Global Environment Facility
Trust Fund Grant Agreement

(Guangxi Integrated Forestry Development and Conservation Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

and

PEOPLE’S REPUBLIC OF CHINA

Dated February 28, 2007
GEF TF GRANT NUMBER TF054688-CHA

AGREEMENT dated February 28, 2007, (“GEF Trust Fund Grant Agreement”) entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“the Bank”), acting as an implementing agency of the Global Environment Facility, established pursuant to Resolution No. 91-5 of March 14, 1991 and Resolution No. 94-2 of May 24, 1994 of the Executive Directors of the Bank (“GEF”), for grant funds provided to the GEF Trust Fund by certain members of the World Bank as participants of the GEF and PEOPLE’S REPUBLIC OF CHINA (“Recipient”) (“GEF Trust Fund Grant Agreement”).

The Recipient and the Bank hereby agree as follows:

ARTICLE I
Standard Conditions; Definitions

1.01. The Standard Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in the GEF Trust Fund Grant Agreement have the meanings ascribed to them in the Standard Conditions and in the preamble and the Appendix to this Agreement.

ARTICLE II
The Project

2.01. The Recipient declares its commitment to the objectives of the project (“Project”) described in Schedule 1 to this Agreement. To this end, the Recipient shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article II of the Standard Conditions and the Project Agreement.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement and the Schedule to the Project Agreement.

ARTICLE III
The GEF Grant

3.01. The Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to five million two hundred fifty thousand Dollars (USD5,250,000) (“GEF Grant”) to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the GEF Grant in accordance with Section IV of Schedule 2 to this Agreement.

ARTICLE IV
Remedies of the Bank

4.01. The Additional Events of Suspension referred to in Section 4.02(i) of the Standard Conditions, consist of the following:

(a) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Project Agreement;

(b) The Project Implementing Entity has failed to perform any obligation under the Project Agreement;

(c) The Bank has determined after the Effective Date that prior to such date but after the date of the GEF Trust Fund Grant Agreement, an event has occurred which would have entitled the Bank to suspend the Recipient’s right to make withdrawals from the GEF Grant Account if the GEF Trust Fund Grant Agreement had been effective on the date such event occurred;

(d) Any material adverse change in the condition of the Recipient (other than the Member Country), as represented by it, has occurred prior to the Effective Date; or

(e) As a result of events which have occurred after the date of the GEF Trust Fund Grant Agreement, an extraordinary situation has arisen which makes it improbable that the Project Implementing Entity will be able to perform its obligations under the Project Agreement.

ARTICLE V
Effectiveness

5.01. The GEF Trust Fund Grant Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of the GEF Trust Fund Grant Agreement on behalf of the Recipient and the Project Agreement on behalf of the Project Implementing Entity have been duly authorized or ratified by all necessary governmental and corporate action.
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(b) The Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals thereunder, except only the effectiveness of the GEF Trust Fund Grant Agreement, have been fulfilled.

5.02. As part of the evidence to be furnished pursuant to Section 5.01(a), there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank or, if the Bank so requests, a certificate satisfactory to the Bank of a competent official of the Member Country, showing the following matters:

(a) on behalf of the Recipient, that the GEF Trust Fund Grant Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and

(b) on behalf of the Project Implementing Entity, that the Project Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

5.03. Except as the Recipient and the Bank shall otherwise agree, the GEF Trust Fund Grant Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the GEF Grant Account if the GEF Trust Fund Grant Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this sub-paragraph until such event (or events) has (or have) ceased to exist.

5.04. The GEF Trust Fund Grant Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this GEF Trust Fund Grant Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

ARTICLE VI
Representatives; Addresses

6.01. The Recipient’s Representative referred to in Section 6.03 of the Standard Conditions is the Minister of Finance.

6.02. The Recipient’s Address referred to in Section 6.02 of the Standard Conditions is:
6.03. The Bank’s Address referred to in Section 6.02 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable Address: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391

AGREED at Beijing, People’s Republic of China, as of the day and year first above written.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as an Implementing Agency of the Global Environment Facility)

By /s/ David Dollar
Authorized Representative

PEOPLE’S REPUBLIC OF CHINA

By /s/ Yang Shaolin
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient to improve the effectiveness of forest management and institutional arrangements in timber production, watershed protection and natural reserves management in selected areas of the Guangxi Zhuang Autonomous Region.

The Project consists of the following parts:

Part A: Expanding Timber Plantations

1. Establishing in an economically, environmentally and socially sustainable way of about 200,000 hectares of timber plantations with high quality planting materials of about eleven selected species (Part 1 Selected Species) in selected Project sites in about 37 Participating Counties by Participating Forest Farms and Participating Sub-borrowers.

2. Provisions of technical support for afforestation through:
   (a) planting stock development comprising the introduction of improved genetic materials, the production of approximately 424 million seedlings required for the Project and nursery management at about 33 permanent central nurseries (Participating Nurseries) including expansion of four forest farm nurseries (Participating Forest Farm Nurseries); and
   (b) construction of small guard and storage sheds by Participating Forest Farms and Participating Sub-borrowers.

Part B: Increasing of Ecological Forest Cover

1. Establishing approximately 18,000 hectares of multiple-use protection forests (Protection Forests) through planting of sixteen selected species (Part 2 Selected Species).

2. Promoting forest regeneration and vegetation rehabilitation in approximately 100,000 hectares in about 25 Participating Counties through hill closure restricting consumptive use of forest resources in watershed and karst areas.

3. Establishing a Bio-carbon pilot of approximately 4,000 hectares of multiple use protection forests for carbon sequestration and test carbon trade processes.
Part C: Improving Management of Nature Reserves

1. Development of ecological baseline maps for ecosystems in the Participating Nature Reserves.

2. Development and implementation of management plans for the Participating Nature Reserves (Nature Reserve Management Plans), including: construction of small-scale facilities; training of Participating Nature Reserve; training of key stakeholders outside of nature reserves, including farmers, farmer groups, village committees, forest farms and forest bureau staff in biodiversity conservation; and strengthening administrative capacity in the Wildlife Management Division and Wildlife and Nature Reserve Management Station of GFB.

3. Conservation Management Outside Existing Nature Reserve System, including:
   (a) supporting comprehensive biodiversity surveys of karst cave ecosystems in Mulun Nature Reserve and one additional site, including training of staff in cave fauna survey and mapping techniques;
   (b) supporting a rapid biodiversity assessment of the Southwestern Guangxi Karst Biodiversity Area focusing on existing protected areas and remaining blocks of unprotected forest; and
   (c) supporting a rapid biodiversity assessment of selected sites under Part B of the Project (Increasing of Ecological Forest Cover).

4. Community Relationships with Participating Nature Reserves, including:
   (a) supporting activities to engage local communities in nature reserve management;
   (b) developing and implementing conservation education and public awareness programs;
   (c) training of community leaders and rural households; and
   (d) training village committees to manage community projects.

5. Monitoring and Replication of the activities under Part C of the Project, including: developing a monitoring scheme with each Participating Nature Reserve; undertaking Participating Nature Reserve Management Plan reviews; and disseminating and promoting replication of Project experiences in other provinces of the Recipient.
Part D: Enhancing Institutional Management

1. Strengthening the capacity of GFB to develop and implement a provincial forest sector development and protection strategy.

2. Implementation of applied research programs to improve: (i) commercial forestry development; (ii) ecological forest protection; and (iii) biodiversity conservation.

3. Training and extension program to: (i) GFB staff and Participating Forest Farms and Participating Sub-borrowers; and (ii) natural reserve management staff at the Provincial level.

4. Establishing a project monitoring and evaluation system in GFB.
SCHEDULE 2

Project Execution

Section I. On-granting

On-granting Agreement

The Recipient shall make available to the Project Implementing Entity the proceeds of the GEF Grant under terms and conditions satisfactory to the Bank.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in Annex to this Schedule. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Bank not later than two (2) months after the end of the period covered by such report.

2. For purposes of Section 2.06(d) of the Standard Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Bank not later than six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the GEF Grant shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the GEF Grant shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Schedule.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and Works**

1. **International and National Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding and National Competitive Bidding procedures subject to the following additional procedures:

   (a) The procedures to be followed for National Competitive Bidding shall be those set forth in the Law on Tendering and Bidding of the People’s Republic of China promulgated by Order No. 21 of the President of the People’s Republic of China on August 30, 1999, with the following clarifications required for compliance with the Guidelines:

   (i) All invitations to prequalify or to bid shall be advertised in a newspaper of national circulation in the Recipient’s country, except for civil works contracts that are estimated cost less than $2,000,000 equivalent each and for goods contracts that are estimated to cost less than $300,000 equivalent each, which may be advertised in a provincial daily newspaper. Such advertisement shall be made in sufficient time for prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. In any event, a minimum of thirty (30) days shall be given to bidders between the date of advertisement in such newspaper and the deadline for submission of bids, and the advertisement and bidding documents shall specify the deadline for such submission.

   (ii) Qualification requirements of bidders and the method of evaluating the qualification of each bidder shall be specified in detail in the bidding documents.

   (iii) All bidders that meet the qualification criteria set out in the prequalification document shall be allowed to bid and there shall be no limit on the number of pre-qualified bidders.
(iv) All bidders shall be required to provide security in an amount sufficient to protect the Recipient or the Project Implementing Entity, as the case may be, in case of breach of contract by the contractor, and the bidding documents shall specify the required form and amount of such security.

(v) Bidders will be allowed to submit bids by mail or by hand. The time for opening of all bids shall be the same as the deadline for receipt of such bids.

(vi) All bids shall be opened in public; all bidders shall be offered an opportunity to be present (either in person or through their representatives) at the time of bid opening, but bidders shall not be required to be present at the bid opening.

(vii) All bid evaluation criteria shall be disclosed in the bidding documents and quantified in monetary terms or expressed in the form of pass/fail requirements.

(viii) No bid may be rejected solely on the basis that the bid price falls outside any standard contract estimate, or margin or bracket of average bids established by the Recipient or the Project Implementing Entity, as the case may be.

(ix) Each contract shall be awarded to the lowest evaluated responsive bidder, that is, the bidder who meets the appropriate standards of capability and resources and whose bid has been determined: (A) to be substantially responsive to the bidding documents; and (B) to offer the lowest evaluated cost. The winning bidder shall not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

(x) Each contract financed with the proceeds of the GEF Grant shall provide that the suppliers and contractors shall permit the Bank, at its request, to inspect their accounts and records relating to the performance of the contract and to have said accounts and records audited by auditors appointed by the Bank.

(xi) Government owned enterprises in the Recipient’s country may be permitted to bid or submit a proposal of goods and works if they can establish that they: (i) are legally and financially autonomous; (ii) operate under commercial law; and (iii) are
not a dependent agency of the agency conducting the procurement.

(xii) Re-bidding should not be allowed solely because the number of bids is less than three (3).

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International and National Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Shopping</td>
</tr>
<tr>
<td>(b) Community Participation</td>
</tr>
</tbody>
</table>

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Selection based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(c) Single-source Selection</td>
</tr>
<tr>
<td>(d) Individual Consultants</td>
</tr>
</tbody>
</table>

D. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Bank: (a) each contract for goods estimated to cost the equivalent of $500,000 or more; (b) each contract for consultants’ services estimated to cost the equivalent of US$100,000 or more for firms, and $50,000 or more for individuals; and (c) each contract proposed to be awarded under single-source selection procedures. All other contracts shall be subject to Post Review by the Bank.
Section IV. Withdrawal of the Proceeds of the GEF Grant

A. General

1. The Recipient may withdraw the proceeds of the GEF Grant in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the GEF Grant (“Category”), the allocations of the amounts of the GEF Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category, inclusive of taxes:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the GEF Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works under Parts C of the Project.</td>
<td>420,000</td>
<td>50%</td>
</tr>
<tr>
<td>(2) Goods under Part C of the Project.</td>
<td>620,000</td>
<td>85%</td>
</tr>
<tr>
<td>(3) Consultants’ services and training and study tours under Part C of the Project, and for biodiversity conservation related surveys and training at provincial level natural reserve management under Part D of the Project.</td>
<td>3,610,000</td>
<td>70%</td>
</tr>
<tr>
<td>(4) Grants for Research Activities under Part C of the Project.</td>
<td>300,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(5) Grants for livelihood community activities under Part C of the Project.</td>
<td>300,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,250,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $525,000 equivalent may be made for payments made prior to this date but on or after July 1, 2006, for Eligible Expenditures under Categories 1, 2 and 3.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2012.
## ANNEX to SCHEDULE

### Performance Indicators

<table>
<thead>
<tr>
<th>PDO/Global Environment Objective</th>
<th>Outcome Indicator</th>
<th>Use of Outcome Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>To improve effectiveness of forest management and institutional arrangements in timber production, watershed protection and nature reserves management in selected areas of GZAR.</td>
<td>1.1. Project-supported timber plantations achieve higher timber volume growth per hectare than non-project plantations areas. 1.2. Project forest farm employees are able to engage in self employment. 2.1. Increase in vegetation cover in targeted watersheds at project completion. 3.1. Populations of key indicator species (e.g., primates &amp; turtles) or areas of limestone forest in at least 4 out of 5 nature reserves remain stable or increase.</td>
<td>1.1. PY2-3 – FBs and FFs would evaluate plantation quality (success rates) and improve technology as relevant. 1.2. PY6 – FFs and FFs workers to evaluate achievement and find other avenue of self employment, if needed. 2.1. PY4-5. GFB and FBs to monitor impact of forest closures and ecological forest plantations to document results and guide ecological forest management and policy. 3.1. PY3-6. Changes in biodiversity, resource use and threats used to guide local decision-making and to adjust nature reserve management plans.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intermediate Results One per Component</th>
<th>Results Indicators for Each Component</th>
<th>Use of Results monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part A: Expanding timber plantation:</strong> Timber production by FFs and HHs increases in the project area.</td>
<td>1.a. Afforested area increase by 200,000 ha with a tree survival rate above 90%. 1.b. 100 percent of all contractual arrangement per type (operations models) recorded in project M&amp;E database. 1.c. Number of participating farm household reached.</td>
<td>Part A: PY2-5. GFB and PMOs monitor plantation establishment goals and improve implementation and techniques to achieve targets. PY2. farmer preference for different contractual arrangements used to adjust participatory design manual.</td>
</tr>
<tr>
<td>Part C: Strengthening Nature Reserves Management: Management effectiveness of five target nature reserves improved. New sites with high biodiversity value identified and protection initiated.</td>
<td>Part C: 3.1.a. Average Nature Reserve Management Effectiveness Tracking Tool score for five target reserves improves from 43 to 60 at mid-term and 70 at completion. 3.1.b. Project-supported nature reserves maintain a higher METT score than a sample of comparable non-project nature reserves. 3.2. Two new high biodiversity value sites identified, threats analyzed, conservation plans prepared and implementation begun.</td>
<td>Part C: PY2-3. Nature reserve management plan implementation performance and outcomes evaluated and plans strengthened as needed. PY5: With and without project intervention evaluated and results used to guide future decisions by the autonomous region. PY4-5. Biodiversity values of new sites confirmed. Status/threat analysis guides management plan design.</td>
</tr>
<tr>
<td>Part D: Enhancing Institutional Capacity: Provincial Forest Bureau, County Forest Bureau, FF, HHs and nature reserve management entities have the skills needed to formulate strategy, develop and sustainably manage forest plantations and nature reserves.</td>
<td>Part D: (a) Provincial forest strategy formulated and adopted by Guangxi authorities. (b) Number of staff and households trained. (c) Number of guidelines, technical advisory bulletins developed and disseminated. (d) Monitoring and evaluation system performance evaluated periodically and improved.</td>
<td>Part D: PY3-4. Project monitoring system and indicators evaluated and results used to improve project implementation, focus and impact.</td>
</tr>
</tbody>
</table>
### Arrangements for Results Monitoring

<table>
<thead>
<tr>
<th>Outcome Indicator</th>
<th>Target Values (in Cumulative numbers)</th>
<th>Data Collection and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Baseline</td>
<td>YR1</td>
</tr>
<tr>
<td>1.1 Relative productivity of timber plantations under the project compared to non-project areas increases as measured by annual timber volume growth per hectare.</td>
<td>N/A</td>
<td>15%</td>
</tr>
<tr>
<td>1.2 Number of employees of participating forest farms no longer on payroll.</td>
<td>0</td>
<td>1600</td>
</tr>
<tr>
<td>2.1. Percent of increase in vegetation cover in targeted watersheds.</td>
<td>N/A</td>
<td>5%</td>
</tr>
<tr>
<td>3.1. Number of nature reserves within which key indicator species or limestone forest areas remain stable or increase.</td>
<td>Baseline survey results</td>
<td>2</td>
</tr>
</tbody>
</table>

### Results Indicator

**Part A: (Expanding timber plantation).**

<table>
<thead>
<tr>
<th></th>
<th>Target Values (in Cumulative numbers)</th>
<th>Data Collection and Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.a. Afforested area in ha with a tree survival rate above 90% (‘000ha).</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>Outcome Indicator</td>
<td>Target Values (in Cumulative numbers)</td>
<td>Data Collection and Reporting</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------------------</td>
<td>------------------------------</td>
</tr>
<tr>
<td><strong>Outcome Indicator</strong></td>
<td><strong>Baseline</strong></td>
<td><strong>YR1</strong></td>
</tr>
<tr>
<td>1.b. Number of participating farm households reached (’000HH).</td>
<td>0</td>
<td>35</td>
</tr>
<tr>
<td>1.c. Monitor and report on sub-loan appraisal and performance per Para. 15 of Annex 17.</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Part B: (Increasing Ecological Forest Cover).</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.a. Number of ha of multiple protection forest established (’000ha).</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>2.b. Carbon sequestered (1000. tons).</td>
<td>0</td>
<td>5.4</td>
</tr>
<tr>
<td><strong>Part C: (Strengthening Nature Reserves Management)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1.a. Management effectiveness of five targeted nature reserves measured by average incremental scores on scorecard.</td>
<td>Base score of 43</td>
<td>Score of 60</td>
</tr>
<tr>
<td>3.1.b. Project-supported nature reserves maintain a higher METT score than a sample of comparable non-project nature reserves.</td>
<td>0% difference</td>
<td>10% higher</td>
</tr>
<tr>
<td>3.2 Number of new sites with high biodiversity value</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Outcome Indicator</td>
<td>Target Values (in Cumulative numbers)</td>
<td>Data Collection and Reporting</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>---------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Baseline</td>
<td>YR1</td>
</tr>
<tr>
<td>identified and protection initiated.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3 Forest dependency score for birds in Damingshan Nature Reserve.</td>
<td>3.0</td>
<td>3.0+</td>
</tr>
<tr>
<td>3.4 Kilometric abundance score for four forest-dependent pheasants in Maoershan Nature Reserve.</td>
<td>0.47</td>
<td>0.5+</td>
</tr>
<tr>
<td>3.5 Area utilized by Francois leaf monkeys in Nong Gang Nature Reserve.</td>
<td>26 sq km.</td>
<td>26</td>
</tr>
<tr>
<td>3.6 Number of slipper orchids along 19 fixed transects in Mulun Nature Reserve.</td>
<td>849</td>
<td></td>
</tr>
<tr>
<td>3.7 Area affected by fires in Longshan Nature Reserve Donghong Section.</td>
<td>19.7 ha</td>
<td></td>
</tr>
<tr>
<td>Outcome Indicator</td>
<td>Baseline</td>
<td>YR1</td>
</tr>
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<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Part D: (Enhancing Institutional Capacity)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.a Provincial forest strategy formulated and adopted by Guangxi authorities.</td>
<td>N/A</td>
<td>formulat ed</td>
</tr>
<tr>
<td>4.b Number of forest staff and households trained ('000).</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>4.c Number of guidelines, technical advisory bulletins developed and disseminated.</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>4. d Monitoring and evaluation system performance evaluated periodically and improved.</td>
<td>Qualitative assessment</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


3. “Loan Agreement” means the loan agreement, of even date hereof, between the People’s Republic of China and the International Bank for Reconstruction and Development, and “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.


6. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated June 13, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

7. “Project Agreement” means the agreement between the Bank and the Project Implementing Entity of even date herewith, as the same may be amended from time to time; and such term includes all schedules and agreements supplemental to the Project Agreement.
