



ASIAN DEVELOPMENT BANK

Project Data Sheet

Project 39321-013

Project Name

Shaanxi Qinling Biodiversity Conservation and Demonstration Project

Project Number

39321-013

Country / Economy

- China, People's Republic of

Project Status

Closed

Project Type / Modality of Assistance

- Grant
- Loan

Source of Funding / Amount

Grant 0169-PRC: Shaanxi Qinling Biodiversity Conservation and Demonstration Project

Source	Amount
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Global Environment Facility Grant	US\$ 4.27 million
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Loan 2572-PRC: Shaanxi Qinling Biodiversity Conservation and Demonstration Project

Source	Amount
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Ordinary capital resources	US\$ 40.00 million
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Strategic Agendas

- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change

- Gender Equity and Mainstreaming
- Partnerships

Sector / Subsector

- **Agriculture, natural resources and rural development** / Forestry

Gender

Some gender elements

Description

The Qinling Mountains are an internationally important biodiversity hot spot and

represent about 70% of the PRC's biodiversity, including an estimated 300 giant pandas. The Qinling Mountains are central to soil and water management of the Yangtze and Yellow rivers. The Project will improve biodiversity conservation and management by restoring forest habitat, improving endangered species management and providing sustainable livelihoods for the population of the project area, and demonstrating the benefits to the rest of the Qinling Mountains and other similar areas in the PRC. The Project will provide significant environmental, economic, and social benefits throughout the project area. It will address underlying causes and effects of historical and contemporary resource degradation.

The project area is 458 square kilometers (km²), about 45 kilometers southwest of Xi'an, the capital of Shaanxi, and is identified as the birthplace of the Taoist religion. The project area is divided into a plains area for ecotourism and agriculture development, and a mountainous area for biodiversity conservation. It is home to about 20,400 people. The plains have about 15,800 residents (77% of the total) who live on about 58 km² (13% of the total project area) bordering the northern end of the project area. The poverty incidence is about 23%. This area also includes the township of Louguantai; several Taoist temples; the Qinling National Botanical Garden (QNBG) and nursery; the Shaanxi Animal Rescue Center (SARC), which includes threatened species of giant panda, golden monkey, golden takin, and crested ibis; and the Louguantai Forest Farm. About 71 million tourists visit Shaanxi province annually, of which about 400,000 visit the project area and about 1 million visit the Qinling Mountains. The larger but scarcely populated mountainous area is called the Qinling Biological Conservation and Demonstration Area (QBCDA), where the management objective is low-impact development that supports the conservation of biodiversity and provides sustainable livelihoods for about 4,600 residents (23% of total) on about 400 km² (87% of project area).

The Project will produce three primary outputs: (i) participatory biodiversity management in the mountainous area, (ii) enhancement of biodiversity conservation in the plains area, and (iii) improved project management. Using sustainable financing mechanisms for biodiversity conservation, the habitat of the mountainous area, QBCDA, will be improved to promote mixed forest coverage, and flora and fauna species expansion. The small population lives in scattered settlements in QBCDA and will be encouraged to support biodiversity conservation objectives and minimize unsustainable farming and other activities.

The Project will develop biodiversity-based attractions that will generate funds for the management and enhancement of QBCDA. The commercial activities will involve a botanical garden, wildlife breeding and research (including a giant panda center second only to Sichuan province's Wolong Nature Reserve), and related ecotourism. QNBG will address a major weakness of the many past biodiversity projects by ensuring sustainable financing using part of the ecotourism revenue. Links with the Qinling Mountains nature reserves and an increase in biodiversity corridors will be pursued.

Project Rationale and Linkage to Country/Regional Strategy

The Qinling Mountains is biologically rich with many endangered, threatened, and endemic animal and plant species that need to be protected. The Qinling Mountains have about 25 national and provincial nature and forest reserves, many of which have received assistance from the Global Environment Facility (GEF), World Bank, and

World Wide Fund for Nature (WWF).

The geography is dominated by mountains, rivers, streams, and forests. The major environmental issues are related to land and environmental degradation, endangered animals and plants, the presence of some exotic tree species, and the need for long-term animal and plant species regeneration and expansion as well as sustainable conservation and preservation management techniques. Other issues include employment and income-generating opportunities for the inhabitants, the availability of financing for biodiversity conservation in the project area and Qinling Mountains, and basic rural services in the project area. About 37% of the population in the project area is poor, with poverty increasing markedly from Louguantai south into the rugged mountain and forest terrain.

Because of the prevailing poverty, the project area and nature reserves in Qinling Mountains are subject to a high level of competing land-use pressure. This is a major reason why the sustainable management of biodiversity resources is important to the Shaanxi government, the Asian Development Bank (ADB), GEF, and WWF. However, the financial sustainability of biodiversity conservation is precarious, because conservation cannot compete financially with other less environment-friendly forms of land use. Species diversity is largely a public good, and the revenue generated from ecotourism often does not cover the costs of creation and management. To improve the funding situation, protected areas must generate their own revenue. Because of its favorable location in relation to Xi'an, the project area will be able to generate revenues to cover most, if not all, of its operational and management costs.

The Project will pursue a market-based approach to biodiversity conservation, featuring sustainable revenue generation and use, land management, and conservation management. Biodiversity conservation is a high priority of the Government, as reflected in the 11th Five-Year Plan, the State Environmental Protection Agency's biodiversity strategy, and the QM Ecosystem Function Conservation Plan. The Project will strengthen the management of nature reserve areas in QM through integrated approaches including market-oriented measures to sustain environmental and biodiversity objectives while increasing rural incomes and reducing poverty. The public sector is required to ensure preservation of the natural and cultural heritage sites in the project area.

The lessons learned from previous integrated agriculture and rural development and environment projects in the PRC and Shaanxi province, as well as other major provinces with biodiversity activities, including Sichuan and Yunnan, have been incorporated in the Project. The provincial government and the implementing agency (IA), QNBG, have strong commitment and ownership of the Project. All major stakeholders have been extensively consulted. Linking biodiversity conservation with revenue generation in the PA and QM is fully supported. The Project is well-focused in terms of area coverage and the outputs are well-defined, closely linked, and within the capacities of the IAs to effectively manage. The Shaanxi Provincial Government (SPG) has successfully implemented three ADB-financed projects in environmental protection, roads, and railways. It has also successfully implemented 14 World Bank-financed projects in forestry, water, agriculture, poverty reduction, and environmental protection, several of which are co-financed with GEF. Many of the successful features of WWF assistance in biodiversity conservation and income generation have been included in the Project.

Impact

Sustainable biodiversity conservation protected for globally-significant species and increased economic growth

Project Outcome

Description of Outcome

The expected outcome of the Project is improved and integrated biodiversity management that provides sustainable livelihoods for the population of the project area.

Progress Toward Outcome

Loan under liquidation, grant was approved to be extended by 6 months.

Implementation Progress

Description of Project Outputs

Participatory Biodiversity Management in the Mountainous Area

1. Demonstrating conservation of biodiversity
2. Improved village and forest-based livelihoods

Enhanced Biodiversity Conservation in the Plains Area

1. Develop the national botanical garden
2. Improve the animal rescue center

Improved Project Management

1. Strengthened PMO and IA
2. Strengthened biodiversity safeguards
3. Conservation dissemination program

Status of Implementation Progress (Outputs, Activities, and Issues)

Loan completed, under liquidation.

ALL contracts under grant were awarded, project implementation in progress.

Geographical Location

Louguantai, Qinling National Botanical Garden, Qinling Shandi

Safeguard Categories

Environment

B

Involuntary Resettlement

A

Indigenous Peoples

C

Summary of Environmental and Social Aspects

Environmental Aspects

Most project impacts will be environmentally friendly, including improvements to long-term biodiversity conservation, improvement in the welfare of animals in SARC and QBCDA, advancement of science on endangered species, genetic collection and protection, public awareness and education regarding biodiversity conservation in the Qinling mountains, increased forest cover and density, improved environmental quality of water systems, and conservation of Taoist religious sites in the protected area. Some adverse impacts may occur due to invasive species and release of species in the wild, but mitigation measures have been taken to minimize these impacts.

Involuntary Resettlement

A resettlement plan has been prepared and the land acquisition and resettlement plan has been discussed and agreed with the affected persons. Mitigation measures include new housing provided in the same village area that meets the expectations of the villagers affected, cash compensation, land lease agreements, and sharing the gate revenues from ecotourism to the botanical gardens.

Indigenous Peoples

There are no indigenous people in the project area.

Stakeholder Communication, Participation, and Consultation

During Project Design

Consultation with stakeholders, beneficiaries, and affected persons has been undertaken and will continue during implementation. During project design, a detailed survey took place of households, discussions were held with project stakeholders at all levels, key informant interviews were conducted in rural communities, stakeholder workshops were conducted, and interviews were held with key government staff, nongovernment organizations, villagers, and women.

During Project Implementation

The project involves large amount of construction and plantation activities which are delivered by local communities. All resettlement plans are implemented through close consultation and participation of local farmers and governments. Monitoring reports for safeguard are disclosed in the ADB website.

Business Opportunities

Consulting Services

Consultants are recruited in line with ADB's Guidelines on the Use of Consultants 2013. All consulting service packages are to be recruited under GEF grant. Under the

program of GEF-funded components, all proposed consultant inputs have been recruited except for QNBG ecotourism and marketing. The engaged consultants include two international experts (one for SARC design and animal exhibition and the other for project management) and five national specialists for environment management, resettlement safeguard, social baseline, project impact monitoring and review, and SARC exhibition. The expert to support QNBG ecotourism and marketing will be recruited by May 2016 to be in line with the updated implementation schedule. Consulting service recruitment for the proposed Qinling Study started in March 2016 and a national study coordinator was recruited in November 2015 to assist the executing agency in managing and organizing activities to carry out the study.

Procurement

All procurement of goods and works are carried out in accordance with ADB's Procurement Guidelines 2015. Contracts for goods estimated to exceed \$3.0 million and contracts for works estimated to exceed \$40.0 million will be procured using international competitive bidding procedures. Contracts for goods and works estimated to cost less than the international competitive bidding values, but more than \$100,000, will be procured through national competitive bidding procedures in accordance with the PRC Tendering and Bidding Law, 1999, subject to modifications agreed upon with ADB. Contracts for goods and works estimated to cost \$100,000 or less shall be procured using shopping procedures. The relevant sections of ADB's Anticorruption Policy (1998, as amended to date) will be included in all procurement documents and contracts.

Contact

Responsible ADB Officer

Niu, Zhiming

Responsible ADB Department

East Asia Department

Responsible ADB Division

PRC Resident Mission (PRCM)

Executing Agencies

Shaanxi Provincial People's Government

Timetable

Concept Clearance

10 Aug 2007

Fact Finding

13 Aug 2007 to 25 Aug 2007

MRM

21 May 2008

Approval

22 Oct 2009

Last Review Mission

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PDS Creation Date

10 May 2006

Last PDS Update

16 Sep 2019

Funding

Grant 0169-PRC

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Oct 2009	02 Jul 2010	15 Oct 2010	31 Oct 2015	30 Apr 2019	18 Nov 2019

Financing Plan

Total (Amount in US\$ million)

Project Cost	4.27
ADB	0.00
Counterpart	0.00
Cofinancing	4.27

Grant Utilization

	Date	ADB	Others	Net Percentage
Cumulative Contract Awards	17 Jun 2022	0.00	4.09	96%
Cumulative Disbursements	17 Jun 2022	0.00	4.09	96%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

Loan 2572-PRC

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Oct 2009	02 Jul 2010	15 Oct 2010	31 Oct 2015	31 Oct 2018	13 Nov 2019

Financing Plan

Total (Amount in US\$ million)

Project Cost	128.37
ADB	40.00
Counterpart	88.37
Cofinancing	0.00

Loan Utilization

	Date	ADB	Others	Net Percentage
Cumulative Contract Awards	17 Jun 2022	39.51	0.00	100%
Cumulative Disbursements	17 Jun 2022	39.51	0.00	100%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
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Rating - Satisfactory Satisfactory Satisfactory - Satisfactory

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