

# TECHNICAL ASSISTANCE COMPLETION REPORT

Division: EAAE

<b>TA No. and Name</b> TA 4308-PRC: Poverty Reduction in Grassland Improvement Program			<b>Amount Approved:</b> \$400,000		
			<b>Revised Amount:</b> \$400,000		
<b>Executing Agency:</b> Development Research Center, of the State Council		<b>Source of Funding:</b> Poverty Reduction Cooperation Fund, \$400,000	<b>TA Amount Undisbursed</b> \$35,351.81	<b>TA Amount Utilized</b> \$364,648.19	
<b>Date</b>			<b>Completion Date</b>		
<b>Approval</b>	<b>Signing</b>	<b>Fielding of Consultants</b>	<b>Original</b>	<b>Actual</b>	
19 December 2003	5 March 2004	11 October 2004	31 March 2005	28 April 2006	
			<b>Closing Date</b>		
			<b>Original</b>	<b>Actual</b>	
			31 March 2005	12 September 2006	

**Description**

The PRC's grassland area is the second largest in the world, after Australia, covering some 400 million ha, or about 40% of the country. Over twice the size of the area devoted to agriculture or forestry, grasslands offer very extensive environmental services to conserve water and soil resources, provide habitat for about 2,000 species of wild animals and over 15,000 species of wild plants, and also provide a buffer from moving sand dunes in desert areas. The livelihoods of nearly one-quarter of the country's population derive from these areas. Although sparsely settled with very limited infrastructure, grassland areas are home for some 55 minority peoples, and about half of the country's poor. However, most grasslands are located in fragile environments of the western region, including the high and wet areas of the Qinghai/Tibet plateau (the "water tower" that feeds major river systems) or dry areas that are subject to extreme temperatures and high seasonal winds. If well managed and selectively developed, the grasslands offer splendid resources to maintain air, land and water quality, carbon sequestration, and commercial opportunities such as grazing, traditional medicines, agri-business and mining, and newer industries such as eco-tourism. However, if overexploited, these areas are easily eroded and their important functions become degraded.

Most grassland areas in the PRC have been degraded through overstocking of grazing animals, increased settlement, conversion to cropping, excessive harvesting of wild plants, mining operations, and lack of common understanding of the long-term consequences of over-exploitation. Since the 1950s, there has been significant increase in economic activity accompanied by increased dust and sandstorms, desertification, much reduced grass cover, increased soil erosion and salinity, loss of habitat and biodiversity, and loss of other vital environmental functions such as reduced water tables. This has been exacerbated through natural disasters such as drought and pest attacks. From the early 1960s to the late 1990s the productivity of the natural grasslands of northern PRC as indicated by vegetative cover, species composition, etc., declined by 30–50%, primarily as a result of degradation due to overstocking.<sup>1</sup>The Development Research Center (DRC), the influential policy advisory body of the State Council, estimated in 2005 that the direct economic loss resulting from grasslands deterioration and desertification to be over CNY54 billion or about \$7 billion each year.

Aware that economic development of the grasslands was on an unsustainable path, the Government introduced, among other things, land tenure policies in 1988 that granted 30-year lease rights and limits on grazing. The grassland improvement program (GIP) 2001–2010, was developed and supported by the Grassland Law (2002). Measures included long-term closures, stall feeding of livestock to replace free grazing, seasonal rotational grazing, resettlement, conversion of cropland to grass and forests, aerial seeding, conservation agriculture (limited/zero tillage), subsidies for fencing, artificial grasslands and other facilities. These measures have resulted in many positive environmental impacts and restoration of some areas. However, there were socioeconomic costs attached that affected the well-being of some communities with few livelihood options apart from continued grassland exploitation. These unintended impacts threatened the very premise of the policies—that grassland rehabilitation would lead to sustainable ecosystems, and hence, reduced poverty. The Government requested assistance with an evaluation of the GIP to better understand poverty reduction and other aspects, and make recommendations for reform.

**Expected Impact, Outcome and Outputs**

The expected impact of the TA was to assist the Government to better understand the role of the GIP in poverty reduction. The expected outcomes were fourfold: (i) an assessment of the results of GIP policies and approaches on grassland-dependent communities; (ii) identification of cost-effective models for sustainable use and poverty reduction; (iii) recommendations for changes to enhance social well-being and sustainable development; and (iv) development of an effective monitoring and evaluation (M&E) system, linked to the provincial and national poverty reduction M&E systems. The expected outputs of the TA were case studies and field surveys, using participatory approaches in representative provinces, workshops at national and provincial level, and a final national-level workshop with involved agencies to present the final report. The case studies were expected to help identify representative examples of the environmental, social and economic impacts of the GIP, including poverty reduction. The TA was highly relevant and its scope was good, with clear terms of reference for the consultants. Fieldwork was undertaken at the design stage to identify the appropriate implementation arrangements.

**Delivery of Inputs and Conduct of Activities**

The budget for the work was adequate to support all of the field work, analysis and workshops conducted. As the Executing Agency (EA), DRC quickly accepted the principles involved in undertaking multidisciplinary, field-based studies using a participatory approach to international standards. DRC's role required coordination with the multiple agencies responsible for

<sup>1</sup> Song Hongyuan, 2002: Survey on the Measures of Land Ecological Protection Construction in the West Region. Dec.

implementing the GIPs, and these arrangements were effective.<sup>2</sup> The choice of the DRC as the EA was excellent, as their staff were highly motivated, well organized and keen to be involved. The stature of the DRC meant that coordination with sector agencies was straightforward. Collaboration by the officials in Gansu, Inner Mongolia and Ningxia where field studies were undertaken, was enthusiastic and supportive. The lead consulting firm proved to be inexperienced in the PRC and was not able to adequately guide the consultants in developing a suitable methodology or implementation schedule; payments by the firm were also slow and communications were difficult. ADB staff based at PRCM helped to fill the technical void and played an active role in guiding the consultants and the EA, especially at the outset when the timing and sequencing of tasks, questionnaires, sampling, analysis, reports and implementation schedule were being developed. ADB's role throughout the TA was highly appreciated by the Government.

The consultants performed very well and to the full satisfaction of the Government and ADB. The planned consultant inputs (2 person-months of international and 40 person-months national) proved unbalanced – the actual international input was expanded to 5 person-months to ensure that modern approaches to sustainable grasslands management were highlighted. Major aspects of the work were carried out as scheduled, apart from an extension of the implementation period that was requested in October 2005, due to the replacement for the international consultant who commenced services in August instead of June 2005, and consequently, led to a 2-month delay in submitting the final report. However, this delay was far outweighed by the new consultant's international and western region experience, which lifted the confidence of the team. The national consultants performed their duties very well, especially in policy review, social and poverty reduction aspects, participation, gender aspects and M&E. Value was added to the Government's knowledge of GIP performance and recommendations were made for future improvements. Technical grasslands and livestock aspects were handled well and the economic and financial aspects were handled with competence, despite data shortcomings. Review and tripartite meetings were held at inception, mid-term, draft and final report stages which assisted in management. The Government considers the inputs provided by the TA to be highly satisfactory.

#### **Evaluation of Outputs and Achievement of Outcome**

The final report comprises three volumes: (i) a summary, including an annex to highlight international best practices, three successful projects from Indonesia, the PRC and Australia, and the situation in Australia with options for the PRC; (ii) a specific report on the GIP; and (iii) six case studies covering Inner Mongolia, Gansu and Ningxia. Policy recommendations were given on the policy adjustment process itself, grassland management and livestock production, poverty reduction, gender aspects, participation, institutional and legal aspects, M&E, and fiscal aspects. A further Chinese language report is being prepared by DRC for the State Council.

The GIP has contributed to improved grassland productivity, herder income and poverty reduction. But poorer households and poorer counties have found it harder to participate due primarily to lack of finance. On poverty reduction aspects, the major focus of the TA, lack of clear property rights, and a lack of alternative ways of earning income have led to grassland deterioration. The case studies showed evidence of this. Four suggestions were: (i) use of science-based approaches to improve grassland conditions and livestock productivity, and targeted training; (ii) financial compensation for reduced livestock numbers; (iii) fencing and shed subsidies; and (iv) GIP and other poverty alleviation programs to be closely aligned in future. The TA helped the DRC to assess the situation, and develop policy proposals for GIP reforms under the 11<sup>th</sup> Five Year Program (FYP). All the major TA targets and indicators were achieved.

#### **Overall Assessment and Rating**

The TA was highly successful. The TA was highly relevant to understanding poverty reduction in grassland areas, where many of the country's poor reside. The TA was also effectively implemented by the DRC with high quality consulting work by the team that mostly comprised Chinese experts. In terms of efficiency, the budget was adequate, appropriately used and with minimum additional time required. Finally, in terms of sustainability, the outcome of the work is leading directly to 11<sup>th</sup> FYP reforms. The Government's concerns to improve environmental management of the grasslands as well as to achieve sustainable rural livelihoods have been clearly assisted through this TA.

#### **Major Lessons**

The PRC's grasslands are fragile with vital environmental functions that have been lost in many areas through short-sighted exploitation. Once degraded, recovery can be very slow, if at all. A well-coordinated and carefully targeted approach is vital for the future to improve grasslands management. The DRC plays an influential role in rural policy making and monitoring, and has the capacity to assist the sector agencies involved in achieving coordinated future reforms.

#### **Recommendations and Follow-Up Actions**

Policy-oriented evaluations of rural programs that are designed to assist the Government in developing its approach to rural development should consider involving the DRC. In keeping with the best experience in PRC and internationally, far more local input is needed in design and implementation of future grasslands interventions.

Prepared by

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Designation

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<sup>2</sup> The main agencies included the Leading Group on Poverty Reduction, National Development and Reform Commission; Ministries of Finance, Water Resources, Agriculture; State Forestry Administration; State Environmental Protection Agency; and representatives of participating provinces and autonomous regions (Gansu, Inner Mongolia and Ningxia).

