

# Mainstreaming Biodiversity and Ecosystem Service Values into Policy Making in China

Mid-Term Review

BY HELLE BISETH, LIU RUI, KRISTINE STUBBERUD

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Mid-Term Review

# Mainstreaming Biodiversity and Ecosystem Service Values into Policy Making in China

Programme/project CHN-2152 14/0036



FINAL REPORT  
8<sup>th</sup> December 2016



## Preface

An independent review is part of the normal project cycle in Norwegian-supported projects and is embedded in the agreements signed between MOFCOM and the Norwegian Embassy in Beijing. Based on this agreement, Norad was approached by the embassy to carry out the mid-term review of the project *CHN-2152 14/0036 Mainstreaming Biodiversity and Ecosystem Service Values into Policy Making in China*

The Review Team consisted of the following members:

- Ms Helle Biseth, Norad (Team leader)
- Dr Liu Rui, Chinese consultant (Interviews in China and input to the Review Report)
- Ms Kristine Stubberud, Norad (Interviews in Norway and input to the Review Report)

Ms Lanny Jin and Mr Ben assisted the Team with interpretation and as well as with translation of some key documents.

The field work was undertaken in September 2016. Apart from meetings with the main project partners and stakeholders, the Review team visited Jingdong County; one of the five pilot counties under the project. We wish to thank the Jingdong County officials for the hospitality they showed. The Review Team also wishes to thank the Norwegian and Chinese partners for facilitating the review, and also to thank all respondents for sharing information with us.

The draft report was submitted to relevant parties for comments on the 4<sup>th</sup> November 2016. Feedback was received from the main project partners NEA and CRAES as well as from the Norwegian Embassy. In their comments CRAES gave feedback on the various recommendations from the Review Team. This feedback is included in *Annex VI*.

Oslo, 8<sup>th</sup> December 2016  
Helle Biseth

*Front page photo: Protected natural forest, Jingdong County; view from observation tower*

## List of acronyms and abbreviations

BD	=	Biodiversity
CAS	=	Chinese Academy of Science
CPC	=	Communist Party of China
CRAES	=	Chinese Research Academy of Environmental Sciences
EPB	=	Environmental Protection Bureau
FECO	=	Foreign Economic Cooperation Office under MEP
FYEP	=	Five Year Environmental Plan
GDP	=	Gross Domestic Product
GEP	=	Gross Ecosystem Product
IGSNRR	=	Institute of Geographic Sciences and Natural Resources, CAS
IOZ	=	Institute of Zoology, CAS
IUCN	=	International Union for Conservation of Nature
MBV project	=	The project under review ( <b>M</b> ainstreaming <b>B</b> iodiversity <b>V</b> alues)
MEP	=	Ministry of Environmental Protection (China)
MFA	=	Ministry of Foreign Affairs (Norway)
MOFCOM	=	Ministry of Commerce (China)
MoU	=	Memorandum of Understanding
NEA	=	Norwegian Environment Agency
NOK	=	Norwegian kroner
NORAD	=	Norwegian Agency for Development Cooperation
PC	=	Pilot County (Taishun, Jingdong, Minqin, Ewenke Banner, Yanling)
RNE Beijing	=	Royal Norwegian Embassy, Beijing
RMB	=	Ren Min Bi (Chinese currency - Yuan)
TEEB	=	The Economics of Ecosystems and Biodiversity
ToR	=	Terms of Reference
UNEP	=	United Nations Environment Programme

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## Executive summary

The Norwegian Embassy in Beijing has requested a Mid-term review of the project *14/0036 Mainstreaming Biodiversity and Ecosystem Service Values into Policy Making in China*. Based on a ToR drafted by the embassy, the Review Team has assessed the relevance, design, progress, efficiency, outcome and sustainability including cross-cutting elements of the project.

The main project implementation partners are Chinese Research Academy of Environmental Sciences - CRAES (China) and Norwegian Environmental Agency – NEA (Norway). The cooperation between Norwegian and Chinese environmental authorities is based on a MoU between the Environmental Ministries of the two countries. The issue of environmental degradation and how to integrate environmental concerns into local and national planning is an issue both countries are working on. The outputs delivered by the project is expected to feed into the Chinese TEEB Programme (The Economics of Ecosystems and Biodiversity).

The total financial contribution from MFA/RNE Beijing is NOK 20.384.300. RNE Beijing transfers funds to CRAES and NEA based on disbursement requests co-signed by the other party. Additional to this, China provides co-funding in kind by providing staff and facilities as well as some direct financing to cover for the underfunding of Chinese based activities due to the weak Norwegian currency.

As for the specific outputs, there has been some delays, but the planned deliverables have been produced. The report from the Norwegian partners on Norwegian and European experiences was found useful by the Chinese partners. Input from the Norwegian side into the Chinese reports and valuation studies have been limited, but both parties work to increase the interaction – especially in the early stages of a delivery.

The efficiency of the project is deemed as acceptable. The Norwegian partners have the adequate knowledge and experience to share technical knowledge relevant for the Chinese partners. The Review Team have advised that NEA (and if relevant Vista) experts stay longer in the country when visiting China.

With regard to sustainability of project interventions, the Team emphasises that the project activities must be carried out in advises close cooperation with MEP and the TEEB office.

Gender, Human Rights and Anti-corruption are seen as the main cross-cutting issues. The Team has highlighted some issues with regard to gender, and will advise the parties to be more aware of gender issues both when formulating questions for future studies and in selection of lead researchers. The corruption risk is seen as low in this project; there are no physical investments and payment to sub-contracting institutions are linked to deliverables.

Conclusions as well as a list of the main recommendations can be found in the last chapter. The recommendations made by the Review team are have been divided in (i) Recommendations specific to the project and (ii) Other recommendations.

As a whole the project is well on track in the opinion of the Review Team.

# 1 Introduction

## 1.1 Project Relevance

The issue of environmental degradation is a high priority of both the Chinese and Norwegian Governments. How to integrate environmental concerns of "the value of nature" into local and national planning is an issue both countries are working on.

China has seen an unprecedented economic development in the last 20 years, but the challenges from loss of biodiversity, increased pollution as well as climate change are also becoming more evident. Biodiversity degradation might undermine long-term human wellbeing. Decision makers are therefore in need of relevant as well as scientifically credible information on nature's benefits to people in order to reverse this negative trend.

According to the project document, the project *Mainstreaming Biodiversity and Ecosystem Service Values into Policy-making in China* will focus on the above-mentioned needs. By strengthening the science policy interface and enhancing the dialogue between the scientific community, governments, and other stakeholders on biodiversity and ecosystem services, the aim is to bridge the gap that has frequently existed between ecosystem services studies and the government sectors. The outputs delivered by the project is expected to feed into the Chinese TEEB Programme (The Economics of Ecosystems and Biodiversity).

## 1.2 The framework for cooperation between China and Norway

The cooperation between Norway and China is based on a MoU between MFA and MOFCOM on technical cooperation stating that «projects in technologically and geographically most needed areas in China will be given priority, within the field of environment and climate...». The priorities for cooperation are further outlined in the MoUs between the Environmental Ministries of the two countries. The first MoU was signed in 1995 and then later replaced by a new MoU in 2008. The objective of the present MoU is "to promote cooperation between the Parties in the field of environmental protection and sustainable development on the basis of equality and mutual benefit." The MoU outlines the following priority areas for cooperation on environmental policy and management: (i) Water and air pollution; (ii) Waste disposal and management; (iii) Chemicals and hazardous waste; (iv) Nature conservation, biological diversity and natural resources; (v) Climate change issues; **(vi) *The integration of environmental concerns into sector policy***; (vii) Public environmental awareness; (viii) Environmental industry and technology; (ix) Other areas as mutually agreed upon. The project under review is closely linked to the priority area vi).

## 1.3 Specific Chinese priorities related to the project under review

In recent years, Chinese government has issued a series of guidance and policies to promote the valuation of biodiversity and ecosystem services, and mainstream the ecosystem services into the policy making process. The priorities of China in mainstreaming biodiversity and ecosystem services into policy making could be summarized as follows:



*(i) To promote Ecological Civilization construction in the national level of policy making.*

The concept of Ecological civilization reflects an important change in the CPCs understanding of development. Rather than emphasizing economic construction as the core of development as it did in the past, the Party authorities have come to realize that development, if sustainable, must include other elements like the relationship between man and nature.

*(ii) To bring the valuation of ecological benefits into economic and social evaluation system and promote GEP evaluation system in the national economic appraisal systems.*

The Gross Ecosystem Product (GEP) is calculation of the total value of an ecological systems' benefits to humanity in terms of being able to sustain economic and social development. This measurement factors in the value of ecosystem provisioning services, regulating services, and cultural services.

*(iii) To promote the ecological compensation systems and green markets.*

Once GEP is integrated into the national and local statistical and accounting systems, markets for ecosystem services could be created.

*(iv) To support a sound local capacity building for the valuation of the biodiversity and ecosystem services.*

## **1.4 Specific Norwegian and global priorities related to the project under review**

### **1.4.1 Priorities set by MFA for use of the technical cooperation budget**

The Norwegian financing for the project under review is drawn from funds earmarked for support to technical cooperation in specific fields among them environment and climate change (MFA budget line "165.71 Technical co-operation"). RNE Beijing receives an annual allocation of approximately NOK 50-60 million earmarked technical co-operation, and based on the MoU between the Ministries of Environment of the two countries, these funds have mainly been allocated to environmental cooperation. Norway will prioritise areas of cooperation where Norway has competence sought after by Chinese partners, and where the Norwegian partners have proven that they can deliver at a high international standard.

### **1.4.2 TEEB – Background for the initiative and Norway's follow up**

The Economics of Ecosystems and Biodiversity (TEEB) is a global initiative focused on making nature's values visible. In March 2007, Germany proposed to initiate the process of analysing the global economic benefit of biological diversity, the costs of the loss of biodiversity and the failure to take protective measures versus the costs of effective conservation. In response to this proposal, a global study was jointly initiated that same year by the German Federal Ministry for the Environment and the European Commission, which resulted in the establishment of TEEB. The TEEB office is hosted by UNEP, and coordinates collaboration with a broad range of partners. Its principal objective is to mainstream the values of biodiversity and ecosystem services into decision-making at all levels. It aims to achieve this goal by following a structured approach to valuation that helps decision-makers recognize the wide range of benefits provided by ecosystems and biodiversity, demonstrate their values in economic terms and, where appropriate, suggest how to capture those values in decision-making.

The TEEB portfolio is broadly divided into two key areas of work: country projects and sectors/biomes.

At the country level, this responds to numerous requests and interest by governments to build national, regional and local government capacity to produce tailored economic assessments of ecosystems and biodiversity, and support to mainstream this information into policy-making. TEEB offers support in various forms, including developing guidance material, organizing capacity-building workshops, providing technical expertise, and much more in order to ensure effective implementation.

Another major component of TEEB's work is to focus on providing a deeper analysis of specific sectors and biomes. In general, these initiatives will seek to recognize the myriad values provided by biodiversity and ecosystems, either at the biome level such as oceans or wetlands, or more globally to better assess their value to specific economic sectors, such as agriculture, and wider impacts on ecosystem and human well-being.

In October 2011, the Norwegian government appointed an expert commission to assess and study the value of ecosystem services. The Commission was asked to describe the consequences for society of the degradation of ecosystem services, to identify how relevant knowledge can best be communicated to decision-makers and to make recommendations about how greater consideration can be given to ecosystem services in private and public decision making. The commission submitted its recommendations in the form of a Norwegian Official Report *NOU2013: 10 Natural benefits-on the values of ecosystem services*. Further, in 2015 the Norwegian government presented a White Paper *Meld. St. 14 (2015-2016) Nature for life – Norwegian work plan on biodiversity*. The White Paper states that sustainable use of Norwegian ecosystems should be ensured, so ecosystem services are not lost. The report on ecosystem services also suggested a number of economic means to take care of nature, which has been followed up by another appointed expert commission on Green Tax.

## 1.5 Methodology

The Norwegian Embassy in Beijing prepared the Terms of Reference (ToR) with input from CRAES and NORAD. The ToR states that the main purpose of the review is to assess if progress has been made in accordance with the work plan and budget, and to assess the effectiveness and efficiency of the project. Some question related to issues specific to this project was also a part of the ToR. The ToR is enclosed as *Annex I*.

The review is based on interviews with the main partners and stakeholders as well as a desk study of the main project documents. The Team has not done a review of the technical papers produced by the project, but chosen to concentrate on the Jingdong valuation study. The documentation produced by the Norwegian partners has been assessed with a focus on their alignment with Chinese local conditions. A key question has been if the Chinese partners in the project have found them useful.

The Review Team (*Biseth and Stubberud*) met with the following Norwegian partners in Oslo:

- Norwegian Environment Agency (NEA)
- Ministry of Climate and Environment (MCE)
- Vista Analysis (Vista)

The Review Team (*Biseth or Biseth and Liu*) met with the following institutions in Beijing:

- Norwegian Embassy, Beijing;
- Ministry of Commerce (MOFCOM);
- CRAES (including CAS personnel subcontracted by the project)
- UNEP
- IUCN

The Team was not able to meet with the Ministry of Environmental Protection (MEP), but MEP came with written input based on a questionnaire submitted to them.

The Review Team (*Biseth and Liu*) visited Jingdong County, one of the pilot counties for the project.

A draft report was submitted to the main stakeholders on 4<sup>th</sup> November. The Norwegian Embassy and Norwegian Environment Agency responded that they found the factual information given in the report correct. CRAES, on the other hand, gave comments on the recommendations of the Review Team. The Review Team has included the response from CRAES in the annexes (*Annex VI*).

The review report has the following outline: The Project description and the Review Team's assessment on project design can be found in *chapter 2*. The qualitative assessment of the achievements and challenges of the project can be found in *chapters 3 and 4*. In *chapter 5* the main conclusions and recommendations are summarized. The ToR can be found in *Annex I*, a list of people met in *Annex II*, the main documents reviewed can be found in *Annex III*. *Annex IV* is an organizational chart of the China TEEB programme. *Annex V* gives some highlights of the valuation report for Jingdong County. An *Annex VI* including feedback from CRAES on the recommendations from the Review Team has been added in the Final Report;

## 2 Project description and comments on project design

### 2.1 Project background

The decision to cooperate on a project on valuation of biodiversity and ecosystem services was based on discussions in a meeting between the Ministries of Environment of the two countries in June 2013 and a technical workshop held in December 2013. The project under review can to some extent be seen as a follow up of a project on Biodiversity and Climate Change where some of the same institutions/people were involved.

The project *Mainstreaming Biodiversity and Ecosystem Service Values into Policy Making in China* was developed by CRAES and NEA. A desk appraisal (Scanteam report October 2014) was undertaken of an initial project proposal, then the formal application was sent from MOFCOM on November 25, 2014. This application included an inception phase to develop an updated project document (= Inception Report). Based on the application, an agreement was signed between MOFCOM and The Norwegian Ministry of Foreign Affairs/The Norwegian Embassy in Beijing on the 5<sup>th</sup> December 2014. The partners received the initial funding in December and started to refine the project document parallel with implementing some initial project activities.

The contract between CRAES and NEA was signed 24<sup>th</sup> June 2015. The contract is based on the revised project document. The Inception Report/revised project document was finalised at the same time, but the final version is dated 28<sup>th</sup> September 2015. No major changes were done to the document between June and September.

## 2.2 Project design

The Inception report (= Final project document) starts with explaining some technical terms, some in general use others specific to China. This is seen as very useful and will ease the communication between project participants with various backgrounds

The goal hierarchy in the final project document is different from the one in the application, but mainly because outputs/activities are put under 5 components. This review is based on the goal hierarchy presented in the Inception Report dated 28 September 2015.

### 2.2.1 Long Term goal or impact

***Project long-term goal:***

Promote the mainstreaming of biodiversity issues into policy-making, planning and decision making through linking biodiversity and ecosystem services, and where possible economic valuation, as a contribution to improve the management of biodiversity and ecosystem services.

*Expected project impact:* Biodiversity is mainstreamed in policy-making processes.

*Project impact indicators:* Monitoring reports assessing:

a) The degree of biodiversity mainstreaming into policy performance measures in sector policies at national, provincial, prefectural and county levels in China.

b) The degree of biodiversity mainstreaming into performance assessment systems for government institutions and staff at national, provincial, prefectural and county levels in China

***Review team comment:*** *Long term (or development) goal and impact (on society) is normally two ways to express the same thing, but in this project the goal is formulated as an activity while the impact is the actual goal. As a general advice when formulating a goal hierarchy, long and complicated sentences should be avoided (ref the long-term goal above). The project partners might also encounter difficulties in compiling the data for national, provincial and prefectural level to be included in the monitoring reports stated as indicators.*

### 2.2.2 Outcome or purpose

***Project outcomes:***

(i) Biodiversity and ecosystem service valuation is successfully applied in pilot counties.

*Project outcome indicator:* Monitoring reports assessing:

(a) The degree ecosystem services and biodiversity valuation is integrated in policy-processes and included as basis for decision making in sector policies and development projects with impacts on biodiversity in the pilot counties.

(b) The degree of biodiversity mainstreaming into performance assessment systems for government institutions and staff in the pilot counties.

(ii) Improved knowledge and understanding of the values of ecosystem services and biodiversity in pilot counties.

*Project outcome indicator:* Monitoring reports assessing the degree of knowledge and understanding of values of ecosystem services in the pilot counties.

***Review team comment:*** *The project outcomes are specific to the project and formulated well. But they are only referring to the pilot counties while the project also is supposed to generate knowledge and produce reports on a more general level. Support and input to the national TEEB programme should have been included as one of the outcomes of the project.*

### 2.2.3 Components and outputs

The project has five components:

- > Component 1. Project management
- > Component 2. Establishing a knowledge base
- > Component 3. Valuation of biodiversity and ecosystem services
- > Component 4. Mainstreaming biodiversity into policy-making process
- > Component 5. Capacity building and dissemination of results

In the project document, each of the project components are specified with outputs/output indicators and activities.

***Review team comment:*** *Organising the outputs under some major components is in our view useful and makes the project easier to understand. Project management is of course necessary – and resources has to be allocated for this – but it would be more logical to list the technical components as the actual “components” and then deal with the “project management” issues at the end.*

## 2.3 Participating Chinese and Norwegian institutions

The Review Team has found it useful to give some background information on the main project partners and their role in the project under review.

### Ministry of Commerce (MOFCOM)

MOFCOM is the Agreement partner on the Chinese side of the project. MOFCOM has delegated the responsibility for implementing this project to Ministry of Environmental Protection (MEP)/ CRAES.

### Ministry of Environmental Protection (MEP)

MEP is the technical responsible ministry for the project. MEP is also the Ministry in charge of TEEB in China. The technical department in charge of the TEEB Initiative is Department of Ecology.

The Chinese Research Academy of Environmental Sciences (CRAES). CRAES is the main

partner on the Chinese side in this project and the contract partner of NEA. CRAES is the leading institution under MEP on biodiversity related research and policy development in China. CRAES is also hosting the China (MEP) TEEB office.

### Pilot counties

Five pilot countries have been chosen; Taishun County of Zhejiang Province of eastern China, Jingdong County of Yunnan Province of southern China, Minqin County of Gansu Province of northwestern China, Ewenke Banner of Inner Mongolia of Northeastern China and Yanling County of Hunan Province of Central China. The Review Team visited Jingdong County.

Norwegian Environment Agency (NEA) is an agency under the Norwegian Ministry of Climate and Environment. Their tasks include work to reduce greenhouse gas emissions, manage Norwegian nature and prevent pollution. <http://www.miljodirektoratet.no/en/>

### Vista Analyse AS/ Vista Analysis

Vista Analysis is subcontracted by NEA Vista is a Norwegian social science consultancy with its main emphasis on economic research, policy analysis and advice, and evaluations. The company is much used by Norwegian government. More information can be found on their website <http://www.vista-analyse.no/en/> .

Figure 2 on page 49 of the Inception Report explains the relationship between the various project components well.

## 2.4 Inputs

### 2.4.1 Project input

The total financial contribution from MFA/Embassy is NOK 20.384.300. CRAES and NEAs share of project funds are outlined in the Agreement. Both parties have entered into subcontracts with other institutions to carry out some of the work. The subcontracts to date (September 2016) and their monetary values are also listed:

<i>Institution</i>	<i>Amount (NOK)</i>	<i>Amount (RMB)</i>	<i>Comments</i>
Norwegian Environment Agency (NEA) total	7.884.300		Ref Project budget in MFA-MOFCOM Agreement To be paid from RNE Beijing NEA
NEA -> Scanteam	Up to 100.000		Signed 05.02.2015
NEA -> Peter Johan Schei	93.000 + 31.200 + 32.000		Total contract NOK 156.800. Original contract signed December 2014, additions in 2015 and 2016
NEA -> Vista	300.000 - 1.000.000		Fixed contract NOK 300.000; option for future work: NOK 700.000. Contract signed 17/12-2015

CRAES total	12.500.000		Project budget in MFA-MOFCOM Agreement To be paid from the embassy to CRAES
CRAES -> CAS (Inst of Zoology)		200.000	Two reports; each RMB 100.000. Responsible Li Dianmo
CRAES-> CAS (Inst of Geographic Sciences and Natural Resources Research)		150.000	One report ; responsible Xie Gaodi
CRAES-> CAS (Inst of Geographic Sciences and Natural Resources Research)		150.000	One report ; responsible Li Shenggong
CRAES-> CAS (Inst of Geographic Sciences and Natural Resources Research)		400.000	One report; responsible Xu Ming
CRAES -> FECO		300.000	Hold 3 training workshops
CRAES-> 5 pilot counties (PC)		500.000	100.000 for each PC

Additional to the contribution from MFA, The Chinese side provides an in-kind contribution of RMB 14,278,125. Additional funds have been sought from MEP to cover for loss because of reduced value of the NOK compared to the RMB.

#### 2.4.2 Disbursements and Reporting

According to the Agreement, the embassy is to make semi-annual disbursements to CRAES. This is based on Norwegian Government Regulation stating that up-front disbursements should only cover 6 months anticipated spending. As for the disbursements to NEA, these should also be made semi-annually, but based on actual work carried out (work hours and other costs).

However, the actual disbursements have been as follows (all figures in NOK):

2014: One disbursement to each partner (NEA 1.127.500; CRAES 1.380.000)

2015: One disbursement to each partner (NEA 2.326.300; CRAES 1.562.000)

2016: One disbursement to CRAES (2.370.000)

The Review team (Biseth) has checked the disbursement requests and they have all been co-signed by the opposite partner as laid down in the agreement.

The planned disbursements for 2016 are as follows:

One more disbursement to CRAES (2.725.000), one disbursement to NEA (1.184.500)

The outstanding amount at the start of 2017 will be NOK 4.463.000 to CRAES and NOK 3.246.000 to NEA (total NOK 7.709.000) if the remaining disbursements in 2016 are done according to plan. This is approximately 2,5 mill higher than the expected amount left for 2017 as per Agreement.

***The Review team** will emphasise that forward budget planning is important. The parties (CRAES and NEA) must budget realistically for 2017. If not all outputs can be completed in 2017 – and the corresponding funds spent, a request for transfer of funds to 2018 must be forwarded to the embassy. This request must clearly state which outputs are delayed – and why.*

The Chinese side has received less funds than budgeted for because the Norwegian krone has lost value compared to the RMB. This challenge has partly been dealt with by increased contribution from MEP (cash contribution to pay for the valuation report of Jingdong). Anyhow, the project must make realistic budgeting based on the present exchange rate and possible savings must be explored. The budget has a Contingency allocation of NOK 750.000. The use of this budget line must be agreed with the Embassy, but can be used to make up for some of the currency loss on the Chinese side if agreed by all parties.

***The Review Team** will advise CRAES and NEA to agree on the best use of the Contingency budget line and forward a request to the embassy based on this.*

Since the project started in 2015, only one Annual Report (2015 Report) has been compiled and forwarded to the embassy. The report was used as documentation in the Annual Consultations between MOFCOM and The Embassy in July 2016. The Report fulfilled the requirements and was well received at the Annual Consultations. The report was written by CRAES with input from NEA. Both institutions confirmed the work on the report was a joint effort.

***The review team** has the following comments*

- Overall a well formulated – easy to read report fulfilling the requirements laid down in the Agreement
- A short main report and additional information in Annexes is fine
- In the annexes, information with little relevance is included (ref for example pages 33-37)
- If subcontracts are listed (they should be), also the NEA subcontracts must be listed (ref pages 29-33).

## **2.5 Project implementation**

MOFCOM is the Agreement partner on the Chinese side, but the project management is delegated to MEP/CRAES. The Review Team met with MOFCOM. MOFCOM underlined that they did not have the time and resources to follow up projects like this the way they could have wished. However, based on the reporting and Annual Consultations, they assessed the management and priorities and the outputs delivered as satisfactory as well as the management arrangements.

The contract between CRAES and NEA, and also the detailed activities outlined in the Inception Report, outlines the obligations and responsibilities of each party, as well as the budget allocated to each.

CRAES and NEA have introduced Skype as a way to ease communication between the two parties. Both sides seemed to be satisfied with this. To be able to talk to each other “face-to-face” is often far more efficient than sending emails back and forth. In Annex VI of the 2015 Annual Report it is said that there were 204 email exchanges in 2015. The Review Team is not sure whether a high number of emails is an indication of smooth implementation, what is



important is to choose the most efficient (time and money) way to communicate.

The review team's assessment of the project implementation structure is that it fulfils the requirements of the project. Use of Skype should be promoted further.

### 3 Project status assessment

#### 3.1 Assessment of Project Progress and Status

The assessment of the status of the 5 components is based on the written material and on interviews with the Chinese and Norwegian project coordinators as well as staff at the participating institutions. The 2015 Annual Report gives a good overview of the Status and deviations from work plan for 2015 (pls refer to Annex II of the Annual Report) so the detailed activities are not listed here.

The Review team did not have the resources to go through all outputs under each component in detail, but has concentrated on some few outputs in our assessment.

##### 3.1.1 Status and assessment Component 1: Project management

*Outcome: The designed goal and objectives of the project is fulfilled.*

*Outcome indicator: Project Agreement signed between MOFCOM and the Norwegian Embassy and a contract signed between CRAES and NEA; the project is efficient and smoothly implemented*

*Review Team's comments to outcome: Efficient project management might not lead to achievement of the goal of the project, "the project is efficient and smoothly implemented" would have been adequate as Outcome.*

As said earlier, project management is not a component on the same level as the others. In this report, project management issues is dealt with mainly in chapter 2 and is not repeated here.

As whole, project management activities have been carried out, but some delays have been encountered. The main challenge was the Inception Seminar that was not held in the format planned for. This was mainly due to factors outside the control of the project.

##### 3.1.2 Status and assessment Component 2: Establishing a knowledge base

*Outcome: a knowledge base for biodiversity valuation and mainstreaming is established.*

*Outcome indicator: the knowledge base is established and made available for all key stakeholders and implementers of the project.*

Two studies have been completed on the Chinese side (both subcontracted to CAS)

- Review and assessment of selected experiences and lessons learned in BD mainstreaming in China.
- Review and assessment of existing performance assessment systems.

One study has been completed on the Norwegian side (subcontracted to Vista)  
- Review and assessment of selected experiences and lessons learned in BD mainstreaming in Norway and Europe.

Training based on the three reports have been undertaken – and will also be continued.

***Review team's assessment:***

*(i) The relevance of the experiences from Norway and Europe to the Chinese stakeholders has been the main issue for the Review Team to investigate. All respondents – including MEP - said that the report had been extremely useful, and that it was a high priority to get a Chinese translation. The translation was in the final stages of quality control at the time of the review.*

*(ii) The Norwegian side were not adequately involved at the early stages in the two Chinese studies, and therefore not been able to provide technical input before the reports were in the completion stage. This has been raised by the Norwegian side, and both parties agree that early involvement from the Norwegian side is essential if the Chinese side is to benefit from their expertise.*

*(iii) The feedback from Jingdong was that the training received had been well organised and useful. MEP (email) was asked if they had taken part in any of the training activities, the answer was unclear, but positive. IUCN requested to be invited to the various workshops.*

### 3.1.3 Status and assessment Component 3: Valuation of biodiversity and ecosystem services

*Outcome: Approaches to valuation of biodiversity and ecosystem services in the pilot counties are developed.*

*Outcome indicators:*

*-The approaches and procedures to valuation of biodiversity and ecosystem services developed in the project have been successfully applied within the five pilot counties.*

*-The approaches and procedures to valuation of biodiversity and ecosystem services are assessed as suitable for broader use in China.*

Under this component criteria for how to do the actual valuations were developed. The Review Team did not go into detail on these, but concentrated on output 3.5 *Valuation of biodiversity and ecosystem services in the pilot county*. The Review Team visited Jingdong, and was briefed about the Jingdong valuation report. This report is only in Chinese language, but the Review Team (Dr. Rei) presented some highlights from the report at the wrap-up meeting with CRAES and the embassy. This presentation is enclosed (*Annex V*).

Summary: An economic valuation of biodiversity and ecosystem services has been carried out for the Jingdong county. The report of the valuation was completed in 2015 and includes:

-The valuation of ecosystem products and services: calculation of ecosystem providing with varies of supply product services, regulation services and cultural services during certain timing, such as providing with food products, wood products, hydrological power, soil conservation, pollutant purification and so on.

- Defining marketing prices of the ecosystem products and services: such as wood product price per unit, water resource price per unit, price for soil conservation per unit and so on;
- The valuation of whole functions of ecosystem products and services: based on the calculation of function of ecosystem products and services, the total economical values of ecosystem products and services are calculated.

***The Review Team's assessment:***

- (i) *The Jingdong valuation report is an important output of the project and can be a good tool for explaining the value of biodiversity and ecosystem services. For the stakeholders in Jingdong, the report showed clearly that the county has biodiversity and ecosystem services that could be translated into economic value and we expect that the negotiating power of the county towards decision makers on provincial and national level will be increased based on the valuation.*
- (ii) *The Norwegian experts were not involved in the valuation, and in discussions afterwards have raised some issues regarding the methods used. The review Team is not experts in the field of valuations, but on a more general level will advise that the expertise of the Norwegian and Chinese side is combined in the best way possible in future valuations.*

### 3.1.4 Status and assessment Component 4: Mainstreaming biodiversity into policy-making process

This component consists partly of mapping, case studies and development of tool-kits, partly of training

-A report on *Mapping of current situation on biodiversity mainstreaming into policy-making and policy commitment* was subcontracted to CAS, the final report was submitted in June 2016.

- various workshops and training activities have been carried out (FECO has been subcontracted to organize the training workshops).
- Biodiversity related criteria, toolkits and approaches for performance assessment system have been developed at Jingdong county, one of 5 pilot counties.

***Review team's assessment:***

*Some outputs under this component have been delayed, but as a whole the activities are completed or ongoing. In order to save costs, some training activities are combined with workshops. Limiting long-distance travel – and officials being away from their posts too often should always be taken into account when planning training activities.*

### 3.1.5 Status and assessment Component 5: Capacity building and dissemination of results

*Outcome: Capacity and awareness of key government staff and policy makers on valuation of biodiversity and ecosystem services.*

*Outcome indicator: A monitoring report demonstrating degree of increased capacity and awareness of government staff and policy makers.*

Capacity building and dissemination of results is also a part of the other components and has been done as part of these components. Anyhow, some specific activities have been carried

out under this component.

**Review team's assessment:**

*(i) The dissemination of results should be done in close cooperation with the China TEEB office. It is important that the outputs/lessons learned is seen as a part of the China TEEB programme and to secure ownership.*

*(ii) All reports should be available on a dedicated website. Can social media be used to reach out to the general public?*

*(ii) If some activities can not be implemented (like CRAES visit to Norway), funds should be reallocated to activities that can support the achievement of the goal and purpose of the project.*

### 3.2 Specific issues raised in the ToR

The ToR raised some specific questions which are fully or partly answered in other parts of the report. For easy reference, the questions- and the Review Teams main findings/ the opinions of the partners – are listed below:

*Q: How well is the project aligned with China's national policies in this area, in particular with the national TEEB program/action plan? Furthermore, how well is it linked up to other projects/initiatives – e.g. those of UNEP and IUCN?*

A: The main respondent are the China TEEB office, MEP, UNEP and IUCN.

**(i) Alignment with the national TEEB programme**

The project is well aligned with the national TEEB programme. The China TEEB office is hosted by CRAES, and several of the Chinese experts involved in the project under review is also part of the China TEEB expert group. Anyhow, it is important that the TEEB office is invited in when the 2017 work-plan and priorities are discussed to secure ownership also after the project period.

UNEP participated in the design of the project and is also hosting the global TEEB initiative. UNEP underlined that they support both the China TEEB office – and the project – in the best way possible. IUCN took part in a planning workshop for the project under review but has not been much involved during project implementation. IUCN asked if they could be invited to workshops organized by the project.

**(ii) Other project initiatives**

IUCN China has introduced GEP – Gross Ecosystem Product. The Chinese government working with IUCN is actively carrying out pilot research projects on GEP with partners and help local government to build capacity to use the valuation tools. Currently, the national expert panel, standardization expert panel and thematic project group have been established and several pilots have been conducted at the national and local level, including the Ordos pilot, the Xing'an League pilot, the Tonghua City pilot, and the Xishui County pilot. The indicator system has been primarily mainstreamed into the 13th five year's plan for some local areas.

It is unclear to the Review Team how well the projects work on TEEB and IUCNs work on GEP is aligned. It is therefore important that IUCN is invited in when planning for the last part of the project period is done by CRAES and NEA.

*Q: What are the biggest challenges for China to mainstream biodiversity and ecosystem service values into policy-making? Has the project been able to produce inputs and basis for suggestions on how to meet these challenges in a most efficient and pragmatic way?*

A: The best answer on this has been received from MEP (slightly rephrased): Main challenges facing both China and the international community i) lack of pilot demonstration for mainstreaming biodiversity ii) lack of conclusion and dissemination of experiences and lesson learned in mainstreaming biodiversity; iii) lack of technical supports and methods, such as indicators, procedures and tools needed for biodiversity mainstreaming. MBV project have focused on the above mentioned challenges, and taken following measures, i) established 5 Pilot Counties; ii) learned experiences and lesson during mainstreaming biodiversity; iii) develop some methods related to biodiversity mainstreaming. China has started these actions at county level, and the experience and methodologies will be scaled-up to city and provincial levels and finally the matured methods and indicators will be tried to use at national level.

*Q: How has the project been contributing to Chinese authorities' technical know-how and policy formulation on mainstreaming biodiversity and ecosystem service values into policy making?*

A: This question is partly answered above. Anyhow, it is important that information produced under the project is readily available to all stakeholders, and that the national TEEB programme takes ownership of the outputs produced.

*Q: In the project document, it is stated that “this project will attempt to bridge the gap that has frequently existed between ecosystem services studies and the government sector that actually put results in active use.” Has the project made some achievements on this?*

A: The work undertaken in the pilot counties is important to be able to demonstrate how a valuation study can be used when political decisions are made. The project must be challenged to report specifically on how the valuation studies have been used by the counties themselves – and if the valuation studies have changed the priorities of the provincial and central government on issues relevant for these counties.

*Q: Have all the relevant stakeholders been adequately involved in and informed on the project progress, including MEP? Have they been consulted and listened to in the project implementation?*

A: MEP has responded “MEP is often informed on the project progress”. There is no indication on parties being left out, but as said above, it is important that the China (MEP) TEEB office is involved when work-plans and priorities are discussed.

*Q: Has the Norwegian expertise being shared through the project activities been found relevant and useful for the project implementation and China's work in this area?*

A: The Norwegian experts have interacted closely with the project management team in CRAES and they have taken part in some of the workshops. However, as said earlier, their expertise could have been used better if they had been involved in planning the various studies – not only commenting on draft reports. The Norwegian expertise have not been actively involved in the work carried out in the five pilots. ***The Review Team will recommend the parties (CRAES and NEA) discussing ways to achieve a better involvement of Norwegian expertise on county level.*** Active participation of Norwegian expert(s) on local level will need strong commitment from both parties.

*Q: How are relevant cross-cutting issues handled in the project: gender, human rights and anti-corruption? How is project sustainability secured?*

*A: These issues are dealt with in chapter 4.3 Cross-cutting elements and sustainability issues.*

*Q: Has project management (including financial management) on both the Chinese and the Norwegian side been carried out in a professional and efficient manner? Is the reporting following the agreed outline?*

*A: On the Chinese side, this project is managed by CRAES. Project management has been effective and the reporting requirements have been followed. All documentation has been readily available and supplied to the review team without delay. Project management on the Norwegian side has also been professional. All documentation has been readily available and supplied to the review team without delay.*

According to the Embassy's Decision Document, this is the first time CRAES is the main implementing partner of a Sino-Norwegian project. In most of environmental cooperation projects, FECO has been the main implementing partner while other institutions – for example CRAES – have been subcontracted. Not using an intermediate agency will normally result in less administrative overhead and project partners will often prefer to discuss project management issues with the same institution as technical issues. On the other hand, project management being separate from the where the technical work takes place will enhance the control function. MOFCOM states clearly that they do not have the capacity to oversee project implementation; given this the embassy should continue to use FECO.

## **4 Project efficiency, impact and sustainability**

### **4.1 Project efficiency; outcome and impact**

*Efficiency is a measure of productivity, meaning comparing inputs against outputs; a measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results/outputs*

*Outcome is the planned effect of the project. Impact is a measure of all positive and negative consequences/effects/results of the Project, whether planned for and expected, foreseen or not foreseen, direct or indirect.*

At the time of the mid-term review, the project is time-wise approximately “mid-term”. With regard to the activities and outputs, some have been delayed and the project partners will most likely request a no-cost extension. On the other side – the project has tried to combine training and workshops to save time and resources. Some activities may have to be downscaled because of lack of funding due to the unfavourable exchange rate. It is important that downscaling is done based on a common understanding – and that activities important for the achievement of the purpose of the project is prioritised. TEEB China, UNEP and IUCN should be brought into the discussion.

In the view of the Review Team, the Norwegian partners (NEA with support from Vista) seem to deliver their various technical input efficiently. The Norwegian partners have the adequate knowledge and experience to share technical knowledge, and the technical input

provided has been relevant for the Chinese partners.

The hourly rate used by NEA agreed on by NORAD on an annual basis and is the same as when NEA delivers services to other international projects or directly to NORAD. However, the Review Team will advise NEA to plan for longer stays in China with fewer staff travelling at the same time. Most visits to China by NEA have been of one week or less, this resulting in the cost of travel (time invoiced and flight ticket) being high compared to the actual hours spent working with their partners in China.

### ***Review Team's assessment***

*The efficiency of the project as a whole is deemed as acceptable. The Norwegian partners have the adequate knowledge and experience to share technical knowledge relevant for the Chinese partners. However, the Review Team will advise that NEA (and if relevant Vista) experts stay longer in the country when visiting China.*

In a Mid-term Review it is not possible to assess the Outcome and Impact of a project, anyhow some relevant issues are commented on in paragraph 4.3.2 Sustainability. The Team would also like to draw the attention to the comments on the formulation of the goal and purpose; ref paragraph 2.2.

## **4.2 Cross-cutting elements and Sustainability issues**

*Sustainability is a measure of whether the positive effects (or assumed measurable effects) of the Project is likely to continue after the external support is concluded, meaning: will the project lead to long-term benefits.*

The most relevant cross-cutting elements have been included under this chapter; this being Gender; Human Rights and Anti-Corruption.

### **4.2.1 Can long term sustainability of project investment be achieved?**

The project under review is a Research and competence building project with no physical investments or technical equipment is financed.

It is important to secure financial sustainability by securing funding from central and local government. Close collaboration with the TEEB-office as well as MEP must be emphasised to secure that the knowledge gained under the project will be used and replicated in other districts. And most importantly, research must be turned into practical policy – the only way to make the work sustainable.

In order to secure sustainability it is also important to bring young people on board. This can be done by giving young staff assignments under the project and using PhD students or young researchers working together with older, more experienced researchers.

### ***Review Team's assessment***

*The partners must increase their awareness towards sustainability issues. Close cooperation with MEP and the TEEB office must be emphasised. Involving younger staff/researchers is*

*important to secure sustainability.*

#### 4.2.2 Gender issues

Both China and Norway have strict non-discriminatory policies on gender. It is important that men and women are given equal access to participate in project activities like given subcontracts for specific studies as well as being selected as participants from their institutions in the project or participation in training, workshops and (if relevant) study tours under the project.

The project has subcontracted various studies to Chinese Academy of Sciences (CAS), a national level research institute. To the understanding of the Review Team, only male researchers led these studies. Questions to be asked by the project when subcontracting future studies should be: Are female researchers given an equal chance to do research under the project? Lead research groups? Formulate the detailed questions?

Another issue the Team raised in discussions with stakeholders was if gender has any significance for valuation of biodiversity and ecosystem services:

- In rural areas the elderly and the children stay behind while the adults go to the cities to find work. More women than men stay behind in the village. Has this any significance – and is it taken into account when designing local plans and training activities?
- Some types of biodiversity or ecosystem services might have more value for women than for men (ex medical plants?)?

Gender has not been on the agenda for the studies undertaken so far, the project participants are therefore advised to consider this when future studies are designed.

#### ***Review Team's assessment***

*The project should actively seek to engage female researchers when future studies are designed. The project must ensure that women have equal possibility to be both lead researcher and participate in research groups. When formulating the ToRs for studies, the gender aspect must be included if relevant.*

#### 4.2.3 Human Rights

Areas of high biodiversity is often overlapping with areas with high percentage of minority ethnic groups. The Review team visited Jingdong where the minority ethnic group was actually in majority. The Team did not find that ethnicity was an issue. Anyhow, as gender can be an issue when assessing the value of biodiversity and ecosystem services (ref 4.3.1), the ethnic background of the population living in a specific area *might* be useful to take into account when designing studies.

#### ***Review Team's assessment***

*When designing studies, the ethnic background of the population living in a specific area might be useful to take into account. Increase the awareness of the value of nature – and integrate this into planning on all levels – will in our view be beneficial for local people depending on nature*



#### 4.2.4 Anti-corruption

No large procurements are financed under this project, the funds pay for deliverables in the form of studies and competence building activities. NEA is co-signing disbursement requests from CRAES to the embassy; and CRAES is co-signing disbursement requests from NEA.

As stated in the agreement, MOFCOM is responsible for audits being carried out on the Norwegian funding to MEP/CRAES. An independent auditor, Beijing Xinghua CPAs, LLP, has been commissioned. Audit reports for the year 2015 have been shared with RNE Beijing as per agreement. The audit gives a clean audit opinion on the income and expenditure of funds.

The auditors do not audit the funds transferred from CRAES to subcontractors (FECO, CAP and pilots), these transfers can only be found as “subcontract fee” in the audit report. The “subcontract fee” in 2015 was RMB 620.000 out of total expenses of RMB 749.948,92. Total expenses are expenses paid by 31<sup>st</sup> December, the project has also accrued expenses that were not paid by that date.

Funds for the Norwegian side are transferred from RNE Beijing to NEA based on actual costs (work hours and travel related costs) invoiced.

NEA must follow the Norwegian government’s tender rules when subcontracting work under the project.

- Contracts under 100.000 NOK does not need open tender if not found relevant to do so (two minor contract; Scanteam and Schei -> OK)
- Main technical sub-contract worth 1 mill was undergoing a public tender process -> Vista got the contract

Norwegian public institutions (like NEA) are audited by Auditor General so the Embassy will normally not request a project audit.

#### ***The Review Team’s assessment***

*The corruption risk is seen as low in this project. There are no physical investments and payments to the subcontracted institutions are linked to deliverables.*

## 5 Conclusions and recommendations

As a whole, the project is well on track. Some activities – or outputs – are delayed, implicating that the project might not be completed on time. The Result framework has some weaknesses; especially in the formulation of goal and purpose. This will pose a challenge to the partners especially when they are compiling data for the indicators. Anyhow, the partners seem to have a common understanding of what should be the goal and purpose of the project.

The efficiency of the project as a whole is deemed as acceptable. The Norwegian partners have the adequate knowledge and experience to share technical knowledge relevant for the Chinese partners. Close collaboration between the project and the China TEEB office is essential to secure sustainability.

## 5.1 Recommendations specific to the project

The main recommendations specific to the project are as follows:

*- The Norwegian side were not adequately involved at the early stages in the two Chinese studies, and therefore not been able to provide technical input before the reports were in the completion stage. This has been raised by the Norwegian side, and both parties agree that early involvement from the Norwegian side is essential if the Chinese side is to benefit from their expertise. The parties must find ways to achieve better involvement of Norwegian expertise on county level. The expertise of the Norwegian and Chinese side must be combined in the best way possible.*

*- NEA (or Vista) should prioritize longer stays in China to be able to be better integrated in the technical work.*

*-The project should actively seek to engage female researchers when future studies are designed. The project must ensure that women have equal possibility to be both lead researcher and participate in research groups. When formulating the ToRs for studies, the gender aspect must be included if relevant.*

*-The partners must increase their awareness towards sustainability issues. Close cooperation with MEP and the TEEB office must be emphasised. Involving younger staff/researchers is important to secure sustainability.*

*-IUCN China has introduced GEP – Gross Ecosystem Product. The Chinese government working with IUCN is actively carrying out pilot research projects on GEP with partners and help local government to build capacity to use the valuation tools. It is unclear to the Review Team how well the projects work on TEEB and IUCN's work on GEP is aligned. It is therefore important that IUCN is invited in when planning for the last part of the project period is done by CRAES and NEA*

*-The dissemination of results should be done in close cooperation with the China TEEB office. It is important that the outputs/lessons learned is seen as a part of the China TEEB programme and to secure ownership.*

*-All reports should be available on a dedicated website. Can social media be used to reach out to the general public?*

*-Realistic budget planning is important. The parties (CRAES and NEA) must plan and budget realistically for 2017. If not all outputs can be completed in 2017 – and the corresponding funds spent, a request for transfer of funds to 2018 must be forwarded to the embassy. This request must clearly state which outputs are delayed – and why.*

*-If some activities can not be implemented (like CRAES visit to Norway), funds should be reallocated to activities that can support the achievement of the goal and purpose of the project*

*-CRAES and NEA to agree on the best use of the Contingency budget line and forward a request to the embassy based on this.*

*-The Annual Report 2015 has an easy accessible format, but in the next report more emphasis should be on qualitative aspects. The annexes could be less detailed.*

## 5.2 Other recommendations

The Review Team will also raise one other relevant issues not directly – or not only – linked to the project under review:

*-The Review team will underscore the importance of MEP and the Norwegian Ministry of Climate and Environment meet to discuss priorities. Emphasis should be on Chinese priorities linked to the 13<sup>th</sup> 5-Year Plan (2016-2020) as well as the areas where Norway has special competence. Emphasis should also be on which Norwegian partners have the required knowledge both related to the technical issue, but just as importantly intimate knowledge of China and a proven track record of cooperation with Chinese authorities.*

*- When formulating a goal hierarchy (often also referred to as Result Framework), avoid promising more than is realistic. Long and complicated sentences should be avoided.*

*- Under Norwegian Research Council funding Norwegian-Chinese research projects are financed. Synergies between technical cooperation projects – like the project under review - and research projects should be explored. [http://www.forskningsradet.no/prognett-chinor/Home\\_page/1253952407004](http://www.forskningsradet.no/prognett-chinor/Home_page/1253952407004)*



*The Review Team and project staff met with CAS researchers in Jingdong.*

## Annexes

Annex I	Terms of Reference
Annex II	List of people consulted
Annex III	List of Documents reviewed by the Team
Annex IV	Organizational chart China TEEB Programme
Annex V	Highlights of the Jingdong Valuation Report
Annex VI	Comments from CRAES on the recommendations

## Annex I

### Terms of Reference

#### TERMS OF REFERENCE FOR MIDTERM REVIEW OF THE PROJECT

##### **Mainstreaming Biodiversity and Ecosystem Service Values into Policy Making in China**

PTA Programme/project CHN-2152 14/0036

### **1 BACKGROUND FOR THE REVIEW**

According to the agreement (Article X) for the project *Mainstreaming Biodiversity and Ecosystem Service Values into Policy Making in China*, the Parties may agree to carry out a review, an inspection and/or an evaluation of the Project. Based on the agreement and follow-up discussions between the Parties, the review will take place in the second half of 2016.

### **2 DESCRIPTION OF THE PROJECT TO BE REVIEWED**

The project to be reviewed is a cooperation between China and Norway to improve China's policy making and management on biological diversity. Below are the project long-term goal, purpose and expected outcome as described in the signed project agreement and final project document.

#### **Goal**

The goal of the project is: to promote the mainstreaming of biodiversity issues into policymaking through linking biodiversity, ecosystem services, human welfare and, where possible, economic valuation, as a contribution to improve biodiversity management and ecosystem services.

#### **Purpose**

The Purpose of the Project is to mainstream biodiversity into policymaking and planning at county level through economic valuation, tool and approach development for mainstreaming and capacity building.

#### **Expected Outcome**

- Biodiversity and ecosystem service valuation is successfully applied in pilot counties.
- Improved knowledge and understanding of the values of ecosystem services and biodiversity in pilot counties.

The Norwegian grant for this project is NOK 20,384,300. The Chinese side provides an in-kind contribution of RMB 14,278,125. The project agreement was signed on December 05, 2014. The planned time frame for the project was 2014-2017.

China's Ministry of Commerce (MOFCOM) has the overall responsibility for the Project and Ministry of Environmental Protection (MEP) supervises the implementation of the Project, according to the project agreement. The Chinese Research Academy of Environmental Sciences (CRAES), an entity under MEP, and the Norwegian Environment Agency (NEA) are the main Project implementing partners. It was the first time for CRAES and NEA to directly enter into the Institutional Cooperation Contract (ICC) with each other. The ICC was signed in June 2015.

### **3 PURPOSE OF THE REVIEW**

The purpose of the review is to focus upon progress to date and the effectiveness and efficiency of the project, i.e. the extent to which the purpose and outputs are being achieved, and if the progress has been made in accordance with the work plan and budget. Expected outcome and impact should be assessed to the degree possible.

### **4 SCOPE OF WORK**

The review will include interviews with relevant partners and institutions in Norway and Beijing, as well as a visit to one pilot county. These interviews combined with assessment of relevant written material will form the basis for the review.

A detailed itinerary for the field work in China is the responsibility of CRAES, but with input from the Embassy and Norad.

- Institutions to be interviewed in Norway: Norwegian Environment Agency, Ministry of Climate and Environment and Vista Analyse.
- Institutions to be interviewed in Beijing: Norwegian Embassy in Beijing, MOFCOM, MEP, CRAES and other institutions that are related to the content of the project under review, such as UNEP, IUCN and TEEB office in China.
- The review team will visit Jingdong County in Yunnan province, one of the pilot counties.

The following questions will be indicative for the work of the review team:

- How well is the project aligned with China's national policies in this area, in particular with the national TEEB program/action plan? Furthermore, how well is it linked up to other projects/initiatives – e.g. those of UNEP and IUCN?
- What are the biggest challenges for China to mainstream biodiversity and ecosystem service values into policy-making? Has the project been able to produce inputs and basis for suggestions on how to meet these challenges in a most efficient and pragmatic way?
- How has the project been contributing to Chinese authorities' technical know-how and policy formulation on mainstreaming biodiversity and ecosystem service values into policy making?
- In the project document, it is stated that “this project will attempt to bridge the gap that has frequently existed between ecosystem services studies and the government sector that actually put results in active use.” Has the project made some achievements on this?

- Have all the relevant stakeholders been adequately involved in and informed on the project progress, including MEP? Have they been consulted and listened to in the project implementation?
- Has the Norwegian expertise being shared through the project activities been found relevant and useful for the project implementation and China's work in this area?
- How are relevant cross-cutting issues handled in the project: gender, human rights and anti-corruption? How is project sustainability secured?
- Has project management (including financial management) on both the Chinese and the Norwegian side been carried out in a professional and efficient manner? Is the reporting following the agreed outline?

## **5 APPROACH, TIMING AND PLANNED RESULTS OF THE PROJECT REVIEW**

The review will take place during the second half of 2016 with field work in China planned for 19-28 September.

The Review Team should present their main findings and recommendations to CRAES and the Norwegian Embassy before leaving Beijing.

The review report shall be in English language and not exceed 15 pages (excluding annexes). The dates for the draft report and the final report should be agreed with the Embassy and CRAES.

The Report should include:

- 0 Executive summary
  - 1 Introduction
  - 2. Project Description and comments on project design
  - 3 Project status assessment
  - 4 Project efficiency, impact and sustainability
  - 5 Conclusions and recommendations
- Relevant Annexes

## **6 REVIEW TEAM COMPOSITION**

Ms Helle Biseth, Norad (Team leader)

Dr Liu Rui, Chinese consultant (Interviews in China and input to the Review Report)

Ms Kristine Berge Stubberud, Norad (Interviews in Norway and input to the Review Report)

An interpreter will be provided for the team, with the relevant costs to be covered by the Norwegian Embassy.

## Annex II

### List of people consulted (China)

Name	Position	Institution	Remark
Jan Wilhelm Grythe	Cousellor (Development)	Royal Norwegian Embassy, Beijing	
Tor Skudal	Counsellor (Environment)	Royal Norwegian Embassy, Beijing	
Yinglang Liu	Programme officer	Royal Norwegian Embassy, Beijing	
Zhang Fengchun	Researcher, Project Leader	Biodiversity Research Center , CRAES	
Song Wenjuan	Project coordinator	Sino-Norwegian Project Management Office, Biodiversity Research Center, CRAES	
Feng Jin	Project Assistant	Sino-Norwegian Project Management Office, Biodiversity Research Center, CRAES	
Jiang Nanqing	National Officer	UNEP China Office	
Chunquan Zhu	Country representative	IUCN Beijing	
Zhang Yan	Head of Programme	IUCN Beijing	
Jin Wenjia	Programme Assistant	IUCN Beijing	
Li Dianmo	Researcher	Institute of Zoology, CAS (retired)	
Li Shenggong	Researcher	Institute of Geographic Sciences and Natural Resources CAS	
XieGaodi	Researcher	Institute of Geographic Sciences and Natural Resources CAS	
Xu Ming	Researcher	Institute of Geographic Sciences and Natural Resources CAS	
Du Leshan	Assistant Researcher	China TEEB Office, CRAES	
Chang Jiang	TEEB Focal point (MEP)	Biodiversity Division, Ecological Department, MEP	Email
Liang Hong	Division Head	MOFCOM; Department of International Trade and Economic Affairs	
Li luning	Manager	MOFCOM Department of International Trade and Economic Affairs	
Zhang Yonglei	Deputy County Governor	Jingdong County People's Government	
Wang Gaohe	Deputy County Governor	Jingdong County People's Government	



Xie Tianxiang	Director	EPB, Jingdong County People's Government	
Ding Xijie	Deputy Director	EPB, Jingdong County People's Government	

### List of people consulted (Norway)

<b>Name</b>	<b>Position</b>	<b>Institution</b>	<b>Remark</b>
Tone Solhaug	Senior Adviser China contact point	Norwegian Ministry of Climate and Environment	
Lindseth Gard	Senior Adviser TEEB contact point	Norwegian Ministry of Climate and Environment	
Kirsten Grønvik Bråten	Senior Adviser	NEA	
Borge Håmsø	Adviser	NEA	Skype
Marie Sneve Martinussen	Adviser	NEA	
Hans Aasen	Deputy Director	NEA	
Henrik Lindhjem	Researcher	Vista Analysis	

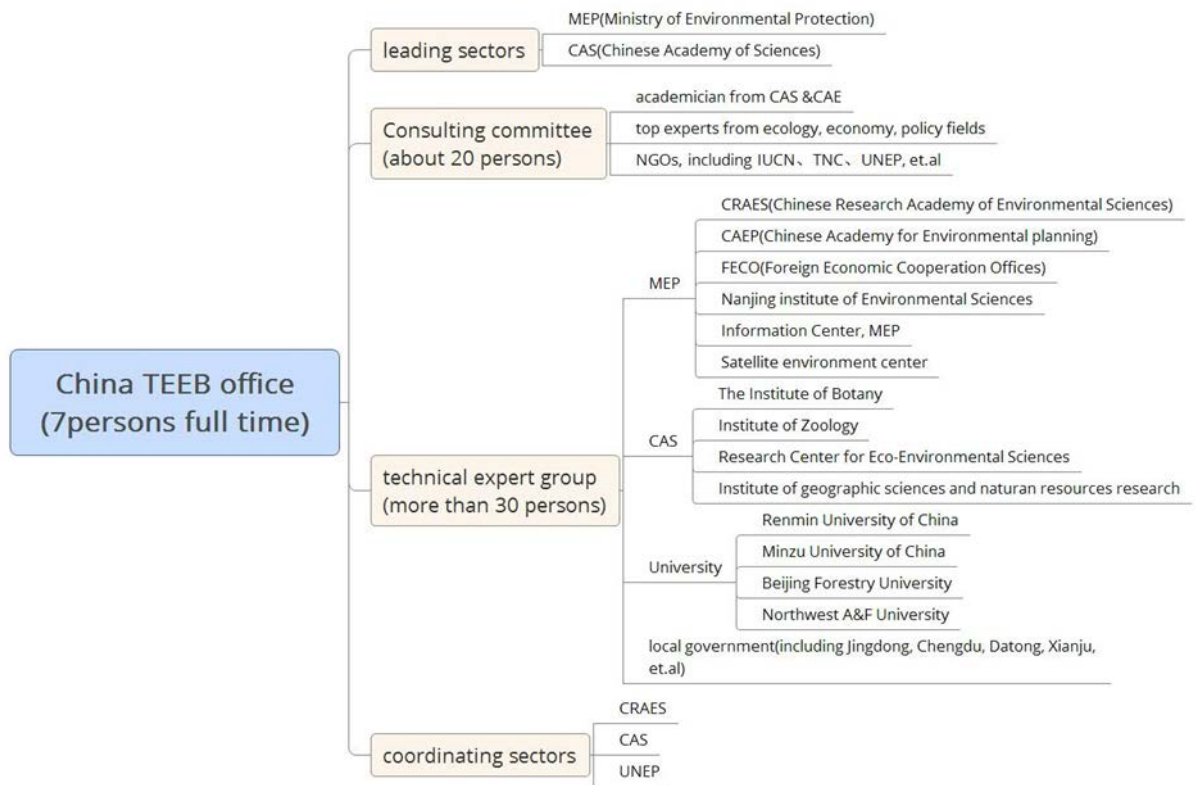
## Annex III

### List of documents reviewed by The Team

- Project Proposal (23 September 2010)
- Decision Document from the Norwegian Embassy
- Agreement between MFA and MOFCOM (30<sup>th</sup> November 2010)
- Contract between CRAES and NEA
- Contract between NEA and Vista
- Contract between NEA and Petter Johan Schei
- Contract between NEA and Scanteam
- Inception Report (28<sup>th</sup> Sept 2015)
- One example of a contract between CRAES and a subcontracting partner (summarized by the Team's interpreter)
- One example of a contract with a Pilot County (summarized by the Team's interpreter)
- Annual Report for 2015
- Audit for 2015
- Jingdong Valuation Report
- Mainstreaming biodiversity and ecosystem services – Norwegian and European -Experiences (Vista Analyse Report 2016/13)
- Case Study Report of Gross Ecosystem Product and Ecological Assets, (IUCN Beijing)
- Gross Ecosystem Product, (IUCN Beijing)
- A Report of Assessment for the Value of Ecosystem Service in Jingdong County, Yunnan Province, China (CRAES, Jingdong County)

# Annex IV

## Organizational chart China TEEB Programme



## Annex V

### Some highlights from the report Assessment for the Value of Ecosystem Service in Jingdong County, Yunnan Province, China (CRAES, Jingdong County)

Compiled by Dr Rei Liu

Jingdong county, as a pilot county in this project, has carried out an economic valuation of biodiversity and ecosystem services for the entire county. The report of the valuation has been completed in 2015. The methodology of valuation of biodiversity and ecosystem services has been carried out in Jingdong County, Yunnan Province, People's Republic of China as follows:

- a. The valuation of ecosystem products and services: calculation of ecosystem providing with varies of supply product services, regulation services and cultural services during certain timing, such as providing with food products, wood products, hydrological power, soil conservation, pollutant purification and so on.
- b. Defining marketing prices of the ecosystem products and services: such as wood product price per unit, water resource price per unit, price for soil conservation per unit and so on;
- c. The valuation of whole functions of ecosystem products and services: based on the calculation of function of ecosystem products and services, the total economical values of ecosystem products and services are calculated.

An **indicator system of valuation of biodiversity and ecosystem services** in Jingdong County has been developed as follows:

<i>Service type</i>	<i>Indicator type</i>	<i>indicators</i>
Supply Services	Supply products	Agricultural products
		Forest products
		Animal husbandry products
		Fishing products
	Water resource	Water supply
Hydropower	Hydropower	
Regulation Services	Soil Conservation	Soil conservation
		Soil fertility
		Reduce pollutants
	Water conservation	Water regulation
		Water purification

	Carbon sequestration and oxygen relief	Carbon sequestration oxygen relief
	Air quality regulation	Reduce SO <sub>2</sub>
		Reduce dust
		Reduce noise
		Hydrogen relief
	Climate regulation	Evaporation of vegetation
		Evaporation of water surface
Disease control	Disease control	
Cultural Services	Cultural tour	Recreation
Recreation Services	Biodiversity Conservation	Spices protection

The Values of **ecosystem supplying services** of Jingdong County has been calculated as follows:

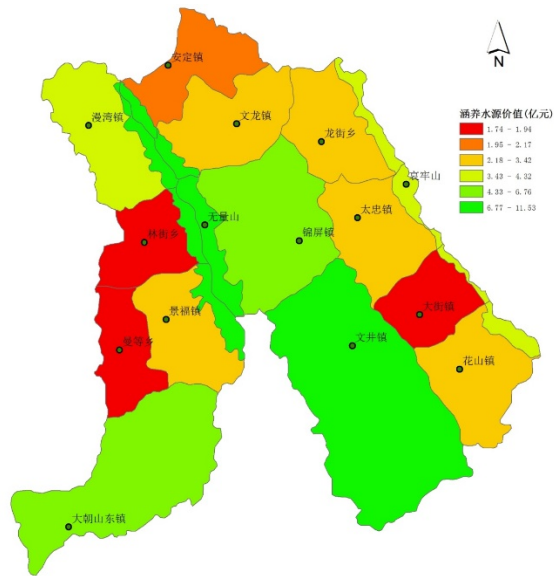
<b>Type</b>	<b>Items</b>	<b>Values (billion Yuan)</b>
Supply products	Agricultural products	1.467
	Forest products	0.778
	Animal husbandry	1.228
	Fishing products	0.073
Water resources	Water supply	0.341

Hydropower	Hyro-electronic	0.049
<b>Total</b>		<b>3.936</b>

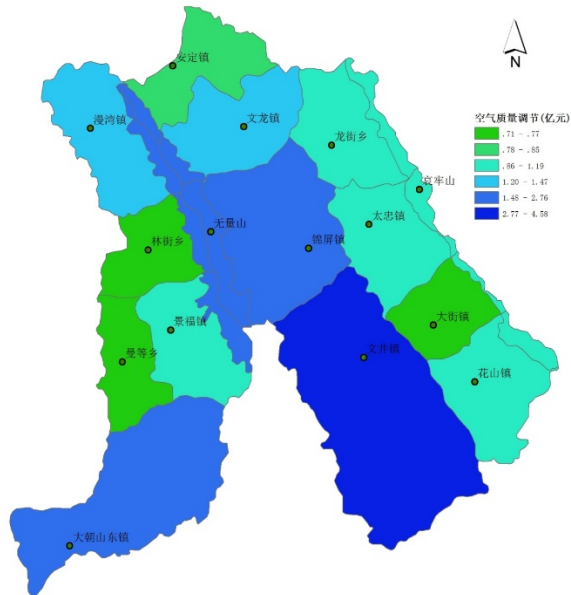
The Values of **ecosystem regulation services** of Jingdong County has been calculated as follows:

<b>Type</b>	<b>Items</b>	<b>Values (billion yuan)</b>
Soil Conservation	Soil conservation	0.881
	Soil fertility	11.030
	Reduce soil pollutants	0.129
Water conservation	Water justification	6.065
	Water purification	1.649
Carbon sequestration and hydrogen relief	Carbon sequestration	0.420
	Oxygen relief	1.173
Air quality justification	Reduce SO <sub>2</sub>	0.066
	Reduce dust	1.179
	Reduce noise	1.153
	Oxygen relief	0.006
Climate justification	Evaporation of vegetation	0.004
	Evaporation of water surface	26.115
Disease control	Disease control	0.145
<b>Total</b>		<b>50.017</b>

The values of **water resource service** of Jingdong County, Yunnan, China  
(0.1 billion yuan·a<sup>-1</sup>)



The values of **air quality justification service** of Jingdong County, Yunnan, China  
(0.1 billion yuan·a<sup>-1</sup>)



## Annex VI

### Comments from CRAES on the recommendations

*Team: The Norwegian side were not adequately involved at the early stages in the two Chinese studies, and therefore not been able to provide technical input before the reports were in the completion stage. This has been raised by the Norwegian side, and both parties agree that early involvement from the Norwegian side is essential if the Chinese side is to benefit from their expertise. The parties must find ways to achieve better involvement of Norwegian expertise on county level. The expertise of the Norwegian and Chinese side must be combined in the best way possible.*

CRAES: With the help of the Norwegian Embassy, NEA and CRAES, though Skype discussions and face-to-face meetings, have found ways to deal with this issue. The ways the project currently using include i) CRAES and NEA jointly prepare ToRs for subcontracts; ii) CRAES and NEA have decided to jointly manage subcontracts from beginning to the end, including drafts of each subcontract's workplan; iii) early translation from Chinese into English of all the implementation related materials of the project; and iv) NEA gives comments to all of the stages of reports prepared by the subcontracts. The project management has been largely improved and was highly praised by the Embassy

*Team: NEA (or Vista) should prioritize longer stays in China to be able to be better integrated in the technical work.*

CRAES: This suggestion has been discussed and will be taken into account during the remaining period of the project

*Team: The project should actively seek to engage female researchers when future studies are designed. The project must ensure that women have equal possibility to be both lead researcher and participate in research groups. When formulating the ToRs for studies, the gender aspect must be included if relevant.*

CRAES: Actually, the proportion of female researchers and staff of the project was higher than that of the males. As for the leading researchers, 8 subcontracts have been signed so far and 1 of the eight was led by a female researcher (newly signed). The proportion of female leading researcher for this project is 12.5% that is much higher than the average (4.5%) in China. Of course, this project will pay more attention to this issue.

*Team: The partners must increase their awareness towards sustainability issues. Close cooperation with MEP and the TEEB office must be emphasised. Involving younger staff/researchers is important to secure sustainability.*

CRAES: The embassy has emphasized the sustainability from beginning and the project will pay special attention to this in the future; CRAES and China TEEB Programme Office have established a very close relationship. TEEB Office participated in the project design and implementation. TEEB office provided its needs of supports from the project. The selection of new cases studies and piloting activities were consulted with the Office. All of the reports, achievements and methods developed by the project were submitted to the TEEB Office and MEP.

*Team: IUCN China has introduced GEP – Gross Ecosystem Product. The Chinese government working with IUCN is actively carrying out pilot research projects on GEP with partners and help local government to build capacity to use the valuation tools. It is unclear to the Review Team how well the projects work on TEEB and IUCNs work on GEP is aligned. It is therefore important that IUCN is invited in when planning for the last part of the project*



*period is done by CRAES and NEA.*

CRAES: GEP has been widely studied in many research institutions and universities in China. Some of the project subcontractors have been working on this for years. China State Forestry Administration, Ministry of Science and Technology and Chinese Academy of Sciences also provided funds to support studies on GEP in China. The project will try to get IUCN more involved in the future's implementation, although IUCN experts have been consulted and invited when the project was designed and the reports were reviewed.

*Team: The dissemination of results should be done in close cooperation with the China TEEB office. It is important that the outputs/lessons learned is seen as a part of the China TEEB programme and to secure ownership.*

CRAES: As mentioned above, there is a close cooperation between the project and China TEEB Programme. The outcomes and achievements of the Sino Norwegian project will be disseminated through China TEEB Programme. The discussion between the project and China TEEB Programme on the joint publicity and dissemination is under way. Hopefully, the project will share a website with the China TEEB Programme.

*Team: All reports should be available on a dedicated website. Can social media be used to reach out to the general public?*

CRAES: As mentioned above, the project will do this together with the China TEEB Programme.

*Team: Realistic budget planning is important. The parties (CRAES and NEA) must plan and budget realistically for 2017. If not all outputs can be completed in 2017 – and the corresponding funds spent, a request for transfer of funds to 2018 must be forwarded to the embassy. This request must clearly state which outputs are delayed – and why.*

CRAES: This has been done according to the requirement of the Embassy and the finalized planning has been submitted to the Embassy.

*Team: If some activities can not be implemented (like CRAES visit to Norway), funds should be reallocated to activities that can support the achievement of the goal and purpose of the project.*

CRAES: This was discussed between CRAES, NEA and the Embassy, and an updated workplan developed.

*Team: CRAES and NEA to agree on the best use of the Contingency budget line and forward a request to the embassy based on this.*

CRAES: This has been done according to the requirement of the Embassy. Some of the Contingency will be used to fill the gap caused by the devaluation of Norwegian Krone.

*Team: The Annual Report 2015 has an easy accessible format, but in the next report more emphasis should be on qualitative aspects. The annexes could be less detailed*

CRAES: This was discussed between CRAES, NEA and the Embassy, and the next report will be prepared as suggested.

*Team: The Review team will underscore the importance of MEP and the Norwegian Ministry of Climate and Environment meet to discuss priorities. Emphasis should be on Chinese priorities linked to the 13<sup>th</sup> 5-Year Plan (2016-2020) as well as the areas where Norway has special competence. Emphasis should also be on which Norwegian partners have the required knowledge both related to the technical issue, but just as importantly intimate knowledge of*

*China and a proven track record of cooperation with Chinese authorities.*

CRAES: We will forward this suggestion to MEP and try to push forward a meeting. Such a meeting is expected to be very important and meaningful.

*Team: When formulating a goal hierarchy (often also referred to as Result Framework), avoid promising more than is realistic. Long and complicated sentences should be avoided.*

CRAES: Suggestion adopted

*Team: Under Norwegian Research Council funding Norwegian-Chinese research projects are financed. Synergies between technical cooperation projects – like the project under review - and research projects should be explored.*

[http://www.forskningsradet.no/prognett-chinor/Home\\_page/1253952407004](http://www.forskningsradet.no/prognett-chinor/Home_page/1253952407004)

CRAES: Very important information