost by people whose livelihoods are dependent on the natural resources and services of these ecosystems.

119. The types of livelihood models envisaged include but are not limited to: (1) under-the-forest-canopy-economy (both planting on the forest floor, beekeeping, etc.); (2) agroforestry on farmland near natural forest use land (NFUL) areas; (3) promotion of local small-scale associations (e.g., cooperatives, *dahu* (specialized household farms), companies, etc.), including through partnerships with business enterprises; (4) agritainment and local eco-tourism; (5) establishment and strengthening of local associations; and (6) employment of local people in implementing the newly introduced NFUL restoration methodologies. These livelihood models provide opportunities to demonstrate the integration of NFUL management and restoration, social safeguards, community well-being, and broadened stakeholder involvement including the private sector.

120. Building upon the initial consultations made during the project preparation phase, participatory Livelihood Viability Screening Assessments (see outline in **Annex 10d**) will be conducted for each of the five landscapes, overseen by the multi-level, multi-stakeholder landscape mechanisms established under Output 2.1, and in compliance with the requirements and guidelines outlined in UNDP SES Standard 5 on *Displacement and Resettlement*. The livelihood viability screening processes will assess the following considerations through focus group discussion approaches:

- Positive past experience or knowledge
- Existence of farmer/community groups or other types of associations
- Inherent local expertise and appropriateness with respect to local culture and practices
- Enabling environment for technical backstopping
- Short to medium term impact on incomes
- Potential social and environmental risks associated with the livelihood options
- Willingness to participate.

121. After completing the livelihood viability screening assessments and identifying gaps and opportunities associated with current livelihood initiatives, proposed livelihood strategies will be shared with the local communities through community consultations. With representation by local communities, the agreed livelihood strategies will be endorsed by the multi-level, multi-stakeholder landscape mechanisms. Market analyses will then be carried out for potentially viable options and business plans will be developed for local associations, e.g., cooperatives, forest farmers, women's groups, ethnic minorities, etc.

122. As per UNDP standard 6, the IPPF has been developed to determine/assess the risk for economic displacement to ethnic minorities, procedures to avoid economic displacement to affected communities are described in **Figure 10** Summary of Avoidance & Mitigation measures as per the SESP findings in Output 2.2. Activities that will positively affect ethnic minorities will be implemented in compliance with FPIC procedures. Activities that may entail the risk of economic displacement of ethnic minorities will not be implemented. Any activities that trigger the requirement for FPIC (as detailed in the ESMF and IPPF) will not start until FPIC has been implemented. The Business plan for sustainable livelihood models will include:

- An IPP, where Independent capable entity undertakes assessment of Livelihood model, where affected Ethnic minorities have ample opportunities to participate.
- Agreements on equitable benefit sharing reached with Ethnic minorities in culturally appropriate and inclusive manner.

- The guarantee that no forcible removal of ethnic minorities from lands land will occur

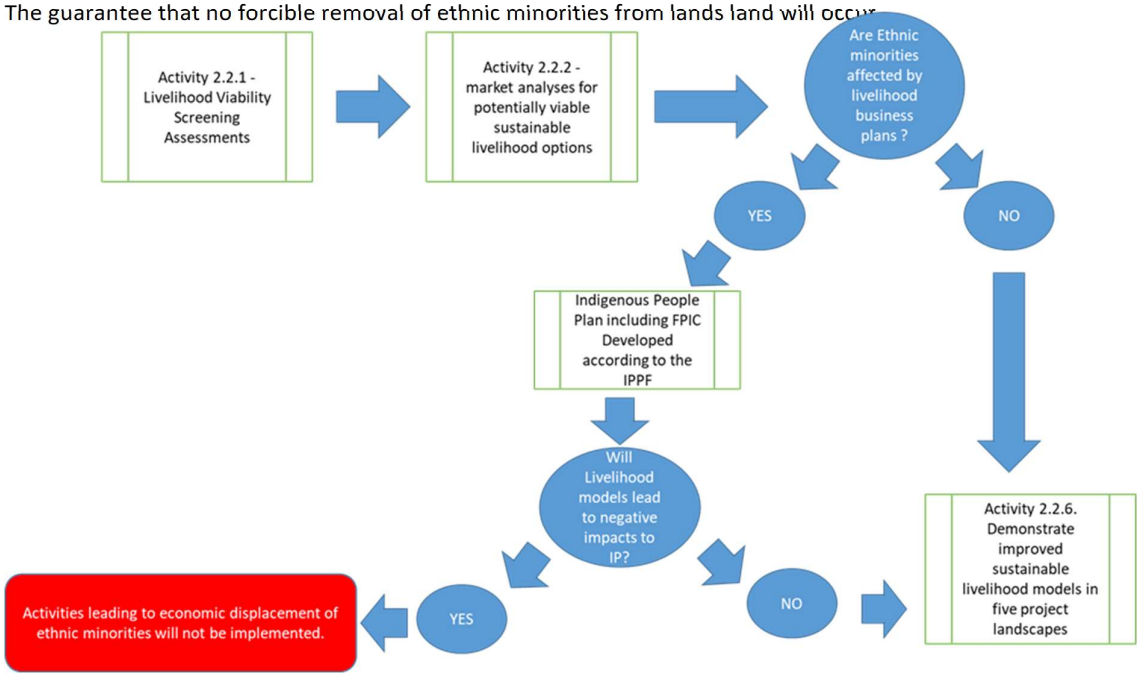


Figure 10: Summary of Avoidance & Mitigation measures as per the SESP findings in Output 2.2

123. Targeted capacity building will be delivered to local associations for identified gaps, including shortcomings in skills and financial management capabilities. There will be separate trainings delivered to women's groups, addressing the particular issues impeding gender equality and women's empowerment. Domestic learning exchanges will be organized as part of the capacity building program, allowing local associations to learn and share experiences and lessons across the project landscapes.

124. Facilitated by the multi-level, multi-stakeholder landscape mechanisms, new and strengthened partnerships between business enterprises and local associations will be fostered through networking, community workshops, direct introductions, etc. This output also includes technical and investment assistance at a demonstration scale provided to local associations for sustainable livelihood models based on specific proposals linked to the developed business plans.

125. Indicative activities under Output 2.2 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 2.2.1. Building upon the baseline analyses made at the PPG phase and the FLR Demonstration and Management Plans developed under Output 2.1, carry out participatory Livelihood Viability Screening Assessments, evaluating current and potential livelihood models and partnerships, identifying gaps and opportunities, with particular emphasis on gender mainstreaming and inclusion of ethnic minority groups.		✓	✓	✓	✓	✓
Activity 2.2.2. Carry out market analyses for potentially viable sustainable livelihood options for local communities in the five project landscapes, and develop sustainable livelihood business plans for local associations (e.g., cooperatives, women's groups, etc.)		✓	✓	✓	✓	✓
Activity 2.2.3. Design and deliver capacity building to local beneficiaries for enhanced sustainable livelihoods (skills training, financial management,		✓	✓	✓	✓	✓

learning-by-doing, etc.), including domestic knowledge exchanges, through cross visits among the project landscapes and/or to other NFUL areas in China.						
Activity 2.2.4. Deliver targeted trainings to women's groups, organized in collaboration with existing programmes, e.g., implemented by the All-China Women's Federation.		✓	✓	✓	✓	✓
Activity 2.2.5. Facilitate new and strengthened partnerships between business enterprises and local communities by strengthening social associations (e.g., cooperatives, women's groups, etc.), increasing awareness of existing finance opportunities, etc.		✓	✓	✓	✓	✓
Activity 2.2.6. Demonstrate improved sustainable livelihood models in five project landscapes, based on the sustainable livelihood business plans, delivering technical and investment assistance to local associations, including but not limited to: (a) improving quality of harvested non-timber forest products, (b) developing ecotourism experiences, (c) obtaining ecolabeling of products or services, (d) nursery development, etc.		✓	✓	✓	✓	✓

Output 2.3: FLR Demonstration and Management Plans implemented in the five project landscapes

Key deliverables:

- Implementation of FLR approaches in the project landscapes
- M&E feedback from the NFUL indicator framework

126. Under this output the FLR Demonstration and Management Plans will be implemented, in cooperation with the landscape level forestry institutions and participation of the multi-level, multi-stakeholder landscape mechanisms. Project resources are allocated for delivering site level capacity building and supervision of local forestry staff and forest farm works, and facilitating innovative FLR techniques at demonstration plots in the project landscapes. The implementation of the FLR Demonstration and Management Plans will be socialized among the local communities, through organizing community meetings, site visits, and development and dissemination of knowledge products. Through pilot implementation of the NFUL M&E indicator framework developed in Output 1.3, adaptive management measures will be applied accordingly.

127. In collaboration with the responsible government entities (e.g.,. county forest bureaus), the FLR Demonstration Restoration and Management Plans will include and/or make reference to existing standard operating procedures and UNDP SES associated with worker safety, as well as safe handling, use, and management of agrochemicals, including but not limited to the following: 1) internationally or nationally pesticides will not be used, 2) workers working with agrochemical inputs will be trained and equipped with appropriate personal protective equipment, and 3) national, provincial and local guidelines and regulations on use and handling of agrochemical inputs will be followed. Forest workers and other workers involved in the restoration activities will be trained in the safe use and management of pesticides and other agrochemical inputs.

128. Indicative activities under Output 2.3 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 2.3.1. Carry out training of forest workers and other workers on proposed FLR techniques, as well as worker safety and environmental protection aspects of the proposed activities.		✓	✓	✓	✓	✓
Activity 2.3.2. Initiate implementation of the FLR Demonstration and Management Plans in the five project landscapes, through coordination with the multi-level, multi-stakeholder landscape mechanisms, delivering site level capacity building and supervision to County Forestry staff and forest farm		✓	✓	✓	✓	✓

workers, and facilitating innovative FLR techniques at demonstration plots in the project landscapes.						
Activity 2.3.3. Socialize the FLR interventions among local communities through organizing community level meetings, site visits, distribution of knowledge products, etc.		✓	✓	✓	✓	✓
Activity 2.3.4. Support subnational forestry entities in implementing adaptive management adjustments according to results of monitoring and evaluation of FLR interventions.		✓	✓	✓	✓	✓

Output 2.4: Best practices of FLR innovative, participatory approaches upscaled in other NFUL areas based on results and lessons of demonstrations in project landscapes

Key deliverables:

- Verified NFUL landscape strategies
- Learning shared through domestic technical exchanges

129. The best practices and lessons learned through the implementation of the FLR Demonstration and Management Plans in Output 2.3 will be evaluated, and as a result, the NFUL strategies developed in Output 1.2 will be verified to determine priorities and locations for upscaling. Project resources are allocated for providing strategic and technical guidance as part of the upscaling initiatives. And part of this guidance will include organizing domestic technical exchanges, i.e., visiting FLR demonstrations implemented in the project landscapes and/or other NFUL areas in China.

130. Indicative activities under Output 2.4 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 2.4.1. Verify the NFUL landscape strategies developed under Output 1.2 and identify NFUL areas where demonstrated FLR innovative approaches will be upscaled and provide strategic guidance towards upscaling of the demonstrated FLR innovative approaches in the five project landscapes.		✓	✓	✓	✓	✓
Activity 2.4.2. Organize domestic technical exchanges on best practices of FLR approaches, through cross visits among the project landscapes and/or to other NFUL areas in China.	✓	✓	✓	✓	✓	✓

Component 3: Incentive systems for durable investment in sustainable management of NFUL
Total Cost: USD 3,434,720; GEF project grant requested: USD 334,720; Cofinancing: USD 3,100,000

131. **Component 3** will leverage expanded funding for projects and initiatives for the sustainable management and restoration of NFUL through diversified financing mechanisms and channels. Although the ecosystem compensation mechanism has existed in China for a long time, the baseline data for compensation has been missing. In particular, the standards for measuring the value of goods and services of natural forests on landscape scale are extremely scarce. Through the pilot demonstration and with the benefits of UNDP's Targeted Scenario Analysis [16] the project will establish ecological compensation mechanisms in the five provinces. Through these eco-compensation mechanisms financial transfers will be provided to local stakeholders living in NFUL areas for providing ecosystem and soil protection services, in form of the preservation, protection, and restoration of the forest lands. Thus, the investments in sustainable management and restoration of degraded NFUL areas will be expanded.

[16] https://www.undp.org/content/undp/en/home/librarypage/environment-energy/environmental_finance/targeted-scenario-analysis.html

Outcome 3: Incentive systems improved and expanded for durable investment in sustainable management of NFUL

132. The baseline situation and incremental reasoning for Outcome 3 are summarized below in **Table 11**.

Table 11: Summary of baseline and incremental reasoning for Outcome 3

Summary of Baseline Situation	Incremental Reasoning
Output 3.1. Improved ecological compensation mechanisms formulated using targeted scenario analysis approaches and advocated for adoption in the project landscapes and in other NFUL in China	
There are numerous ecological compensation mechanisms under implementation in the country. While significant environmental outcomes have been achieved, there remain challenges with respect to incentivizing active participation of local communities. Under the current situation in China, getting farmers to farm is a problem at all levels. And the subsidies provided by the government to the agricultural sector are much higher than those given to natural forest protection. At the same time, the vast majority of high quality labor in rural areas has been transferred to urban and industrial employment. More information on baseline initiatives and programmes is provided in **Annex 14** (*Baseline report on revenue and policy options for incentivizing participatory NFUL management*).	Under the GEF alternative, business as usual ecological compensation mechanisms will be compared to ones that better reflect the values and services of NFUL through targeted scenario analyses, and also reflecting gender equality and social inclusion principles. An estimated five (5) new or strengthened compensation mechanisms will be formulated and advocated for adoption in the project landscapes, in order to drive the local community to take initiatives to apply technical interventions and participate in natural forest conservation and restoration.
Output 3.2. Expanded types and sources of financing for sustainable management of NFUL through public-private-community partnerships	
The participation of communities and farmers in the protection and restoration activities of degraded NFUL is a passive type of participation. It is promoted by national and local protection and restoration policies. The form of participation is mainly as follows: including collective or individuals contracted forest land and cultivated land into the scope of ERP and Grain for Green Project, receiving economic compensation provided by the government, and providing paid labor services to undertake specific afforestation, management, and forest maintenance work. In addition, few communities or farmers take the initiative to take further measures and increase investment in the protection and restoration of collective or individual contracted forest land and cultivated land. The basic pattern of participation is that the central, provincial, city and county governments provide funds, and communities and farmers provide land and paid labor services to jointly implement the protection and restoration of degraded NFUL. The characteristic of this model of participation is that the process and effects of NFUL protection and restoration mainly rely on government investment and promotion. The scope of protection and restoration, specific restoration measures and possible effects are completely determined by the scale of government investment.	Under the GEF alternative, increased participation of private sector and other non-governmental investors will be promoted. Through the integrated landscape approaches that are central to the project strategy, the economic viability of partnership arrangements will be enhanced through economies of scale. And with the diversified investing channels, the innovation financial mechanisms and revenue generating options will engage the communities or farmers to actively participate and gain increased access to technical and financial cooperation and services.

Summary of Baseline Situation	Incremental Reasoning
More information on baseline initiatives and programmes is provided in **Annex 14** (*Baseline report on revenue and policy options for incentivizing participatory NFUL management*).	

133. Results expected through achievement of Outcome 3 include:

- **NFUL conservation integrated into ecological compensation mechanisms**, as measured by five (5) existing or new ecological compensation mechanisms integrating the value and services of NFUL.
- **Stakeholder participation in FLR approaches expanded,** as measured by five (5) business enterprises in the project landscapes entering new public-private-community partnerships.

Output 3.1: Improved ecological compensation mechanisms formulated using targeted scenario analysis approaches and advocated for adoption in the project landscapes and in other NFUL in China

Key deliverables:

- Comparative assessment of existing ecological compensation mechanisms.
- Targeted scenario analyses comparing business as usual mechanisms with ones that reflect the values and services of NFUL.
- Recommendations for introducing new or strengthening existing ecological compensation mechanisms.

134. The proposed first step under Output 3.1 is to carry out a comparative assessment of existing ecological compensation mechanisms, evaluating mechanisms at the national and subnational levels. Some examples of mechanisms to consider include the following:

- The cross-district compensation of the second phase of the South-to-North water diversion project in Chongqing.
- Compensation mechanism involving local tourism enterprises as direct beneficiaries in Libo County.
- China Green Carbon Sink Foundation, e.g., develop forest carbon sink mechanisms.
- National Greening Foundation, developing national compulsory implementation of the forestation project.
- Explore payment for watershed services mechanisms in partnership with the Fujian, Guizhou, Yunnan and Gansu forestry departments.

135. Using targeted scenario analyses, the business as usual compensation mechanisms will be compared to improved ones, that reflect the values and services of NFUL and also reflect gender equality and social inclusion principles. Based on the results of the analyses, a set of recommendations will be formulated for developing new compensation mechanisms or strengthening existing ones. Adoption of the recommendations will be advocated through stakeholder workshops, networking, and dissemination of knowledge products.

136. SESA principles and methodology will underpin the comparative assessments, targeted scenario analyses and recommendations for new or strengthened ecological compensation mechanisms. Where ethnic minorities may be impacted by the recommended compensation mechanisms, FPIC will be duly applied following SES Standard 6 requirements.

137. Indicative activities under Output 3.1 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian

Activity 3.1.1. Building upon the baseline analyses completed during the PPG phase, carry out a comparative assessment of existing ecological compensation mechanisms at the national and subnational levels, with gender equality and social inclusion (GESI) principles incorporated into the analysis and conclusions.	✓	✓	✓	✓	✓	✓
Activity 3.1.2. Carry out targeted scenario analyses, comparing business as usual scenarios with improved ecological compensation mechanisms, with GESI analytical framework built into the analyses, and develop recommendations for improved ecological compensation mechanisms that reflect the values and services of NFUL.	✓	✓	✓	✓	✓	✓
Activity 3.1.3. Advocate for adoption of improved ecological compensation mechanisms, e.g., through organizing stakeholder workshops, and provide strategic guidance to the implementation of improved mechanisms.	✓	✓	✓	✓	✓	✓

Output 3.2: Expanded types and sources of financing for sustainable management of NFUL through public-private-community partnerships

Key deliverables:

- Comparative assessment of functioning public-private-community partnerships, as well as existing policies and incentive frameworks in place.
- Recommendations for new and/or strengthened partnerships, aligned with the NFUL landscape strategies in the project geographies.
- Capacity building records, regarding training on developing bankable public-private-partnerships.

138. Building upon the baseline analyses made during the PPG phase, a comparative assessment will be made of functioning public-private-community partnerships, evaluating lessons and successes, as well as enabling policies and incentive frameworks. Based on the results of the assessment and consultations with stakeholders in the project landscapes, e.g., through the multi-stakeholder, multi-level landscape mechanisms, a set of recommendations will be developed for new or strengthened public-private-community partnerships. Capacity building will be delivered to landscape stakeholders for developing bankable partnerships, and strategic guidance will be provided to partnerships for ensuring sustainable management of NFUL.

139. SESA principles and methodology will underpin the comparative assessments recommendations for new or strengthened public-private-community partnerships. Where ethnic minorities may be impacted by the recommended partnerships, FPIC will be duly applied following SES Standard 6 requirements.

140. Risks associated with collaboration with the two private sector co-financing partners were assessed during the project preparation phase according to UNDP private sector due diligence requirements. The project Private Sector Risk Management Strategy (see **Annex 22**) will be followed during project implementation. And any additional private sector project partners will be screened according to UNDP requirements and collaborative activities will not be initiated prior to obtaining approval by UNDP of the private sector due diligence. Project specific partnerships will be formalized through memoranda of understanding or similar mechanisms, guided by application of the Private Sector Partnership Risk Management Strategy.

141. Indicative activities under Output 3.2 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 3.2.1. Building upon the baseline analyses prepared during the PPG phase, carry out a comparative assessment of functioning public-private-community partnerships, including screening for adherence to local, national, and UNDP social and environmental screening procedures.	✓	✓	✓	✓	✓	✓

Activity 3.2.2. Formulate recommendations for new and/or strengthened public-private community partnerships, aligned with the NFUL landscape strategies.	✓	✓	✓	✓	✓	✓
Activity 3.2.3. Deliver capacity building to local stakeholders for developing bankable public-private-community partnerships, supporting implementation of FLR.		✓	✓	✓	✓	✓
Activity 3.2.4. Advocate for strengthened and new public-private-community partnerships and provide strategic guidance towards delivery of multiple benefits through sustainable management of NFUL.	✓	✓	✓	✓	✓	✓

Component 4: Coordination, Knowledge Management, and Monitoring and Evaluation
Total Cost: USD 4,992,853; GEF project grant requested: USD 492,853; Cofinancing: USD 4,500,000

142. Under **Component 4** the project will draw from the other components to document processes, best practices, innovations, lessons learned and outcomes, which can be translated into useful communication materials, such as impact stories, technical advisory notes and guidelines. Part of this will be the dissemination of the innovative FLR methods used by the project (developed under Component 2). In addition, best practices methodologies will be developed to communicate the technical results related to survival rates and forest productivity, as well as cost reduction from the business-as-usual scenario.

143. This component also focuses on putting in place effective project monitoring and evaluation procedures for ensuring efficient use of resources, inclusive participation, and improved knowledge management. A Knowledge Management Strategy and Action Plan will be developed and implemented, based on the results of a baseline knowledge, attitudes and practices (KAP) survey.

Outcome 4: Integrated coordination, knowledge management, and monitoring and evaluation to enhance capacities for upscaling

144. The baseline situation and incremental reasoning for Outcome 4 are summarized below in **Table 12.**

Table 12: Summary of baseline and incremental reasoning for Outcome 4

Summary of Baseline Situation	Incremental Reasoning
Output 4.1. Project implementation overseen by a representative Project Board, and durability of project results guided through development of a project sustainability plan	
The lead Implementing Partner, NFGA, the provincial forestry bureaus representing the five project landscapes are committed to the successful implementation of the project, supported through USD 26.98 million in recipient government co-financing. The conclusion of the UNDP capacity assessment and harmonized approach to cash transfers (HACT) assessment of NFGA was low risk, indicating that NFGA has the capacity to successful manage the GEF funds (see **Annex 23**). Commitment is further demonstrated through the nomination of the Deputy Director General of the ERP (within NFGA) as the National Project Director and designation of Landscape Coordinators in the five landscapes funded through government co-financing contributions.	GEF funds will support three full-time positions, a National Technical Advisor, Project Management Associate, and M&E-Knowledge Management Officer, as well as a part-time Sustainable Forest Management Expert and Gender-Safeguards Specialist. The Project Management Office (PMO) will be embedded into the NFGA office in Beijing and receive guidance by the NPD. The Project Board will be represented by the NFGA and the five landscapes. With board meetings convened on a rotational basis in the landscapes, there will be opportunities to strengthen interaction between NFGA and their subnational counterparts.
Output 4.2. Knowledge management and communication systems implemented for supporting scaling up of best practices	
Although most institutional stakeholders have a strong knowledge base in forestry, the production-oriented approaches from the past prevail in many	Effective knowledge management is a key element to the project strategy, and the project will develop a targeted Knowledge Management Strategy and

Summary of Baseline Situation	Incremental Reasoning
forest bureaus in the country. Academia and forestry institutions have in-depth knowledge of forest degradation and restoration in China as well as a subset of tools and methodologies which can be implemented to address this. However, this information is not readily accessible to government staff and planners, forest workers and other stakeholders. More information is **Annex 16** (*Capacity baseline assessment and proposed capacity development approaches*).	Action Plan, according to results of a baseline knowledge, attitudes and practices (KAP) survey and in line with the program level knowledge management strategy. The project will organize a series of awareness raising actions focusing on demonstrating the importance, main threats, root causes, potential impacts to natural forest areas stakeholders at provincial, county, township and village levels. Utilizing as many types of media as practicable, results of the project will be publicized and advocated through development of best practices, lessons, etc.
Output 4.3. Inclusive participation and adaptive management supported through participatory monitoring and evaluation of project results, including implementation of the gender action plan, SESP, stakeholder engagement plan, and other safeguard management frameworks and plans	
Local communities are generally socialized to sustainable development principles, as many rural people in the project landscapes are heavily reliant on forest resources for their livelihoods. There are prevailing challenges with respect to gender equality and social inclusion. Considering the socioeconomic dynamics in recent years in many Chinese rural communities, with men migrating to urban areas for work, women, elderly and ethnic minorities are often remaining in the villages, tending land and continuing with nature-based livelihoods.	Inclusive involvement of women, ethnic minorities and local communities is critical in the success of the project. Gender and social inclusion priorities have been integrated into the design of the project interventions. The M&E-Knowledge Management Officer and Gender-Safeguards Specialist will work with the Landscape Coordinators and the contracted partners to ensure gender mainstreaming and social inclusion objectives are fulfilled.

145. Results expected through achievement of Outcome 4 include:

- **Key stakeholder groups' understanding of the value of NFUL conservation improved**, as measured by an increase scores of knowledge, attitude and practices (KAP) surveys (disaggregated by women, ethnic minorities, and youth) for subnational governmental stakeholders (20% improvement), local communities (30% improvement), and private sector (30% improvement).
- **Knowledge sharing effectiveness improved,** as measured by (a) 5,000 visits/downloads of knowledge products on Internet and social media platforms, and (b) 150,000 people (of whom 50% are women) reached through dissemination of knowledge products, participation in workshops, etc.

Output 4.1: Project implementation controlled through proactive steering committee function, and durability of project results guided through development of a project sustainability plan

Key deliverables:

- Project Board meeting minutes.
- Sustainability Plan.

146. The Project Board will be the main platform for high-level and strategic decisions and the proposed composition provides for efficient and representative feedback (*see Section VIII: Governance and Management Arrangements*). This output also includes development of a Sustainability Plan for the project, providing a practical framework for facilitating further progress towards achievement of longer-term outcomes and global environmental benefits, as outlined in the project Theory of Change. Implementation of the Sustainability Plan will be initiated during the project's lifespan, to guide NFGA and landscape level partners.

147. Indicative activities under Output 4.1 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 4.1.1. Convene Project Board meetings, rotated among the five project landscapes, supported by stakeholder meetings as part of annual work plan preparations.	✓	✓	✓	✓	✓	✓
Activity 4.1.2. Develop and initiate the implementation of the project sustainability plan.	✓	✓	✓	✓	✓	✓

Output 4.2: Knowledge management and communication systems implemented for supporting scaling up of best practices

Key deliverables:

- Knowledge, attitudes and practices (KAP) surveys made at project inception (baseline) and at the end of the project.
- Knowledge Management Strategy and Action Plan for the project.
- Knowledge Products.
- Advocacy of project results through participation in national, regional and international conference, workshops, seminars and other events.
- Awareness raising, knowledge dissemination, and advocacy campaigns on specific themes, delivered by various methods, including social media, print media, radio, local and provincial television, etc.

148. Under this output, a knowledge management (KM) action plan for the project will be developed, based upon the results of a baseline knowledge, attitudes and practices (KAP) survey. A few examples of issues that could be considered in the KAP survey include, but are not limited to the following:

- Perceptions of target stakeholder groups related to sustainable NFUL management.
- Knowledge of the values and services of NFUL.
- Attitudes and practices of target stakeholder groups towards proposed incentive mechanisms.
- Differences in knowledge, attitudes and practices between women and men and ethnic minorities.
- The range of existing household livelihood activities and diversity of community livelihood options.
- The willingness and ability of local people to engage with new or modified nature-based livelihood options.
- The means of communication best suited for promoting improved sustainable NFUL management.

149. The indicative stakeholder groups that will be surveyed include:

- Subnational government stakeholders
- Local communities
- Private sector

150. The KAP survey will be conducted by a qualified service provider/institute recruited through a competitive procurement process. Indicative end targets for measuring changes to knowledge, attitudes and practices are presented in the project results framework; these will be reviewed and finalized as part of the baseline KAP survey. And an end-of-project KAP survey will be made during the last year of implementation, to assess actual changes realized.

151. The Knowledge Management Strategy and Action Plan will be developed, covering the knowledge management elements across the project, e.g., in the design of trainings and in the way in which knowledge shared. Knowledge products will include case studies distilled from the results achieved on the project and will also include awareness raising materials to support advocacy and public participation campaigns. Project case studies, lessons learned, generated knowledge products, etc. will be uploaded onto the project and program knowledge-sharing platforms, and also communicated through various methods, including social media, print media, radio, local and provincial television, etc.

152. Advocating the global environmental benefits generated through the project will be part of the KM Action Plan. Participating in national, regional, and international conferences, workshops and seminars will be one way to share information and promote the global benefits generated. Resources are allocated for organizing a conference at the end of the project, sharing achievements and exchanging best practices with domestic, regional, and international stakeholders.

153. Indicative activities under Output 4.2 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 4.2.1. Design, administer and interpret baseline and end-of-project knowledge, attitudes and practices (KAP) surveys, assessing knowledge, attitudes regarding participatory FLR of NFUL areas.	✓	✓	✓	✓	✓	✓
Activity 4.2.2. Based on the results of the baseline KAP survey of this project , develop and oversee the implementation of a knowledge management strategy and action plan.	✓	✓	✓	✓	✓	✓
Activity 4.2.3. Establish and maintain information and knowledge sharing systems on the project, including internet platforms, social media, etc.	✓	✓	✓	✓	✓	✓
Activity 4.2.4. Advocate the global environmental benefits generated through the project by participating in national, regional and international conferences, workshops, seminars and other events; organize awareness raising and advocacy campaigns, focused on specific themes and aimed at defined target groups, e.g., farmers, women's groups, governmental agencies, enterprises and the public, through methods identified in the knowledge management action plan, e.g., social media, print media, radio, local and provincial television, etc.	✓	✓	✓	✓	✓	✓
Activity 4.2.5. Organize a conference showcasing and sharing the achievements of the project.	✓	✓	✓	✓	✓	✓

Output 4.3: Inclusive participation and adaptive management supported through participatory monitoring and evaluation of project results, including implementation of the gender action plan, SESP, stakeholder engagement plan, and other safeguard management frameworks and plans

Key deliverables:

- Project inception workshop and report.
- Project progress reports and other monitoring & evaluation deliverables.
- Indigenous Peoples Plan (IPP)
- Regular reviews and updates of the SESP, Participatory Landscape Assessment, IPPF, Livelihood Viability Screening Assessments, Gender Analysis and Gender Action Plan, Stakeholder Engagement Plan.
- Regular review that activities that have negatively affect the human rights, lands, natural resources, territories, and traditional livelihoods of ethnic's minorities have not been implemented.
- Midterm review report.
- Terminal evaluation report.

- Final project report.

154. The activities under this output are designed to put in place enabling procedures and protocols to facilitate effective monitoring and evaluation. The project inception workshop, to be held within three months of signing of the project document, is a critical milestone on the implementation timeline, providing an opportunity to validate the project document, including the screening of social and environment risks; confirming governance implementation arrangements; assessing changes in relevant circumstances and making adjustments to the project results framework accordingly; verifying stakeholder roles and responsibilities; updating the project risks and agreeing to mitigation measures and responsibilities; and agreeing to the multi-year work plan. An inception workshop report will be prepared and disseminated among the project steering committee members. According to GEF requirements, two independent evaluations will be carried out of the project, a midterm review and terminal evaluation.

155. Under this output, the project safeguard assessments and management plans will be regularly reviewed and updated. These include the SESP, Indigenous Peoples Planning Framework (IPPF), Gender Analysis and Gender Action Plan, and Stakeholder Engagement Plan. Based upon the FPIC consultations as part of the participatory landscape assessments and the FPIC recorded in the FLR Demonstration and Management Plans under Output 2.1, an Indigenous Peoples Plan (IPP) will be prepared.

156. A prolonged or recurrent COVID-19 pandemic (or similar crisis) could create challenges for the implementation of the project, i.e., associated with activities involving physical stakeholder workshops, delivering training in the field, convening community meetings, etc. The project will institute adaptive management as needed to reduce the risks of community spread. For example, meetings will be held remotely using virtual platforms as much as possible, health hazard assessments will be required for gatherings of multiple people, and mitigation measures will be implemented, e.g., ensuring physical distancing, providing personal protective equipment, avoiding non-essential travel, delivering trainings on risks and recognition of symptoms, etc. The SESP includes risks associated with COVID-19, and specific mitigation measures are described in the COVID-19 Analysis and Action Framework in **Annex 18**.

157. Indicative activities under Output 4.3 include:

Activity description	National	Gansu	Chongqing	Yunnan	Guizhou	Fujian
Activity 4.3.1. Design and convene the project inception workshop and prepare inception report; including review of the project strategy according to actual circumstances at inception; verification of social and environment risk assessments and targeted management measures; confirmation of governance implementation arrangements; verification of stakeholder roles and responsibilities; and agreement of the multi-year work plan.	✓	✓	✓	✓	✓	✓
Activity 4.3.2. Arrange annual stakeholder workshop to review progress, updated assessment of assumptions in the project Theory of Change, development of the annual work plan for the subsequent year, and discussion and dissemination of lessons learned, including those related to management of social and environmental risks.	✓	✓	✓	✓	✓	✓
Activity 4.3.3. Carry out regular monitoring and evaluation of the GEF core indicators and project results framework and prepare the GEF Project Implementation Review (PIR) and other progress reports.	✓	✓	✓	✓	✓	✓
Activity 4.3.4. Carry out monitoring and evaluation and regular updates of the gender action plan, SESP, Participatory Landscape Screening Assessment (following ESIA principles), ESMF, IPPF, Livelihood Viability Screening Assessments, Livelihood Action Plans, stakeholder engagement plan, climate and disaster risk screening, private sector risk mitigation strategy, and other safeguard management frameworks and plans as warranted; and development of an Indigenous Peoples Plan (IPP).	✓	✓	✓	✓	✓	✓

Activity 4.3.5. Support the independent midterm review (MTR) and terminal evaluation (TE) of the project.	✓	✓	✓	✓	✓	✓
Activity 4.3.6. Prepare the final report for the project, including the PIR for the last year of implementation, the terminal evaluation report, and the management response to the terminal evaluation report.	✓	✓	✓	✓	✓	✓

Partnerships:

158. The project strategy has a strong emphasis on building upon baseline activities implemented by project partners, as well as on establishing new and strengthening existing partnerships to ensure the sustainability of the results achieved. The project will collaborate with and build on the lessons of a range of related initiatives. Some of the key related initiatives where partnerships will be fostered are listed below in **Table 13**.

Table 13: Intersection of related initiatives with project outputs

Other Initiatives	Main Partner(s)	Intersections with project outputs
Ecological Rehabilitation Program (ERP)	NFGA, provincial forestry bureaus	All outputs
UNDP-GEF China's Protected Area Reform Program (C-PAR)	FECO, MEE, UNDP, provincial gov'ts.	1.1, 1.2, 2.3, 4.2
UNDP-GEF Payment for Watershed Services in the Chishui River Basin for the Conservation of Globally Significant Biodiversity	FECO, MEE, UNDP, provincial gov't.	3.1, 3.2
UNDP-GEF Developing and Implementing the National Framework on Access to and Benefit Sharing of Genetic Resources and Associated Traditional Knowledge	FECO, MEE, UNDP, provincial gov't.	3.1, 3.2
Asian Development Bank-GEF Western China Land Degradation Partnership	NFGA, ADB, provincial gov'ts.	2.3, 2.4, 4.2
Asian Development Bank-GEF Sustainable and Climate-Resilient Land Management in the Western Regions	MNR, ADB, provincial gov'ts.	2.3, 2.4, 4.2
FAO-GEF Decision Support for Mainstreaming and Scaling up of SLM Project	MNR, FAO, provincial gov'ts.	2.3, 2.4, 4.2
IUCN-GEF Building Climate Resilient Green Infrastructure: enhancing ecosystem services of planted forests in China through forest landscape restoration and governance innovation	NFGA, IUCN, UNEP, FAO	1,2, 2.3, 2.4, 4.2
Sino-German Financial Cooperation Projects on Sustainable Forest Management	NFGA, Chongqing, Gansu	1.1, 1.2, 2.3, 2.4, 3.2

Risks:

159. The identified risks that could affect the implementation and results of the project are described in the risk register in **Annex 6**, along with proposed mitigation measures and recommended risk owners who would be responsible to manage the risks during the project implementation phase.

160. The overall risk-rating for the project is "Moderate". Since there are 9 SES risks (all rated moderate and spanning all of the SES Principles and Standards), and not all project activities or specific sites have been fully defined yet, a maximally cautious approach to risk assessment and management has been adopted: Safeguard assessments and management plans have been prepared: (i) Environmental and Social Management Framework (**Annex 10a**) (ii) Stakeholder Engagement Plan (**Annex 8**), (ii) Indigenous Peoples Planning Framework (**Annex 10c**); (iii) Gender Analysis and Action Plan (**Annex 11**), (iv) a COVID-19 Analysis and Action Framework (**Annex 18**), and (v) a Climate and Disaster Risk Screening (**Annex 17**)..

161. Assessments and Management Plans to be developed under implementation include: (i) **SESA** principles and methods to be incorporated into the development of policy frameworks and the 5 NFUL landscape strategies under Component 1, and the development of ecological compensation pilots (Output 3.1); (ii) **ESIA** methods and content to be incorporated into the 5 **Participatory Landscape Assessments** (Output 2.1); (iii) **ESMPs** to be incorporated into the 5 **NFL Demonstration and Management Plans;** (Output 2.1 and 2.2); (iv) Livelihoods Action

Plans to be developed under Output 2.2 (following Livelihood Viability Assessments); (v) an Ethnic Minorities (Indigenous Peoples) Plan for each of the 5 NFUL landscapes, as relevant.

162. Ethnic minorities are residing and depending on the forest resources in the NFUL ecosystems in some of the project landscapes. Whilst ethnic minorities are residing in some of the project landscapes, the lands and natural resources are collectively owned and used by the local communities, not specific to particular ethnic groups. Land in China is either owned by the state or by collectives, as outlined in Article 9 (Land Ownership) of the Constitution and Article 205, Part II of the Civil Law which further stipulates state ownership of forest lands. In the project landscapes, the collectively held land is appropriated to local communities, regardless of their ethnic group. Stakeholder participation and engagement in projects are well established practices in China. Moreover, ethnic minority groups are generally well represented in the village and township councils in China, and in many cases whole villages and townships are from one (or few) minority group/s. However, there is still a tendency to engage in a top-down approach. The project strategy has a strong emphasis on strengthening the livelihood opportunities for local communities, introducing or expanding sustainable alternatives and facilitating genuine collaborative arrangements between local communities, private sector enterprises, and forest management entities.

163. The project will ensure that stakeholder engagement is undertaken in a culturally appropriate manner so that the rights and interests of ethnic minorities are protected, and their unique concerns and needs are identified and addressed. The IPPF (**Annex 10c**) provides guidance on the timing for further assessments and FPIC consultations and describes roles and responsibilities and budgeting. In summary, FPIC consultations will be made as part of the IPP plans , the participatory landscape assessments and the Livelihood Viability Screening Assessments. FPIC will be recorded in a dedicated section of the FLR Demonstration and Management Plans. Field work will not commence until the FLR Demonstration and Management Plans are reviewed and approved by UNDP, and then endorsed by the landscape level forestry bureaus. Based upon the FPIC consultations as part of the participatory landscape assessments and the FPIC recorded in the FLR Demonstration and Management Plans under Output 2.1, an Indigenous Peoples Plan (IPP) will be prepared for each landscape in accordance with the guidelines and requirements outlined in UNDP SES Standard 6 on *Indigenous Peoples*. Should there be any difficulties in securing FPIC, adaptive management will be applied, e.g., through additional stakeholder consultations, modification of approaches, revision of activities, etc.

164. With respect to risks associated with potential economic displacement, livelihood action measures are integrated into the project design, particularly under Output 2.2, consistent with the guidelines and requirements outlined in UNDP SES Standard 5 on *Displacement and Resettlement*. Again, the Livelihood Viability Screening Assessments planned under Activity 2.2.1 will address potential risks associated with changes to livelihood models for location communities; proposed market analyses in Activity 2.2.2 will evaluate economic viability of alternative livelihood models; capacities of local communities developed through Activity 2.2.3 with regard to strengthening existing livelihood models or introducing new ones. Target capacity building trainings are planned under Activity 2.2.4. The project will also facilitate new and improved partnerships between local associations and business enterprises and increasing awareness and capacities for accessing finance and credit in Activity 2.2.5. Project resources are also allocated in Activity 2.2.6 for supporting foundational investments aimed at strengthening sustainable livelihood models.

165. Facilitated by multi-stakeholder collaborative processes, the project strategy promotes landscape approaches for achieving sustainable management of natural resources. Bringing together cross-sectoral and multiple stakeholders into participatory processes will help enhance the knowledge of the risks associated with zoonotic diseases like COVID-19 and how landscape management approaches can help mitigate the risks and build social and ecological resilience of local communities. The project will also promote sustainable close-to-nature livelihoods, which will contribute to increased food and income security of local communities, strengthening their coping capacities in response to the COVID-19 pandemic and other socioeconomic disruptions. Project implementation will also ensure full adherence to government and UNDP directives related to COVID-19. Flexible approach to stakeholder consultations including use of social distancing and virtual measures as needed, as outlined in the COVID-19 Analysis and Action Framework in **Annex 18**).

166. As outlined in the *Climate and Disaster Risk Screening* (see **Annex 17**), the project landscapes are susceptible to a number of climate and disaster hazards, including extreme precipitation and flooding, strong winds, drought, extreme temperature, and geophysical hazards. The project will implement a series of measures

to mitigate the risks associated with climate and disaster hazards on outcome/service delivery, consistent with the requirements and guidelines outlined in UNDP SES Standard 2 on *Climate and Disaster Risks*. Implementation of a landscape approach on the project reduces climate and disaster risks, through increased awareness on the value of safeguarding critical NFUL and demonstration of how improved landscape management practices and demonstration of participatory restoration techniques can generate mutually supportive socioeconomic and natural resource benefits. The project will involve high-level policy makers and advocate for mainstreaming the FLR innovations for generating co-benefits for ecosystems and their services, including strengthening resilience to catastrophic events such as flooding and landslides, and negative impacts to agriculture and forest production systems. In addition, the project's multi-pronged approach will encourage budget allocation monitoring and evaluation, including introduction of a proposed indicator system that incorporates climate information into landscape-level restoration and management, capacity building, and outreach to policy makers. As to implementing NFUL restoration demonstrations, the project will ensure that qualified professionals are engaged and provide supervisory and advisory support and coordination. Knowledge generated from the FLR demonstrations will be disseminated among key stakeholder groups, facilitating mainstreaming and upscaling in other regions in the country.

167. Risks associated with biodiversity conservation and natural resource management, climate change, and community health, safety, and working conditions, and pollution prevention will be managed through specific measures that have been built into the design of project activities and specific measures to be included in the **FLR Demonstration and Management Plans. The project's** Risk Register (Annex 6) captures all project risks, including the ones identified in this SESP, and summarises risk management measures and risk owners.

168. Other aspects of the project's risk management measures include:

- Implementation of the project Gender Action Plan (see **Annex 11**) and Stakeholder Engagement Plan (see **Annex 8**).
- Implementation and regular review and updating of the project Private Sector Risk Management Strategy (see **Annex 22**).
- Adherence to local and national, as well as UNDP SES Standard 7 (*Labour and Working Conditions*) and Standard 8 (*Pollution Prevention and Resource Efficiency*) regarding worker safety and safe handling, use, and management of agrochemicals and associated wastes generated.

Stakeholder Engagement and South-South Cooperation:

169. A stakeholder analysis was undertaken during project preparation to identify key stakeholders, consult with them regarding their interests in the project and define their roles and responsibilities during project implementation. Based on these analyses, a *Stakeholder Engagement Plan* (**Annex 8**) has been developed to guide the implementation team.

170. The project design has a strong emphasis on inclusive stakeholder participation, particularly with respect to women, ethnic minorities, elderly, youth and other vulnerable groups. Specifically, the project will ensure the mainstreaming of women and ethnic minorities into the project trainings and various livelihood schemes, and collaborative participation in the restoration interventions on Natural Forest Use Lands (NFUL). Provincial, Municipal, and County forest management entities, including county and township level forestry bureaus, will play a key role in the capacity building at the local level.

171. The project will promote local accountability and rule of law. The project strategy is built upon the principle of multi-level governance and promotes genuine participation of local communities in forest management and restoration. Stakeholder consultation is required throughout, and a transparent project-level grievance redress process is freely available.

172. The multi-level governance and landscape approaches integrated into the project strategy entail broad engagement, among different administrative levels (e.g., national, provincial, county, local), across different sectors (e.g., forestry, conservation, agriculture, tourism, disaster management, community development, etc.), and involving multiple types of stakeholders, including governmental, civil society, private sector, and research-academic institutional sectors.

173. The *Stakeholder Engagement Plan* also includes a description of the project's grievance redress mechanism (GRM) and information on UNDP's Accountability Mechanism. The *Stakeholder Engagement Plan* is an integral part of the project design, will be communicated to project stakeholders during the inception workshop and referenced in each of the terms of reference developed for implementation of project activities.

174. **Engagement with the Business Sector**. During the PPG phase, two of the private sector companies operating in the project landscapes have been consulted with on synergies with the project objectives. Menghai Jinsha Agricultural Technology Development Co. Ltd. in the Zhejiang Province has operated a forestry related business in Xishuangbanna since 2013, cooperating with local communities in two villages (Mangsao and Manguo), providing livelihood opportunities through a successful agroforestry business model. The promoted under-the-forest-canopy economy includes forest related animal husbandry and planting of economic trees and crop in the forest. As part the company support, the company has facilitated the development of the village cooperatives which organizes the investment and the work of local families. The company has also provided different technical support and trainings such as agritainment and on ecotourism. Guizhou Qiming Agricultural Technology Development Co. Ltd. is engaged with local farmers in Libo County in Guizhou Province with cultivating Tiepi Shihu *Dendrodium officinale*, which are the stems of orchid plants used in traditional Chinese medicine.

175. The Menghai Jinsha and Guizhou Qiming have issued co-financing commitment letters (see **Annex 24**) for the project. The project will engage with these companies and other business enterprises in the target landscapes, inviting them to participate as part of the multi-stakeholder landscape platforms, facilitating increased investment in sustainable management of NFUL through improved public-private-community partnerships, etc. A separate *Private Sector Risk Mitigation Strategy* (**Annex 22**) has been developed to provide guidance on assessing, mitigating, monitoring, and communicating risks associated with private sector enterprises, including the two companies that have committed co-financing contributions for the project.

176. **South-South Cooperation**: The project will also seek to engage other developing countries facing similar challenges with the aim of fostering broader South-South cooperation. It will among other do this by taking full advantages of NFGA's participation in international engagements such as the Restoration Initiative. Through this the proposed project can provide influence and create international synergies, for instance by facilitating exchange and brining project lessons and knowledge to countries participating in the Bonn Challenge and the ECCA30[17] initiatives both under the auspices of IUCN.

177. The project will connect with similar country projects based on similar approaches to share resources combined and collective knowledge management products, and to facilitate dissemination through global ongoing South-South and global platforms, the UN South-South Galaxy knowledge sharing platform and PANORAMA[18].

178. In addition, to bring the voice of China to global and regional fora, the project will explore opportunities for meaningful participation in specific events where UNDP could support engagement with the global development discourse on sustainable management of NFUL. The project will furthermore provide opportunities for regional cooperation with countries that are implementing initiatives on participatory forest landscape restoration in geopolitical, social, and environmental contexts relevant to the proposed project in China.

Gender Equality and Women's Empowerment:

179. There have been substantive improvements in China over the past 30 years regarding human and gender development. Despite the positive improvements in gender equality as indicated by the UNDP indices, traditional gender roles and divisions of labor in the family and community continue to prevail, resulting in unequal resource allocation within households and across different economic sectors for women, especially in rural areas with less socio-economic development opportunities. Men are typically the owners of valuable resources and assets such as land including forest land, property and credit, and can accumulate capital and

[17] ECCA30 is an IUCN initiative aimed at restoring 30 million hectares of land in Europe, the Caucasus and Central Asia, by 2030, and while China is outside the sphere of the initiative, NFGA is foreseen to provide exchange of experiences on forest landscape restoration to the ECCA30 counties.

[18] https://panorama.solutions/en

start a business more easily than women can. In a family business, women usually undertake unpaid labor, while entrepreneurial rights and opportunities are reserved for men[19]. As more rural men migrate for work, women are often left behind as primary labor of rural households, bearing the burden of family responsibilities and agricultural work that pays much less than a job in an urban factory. This has also led to a marked gender-based occupational segregation, with women concentrated in services, agriculture and informal work, and a gender wage gap.

180. Some of the specific gender inequalities identified in the 2019 report on "Women and Men in China – Facts & Figures 2019"[20] include the following:

a. **Unequal representation in leadership and decision-making positions at all levels.** Women deputies account for 24.9 of the 13th National People's Congress and 20.4% of the membership of the 13th National Committee of the CPPCC, far lower than men. There is just one woman in the 25-member Politburo of the Communist Party. In enterprises, women account for just 30% of decision-making positions. In the rural areas, only 11.1% of village committee directors were served by women in 2018.

b. **Unequal share of household responsibilities.** Women in rural and urban areas alike spend twice as much time on unpaid care work than men. Among the reasons for women employees losing a job, 32% is due to conflicts with taking care of the family while that for male employees was only 2.9%.

c. **Unequal opportunities accessing education, especially for rural women and girls.** While China has reached universal enrolment of basic education in the urban areas, the gender gap accessing 9-year basic education persists in poor rural areas. The average years of education received in rural areas is 7.3 years for girls as compared to 8.1 years for boys. In 2017, 11% of rural women at age of 15 or above were illiterate while that of rural men was only 4.2%. In 2017 Women accounted for 73.6% of illiterate populations in rural China.

d. **Women are under-represented in agriculture (including forestry) technology service teams.** In 2017, 241,000 women and 477,000 men worked as agricultural technicians. Women accounted for 33.7% of the occupation.

181. Situational analyses of the project landscape are presented in the *Gender Analysis and Gender Action Plan* (**Annex 11**).

182. The gender mainstreaming strategy for the project recognizes the differences between labor, knowledge, needs, and priorities of men and women, and calls for:

- Dedicated consultation with women during the identification and design of alternative livelihood improvement and incentive mechanisms to ensure women's perspectives help shape the interventions and mechanisms developed and ensure that they reflect women's needs and priorities. As needed, organize separate consultations with women prior to ensure that they receive information about the specific activities and opportunities for them to voice their views, needs and preferences. For consultations in communities consisting primarily of ethnic minorities, communication will also be delivered in local languages and using cultural appropriate methods.
- As part of the participatory landscape assessments and NFUL conservation and restoration plans, identification and recognition of areas where women play a key role in the cultivation, processing and marketing of traditional crops and livestock, and identification of areas where women's traditional experience and capabilities could be tapped or further developed.
- Equitable representation of women in multi-level and multi-stakeholder governance mechanisms, which will guide the implementation of community-based activities.
- Targeted training and technical assistance to women beneficiaries, women groups and associations in all five landscapes, ensuring that at least 50% of direct beneficiaries of the project are women and that training supports them to achieve livelihood objectives and empowerment.
- Targeted training of women professionals among national, provincial and local governmental units.

[19]Wang, J. (2009). Self-employment in Urban China: The Interplay of Gender, Capitalism and Labor Market. retrieved from https://xueshu.baidu.com/usercenter/paper/show?paperid=14ad2cdd1e6f0e9e3e27e01f066a194e.

[20] "Women & Men in China, Facts & Figures (2019)" published by National Bureau of Statistics of China

- Where feasible, supporting the establishment of business ventures that are run by women or have a majority participation by women, and facilitating opportunities for women and women groups to participate in project activities aimed at introducing improved livelihoods activities, developing niche markets, broadening partnerships with agricultural associations and enterprises, etc.
- Equal consideration of women in the baseline knowledge, attitudes and practices (KAP) survey, and targeted awareness-raising actions incorporated into the project knowledge management strategy and action plan.
- Recruitment of a Gender-Safeguards Specialist to support the gender mainstreaming objectives of the project.
- Assignment of gender focal points by the Implementing Partner at the national project management office and at the five project landscapes to ensure gender mainstreaming objectives are effectively implemented and to advocate for linkages with complementary governmental programs and initiatives.
- Ensure and encourage equal opportunity recruitment of women for positions within the project management office, consultancies, and other service providers.

183. More information on gender mainstreaming is included in **Annex 11** (*Gender Analysis and Gender Action Plan*) to the project document. Specific gender equality and women's empowerment targets have been set, including ensuring equitable representation of women in project decision-making bodies; ensuring equitable proportion of benefits realized from the project will be delivered to women; ensuring gender considerations are integrated into the FLR demonstration and management plans; promoting gender awareness throughout the project implementation phase; and promoting equal opportunity for employment for positions within the project management office, consultancies and other service providers.

Innovativeness, Sustainability and Potential for Scaling Up:

184. **Innovativeness:** The project will work to ensure an ecologically sensitive FLR of NFUL areas and address current barriers restricting an optimal implementation of the ERP, hereby revitalizing the program. This is a new endeavour that will provide important results and lessons for China. This project will support the development of innovative approaches for FLR, including converting monoculture to mixed forest, planting of mixed forest on bare land (instead of monoculture), community-managed natural regeneration, and the establishment of forest corridors between fragmented patches of natural forest. The integrated management frameworks and approaches to be developed under the project are innovations for China that will greatly increase the effectiveness and efficiency of SFM and restoration. The project will wherever possible link to other FLR initiatives and programs under the auspices of NFGA, hereby expanding the influence of the project.

185. Local level PPCP engagements will demonstrate long-term sustainable close-to-nature livelihood interventions including various agroforestry and under-the-canopy husbandry initiatives. The ecological compensation mechanisms currently in place will be assessed using state-of-the-art targeted scenario analyses, and adjustments to the compensation schemes formulated that better reflect the value and services of NFUL. The adjusted compensation schemes will act as models for inclusion into the suite of measures implemented under the ERP across China.

186. **Sustainability**: The establishment of durable impacts lies at the heart of project approaches and outcomes. The strong ownership of project results by NFGA will support the internalization of project results and lessons learned within NFGA, both during and following the end of the project. The project will strengthen the policy and regulatory framework for FLR and support institutional capacity building of involved agencies at national and local levels. The project strategy also aims to increase the awareness of government decision makers, facilitating increased support and funding allocation for site specific on-the-ground implementation at local level. This will help strengthen the sustainability of project outcomes. The participatory approach at targeted landscapes supports an increased understanding and interest of key stakeholders. Further, the establishment of multi-stakeholder landscape-level collaborative mechanisms will enable stakeholders to work together on implementing FLR. These mechanisms will continue beyond closure of the project.

187. Financial dimension of sustainability: The Government of China has invested substantial funds in management and restoration of forest resources in the country and there is continued emphasis on

sustainability in the 14th 5-year plan. The government has recognized the need to incentivize investment by non-governmental stakeholders, including the private sector. Enhancing existing and introducing new public-private-community partnerships will help facilitate diversified financing for FLR. Formulating ecological compensation mechanisms that better reflect the values and services of NFUL will contribute towards more efficient incentive frameworks.

188. Socioeconomic dimension of sustainability: The participatory landscape approach integrated into the project strategy aims to broaden , not only across multiple administrative levels, but also including local communities, private sector, civil society, and academic-research institutes. Engagement of the forest-dependent local communities focuses on enhancing livelihood opportunities, in order to facilitate durable involvement in sustaining the demonstrated FLR approaches in the project landscapes. Project interventions will particularly focus on promoting gender equality and women's empowerment, as well as inclusion of ethnic minorities and other vulnerable groups. The project will also contribute towards the COVID-19 recovery efforts, e.g., through diversifying local food production, strengthening the resilience of the local communities, and increasing awareness regarding human and wildlife interactions.

189. Institutional framework and governance dimension of sustainability: The National Roadmap on Sustainable Management of NFUL will feed into the planning and budgetary framework of the ERP, thus mainstreaming conservation and sustainable management of NFUL. Building the institutional capacities of the NFGA and the landscape level forestry entities will enhance the likelihood that project results will be sustained after GEF funding ceases. Involvement of provincial/municipality, county, and township forestry bureaus on the multi-stakeholder, multi-level landscape mechanisms will help foster linkages with complementary government programs and to identify incentives for upscaling project interventions. These institutional level stakeholders will also have the opportunity to participate in capacity building activities under the project, providing them with an expanded knowledge base of innovative FLR approaches and a broadened network of stakeholder alliances, including with civil society, the private sector, and other governmental partners, both at the national level and with counterparts in the other project landscapes. The multi-stakeholder, multi-level landscape mechanisms will foster more inclusive governance of NFUL areas, providing scale-able models for other landscapes in the country.

190. Environmental dimension of sustainability: The planned restoration of 424,000 ha of NFUL areas will contribute towards the protection of important ecological services in the targeted forest ecosystems, including reduction of erosion. The strengthened resilience of the forest ecosystems and the local communities will help reduce the risks associated with climate change and natural hazards. There will be substantive biodiversity co-benefits, as these forest areas are harboring globally significant biodiversity. The involvement of expert organizations and institutes in demonstrating innovative FLR approaches and strengthening capacities of landscape forestry entities through on the ground, learning-by-doing interventions, will help ensure sustainability of the results achieved.

191. **Potential for scaling up:** The project has the potential for impacts well beyond the target landscapes. In general, the project's policy and planning work will be critical to long-term sustainability of project results. Equally important is the strong ownership of the project by NFGA. NFGA will use this project to make an expedited effort towards a transformational change to its Ecological Rehabilitation Program (ERP). The project's policy and technical work related to the ERP road map, national level standards and indicator system, landscape level plans etc. will provide a new foundation for the existing program. Thus, the project results have the potential to be up scaled to all NFUL areas in China. In addition, the project adopted approaches will also influence other forest related programs managed by NFGA. Furthermore, the proposed project's experiences and knowledge products will be widely shared internationally through NFGA's international coordination and cooperation channels, where for instance NFGA's involvement in the GEF/IUCN/FAO/UNEP Restoration Initiative provides for an important link to the Bonn Challenge and thus creates a possibility for building additional synergies and experience sharing internationally through existing global initiatives/platforms.

V. PROJECT RESULTS FRAMEWORK

This project will contribute to the following Sustainable Development Goal (s): SDG 1, SDG 5, SDG 13, SDG 15, SDG 17

This project will contribute to the following country outcome (UNDAF/CPD, RPD, GPD): UNDP Country Programme Document for China (2021-2025), Pillar 2 (A healthier planet and resilient environment), Output 2.1: Adaptive policies developed at target level (subnational), financed and applied for nature-based systems to align with multilateral agreements and transboundary platforms; UNSDCF Outcome 3: People in China and the region benefit from a healthier and more resilient environment;

Aligned with UNDP Strategic Plan (2022-2025) Output Signature Solution #4 (Environment); contributing to UNDP SP Result 4.1: Natural resources protected and managed to enhance sustainable productivity and livelihoods; and Result 4.2: Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions

	Objective and Outcome Indicators	Baseline	Mid-term Target	End of Project Target
Project Objective: To mainstream sustainable Forest Landscape Restoration (FLR) and Land Degradation Neutrality (LDN) for improving flows of ecosystems services of degraded Natural Forest Use Land (NFUL) in soil erosion-prone regions of China, based on a multi-level governance and landscape approach	**Mandatory Indicator 1 (GEF-7 Core Indicator 3; IRRF Indicator 4.1.2): Area of land restored** (hectares) **SDG 15.1, 15.2, 15.3** **China LDN TSP: Newly treated soil erosion area 860,000 km² by 2030**	0	83,000-ha end target confirmed in FLR demonstration and management plans; and 341,000-ha end target of restoration through upscaling confirmed in landscape NFUL strategies	424,000 ha, including 83,000 ha direct 341,000 ha through replication (GEF 7 Sub-Indicator 3.2: Area of forest and forest land restored)
	Mandatory Indicator 2 (GEF-7 Core Indicator 6): Greenhouse Gas Emissions Mitigated (million metric tons of carbon dioxide equivalent – tCO2e) **SDG 13.1, 13.2; SDG 13.3** **China LDN TSP: Forest Coverage (>24% by 2030)**	0	11.3 million tCO2e lifetime direct end target confirmed through FLR demonstration and management plans; 46.7 million tCO2e lifetime indirect end target confirmed through landscape NFUL strategies	11.3 million tCO2e (20 years of direct project GHG emissions mitigated) 46.7 million tCO2e (20 years of indirect GHG emissions mitigated)
	Mandatory Indicator 3 (GEF-7 Core Indicator 11; IRRF Indicator 4.1.1, 4.2.1, 4.2.2): #direct project beneficiaries disaggregated by gender as a co-benefit of GEF investment (individual people) **SDG 1.4; SDG 1.b; SDG 5.a** **China LD TSP: 5.6 (Enhance publicity and mobilization and induce social participation)**	0	Estimated 30,000 beneficiaries (50:50 gender balance) confirmed by midterm	30,000 (50:50 gender balance)
Component 1: Institutional Strengthening for Forest Landscape Restoration of Natural Forest Use Land				
Outcome 1: Multi-level governance and landscape approaches for FLR and LDN in degraded NFUL areas enabled through strengthened policy frameworks and institutional capacities at national and subnational levels	**Indicator 4: Enabling environment strengthened**, as measured by (a) a national level roadmap for sustainable management of NFUL endorsed and supported by an improved policy framework; and (b) the number of landscape NFUL strategies approved **China LDN TSP: 5.2 (Strengthen the legal system to protect resources and achievements)**	(a) Ecological Rehabilitation Program (ERP) updated in 2020; and (b) Provincial Forestry Bureaus plans are made according to the ERP	(a) National roadmap for sustainable management of NFUL prepared and under review; and (b) 5 landscape NFUL strategies prepared and under review by provincial government entities	(a) One national roadmap for sustainable management of NFUL endorsed by the NFGA; and (b) 5 Landscape NFUL strategies approved by provincial government entities

	Objective and Outcome Indicators	Baseline	Mid-term Target	End of Project Target
	Indicator 5: Capacities of forestry institutions improved, as measured by increases in the cumulative values of the Capacity Development (CD) Scorecard for (a) NFGA, (b) Gansu, (c) Chongqing, (d) Yunnan, (e) Guizhou, (f) Fujian **China LDN TSP: 5.1 (Strengthen leadership and coordination, intensify institutional development)**	Cumulative CD scores: (a) NFGA: 28 (b) Gansu: 17 (c) Chongqing: 19 (d) Yunnan: 20 (e) Guizhou: 27 (f): Fujian: 20	Training records and capacity building assessment records compiled in annual progress reports.	Cumulative CD scores: (a) NFGA: 60 (b) Gansu: 55 (c) Chongqing: 59 (d) Yunnan: 59 (e) Guizhou: 59 (f): Fujian: 59
Outputs to achieve Outcome 1	**Output 1.1**: National, provincial and local NFUL conservation statutes reviewed and amended, or new statutes introduced to promote FLR of NFUL. **Output 1.2**: National-level roadmap for sustainable management of NFUL adopted by NFGA and transcribed into landscape level NFUL strategies with secured resources and mechanisms for implementation. **Output 1.3**: Indicator system for monitoring and evaluating the implementation of FLR of NFUL developed, demonstrated in the project landscapes, and adopted in other NFUL areas in China. **Output 1.4**. National and subnational institutional capacities strengthened for sustainable management of NFUL			
Component 2: Demonstration and upscaling of innovative participatory FLR interventions				
Outcome 2: Innovative, participatory FLR interventions demonstrated and upscaled in NFUL, facilitated by multi-level and multi-stakeholder landscape governance mechanisms	**Indicator 6: Local participation in FLR improved**, as measured by the number of sustainable livelihood models operationalized through strengthened or new associations (e.g., cooperatives, women's groups, enterprises, etc.) in the project landscapes, gender disaggregated **China LDN TSP: 5.4 (Rely on scientific & technological progress to improve prevention and control); 5.6 (Enhance publicity and mobilization and induce social participation)**	Limited or no existing sustainable livelihood model operational in the project landscapes	10 sustainable livelihood models (of which at least 4 are women-led) under demonstration phase implementation	10 sustainable livelihood models operationalized (of which at least 4 are women-led)
	Indicator 7: Sustainable long-term flows of ecosystem services from NFUL enhanced, as measured by innovative participatory FLR approaches demonstrated on the project mainstreamed into the annual operating work plans of the five (5) provincial/municipal forestry bureaus **China LDN TSP: Forest Coverage (>24% by 2030); 5.4 (Rely on scientific & technological progress to improve prevention and control); 5.5 (Improve management level to ensure project quality)**	Participatory FLR approaches not budgeted by provincial/municipal forestry bureaus	Participatory FLR approaches demonstrated in the five target landscapes, with the direct involvement and supervision of local forestry bureaus	Innovative participatory FLR approaches demonstrated on the project mainstreamed into the annual operating work plans of the five (5) provincial/municipal forestry bureaus
Outputs to achieve Outcome 2	**Output 2.1**: FLR demonstration management plans developed and endorsed by multi-level, multi-stakeholder landscape governance forums. **Output 2.2**: Sustainable livelihoods for local beneficiaries demonstrated and enhanced through capacity building and partnership building, with particular emphasis on gender mainstreaming. **Output 2.3**: FLR demonstration management plans implemented in the five project landscapes. **Output 2.4**. Best practices of FLR innovative, participatory approaches upscaled in other NFUL based on results and lessons of demonstrations in project landscapes.			
Component 3: Incentive systems for durable investment in sustainable management of NFUL				
Outcome 3: Incentive systems improved and expanded for durable investment in sustainable management of NFUL	**Indicator 8: NFUL conservation integrated into ecological compensation mechanisms**, as measured by the number of existing or new ecological compensation mechanisms that integrate the value and services of NFUL and equitably target women beneficiaries	NFUL values and services are not integrated into existing ecological compensation mechanisms	Based on results of targeted scenario analyses, recommendations for 5 ecological compensation mechanisms that reflect the values and services of NFUL	5 ecological compensation mechanisms integrating NFUL values and services and equitably targeting women beneficiaries

	Objective and Outcome Indicators	Baseline	Mid-term Target	End of Project Target
	China LDN TSP: 5.3 (Improve policies and measures and increase investment)		are formulated and under review by relevant entities.	
	Indicator 9: Stakeholder participation in FLR approaches expanded, as measured by the number of business enterprises in the project landscapes entering new public-private-community partnerships, each incorporating fair inclusion of women stipulations **China LDN TSP: 5.3 (Improve policies and measures and increase investment)**	Limited application of FLR approaches by the stakeholders	The frameworks for 5 new public-private-community partnerships developed.	5 business enterprises in the project landscapes entering new public-private-community partnerships, each incorporating fair inclusion of women stipulations
Outputs to achieve Outcome 3	**Output 3.1:** Improved ecological compensation mechanisms formulated using targeted scenario analysis approaches and advocated for adoption in the project landscapes and in other NFUL in China. **Output 3.2:** Expanded types and sources of financing for sustainable management of NFUL through public-private-community partnerships.			
Component 4: Coordination, Knowledge Management, and Monitoring and Evaluation				
Outcome 4: Integrated coordination, knowledge management, and monitoring and evaluation to enhance capacities for upscaling	**Indicator 10: Key stakeholder groups' understanding of the value of NFUL conservation improved**, as measured by results of knowledge, attitude and practices (KAP) surveys (disaggregated by women, ethnic minorities, and youth), among the following stakeholder groups: (a) Subnational governmental stakeholders (b) Local communities (c) Private sector **China LDN TSP: 5.6 (Enhance publicity and mobilization and induce social participation)**	Baseline to be established in Year 1	Knowledge Management Strategy and Action Plan for the project, formulated on the basis of the baseline KAP survey findings, approved by the Project Board	Provisional end targets: (a) Increase of at least 20% percentage points (b) Increase of at least 30% percentage points (c) Increase of at least 30% percentage points
	Indicator 11: Knowledge sharing effectiveness improved, as measured by (a) the cumulative number of visits/downloads of knowledge products on Internet and social media platforms, and (b) the number of people reached through dissemination of knowledge products, participation in workshops, etc. (gender disaggregated) **China LDN TSP: 5.6 (Enhance publicity and mobilization and induce social participation)**	No knowledge sharing online platform, limited concerted effort exists in promoting knowledge management and dissemination of FLR best practices	a) 2,000 visits/downloads of knowledge products on Internet and social media platforms, and (b) 60,000 people (of whom 50% are women) reached through dissemination of knowledge products, participation in workshops, etc.	a) 5,000 visits/downloads of knowledge products on Internet and social media platforms, and (b) 150,000 people (of whom 50% are women) reached through dissemination of knowledge products, participation in workshops, etc.
Outputs to achieve Outcome 4	**Output 4.1:** Project implementation overseen by a representative Project Board, and durability of project results guided through development of a project sustainability plan. **Output 4.2:** Knowledge management and communication systems implemented for supporting scaling up of best practices. **Output 4.3:** Inclusive participation and adaptive management supported through participatory monitoring and evaluation of the gender action plan, SESP, stakeholder engagement plan, and other safeguard management frameworks and plans.			

VI. MONITORING AND EVALUATION (M&E) PLAN

192. The project results, corresponding indicators and mid-term and end-of-project targets in the project results framework will be monitored annually and evaluated periodically during project implementation. If baseline data for some of the results indicators is not yet available, it will be collected during the first year of project implementation. The Monitoring Plan included in **Annex 4** details the roles, responsibilities, frequency of monitoring project results.

193. Project-level monitoring and evaluation will be undertaken in compliance with UNDP requirements as outlined in the UNDP POPP and UNDP Evaluation Policy. The UNDP Country Office is responsible for ensuring full compliance with all UNDP project monitoring, quality assurance, risk management, and evaluation requirements.

194. Additional mandatory GEF-specific M&E requirements will be undertaken in accordance with the GEF Monitoring Policy and the GEF Evaluation Policy and other relevant GEF policies[21]. The costed M&E plan included below, and the Monitoring plan in **Annex 4**, will guide the GEF-specific M&E activities to be undertaken by this project.

195. In addition to these mandatory UNDP and GEF M&E requirements, other M&E activities deemed necessary to support project-level adaptive management will be agreed during the Project Inception Workshop and will be detailed in the Inception Report.

Additional GEF monitoring and reporting requirements:

196. Inception Workshop and Report: A project inception workshop will be held within 2 months of the First Disbursement date , with the aim to:

a. Familiarize key stakeholders with the detailed project strategy and discuss any changes that may have taken place in the overall context since the project idea was initially conceptualized that may influence its strategy and implementation.
b. Discuss the roles and responsibilities of the project team, including reporting lines, stakeholder engagement strategies and conflict resolution mechanisms.
c. Review the results framework and monitoring plan.
d. Discuss reporting, monitoring and evaluation roles and responsibilities and finalize the M&E budget; identify national/regional institutes to be involved in project-level M&E; discuss the role of the GEF OFP and other stakeholders in project-level M&E.
e. Update and review responsibilities for monitoring project strategies, including the risk log; SESP report, Social and Environmental Management Framework and other safeguard requirements; project grievance mechanisms; gender strategy; knowledge management strategy, and other relevant management strategies.
f. Review financial reporting procedures and budget monitoring and other mandatory requirements and agree on the arrangements for the annual audit.
g. Plan and schedule Project Board and state-level steering committee meetings and finalize the first-year annual work plan.
h. Formally launch the Project.

GEF Project Implementation Report (PIR):

197. The annual GEF PIR covering the reporting period July (previous year) to June (current year) will be completed for each year of project implementation. Any environmental and social risks and related management plans will be monitored regularly, and progress will be reported in the PIR. The PIR submitted to the GEF will be shared with the Project Board. The quality rating of the previous year's PIR will be used to inform the preparation of the subsequent PIR.

GEF Core Indicators:

[21] See https://www.thegef.org/gef/policies_guidelines

198. The GEF Core indicators included as **Annex 20** will be used to monitor global environmental benefits and will be updated for reporting to the GEF prior to MTR and TE. Note that the project team is responsible for updating the indicator status. The updated monitoring data should be shared with MTR/TE consultants prior to required evaluation missions, so these can be used for subsequent ground-truthing. The methodologies to be used in data collection have been defined by the GEF and are available on the GEF website.

Independent Mid-term Review (MTR):

199. The terms of reference, the review process and the final MTR report will follow the standard templates and guidance prepared by the UNDP IEO for GEF-financed projects available on the UNDP Evaluation Resource Center (ERC).

200. The evaluation will be 'independent, impartial and rigorous'. The consultants that will be hired by UNDP evaluation specialists to undertake the assignment will be independent from organizations that were involved in designing, executing or advising on the project to be evaluated. Equally, the consultants should not be in a position where there may be the possibility of future contracts regarding the project under review.

201. The GEF Operational Focal Point and other stakeholders will be actively involved and consulted during the evaluation process. Additional quality assurance support is available from the BPPS/GEF Directorate.

202. The final MTR report and MTR TOR will be publicly available in English and will be posted on the UNDP ERC by March 2025. A management response to MTR recommendations will be posted in the ERC within six weeks of the MTR report's completion.

Terminal Evaluation (TE):

203. An independent terminal evaluation (TE) will take place upon completion of all major project outputs and activities. The terms of reference, the evaluation process and the final TE report will follow the standard templates and guidance prepared by the UNDP IEO for GEF-financed projects available on the UNDP Evaluation Resource Center.

204. The evaluation will be 'independent, impartial and rigorous'. The consultants that will be hired by UNDP evaluation specialists to undertake the assignment will be independent from organizations that were involved in designing, executing or advising on the project to be evaluated. Equally, the consultants should not be in a position where there may be the possibility of future contracts regarding the project being evaluated.

205. The GEF Operational Focal Point and other stakeholders will be actively involved and consulted during the terminal evaluation process. Additional quality assurance support is available from the BPPS/GEF Directorate.

206. The final TE report and TE TOR will be publicly available in English and posted on the UNDP ERC by September 2027. A management response to the TE recommendations will be posted to the ERC within six weeks of the TE report's completion.

Final Report:

207. The project's terminal GEF PIR along with the terminal evaluation (TE) report and corresponding management response will serve as the final project report package. The final project report package shall be discussed with the Project Board during an end-of-project review meeting to discuss lesson learned and opportunities for scaling up.

208. Agreement on intellectual property rights and use of logo on the project's deliverables and disclosure of information**:** To accord proper acknowledgement to the GEF for providing grant funding, the GEF logo will appear together with the UNDP logo on all promotional materials, other written materials like publications developed by the project, and project hardware. Any citation on publications regarding projects funded by the

GEF will also accord proper acknowledgement to the GEF. Information will be disclosed in accordance with relevant policies notably the UNDP Disclosure Policy[22] and the GEF policy on public involvement[23].

Monitoring and Evaluation Plan and Budget:

209. The project monitoring and evaluation plan and budget are outlined below in **Table 14**.

Table 14: Monitoring and evaluation plan and budget

GEF M&E requirements	Indicative costs (USD)	Time frame
Inception Workshop	19,900	Inception Workshop within 2 months of the First Disbursement
Inception Report	None[24]	
M&E of GEF core indicators in and project results framework	24,640	Annually and at mid-point and closure
GEF Project Implementation Report (PIR)[25]	None[26]	Annually typically between June-August
Monitoring of stakeholder engagement plan and gender action plan, review and update SESP and other safeguard management frameworks and plans	40,500	On-going
Supervision missions	None[27]	Annually
Independent Mid-term Review (MTR)	32,000	March 2025
Independent Terminal Evaluation (TE)	32,000	September 2027
TOTAL indicative COST	**149,040**	Added to TBWP component 4

[22] See http://www.undp.org/content/undp/en/home/operations/transparency/information_disclosurepolicy/

[23] See https://www.thegef.org/gef/policies_guidelines

[24] Included in the cost for the Inception Workshop.

[25]Includes costs for the National Technical Advisor, Sustainable Forest Management Expert, and M&E-Knowledge Management Officer, and does not include costs associated with the UNDP CO and UNDP-GEF Unit that are charged to the GEF Agency Fee.

[26] The costs for preparation of the GEF Project Implementation Reports (PIRs) are included in the GEF Agency Fee.

[27] The costs of UNDP CO and UNDP-GEF Unit's participation and time are charged to the GEF Agency Fee.

VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Roles and Responsibilities of the Project's Governance Mechanism:

210. Implementing Partner: The Implementing Partner for this project is the **National Forestry and Grassland Administration (NFGA)**. The NFGA is an experienced implementing partner (IP) on several other UNDP-GEF projects. The NFGA is the responsible governmental entity for the National Forest Protection Program, which the proposed project feeds into. The overall risk assessment conducted in the Partner Capacity Assessment Tool and the HACT assessment (**Annex 23**) concluded a Low risk for this IP.

211. The Implementing Partner is the entity to which the UNDP Administrator has entrusted the implementation of UNDP assistance specified in this signed project document along with the assumption of full responsibility and accountability for the effective use of GEF resources and the delivery of outputs, as set forth in this document.

212. The Implementing Partner is responsible for executing this project. Specific tasks include:

- Project planning, coordination, management, monitoring, evaluation and reporting. This includes providing all required information and data necessary for timely, comprehensive and evidence-based project reporting, including results and financial data, as necessary. The Implementing Partner will strive to ensure project-level M&E is undertaken by national institutes and is aligned with national systems so that the data used and generated by the project supports national systems.
- Risk management as outlined in this Project Document.
- Procurement of goods and services, including human resources.
- Financial management, including overseeing financial expenditures against project budgets.
- Approving and signing the multiyear workplan.
- Approving and signing the combined delivery report at the end of the year.
- Signing the financial report or the funding authorization and certificate of expenditures.

213. Project Stakeholders and Target Groups: The project stakeholders and target groups include national and subnational governmental ministries, departments and agencies tasked with management of NFUL areas, as well as local communities who depend on NFUL resources for their livelihoods, as well as civil society organizations, academic-research institutes, and business enterprises involved in the sustainable management of forest resources. Demonstration activities will be carried out in the selected five project landscapes. In each project landscape, multi-level and multi-stakeholder landscape governance forums will be established for ensuring inclusive participation and decision-making among the key project stakeholders and target groups. Local government entities having jurisdiction over the project landscapes will designate project-level Landscape Coordinators and gender focal points. These positions will be covered by co-financing contributions and help facilitate engagement across the administrative levels and among the stakeholder groups.

214. UNDP: UNDP is accountable to the GEF for the implementation of this project. This includes oversight of project execution to ensure that the project is being carried out in accordance with agreed standards and provisions. UNDP is responsible for delivering GEF project cycle management services comprising project approval and start-up, project supervision and oversight, and project completion and evaluation. UNDP is responsible for the Project Assurance role of the Project Board.

Project Organization Structure:

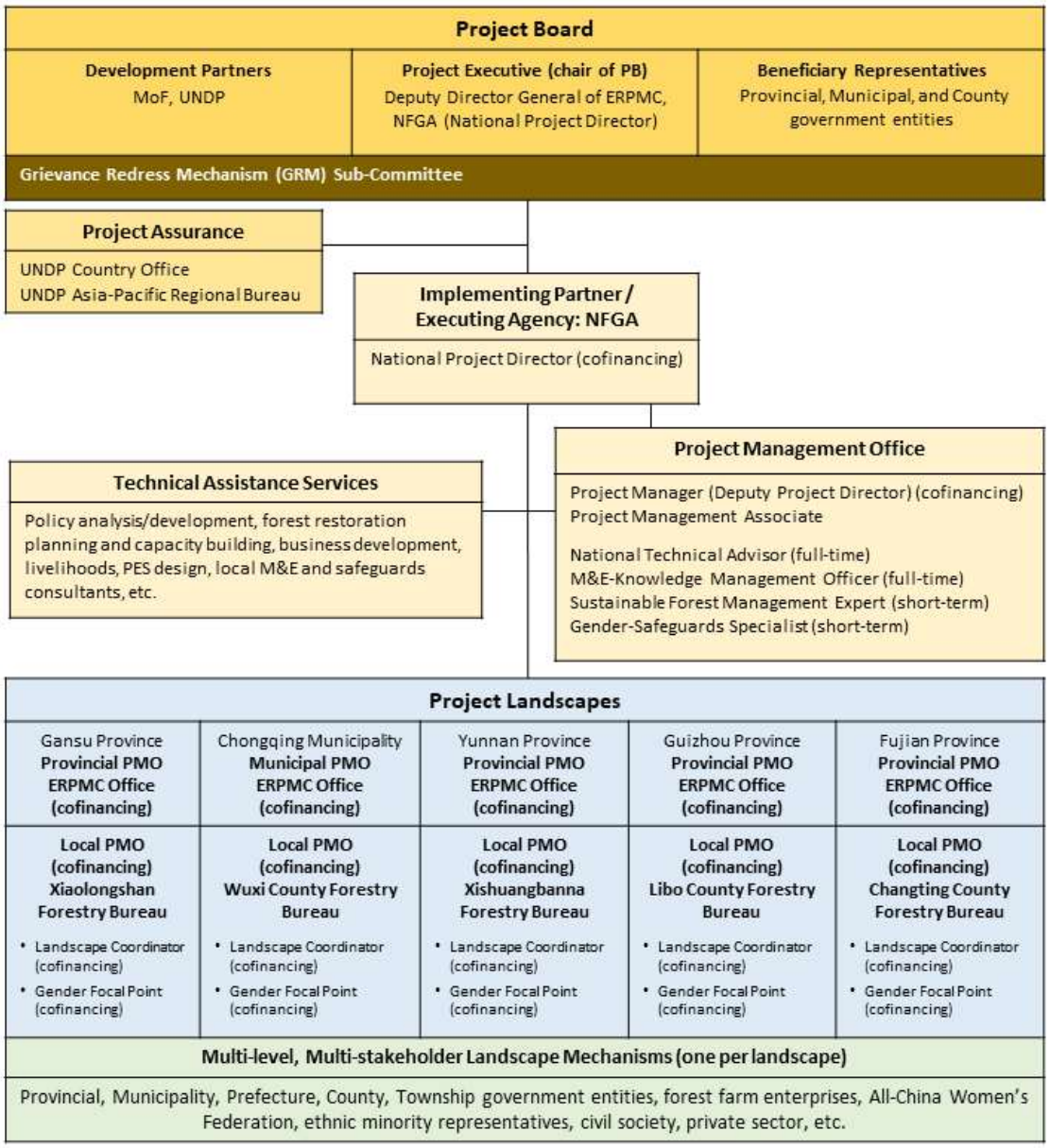


Figure 11: Project Organization Structure

The UNDP Resident Representative assumes full responsibility and accountability for oversight and quality assurance of this Project and ensures its timely implementation in compliance with the GEF-specific requirements and UNDP's Programme and Operations Policies and Procedures (POPP), its Financial Regulations and Rules and Internal Control Framework. A representative of the UNDP Country Office will assume the assurance role and will present assurance findings to the Project Board, and therefore attends Project Board meetings as a non-voting member.

Second line of defense includes:

- Regional Bureau oversees RR and Country Office compliance at portfolio level.
- BPPS NCE RTA oversees technical quality control assurance and GEF compliance. BPPS NCE PTA oversees RTA function.
- UNDP GEF Executive Coordinator and Regional Bureau Deputy Director can revoke DOA/cancel/suspend project or provide enhanced oversight

MOF will be a core member of the Project Steering Committee. MOF will have a core role in providing guidance, coordination and supervision on the disbursement and expense of the GEF grant, performance evaluation, documentation, and promotion of project results.
OFP, on behalf of the Ministry of Finance, conducts guidance over the implementation of the project. As the communication authority with GEF in China, the Ministry of finance provides high-level strategic guidance and participates in project proposal endorsement.
Major changes in the project, such as the adjustment of investment funds and policy coordination funds in the project by more than 15%, terminating the implementation of Project and some other important changes, should be reported to, seek advice of and agreed by the Ministry of Finance. OFP coordinates various departments in the ministry to express their opinions on major changes. For the adjusted plan, the Ministry of Finance, together with UNDP, is responsible for supervising the implementation of major changes.

215. Project Board: The Project Board is responsible for setting policy direction and taking corrective action as needed to ensure the project achieves the desired results. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance with standards that shall ensure management for development results, best value money, fairness, integrity, transparency and effective international competition. The annual Project Board meetings are planned to be convened among the project landscapes, as practicable. Local community representatives in the landscape where the Project Board meetings are held will be invited to particate as observers.

216. In case consensus cannot be reached within the Board, the UNDP Resident Representative (or their designate) will mediate to find consensus and, if this cannot be found, will take the final decision to ensure project implementation is not unduly delayed.

The two main (mandatory) roles of the project board are as follows:

1) High-level oversight of the execution of the project by the Implementing Partner (as explained in the "Provide Oversight" section of the POPP). This is the primary function of the project board and includes annual (and as-needed) assessments of any major risks to the project, and decisions/agreements on any management actions or remedial measures to address them effectively. The Project Board reviews evidence of project performance based on monitoring, evaluation and reporting, including progress reports, evaluations, risk logs and the combined delivery report. The Project Board is responsible for taking corrective action as needed to ensure the project achieves the desired results.
2) Approval of strategic project execution decisions of the Implementing Partner with a view to assess and manage risks, monitor and ensure the overall achievement of projected results and impacts and ensure long term sustainability of project execution decisions of the Implementing Partner (as explained in the "Manage Change" section of the POPP).

217. Specific responsibilities of the Project Board include:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints.
- Address project issues as raised by the Project Manager and approve corrective and/or adaptive actions where applicable.
- Provide guidance on new project risks and agree on possible mitigation and management actions to address specific risks.
- Agree on Project Manager's tolerances as required regarding management decision and financial approving authority, within the parameters set by UNDP-GEF, and provide direction and advice for exceptional situations when the Project Manager's tolerances are exceeded.
- Advise on major and minor amendments to the project within the parameters set by UNDP-GEF.
- Ensure coordination between various donor and government-funded projects and programmes.
- Monitor implementation of the ESMF and compliance with national and international regulations, and UNDP social and environmental standards;
- Decision making for the adoption of necessary measures including full integration of management measures within project Outputs and annual work plans;
- Establish and support GRM mechanism to address any grievances.

- Ensure coordination with various government agencies and their participation in project activities.
- Review and verify co-financing for this project.
- Review the project progress, assess performance, and appraise the Annual Work Plan for the following year.
- Appraise the mid-year and annual project implementation report, including the quality assessment rating report.
- Ensure commitment of human resources to support project implementation, arbitrating any issues within the project.
- Review combined delivery reports prior to certification by the implementing partner.
- Provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Address project-level grievances.
- Approve the project Inception Report, Mid-term Review and Terminal Evaluation reports and corresponding management responses.
- Review the final project report package during an end-of-project review meeting to discuss lessons learned and opportunities for scaling up.
- Ensure highest levels of transparency and take all measures to avoid any real or perceived conflicts of interest.

218. The composition of the Project Board must include the following roles:

a. **Project Executive (National Project Director)**: Is an individual who represents ownership of the project and chairs the Project Board. The Executive is normally the national counterpart for nationally implemented projects. The Project Executive(National Project Director) is the Deputy Director General of the Ecological Rehabilitation Program Management Center (ERPMC) at the NFGA.

b. **Beneficiary Representatives**: Individuals or groups representing the interests of those who will ultimately benefit from the project. Their primary function within the board is to ensure the realization of project results from the perspective of project beneficiaries. The Beneficiary representatives are:

i. Xiaolongshan, Gansu Province
ii. Wuxi County, Chongqing Municipality
iii. Xishuangbanna, Yunnan Province
iv. Libo County, Guizhou Province
v. Changting County, Fujian Province

c. **Development Partners**: Individuals or groups representing the interests of the parties concerned that provide funding and/or technical expertise to the project. The Development Partners are:

i. Ministry of Finance (MoF)
ii. United Nations Development Programme (UNDP)

d. **Project Assurance:** UNDP performs the quality assurance role and supports the Project Board and Project Management Unit by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed, and conflict of interest issues are monitored and addressed. The Project Board cannot delegate any of its quality assurance responsibilities to the Project Manager. UNDP provides a three – tier oversight services involving the UNDP Country Offices and UNDP at regional and headquarters levels. Project assurance is totally independent of project execution.

219. **Project extensions**: The UNDP Resident Representative and the UNDP-GEF Executive Coordinator must approve all project extension requests. Note that all extensions incur costs and the GEF project budget cannot be increased. A single extension may be granted on an exceptional basis and only if the following conditions are met: one extension only for a project for a maximum of six months; the project management costs during the

extension period must remain within the originally approved amount, and any increase in project management costs (PMC) will be covered by non-GEF resources; the UNDP Country Office oversight costs in excess of CO's Agency fee specified in the DOA during the extension period must be covered by non-GEF resources.

220. GRM Sub-Committee: A GRM Sub-Committee will be established and convened on an ad hoc basis, to attempt to resolve the grievance, request further information to clarify the issue, refer the grievance to independent mediation or determine the request is outside the scope and mandate of the Project Board and refer it elsewhere (e.g., the state judicial system). The GRM is described in project *Stakeholder Engagment Plan* (**Annex 8**).

221. Project Management Office: Project management services will be delivered by the Project Management Office (PMO), established at the ERPMC office in Beijing and staffed as follows:

- Project Manager (Deputy Project Director – Division Chief of ERPMC), governmental co-financing
- Project Management Associate (full-time)
- National Technical Advisor (full-time)
- Monitoring & Evaluation – Knowledge Management Officer (M&E-KM Officer) (full-time)
- Sustainable Forest Management Expert (short-term)
- Gender-Safeguards Specialist (short-term)

222. Specific duties and responsibilities of the the positions listed above are described in **Annex 7** (*Overview of technical consultancies/subcontracts*). The Project Manager (Deputy Project Director) will be supported through governmental co-financing. The Project Management Associate, National Technical Advisor, and the M&E-KM Officer positions will be contracted through a long-term contractual agreement and embedded with the PMO team in the offices of the NFGA in Beijing, the contract should be reviewed by both UNDP and NFGA annually. The Sustainable Forest Management Expert and the Gender-Safeguards Specialist will be contracted through short-term contractual agreements and will support the project team.

223. Technical assistance serivces will be procured as needed among qualified consultants, institutes, and civil society organizations and other service partners through competitive bidding processes. The types of expertise envisaged on short-term assignments may include but are not limited to the following:

- Policy Analysis and Design
- Workshop Facilitation
- Indicator System Design
- Capacity Building/Training
- Business Development
- Forest Restoration Design and Monitoring
- Ecological Compensation Mechanism Analysis and Design
- Design and Delivery of Knowledge, Attitudes, and Practices (KAP) Survey
- Knowledge Management
- Local M&E and Gender-Safeguards

224. **Local Project Management Offices**. Provincial/municipal project management offices will be set up in the five provinces/municipalities where the target landscapes are located. The provincial/muncipal project management offices will be integrated into the provincial/municipal ERPMC offices, to ensure efficient communication and coordination with the central PMO, based in the NFGA office in Beijing. Provincial/Municipal Project Directors will be designated for each of the five geographies. County level Project Management Offices will also be established within the County Forestry Bureaus to oversee the execution of the project activities. Staffing and operation of the provincial/municipal and county level project management offices will be funded through recipient government co-financing contributions.

225. **Landscape Coordinators** and **Gender Focal Points** will be responsible to ensure landscape level stakeholders are engaged in the project, liaising with subnational government departments, civil society, and business enterprises, as well as assist in communication and awareness raising among local communities, and support monitoring and evaluation activities. The Landscape Coordinators and Gender Focal Points will be assigned by the provincial and/or local forestry bureaus and covered by the recipient government co-financing

contributions. The duties and responsibilities of the Landscape Coordinators and Gender Focal Points are outlined below.

226. Duties and responsibilities of the **Landscape Coordinators** include the following:

- Engaging with provincial/municipal and county level stakeholders, facilitating involvement in project activities.
- Coordinating the functioning of the multi-level, multi-stakeholder landscape mechanisms.
- Coordinating cooperation with co-financing partners and other complementary initiatives.
- Supporting monitoring and evaluation field visits, and providing feedback to the Project Coordinator, National Technical Advisor and other project partners.
- Supporting the Project Coordinator in preparing annual work plans.
- Assisting in communicating and socializing the project to landscape level stakeholders, and in engaging with ethnic minority groups.
- Keeping abreast of local concerns and priorities, helping to facilitate adaptive management measures accordingly.

227. Duties and responsibilities of the **Gender Focal Points** are described in the Gender Analysis and Gender Action Plan (**Annex 11**) and summarized below:

- Promoting gender issues on the project and within their institutions.
- Assisting in monitoring progress towards achievement of gender mainstreaming objectives, including those involving ethnic minority women.
- Advising on training topics and initiatives.

VIII. FINANCIAL PLANNING AND MANAGEMENT

228. The total cost of the project is **USD 30,516,758**. This is financed through a GEF grant of **USD 2,986,758** administered by UNDP, and additional support of **USD 27,530,000**. UNDP, as the GEF Implementing Agency, is responsible for the oversight of the GEF resources and the cash co-financing transferred to UNDP bank account only.

229. Confirmed Co-financing: The actual realization of project co-financing will be monitored during the mid-term review and terminal evaluation process and will be reported to the GEF. Note that all project activities included in the project results framework that will be delivered by co-financing partners (even if the funds do not pass through UNDP accounts) must comply with UNDP's social and environmental standards. Co-financing will be used for the project activities/outputs presented below in **Table 15**.

Table 15: Breakdown of co-financing activities

Co-financing source	Co-financing type	Co-financing amount	Planned Co-financing Activities/Outputs	Risks	Risk Mitigation Measures
UNDP	In-kind, recurrent expenditures	$50,000	Participation and strategic guidance by programme manager and staff	Inconsistent engagement with the project team, possibly leading to low delivery and other efficiency shortcomings; lack of coordination with other UNDP projects.	UNDP will be a member of the Project Board, enabling them to stay closely involved. NFGA has been the lead Implementing Partner on other GEF-financed projects.
NFGA	Public investment, investment mobilized	$18,180,000	Complementary restoration investments under the ERP and other programmes; National livelihood programmes and incentive frameworks; capacity development programmes; national level ecological compensation mechanism programmes; business sector engagement programmes.	Planned programmes do not materialize or are delayed; co-financing contributions are not realized.	The ERP has extended following the end of the second phase in 2020. Environmental sustainability mainstreamed throughout China's development planning; co-financing committed for the project.
	In-kind, recurrent expenditures	$300,000	Participation of NPD and relevant staff; venue for the workshops; share of travel expenses.	Possible changes in officers at the NFGA, leads to inconsistent involvement; lack of coordination with other programmes and schemes.	The NPD will be chair of the Project Board. The project team will be embedded with the NFGA in Beijing; the NFGA has been closely involved throughout the PPG phase.
Subnational government entities	Public investment, investment mobilized	$6,000,000	Complementary restoration investments under the ERP and other programmes; community development and environmental education initiatives; capacity development programmes; ecological compensation mechanism programmes.	Planned programmes do not materialize or are delayed; co-financing contributions are not realized.	The project landscapes were recommended by the NFGA, because of the high value and important services of the forest ecosystems; government co-financing committed for the project.

Co-financing source	Co-financing type	Co-financing amount	Planned Co-financing Activities/Outputs	Risks	Risk Mitigation Measures
	In-kind, recurrent expenditures	$2,500,000	Cooperation of staff in relevant departments (e.g., forestry, legislation, All-China Women's Federation, etc.), including Landscape Coordinators and Gender Focal Points; venue for the workshops; share of travel expenses.	Possible changes in forestry bureau officers, leads to inconsistent involvement; lack of coordination with other programmes and schemes; insufficient cross-sectoral involvement.	Representatives from the subnational governmental entities in the five project landscapes will be members on the Project Board; Landscape Coordinators funded through government co-financing; direct involvement in all project activities.
Menghai Jinsha Agricultural Technology Development Co. Ltd.	Grant, investment mobilized	$200,000	Supply chain development programmes, sustainable livelihood initiatives with local communities; engagement in public-private-community partnerships.	Available incentives are insufficient to encourage increased investments; market demand does not materialize as envisaged; climate and disaster hazards, IAS, etc. disrupt operations; cofinancing contributions are not realized.	Participation by representatives from the co-financing partners will be promoted in most aspects of the project, including the multi-stakeholder landscape mechanisms, analyses of ecological compensation mechanisms, strengthening public-private-community partnerships, etc.
Guizhou Qiming Agricultural Technology Development Co. Ltd	Grant, investment mobilized	$300,000			

230. Budget Revision and Tolerance: As per UNDP POPP, the project board may agree with the project manager on a tolerance level for each detailed plan under the overall multi-year workplan. The agreed tolerance should be written in the project document or approved project board meeting minutes. It should normally not exceed 10 percent of the agreed annual budget at the activity level, but within the overall approved multi-year workplan at the activity level. Within the agreed tolerances, the project manager can operate without intervention from the project board. Restrictions apply as follows:

Should the following deviations occur, the Project Manager/IP through UNDP Country Office will seek the approval of the BPPS/NCE-VF team to ensure accurate reporting to the GEF. It is strongly encouraged to maintain the expenditures within the approved budget at the budgetary account and at the component level:

a) Budget reallocations must prove that the suggested changes in the budget will not lead to material changes in the results to be achieved by the project. A strong justification is required and will be approved on an exceptional basis. Budget re-allocations among the components (including PMC) of the approved Total Budget and Work Plans (TBWP) that represent a value greater than 10% of the total GEF grant.

b) Introduction of new outputs/activities (i.e. budget items) that were not part of the agreed project document and TBWP that represent a value greater than 5% of the total GEF grant. The new budget items must be eligible as per the GEF and UNDP policies.

c) Project management cost (PMC): budget under PMC component is capped and cannot be increased.

231. Any over expenditure incurred beyond the available GEF grant amount will be absorbed by non-GEF resources (e.g. UNDP TRAC or cash co-financing).

232. Audit: The project will be audited as per UNDP Financial Regulations and Rules and applicable audit policies. Audit cycle and process must be discussed during the Inception workshop. If the Implementing Partner is an UN Agency, the project will be audited according to that Agencies applicable audit policies.

233. Project Closure: Project closure will be conducted as per UNDP requirements outlined in the UNDP POPP. On an exceptional basis only, and if there is no increase of the project budget, one extension of the operational closure date beyond the initial duration of the project may be approved by the UNDP-GEF Directorate. However, all costs incurred to close the project must be included in the project closure budget and reported as final project commitments presented to the Project Board during the final project review. The only costs a project may incur following the final project review are those included in the project closure budget.

234. Operational completion: The project will be operationally completed when the last UNDP-financed inputs have been provided and the related activities have been completed. This includes the final clearance of the Terminal Evaluation Report (that will be available in English) and the corresponding management response, and the end-of-project review Project Board meeting. **Operational closure must happen at the end date calculated by the approved duration after the Project Document signature or at the revised operational closure date as approved in the project extension. Any expected activity after the operational date requires project extension approval.** The Implementing Partner through a Project Board decision will notify the UNDP Country Office when operational closure has been completed. At this time, the relevant parties will have already agreed and confirmed in writing on the arrangements for the disposal of any equipment that is still the property of UNDP.

235. Transfer or disposal of assets: In consultation with the Implementing Partner and other parties of the project, UNDP is responsible for deciding on the transfer or other disposal of assets. Transfer or disposal of assets is recommended to be reviewed and endorsed by the project board following UNDP rules and regulations. Assets may be transferred to the government for project activities managed by a national institution at any time during the life of a project. In all cases of transfer, a transfer document must be prepared and kept on file. The transfer should be done before Project management Unit (team) complete their assignments.

236. Financial completion (closure): The project will be financially closed when the following conditions have been met: a) the project is operationally completed or has been cancelled; b) the Implementing Partner has reported all financial transactions to UNDP; c) UNDP has closed the accounts for the project; d) UNDP and the Implementing Partner have certified a final Combined Delivery Report (which serves as final budget revision).

237. The project will be financially completed **within 6 months of operational closure or after the date of cancellation**. Between operational and financial closure, the implementing partner will identify and settle all financial obligations and prepare a final expenditure report. The UNDP Country Office will send the final signed closure documents including confirmation of final cumulative expenditure and unspent balance to the UNDP-GEF Unit for confirmation before the project will be financially closed in Atlas by the UNDP Country Office.

238. Refund to GEF: Should a refund of unspent funds to the GEF be necessary, this will be managed directly by the UNDP-GEF Directorate in New York. No action is required at CO level on the actual refund from UNDP project to the GEF Trustee.

IX. TOTAL BUDGET AND WORK PLAN

Total Budget and Work Plan		
Atlas Award ID:	00123990	Atlas Output Project ID: 00119054
Atlas Proposal or Award Title:	Restoration of Degraded Natural Forests and Soil Erosion Management Improvement in Erosion-Prone Regions of China	
Atlas Business Unit	CHN 10	
Atlas Primary Output Project Title	Restoration of Degraded Natural Forests and Soil Erosion Management Improvement in Erosion-Prone Regions of China	
UNDP-GEF PIMS No.	6489	
Implementing Partner	National Forestry and Grassland Administration	

Atlas Activity (GEF Component)	Atlas Implementing Agent	Atlas Fund ID	Donor Name	Atlas Budgetary Account 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)	See Budget Note:
Component 1: Institutional strengthening for forest landscape restoration of natural forest use land	**NFGA**	**62000**	**GEF**	71200	International Consultants	0	0	15,000	15,000	0	**30,000**	1
				71300	Local Consultants	3,600	5,100	16,350	7,350	3,600	**36,000**	2
				71600	Travel	0	11,250	53,750	23,750	6,250	**95,000**	3
				71800	Contractual Services - Impl. Partner	15,600	16,140	16,560	16,980	17,400	**82,680**	4
				72100	Contractual Services - Companies	65,500	120,500	44,000	15,000	15,000	**260,000**	5
				74200	Audio Visual & Print Prod Costs	0	2,500	2,500	2,500	2,500	**10,000**	6
				75700	Training, Workshops and Confer	0	8,750	53,750	23,750	3,750	**90,000**	7
	Sub-total, Component 1 GEF					**84,700**	**164,240**	**201,910**	**104,330**	**48,500**	**603,680**	
Total Component 1						**84,700**	**164,240**	**201,910**	**104,330**	**48,500**	**603,680**	
Component 2: Demonstration and upscaling of innovative, participatory FLR interventions	**NFGA**	**62000**	**GEF**	71300	Local Consultants	28,500	31,875	31,875	31,875	31,875	**156,000**	8
				71600	Travel	6,000	12,250	16,750	18,250	16,750	**70,000**	9
				71800	Contractual Services - Impl. Partner	28,260	29,240	30,000	30,760	31,520	**149,780**	10
				72100	Contractual Services - Companies	18,750	167,500	291,250	245,000	120,000	**842,500**	11
				72800	Information Technology Equipment	0	37,500	37,500	0	0	**75,000**	12
				74200	Audio Visual & Print Prod Costs	0	2,500	2,500	2,500	2,500	**10,000**	13
				75700	Training, Workshops and Confer	10,000	17,500	26,500	29,500	26,500	**110,000**	14
	Sub-total, Component 2 GEF					**91,510**	**298,365**	**436,375**	**357,885**	**229,145**	**1,413,280**	
Total Component 2						**91,510**	**298,365**	**436,375**	**357,885**	**229,145**	**1,413,280**	
Component 3: Incentive systems for durable investment in sustainable management of NFUL	**NFGA**	**62000**	**GEF**	71200	International Consultants	0	9,000	9,000	0	0	**18,000**	15
				71300	Local Consultants	0	4,500	4,500	4,500	4,500	**18,000**	16
				71600	Travel	2,000	2,750	2,750	2,750	2,750	**13,000**	17
				71800	Contractual Services - Impl. Partner	7,680	7,960	8,160	8,360	8,560	**40,720**	18
				72100	Contractual Services - Companies	0	37,500	97,500	45,000	45,000	**225,000**	19
				75700	Training, Workshops and Confer	0	3,750	8,750	3,750	3,750	**20,000**	20
	Sub-total, Component 3 GEF					**9,680**	**65,460**	**130,660**	**64,360**	**64,560**	**334,720**	
Total Component 3						**9,680**	**65,460**	**130,660**	**64,360**	**64,560**	**334,720**	
	NFGA	**62000**	**GEF**	71200	International Consultants	0	0	18,000	0	30,000	**48,000**	21

Atlas Activity (GEF Component)	Atlas Implementing Agent	Atlas Fund ID	Donor Name	Atlas Budgetary Account 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)	See Budget Note:
Component 4: Coordination, Knowledge Management, and Monitoring and Evaluation				71300	Local Consultants	11,100	11,100	20,100	11,100	35,100	**88,500**	22
				71600	Travel	16,000	11,625	16,625	11,625	31,625	**87,500**	23
				71800	Contractual Services - Impl. Partner	16,260	16,860	17,280	17,700	18,120	**86,220**	24
				72100	Contractual Services - Companies	16,000	6,000	6,000	6,000	16,000	**50,000**	25
				72800	Information Technology Equipment	17,633	0	0	0	0	**17,633**	26
				74200	Audio Visual & Print Prod Costs	0	6,250	6,250	6,250	6,250	**25,000**	27
				72400	Communication & Audio Visual Equip	6,000	6,000	6,000	6,000	6,000	**30,000**	28
				75700	Training, Workshops and Confer	7,000	5,750	5,750	5,750	35,750	**60,000**	29
	Sub-total, Component 4 GEF					**89,993**	**63,585**	**96,005**	**64,425**	**178,845**	**492,853**	
Total Component 4						**89,993**	**63,585**	**96,005**	**64,425**	**178,845**	**492,853**	
Project Management	**NFGA**	**62000**	**GEF**	71800	Contractual Services - Impl. Partner	21,600	22,200	22,800	23,400	24,000	**114,000**	30
				72200	Equipment and Furniture	1,000	0	0	0	0	**1,000**	31
				72500	Supplies	200	200	200	200	200	**1,000**	32
				72800	Information Technology Equipment	1,225	0	0	0	0	**1,225**	33
				74100	Professional Services	0	6,250	6,250	6,250	6,250	**25,000**	34
	Sub-total, Project Management GEF					**24,025**	**28,650**	**29,250**	**29,850**	**30,450**	**142,225**	
Total Project Management						**24,025**	**28,650**	**29,250**	**29,850**	**30,450**	**142,225**	
PROJECT TOTAL						**299,908**	**620,300**	**894,200**	**620,850**	**551,500**	**2,986,758**	

Summary of Funds:

	Amount Year 1	Amount Year 2	Amount Year 3	Amount Year 4	Amount Year 5	Total
GEF grant administered by UNDP	$299,908	$620,300	$894,200	$620,850	$551,500	**$2,986,758**
National Forestry and Grassland Administration (public investment)	$1,818,000	$5,454,000	$5,454,000	$3,636,000	$1,818,000	**$18,180,000**
National Forestry and Grassland Administration (in-kind)	$30,000	$90,000	$90,000	$60,000	$30,000	**$300,000**
Gansu Provincial Forestry Bureau (public-investment)	$200,000	$600,000	$600,000	$400,000	$200,000	**$2,000,000**
Gansu Provincial Forestry Bureau (in-kind)	$100,000	$300,000	$300,000	$200,000	$100,000	**$1,000,000**
Chongqing Municipal Forestry Bureau (public investment)	$150,000	$450,000	$450,000	$300,000	$150,000	**$1,500,000**
Chongqing Municipal Forestry Bureau (in-kind)	$60,000	$180,000	$180,000	$120,000	$60,000	**$600,000**
Yunnan Provincial Forestry Bureau (public investment)	$100,000	$300,000	$300,000	$200,000	$100,000	**$1,000,000**
Yunnan Provincial Forestry Bureau (in-kind)	$40,000	$120,000	$120,000	$80,000	$40,000	**$400,000**
Guizhou Provincial Forestry Bureau (public investment)	$50,000	$150,000	$150,000	$100,000	$50,000	**$500,000**
Guizhou Provincial Forestry Bureau (in-kind)	$10,000	$30,000	$30,000	$20,000	$10,000	**$100,000**
Fujian Provincial Forestry Bureau (public investment)	$100,000	$300,000	$300,000	$200,000	$100,000	**$1,000,000**
Fujian Provincial Forestry Bureau (in-kind)	$40,000	$120,000	$120,000	$80,000	$40,000	**$400,000**
Menghai Jinsha Agricultural Technology Devel. Co. Ltd. (grant)	$40,000	$40,000	$40,000	$40,000	$40,000	**$200,000**
Guizhou Qiming Agricultural Technology Devel. Co. Ltd (grant)	$60,000	$60,000	$60,000	$60,000	$60,000	**$300,000**
UNDP (in-kind)	$10,000	$10,000	$10,000	$10,000	$10,000	**$50,000**
TOTAL:	**$3,107,908**	**$8,824,300**	**$9,098,200**	**$6,126,850**	**$3,359,500**	**$30,516,758**

Budget note number	Comments
Component 1:	
1	**71200. International consultants.** **International SFM Consultant**, under Output 1.4 supporting international technical exchanges and project capacity building (10 weeks at USD 3,000 per week). **Total: USD 30,000**
2	**71300. Local consultants.** **Sustainable Forest Management Expert,** supporting all outputs under Component 1 (9 weeks over 5 years at USD 1,500 per week; Total: USD 13,500). **Gender-Safeguards Specialist,** supporting all outputs under Component 1 (3 weeks over 5 years at USD 1,500 per week; Total: USD 4,500). **Workshop Facilitator**, supporting project-sponsored workshops and meetings and international consultant activities under Component 1 (7 weeks at USD 1,500 per week; Total: USD 10,500). **Interpreter**, under Output 1.4 supporting project-sponsored technical exchanges (5 weeks at USD 1,500 per week; Total: USD 7,500). **Total: USD 36,000**
3	**71600. Travel.** Output 1.1: travel expenses for stakeholder workshops (USD 10,000); Output 1.2: travel expenses for stakeholder workshops (USD 15,000); Output 1.3: travel expenses for trainings and stakeholder workshops (USD 10,000); Output 1.4: travel expenses for domestic capacity building activities (USD 25,000), and for international technical exchanges (USD 35,000). **Total: USD 95,000**
4	**71800. Contractual Services – Implementing Partner.** **National Technical Advisor** (15 months over the course of the 5-year project, supporting all outputs under Component 1, at a gross salary of USD 3,400 per month, adjusted with a cost of living adjustment of 3% per year starting in year 2; Total: USD 54,000); **M&E-Knowledge Management Officer** (12 months over the course of the 5-year project, supporting all outputs under Component 1, at a gross salary of USD 2,250 per month, adjusted with a cost of living adjustment of 3% per year starting in year 2; Total: USD 28,680). **Total: USD 82,680**

Budget note number	Comments
5	**72100. Contractual services – Companies.** Technical assistance by research institutions, consultancies, companies or other service providers; or technical support though letter agreement between NFGA and local partners: Output 1.1: carry out national level policy analyses, prepare policy briefs for recommended reform, support advocacy (USD 20,000). Output 1.1: carry out subnational level policy analyses, prepare policy briefs, support advocacy (USD 10,000 per landscape X 5 landscapes: Total: USD 50,000). Output 1.2: update situation analyses, develop national NFUL roadmap, support advocacy (USD 25,000). Output 1.2: based on the national NFUL roadmap, develop landscape level NFUL strategies and action plans (USD 10,000 per landscape X 5 landscapes: Total: USD 50,000). Output 1.3: develop indicator system, deliver training, support advocacy for broader adoption (USD 40,000). Output 1.4: delivery of capacity building (USD 75,000; likely split into multiple contracts with specialty service providers). **Total: USD 260,000**
6	**74200. Audio visual & print production costs**. Output 1.4: miscellaneous AV production costs supporting capacity building activities (USD 10,000). **Total: USD 10,000**
7	**75700. Training, workshop, conference.** Output 1.1: stakeholder workshops for advocating draft policy briefs among national and sub-national stakeholders (USD 5,000); Output 1.2: stakeholder workshops, fund-raising meetings associated with the landscape level NFUL strategies (USD 20,000); Output 1.3: workshops and trainings associated with the indicator system (USD 10,000); Output 1.4: domestic capacity building events, promoting cross-learning among the project landscapes and other regions in the country where restoration of NFUL is carried out (USD 15,000); international technical exchanges, providing key stakeholders opportunities to gain firsthand knowledge of international best practice for disseminating among the domestic forestry sector (USD 40,000). **Total: USD 90,000**
Component 2:	
8	**71300. Local consultants.** **Sustainable Forest Management Expert,** supporting all outputs under Component 2 (37 weeks over 5 years at USD 1,500 per week; Total: USD 55,500). **Gender-Safeguards Specialist,** supporting all outputs under Component 2 (22 weeks over 5 years at USD 1,500 per week; Total: USD 33,000). **Business Development Consultant(s)**, under Output 2.1 conduct Livelihood Viability Screening Assessments for each of the five landscapes; under Output 2.2 carry out market analyses, support development of sustainable livelihood initiatives (25 weeks at USD 1,500 per week; Total: 37,500). **Local Safeguards-M&E Consultants**, supporting participatory landscape assessments and FPIC processes as part of development of FLR demonstration and management plans under Output 2.1 (20 weeks over 5 years at USD 1,500 per week; Total: USD 30,000). **Total: USD 156,000**
9	**71600. Travel.** Output 2.1: travel expenses for operationalizing the multi-stakeholder mechanisms (USD 25,000); Output 2.2: miscellaneous travel expenses associated with sustainable livelihoods training (USD 5,000); Output 2.3: travel expenses associated with delivering technical assistance for FLR innovative techniques (USD 25,000); Output 2.4: travel expenses for domestic technical exchanges on upscaling best practices (USD 15,000). **Total: USD 70,000**
10	**71800. Contractual Services – Implementing Partner.** **National Technical Advisor** (27 months over the course of the 5-year project, supporting all outputs under Component 2, at a gross salary of USD 3,400 per month, adjusted with a cost of living adjustment of 3% per year starting in year 2; Total: USD 97,200); **M&E-Knowledge Management Officer** (22 months over the course of the 5-year project, supporting all outputs under Component 2, at a gross salary of USD 2,250 per month, adjusted with a cost of living adjustment of 3% per year starting in year 2; Total: USD 52,580). **Total: USD 149,780**
11	**72100. Contractual services – Companies.** Technical assistance by research institutions, consultancies, companies or other service providers; or technical support though letter agreement between NFGA and local partners: Output 2.1: participatory landscape assessments, develop FLR demonstration and management plans (USD 15,000 per landscape X 5 landscapes; Total: USD 75,000). Output 2.2: deliver sustainable livelihoods skills training (USD 5,000 per landscape X 5 landscapes; Total: USD 25,000). Output 2.2: deliver specific capacity building for women's groups (USD 2,500 per landscape X 5 landscapes: Total: USD 12,500).

Budget note number	Comments
	Output 2.2: demonstrate improved sustainable livelihood models in five project landscapes, based on the sustainable livelihood business plans, deliver technical and investment assistance to local associations, including but not limited to: (a) improving quality of harvested non-timber forest products, (b) developing ecotourism experiences, (c) obtaining ecolabeling of products or services, (d) nursery development, etc. (USD 250,000). The technical and investment assistance will be provided through relevant procurement modalities of the IP (NFGA), in partnership with subnational forestry bureaus and other stakeholders. Output 2.3: deliver site level demonstration of innovative FLR approaches, capacity building and supervision support, technical assistance for demonstration plots, etc. (USD 80,000 per landscape X 5 landscapes; Total: USD 400,000). Output 2.3: socialize the FLR interventions among local communities (USD 5,000 per landscape X 5 landscapes; Total: USD 25,000). Output 2.4: deliver technical assistance towards upscaling demonstrated FLR innovative approaches (USD 55,000). **Total: USD 842,500**
12	**72800. Information technology equipment**. Output 2.3: IT equipment (e.g., drones, GPS units, etc.) to support implementation of FLR field techniques (USD 15,000 per landscape X 5 landscapes). **Total: USD 75,000**
13	**74200. Audio visual & print production costs**. Output 2.3: miscellaneous AV production costs supporting communication and knowledge sharing of FLR interventions (USD 10,000). **Total: USD 10,000**
14	**75700. Training, Workshop, Conference.** Output 2.1: convening regular meetings of the multi-stakeholder landscape mechanisms throughout the duration of the project (USD 10,000 per landscape X 5 landscapes; Total: USD 50,000); Output 2.2: trainings, partnership building workshops aimed at fostering partnerships between private sector and local groups engaged in sustainable livelihood initiatives (USD 5,000); Output 2.3: trainings, workshops, community meetings for socializing FLR interventions, encouraging local participation and increasing awareness (USD 5,000 per landscape X 5 landscapes; Total: USD 25,000); Output 2.4: domestic technical exchanges on best practices of FLR approaches, through cross visits among the project landscapes and/or to other NFUL areas in China, providing forest sector practitioners to develop their capacities (USD 30,000). **Total: USD 110,000**
Component 3:	
15	**71200. International consultants.** **International PES Specialist**, supporting activities under Output 3.1 on ecological compensation mechanisms (6 weeks at USD 3,000 per week). **Total: USD 18,000**
16	**71300. Local consultants.** **Sustainable Forest Management Expert,** supporting all outputs under Component 3 (6 weeks over 5 years at USD 1,500 per week; Total: USD 9,000). **Gender-Safeguards Specialist,** supporting all outputs under Component 3 (6 weeks over 5 years at USD 1,500 per week; Total: USD 9,000). **Total: USD 18,000**
17	**71600. Travel.** Output 3.1: miscellaneous travel expenses for stakeholder workshops, awareness-raising, and advocacy events (USD 3,000); Output 3.2: travel expenses for trainings, awareness-raising events, other workshops events (USD 10,000). **Total: USD 13,000**
18	**71800. Contractual Services – Implementing Partner.** **National Technical Advisor** (6 months over the course of the 5-year project, supporting all outputs under Component 3, at a gross salary of USD 3,400 per month, adjusted with a cost of living adjustment of 3% per year starting in year 2; Total: USD 21,600); **M&E-Knowledge Management Officer** (8 months over the course of the 5-year project, supporting all outputs under Component 2, at a gross salary of USD 2,250 per month, adjusted with a cost of living adjustment of 3% per year starting in year 2; Total: USD 19,120). **Total: USD 40,720**
19	**72100. Contractual services – Companies.** Technical assistance by research institutions, consultancies, companies or other service providers; or technical support though letter agreement between NFGA and local partners:

Budget note number	Comments
	Output 3.1: Carry out comparative assessment, perform targeted scenario analyses, and develop recommendations for improved ecological compensation mechanisms, and support advocacy for adoption of improved mechanisms (USD 75,000). Output 3.2: Comparative assessments, recommendations for new and strengthened public-private-community-partnerships, support advocacy, deliver capacity building to local stakeholders for developing bankable FLR supporting public-private-community partnerships (USD 30,000 per landscape X 5 landscapes: Total: 150,000). **Total: USD 225,000**
20	**75700. Training, Workshop, Conference.** Output 3.1: Stakeholder workshops, awareness-raising, advocacy events aimed at increasing the adoption and uptake of improved ecological compensation mechanism (USD 5,000). Output 3.2: Trainings, awareness-raising events, other workshops for strengthening existing and fostering new public-private-community partnerships working on sustainable management of NFUL (USD 15,000). **Total: USD 20,000**
Component 4 / Outcome 4:	
21	**71200. International consultants.** **International SFM Specialist(s)** participating in end-of-project conference (4 weeks at USD 3,000 per week); Total: USD 12,000); **Midterm Review Consultant** under Output 4.3 (6 weeks at USD 3,000 per week, in Year 3; Total: USD 18,000); **Terminal Evaluation Consultant** under Output 4.3 (6 weeks at USD 3,000 per week, in Year 5; Total: USD 18,000). **Total: USD 48,000**
22	**71300. Local consultants.** **Sustainable Forest Management Expert,** supporting all outputs under Component 4 (8 weeks over 5 years at USD 1,500 per week; Total: USD 12,000). **Gender-Safeguards Specialist,** supporting all outputs under Component 4 (9 weeks over 5 years at USD 1,500 per week; Total: USD 13,500). **Workshop Facilitator**, under Output 4.2 supporting project-sponsored workshops (5 weeks at USD 1,500 per week; Total: USD 7,500). **Interpreter**, under Output 4.2 supporting project-sponsored workshops and meetings (5 weeks at USD 1,500 per week; Total: USD 7,500). **Local Safeguards-M&E Consultants**, under Output 4.3 providing M&E and safeguards assistance, analyzing results, carrying out field visits, etc. (20 weeks at USD 1,500 per week; Total: USD 30,000). **MTR National Consultant**, under Output 4.3 supporting the independent midterm review (6 weeks at USD 1,500 per week; Total: USD 9,000). **TE National Consultant**, under Output 4.3 supporting the independent terminal evaluation (6 weeks at USD 1,500 per week; Total: USD 9,000). **Total: USD 88,500**
23	**71600. Travel.** Output 4.1: travel expenses associated with the Project Board meetings, rotated among the five project landscapes (5 meetings X USD 3,000 per meeting; Total: USD 15,000). Output 4.2: travel expenses for miscellaneous KM events (USD 7,500), domestic conferences and workshops (USD 5,000), regional and international workshops and conferences (USD 12,500), and end of project conference (USD 15,000). Output 4.3: travel expense for the inception workshop (USD 7,500), miscellaneous M&E visits (USD 15,000), midterm review (USD 5,000), and terminal evaluation (USD 5,000). **Total: USD 87,500**
24	**71800. Contractual Services – Implementing Partner.** **National Technical Advisor** (12 months over the course of the 5-year project, supporting all outputs under Component 4, at a gross salary of USD 3,400 per month, adjusted with a cost of living adjustment of 3% per year starting in year 2; Total: USD 43,200); **M&E-Knowledge Management Officer** (18 months over the course of the 5-year project, supporting all outputs under Component 2, at a gross salary of USD 2,250 per month, adjusted with a cost of living adjustment of 3% per year starting in year 2; Total: USD 43,020). **Total: USD 86,220**
25	**72100. Contractual services – Companies.** Technical assistance by research institutions, consultancies, companies or other service providers; or technical support though letter agreement between NFGA and local partners: **Knowledge, attitudes and practices (KAP) survey**, under Output 4.3 designing, administering and interpreting baseline and end-of-project KAP surveys (USD 20,000). **Knowledge management assistance,** under Output 4.2 . development a knowledge management and communications strategy and action plan for the project, developing knowledge and communication products, organizing awareness-raising and advocacy campaigns (USD 30,000). **Total: USD 50,000**

Budget note number	Comments
26	**72800. Information technology equipment**. IT equipment to support to support landscape implementation teams. **Total: USD 17,633**
27	**74200. Audio visual & print production costs**. Output 4.2: AV production costs for KM products (print, video, etc.) **Total: USD 25,000**
28	**72400. Communication and Audio Visual Equipment**. Communication and audio visual equipment expenses associated with maintaining KM systems and supporting the landscape implementation teams, including mobile telephone charges, email subscriptions, connectivity charges, courier charges, etc., at USD 100 per month for each of the five implementation teams for the five years of project implementation. **Total: USD 30,000**
29	**75700. Training, Workshop, Conference.** Output 4.1: venues for project board meetings planned to be rotated among the five project landscapes (USD 10,000). Output 4.2: awareness-raising events and other workshops for disseminating knowledge generated on the project (USD 13,000), participation in domestic, regional, and international workshops, conferences, and seminars advocating the global environmental benefits generated through the project (USD 5,000), organizing an end-of-project conference sharing the achievements of the project and facilitating increased knowledge of best practices implemented by domestic and international stakeholders (USD 30,000). Output 4.3: organizing inception workshop (USD 2,000). **Total: USD 60,000**
Project Management:	
30	**71800. Contractual services – Implementing Partner.** **Project Management Associate** (12 months per year for 5 years, at a gross salary of USD 1,800 per month, adjusted with a cost of living adjustment of 3% per year starting in year 2). **Total: USD 114,000**
31	**72200. Equipment and furniture**. Equipment and furniture for PMO. **Total: USD 1,000**
32	**72500. Supplies**. Costs of office supplies at USD 200 per year for each of the 5 years of implementation. **Total: USD 1,000**
33	**72800. Information technology equipment**. IT equipment (e.g., laptop) for the Project Management Associate. **Total: USD 1,225**
34	**74100. Professional services**. Financial NIM auditing services. **Total: USD 25,000**

X. LEGAL CONTEXT

Option a. Where the country has signed the Standard Basic Assistance Agreement (SBAA)

239. This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of China and UNDP, signed on 29 June 1979. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

240. This project will be implemented by the **National Forestry and Grassland Administration** ("Implementing Partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

241. The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNDP concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.

XI. RISK MANAGEMENT

Option a. Implementing Partner is a Government Entity (NIM)

1. Consistent with the Article III of the SBAA , the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
   a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried out.
   b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.

4. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
   a. In the implementation of the activities under this Project Document, the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").

   b. Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, the Implementing Partner, and each of its sub-parties referred to above,

shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.

5. a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:

i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;

ii. Offer employees and associated personnel training on prevention and response to SH and SEA, where the Implementing Partner and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;

iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof;

iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and

v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

6. The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

7. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).

8. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.

9. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

10. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project

or using UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

11. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.

12. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes in accordance with UNDP's regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.

13. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

14. Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

15. UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

16. Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

17. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.

18. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

19. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management Standard Clauses" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

XII. MANDATORY ANNEXES

Annex 1: GEF budget

Annex 2: Project map and geospatial coordinates of project landscapes

Annex 3: Multi-year work plan

Annex 4: Monitoring plan

Annex 5: UNDP social and environmental screening procedure (SESP)

Annex 6: UNDP risk register

Annex 7: Overview of technical consultancies/subcontracts

Annex 8: Stakeholder engagement plan

Annex 9: Stakeholder consultations during project preparation phase

Annex 10a: Environmental and Social Management Framework

Annex 10b: Participatory Landscape Assessment Outline including ESIA Requirements

Annex 10c: Indigenous Peoples planning framework (IPPF)

Annex 10d: Livelihood Viability Screening Assessments Outline including Livelihood Action Plan

Annex 11: Gender analysis and gender action plan

Annex 12: Procurement plan

Annex 13: Baseline report on sustainable forest management policies, programmes and practices

Annex 14: Baseline report on policy and revenue options for incentivizing sustainable NFUL management

Annex 15: Landscape profiles

Annex 16: Capacity baseline assessment and proposed capacity development approaches

Annex 17: Climate and disaster screening report

Annex 18: COVID-19 analysis and action framework

Annex 19: Estimations of GHG emissions avoided

Annex 20: GEF 7 Core Indicator Worksheet

Annex 21: GEF 7 taxonomy

Annex 22: Private sector risk mitigation strategy

Annex 23: HACT assessment

Annex 24: Additional agreements (cofinancing letters)

Annex 25: UNDP project quality assurance report

Annex 26: UNDP checklist for all projects pending GEF approval