



United Nations Development Programme

Country: Pakistan

PROJECT DOCUMENT

<b>Project Title:</b>	Mountains and Markets: Biodiversity and Business in Northern Pakistan
<b>UNDAF Outcome(s)/ Indicator(s):</b>	Improved living conditions through environmental management for sustainable development.
<b>UNDP Strategic Plan Environment and Sustainable Development Primary Outcome:</b>	Strengthened national capacities to mainstream environment and energy concerns into national development plans and implementation systems
<b>Expected CP Outcomes:</b>	Comprehensive approach integrating environmentally sustainable development, global environmental concerns and commitments in national development planning, with emphasis on poverty reduction and with quality gender analysis
<b>Expected CPAP Outcome(s) /Output/Indicator(s):</b>	Commitments under global conventions on biodiversity implemented Indicator: Progress on meeting international commitments.
<b>Implementing Partner:</b>	Ministry of Climate Change
<b>GEF Implementing Agency</b>	UNDP

**Brief Description:** Spread across 175,000 km<sup>2</sup> of the Hindu Kush, Karakoram and Western Himalayan mountain ranges, northern Pakistan is a rich storehouse of global biodiversity. Populations of many globally threatened species are still found here, from snow leopard and lynx to the highly endangered Woolly Flying Squirrel. Although protected areas now cover some 11% of the mountains, and community co-managed conservancies a further 12%, threats remain to the region's unique biodiversity, due to poverty and limited options for sustainable sources of livelihood. The project will use voluntary certification of Non-Timber Forest Products (NTFP) as a tool to promote biodiversity conservation and strengthen existing conservation efforts with innovative market-based mechanisms. The project will develop community and institutional capacity for certified production of 'biodiversity-friendly' NTFPs in northern Pakistan and stimulate market demand for biodiversity friendly NTFP thereby creating new economic incentives for conservation.

<table> <tr> <td>Programme Period:</td> <td>2011 - 2015</td> </tr> <tr> <td>Atlas Award ID:</td> <td>00060848</td> </tr> <tr> <td>Project ID:</td> <td>00076779</td> </tr> <tr> <td>PIMS #</td> <td>4048</td> </tr> <tr> <td>Start date:</td> <td>June 2011</td> </tr> <tr> <td>End Date</td> <td>May 2015</td> </tr> <tr> <td>Management Arrangements</td> <td>NIM</td> </tr> </table>	Programme Period:	2011 - 2015	Atlas Award ID:	00060848	Project ID:	00076779	PIMS #	4048	Start date:	June 2011	End Date	May 2015	Management Arrangements	NIM	<table> <tr> <td>Total allocated resources:</td> <td>\$ 7,793,182</td> </tr> <tr> <td>• GEF</td> <td>\$ 1,793,182</td> </tr> <tr> <td>• UNDP</td> <td>\$ 1,500,000</td> </tr> <tr> <td>• Government</td> <td>\$ 4,500,000</td> </tr> </table>	Total allocated resources:	\$ 7,793,182	• GEF	\$ 1,793,182	• UNDP	\$ 1,500,000	• Government	\$ 4,500,000
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Agreed by (Economic Affairs Division):

*[Signature]* 03 SEP 2012

Agreed by (Ministry of Climate Change):

*[Signature]* (JAVED IQBAL)  
Secretary  
Economic Affairs Division  
Government of Pakistan  
Islamabad.

Agreed by (UNDP):

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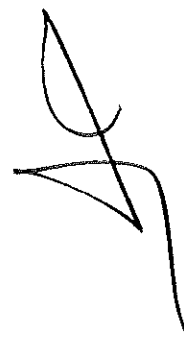
## Acronyms and Abbreviations

ADB	Asian Development Bank
AJK	Azad Jammu and Kashmir
AJKRSP	Azad Jammu and Kashmir Rural Support Programme
AKRSP	Aga Khan Rural Support Program
APR	Annual Project Report
ARR	Annual Review Report
ASEAN	Association of South East Asian Nations
ASF	Agriculture Support Fund
AWP	Annual Work Plan
BAP	Biodiversity Action Plan
SUSGCAasia	The Sustainable Use Specialist Group for Central Asia
CBD	Convention on Biological Diversity
CBE	Community Biodiversity Enterprise
CBO	Community Based Organization
CC	Climate Change
CGBP	Certified Green Biodiversity Products
CITES	Convention on International Trade in Endangered Species
CMCs	Conservancy Management Committees
CMF	Conservancy Management Fund
CMP	Conservancy Management Plans
CO	Country Office
DCC	District Conservation Committees
DCTMD	Drug Control and Traditional Medicine Division
ECI	Empowerment through Creative Integration
EBA	Endemic Bird Area
FAO	Food and Agricultural Organization
GACP	Good Agriculture Collection and Processing Practices , WHO
GB	Gilgit-Baltistan
GEF	Global Environment Facility
GoP	Government of Pakistan
Ha	Hectares
HACT	Harmonized Approach to Cash Transfer
HQ	Head Quarter
IC	Inter Cooperation, SDC
ICIMOD	The International Centre for Integrated Mountain Development
IR	Inception Report
IUCN	International Union for Conservation of Nature
IW	Inception Workshop
Km	Kilometer
KP	Khyber Pakhtunkhwa
M&E	Monitoring and Evaluation
MACP	Mountain Areas Conservancy Project
MAP	Medicinal & Aromatic Plants
MDG	Millennium Development Goal
MEP	Medicinal & Economic Plants
MoCC	Ministry of Climate Change
MoNFSR	Ministry of National Food Security and Research
MP	Medicinal Plants
NCCW	National Council for Conservation of Wildlife
NCS	National Conservation Strategy
NEP	National Environment Policy
NEX	Nationally Executed
NGO	Non Government Organization
NOAA	National Oceanographic and Atmospheric Administration



NTD AP  
NTFP  
PA  
PAMP  
PARC  
PB  
PCC  
PEPA  
PFI  
PHDEB  
PIR  
PMAC  
PMU  
PPG  
PPR  
PTDC  
RCU  
RSPN  
SC  
SMEDA  
SRU  
TPR  
UNDP  
USD  
VCC  
VCF  
VCPs  
VO  
WHO  
WO  
WWF  
ZSD  
AJK

National Trade Development Authority of Pakistan  
Non Timber Forest Products  
Protected Area  
Protected Areas Management Project  
Pakistan Agriculture Research Council  
Project Board  
Provincial Coordination Committee  
Pakistan Environmental Protection Agency  
Pakistan Forest Institute  
Pakistan Horticulture Development & Export Board  
Project Inception Report  
Program for Mountain Areas Conservation  
Project Management Unit  
Project Preparation Grant  
Project Progress Report  
Pakistan Tourism Development Corporation  
Regional Coordinating Unit  
Rural Support Program Network  
Steering Committee  
Small and Medium Enterprise Development Authority  
Sustainable Resource Use  
Tripartite Review  
United Nations Development Program  
United States Dollars  
Village/Valley Conservation Committee  
Village Conservation Fund  
Valley Conservation Plans  
Village Organization  
World Health Organization  
Womens Organization  
World Wildlife Fund  
Zoological Survey Department  
Azad Jammu & Kashmir



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## MOUNTAINS AND MARKETS: Biodiversity and Business in Northern Pakistan

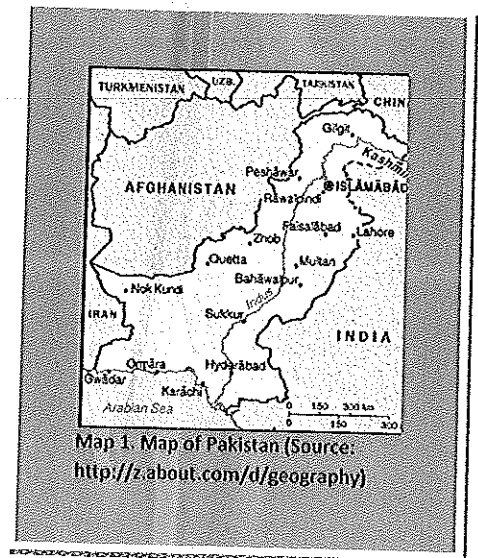
### 1. SITUATION ANALYSIS

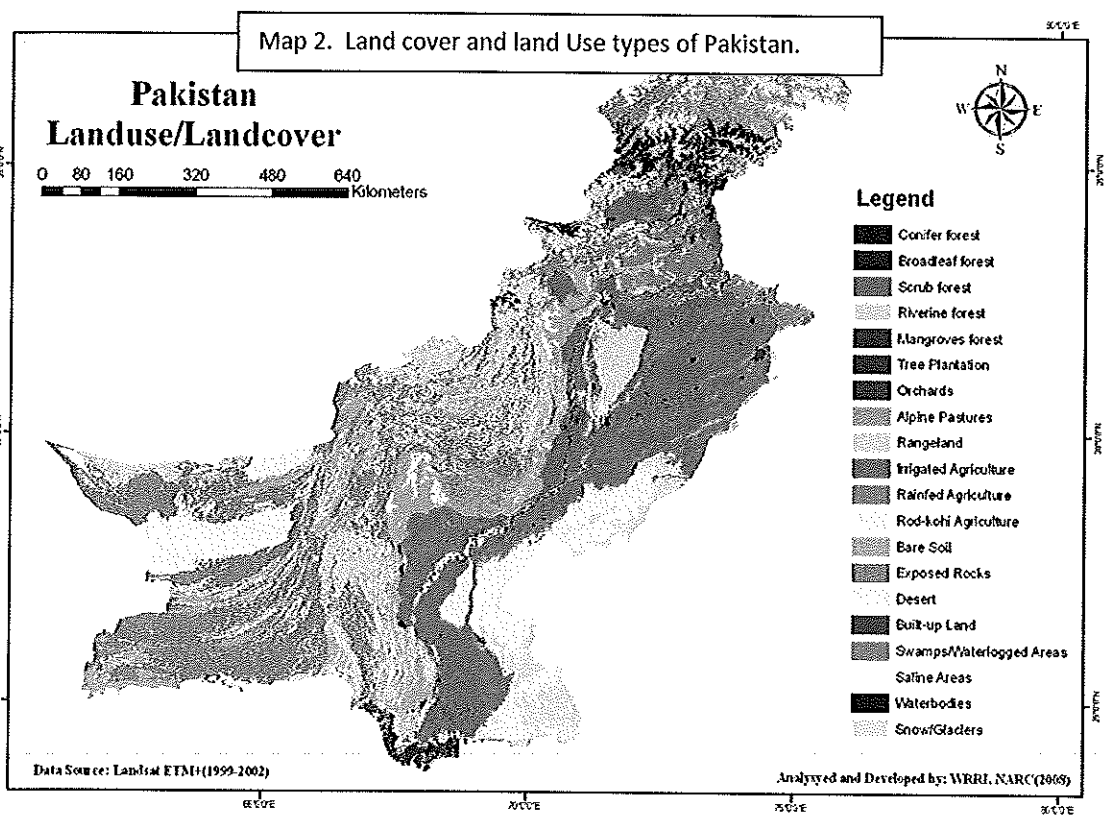
#### 1.1. Genl Context and Global Significance

1. Pakistan lies between 24° and 37° N latitude and 61° and 75° E longitude and is bordered by China in the north, India in the east, the Arabian Sea in the south and Iran and Afghanistan in the west and north-west, respectively (Map 1). Pakistan's total land area of 796,095 sq km can be divided into four major geographic areas: the northern highlands, which include parts of the Hindu Kush, the Karakoram Range and the Himalayas; the Indus River plain, the mountain ranges along the western border with Afghanistan, and the deserts south of the Sutlej River along the eastern border with India. The northern highlands are famed for their high peaks, which include K2 (8,611 meters), the second highest peak in the world, and Nanga Parbat (8,126 meters), the twelfth highest.

- 2 - Administratively, Pakistan is divided into four provinces Khyber Pakhtunkhwa (formerly NWFP), Punjab, Sindh and Baluchistan, the federal capital of Islamabad, Azad Jammu Kashmir (AJK), several federally administered tribal areas (FATA), as well as Gilgit-Baltistan (GB), formerly the Northern Areas, which is also partly administered by the federal government.

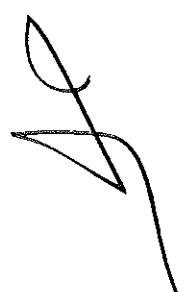
3. While Pakistan still retains high ecosystem diversity (Map 2, most of its ecological zones have been so drastically modified by human activity that very few truly natural habitats remain. Natural forests cover less than 5% of land area and are mostly found in the more remote and less densely populated regions such as the northern highlands (Map 2). Some 23% of the country's land area is used for cultivation, while the rest (>70%) is used predominantly for grazing.





- Four of the world's major biomes and five of WWF's 238 global ecoregions are found in Pakistan. The biodiversity of the northern mountains is primarily Indomalayan and Palearctic in character, while in the southern plains, there some elements of the Africotropical realm are also present. The Indomalayan ecozone includes tropical and subtropical forests and temperate broadleaf and mixed forests, while the Palearctic ecozone includes temperate coniferous forests.<sup>1</sup> Pakistan has 23 national parks, 97 game sanctuaries and 104 game reserves covering 9,852,006 hectares of land area. However, there are gaps in ecological representation and other weaknesses in the PA system, which the government is working to address. Many areas included were originally designated to control hunting of certain target species, rather than to conserve a broader spectrum of biodiversity (GOP 2009).
- Pakistan's fauna includes 174 mammal species (6 endemic, 20 threatened), 668 bird species (25 threatened), 177 reptile species (13 endemic, 6 threatened) and 198 freshwater fish species (29 endemic, 1 threatened). Pakistan's flora includes elements of six phyto-geographic regions, namely, in order of importance, the Mediterranean, Saharo-Sindian, Euro-Siberian, Irano-Turanian, Sino-Japanese and Indian (Ali and Qaiser 1986). Nearly 6,000 plant species have been recorded, including 5,700 species of flowering plant. The latter include 4 monotypic genera and 400 species endemic to Pakistan. Nearly 80% of endemic flowering plants are restricted to the country's northern and western mountains, i.e. the Western Himalayan and the Baluchistan phytogeographic provinces, respectively. The

<sup>1</sup> [http://en.wikipedia.org/wiki/List\\_of\\_ecoregions\\_in\\_Pakistan](http://en.wikipedia.org/wiki/List_of_ecoregions_in_Pakistan)



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Kajmalayas are of particular importance, having been identified as a global center of plant diversity and endemism. Northern Pakistan is also a global center of crop diversity including many fruits. Pakistan's biodiversity is further described in its Biodiversity Action Plan (2000) and in the Biodiversity of Pakistan (2000) prepared in conjunction with the country's 3rd National Report to the Convention on Biological Diversity (CBD).

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This project is located in the northern highlands of Pakistan, an area covering approximately 175,000 km<sup>2</sup>. The Hindu Kush, Karakoram and Western Himalayan mountain ranges of northern Pakistan are renowned for their breathtaking ruggedness and rich biodiversity, a product of the immense range of altitudinal and other environmental conditions found here. These mountains harbor the majority of Pakistan's limited natural forest cover. Four main biomes with high floral diversity and endemism predominate: dry alpine valleys and fields; moist alpine meadows; dry temperate coniferous forests; and holly oak forests. As noted above, the region includes global centers of plant and bird endemism. The region also harbours many economically significant trees and plants such as wild cumin, wild almonds, wild pistachio, thyme, edible Chilgoza pine, apricot, walnut, edible fungi, and some 700 medicinal and aromatic plants (spices), including a number of rare and globally threatened species such as *Acorus gramineus*, *Podophyllum hexandrum*, *Saussurea lappa*, *Taxus wallichiana*, and *Pitcairnia kurroa*. This region is also home to 45 mammal species, 222 bird species, reptile species and at least 6 amphibian species. Many globally threatened mammal species still occur in significant populations in these mountains including Snow Leopard, Himalayan Lynx, Himalayan Ibex, Marco Polo Sheep, Kashmir Sheep, Ladakh Urial, Markhor, Musk Deer and the Woolly Flying Squirrel.

7. The Western Himalayas are also recognized as an Endemic Bird Area of Urgent Biological Importance by Birdlife International. The EBA's restricted-range birds include two endemic genera, *Ophrysia* and *Callacanthia* and four species are classified as threatened due to their particular vulnerability to habitat loss. *Tragopan melanocephalus* and *Catreus wallichi* have specialized habitat requirements and their populations are now much reduced and fragmented. *Ficedula sibirica* has particularly restricted distributions in areas where extensive habitat loss has taken place, and *O. superciliosa* may already be extinct. *C. wallichi* is additionally subject to excessive hunting. Long-billed Bush-warbler *Bradypterus major* is a more widespread threatened species (classified as Vulnerable) that also occurs in this EBA.

8. Additional details of the biodiversity of project demonstration sites is provided in Annex 3.

### 1.2 The Socioeconomic Context

9. Pakistan has an estimated population of 184 million, of which roughly 65% is rural. The current population growth rate is 1.5%. Pakistan's per capita income was estimated to be \$1046 in 2009. In 2010, the country had a human development index (HDI) of 0.490 and was ranked 125 out of 169 countries with comparable

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data. Although Pakistan's HDI has been rising steadily since 1980, it is still below the South Asia regional HDI of 0.516.<sup>2</sup> Recent economic growth has increased disparities between regions as well as between rural and urban populations. Pakistan's inequality adjusted HDI 0.336. Around 22% of the population lives below the Poverty Line (US\$16/adult/month) (UNDP 2008). Agriculture contributed 20% of the GDP in 2008, while manufacturing, industry and services contributed 20%, 27% and 53%, respectively (World Bank 2009).

10. Northern Pakistan is among the less developed regions of the country characterized by high levels of poverty as reflected in low per-capita incomes, low literacy and education levels, well below the national levels, and high rates of infant and maternal mortality. Poverty is widespread with few or no livelihood development opportunities. Population growth rates in both KP and GB were still very high 10 years ago, 3.3% and 2.4 %, which, given that nearly 50% of the population was below 15 at the time, that even if growth rates have stabilized or declined since then, the population will increase by well over 50% and maybe up to 75% by 2018 (GOP & IUCN 2003; GoNWFP & IUCN 1996). 1998 census figures show a per capita annual income of only PKR7,500 in GB and similar values are given for KP in the Sarhad Provincial Conservation Strategy of 1996.
11. The socio-cultural landscape of the northern mountains is, however, as rich and varied as the region's biological diversity. Historically, mountain communities practiced many different forms of animistic religions that were later largely replaced with Buddhist practices. Today, although still ethnically diverse (Annex 3), almost the entire population belongs to the Sunni sect of Islam. A number of different languages and dialects are still spoken although with the gradual increase in state-led education and the influence of the national media, Urdu has become a lingua franca.

#### Land Use, Tenure and Livelihoods

12. Livelihood options in this remote and rugged terrain characterized by steep gradients and climatic extremes are very limited. The area is dominated by high mountains and dissected by numerous rivers and streams (including the Indus and several of its tributaries) that have formed numerous steep-sided, narrow valleys. There are more than 700 peaks over 6,000 meters and five over 8,000. Only some 10% of the land in this region is arable. Many areas lack soil cover, including high peaks with permanent snow cover, rocky outcrops, recently deposited alluvium, scree materials and moraines, water bodies and adjoining areas subject to seasonal flooding. In this naturally unstable terrain, landslides and rock falls are commonplace and cause much hardship through direct losses and disruption to transport and communication. Climate varies from the subtropical to the alpine with temperatures ranging from -20°C at and above the snowline in winter to 45°C on the valley floor during the peak summer months.
13. Land and resource tenure systems in the northern mountains are complex (see Bilal et al. 2003). There has been no formal land settlement by the government in

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<sup>2</sup> <http://hdrstats.undp.org/en/countries/profiles/PAK.html>



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areas that were previously princely states, i.e. that were not under British rule, such as all of Gilgit-Baltistan and many parts of Khyber Pakhtunkhwa, including Swat and Dir. In such areas, there are no legal titles to farmland, or legally recorded rights to the use of forests and pastures. However, customary rights, some dating from the days of princely rule, and *de facto* 'ownership' are recognized and generally respected. Thus, cultivated land is individually 'owned' and generally passed down through families. High altitude pastures and any other types of uncultivated land (the so-called barren land or culturable wastelands) are common property and managed and used according to local customary laws.

14. Forest 'ownership' is more complex. Most forests in Khyber Pakhtunkhwa were declared Protected Forests under the 1927 Forest Act (Section 1.4) when the princely states were incorporated into Pakistan in 1969 and claimed by the government. Unlike Reserve Forests found in areas where there was a formal land settlement<sup>3</sup>, all activities and uses are allowed in Protected Forests except those that are explicitly prohibited, such as the commercial felling of timber, which is managed by government. However, as in princely times, revenue from timber royalties continues to be shared with local communities. Additionally, communities are generally free to harvest fuelwood and NTFP and graze their livestock in Protected Forests. In Gilgit-Baltistan, however, some 50% of natural forests are considered 'privately-owned' forests. These are in fact owned by local communities, who have full rights over the exploitation of all products therein except timber and wildlife. By law, commercial timber harvesting is regulated and managed by the government on behalf of communities. While timber logging in private forests must be carried out by the Forest Department in accordance with forest working plans, however, communities get all the revenue and the majority of the royalties. In practice, the sale of timber from community-owned private forests is riddled with problems, partly due to local timber mafias, and communities do not always get the full market price.
15. Seasonal subsistence agriculture and livestock production are the main source of livelihood for most mountain communities. Holding patterns for agricultural land in the mountain areas are generally equitable with relatively few either landless farmers or large landowners. The average landholding per household rarely exceeds one hectare. Land is mostly owner cultivated, but may also be leased out to tenants for sharecropping. The actual area cultivated varies according to location, topography and other factors and is mainly confined to moderate slopes and valley bottoms. In areas that lie outside the Himalayan monsoon belt, less than 1% of land is cultivated. Until recently, the most widely sown crop was maize, followed by wheat and millet (*Setaria italica*), barley, and rice. Latterly, due to the work of Rural Support Programmes (RSPs) and other donor-assisted projects (Section 1.7), cultivation of cash crops like potato and offseason vegetables has become very popular. There is also a growing interest in high value orchard products (mainly apricots, walnuts and apples). RSPs have also undertaken a number of campaigns in some areas aimed at introducing high-yield crop cultivars of both food and cash crops. In most areas, however, local communities still grow

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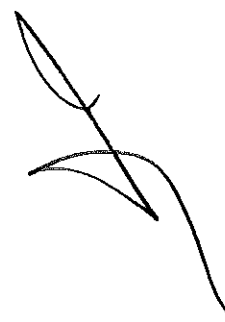
<sup>3</sup> Forests in areas of Pakistan where there was a formal land settlement (i.e. those areas that were under British rule which include some parts of Khyber Pakhtunkhwa) fall into three main categories: (a) "guzara forests" " set aside to meet the villagers needs, (b)"protected forests", and (c) "reserve forests". In reserve forests all activities and uses are prohibited except those explicitly allowed by the government.

hardy local crop varieties with low yields. Virtually all the cultivated land is terraced to facilitate irrigation using stream-fed canals. Ploughing is done exclusively by men using a pair of bullocks. Small tractors are used in areas capable of supporting them, and wheat threshers are commonly used. Cropping patterns are dependent on altitude, with two crops normally being harvested in valley bottoms but only one at higher elevations. Fruit trees are traditionally grown along the perimeter of fields, but fruit orchards are increasingly being developed.

16. Livestock rearing has traditionally been more important than farming and includes mainly cattle, goats and sheep. The high pastures play a central role in production. In spring, livestock are moved to the high altitude pastures where they remain through the summer, grazing freely and becoming semi-wild. Additionally, every year during the summer, transhumant pastoralists, mainly Bakarwals, move from the lowland plains to the upper reaches of the Himalaya, taking their goats, sheep, and horses with them. Some Gujjars also migrate seasonally with their livestock. Local communities charge the nomadic pastoralists a nominal fee for grazing their livestock along the migration routes and in the summer pastures.
17. Livestock represent the main capital asset of most households, and are sold whenever cash income is needed for a major expenditure such as to cover the costs of a marriage or funeral. Milk, and the butterfat made from the milk for use during the winter months, is mainly consumed, while the majority of animals are eventually sold for cash. A few animals are always kept as insurance to cover any unexpected costs. Woolen rugs and embroidered/knitted products are made by women for sale in local markets.
18. Additionally, many households, especially poorer ones, also harvest a range of wild plant products from the local forests for subsistence use and local sale or barter, including non-timber forest products such as cumin seed, honey, medicinal herbs, and mushrooms. NTFP contribute very little to average household income at present as there is virtually no processing or value addition by the collectors.

### Gender

19. In addition to the household chores, **women** also work in the fields and undertake virtually all farming activities, except ploughing and harvesting, but including livestock and poultry keeping. Women and children are also responsible for fuel wood collection and for tending irrigation channels. In addition they also collect medicinal plants and NTFPs.
20. There has been an increasing tendency amongst the male segment of the population to seek employment in the service sector outside of the region. Thus, some households also derive income from remittances from migrant labor down-country and in the Gulf States account as well as from employment in, or ownership of, small enterprises, e.g., small roadside shops, hotels, trekking and tourism. Relatively few individuals are employed in the state civil and military organizations or in NGOs.



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### 1.3 Policy and Legal Context

21. The evolution of Pakistan's policy and legal framework reflects a growing understanding of the critical importance of environmental management, sustainable resource use and biodiversity conservation for achieving the country's economic and human development goals. There has also been growing recognition of the importance of environmental governance and the potential roles and responsibilities of different actors from local communities and governments to the federal government and private sector.

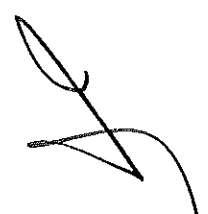
The Pakistan Environment Protection Council (PEPC), headed by the Prime Minister, is the highest government authority responsible for approving environmental policy across all sectors. The PEPC has adopted a number of significant policies, which are described briefly below.

22. The National Conservation Strategy (NCS) of 1992 was a major milestone in Pakistan's history as it was the first policy to link environment and sustainable development. The NCS has three major objectives: conservation of natural resources, sustainable development, and improved efficiency in the use and management of resources; and three guiding principles: achieving greater public partnership in development and environment management; merging environment and economics in decision-making; and focusing on durable improvements in the quality of life in Pakistan.
23. Approval of NCS led to the development of institutions such as the Environment Section in the Federal Planning and Development Division, and the Sustainable Development Policy Institute, the establishment of Environment Protection Agencies at the federal and provincial levels and the addition of a regular chapter on the environment in the national five-year development plans. The NCS also recognized the importance of action at provincial and local levels to achieve conservation objectives.
24. The policy goals of the NCS were further elaborated and expanded in the Biodiversity Action Plan (BAP) of 2000. The main aims of the BAP are:
- To create a policy framework that fosters the sustainable use of biological resources and the maintenance of biodiversity;
  - To strengthen and promote national biodiversity conservation programs and develop international and regional cooperation;
  - To create conditions and incentives for biodiversity conservation at the local community level;
  - To strengthen and apply more broadly the tools and technologies for conserving biodiversity; and
  - To strengthen human knowledge, will, and capacity to conserve biodiversity.
25. The BAP's objectives that correspond to the individual Articles of the Convention on Biological Diversity (CBD). For each component, the issues relevant to Pakistan have been identified and a list of objectives and corresponding actions recommended. The BAP calls for further revisions to the policy and regulatory framework for biodiversity conservation, integration of biodiversity concerns into

sectoral programmes and plans, stronger enforcement of biodiversity-related laws and expansion and improved management of the Protected Areas (PA) system. Notably, the BAP called for closer collaboration between government agencies, local communities and NGOs to achieve biodiversity conservation goals. Objectives 7, 9, 10, 11, 14 and 17 and several of the specific actions recommended under each objective are of particular relevance to this project:

- **Objective 7: Conserve biodiversity outside protected areas.**
- **Objective 9: Develop a policy and legal framework to encourage sustainable use of biological resources.**
- **Objective 10: Establish, monitor and regulate sustainable use limits of selected biological resources.**
- **Objective 11: Protect and encourage community-based biodiversity management systems.**
- **Objective 14: Create an integrated system of incentives and disincentives at the national and local level to encourage the conservation and sustainable use of biodiversity.**
- **Objective 17: Strengthen human capacity in biodiversity conservation and management.**

26. A mid-term review of the NCS in 2000 concluded that the achievements of the NCS were primarily awareness raising and institution building and that future action should be directed towards increasing implementation capacity. A key recommendation of the review was to build environmental sustainability by developing and strengthening local institutions and empowering local stakeholder groups. A National Environment Action Plan (NEAP) with ecosystems management as one of its four core areas was launched in 2001 as a follow-up to the recommendations of the mid-term review of the NCS. Starting at the national level, the NEAP aimed to alleviate poverty through environmental projects that would gradually be integrated into provincial and local level plans and programs.
27. Pakistan's Poverty Reduction Strategy Paper (PRSP) of 2003 explicitly recognized the linkages between environment and poverty through the impacts of environmental degradation on livelihoods, health and vulnerability. Thus, Pakistan's Medium Term Development Framework (MTDF) for 2005-2010, which embodies the government's program for implementing its PRSP agenda, included a significant increase in the budget allocation for environmental management to support the implementation of the National Environment Policy (NEP) of 2005, which has as its goal to "protect, conserve and restore Pakistan's environment in order to improve the quality of life of the citizens through sustainable development". The NEP provides federal, provincial and local governments with a broad set of guidelines for addressing environmental concerns, including cross-cutting issues such as poverty, health, trade and local governance. The NEP also identified sustainable use of biodiversity, including benefit-sharing, and medicinal and economic plant conservation as priority areas for action and recommends creating incentives for community participation in biodiversity conservation. To achieve its policy objectives, the NEP directs the Ministry of Climate Change (MoCC), provincial and local governments to develop plans for its implementation.
28. The NCS, BAP and NEP processes and recommendations has led to the formulation of some provincial conservation strategies, district conservation



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strategies and integrated district development plans including conservation strategies for NWFP (now Khyber Pakhtunkhwa) Baluchistan, Northern Areas (now Gilgit-Baltistan Area) and Sindh, while the conservation strategy for Punjab nearing completion (GOP, 2009).

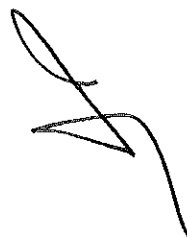
29. Environmental concerns are clearly reflected in the Rural Development Strategy of Pakistan, which emphasizes environmental sustainability and the government's current 10th Five Year Plan (2010-15) which includes the following objectives:
- ensure that natural resources are healthy and productive;
  - build the capacity of environment related institutions, human resources and effective national and international linkages,
  - gradually improve integration of "environment" in development planning, projects, program and policy level and
  - appropriately address mitigation and adaptation challenges posed by climate change, in particular the threats to Pakistan's mountain ecosystems on which depends the water, energy and food security of the country.
30. The Pakistan Environmental Protection Act of 1997 (PEPA), which replaced the earlier Pakistan Environmental Protection Ordinance of 1983, is mainly concerned with the prevention and control of pollution and the promotion of sustainable development by including requirements and procedures for the conduct of Environmental Impact Assessments (EIAs) for new projects. Additionally, it led to the establishment of the Pakistan Environmental Protection Council, a national Environment Protection Agency (EPA) as well as provincial EPAs. It also contains provisions for the establishment of Environmental Tribunals at the provincial/territorial level. While these Tribunals are primarily intended to address violations of the Pakistan Environmental Protection Act and the National Environmental Quality Standards (NEQS), they are also aimed at strengthening local capacity for environmental management, encouraging community participation in local environment management and ensuring devolved decision making on environmental issues.
31. The sector policies and plans that relate most directly to biodiversity conservation and sustainable use in Pakistan, however, are those relating to wildlife, forestry, fisheries and agriculture. Historically, Pakistan's wildlife policies and plans emphasized wild fauna to the exclusion of flora, with greatest emphasis on game animals and the establishment of protected areas and off-takes and trade controls for listed species. At the federal level, the formulation and coordination of wildlife policy and plans are the responsibility of the National Council for Conservation of Wildlife (NCCW). Pakistan's wildlife laws also provide for the creation of a range of Protected Area (PA) categories including Wildlife Sanctuaries, National Parks, Game Reserves and Unclassified PAs.
32. The Forest Policy of 1991 emphasized the need to meet the country's environmental needs, promote social forestry programmes, conserve biological diversity, and maintain ecological balance through conservation of natural forests, reforestation and wildlife habitat improvement. A new forest policy was formulated in 2010, but is yet to be approved by the government. The Forestry Sector Master Plan (GOP 1992) also contains programmes for soil conservation and watershed

development, wood production, ecosystems and biodiversity, and institutional strengthening. Other sectoral policies dealing with biological resources tend to address biodiversity as a marginal issue.

- 33. At the provincial level, wildlife policy and planning are the responsibility of the provincial wildlife departments and/or the Wildlife Management Boards, where these exist. The provincial forestry and wildlife laws provide legal framework for biodiversity conservation. The NWFP Wildlife (Protection, Preservation, Conservation and Management) Act (1975), the Northern Areas Wildlife (Protection, Preservation, Conservation and Management) Act (1975) and the Azad Jammu and Kashmir Wildlife Act (2010) are of particular relevance to this project together with forestry-related legislation such as the Forest Act (1927) and other provincial/territorial legislation. Most provinces still enforce the Forest Act of 1927, except Khyber Pakhtunkhwa, which promulgated the North-West Frontier Province Forest Ordinance in 2002. In AJK and GB, The Jammu and Kashmir Forest Regulation 1930 is still in force.
- 34. Many of the laws relating to NTFP date back to colonial rule and are neither comprehensive nor well integrated with each other or within the broader policy framework for biodiversity conservation and sustainable development. The exploitation of Non Timber Forest Products (NTFPs) within government managed forest areas is governed by the provincial Forestry Acts. However, these mainly relate to the collection and transport of a few key species. For example, in Khyber Pakhtunkhwa, local trade in morels and *Viola serpens* (*banafsha*) is not regulated in any way, while collection and transport permits are needed for other NTFP. Outside government forests, the NTFPs are generally considered a common property resource, except where special rules have been enacted to protect certain overexploited species, such as *Saussurea costus* (Costus root or Kuth), *Ephedra* spp, and *Nannorrhops richiana* (Mazari Palm). Laws regulating trade in specific NTFPs include the Gulmarg Forest Rules 1932 and the Jammu and Kashmir State Kuth Regulation No 1 of 1921.
- 35. Another landmark in the history of Pakistan's environmental laws and policies was the development of a 'model' Wildlife Law in 2006. Spearheaded by the GOP/GEF/UNDP/IUCN Mountain Areas Conservancy Programme in its final phase of implementation, the proposed law expands the definition of wildlife to include all wild species and their habitats and, most importantly, includes detailed provisions for the establishment of conservancies and for co-management of biodiversity by local communities and government. The draft 'model' law represents a major overhaul of existing wildlife legislation and thus generated considerable discussion and debate after it was circulated to the relevant governments for review and approval. A revised and updated wildlife law was approved by the government of AJK in 2010. Similar revised wildlife laws for Khyber Pakhtunkhwa and Gilgit-Baltistan are awaiting legal review and approval by the respective governments.

**1.4 Institutional Context**

- 36. Under the constitution of Pakistan, both federal and provincial governments have responsibilities for the management of the environment. At the federal level, the Ministry of Climate Change (MoCC) has the institutional responsibility for



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coordinating all efforts related to natural resources and environmental management through two directorates:

- Forestry;
- Environment; and

37. The most relevant of these in the context of the present project is the Forestry Wing, which is headed by the Office of the Inspector General of Forests (IGF) and is principally responsible for overseeing provincial biodiversity conservation initiatives and for national compliance with international obligations to which Pakistan is a signatory. The IGF is assisted in these tasks by the National Council for the Conservation of Wildlife (NCCW), the Zoological Survey Department (ZSD) and the Pakistan Forestry Institute (PFI). Since the 1960s, PFI has been actively involved in research on *in situ* and *ex situ* conservation and commercial propagation of commercially valuable MAPs and has also conducted pharmacological studies on over 50 MAP species through its specialized research wing, the Medicinal Plants Directorate (MPD). The MPD has also been developing standardized cultivation techniques for MAPs.
38. Actual implementation of biodiversity conservation is the responsibility of the provincial/territorial wildlife agencies. Their mandate includes the management of PAs and enforcement of restrictions on resource-use. They have also collaborated in several successful attempts to involve communities in biodiversity management including the sustainable trophy-hunting initiatives in Northern Areas and NWFP that resulted from MACP. Forest use in government forests outside protected areas is managed by the Provincial/Territorial Forest Departments which also provide licenses for commercial extraction of wood and impose fines for violations of regulations governing grazing and timber felling in government forests.
39. NTFP production and trade in Pakistan is not an organized sector and consequently, is not managed as proactively as, for example the forest (i.e. timber) or wildlife (i.e. conservation) sectors. The management of NTFPs, or what were historically called 'minor forest produce', never really received much attention in the overall scheme of forest management in Pakistan as these were commercially far less valuable to the state than timber. The management of NTFP found in government forests is technically the responsibility of provincial forestry departments. However, there is considerable variation in the rules and the application of rules from area to area. NTFP have also not received much attention from other sectors such as the National Trade Development Authority of Pakistan or the Ministry of Agriculture, which offers agricultural extension services through its provincial agricultural departments. In addition to PFI, the Pakistan Agriculture Research Council undertakes research on the cultivation of MAPs, while the Pakistan Council for Scientific and Industrial Research (PCSIR) and HEJ Institute of Chemistry carry out research on chemistry of plants. However, there is growing realization among the governmental and non-governmental organizations that sustainable development of the NTFP sector is needed for both conservation and livelihoods development reasons. Thus, the forest department of Khyber Pakhtunkhwa has established an NTFP Directorate and other provinces have also indicated their interest in developing this important sector.





## Village Institutions

40. At the local level there are a number of important institutions of relevance of natural resource management and use. Historically, a *jirga*, or council of village elders, would get together as needed for decision-making and conflict resolution. *Jirgas* were not permanent bodies, but rather constituted as and when needed. However, traditionally the *jirga's* decision was binding on all parties. While the power of *jirga* has waned in recent times, this still remains an important local institution.
41. New community level of institutions have evolved over the past few decades in northern Pakistan through the work of notably Aga Khan Rural Support Programme (AKRSP), and other NGOs who replicated their extremely successful approach to community mobilization and empowerment. Thus a network of Rural Support Programmes have sprung up across the country including the AK Rural Support Programme (AKRSP) Sarhad in KP. AKRSP spearheaded the development of Village Organisations and Women's Organisations (VOs/WOs), which have evolved as important institutions for village level decision-making and development.
42. The MACP, and more recently PMAC, have also formed organizations in conservancies where RSPs had no presence. Building on these networks, MACP mobilized communities to form Valley Conservation Committees (VCCs), which include representation from all the clans living in a given valley. The VCCs have an apex organization of Conservancy Management Committee (CMC) representing all the valleys in a given Conservancy. All VCCs have developed Valley Conservation Plans (VCP) and established Valley Conservation Funds (VCF). Simultaneously, other village level special purpose institutions are also developing based on communities' needs.
43. Additionally, local religious leaders in remote areas play an important role in moulding the opinion of local communities, especially with regard to the empowerment of the women. It is therefore essential to fully engage the religious leaders in any new initiative from the beginning and obtain their endorsement as well. The Union Council and District Council representatives comprise another important leadership group, especially because they are able to use their political standing to bring outside resources into the village economy.

### 1.5 Threats to the biodiversity of northern Pakistan

44. There has been no comprehensive, systematic assessment of the status of biodiversity in northern Pakistan, or indeed in the country as a whole. However, environmental degradation including land degradation and deforestation are widespread (World Bank 2006) and the numbers of threatened species and habitats is widely believed to be increasing. Populations of globally threatened species are also at risk. The vast majority of Pakistan's limited natural forests are found in northern Pakistan. The National Forest Resource Assessment (NFRA) has estimated that the annual national deforestation rate between 1990-2005 was 2.1% or 47,000 ha (NFRA 2004 in World Bank 2006). Khyber Pakhtunkhwa and Gilgit-Baltistan also experienced high rates of deforestation during this period

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(World Bank 2006).<sup>4</sup> Forests still cover around 16% of KP but only around 3% of GB.

45. Historically, low human population density in the mountain areas had limited the extent of damage to wild biodiversity and natural ecosystems. However, as human and livestock populations have continued to grow, threats to the natural resource base have been accelerating. Protected areas cover some 11% percent of the northern mountains, leaving the remaining 90% especially vulnerable to fragmentation, degradation and biodiversity loss.
46. Data are not available on rates of biodiversity degradation and loss for most species and habitat types. The BAP (2000) identified ten critically threatened ecosystems of which two are found in northern Pakistan, namely the moist and dry temperate Himalayan forests and the Trans-Himalayan high altitude peaks and meadows. Some 500 species of plants are believed to be nationally rare or threatened (Davis et al. 1986). The status of higher vertebrates, particularly mammals and birds, is generally better known, particularly the globally threatened species and subspecies that occur in northern Pakistan. These include: Asiatic black bear, Snow Leopard (*Panthera uncia*), Himalayan Lynx, Himalayan Ibex, Marco Polo Sheep, Blue Sheep, Ladakh Urial (*Ovis vignei*), Markhor (*Capra falconeri*), Musk Deer, Chiltan Goat (*Capra aegagrus chiltanensis*) and the Woolly Flying Squirrel (*Eupetaurus cinereus*).
47. *The main direct drivers of biodiversity degradation and loss in Pakistan generally, including northern Pakistan, have been identified as natural habitat conversion to other forms of land use, habitat degradation due to fuelwood extraction and over grazing, and unsustainable exploitation of wild plant and animal species for commercial and subsistence purposes. The latter includes the exploitation of a range of NTFPs, notably MAPs, as well as hunting of various animals for meat, skins and/or in retaliation for livestock predation. The precise impacts of NTFP harvesting on NTFP populations and other wild species and habitat have not been systematically assessed, but are believed to be significant and a growing threat. Collection and trade of MAPs is better known. Crude plant-based drugs worth about Rs. 120 million<sup>5</sup> per year are used in Pakistan. Drug surveys of important markets of Pakistan conducted by PFI indicated that the total turnover of dried herbs is worth more than Rs.169 million/year, while a substantial quantity of crude drugs along with their derivatives are also exported to other countries. The global market for medicinal and aromatic plants is estimated to be at least US\$60 billion (WHO 2003) and Pakistan is among the top ten leading exporters MAPs with an estimated annual export volume of 8,500 tons valued at US\$5.45 million (Choudhury 2000). The vast majority of these MAPs are harvested from the wild in the mountains of northern Pakistan. Many important drug plant species are in imminent danger of extinction and few of them have fallen in the category of endangered species by the Convention of International Trade of Endangered Species (CITES) e.g. *Saussurea costus*, *Picrorhiza kurroa*, *Podophyllum hexandrum*, *Valeriana jatamansi*, *Polygonatum multiflorum*, *Dactylorhiza hatagirea*, *Asparagus adscendens*, and *Gloriosa superba*.*

<sup>4</sup> Comparable data can be found at <http://rainforests.mongabay.com/deforestation/2000/Pakistan.htm>

<sup>5</sup> Siddiqui Bina S. and Ch. Iqbal M Medicinal Plant Biodiversity in Pakistan - Opportunities and Threats

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48. Additionally, the findings of the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) suggest that human-induced climate change is likely to greatly influence the future composition and distribution of biodiversity in Pakistan as well as adversely impact human well-being and local economic development, particularly in the northern mountains. Pollution too is believed to be contributing to glacier melting in the Himalayas.
  49. The underlying causes of biodiversity loss and degradation in northern Pakistan include high population growth rate, high levels of poverty, lack of development opportunities and weaknesses in the institutional and governance framework for biodiversity conservation and sustainable resource use.
  50. The Mountain Areas Conservancy Project (MACP) was developed to address some of these key underlying drivers of biodiversity degradation and loss in this region. The project was based on a successful four year Pilot Phase funded through the GEF Pre-Investment Facility (PRIF), namely "Maintaining Biodiversity in Pakistan with Rural Community Development". The starting premise of MACP was that the long-term success of conservation in northern Pakistan would depend on the active engagement and support of local communities, in part given the difficulties of effectively enforcing restrictions in such a remote, poverty-stricken region. Furthermore, the viability of many PAs, particularly the smaller ones, would be greatly reduced without improved conservation management in the wider landscape. Thus, modeled on the southern African concept of 'conservation conservancies', and implemented in what is now Khyber Pakhtunkhwa (NWFP) and Gilgit-Baltistan (Northern Areas territory), MACP sought to: 1) empower local communities and develop their capacity to conserve biodiversity; 2) enhance the relative values of wild resources as a conservation incentive by promoting their sustainable use; and 3) create an enabling environment for community-based conservation. MACP's approach was to scale up sustainable management of biodiversity from village level to valley level and ultimately to the wider landscape (i.e. conservancy) level.
  51. MACP's major achievement was to establish new governance and institutional arrangements for biodiversity conservation and use in the form of co-managed conservancies in the areas where it worked. MACP thus represented a paradigm shift in Pakistan's biodiversity policies from earlier 'command and control' conservation approaches to more community-driven, incentives-based co-management strategies. MACP was also tremendously successful in increasing local understanding about biodiversity values and the importance of sustainable natural resource use for economic development as well as in strengthening local capacity for conservation and development planning and management - no small feat in the socio-economic context of northern Pakistan, which is characterized by socio-economic division, conservatism and a deep mistrust for both government and outsiders.
  52. By the end of the project, there were numerous active Village Conservation Committees as well as Valley Conservation Committees with approved Valley Conservation Plans in varying stages of implementation across the conservancies. Additionally, Conservancy Management Committees have been established and Conservancy Management Plans were under preparation, while legislation to

clarify and secure local people's rights to manage and use natural resources had been drafted and was under review (Section 1.3). Co-management and sustainable use principles are already fully accepted in practice and soon to be legally recognized through the revised wildlife laws for Khyber Pakhtunkhwa and Gilgit-Baltistan.

53. Demonstrating that local incomes and livelihoods could be improved through sustainable resource use (SRU) was an important component of MACP, focusing on trophy and game bird hunting, exploitation of economically valuable MAPs and ecotourism in different selected areas. Thus, MACP successfully established and institutionalized sustainable trophy hunting schemes for ibex, markhor and blue sheep in both KP and GB with a high degree of revenue-sharing of trophy fees between communities and government. However, since ibex and markhor populations vary in abundance and distribution, the benefits of trophy hunting have not been evenly distributed across the conservancies. While very preliminary work was done on ecotourism as the budget allocated for this component was very small (less than 1% of the total budget).
54. The government's Programme for Mountains Areas Conservation was developed to sustain, replicate and further expand the many achievements of MACP (Annexes 1 & 2). Despite this, the many achievements of MACP are in danger of being undermined and potentially reversed without even greater efforts to tackle the widespread and persistently high levels of poverty and the acute need for further development and diversification of local livelihoods.
55. Mountain populations are growing at rates above the national annual average of 2%. The low levels of human development in the northern mountains have already been described in Section 1.3. Arable land is scarce and livelihood development opportunities are further limited because of high levels of illiteracy and lack of knowledge, skills and finance for livelihood diversification. Thus, in addition to seasonal subsistence agriculture and small-scale livestock production, many households continue to harvest NTFP for both subsistence use and for sale and barter, particularly high value products such as MAPs and morel mushrooms. Nomadic pastoralists who graze their herds in the high altitude pastures during the summer months (Section 1.3) are also major collectors and traders of MAPs. Although many NTFP command high prices at the national and international level, the collectors themselves obtain only a fraction of their wholesale price at best. In many cases, collectors merely trade NTFP for groceries and other supplies. Illegal hunting of wildlife also occurs, although hunting of endangered species has been greatly reduced in areas targeted under MACP.

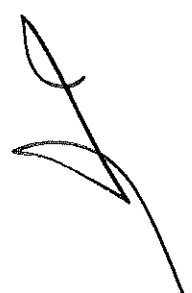
#### **1.6 The Long Term Solution and Barriers to achieving it**

56. The long-term solution to conserving the nationally and globally significant biodiversity of northern Pakistan is an enabling environment and an economic incentive structure that promote biodiversity conservation and sustainable resource use at a landscape level through a collaborative management framework between government and local communities. MACP contributed to this long-term goal by developing more effective governance and institutional arrangements for biodiversity conservation. MACP also succeeded in creating economic incentives

for conservation based on sustainable trophy hunting, but did not attempt commercialization of other products, as the conditions were not right at the time for attempting more financially risky and logistically complex ventures such as voluntary certification schemes for biodiversity-friendly products. However, MACP removed at least two of the critical barriers to establishing community-based biodiversity enterprises in northern Pakistan, namely recognition of the potential economic value of natural assets and the means for securing tenure over these assets through the Valley and Conservancy Management Plans. Additionally, MACP greatly strengthened community capacity, including local institutions, for collaboration and action on conservation and sustainable resource use. Through the work of PMAC, the government is continuing to develop community capacity for conservation management and to further secure community tenure over the management and use of productive natural resources through major revisions to the wildlife laws of Khyber Pakhtunkhwa and Gilgit Baltistan (see Annexes 1 & 2 and Section 1.3).

57. This project seeks to capitalize on new opportunities to contribute to the long-term solution to biodiversity degradation in northern Pakistan that have arisen as a result of the achievements of MACP, PMAC and other partners working in northern Pakistan (Sections 1.7 & 1.8). Specifically, this project seeks to create new market-based incentives for biodiversity conservation through the development of voluntary certification schemes for the production of 'biodiversity-friendly' NTFPs and other non-trophy based natural products by community-based biodiversity enterprises (CBEs). The term 'biodiversity-friendly' is used deliberately and extends beyond sustainable harvesting of a particular species to encompass additional specific contributions to the biodiversity conservation by CBEs, as explained further in Section 2.4. There are, however, several key barriers to community-based biodiversity-friendly production of NTFPs in northern Pakistan. These are described below.

58. **Market-related barriers:** Reviews undertaken during the PPG show that there is substantial demand for biodiversity products in Pakistan and globally, notably for Medicinal and Aromatic Plants (MAPs), but also for food products such as wild Chilgoza pine nuts and edible mushrooms (e.g. see Choudhary et al 2000; IPRP & IMES 2003; Khadim 2006). Globally, there are markets for a range of environmentally and socially-friendly NTFP, notably organic and fairtrade products, for which consumers are prepared to pay premium prices (e.g. see Pfund & Robinson 2005). While such consumers are also likely to be interested in the kind of *biodiversity-friendly* products envisaged by this project, there are currently no certification schemes in place for NTFP in Pakistan to enable producers to access these niche markets. There is, however, some certification of agricultural products, especially horticultural products, notably phytosanitary and organic certification (Annex 7). Nationally there is emerging interest in socially and environmentally-friendly products, particularly in urban centers, and some companies have started small-scale programmes as part of their efforts to improve their performance on corporate social and environmental responsibility. However, it is also difficult for national consumers to express their preference for environmentally or socially-friendly products without some kind of certification scheme that enables them to have confidence that NTFP have indeed been produced in line with certain specific environmental and social standards.



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59. The absence of comprehensive regulatory framework for NTFP harvesting, processing and trade acts as another barrier to sustainable NTFP market access and production, including biodiversity-friendly production. As noted in Section 1.3, there are few laws or policies on NTFPs, except for a few *ad hoc* rules and laws regulating the collection and transit of a handful of threatened species. Some of these were formulated during colonial times and are either out of date and/or conflict with other policies and legislation. There is need for a simpler and more coherent regulatory framework for NTFP collection and trade in line with the broader environmental and sustainable development policy framework (Section 1.4) combined with improved enforcement. Without the implementation of such a framework, it may be difficult for biodiversity-friendly production of NTFP to complete with the business-as-usual manner of NTFP collection and trade. There are also no tax incentives or other incentives by government to encourage the private sector to invest in sustainable NTFP production. Thus, at present, there are few incentives for biodiversity-friendly or even sustainable production of NTFP in Pakistan.
  60. **Community capacity-related barriers:** Local capacity to participate in national and international markets for biodiversity-friendly products is generally weak due to limitations in business, technical and financial capacity and limited access to such markets. NTFP collection and trade in Pakistan is a highly informal sector. Most NTFP collectors are among the poorer sections of local society, and include poorer resident mountain households as well as nomadic pastoralists such as the Bakrawals and the Gujars, who migrate to the high altitude pastures with their livestock in the summer months and supplement their incomes through NTFP collection. Women and children are particularly involved in this activity (Choudhary et al. 2000). There is little local value addition by collectors, who either exchange NTFP for supplies or sell them to local traders or agents for wholesalers at nominal prices. Collectors are generally unaware of the difference in market prices for NTFP as it moves up the value chain from collector to major wholesalers, to national and international companies.
  61. While MACP increased local technical know-how for sustainable harvesting, domestication and processing of several NTFPs in some project areas, the nature of sustainable NTFP production is such that detailed population-specific (i.e. site-specific) information and knowledge combined with regular monitoring are generally necessary to determine the population's regenerative capacity and thus the appropriate frequency, timing and intensity of harvesting. Historically there was considerable knowledge about such matters among traditional collectors, particularly among traditional medical practitioners, the Hakims. However, such knowledge is now generally declining and may need to be supplemented with additional scientific knowledge (Choudhury et al. 2000).
  62. Additionally, although there have been small-scale efforts at enterprise development in the mountain areas, particularly for agricultural products, most mountain communities have limited knowledge or experience of business planning and management generally, let alone for participating in certification schemes. Producing NTFP to meet certain certification standards is a more complex undertaking and requires participating members of the local community to have additional skills and capacity in addition to basic business planning and management skills in order to comply with certification standards. Amongst other

things, members of CBEs would need to have the ability to monitor and assess NTFP populations and the impacts of harvesting, identify sustainable yield, which may vary annually, as well as implement measures to restore populations and habitats if needed.

63. Producers would also need to be able to ensure a consistent supply of target products of a certain quality. However, a major study of NTFP collection found that ironically, Pakistan is also one of the largest importers of many medicinal plants that grow in Pakistan, at an annual cost of over US\$130 million, simply because the quality of the local supply of MAPs is lower than that of imported MAPs (Choudhry et al, 2000). Other work by development and conservation NGOs also confirms the need for developing local capacity for pre- and post-harvest processing.
64. Currently, there are few options for communities to develop their business or technical capacity for green enterprise development in Pakistan as community-based NTFP commercialization has received little attention from government or other actors (Section 1.3, 1.4 & 1.7; see below). There are some government initiatives that support small and medium enterprises, for example SMEDA, and ASF. SMEDA provides technical assistance in the development of feasibility/business plans for the SME, and ASF provides farmers, farmer groups, and entrepreneurs with demand-driven technical and managerial services on a matching grant basis to improve their productivity, competitiveness and credit worthiness to access financing for their enterprises. Empowerment through Creative Integration (ECI), a consulting company, is a capacity development organization promoting socioeconomic transformation. It specializes in training trainers in the areas of value chain assessment and analysis, agribusiness, enterprise development, gender mainstreaming and NGO management. However, sustainable NTFP production requires a different set of skills from farm-based production; hence a combination of above mentioned partners will be used to build relevant capacities.
65. Additionally, in order for CBEs to be competitive, communities need better access to markets, which in turn requires access to market information and research, an understanding of regulatory frameworks on taxation, procurement and exports, which can be very complex, and the capacity for marketing and promotion of biodiversity-friendly products in order to establish linkages to buyers wishing to purchase certified products.
66. In addition to technical, business and market access barriers, there are also financial barriers to community-based biodiversity-friendly NTFP production. Other than time and labour, there is currently very little investment in NTFP production by local communities. In order to engage in the production of biodiversity-friendly NTFP, communities need access to viable financing options to cover the start up and initial development and running costs of establishing CBEs and participating in voluntary NTFP certification schemes until the CBE becomes self-sustaining. There are, however, several obstacles to obtaining capital or credit for CBEs: (i) banks and private sector have little experience of working with informal sectors such as the NTFP sector are likely to be particularly wary of a community-managed operation in this sector; (ii) mountain communities lack experience in applying for and managing loans from financial institutions, being used to a tradition of



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financing operations through cash advances from local buyers, and; (iii) as most NTFP would be harvested from communal lands or government forests, the normal means of guaranteeing a bank loan (i.e. through privately owned assets, particularly land) would also not be possible.

67. The difficulties faced by small producers wishing to participate in certification schemes are well recognized and international bodies such as the Forest Stewardship Council (FSC) are exploring the options for reducing certification costs for small producers (e.g. FSC 2009). Nonetheless, mountain communities wishing to undertake certified production of NTFP would still require some amount of start up capital and credit to establish viable CBEs.
68. **Lack of Secure Tenure and Weak Community Access Rights Barrier:** As discussed in section 1. 2 above, land and resource tenure systems in the northern mountains are complex. The forests in princely states of Dir and Swat were considered state property and after their merger with Pakistan, the State Forests were taken over by Government of Pakistan and declared Protected Forests under the Forest Act of 1927. Local Kohistani people however claimed ownership of the forests and are now entitled to 60% royalty from logging. The royalty is distributed among local tribesmen by local Jirga. Gujars, Ajars and other local communities who migrated from other areas have no customary rights in forests do not get any share from royalty. In Diamer, the forests are owned by local communities but managed by government which charges 20% of royalty as management fee. In Astore, the forests are protected under Forest Act of 1927, but local people have rights to firewood collection and construction timber. Although, forest ownership and customary rights vary considerably in the project area, a few things are common across all conservancies – (a) the forests are managed primarily for timber production, (b) the management of NTFPs has not received any serious consideration, (c) still follow a centralized command and control forest management approach and (d) local communities are not involved in forest management.
69. Local communities, who have no customary rights in forests, do however depend on these forests for their subsistence and together with right holders will be important stakeholders for conservation of biodiversity and sustainable use of NTFPs. While forest owners have grazing rights in the forests, the Gujars and Ajars have to pay a fee to the forest owners for grazing. Centralized management of forests by government, lack of well defined rights and obligations of the stakeholders and absence of decentralized community management is a major barrier for the establishment of community biodiversity enterprises. Any long term solution for biodiversity conservation should consider the provision of tenure and access rights, management regulations, and incentives for sustainable resource management.
70. The current open-access nature of NTFP harvesting is a further barrier to sustainable NTFP production, which is further exacerbated by the weak regulation of collection and trading already discussed above. Resource and land tenure systems in northern Pakistan are extremely complex (Section 1.2 & 1.3; Bilal et al. 2003), but because of the low perceived value of NTFP, these have historically been treated as *de facto* common property resources, regardless of whether they

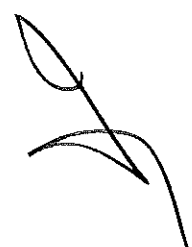


are found on government land, private land or communal land. At most, in the case of private and communal land, the owner(s) may charge a nominal fee for NTFP extraction. Historically, relatively low demand for NTFP together with greater respect for traditional sustainable harvesting practices prevented overharvesting of NTFP. But with greatly increased global and national demand for NTFP (Choudhary et al. 2000; Pfund & Robinson 2005) and the erosion of traditional practices, unsustainable harvesting of many NTFP is now the norm. In order for communities to engage in more sustainable NTFP production, however, they must have both secure harvesting rights over target NTFP as well as the ability to exclude others from harvesting these NTFP from the same area or degraded its habitat.

- 71. MACP set an important precedent for negotiating and securing community property rights over economically valuable biodiversity resources through the community-based trophy hunting schemes developed for ibex, markhor and blue sheep. Thus, in exchange for sustainable management of the target species, communities participating in the scheme are entitled to sharing revenues generated through trophy hunts with government. However, such tenure arrangements have not been addressed for other resources such as forests, NTFPs, and pastures as part of an overall forest landscape. The project will thus promote a landscape conservation approach exploring alternative natural resource governance options over the management of all forests that involves multiple stakeholders.
- 72. **Weak Institutional Capacity to support CBEs:** There are a number of institutions involved in research and development of NTFPs in Pakistan. However, the focus has been primarily on MAPs, particularly their pharmacology and their potential for domestication and cultivation, rather than seeking ways to generate increased livelihood and conservation benefits from sustainable NTFP production (Choudhary et al. 2000). The key government agencies and NGOs who are best placed to support CBE development and sustainable NTFP production, such as the Pakistan Forestry Research Institute (PFI), Provincial Forest Departments and conservation and rural development NGOs (Section 1.8) currently have relatively little capacity themselves for building community capacity for certified NTFP production or supporting CBEs more generally. For example, communities would ideally be able to obtain access to market information and market research on NTFP through government or through some form of public-private partnership. There is also a growing body of national and international knowledge and best practices on NTFP commercialization and certification, but there are no mechanisms in place communities to access information about markets, best practices, new technologies or other information that CBEs would require for effective business and conservation planning. Existing government department extension services, such as those provided by provincial agricultural departments, have no reason to cover NTFP production at present. Communities would also need support for biodiversity and monitoring and assessment, which is a fundamental part of the certification process.

**1.7 Baseline Analysis**

- 73. Over the years, the Government of Pakistan (GOP) and the provincial government of Khyber Pakhtunkhwa (KP) and the administration of Gilgit-Baltistan (GP) have



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shown great commitment to the conservation of biodiversity in the northern mountains of Pakistan. In addition to declaring a number of protected areas, there has been strong government support for the community co-managed conservancy approach to biodiversity conservation developed through MACP. The government is implementing its own five-year Programme for Mountain Areas Conservation (PMAC) which is consolidating and replicating the many achievements of MACP (Annexes 1 & 2). There is also growing awareness of the need to better regulate wild NTFP collection and trade in Pakistan. However, regulation alone will not address the problem of unsustainable exploitation of NTFP, especially in the northern mountains of Pakistan where it would be nearly impossible to enforce any regulations systematically. Thus, Khyber Pakhtunkhwa upgraded its former Sericulture Department into an NTFP Directorate in 2007 with a mandate to conserve, propagate and manage NTFP for the benefit of both local communities and biodiversity conservation. The Directorate has been exploring options for both cultivation and *in situ* conservation of MAPs as well as for value addition to NTFP production processes. However, there has been relatively little direct community engagement in the work of the Directorate so far.

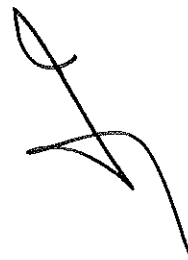
74. While the government clearly understands the pressing need to expand and diversify environmentally sustainable income generating opportunities in northern Pakistan, government budgetary allocations and technical capacity for developing and testing innovative approaches to livelihood diversification, including new market based mechanisms are limited. Furthermore, in recent years, spending on by both donors and government remains small relative to the need. Major government programmes, NGOs and donor-assisted projects that are supporting biodiversity conservation in Northern Pakistan, either directly, or indirectly as part of their efforts to develop sustainable livelihoods, are described briefly below. Some recently completed programmes of particular significance to the proposed project are also included. Most past projects on NTFP have been short-term with little post-project scale-up or replication.
75. **PMAC** began implementation in 2007 and has undertaken a number of activities to consolidate, scale up and replicate MACP's achievements, including establishing two new conservancies in AJK. No new conservancies have been established in KP or GB, but there has been consolidation of existing conservancies through addition and deletion of valleys. Additionally, Conservancy Management Plans have been completed for three conservancies. Significantly, PMAC has also been working to finalize the proposed revisions to provincial wildlife legislation in KP, GB and AJK to further strengthen the institutional and legal framework for co-management of biodiversity through conservancies (Section 1.3). One of PMAC's 7 major outputs is the Sustainable Use of Components of Biodiversity, which focuses on community enterprise development and improved value addition and marketing for selected NTFP. Other major components of PMAC include biological monitoring, and community capacity development to promote sustainable resource use and biodiversity conservation, including formal trainings as well as cross-community learning and exchange.
76. **The Aga Khan Rural Support Programme (AKRSP) & the Sarhad Rural Support Programme (SRSP)** AKRSP is an internationally recognized community-based development organization that has been working on integrated rural

development issues in northern Pakistan since 1982. Funded by a consortium of international bilateral and multilateral donors, AKRSP has had tremendous success in mobilizing local human, physical and financial resources to enable rural communities to bring about their own development in an equitable and sustainable manner. AKRSP helped to establish over 2,700 Village Organizations (VOs), Women's Organizations (WOs) and Local Development Organizations (LDOs) (NASSD 2003). Particularly noteworthy are the successful VO and WO credit and savings programmes established with AKRSP support. AKRSP's work in northern Pakistan has had significant influence on development policy and practice nationally as well as internationally. The development model adopted by AKRSP has been widely replicated, particularly through the network of Rural Support Programmes (RSPs) that operates across the country with the mandate to design and implement strategies for alleviation of rural poverty. The RSPs in the northern mountains have augmented government development initiatives aimed at diversifying rural livelihoods. Progress has been made particularly in the fields of poultry production, fruit marketing, and production of offseason vegetables (Section 1.2). SRSP was established in 1989 to replicate AKRSP's achievements in KP and has programmes to address poverty alleviation, infrastructure development and microfinance. AKRSP remains active in GB and in Chitral District of KP focusing on three major programmes: institutional development, resource development, and market development.<sup>6</sup>

77. **Intercooperation's Programmes:** Intercooperation (IC) is Swiss non-profit foundation with on-going and past projects in northern Pakistan on sustainable livelihoods and natural resource management. IC has a long-term programme supported by the Swiss Agency for Development and Cooperation (SDC) on Natural Resource Management focusing on KP and GB. On-going projects include the Integrated Natural Resource Management (INRM) project, which is working with the GB Forest Department, Agriculture Department and District Government to achieve improvements in the livelihoods of marginalized groups, especially women, through improved natural resource governance. IC has undertaken projects on horticultural promotion and farm forestry. Past projects include work on community-based natural resource management in K-P together with the SRSP and other partners and, notably, the Innovation for Poverty Reduction Project (IPRP) which focused on helping communities add value to MAPs, by improving pre and post harvest management techniques as well as developing their capacity to market products and obtain a better price. IPRP worked mainly in the Malakand Division in northern Pakistan. IC also has experience of facilitating successful conservation agreements between resource owners and users that allowed communities free access to MAPs in return for a commitment to prevent illegal logging.
78. **The Improving Livelihoods and Enterprise Development Program (I-LED)** is a three-year US AID funded initiative designed to assist those communities affected by the October 2005 earthquake in Azad Kashmir, which also affected Gilgit-Baltistan and Khyber Pakhtunkhwa. I-LED's goal is to generate increased incomes, employment, and an improved asset base by linking people to markets with economic growth potential. I-LED's Value Chain Management seeks to generate new employment and income opportunities, improve competitiveness of products

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<sup>6</sup> <http://www.srsp.org.pk> and <http://www.akrsp.org.pk>



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and services, and increase access to markets. To accomplish these goals, I-LED strategically assists farmers, businesses and entrepreneurs through a combination of training, technical assistance, and matching grants. As described earlier, UNDP these grants will be administered following due diligence and UNDP rules on microfinance. I-LED has strategically focused on seven promising value chains, chosen for their ability to provide economic opportunity to those affected by the earthquake and transform rural incomes. These are: fruit and nut, dairy, vegetable, ruminant, potato, poultry, and tourism. Each selected value chain is also strategically linked to I-LED's Livelihood Component and Local Economic Development (LED) Component activities. The LED Component bolsters the viability of enterprises by creating opportunities for innovative marketing, improving access to production inputs, as well as expanding group advocacy opportunities. By organizing active producers and processors into clusters and associations, the LED process develops and formalizes potential linkages in the value chain that would not form spontaneously in the current environment.

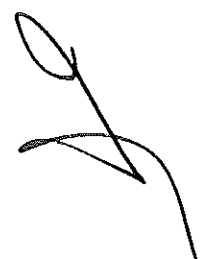
79. **The Protected Areas Management Project (PAMP)** GEF World Bank project was designed to strengthen the conservation of nationally and globally important habitats and species in three Protected Areas, of which two are in northern Pakistan: Machiara in AJK and Chitral Gol in the KP Province. The project sought to improve the management of these areas by developing the capacity of government agencies and community institutions; improved collection of biodiversity data; and environmental awareness campaigns for the general public, school children and tourists. The project especially targeted vulnerable sections of the local population, notably the very poor and women, and sought to develop new livelihood opportunities for these target groups, by providing skills training and micro-credit.
80. **Community Based Chilghoza Pine Conservation and Management for Income Generation in Hudur valley, district Diamer, GB** was a small project jointly implemented by IUCN, WWF and Wildlife Conservation Society (WCS) from January 2006 to April 2007. The project sought to explore the potential of reducing threats to Chilghoza forests from timber felling by increasing the returns to local communities from sale of Chilghoza pine through local value addition. The project, led by WCS, succeeded in helping communities increase the sale price from PKR 230/kg to 560/kg through local value addition (Khan 2007).
81. None of the existing conservation or rural development programmes and projects have thus far attempted NTFP certification, which has the potential for creating new market-based economic incentives for conservation and sustainable development in northern Pakistan. Developing community-based enterprises for green products and NTFP certification faces a number of barriers and risks (Section 1.6 & Section 2.5), which other agencies have thus far not been able or willing to address. It is especially difficult for government agencies to experiment with innovative approaches that are by definition more risky. Furthermore, there is little institutional capacity for helping communities develop 'green' enterprises, particularly in northern Pakistan. While some NGOs and private sector entrepreneurs are interested in this area, most national NGOs also do not have the capacity including the finance to support a more comprehensive approach to the development of certification systems and community capacity to participate in such systems as proposed in this project. However, there is a tremendous opportunity to

generate both environmental and sustainable development benefits by developing community capacity in northern Pakistan to tap into existing markets for biodiversity-friendly natural products as well as by further stimulating market demand for such products. As described earlier, there are already national and international markets for a range of NTFPs, including MAPs and so-called 'superfoods' and delicacies. There is also growing international experience and guidance on using market-based mechanisms for promoting conservation and sustainable development. The Forest Stewardship Council (FSC) has been trialing standards for NTFP certification as well seeking ways in which smallholders can obtain FSC or similar certification, including options for group certification.

82. Thus, the Government of Pakistan is seeking GEF co-financing support to further expand environmentally sustainable income-generating options for local communities in northern Pakistan through the community-based production of biodiversity-friendly NTFP. In the absence of the GEF project, NTFPs will continue to be overexploited but without providing any significant livelihood benefits to local communities, who will therefore have little incentive to manage these sustainably. The abundance of many NTFPs is declining and a number of species are threatened, including several globally endangered species (Choudhary et al. 2000). NTFP collection is also having adverse impacts on other species, including endangered species, and forest habitats. However, support for biodiversity conservation in the northern mountains generally is also at risk without more options for environmentally sustainable livelihood development options (Section 1.5). There is even a risk that many of the achievements of MACP and PMAC will be undermined and potentially reversed without greater efforts to tackle the deeply entrenched problem of poverty in this region, particularly people's growing need for cash income. The GEF alternative provides an opportunity to harness the potential of market-based mechanisms to further promote biodiversity conservation in northern Pakistan

## 1.8 Stakeholder Analysis

83. The primary stakeholders of this project are the local communities in the proposed project areas: Astore and Diamer Conservancies in Gilgit-Baltistan (GB) and Dir Kohistan and Kalam Conservancies in Khyber Pakhtunkhwa (KP). These conservancies and subconservancies were selected on the basis of PPG consultations. This resulted in some changes from the preliminary selection made at the PIF stage. Further details of the proposed project areas are given in Annex 3. Other stakeholders include: conservation organizations, business enterprises, small and medium enterprise development bodies, the export promotion bureau, the government agencies responsible for management of natural resources and environment. Moreover, academic and research institutions, and civil society all have important roles to play in conservation of biodiversity and its mainstreaming in the different sectors of the economy.
84. In order to build consensus among diverse stakeholders, a three stage participatory planning and stakeholder identification and consultation process was adopted for project preparation. The stages were (a) participatory planning and



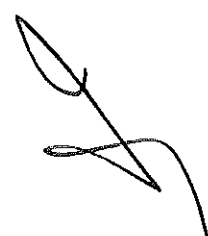
stakeholder identification, (b) individual consultations with key stakeholders, and (c) a final consultative workshop with all the stakeholders

85. First a two-day stakeholder identification and planning workshop was held in Islamabad with the field teams of the PMAC who were working with local communities in the northern mountain ecosystems. A list of participants of this workshop is given in Annex 4. The outputs of the workshop included: (a) a long list of valleys with potential for NTFP based community enterprises; (b) SWAT analysis of the valleys included in the list; (c) an outline of the structure and functions of the proposed CBEs; (d) an outline of the Results Framework Matrix of the project; and (e) identification of the stakeholders.
86. The second stage of the process included meetings of the project preparation team with the individual stakeholders. The purpose was to share information and the results of the participatory planning process in a more informal and relaxed atmosphere and listen to their views, discuss the problems, and analyze possible solutions and their impacts, and form a consensus on win-win solutions and actions ahead of the plenary. These consultations also helped in identification of relevant stakeholder groups. The list of the key stakeholders consulted and names of those present in the meetings is given in Annex 5.
87. The final stakeholder validation workshop brought together all major stakeholders to buy-in on the framework for Mountains and Markets project with the aim of producing a project framework which is a reflection and ambition of the major stakeholders. A complete list of the participants of the workshop is given in Annex 6. The objective of the project, its proposed outcomes and outputs, together with a long list of the candidate valleys were shared with the stakeholders in a plenary session. The participants were then divided into four breakaway groups corresponding to the four outcomes. The groups were asked to critique the proposed outcome and outputs in terms of their relevance to the objective of the project, suggest changes and fine tuning if any needed, and prioritize the list of valleys in terms of their potential for the establishment of community enterprises. The groups presented their reports in a plenary followed by general discussions. The project results framework was refined in light of the suggestions of the stakeholders and five valleys with the most potential for NTFP community enterprises were selected based on the prioritization exercise undertaken by the stakeholders.
88. A list of key stakeholders and their roles and responsibilities are as follows:

**Table 1 Key Stakeholder Groups and their Roles and Responsibilities**

Stakeholder Groups	Roles and Responsibilities
Ministry of Climate Change (MoCC)	MoDM is the focal point on Environment, Ecology, Human Settlement and Forests in Pakistan and its mandate includes Economic Planning and Policy making in the areas of Ecology, Forestry and Wildlife. As the ministerial host of this project, MoDM will facilitate project execution and provide overall guidance and support to all stakeholders in the execution of their roles and responsibilities. It will also pursue intra and inter-ministerial cooperation, change, reform, development of NTFP policy and provide budgetary support..

Ministry of National Food Security and Research (MoNFSR) MoNFSR	Responsible for research, development and transfer of technology for cultivation of minor crops (MAPs). Introduction of WHO guidelines on Good Agriculture Collection and Processing Practices (GACP) for collection, processing and trading of NTFPs. MoNFSR will provide technical assistance in cultivation, harvesting, processing and storage techniques of the medicinal plants.
National Council for Conservation of Wildlife (NCCW)	NCCW is the CITES authority in Pakistan and is responsible for issuing permits/NOC for the export of wildlife and regulating trade in plant species on CITES appendix 1. NCCW will help the project in updating red list of MAPs and obtaining CITES permit for export of MAPs on CITES Appendix 1.
Provincial Governments	Governments of KP, GB, and AJK are responsible for the management of ecosystems and enforcing rules and regulations concerning harvest of MAPs. These governments will be implementing partners in the field and also provide administrative, policy, and legal support needed for project implementation. They will also be required to provide additional co-funding for project for initiatives that bring about local benefits.
Local Communities	Organized as VCCs, WOs, VOs & CBOs, they will be the custodians/entrepreneurs of the CBEs and will play the main role in the development and management of the CBEs. The CBEs will function as ecologically, socially, and economically viable business entities owned and operated by the communities at the watershed level and geared to produce and market certified 'green' NTFPs/wild resources.
Conservation NGOs and INGOs	This project is mainly based on the foundations laid by MACP, implemented by IUCN, and will be actively involved in the implementation of some of the project outputs. WWF is working on conservation of brown bears and in this context will be a partner in the field in Astore and Neelum Conservancies. WWF will have an advisory role in the project as member of the Technical Advisory Group. Additionally, WCS has been working in Diamer and is likely to be an important partner in that conservancy.
Development NGOs	AKRSP, Sarhad RSP and others. Project will collaborate with them for the establishment of CBEs. In addition, project will work with any cluster organization or local NGOs present in the Conservancies.
National Institute of Health - Drugs Control & Traditional Medicines Division (NIH-DCTMD)	NIH is implementing a WHO project "Traditional Medicines", and has submitted recommendations for development of a national policy and appropriate standards for traditional medicines to the Ministry of Health for approval. It has also prepared the Draft Bill to regulate the manufacture, storage, import and export of Traditional Medicines, which has been formally approved by the Federal Cabinet. It has developed the guidelines for the field collection of medicinal plants under the WHO GACP for Medicinal Plants and is working on the development of standards and specifications for medicinal plants. The project will form linkages with the Traditional Medicines Project of NIH for transfer of technology, certification of NTFPs, and policy to regulate NTFP trade.
International Centre for Integrated Mountain Development (ICIMOD)	ICIMOD is a regional knowledge development and learning centre serving the eight regional member countries of the Hindu Kush-Himalayas, including Pakistan. It is mandated to strengthen networking among regional and global centers of excellence and develop an economically and environmentally sound mountain ecosystem to improve the living standards of mountain populations and to sustain vital ecosystem services for the billions of people living



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	<p>downstream. The project will form strong linkages with ICIMOD, for technology transfer, promote market information dissemination systems and sharing lessons learnt from the project with other countries in the region. ICIMOD is in the process of developing a regional project "Livelihood enhancement and stabilization through Value Chain Development and Harmonization of Trade of selected MAPs in the Himalayan region". If this project is funded, it will bring additional technical and financial support to the GEF project.</p>
Inter Cooperation (IC)	<p>IC- a Swiss Foundation for International Cooperation and development is working in some of the project areas with overall aim of poverty alleviation through committed partnerships. Its work domain includes agriculture and forestry, small enterprise promotion, and marketing of agriculture and forestry projects. It has worked on value chain addition of NTFPs and IPR.</p> <p>IC has shown interest in supporting the project with their technical expertise, and through co-funding supporting activities. IC Pakistan's expertise will be used to enhance self sufficiency amongst the VCCs/CBEs, thereby empowering and engaging them as successful implementation partners rather than merely as beneficiaries.</p>
Empowerment through Creative Integration (ECI)	<p>ECI consulting company is a capacity development organization promoting socioeconomic transformation. It specializes in training trainers in the areas of value chain assessment and analysis, agribusiness, enterprise development, gender mainstreaming and NGO management</p>
Agri Support Fund (ASF)	<p>ASF is a "Not for Profit Company" established by the Federal Ministry of National Food Security and Research (MoNFSR) for Agribusiness Development and Diversification. ASF provides farmers, farmer groups, and entrepreneurs with demand-driven technical and managerial services on a matching grant basis to improve their productivity, competitiveness and creditworthiness to access financing for their enterprises.</p> <p>ASF finances 100% of costs involved in establishing Farmer Enterprise Groups. It also supports up to 50% of the BDS costs (up to Rs. 1.50 million on single application), in shape of grants and 50% of the cost of acquiring certifications (ISO, HACCP, EurepGAP, etc.) and other associated costs.</p> <p>The project will partner with ASF to support CBEs with feasibility studies, business plans (marketing/financial plans), business incubator, management training, legal services/cost of incorporation, financial &amp; taxation advice, setting up accounting &amp; book keeping system, promoting the entity (web site development, brochures, etc), sample development, packaging, storage, value chain analysis, market research/access for domestic and export markets, subscription to different journals.</p>
Pakistan Horticulture Development & Export Board (PHDEB)	<p>PHDEP's role would be to develop and enforce specific export policies, laws supporting certification of plants. Identify/develop export market share for Pakistan's certified NTFPs under the Fair Trade Agreement. MoNFSR &amp; PHDEB are already implementing a project on the development and export of medicinal plants in collaboration with private sector.</p>
National Trade Development Authority of Pakistan	<p>NTDAP helps exporters to participate in exhibitions abroad and sends delegations to export markets with a view to explore new markets and develop the traditional markets. On supply side, NTDAP has established over 32 training institutes and projects in various export sectors to train necessary manpower that can manage the export</p>



	<p>trade and industry, professionally, meeting the requirements of the export markets.</p> <p>Export promotional activities are carried out in co-ordination with trade bodies at home and Pakistan's trade missions abroad. NTDAP's Marketing Division conducts yearly trade exhibitions in Europe and Asia; partnership will be developed with NTDAP to include CGBPs amongst its list of products. The project will work closely with NTDAP to promote the export of CGBPs.</p>
National and International Buyers of NTFPs	<p>Hamdard Laboratories, Qarshi Industries, are leading herbal medicine companies in Pakistan and are keen on supporting CBEs. Hunza Organics is certified to export organic products and is keen in exporting certified NTFPs. Other buyers with similar interest will be explored. Project will facilitate linkages of the national and international buyers with CBEs.</p>

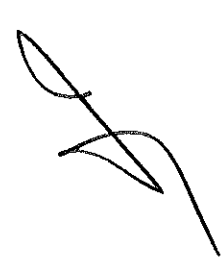
## 2. STRATEGY

### 2. 1. Project Rationale and Policy Conformity

89. The project seeks to create market-based incentives to address threats to biodiversity in northern Pakistan arising from the unsustainable commercial exploitation of NTFP. The project will focus on supply chain management, including the development of voluntary certification systems for selected NTFP, strengthening producer capacity to comply with certification standards, stimulating market demand for certified biodiversity-friendly NTFP and increasing access to markets. Thus, the project is consistent with Strategic Objective 2 ("To mainstream biodiversity in production landscapes/seascapes and sectors) of the Biodiversity Focal Area. Specifically, this project will contribute to the Strategic Program 5 (Fostering markets for BD goods and services) of the GEF strategy

### 2. 2. Country Ownership: Country Eligibility and Drivenness

- 90. Pakistan signed the Convention on Biological Diversity (CBD) in 1992 at UNCED and ratified it in 1994. A National Biodiversity Strategy and Action Plan has also been developed to meet the planning requirement of Article 6 of the convention. This document was prepared through a three-year consultative process and was adopted by the Pakistan Environment Protection Council (PEPC) in 1999.
- 91. Pakistan is also a signatory to the United Nations Framework Convention on Climate Change (UNFCCC), which it signed in 1992 and ratified in 1994. To implement this convention, Pakistan has completed a number of major studies and projects focusing on climate change and GHG reduction strategies. Pakistan has prepared the First National Communication for the UNFCCC, which also gives priority to biodiversity conservation (Section 2.6).
- 92. Pakistan has further demonstrated its commitment to biodiversity conservation by supporting international agreements such as the Ramsar Convention (1978), the Bonn Convention on Migratory Species (1987) and to the Convention on



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International Trade in Endangered Species of Wild Fauna and Flora or CITES (1976).

93. The project was identified as a high priority by GOP and has been endorsed by the GEF Operational Focal Point in a letter to the GEF dated 28 July 2008. The project was formulated through extensive involvement of, and discussions with relevant government officials, conservation NGOs, biodiversity businesses, and community representatives. The proposed project objective, outcomes and main outputs were reviewed and refined by stakeholders in a consultative workshop held on 19th May 2010 in Islamabad.
94. The project is fully in line with the 1992 National Conservation Strategy (NCS) and the Biodiversity Action Plan (BAP 2000) (Section 1.3). The project is also in line with provincial-level sustainable development strategies of KP (GoNWFP & IUCN 1996) and GB (GOP & IUCN 2003). The project responds to several recommended interventions and actions of Pakistan's Biodiversity Action Plan (2000), particularly on sustainable use and incentive structures. It is also aligned with the National Environment Policy 2005-2010, which is linked to the Medium-Term Development Framework for this same period. The NEP identifies sustainable use of biodiversity, including benefit-sharing, and medicinal and economic plant conservation as priority areas for action and also recommends creating incentives for community participation in biodiversity conservation. The project is also in line with the Rural Development Strategy of Pakistan's priorities on environmental sustainability as well as with Pakistan 10th Development Plan (2010 -15). The project will complement and build synergies with the government's follow-up programme to MACP.

### 2. 3. Design Principles and Strategic Considerations

95. This project was designed to address fresh opportunities created through the achievements of MACP and PMAC to further explore the use of market-based mechanisms for conservation in northern Pakistan. It responds to the government's priorities and is in line with national and provincial conservation and sustainable development objectives. Additionally, it responds to the needs of diverse stakeholders, including GOP, the governments of KP and GB, local communities, as well as the interests of socially and environmentally responsible members of the private sector (Section 1.8).
96. The project shall maximize complementarities, strengthen synergies and avoid duplication with the existing similar projects of the government line agencies and NGOs. Thus, the government projects will facilitate many of the project's proposed activities, by laying the groundwork in terms of community mobilization, providing data and monitoring support, and ensuring that proposed interventions are aligned with Conservancy Management Plans and Valley Conservation Plans.
97. Project design has also drawn upon the best available knowledge and lessons learned from global experience of community-based green enterprise development, particularly in relation to NTFP, notably the experiences of Intercooperation in Pakistan and globally (e.g. Pfund & Robinson 2005), the

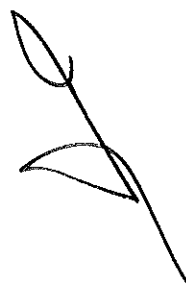
numerous outputs of the NTFP collaborative project between UNEP-WCMC, ODI and FFI, funded by DFID's Forest Research Programme, FAO's and CIFOR's work on NTFP, the Rainforest Alliance's experience of NTFP marketing and management in Latin America, and FSC's work on certification of NTFP and small holders.<sup>7</sup> The community biodiversity enterprise development will be used as a leverage to address conservation challenges involving protecting biological diversity; ecosystem integrity and connectivity; restoring and protecting water resources; sustaining the agriculture, pastures, and forests that are critical for enhancing economic viability and resilience in rural communities. These challenges will be addressed at several geographic scales simultaneously, ranging from the village to the landscape level preparing local communities to effectively face new and unprecedented challenges present in such things as global climate change, water resource issues, and development pressures.

- 98. Landscape conservation approach will enhance the collective ability of the local communities to clearly identify the environmental issues, define conservation goals and to measure accomplishments. There is no single model for large landscape conservation and project will work to create homegrown processes and solutions for conservation problems at the landscape level. It would require gathering information and knowledge about the structure and function of the landscape, develop capacity of the stakeholders to achieve landscape conservation goals. Collaborative management approaches similar to Joint Forest Management (India) and Forest User's Association (Nepal) will be adopted to secure the tenure and access rights for the local communities for greater stake in landscape conservation and development of biodiversity enterprises. UNDP will also draw on its own considerable in-country and global experience, knowledge and networks on poverty reduction, sustainable development, environmental management and engagement of the private sector (see below). Additional design and strategic considerations regarding cost effectiveness, sustainability and replicability are discussed in later sections of this document.

**UNDP's Comparative Advantage**

- 99. UNDP is the other major cofinancier of this project, which is also in line with the UNDP's work in Pakistan and globally. UNDP's strengths come from its mandate to manage environment for sustainable development and its focus on achievement of the Millennium Development Goals. UNDP has a strong country presence in Pakistan, where it has been working with the Government of Pakistan since the 1960s. In the environment sector, UNDP has been working with the Ministry of Environment (Ministry of Climate Change after devolution) to address national priorities. UNDP already has considerable experience of working on biodiversity conservation in northern Pakistan having been the GEF Implementing Agency for the GOP/GEF/UNDP/IUCN MACP project, which was under implementation between 1999-2007. Currently, UNDP is supporting the implementation of several GEF co-financed biodiversity projects in Pakistan including: Conservation of Habitats and Species in Baluchistan, Mainstreaming Biodiversity Conservation into Production Systems in the Juniper Forest Ecosystem and the Protection and Management of Pakistan's Wetlands Project, co-financed with RNE. UNDP has

<sup>7</sup> <http://quin.unep-wcmc.org/forest/ntfp/nlp.cfm>



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considerable experience of partnering with a range of federal and provincial/territorial government agencies as well as NGOs including AKRSP, IUCN, WWF and others.

100. Globally, UNDP has a wealth of experience on mainstreaming biodiversity into production sectors and services as well as into national development strategies. UNDP is working with private sector and other partners on sustainable production of both coffee and cocoa in Latin America and West Africa, respectively, as well as on wild flower production in South Africa. With GEF support, UNDP is also working with the National Forest Commission of Mexico and the Rainforest Alliance on voluntary certification of community forests in Mexico.
101. UNDP also has a range of programmes and projects with the private sector aimed at inclusive market development, an approach that evolved out of its 'Growing Sustainable Business' initiative, which was launched in 2003 and sought to work with the private sector to develop pro-poor businesses in developing countries. Additionally, through UNCDF and Microstart, UNDP also has a track record in microfinance initiatives in brokering public-private sector partnerships. Finally, through its Equator Initiative, UNDP has been building up a global knowledge base on lessons learned and best practices for successfully linking poverty reduction and community-based biodiversity conservation, particularly through community based ecosystem enterprises

#### 2.4 Project Objective, Outcomes and Outputs

102. The project objective is **the sustainable production of biodiversity goods and services through community ecosystem-based enterprises** in demonstration conservancies in the northern mountains of Pakistan. As described earlier, the project builds on the achievements of MACP and complements the government's PMAC (Section 1.5 & Annexes 1 & 2).
103. The project's objective will be achieved through four inter-related components, each of which focuses on different key sets of barriers discussed in Section 1.6. Thus, Outcome 1 will address various market-related barriers to biodiversity-friendly NTFP production. Outcome 2 focuses on overcoming the various capacity-related barriers faced by local communities wishing to participate in sustainable biodiversity enterprises, particularly certified NTFP production. Outcome 3 addresses issues relating to securing community tenure and access rights over NTFP without losing sight of biodiversity conservation objectives at landscape level, i.e. ensuring that increased community rights are combined with agreement on landscape conservation management responsibilities. Finally, Outcome 4 focuses on targeted institutional capacity development for scale-up and replication of project achievements. Planned project outcomes and outputs are described further below.

#### **Outcome 1. Market demand for biodiversity-friendly Non-Timber Forest Products (NTFP) stimulated**

104. This component focuses on the demand side and seeks to expand national and international markets for sustainably produced NTFP by increasing private sector

and consumer understanding and support for biodiversity-friendly NTFP production in Pakistan and globally and forging new alliances with national and international entrepreneurs and buyers representing preferential markets for certified or verified biodiversity-friendly NTFPs. The project will also work with relevant government and other partners to clarify the regulatory framework for NTFP collection, processing and trade and to develop a voluntary national certification system for 'green' NTFP.

Output 1.1. A Business and Biodiversity Round Table:

105. A national Business and Biodiversity Round Table (BBRT) will be established to foster greater understanding between the private sector, community producers, conservation actors and other key stakeholders. The BBRT will be a forum for learning and action to expand markets for biodiversity-friendly NTFP products from CBEs and to identify ways in which companies can enhance their social and environmental performance, for example, by integrating biodiversity considerations into their corporate social responsibility programs (CSRPs), and adopting a voluntary code of conduct for "good sourcing practices".
106. The BBRT will also be used for discussion on ways to overcome the barriers that currently limit community-based biodiversity-friendly NTFP production that will be addressed under Outcome 2, including how communities could increase their access to finance and markets. Through the BBRT, the project will seek to identify entrepreneurs with a particular interest in social and environmental responsibility as such individuals could play a key role in facilitating CBE access to new markets. Additionally, the BBRT will be used to showcase project achievements and to further increase interest and support for community-based 'green enterprises' within government, private sector and the general public.
107. BBRT members will include senior representatives of major herbal pharmaceutical industries in Pakistan, such as Hamdard Pakistan, Tayyabi, Ajmal Dawakhana, Qarshi, Herbion and Medics, as well as representatives of major NTFP wholesalers and exporters, representatives of CBEs, CBOs, major NGOs, MoDM and Forest and Wildlife Departments.

Output 1.2 Voluntary certification schemes for NTFP

108. End markets are increasingly demanding that agricultural and natural products conform to certain minimum environmental and social standards. There has also been growing interest in organic production, sustainable harvesting and fair trade. In collaboration with the concerned government ministries (Commerce, Agriculture, Forest), NTFP producers (including collectors) and buyers, the project will develop voluntary certification schemes for selected NTFPs that are suited to community-based biodiversity-friendly production. In the first instance, this will include schemes for products that are abundant, already harvested for sale in the project demonstration sites, but not currently being harvested in a biodiversity-friendly fashion. Thus, the project will initially target Chilgoza pine nuts in Diامر Conservancy and morel mushrooms in Astore, Kalam and Dir Kohistan. The potential for certification of black cumin, which is especially abundant in Astore, and white cumin, which is found in all the conservancies, will be explored during the inception phase. Additional NTFP will be considered for certification as the

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project progresses, based on the lessons learned from working on Chilghoza pine nuts and morel mushrooms.

109. The Forest Stewardship Council's (FSC) recent work on forest certification for smallholders (FSC 2009), including NTFP certification, is particularly relevant and will be assessed for its potential use in the northern Pakistan context. Notably, the Nepal experience through which the Federation of Community Forestry Users Nepal (FECOFUN) received FSC certification through Rainforest Alliance/SmartWood (an FSC accredited body) will be carefully analyzed. In addition, the project will also explore the possibilities of developing organic, and fairtrade certification schemes or participating in existing schemes such as IFOAM and FLO. Where practical, the project will seek to encourage participation in existing international schemes as labels such as FSC, IFOAM and Fair Trade and globally recognized and would increase community access to international markets. Also of interest are the product-specific interpretations of the FSC standard that have been developed by some countries, notably Brazil, which according to the FSC itself is world leader in the certification of NTFPs within forest management certification systems (FSC 2009).
110. Additionally a suitable national body will be identified and trained to verify NTFPs produced by CBEs participating in the certification scheme. Options for working with existing third party bodies already undertaking certification of agricultural products in Pakistan will be explored (Annex 7). Options for international accreditation of the verifying body will also be explored.

Output 1.3 National and international demand for biodiversity-friendly NTFP stimulated

111. Activities under this output are designed to: 1) increase national and international consumer and private sector understanding of the environmental and development benefits of biodiversity-friendly NTFP and thus increase demand for such products; and 2) identify and work with interested buyers and end consumers to link them with the producers of biodiversity-friendly NTFP, i.e. the CBEs established under Outcome 2. With the help of BBRT members (Output 1.1), a market outreach strategy will be developed to target different national and international consumers and buyers and ultimately to forge new alliances between CBEs and buyers and consumers of certified MAPs and other NTFPs. A variety of strategies will be used to increase buyer interest and demand for certified NTFP. Help will be sought from the private sector to develop a market outreach strategy to identify the most effective methods of informing different audiences about the benefits, availability and sources of different certified NTFP. Additionally, the project will collaborate with the Trade Development Authority of Pakistan to conduct international campaigns through trade fairs, exhibitions, online marketing and targeted promotions. The Biotrade Initiative of the United Nations Conference on Trade and Development (UNCTAD) and the International Trade Center of the UNCTAD and its members will also be contacted for guidance on increasing demand for sustainably produced NTFP from CBEs. Additionally, websites such as Katoomba

Group's online Ecosystem Marketplace<sup>8</sup> offers an opportunity to further publicize information about certified NTFP from northern Pakistan and identify new markets.

Output 1.4 A regulatory framework for NTFP collection and trade

112. The project will work with the concerned national and local government entities, NTFP collectors and traders and other key stakeholders to develop a coherent policy framework and regulations for NTFP collection, processing and trade, including import and export. Existing policies and laws on NTFP harvest, transport and trade will be systematically reviewed and a more harmonized and simplified framework will be proposed. The purpose of the regulatory framework will be two-fold: 1) to prevent over-exploitation of NTFPs in the wild and other associated adverse environmental and social impacts and b) to support sustainable production and trade of NTFPs.
113. Thus, the project will explore the pros and cons of licensing collectors, local traders and wholesalers and the most appropriate mechanisms for any such licensing. For example, the option of licensing collectors through the Conservancy Management Committees (CMCs) or Valley Conservation Committees will be explored to minimize bureaucracy. However, licensing of wholesalers would be better undertaken through provincial and federal authorities. To the extent possible, the new framework will be developed within the existing legal and policy framework but harmonized and simplified. Where required, however, new legislation will be drafted.
114. Additionally, the project will also work with national government, provincial entities and other key stakeholders to identify how regulatory frameworks on taxation and export promotion could be revised to promote socially and environmentally responsible enterprise development.

**Outcome 2. Strengthened capacity of local communities to produce and market biodiversity-friendly products**

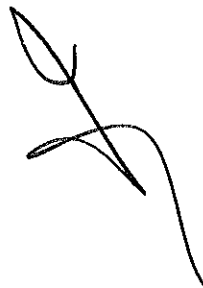
115. This component will address some of the key barriers to community-based sustainable NTFP production, i.e. adequate business, technical and financial capacity for the establishment of biodiversity enterprises and participation in certification schemes including increased access to relevant technical, financial and market advisory services for maintaining CBE competitiveness. Three outputs are planned under this outcome as follows.

Output 2.1 Enhanced business and technical capacity of local communities to establish and manage CBEs

116. Local communities in northern Pakistan have very limited knowledge or experience of business planning and management generally let alone of biodiversity business planning and management. One-off trainings are unlikely to be sufficient to impart

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<sup>8</sup> ([www.ecosystemmarketplace.com](http://www.ecosystemmarketplace.com))



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all the skills and knowledge needed for successful green enterprise development and management. Therefore, the project will work with a partnership of organizations, including AKRSP, Sarhad RSP, IC, IUCN, ECI and other relevant government and private sector partners to develop and implement targeted community capacity development programmes, and provide periodic support to communities and CBEs to strengthen their ability to access domestic and international markets for biodiversity-friendly products.

117. The precise content of the capacity development programme will be based on detailed assessment of existing community capacity and needs for successful CBE establishment. It would cover amongst other things technical production issues to both add value and comply with certification standards. PPG consultations revealed that quality assurance is key to negotiating agreements with the major herbal companies for preferential buying of 'green' products from CBEs in the project demonstration areas. Therefore, developing community capacity to meet certification for quality assurance will be a key part of the project's capacity development program. Thus, NTFP collectors will be trained in sustainable collection methods and post harvest field-level processing techniques. Where appropriate, local traders and wholesalers may also be trained in post harvest processing, storage and quality control.
118. Capacity development programmes will also include training in general business skills, including business and financial planning and management, developing a marketing strategy, monitoring and evaluation. In particular, the training programmes will impart an understanding of the importance of market analysis and feasibility studies and risk analysis for CBE business planning. Another component of the CBE training package will cover relevant local, national and international regulatory frameworks on taxation, exports and procurement relating to NTFP collection, transport and trade. The same partnership of organizations will be used to provide additional extension services (Output 2.2) that will be gradually institutionalized in order to support future scale up and replication (Outcome 4).
119. To overcome financing barriers associated with CBE establishment and certification, the project will in the short-term establish an incubator seed capital window to jumpstart the operations of the CBEs through a cost sharing mechanism. The project will also work with communities to explore potential funding avenues available through existing government and other microcredit lending schemes and develop community capacity to access these.
120. Additionally, the project will work with government counterparts to increase awareness about commercial potential of NTFP enterprises within the Agri Support Fund (ASF), Small and Medium Enterprise Development Authority (SMEDA) and other lending institutions/schemes and also seek to identify innovative ways of providing credit to CBEs and other small-scale NTFP entrepreneurs. Over time, the project aims to facilitate deal flows between potential buyers of certified products and CBEs as a result of work undertaken under Outcome 1.
121. The project will also work with the MoDM to invest income from the Mountain Areas Conservation Fund established under the MACP to support community actions for the establishment of CBEs. To develop long term capacity for scaling up and replication of CBEs, the project will work with the existing local financial



institutions such as ASF and SMEDA, to develop financial mechanism that would lower risk exposure related to conservation enterprises.

Output 2.2 Pilot CBEs with approved business plans established

122. Under this output, the project will work with local communities to form and register biodiversity enterprises for the sustainable production of biodiversity-friendly NTFP in at least four demonstration conservancies. Project conservancies were selected in consultation with PMAC and other stakeholders and include: Kalam and Dir Kohistan in Khyber Pakhtunkhwa (KP) and Astore and Diamer in Gilgit-Baltistan (GB). The guiding principles for the selection of the five demonstration sites were social homogeneity, NTFP production potential of the areas, the economies of the scale that could be achieved, community interest and supported through MACP/PMAC. There were thus some changes to the sites proposed in the PIF, which are explained in Annex 3.
123. At least 20 pilot CBEs will be established through the project, two or three in each demonstration conservancy. CBEs will build on existing village and valley institutions and will essentially constitute a cooperative or a cluster organization of the villages representing one or more valleys in a conservancy. Generally, the project strategy is to develop the capacity of existing Village and Valley Conservation Committees formed under MACP and strengthened through PMAC to work with communities to form business entities or CBEs.
124. CBEs will be registered as a commercial entity with an approved business plan and a board operating under the umbrella of the respective Conservancy Management Committee (CMC). The precise structure and composition of the CBE board will be decided by the communities involved in CBE establishment, but should include representation from the Village and Valley Conservation Committees, as well as NTFP collectors, including ideally some women.
125. Strategies will also be developed for increasing the active participation of women in the planning, operation and monitoring of the CBEs. For example, communities that are receptive to the notion of women's participation in CBE development may be selectively targeted for support from the project. The project will also seek to actively engage local traders and wholesalers as the objective is not to eliminate the wholesaler, but to identify ways in which they too may derive benefit from the production of biodiversity-friendly NTFP.
126. A provisional selection of key products and services and the boundaries of the production area for the 20 proposed CBEs has been made through PPG consultations and will be finalized during the project's inception phase. The stakeholders consulted during the project preparation process were of the view that the CBEs should focus on conservation and sustainable use of MAPs and other NTFPs. Except for Diamer, the demonstration conservancies are very similar in terms of the major NTFP species available, differing mainly in the volumes of products available for harvest. Astore for example produces exceptionally high volumes of black cumin (*Bunium persicum* or *Kala Zeera*). In order to minimize risk, communities will initially focus on a few high-value MAPs and other NTFPs that are already harvested and sold nationally and internationally such as black



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and white cumin and Morel mushrooms (*Morchella species* or *Guchhi*). In Diامر, the main focus will be the Chilgoza pine nut (*Pinus gerardiana*).

127. Business plans developed with support from the project under Output 2.1 would, amongst other things, aim to ensure sustainable harvesting of target NTFPs and include marketing and financing plans, as well as clear agreements on profit sharing and use. CBE business plans will be monitored by the CBE, local communities and the project (Output 3.2 & Section 6) as well as verified by a trained (potentially internationally accredited) independent body in the case of CBEs participating in voluntary certification schemes.
128. Once CBEs are established and functioning effectively, the project will work with communities to explore the potential for further product diversification including new product development such as the Goji berry (*Lycium barbarum*), an increasingly popular 'superfood' in western countries that is currently not collected or traded in the demonstration conservancies, although they are common throughout this region.
129. Additionally, the feasibility of a standalone ecotourism community enterprise was assessed during the PPG and considered commercially unviable as Pakistan's tourism sector is relatively undeveloped. However, the northern mountains have great potential for nature tourism or ecotourism, particularly domestic tourism. Stakeholders consulted during the PPG felt that ecotourism opportunities could potentially be included as a viable add-on activity and appropriate ecotourism packages developed and promoted through the CBE's business plan.

Output 2.3. Improved community access to technical, financial and market advisory services for CBE development and NTFP certification

130. There is a growing wealth of national, regional and global knowledge, experience and technical expertise on sustainable NTFP harvesting, trade and markets and on certification and green enterprise development more generally. However, much of this information is difficult to access, especially for poor, illiterate villagers living in remote mountain areas. Furthermore, it would be grossly inefficient for every individual or even CBEs to try to access such information independently. Thus, under this output, the project will work with CBE members and other partners such as AKRSP, SRSP and Intercooperation as well as the relevant government agencies (Forestry and Agricultural Departments, PFI, Ministry of Commerce, etc) to identify a practical, cost-effective system or mechanism that will allow communities access to the technical, financial and market advisory services they need to facilitate and strengthen their business planning and management, sustainable NTFP production and marketing. Access to information and finance is also important for innovation in resource management and product processing and marketing, which in turn is often critical to retaining market share or accessing new markets. Additionally, access to technical assistance on climate risk analysis and risk reduction measures is likely to become increasingly important over time.
131. Some information needs could potentially be addressed through a web-based information service along the lines of the Nepali national NTFP marketing information system hosted by the Asia Network for Sustainable Agriculture and

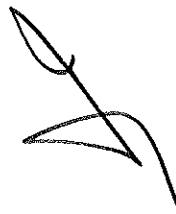
Bioresources (ANSAB). Additionally, the project, together with partner organizations will explore the feasibility of an association of CBEs modeled on FECOFUN (Section 1.2) to encourage greater leadership by CBEs, improve communication channels between different CBEs, and increase the overall efficiency and negotiating power of the CBEs.

### **Outcome 3. Positive biodiversity linkages strengthened through CBE Conservation and Sustainable Resource Use Agreements**

132. This outcome seeks to secure CBEs rights to access and harvest specified NTFP to NTFP, without which there is little incentive to develop CBEs for NTFP production. At the same time, however, the project seeks to avoid the pitfalls of earlier conservation and development projects by ensuring that rights are clearly linked to explicit landscape conservation management responsibilities. Thus, Sustainable Resource Use (SRU) Agreements for individual NTFP will be embedded within a broader Conservation Agreement that clarifies how the CBE is contributing to the conservation of local biodiversity, including globally significant biodiversity and how the CBE will measure and demonstrate its conservation achievements and address the equitable distribution of the costs and benefits of the CBE. Explicit binding agreements will be made and linked to the relevant Valley Conservation Plans and Conservancy Management Plans. This will ensure that even if the pilot CBEs are not successful, the larger objectives of conservation and related environmental benefits are achieved. Similar agreements were made under MACP for trophy hunting schemes.

#### Output 3.1 CBE Conservation and Sustainable Resource Use Agreements developed and integrated into Valley Conservation Plans.

133. As discussed earlier, resource tenure in northern Pakistan is complex and varies widely according to land type in each conservancy (Section 1.2 & 1.3). Thus, SRU Agreements will be made between CBEs and resource owners and regulatory agencies (i.e. forestry and wildlife departments) to clarify and secure tenure of CBEs over their target NTFPs. The SRU agreements will specify who is allowed to collect what, from where, in what quantities and when. The SRU agreements will be embedded within broader Conservation Agreements, which will include specific strategies for addressing conservation priorities. These will be aligned with the priorities of the Valley Conservation Plans and the Conservancy Management Plans. For example, these may include restoration of degraded habitats or increased protection of threatened species through changes in other resource use practice. Specific measures will be identified through a participatory appraisal of the current status of major biodiversity components, key threats and conservation priorities in the valleys covered by each CBE. Conservation Agreements will be binding and integrated with the relevant Valley Conservation Plan. Valley Conservation Plans exist in all valleys of Dir Kohistan (all three approved by the District Conservation Committee), Kalam (5 of 6 approved) and Astore (2 of 17 approved).
134. A key factor in the ultimate success of the CBEs will be the extent of local community buy-in and ownership of the CBEs and thus their willingness to execute



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SRU agreements with collectors and CBEs and to make and adhere to Conservation Agreements. This in turn will be at least partly determined by nature of the distribution of the costs and benefits of CBE development across the local community. In other words, having shared goals, good coordination and communication, and an equitable distribution of the costs and benefits of CBEs among the local community will be essential for the successful development and operation of a CBE. Therefore, Conservation Agreements will include specific measures to ensure equitable sharing of the benefits arising from CBEs among all CBE stakeholders.

135. Conservation Agreements will also include some kind of M&E plan with a set of simple objectively verifiable impact indicators, baselines and targets which will be monitored through CBE self-assessments, periodic assessment by the broader community, project monitoring and independent evaluation (Output 3.2 & Section 6). The development of an M&E plan and an approved Conservation Agreement will be a pre-requisite for CBEs to receive business development support at start up, while satisfactory annual monitoring and reporting of performance in relation to biodiversity objectives will form the basis for continued assistance.

Output 3.2. Collaborative Forest and NRM Management developed for access rights and tenure security for local communities.

136. The local communities, as is the case in project areas, do not have secure rights to use and manage the forests, and thus have little incentive to invest the necessary time and energy in managing and protecting their forest resources. Tenure arrangements that provide tangible benefits to local users are the fundamental precondition of sustainable forest management and its contribution to poverty alleviation or sustainable livelihoods. Experiences from many parts of the world have shown that modest investments in strengthening land tenure security and access had a significant impact at pro-poor development and poverty reduction.
137. Land and resource tenure reform is a long term process requiring decentralization of the roles, responsibilities and authorities; and sustained support (both human and financial) and political will. On the other hand community management has an advantage over other tenure systems for poverty alleviation, especially for addressing the needs of the poorest and promoting equity and empowerment. Community forestry works well because it builds on traditional structures rather than replacing them and it focuses on managing the forest resources that have value to local people. In India, joint forest management has been successful in regenerating degraded forests, marking a first step towards collaboration between local communities and forestry departments.
138. A stepwise approach will be adopted to develop consensus among the stakeholders on the collaborative management mechanisms and supportive legislation that will ensure tenure security and CBE access rights, help the governments and stakeholders to build these capacities gradually while also building confidence – both of which are necessary for successful implementation of tenure reforms. It will do this by providing support to develop specific management plans and collaborative agreements that would provide access rights and in parallel develop draft supportive legislation, to be channeled towards gradually modifying land and resource tenure arrangements in the conservancies. Piloting in 1-2

communities, these will be field tested, and amendments made to make the process relevant and most importantly easy for the local communities to follow. Building on the community mobilization efforts of the PMAC and other related initiatives the project will support local communities in the identification of areas (for community forestry or NTFP management), carry out inventories of the resource potential, determine sustainable off-takes for resource appropriation and formulate management options. These will be documented in a simple and easy to follow management plan that can be submitted to the local forest administration for approval and registration. Support will be also provided to enable local level forests personnel and extension staff to effectively support community groups with targeted trainings in participatory resource assessments, visioning exercises, conflict management and so on. The collaborative management plans will be built on an existing traditional structure; set clear provisions about rights, responsibilities and decision-making; and provide training opportunities for local people

Output 3.3 Community-based adaptive management of CBEs

139. In order to foster further community ownership and ensure transparency, the project will work with local communities to develop a simple monitoring system for the adaptive management of CBEs that will enable communities to undertake annual participatory assessments of how well their CBE is doing in terms of implementing the approved Business Plan and Conservation Agreement, including the equitable sharing of benefits. Practical monitoring protocols will be developed together with the local community for the annual assessments, which will include checks to see whether NTFPs are being harvested in line with prescribed standards, whether land use changes that have been agreed to promote the recovery of endangered species and/or to rehabilitate degraded habitats have been made and other agreed specific measures implemented. Assessment findings will be reviewed and discussed among participating communities together with other project monitoring information (Section 6) and used to adapt the management and operations of the CBE as needed. In particular, the assessments will reveal whether the right incentives are in place to promote biodiversity conservation. The government project will put in place systems for monitoring the status of biodiversity indicators at the broader landscape level as well as within key protected areas within the landscape, which will complement the impact monitoring undertaken by the GEF project in the areas covered by the conservation agreements with the CBE.

**Outcome 4. Strengthened institutional capacity for scale up and replication of CBEs**

140. Successful approaches to biodiversity-friendly NTFP production and CBE establishment demonstrated through the project will be scaled up and replicated to other suitable valleys in the northern mountains. Scale up and replication will be largely undertaken through the Civil Society Organizations and other relevant government programmes, but will be facilitated by some of the outputs delivered by this project, such as improved community access to technical, financial and market



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information services (Output 2.3), the establishment and active engagement of the Business and Biodiversity Round Table (Output 3.1) and the new market linkages established under Outcome 1. Additionally, in order to sustain project achievements and to support scale up and replication, targeted capacity development of key local and national institutions will be undertaken. Finally, the valuable knowledge and lessons generated by the project on successful CBE development and NTFP commercialization and certification in northern Pakistan will be systematically analyzed, codified and disseminated to support further scale up and replication. Thus, the following outputs are planned under Outcome 4.

Output 4.1 Targeted capacity development of key institutions to support CBE development

141. Institutions best placed to support mountain communities to engage in certified sustainable production of NTFPs such as AKRSP, SRSP, and government agencies such as MoNFSR and Pakistan Forest Institute (PFI) will be targeted for training in key areas where they currently lack expertise in order to subsequently be able to provide the necessary technical and business support services to CBEs, particularly in more complex areas such as market analysis, business risk analysis and technical aspects of complying with certification standards.
142. In order to make the provision of such services as smooth and efficient as possible, as well as readily accessible to communities, the project will explore potential mechanisms for providing coordinated support through a partnership of institutions that together can provide a wide range of support services. Some budgetary commitment to sustain the functioning of the partnership and provision of services will also be negotiated.

Output 4.2 Project knowledge and lessons learned systematically analyzed, documented and shared with key stakeholders in northern Pakistan, nationally and internationally

143. The knowledge and experiences generated by the project constitute a strategic asset if effectively managed and made readily available to other who may benefit from such information. Thus, project knowledge and lessons learned will be analyzed and documented in local languages and in English and Urdu tailored for different audiences and made available through a range of print and electronic media. Key information will be shared through existing websites such as those of UNDP Pakistan and MoDM. Additionally, the feasibility and usefulness of establishing a web-based business and biodiversity portal will also be explored.
144. The project will also promote community to community learning and exchange, between the project CBE communities as well as between project CBE communities and other communities in the project conservancies. A broader program of cross-community learning and exchange across the mountain areas will be facilitated through IUCN and the RSPs.
145. In its final year, the project will organize regional and national conferences to share results and lessons with other key stakeholders.



**2. 5. Key Indicators, Risks, and Assumptions**

146. The project indicators and their baseline and target values are presented in the Project's Results Framework (Section 3). Based on discussions during project preparation, the following risks were identified. Means to mitigate these risks were also discussed and where relevant integrated into the project strategy as described here. Further detail is provided in the Risk Analysis table in Annex 8.

**Table 2. Project Risks**

Risk/ Assumption	Risk Rating	Mitigation Strategy
Political instability and deterioration in security and law and order situation lead to temporary internal displacement of local communities and disruption of project activities	M	This is a potential risk mainly for two of the proposed project conservancies, Kalam and Dir Kohistan. UNDP now has considerable experience of operating under such conditions in Pakistan. Thus, based on lessons learnt from UNDP's work, including implementation of another UNDP-GEF project (Sustainable Land Management Project), should the security situation deteriorate again in Khyber Pakhtunkhwa, the project will make greater use of local institutions to implement field level activities. This will be greatly facilitated by the fact that field level implementation will anyway be carried out primarily through the other contemporary projects of the Government and Umbrella NGOs (RSPs). In the worst case scenario, the project would temporarily suspend activities in affected areas.
Conflicting interests among resource users in some project sites could undermine the feasibility of BD-friendly production and effective regulation of resource management while competition from business as usual production in non project areas may create marketing issues	L	All community stakeholders have been extensively consulted during the PPG phase. The project shall focus on putting in place the regulatory frameworks that define adequately the conditions of collection and trade of MAPs (output 1.4) and forge alliances at the local and national level (output 1.3) to ensure that project interventions are locally acceptable and owned by local resource users. The project will also pay attention to the traditional knowledge and tenure rights of the local communities in the design and implementation of project activities.  The project will also work to strengthen negotiation channels and conflict resolution mechanisms, as well as raising awareness of the mutual benefits of collaboration between resource user groups and support community business capacities (outcome 3)
Natural catastrophic event like earthquakes and extreme weather events such as floods may cause major damage to life and property in a project site	M	The project's interventions to help reduce vulnerabilities through the development of alternative and biodiversity based enterprises is expected to support local communities deal with such catastrophic events. Besides enhanced local capacities through the support to local institutions both through the project and the government programme MAC is expected to increase their coping capacities. The project also proposes to address this risk by building a better understanding on the impacts of climate change and integrating climate change impacts in better extension service delivery (outcome 3)
Development of standards and building institutional capacity for third party certification may prove to be a lengthy process and affect stakeholder interest	L	Stakeholders and institutions have been consulted on this during the design of the project. The project will effectively monitor the process and share information on the process and progress with the local stakeholders.
Climate variability and human-induced climate change may adversely impact NTFP populations making some CBEs economically unviable	L	The project is initially targeting NTFP that are relatively abundant and resilient to the impacts of climate variability. CBEs will undertake regular monitoring to establish productivity, yield, regeneration and other ecological parameters relevant to sustainable wild harvesting. In the longer-term, climate risk analysis will have to be incorporated into CBE business planning.



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Risk/Assumption	Risk Rating	Mitigation Strategy
Certified sustainable production of NTFP does not generate enough profits to change the individual and community cost-benefit calculus in favor of sustainable use and biodiversity conservation over other forms of resource use that degrade biodiversity.	M	As noted above, only NTFP that are relatively abundant and already being harvested and sold will be targeted initially. Value addition by producers and improved access to markets can be achieved at relatively low cost with capacity development and some infrastructural support. The project will work with other partners to develop a cost-effective certification scheme along the lines of those developed by FSC and others, recognizing the difficulties faced by small producers. The project will provide seed capital to cover initial start up costs of each project CBE and also identify sustainable sources of finance for CBE expansion and/or new CBEs. The high levels of poverty and limited livelihood development opportunities in northern Pakistan are such that even modest profits may go a long way to changing the cost-benefit calculus.

L = Low threat; M = Medium threat; H = High threat

## 2.6 Expected Global, National and Local Benefits

147. Embedding the NTFP enterprises within the landscape conservation will ensure protecting biological diversity; ecosystem integrity and connectivity; restoring and protecting water resources; sustaining the agriculture, pastures, and forests that are critical for enhancing economic viability and resilience in rural communities. The project will prepare local communities to effectively face new and unprecedented challenges present in such things as global climate change, water resource issues, and development pressures. Landscape conservation approach will enhance the collective ability of the local communities to clearly identify the environmental issues, define conservation goals and to measure accomplishments. The project will generate a number of global, national and local benefits.

148. **Global benefits:** Project interventions will result in the improved conservation of over 8,000 km<sup>2</sup> in 4 conservancies of northern Pakistan, all of which contain unique and rich assemblages of different types of mountain biodiversity, including numerous globally and nationally threatened species (see Section 1.1 and Annex 3). In particular, the project will contribute to the improved conservation of the highly endangered Woolly Flying Squirrel (*Epetaurus cinereus*) through improved management of forests in Diامر Conservancy as well as benefit the globally threatened White-crested Kalij in Kalam Conservancy. The specific elements of the biodiversity of global significance that will benefit as a result of sustainable harvesting of NTFP and other conservation measures agreed through the CBE Conservation and Sustainable Resource Use Agreements are listed in Table 3. These include ecosystems and species listed as critical or endangered in the BAP (2000) as well as threatened species on IUCN's Red List and on CITES Appendix 1.

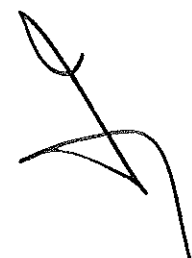
**Table 3 Components of biodiversity of global significance to be conserved.**

Components of Biodiversity	Description
Ecosystems	Critically endangered national ecosystems include:



	1. Tropical deciduous forests of Himalayan Foothills; 2. Moist and dry Himalayan temperate forests 3. Trans-Himalayan Alps and plateau
Fauna	Globally endangered or threatened mammals include snow leopard ( <i>Panthera uncia</i> ), markhor ( <i>Capra falconeri</i> ), Ladakh Urial ( <i>Ovis vignei vegnei</i> ); Musk Deer ( <i>Moschus chrysogaster</i> ), Kashmir Grey Langur ( <i>Semnopithecus entellus ajax</i> ), Asiatic Black Bear ( <i>Ursus thibetanus</i> ), Himalayan Brown Bear ( <i>Ursus arctos isabellinus</i> ), Eurasian Lynx ( <i>Lynx lynx</i> ), Common Leopard ( <i>Panthera pardus</i> ), Eurasian Otter ( <i>Lutra lutra</i> ), and woolly flying squirrel ( <i>Eupetaurus cinereus</i> ) considered to have become extinct until a few years back. Endemic species like Astore markhor ( <i>Capra falconeri falconeri</i> ). Birds: White-crested Kalij, Western Tragopan ( <i>Tragopan melanocephalus</i> ), Black Stork ( <i>Ciconia nigra</i> ), Golden Eagle ( <i>Aquila chrysaetos</i> ), Griffon Vulture ( <i>Gyps fulvus</i> ), Himalayan Griffon Vulture ( <i>Gyps himalayensis</i> ), Merlin ( <i>Falco columbarius</i> ), Lesser Kestrel ( <i>Falco naumanni</i> ), Ferruginous Duck / White-eyed Pochard ( <i>Aythya nyroca</i> ),
Endangered MAPs	<i>Saussurea lappa</i> , <i>Taxus wallichiana</i> , <i>Picorhiza kurruoa</i> , <i>Podophyllum hexandrum</i> ,
Wild Relatives of Crops	Wild relatives of wheat: <i>Aegilops squarrossus</i> , <i>A. Triuncialis</i> , <i>Elymus borianum</i> , <i>E. Stewarti</i> , <i>E. Longearistatus</i> , <i>E. russelii</i> , <i>E. Jacquemontii</i> . Wild relatives of millet: <i>Pennisetum flaccidum</i> . Wild relatives of chick pea: <i>Cicer macranthum</i> , <i>C. microphyllum</i> Wild relatives of fruits: <i>Pyrus pashia</i> , <i>Prunus prostrate</i> , <i>Vitis Jacquemontii</i> , <i>Punica gratum</i> , <i>Olea ferruginea</i> .

149. Reduced degradation of biodiversity would strengthen overall ecosystem resilience and thus in enhance the provision of a range of ecosystem services, some of which would contribute significant global benefits in their totality, including: reduced greenhouse gas emission from deforestation and land degradation; improved carbon capture; reduced erosion and maintenance of hydrological regimes which form part of major regional hydrological cycles that support millions of people and agriculture further downstream. Additionally, the project will generate valuable knowledge and lessons that are likely to be of benefit to other countries.
150. National benefits of this project will stem from improved services of the mountain ecosystems through the conservation and sustainable use of natural resources in the landscapes outside the protected areas system in Pakistan. Healthy mountain ecosystems are important not only for economic well being of the local communities who depend on these resources for subsistence, but also for improvements of the hydrological regime of critical watersheds that form part of the larger catchment area of some of major river systems in the region. The mountain communities are extremely poor, there are no alternative livelihoods and pressure on natural resources for subsistence is increasing due to high population growth rate. The NTFP based livelihoods will contribute directly to the poverty reduction agenda of the Government of Pakistan and to the achievement of the Millennium Development Goals. The project will develop the capacity of communities and institutions as well as institutionalize capacity for further expansion and development of for sustainable production of biodiversity goods and services through community-based enterprises.



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151. At the local level, communities within target conservancies will benefit in the first instance from increased incomes from certified NTFP production. Through scale up and replication, many more communities across the conservancies are likely to benefit from CBE development for sustainable NTFP production. Indirect benefits will include further community empowerment through capacity development, formation of CBEs and an association of CBEs, which will increase their collective bargaining power to access markets, negotiate with buyers of their products, and with government and others over rights of access to resources and rules over NTFP collection and trade. The project will especially benefit poorer and more marginal groups; notably nomadic pastoralists, women and children, who make up the bulk of NTFP collectors. Local communities will also benefit indirectly and directly from improved biodiversity conservation, enhanced ecosystem resilience and the maintenance or increased supply of ecosystem goods and services.

## 2. 7. Cost-Effectiveness

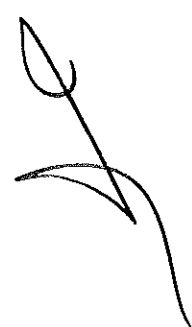
152. The PPG team has taken a qualitative approach to identify the most cost-effective strategy for achieving the conservation and sustainable use of Pakistan's unique mountain biodiversity. One option might be to continue with the business-as-usual scenario of pursuing conservation through the existing PA system, and through the conservancies, which cover approximately 11% and 12%, respectively of northern Pakistan. However, existing PAs are difficult to manage effectively in this rugged inhospitable terrain. Furthermore, a recent review of Pakistan's PA system, which at the time included 19 national parks, 98 wildlife sanctuaries and 102 game reserves, reported that the vast majority had no management plans, while 9 national parks (IUCN Category II) had no or nominal staff, and a further six had no specified budget for management operations. The majority of PAs had little human, financial and technical capacity for effective management (Anwar, n.d.). The situation in the well-established community co-managed conservancies, i.e. those established under MACP is somewhat different as these have active conservation institutions, management plans and funds, which in the case of valleys with trophy hunting schemes can be quite sizeable. However, as discussed earlier, the benefits of trophy hunting are unevenly distributed and given the rising threats to biodiversity from human activities in the broader landscape (Section 1.5), pursuing the business-as-usual scenario could lead to irreversible losses, including loss of existence, option and future use values. Restoration on a large scale would be prohibitively expensive, technically challenging and currently impossible for species that become extinct.
153. Another strategy might be to invest in expansion of the PA system in northern Pakistan. However, effective PA establishment and management requires considerable financial investment in human resources, infrastructure, equipment, management systems. However, given the current chronic underinvestment in existing PAs, this would be an unrealistic as well as very expensive strategy to improved biodiversity conservation. Furthermore, such expansion would likely meet considerable local resistance and further increase the costs of PA management.
154. Expansion of conservancies is also a resource and time intensive process. MACP, including its PRIF phase was implemented over 10. In the longer-term, this

approach of mainstreaming conservation into the broader productive landscape through community co-managed areas is likely to be far more sustainable and therefore cost-effective than expansion of conventional 'command and control' PAs, as conservancies by definition rely on greater community engagement and support for biodiversity conservation and sustainable use principles than conventional PAs, which by law seek to exclude and control most consumptive uses within their boundaries. However, as discussed in Section 1.5, there remain threats to effective biodiversity conservation within the conservancies due to the problems of poverty and limited options for environmentally sustainable livelihoods.

155. A key threat to mountain biodiversity in northern Pakistan is the widespread unsustainable exploitation of NTFP. While increased regulation and enforcement of regulation might be one way to address this threat, given the physical terrain and highly dispersed nature of NTFP collection in both space and time, this is likely to be both expensive and ineffective without being combined with positive incentives that promote sustainable NTFP harvesting. Furthermore, such an approach would further disadvantage already marginalized groups, i.e. poorer communities such as nomadic graziers and households, women and children, who are the main collectors of NTFP in this region.

156. Given the above possible different scenarios, the proposed project strategy of targeted interventions to develop market-based incentives to promote sustainable production of biodiversity goods such as NTFP in the conservancies offers the most cost-effective way of deploying GEF resources. The project's cost-effectiveness has been further enhanced in its design and implementation arrangements. Thus, project implementation in the demonstration conservancies will be coordinated by the regional project team under the overall guidance of the National Project Coordinator. The project design ensures considerable cost-savings the project will work with local communities and the District Administration to lay the groundwork for CBE establishment working through existing institutional structures, namely the Conservancy Management Committees, District Conservation Committees and Valley Conservation Committees. IUCN will facilitate the conservation planning of CBEs, ensuring that CBE Conservation Agreements are aligned with the Conservancy Management Plans and integrated into the relevant Valley Conservation Plans. Additionally PMU will take the lead on revising the regulatory framework for NTFP collection and trade and ensuring that proposed changes are approved by GOP and the governments of KP and GB. GEF resources will be used for specialized interventions including: business and technical capacity development of communities to enable them to establish biodiversity enterprises and participate in voluntary certification schemes for NTFP, stimulating market demand for biodiversity-friendly NTFP, strengthening institutional capacity to support community-based production of biodiversity-friendly NTFP and ensuring that demonstrable global environmental benefits are generated by supporting the development of explicit Conservation agreements and effective monitoring systems.

**2.8 Sustainability**



157. **Environmental sustainability** will be promoted through the emphasis of the project on developing capacities and conditions for the application of productive practices that are compatible with the regenerative capacity of the natural resources targeted by CBES, the effective regulation of practices that are not, and ensuring that CBE production targets are in line with resource characteristics and conditions. Successful adoption of certification will lead to greater sustainability of NTFP production, initially in the target project areas, and gradually across conservancies through scale up and replication. Environmental sustainability will be further enhanced by the Conservation and Sustainable Resource Use agreements that will be formulated by each CBE and integrated into existing Valley Conservation Plans. Improved NTFP production practices will strengthen natural ecosystem resilience, which is critically important in a fragile mountain environment that is prone to soil erosion, floods and landslides.
158. **Financial sustainability** will be promoted through a mix of strategies, principally the capacity development of local communities and selected institutions that can provide the necessary technical, financial and advisory services that communities are likely to need for effective business planning and to ensure CBE competitiveness. Increased capacity combined with increased information and skills will enable communities to also access financing from different sources if needed. In the medium to long term, sufficient profits should be generated through certified NTFP production to make the CBE's commercially viable. Some proportion of profits could then be reinvested in the further development of the CBE. To increase CBE chances of generating significant profits through production of certified NTFP, target NTFP will be chosen through market assessments and feasibility studies and linkages established with buyers and consumers for preferential buying of products from the CBEs. Additionally, the project will engage both private sector and financing institutions to identify the options available for supporting these new ventures.
159. **Social sustainability** is strongly embedded in the project's approach of working with existing institutions from the village to the national level, notably the Village and Valley Conservation Committees. Furthermore, field activities will be implemented in coordination with the regional teams, many of whom are from the region and/or have been working with communities in this area for many years. Their engagement provides continuity and inspires trust among local communities. Since NTFP collection is typically undertaken mainly by more marginalized groups, such as nomadic pastoralists, women and children, the project will take special care to ensure that they are not further marginalized through the establishment of CBEs and certification systems. The needs and views of different stakeholders will be carefully assessed in each specific proposed CBE site. Extra care will be taken to ensure that benefits generated through the project are not captured by local elites. The project will take a highly participatory and consultative approach to foster ownership over project objectives, implementation strategies and results and to maximize community engagement with each other. Together the above strategies will promote greater uptake and replication of project results across the mountain areas, particularly through community to community exchanges and through the institutional governance mechanisms of the conservancies, i.e. the VCCs, CMCs and DCCs.

160. **Institutional Sustainability.** The project strategy includes targeted capacity development of key institutions and NGOs to further support the scale up, replication and long-term sustainability of project results. The objective of the capacity development is to ensure that communities will be able to obtain the support they need to establish CBEs after the project has ended as well as to further develop existing CBEs, e.g. through new product development, expanding markets and other strategies. Additionally a network of relevant agencies will be formed so that CBEs can access support in a more coordinated and efficient manner.

## 2.9 Replicability

161. The landscape/ seascape where the project is going to be implemented are the four conservancies of Astore, Diامر, Dir Kohistan and Kalam in the northern areas of Pakistan. These four conservancies together amount to a direct area of influence of 816,000 hectares, where most of the project activities will take place. The project is also expected to indirectly influence another 600,000 ha or 5 more conservancies mostly through awareness generation, outreach and capacity development. Thus, the total area intended to be covered under the project comes to around 1,416,000 hectares in the northern areas of Pakistan.

162. There are various aspects of project design that facilitate replication. Firstly, the project will strengthen and use the strong network of community institutions that have been sponsored and developed under MACP and PMAC. This will enhance capacities of local communities to coordinate and sustainably manage their natural resources and by working with local institutions; innovations – that are tested and validated – are dispersed and adopted. Secondly, the project will undertake to document lessons, best practices and develop extension materials that will complement the horizontal learning described earlier while also making lessons easily available to many other stakeholders. Thirdly, the project's training programs will be associated and internalized with existing training institutions where ever possible and available in the country so that this can become an accessible resource to other conservancies and beyond where there is interest in replicating the project approach. Training programs will be accompanied by handbooks/ manuals/ compendiums.

163. The project has a dedicated outcome on building institutional capacity to scale-up and replicate. Key institutions and agencies that may have a remit to support CBEs will be trained to help support replication in other areas. Where possible, efforts will also be made to proactively share lessons with other conservancies. Staff from the different areas will be invited for training and learning events. These could include for instance elements of biodiversity and business, voluntary certification schemes, design and implementation of incentives for biodiversity conservation. Enhanced capacity and exposure to these is expected to facilitate replication elsewhere.



### 3. PROJECT RESULTS FRAMEWORK

**This project will contribute to the following Country Programme Outcome as defined in CPAP or CPD:**  
 A comprehensive approach integrating environmentally sustainable development, global environmental concerns and commitments in national development planning, with emphasis on poverty reduction and with quality gender analysis.

**Country Programme Outcome Indicators:**  
 Commitments under global conventions on Biodiversity being implemented

**Primary applicable Key Environmental and Sustainable Development Key result Area:** 1 Mainstreaming environment and energy OR 2. Catalyzing environmental finance OR 3. Promote climate change adaptation OR 4. Expanding access to environmental and energy services for the poor.

**Applicable GEF Strategic Objective and Program:** Strategic Objective 2 of the Biodiversity Focal Area: Mainstreaming Biodiversity in Production Landscapes and Sectors, and more specifically with SP5, Fostering Markets for Biodiversity Goods and Services.

**Applicable GEF Expected Outcomes:** 1. Conservation and sustainable use of biodiversity incorporated in the productive landscape.  
 2. Global certification systems for NTFPS produced in production landscapes include technically rigorous biodiversity standards

**Applicable GEF Outcome Indicators:** (1) Number of hectares in production landscapes under sustainable management but not yet certified  
 (2) Number of Hectares/production systems under certified production practices that meet sustainability and biodiversity standards  
 (3) Published certification systems that include technically rigorous biodiversity standards

	Indicator	Baseline	Target (end of project)	Sources of Verification <sup>9</sup>	Risks and Assumptions
<b>Goal:</b>	Mountain biodiversity conservation and sustainable livelihoods in northern Pakistan				
<b>Project Objective:</b> Sustainable production of	1. Increase in income for NTFP collectors and villages participating in sustainable NTFP production through	1. Currently NTFP is collected by: nomadic graziers and poorer resident households.	1. a) NTFP collectors obtain 50% more income from sale of sustainably harvested pine nuts and	1. a) Start and end of project assessments b) Surveys of	NTFP collectors and communities, including resource owners, remain

<sup>9</sup> For all indicators, the final evaluation (FE) report, terminal project report, annual and final PIR and the Tracking Tool will also be an important source of verification of achievement of project objective, outcomes and outputs.

<p>biodiversity goods and services through community ecosystem-based enterprises</p>	<p>CBEs</p>	<p>Women and children are the main collectors. Contribution of pine nuts and morels to average household income varies from site to site. Baseline values to be determined in Yr 1 for the following: a) household income from pine nuts and morels in target valleys</p> <p>b) Community perceptions of value of NTFP and expectations from CBEs in target valleys</p> <p>2. 0 Ha of forest under certified NTFP production</p> <p>3. Some conservation measures implemented by local communities, but not for the following:</p> <p>a) Leaves of <i>Taxus wallichiana</i> (CITES Appendix I) harvested gally for fodder and as NTFP</p>	<p>morels to CBEs than from earlier sales to local traders and contractors</p> <p>b) Community members of least 18/20 CBEs satisfied with CBE performance and willing and able to continue CBE operations</p>	<p>communities at time of CBE establishment &amp; end of project</p>	<p>willing to participate in production of certified NTFP</p> <p>Government and private sector support NTFP certification as a tool for generating environmental and social benefits</p> <p>Local communities perceive sufficient value in CBEs and sustainable NTFP production and are therefore willing to support additional conservation measures through Conservation &amp; SRU Agreements</p> <p>National and provincial governments and</p>
<p>2. At least 20,000 ha of critical habitat of target high value NTFPs protected for sustainable production of certified NTFPs in project conservancies</p> <p>3. Landscape conservation approaches introduces resulting in</p>	<p>2. At least 5,000 ha of critical habitat of Chilghoza forest and 15,000 ha of other high value target NTFPs in temperate forest in Astore, Kalam and Dir Kohistan protected and under certified production of NTFPs.</p> <p>3. Improved conservation management of at least 1 significant threatened species or natural habitat type each CBE valley.</p>	<p>2. Field surveys &amp; independent verification by certifying body</p> <p>3.a-c Project field surveys at start and end of project as well as participatory monitoring assessments by</p>	<p>2. At least 5,000 ha of critical habitat of Chilghoza forest and 15,000 ha of other high value target NTFPs in temperate forest in Astore, Kalam and Dir Kohistan protected and under certified production of NTFPs.</p> <p>3. Improved conservation management of at least 1 significant threatened species or natural habitat type each CBE valley.</p>	<p>2. Field surveys &amp; independent verification by certifying body</p> <p>3.a-c Project field surveys at start and end of project as well as participatory monitoring assessments by</p>	<p>Local communities perceive sufficient value in CBEs and sustainable NTFP production and are therefore willing to support additional conservation measures through Conservation &amp; SRU Agreements</p> <p>National and provincial governments and</p>

	<p>improved conservation management of selected threatened species and habitats</p> <p>4. Strengthened institutional capacity for landscape conservation and CBE establishment and certified production of NTFPs in Pakistan</p>	<p>b) Morel mushroom collection practices adversely impacts pheasant populations, including globally threatened species (e.g. White crested Kalij), through breakage and collection of pheasant eggs</p> <p>4. a) Considerable capacity, especially among NGOs, (e.g. RSPN, Sarhad RSP, AKRSP) for social mobilization &amp; establishment of different types of village organizations, including, to a lesser extent, enterprise development</p> <p>Some national capacity for organic certification of agricultural /horticultural products. Little capacity among NGOs or key government agencies / departments (e.g. PFI, KP &amp; GB Forestry Departments &amp;</p>	<p>a) No illegal harvesting of <i>Taxus wallichiana</i> (Himalayan yew, Cites Appendix I) in at least 15 CBE areas</p> <p>b) Collectors in 10/15 CBE areas collect morels later in season to minimize damage to wild pheasant eggs</p> <p>4. a) At least 70% of CBE requests for additional capacity development support and extension services to be established in Year 3 are met satisfactorily by Year 4</p> <p>b) At least one national body trained (and potentially accredited) to verify NTFP produced under certification scheme</p>	<p>VCC and CBEs</p> <p>4. a) CBE &amp; CBE Association records &amp; Project reports</p> <p>b) Project reports &amp; Final Evaluation report</p>	<p>rural development and conservation agencies support community-based certified NTFP production and responsive to CBE requests and effective mechanism in place for recording CBE requests for support from NGOs and government agencies and whether these are are satisfactorily met, e.g. through CBE Association proposed under Output 2.3</p>
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<p><b>Outcome 1:</b> Market demand for biodiversity friendly non-timber forest products (NTFP) stimulated</p>	<p>1. Increased support for sustainable NTFP production use within private sector in Pakistan through BBRT</p> <p>2. Number of voluntary NTFP certification systems established</p>	<p>MoNFSR) for promoting biodiversity conservation through certified production of NTFP by local communities or for delivering extension services in an integrated rather than sectoral way</p> <p>b) No agency in Pakistan has experience or training to verify whether NTFP production complies with agreed certification standards</p>	<p>1. No opportunity for private sector to preferentially buy sustainably produced wild NTFP as no certification systems in place</p> <p>2. 0</p> <p>3. 0</p> <p>4. No comprehensive regulatory framework for NTFP collection &amp; trade. A few special rules for some products.</p>	<p>1. At least 3 major herbal industries in Pakistan include reference in their CSR policy to preferential buying of certified NTFP from project areas</p> <p>2. Voluntary certification schemes for sustainable production established for at least 2 NTFP including: a) Chilghoza pine nuts; b) Morel mushrooms;</p> <p>3. At least 10 operational alliances with international and national buyers representing preferential</p>	<p>1. CSR policies of major herbal companies; CBE reports, project reports</p> <p>2. The approved schemes</p> <p>3. CBE &amp; project reports</p> <p>4. The regulatory framework</p>	<p>Major private sector companies dealing in NTFP increasingly supportive of sustainable NTFP production</p> <p>Govt supports development and use of NTFP certification as a tool for biodiversity conservation &amp; maintain livelihoods development</p>
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	<p>3. Number of alliances with national &amp; international buyers representing preferential markets for certified biodiversity-friendly NTFP from project CBEs</p> <p>4. Revised regulatory framework for NTFP collection &amp; trade</p>		<p>markets for certified biodiversity-friendly NTFP from northern Pakistan</p> <p>4. A comprehensive regulatory framework for NTFP collection &amp; trade that supports sustainable NTFP production</p>		<p>Markets for biodiversity-friendly NTFP remain resilient to impacts of global economic downturn &amp; other external shocks</p> <p>Govt continues to support revision of regulatory framework to strengthen sustainable use of NTFPs</p>
<p>Output 1.1 A Business and Biodiversity Round Table (BBRT)</p> <p>Output 1.2 Voluntary certification schemes for NTFP</p> <p>Output 1.3 National and international demand for biodiversity-friendly NTFP stimulated</p> <p>Output 1.4 A regulatory framework for NTFP collection and trade</p>					
<p><b>Outcome 2</b> Strengthened capacity of local communities to produce and market biodiversity-friendly</p>	<p>1. Number of conservancy villages &amp; valleys receiving support for CBE development &amp; management</p>	<p>1. Conservancy villages have experience of forming new village institutions and understanding of biodiversity conservation &amp; SRU principles &amp; a few have experience of</p>	<p>1. At least 20 villages and 10 valleys receive training on the business and technical skills needed for successful CBE establishment &amp; participation in voluntary</p>	<p>1. Training reports, CBE reports</p>	<p>Communities see value in establishing CBEs &amp; participating in certification schemes</p>

<p>products</p>	<p>2. Number of operational CBEs with approved business plans participating in voluntary NTFP certification schemes</p> <p>3. Community access to relevant technical, financial and market information services for CBE development</p>	<p>enterprise development, but none have experience of certified sustainable production of NTFP</p> <p>2. All Valleys have Valley Conservation Plans and Valley Conservation Funds. Some have community-based trophy hunting enterprises. There is no community-based certified NTFP production</p> <p>3. No extension services currently available to communities for biodiversity business planning or sustainable, commercially viable NTFP production</p>	<p>certification schemes</p> <p>2. At least 20 CBEs with approved business plans participating in one or more NTFP voluntary certification schemes</p> <p>3. A mechanism for coordinated delivery of technical, financial and market advisory services to CBEs in place and being used effectively by CBEs for business planning and development</p>	<p>2. CBE business plans &amp; Valley Conservation Committee records</p> <p>3. CBE reports, business plans &amp; Project reports</p>	<p>Business &amp; technical capacity development of communities &amp; development / adoption of of NTFP certification system proceeds in a smooth &amp; timely fashion</p> <p>Key government, private sector, research institutions and relevant non-government agencies able to coordinate effectively and provide CBEs with integrated advisory services to enhance their capacity and competitiveness</p>
<p>Output 2.1 Enhanced business and technical capacity of local communities to establish and manage CBEs</p>					
<p>Output 2.2 Pilot CBEs with approved business plans established</p>					

Output 2.3 Improved community access to technical, financial and market advisory services					
<p><b>Outcome 3</b> Positive biodiversity linkages strengthened at landscape level through CBE Conservation and Sustainable Resource Use (SRU) agreements</p>	<p>1. Number of specific biodiversity conservation measures successfully implemented by project CBEs at landscape level under their Conservation and SRU Agreements</p> <p>2. Number of collaborative forest management initiatives developed and implemented by State Forestry departments and local communities</p> <p>3. Number of community-based assessments of CBE performance, including economic and conservation benefits generated</p>	<p>1. Some biodiversity conservation measures are being implemented under Village and Valley Conservation Plans, which will not be duplicated in this project</p> <p>2. Not applicable as there is no collaborative forest management in the country.</p> <p>3. Not applicable as CBEs do not exist yet. However, there is precedent of such assessments developed through MACP and continued through PMAC in relation to reviews of Valley Conservation Plans by concerned villagers</p>	<p>1. At least 2 specific and quantifiable priority conservation measures included in each of the 20 CBEs Conservation &amp; SRU Agreements and integrated into the relevant Landscape Conservation Plans (LCPs)</p> <p>2. At least one collaborative forest management developed and under implementation in every conservancy.</p> <p>3. Annual participatory community-based assessments of CBE performance used together with project monitoring and any other assessments to adapt individual CBE management, including implementation of business plan and Conservation &amp; SRU Agreement</p>	<p>1. The Conservation Agreements and relevant LCPs</p> <p>2. The collaborative management plans and progress reports</p> <p>2. Assessment reports, CBE &amp; Project Reports, Valley Conservation Committee (VCC) meeting records</p>	<p>Communities derive sufficient value from participating in CBEs and certification schemes to honor Conservation &amp; SRU agreements</p> <p>Communities and State forest agencies find collaborative management mutually beneficial.</p> <p>Practical monitoring and assessment protocols developed by project together with local communities are implemented systematically</p>

<p>Output 3.1 CBE Conservation and Sustainable Resource Use Agreements developed and integrated with Valley Conservation Plans</p> <p>Output 3.2. Access rights and tenure security for local communities secured through collaborative forest and NRM arrangement.</p> <p>Output 3.3 Community-based adaptive management of CBEs</p>					
<p><b>Outcome 4</b></p> <p>Strengthened institutional capacity for scale up and replication of CBEs</p>	<p>1. Number of key institutions and agencies with capacity to provide coordinated support to mountain communities wishing to establish CBEs and participate in certified sustainable NTFP production</p>	<p>1a) Targeted institutions and agencies have considerable capacity in their sectors/ focus areas but limited expertise in supporting biodiversity-friendly, commercially competitive enterprises</p>	<p>1a) Targeted capacity development of at least 8 major partner national organizations/government agencies to support certified NTFP production by CBEs in northern Pakistan, including KP and GB Forest Departments, AKRSP, SRSP, PFI, MoNFSR</p>	<p>1a) Training reports</p>	<p>National &amp; provincial government departments, private sector and rural development and conservation NGOs continue to see value sCBEs as a means of generating biodiversity and livelihood-related benefits</p>
		<p>1b) No mechanisms exist for coordinated delivery of extension services</p>	<p>1b) Mechanism for providing coordinated support to communities agreed and implemented by key partners willing to provide on-going support to communities for CBE development and certified NTFP production</p>	<p>1b &amp; c) CBE Association records, Project Reports, written document on coordination mechanism endorsed by participating partners</p>	
		<p>1c) There is no partnership yet and hence no budgetary support for CBE scale up &amp; replication other than through the cofinanciers of this project (MoCC/ &amp; UNDP)</p>	<p>1c) Committed budgetary support from the partnership of organizations to provide capacity development to communities for CBE</p>		

	<p>2. Number of dedicated follow up activities to systematically analyze, document and disseminate project knowledge and lessons learned regionally, nationally and globally</p>	<p>2. No project knowledge or lessons exist as the project has not started implementation</p>	<p>scale up and replication</p> <p>2a) At least one synthesis report summarizing main project achievements and lessons in English and Urdu</p> <p>b) Community to community learning facilitated by arranging for non-project villages to visit successful CBEs.</p> <p>c) Project knowledge and lessons shared across northern Pakistan through the Valley and Conservancy Management Committees AKRSP, Sarhad RSP and AJKRSP</p> <p>d) At least one regional conference bringing together local communities, government, NGOs, private sector and other key stakeholders to share project achievements</p>	<p>2a) The report</p> <p>2b) Community feedback, CBE reports, Project reports</p> <p>2c) Project reports</p> <p>2d) Conference</p>	<p>Project staff and partners committed to ensuring systematic capture, analysis, documentation and sharing of project knowledge and lessons during implementation</p>
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			2e) One national conference organized through the Business & Biodiversity Round Table to share project knowledge & lessons learned with key national stakeholders	proceedings	
<p>Output 4.1 Targeted capacity development of key institutions to support CBE development</p> <p>Output 4.2 Project knowledge and lessons systematically analyzed, documented and shared with key stakeholders in northern Pakistan, nationally and internationally</p>					

#### 4. TOTAL BUDGET AND WORK PLAN

<b>Award ID:</b>	00060848	<b>Project ID:</b>	00076779
<b>Award Title:</b>	GEF-PIMS4048 BD FSP: Pakistan Mountains and Markets		
<b>Business Unit:</b>	PAK/0		
<b>Project Title:</b>	Mountains and Markets: Biodiversity and Business in Northern Pakistan		
<b>PIMS no.:</b>	4048		
<b>Executing Agency</b>	Ministry of Climate Change, Government of Pakistan		

GEF Outcome/Atlas Activity	Responsible Party/Implementing Agent	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	Sec Budget Note:
OUTCOME 1: Market demand for biodiversity friendly non-timber forest products (NTFP) stimulated				71405	Contractual Services - Individuals	13,125	13,125	13,125	13,125	52,500	1
				72100	Contractual Services	46,500	69,000	23,000	20,400	158,900	2
					<b>Total Outcome 1</b>	<b>79,625</b>	<b>102,125</b>	<b>53,525</b>	<b>53,125</b>	<b>288,400</b>	
	MoDM	62000	GEF								

700

GEF Outcome/Atlas Activity	Responsible Party/Implementing Agent	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	See Budget Note:
OUTCOME 2: Strengthened capacity of local communities to produce and market biodiversity-friendly products.	MoDM	62000	GEF UNDP Total	71405	Contractual Services - Individuals	31,875	31,875	31,875	31,875	127,500	3
				72100	Contractual Services	200,400	65,000	13,000	32,500	310,900	4
				72605	Grants	400,000	360,800	462,416	537,566	1,760,782	5
					<b>Total Outcome 2</b>	378,325	203,725	253,341	347,991	1,183,382	
OUTCOME 3: Positive biodiversity linkages strengthened through CBE Conservation and Sustainable Resource Use (SRU) agreements	MoDM	62000	GEF UNDP Total	71200	International Consultant	19,125	19,125	19,125	19,125	76,500	7
				71405	Contractual Services - Individuals	66,150	26,150	23,125	17,475	132,900	8
				72100	Contractual Services	4,000	4,000	4,000	4,000	16,000	9
					<b>Total OUTCOME 3</b>	89,275	49,275	46,250	40,600	225,400	
OUTCOME 4: Strengthened institutional capacity for scale up and replication of CBEs.	MoDM	62000	GEF UNDP Total	71405	Contractual Services - Individuals	15,750	15,750	15,750	15,750	63,000	10
				72100	Contractual Services	10,500	15,500	25,500	40,500	92,000	11
				72605	Grants	0	0	9,000	9,000	18,000	12
					<b>TOTAL OUTCOME 4</b>	26,250	31,250	50,250	65,250	173,000	



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GEF Outcome/Atlas Activity	Responsible Party/Implementing Agent	Fund ID	Donor Name	Atlas Budgetary Account Code	ATLAS Budget Description	Amount Year 1 (USD)	Amount Year 2 (USD)	Amount Year 3 (USD)	Amount Year 4 (USD)	Total (USD)	See Budget Note:
<b>TOTAL ACTIVITY BUDGET</b>											
Project Management					Contractual Services - Individuals	60,1800	439,900	284,691	318,541	1,644,932	
				71400		34,491	34,491	34,491	34,491	137,964	13
				72200	Equipment and Furniture	50,000	0	0	0	50,000	14
				73100	Rental and maintenance	30,000	30,000	30,000	30,000	120,000	15
				71600	Travel	15,036	10,000	10,000	10,000	45,036	16
				71300	Contractual services	17,800	17,800	17,800	17,800	71,200	17
				75700	Training and workshops	5,000	5,000			10,000	18
				74100	Miscellaneous	500	500	500	20500	22,000	
				74500	Miscellaneous	7,000	7,000	7,000	7,000	28,000	19
					<b>TOTAL OF PROJECT MANAGEMENT</b>	<b>159,827</b>	<b>104,791</b>	<b>99,791</b>	<b>119,791</b>	<b>484,200</b>	
GEF UNDP GRAND TOTAL	ModM	04000	Total UNDP			553,475	366,375	385,966	487,366	1,793,182	
						413,777	358,741	353,741	373,741	1,500,000	
						967,252	725,116	739,707	861,107	3,293,182	

Table 4. Summary of Funds.

Source	Amount Year 1	Amount Year 2	Amount Year 3	Amount Year 4	Total
GEF	658,350	473,800	313,616	347,416	1,793,182
UNDP	404,425	424,725	358,925	311,925	1,500,000
Government	850,000	1,000,000	1,500,000	1,150,000	4,500,000
<b>TOTAL</b>	<b>1,912,775</b>	<b>1,898,525</b>	<b>2,172,541</b>	<b>1,809,342</b>	<b>7,793,182</b>

Budgetary account	Atlas code	4 year total	Budget notes
<b>Outcome 1: Stimulating Market Demand for Biodiversity-Friendly Products (\$288,400)</b>			
1	71405	\$52,500	-Marketing Specialist – 40 week salary (\$30,000) -National Project Coordinator – 30 week salary (\$22,500)
2	72100	\$158,900	Following activities will be undertaken in collaboration with IUCN Pakistan: -Establish Business Round Tables, organize meetings - three year 1, two year 2, and one each years 3 and 4 (\$21,000) -Cost of Organizing roundtables (\$3,500) - Organize a national biodiversity and business symposium (\$15,000) - Produce lessons learnt reports (\$4,400) Following activities to be undertaken in collaboration with ECI: - Product sheets and brochures for at least 15 key NTFP species (\$8,000) -Product development, and e-marketing, including cost and shipping and handling of samples (15,000); -Develop certification schemes and pay costs for certification (\$30,000); -Assist CBEs to participate in at least two trade shows (\$16,000); Following activities to be undertaken in collaboration with Government Partners: -Prepare draft regulatory framework and trade policy for NTFPs and organize at least three consultative workshops; and Customize draft rules for wild crafting of NTFPs and get approvals of regulatory framework at provincial and federal levels, and build institutional capacity for implementation (\$45,500)
<b>Outcome 2: Strengthened Capacity of Producers to Produce and Market Biodiversity-Friendly Products (\$793,232)</b>			
3	71405	\$127,500	-Enterprise Specialist – 90 week salary (\$67,500) -Marketing Specialist—40 week salary (\$30,000) -National Project Coordinator – 40 weeks of salary (\$30,000)
4	72100	\$ 310,900	Following activities to be undertaken in collaboration with ECI: Training needs assessment and training material development for CBEs (\$30,000) -Training of trainers, 5 trainings at least 150 trainees (\$71,400) -Development and registration of 25 CBEs (\$61,000) -Participatory land use and resource use mapping (\$30,000) -Business Plan development by local communities 25 plans (\$50,000) -Value Chain Research (\$30,000) -Training of CBEs in national and international marketing (\$25,000) -Participatory annual performance audit of CBEs (\$14,000) -Prepare case studies on 10 CBEs (\$24,500)

Budgetary account	Atlas code	4 year total	Budget notes
5	72605	\$ 1,760,728	-Start up small grants to 50 CBEs (\$30,000 to 40,000 per CBE) -Operations and Management Support to CBEs, 10 CBEs for 4 years (\$114,832) -Support formation of CBE Association (\$15,000)
<b>Outcome 3. Conservation Agreements with Producers to Strengthen Positive Biodiversity Linkages (\$390,300)</b>			
6	71200	\$ 0	-Senior Technical Advisor – the position is removed due to budgetary revisions.
7	71405	\$76,500	-Marketing Specialist – 36 week salary (\$27,000) -Enterprise Specialist – 36 week salary (\$27,000) -Project Coordinator – 30 week salary (\$22,500)
8	72100	\$132,900	Following activities to be done in collaboration with IUCN: -Conservation agreements (\$25,000) -Community grants for collaborative management of natural resources (\$55,400) -Develop and test sustainable use protocols for at least 15 key NTFP species (\$15,000) -Training in good collection, post harvest processing, packaging, and labeling practices (\$40,000) -Capacity of Valley and Conservancy Management Committees strengthened to mainstream NTFP enterprise in valley conservation plans. (\$12,900) -Develop and test biodiversity monitoring indicators, and establish baseline for monitoring and conduct Biodiversity monitoring at end of the project (\$40,000) -Biodiversity monitoring at end of the project (\$30,000)
9	71600	\$16,000	-Travels costs of long term and short term local consultant to project sites (\$16,000)
<b>Outcome 4. Institutional capacity to scale up and Replicate CBEs (\$173,000)</b>			
10	71405	\$63,000	-Marketing Specialist –36 week salary (\$27,000) -Enterprise Specialist – 18 week salary (\$13,500) -Project Coordinator – 30 week salary (\$22,500)
11	72100	\$92,000	Following activities to be undertaken in collaboration with IUCN: -Project proposal development and fundraising to scale up and replicate “green” NTFPs (\$10,000) -Biodiversity Knowledge Management (\$20,000) -Web development, hosting and maintenance (\$15,000) -Project knowledge and lessons learnt analysis (\$15,000) -Capacity building of key institutions in development and establishment of CBEs and NTFP

Budgetary account	Atlas code	4 year total	Budget notes
			business plan development (\$27,000) -Prepare a manual for development CBEs, NTFP business plan and marketing (\$5,000) Small grants for replication of CBEs (\$18,000)
12 Grants	72605	\$18,000	
<b>Project Management (\$148,250)</b>			
13 Project Coordination	71305	\$71,200	-Project Coordinator 4 years salary(\$71,200)
14 Equipment and furniture	72200	\$50,000	-25% of the total cost: vehicle+(\$15,000), office equipment (\$4,500), furniture and fixtures (\$3,500), GB (\$ 13,500 for operational cost) and KPK (\$ 13,500 for operational cost)
15 Rental and maintenance	73100	\$120,000	- Office supplies (\$8,000); Premises rent* (\$44,000); Utilities (\$10,000); -GB: Office supplies (\$ 2000); Premises rent (\$20,000); Utilities (\$7,000) -KPK: Office supplies (\$ 2000); Premises rent (\$20,000); Utilities (\$7,000)
16 Travel	71600	\$45,036	Travel of PMU, GB, KPK support staff
17 Contractual Services - Individuals	71405	\$137,964	Programme Assistant-03 Nos (\$ 20,535), Admin/Finance Associate-01 No (\$ 9,059), Drivers-02 Nos (\$ 4,897)
18 Miscellaneous	74100	\$ 22,000	- Audit (\$2000 x 4 years = \$8,000, evaluations = \$ 20,000);
19 Training and workshops	75700	\$10,000	- Training and participatory planning (\$5000 x 2 years = \$10,000)
20 Miscellaneous	74500	\$28,000	-sundry and banking charges (\$1650 first year and \$2000 remaining years), Implementation Support Services \$ 20,000 (\$ 5000 x 4 years = \$20,000)

**5. MANAGEMENT ARRANGEMENTS**

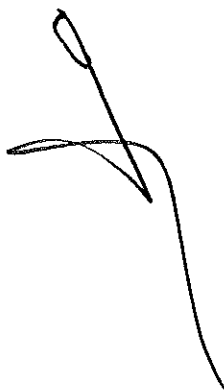
- 164. The project will be implemented by the Ministry of Climate Change (MoCC) following UNDP guidelines for nationally executed projects (NIM). The Implementing partner will be accountable to UNDP for the disbursement of funds and the achievement of the project objective and outcomes, according to the approved work plan. In particular, the IP will be responsible for the following functions: (i) coordinating activities to ensure the delivery of agreed outcomes; (ii) certifying expenditures in line with approved budgets and work-plans; (iii) facilitating, monitoring and reporting on the procurement of inputs and delivery of outputs; (iv) coordinating interventions financed by GEF/UNDP with other parallel interventions; (v) approval of Terms of Reference for consultants and tender documents for sub-contracted inputs; and (vi) reporting to UNDP on project delivery and impact.
- 165. The Project Management Unit (PMU) will be established based in Islamabad, which will be responsible for the day to day management of the Project. The PMU will work in coordination with Ministry of Climate Change.

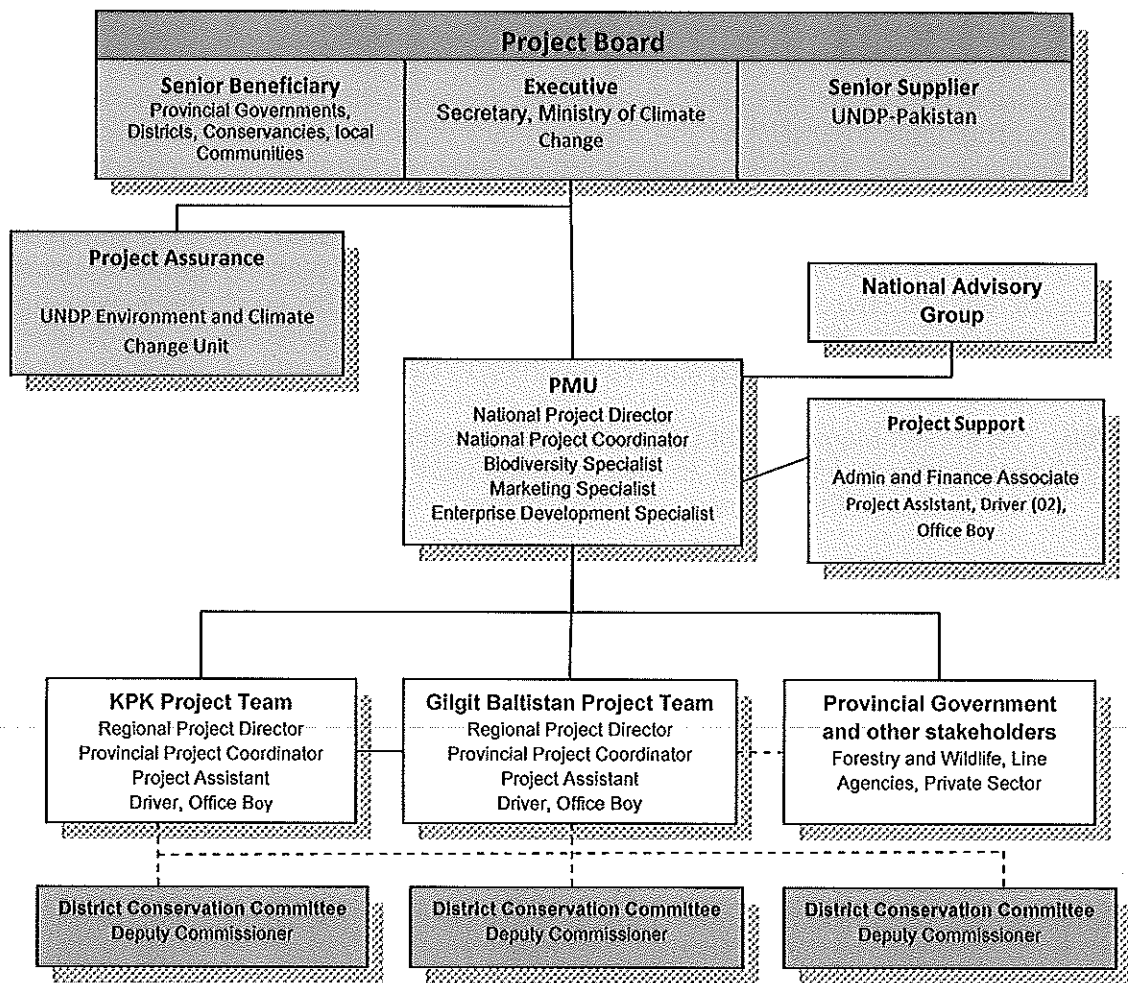
***UNDP Support Services***

- 166. UNDP will provide support in establishment and operationalization of project management unit and component management

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- 167. The overall programme management structure of the project is shown below.





**Inputs to be provided by all partners:**

168. **Project Board:** A Project Board (PB) will be set up at the inception of the project to supervise and monitor the project delivery according to the annual work plan. The Chair of the Board will be the Federal Secretary, Ministry of Climate Change. Members of the Project Board will include representatives from UNDP, Economic Affairs Division (EAD), Ministry of Agriculture, CITES Authority in Pakistan, Khyber Pakhtunkhwa Forest Department, Khyber Pakhtunkhwa Wildlife Department, Gilgit-Baltistan Forest and Wildlife Department, Herbal Pharmaceuticals, Trade Development Authority of Pakistan, IUCN, WWF, AKRSP, and representatives of CBEs and other Community-based Organizations from the Project Area (CBOs). The PB will meet at least once a year and will be convened and supported logistically by the PMU. The PB will be responsible for making executive management decisions, including approval of annual work plans and budgets and any major revisions to the approved project design. The Board will also provide guidance regarding the technical feasibility of the project, and ensure the realization of project benefits to the project beneficiaries. Specifically the Board will be responsible for:

- a) achieving co-ordination among the various government agencies;



- b) guiding the program implementation process to ensure alignment with national and local statutory planning processes and sustainable resource use and conservation policies, plans and conservation strategies;
- c) ensuring that activities are integrated with other developmental initiatives in the country;
- d) overseeing the work being carried out by the implementation units, monitoring progress and approving reports;
- e) Overseeing the financial management and production of financial reports; and monitoring the effectiveness of project implementation.

The Board contains three distinct roles, including:

- An Executive will be from the Ministry of Climate Change to represent the project ownership and to chair the group;
- The Senior Supplier will be UNDP who represents the interests of the parties concerned, provides funding for specific cost sharing projects and technical expertise to Project, and whose primary role is to provide operational guidance for project and provide a quarterly review and approval of the work plan and budget.
- The Senior Beneficiary will be the Provincial Governments, Districts, Conservancies, local Communities. The primary function of these Senior Beneficiaries within the Board is to ensure the realization of project results for their respective components.

169. **National Project Director:** The Ministry of Climate Change will appoint, in consultation with UNDP, a National Project Director (NPD), from within the Ministry of Climate Change. The NPD will be responsible for overseeing overall project implementation on regular basis and ensuring that the project objective and outcomes are achieved. This function is not funded through the project. The NPD, assisted by the Project Coordinator, will report to the Project Board on project progress. The NPD also will be responsible for coordinating the flow of results and knowledge from the project to the Project Board.

170. **The Project Management Unit (PMU):** Day to day project administration and coordination among field offices and relevant organizations will be carried out by the PMU. The PMU will comprise of (1) a Project Coordinator, (2) Admin and Finance Associate; and (3) a Project technical team.

171. The role of the PMU will be to:

- ensure overall project management, implementation and monitoring in line with UNDP rules on managing UNDP/GEF projects;
- facilitate communication and networking among key stakeholders;
- organize the meetings of the Project Board; and
- Support project field teams and local stakeholders.

172. **The National Project Coordinator** has the authority to run the project on a day-to-day basis on behalf of the Project Board. The Project Coordinator is responsible for day-to-day decision making but will remain within the constraints laid down by the Project Board. The Project Coordinator's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost. Responsibilities include the preparation of progress reports which are to be submitted to the members of the Project Board. The Project Coordinator will also coordinate directly with the head of UNDP Pakistan's Environment &



Climate Change Unit. A quarterly meeting between UNDP and the project management team will be held to regularly monitor the planned activities and their corresponding budgets in the project's Annual Work Plan (AWP).

173. **Technical Assistance:** The project will be testing new approaches linking business with biodiversity, and working in the areas of corporate social responsibility, green enterprise development and support and NTFP voluntary certification systems, areas in which there is some national technical expertise. However, this will need to be periodically supplemented with external targeted assistance from experts in the areas mentioned above. The technical assistance needs will be met through output based agreements with the best qualified persons, government agencies, NGOs or private firms selected through standard UNDP procedures for capacity assessment.
174. **The Project Technical Team:** The PMU will focus on overall project management, coordination, and finance. The Project Technical Team will include a Biodiversity Specialist, a Marketing Specialist and an Enterprise Development Specialist. The Technical Team will provide regular technical inputs as needed for the establishment of successful CBEs. Their TORs are given in Annex 9.
175. **Two Provincial Project Teams** will be established, one in Khyber Pakhtunkhwa and one in Gilgit Baltistan headed by Regional Project Director (RPD) a Government employee not funded through the project. The teams will have primary responsibility for implementing project activities in the target conservancies. Each team will comprise of Provincial Coordinator, who will report to the both RPD and NPC. The Provincial Teams will play a critical role in coordinating with key government officials at provincial level, notably the Chief Conservator of Forests, Conservator or Chief Conservator of Wildlife, heads of other important line agencies, the Rural Support Programmes and NGOs. The Provincial Project Teams will also work closely with the Conservancy Management Committee and the Valley Conservation Committees and the Village Conservation Committees in the areas where CBEs are established.
176. **District Conservation Committees (DCC):** The project will work closely with DCCs, which have been established in all districts that have conservancies within their boundaries. DCCs are headed by the District Deputy Commissioner and include representation from all the line agencies in the district, as well as representatives from Valley Conservation Committees and NGOs. The DCC approve the Valley Conservation Plans and will also approve the CBE business plans and Conservation Agreements.
177. **The Project Assurance** function will be performed by UNDP Environment and Climate Change Unit. The function supports the Project Board by carrying out objective and independent project oversight and monitoring functions. The role ensures appropriate project management milestones are managed and completed. Project Assurance has to be independent of the Project Coordinator; therefore the Project Board cannot delegate any of its assurance responsibilities to the Project Director or the Project Coordinator.

### **Audit Arrangements**

178. Audits will be conducted following UNDP Financial Regulations and Rules and related audit policies.





**Agreement on intellectual property rights and use of logo on the project's deliverables:**

- 179. To accord proper acknowledgement to GEF for providing funding, a GEF logo will appear on all relevant GEF project publications. Any citation on publications regarding projects funded by GEF should also accord proper acknowledgment to GEF. The UNDP logo should also be present in all publications along with GEF logo.
- 180. In line with the United Nations reform principles, especially simplification and harmonization, the Annual Work Plan will be operated with the harmonized common country programming instruments and tools, i.e. the UNDAF results matrix, M&E and the Harmonized Approach to Cash Transfer (HACT). At the day-to-day operational level, ATLAS will be used for keeping track of timely and efficient delivery of the activities and or effective financial monitoring under the Annual Work Plan.

**6. MONITORING AND EVALUATION PLAN AND BUDGET**

- 181. The following sections outline the principle components of the Monitoring and Evaluation Plan and indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized at the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.
- 182. Project monitoring and evaluation (M&E) will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office with support from the UNDP/GEF Regional Coordination Unit. The Project Results Framework (Section 3) provides performance and impact indicators for project implementation along with their corresponding means of verification. Additionally the Tracking Tool for GEF Biodiversity SO2 projects has been completed and will be updated during the Mid-Term and Terminal Evaluations (Annex 11). The following sections outline the principle components of the M&E Plan and indicative cost estimates related to M&E activities.

**6. 1. Project Inception Phase**

- 183. A Project Inception Workshop (IW) will be conducted with the full project team, relevant government counterparts, and representatives from pilot sites, co-financing partners, the UNDP-Country Office (CO) and representation from the UNDP-GEF Regional Coordinating Unit, as well as UNDP-GEF (HQs) as appropriate. A fundamental objective of this Inception Workshop will be to assist the project team to understand and take ownership of the project's goal and objective, as well as finalize preparation of the project's first annual work plan on the basis of the log frame matrix. This will include reviewing the log frame (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise, finalizing the Annual Work Plan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project. Additionally, the purpose and objective of the IW will be to: (i) introduce project staff with the UNDP-GEF team which will support the project during its implementation, namely the CO and responsible Regional Coordinating Unit (RCU) staff; (ii) detail the roles, support services and complementary responsibilities of UNDP-CO and RCU staff vis à vis the project team; (iii) provide a



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detailed overview of UNDP-GEF reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, the Annual Review Report (ARR), as well as mid-term and final evaluations.

184. The IW will provide an opportunity to inform the project team on UNDP project related budgetary planning, budget reviews, and mandatory budget re-phasing. The IW will also highlight the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, if need be to clarify each party's responsibilities during the project's implementation phase.

## 6. 2. Monitoring Responsibilities and Events

185. A detailed schedule of project review meetings will be developed by the project management and incorporated in a Project Inception Report (PIR). Such a schedule will include: (i) tentative time frames for Project Board Meetings and (ii) project related Monitoring and Evaluation activities. Day-to-day monitoring of implementation progress will be the responsibility of the Project Coordinator based on the project's Annual Work Plan and its indicators. The Project Coordinator will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The Project Coordinator will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop with support from UNDP-CO and assisted by the UNDP-GEF Regional Coordinating Unit. Specific targets for the first year implementation progress indicators together with their means of verification will be developed at this Workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the Annual Work Plan. Targets and indicators for subsequent years would be defined annually as part of the internal evaluation and planning processes undertaken by the project team.
186. Measurement of impact indicators related to global biodiversity benefits will occur according to the schedules defined in the Inception Workshop. The measurement of these will be undertaken through subcontracts or retainers with relevant institutions. Periodic monitoring of implementation progress will be undertaken by the UNDP-CO through quarterly meetings with the Implementing Partner, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.
187. Periodic Monitoring of implementation progress will be undertaken by the UNDP-CO through quarterly meetings with the project proponent, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities. UNDP Country Offices and UNDP-GEF RCUs as appropriate, will conduct yearly visits to projects that have field sites, or more often based on an agreed upon schedule to be detailed in the project's Inception Report / Annual Work Plan to assess first hand project progress. Any other member of the Project Board can also accompany, as decided by the PB. A Field Visit Report will be prepared by the CO and circulated no less than one month after the visit to the project team, all SC members, and UNDP-GEF.



### 6. 3. Project Reporting

188. The Project Coordinator in conjunction with the UNDP-GEF extended team will be responsible for the preparation and submission of the following reports that form part of the monitoring process. The first six reports are mandatory and strictly related to monitoring, while the last two have a broader function and the frequency and nature is project specific to be defined throughout implementation.
189. A Project Inception Report (IR): It will be prepared immediately following the Inception Workshop and include a detailed First Year/ Annual Work Plan divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan will include the dates of specific field visits, support missions from the UNDP-CO or the Regional Coordinating Unit (RCU) or consultants, as well as time-frames for meetings of the project's decision making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the AWP, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months time-frame. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may affect project implementation. When finalized, the report will be circulated to project counterparts who will be given a period of one calendar month in which to respond with comments or queries. Prior to this circulation of the IR, the UNDP Country Office and UNDP-GEF's Regional Coordinating Unit will review the document.
190. Quarterly Progress Reports: Short reports outlining main updates in project progress will be provided quarterly to the local UNDP Country Office and the UNDP-GEF RCU by the project team. Periodic Thematic Reports: As and when called for by UNDP, UNDP-GEF or the Implementing Partner, the project team will prepare Specific Thematic Reports, focusing on specific issues or areas of activity. The request for a Thematic Report will be provided to the project team in written form by UNDP and will clearly state the issue or activities that need to be reported on. These reports can be used as a form of lessons learnt exercise, specific oversight in key areas, or as troubleshooting exercises to evaluate and overcome obstacles and difficulties encountered. UNDP is requested to minimize its requests for Thematic Reports, and when such are necessary will allow reasonable timeframes for their preparation by the project team.
- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below.
  - An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.
  - Based on the initial risk analysis submitted (see annex 1), a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.



- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
  - a project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
  - a Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events
191. Technical Reports are detailed documents covering specific areas of analysis or scientific specializations within the overall project. As part of the Inception Report, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. Technical Reports may also be prepared by external consultants and should be comprehensive, specialized analyses of clearly defined areas of research within the framework of the project and its sites. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.
192. An Annual Review Report shall be prepared by the Project Coordinator and shared with the Project Board. As a self-assessment by the project management, it does not require a cumbersome preparatory process. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the Project Progress Report (PPR) covering the whole year with updated information for each element of the PPR as well as a summary of results achieved against pre-defined annual targets at the project level. As such, it can be readily used to spur dialogue with the Project Board and partners. An ARR will be prepared on an annual basis prior to the Project Board meeting to reflect progress achieved in meeting the project's Annual Work Plan and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The ARR should consist of the following sections: (i) project risks and issues; (ii) project progress against pre-defined indicators and targets and (iii) outcome performance.
193. The Project Implementation Review (PIR) is an annual monitoring process mandated by the GEF. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects. Once the project has been under implementation for a year, a Project Implementation Report must be completed by the CO together with the project team. The PIR should be prepared and discussed with the CO and the UNDP/GEF Regional Coordination Unit with the final submission to the UNDP/GEF Headquarters.
194. Project Terminal Report: During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the Project, lessons learnt, objectives met, or not achieved structures and systems implemented, etc. and will be the definitive statement of the Project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the Project's activities. The project proponent is responsible for preparing the Terminal Report

and submitting it to UNDP-CO and RBAP-GEF's Regional Coordinating Unit. It shall be prepared in draft at least two months in advance of the TTR in order to allow review, and will serve as the basis for discussions in the TTR. The terminal tripartite review considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured to feed into other projects under implementation of formulation. The TPR has the authority to suspend disbursement if project performance benchmarks are not met. Benchmarks will be developed at the Inception Workshop, based on delivery rates, and qualitative assessments of achievements of outputs.

**6. 4. Independent Evaluations**

195. The project will be subjected to at least two independent external evaluations as follows: An independent Mid-Term Evaluation will be undertaken at exactly the mid-point of the project lifetime. The Mid-Term Evaluation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

196. An independent Final Evaluation will take place three months prior to the terminal Project Board meeting, and will focus on the same issues as the mid-term evaluation. The final evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the UNDP-GEF Regional Coordinating Unit.

**6. 5. Audit arrangements**

197. The Government will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted by a special and certified audit firm. UNDP will be responsible for making audit arrangements for the project in communication with the Project Implementing Partner. UNDP and the project Implementing Partner will provide audit management responses and the Project Coordinator and project support team will address audit recommendations. As a part of its oversight function, UNDP will conduct audit spot checks at least two times a year.

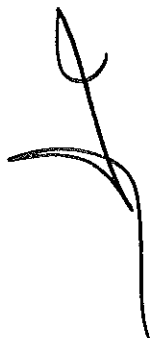
**6. 6. Learning and knowledge sharing**

198. Results from the project will be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and forums. In addition, the project will participate, as relevant and appropriate, in UNDP/GEF sponsored networks, organized for Senior Personnel working on projects that share common characteristics. UNDP/GEF Regional Unit has established an electronic platform for



sharing lessons between the project coordinators. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation through lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identifying and analyzing lessons learned is an ongoing process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every 12 months. UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned. These lessons will be shared widely throughout Biodiversity Portal to be established under the project and other mechanisms such as newsletter, and technical and general publications.

199. Project Publications will form a key method of crystallizing and disseminating the results and achievements of the Project. These publications may be scientific or informational texts on the activities and achievements of the Project, in the form of journal articles, multimedia publications, etc. These publications can be based on Technical Reports, depending upon the relevance, scientific worth, etc. of these Reports, or may be summaries or compilations of a series of Technical Reports and other research. The project team will determine if any of the Technical Reports merit formal publication, and will also (in consultation with UNDP, the government and other relevant stakeholder groups) plan and produce these Publications in a consistent and recognizable format. Project resources will need to be defined and allocated for these activities as appropriate and in a manner commensurate with the project's budget.



**6. 7. Monitoring and Evaluation Work Plan and Indicative Budget**

200. The monitoring and evaluation plan along with indicative budget is summarized in the Table 7

**Table 7: Indicative Monitoring and Evaluation Work plan and corresponding Budget**

Type of M&E activity	Responsible Parties	Budget US\$	Time frame
Inception Workshop (IW)	Project team, UNDP, UNDP GEF	5,000	Within first three months of project start up
Inception Report	Project Team PB, UNDP CO	None	Immediately following IW
Measurement of Means of Verification for Project Progress and Performance (measured on an annual basis)	Oversight by PMU, UNDP-CO UNDP-GEF	15,000	Annually prior to APR/PIR and to the definition of annual work plans
Quarterly progress reports and operational reports	Project Management Unit  UNDP-CO  UNDP-GEF	None	Annually
APR/PIR	Project Team PB UNDP-GEF	None	Annually
Tripartite Review (TPR) and TPR report	Government Counterparts  UNDP CO  Project Team  UNDP-GEF	None	Every year, upon receipt of APR/PIR
Project Steering Committee meetings	National Project Director Project Team	None	Following IW and annually thereafter.
Technical and periodic status reports	Project team Hired consultants as needed	10,000	TBD by Project team and UNDP-CO
Mid-term External Evaluation	Project team PB UNDP-GEF External Consultants (evaluation team)	33,000	At the mid-point of project implementation.
Final External Evaluation	Project team, PB, UNDP-GEF External Consultants (evaluation team)	33,000	At the end of project implementation
Terminal Report	Project team PB External Consultant	None	At least one month before the end of the project
Audit	UNDP-CO Project team	4,000 (average 1000 per year)	Yearly
Visits to field sites (UNDP staff travel costs to be charged to IA fees)	UNDP-CO, UNDP-GEF Government representatives	None	Yearly average one visit per year
<b>TOTAL indicative COST Excluding project and UNDP staff time costs</b>		<b>100,000</b>	

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## 7. LEGAL CONTEXT

201. This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA [or other appropriate governing agreement] and all CPAP provisions apply to this document.

202. Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) Assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.
- c)

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

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203. The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document".





## ANNEXES

## Regular Project Staff

**1. Post Title:** National Project Coordinator**Duty Station:** Islamabad**Salary band:** NC-10**Duties and Responsibilities:**

Under the overall direction of the Project Board (PB) and reporting to the National Project Director (NPD) the National Project Coordinator would be responsible for the following tasks:

- Manage assistance to the project administratively, financially, logistically, professionally and technically according to UNDP User guide;
- Prepare AWP, seek PB approval, manage implementation of AWP and prepare required reports for submission to PB and UNDP;
- Coordinate and consolidate project work plans and progress reports from all implementing partners
- Engage and network with stakeholders and partners to produce project outputs in a participatory manner;
- Keep track and maintain accounts of the project funds in line with the relevant guidelines of UNDP.
- Prepare and submit regular periodic reports regarding progress of implementation to UNDP and NPD;
- Hiring and coordinating with consultants. In this regards prepare detailed Terms of Reference for recruiting consultants as well as develop Request for Proposals for professional and contractual services;
- Organize PB meetings and prepare required documentation for the PB.
- Assign responsibilities and deliverables to project staff in consultation with NPD and monitor progress to ensure timely submission of project deliverables.
- Monitor events as determined in the Monitoring & Communication Plan, and update the plan as required;
- Manage requests for the provision of financial resources by UNDP, using advance of funds, direct payments, or reimbursement using the FACE (Fund Authorization and Certificate of Expenditures);
- Manage and monitor the project risks as initially identified in the Project , submit new risks to the Project Board for consideration and decision on possible actions if required; update the status of these risks by maintaining the Project Risks Log;
- Be responsible for managing issues and requests for change by maintaining an Issues Log.
- Prepare the Project Quarterly Progress Report (progress against planned activities, update on Risks and Issues, expenditures) and submit the report to the Project Board and Project Assurance;
- Prepare Final Project Review Reports to be submitted to the Project Board and the Outcome Board;



**Qualifications and Experience:**

The candidate should possess a Masters degree in Management, Environment and Energy, Social Sciences or related discipline, with over 10 years of relevant project management and implementation experience. Demonstrated experience in applying Results Based Management tools in managing complex donor funded projects or the projects under the National/Provincial Governments would be essential.

The candidate should have strong negotiation, communication and writing skills.

2. **Post Title:** Provincial Coordinator- 01 each for KPK and GB

**Duty Station:** KPK and GB

**Salary band:** NC-9

**Duties and Responsibilities:** Under the supervision of Regional Project Director and NPC, the Provincial Coordinator will be responsible for:

- Overall management of the provincial offices and prepares quarterly and annual work plans and progress report for the relevant component.
- Working closely with PMU stakeholders to ensure delivery of outputs and outcomes as per project document and work plan,
- Ensuring technical, legal and institutional coordination of the component in close collaboration with the PM,
- Assisting in mobilizing all component inputs in accordance with UNDP procedures and GEF principles,
- Finalizing the ToR for the consultants and subcontractors and coordinate with the PM for recruitment, procurement and contracting,
- Supervising and coordinating the work of all component staff, consultants and sub-contractors,
- Ensuring management of component funds consistent with UNDP requirements, and budget planning and control,
- assisting PM in the preparation of timely submissions of monthly reports, quarterly consolidated financial reports, quarterly consolidated progress reports, annual, mid-term and terminal reports, and other reports as may be required by UNDP;
- Assisting PM in the submission of progress reports and key issue report to the Project Board,
- Assisting in the regular input to UNDP corporate system ATLAS for financial and programme management on component progress, financial status and various logs,
- Arranging component audits for each fiscal year
- Undertaking field visits to ensure quality of work.

**Qualifications and Experience:** The incumbent should have a Master degree or Masters in energy/environment MBA, Engineering, social science or other relevant academic discipline and profession qualifications with at least ten (10) years professional experience, with at least 10 years of relevant project management and implementation experience. Demonstrated experience in applying Results Based Management tools in managing complex donor funded projects or the projects under the National/Provincial Governments would be essential.

**3. Post Title: Project Assistant (03 Positions)**

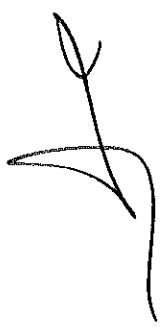
**Duty Station:** Islamabad, Peshawar and Gilgit

**Salary band:** NC-5

**Duties and Responsibilities:** The incumbent will be responsible to provide overall technical assistance under the guidance of their respective component managers She/he will:

- assist with initial and informal stakeholder consultations,
- collect and analyze preliminary information and data. Provide advanced word processing support by creating complex spreadsheets, maintaining databases and creating high quality reports, presentations, and other documents;
- assist in arranging meetings and workshops,
- assist in the preparation of reports,
- assist in preparation of work plans and budgets, and
- maintain ongoing communications with stakeholders.
- Assist the Project/ Component Manager in project coordination and monitoring by keeping track of the project work plan and reports;
- Understand and assist in managing project outputs, activities, project controls and draft correspondence as and when required;
- Assist in compiling and developing project work plans;
- Assist in coordinating meeting of the Project Board, including preparation of agenda, invitations, and drafting minutes of the meetings;
- Assist in organization of project workshop and seminars, including preparation of proceedings and short reports; and
- Any other task assigned by the project/ component manager.

**Qualifications and Experience:** The incumbent should have at least a Bachelor degree in a technical discipline from a recognized university (i.e. geography, engineering, economics, physics, and social sciences). She/he should have at least 3 years relevant working experience with foreign aided projects or international development or organizations. Computer proficiency in MS Office (Word, Excel and PowerPoint) and other common software is a prerequisite. Ability to collect data, analyze data, write basic reports in English is a basic requirement. Ability to effectively interact with a wide variety of stakeholders and knowledge of UNDP project implementation procedures, including procurement, disbursements, and reporting and monitoring is considered an asset. Fluency both in written and spoken English and Urdu is required.



**4. Post Title: Admin and Finance Associate:****Duty Station:** Islamabad,**Salary band:** NC-7**Duties and Responsibilities**

- Ensure the implementation of UNDP Financial and Admin related policies in the Project. Prepare and maintain quarterly advances and financial reports and keep a track of all funds released by the PMU.
- Prepare necessary documentation for quarterly advances and their settlement in line with the UNDP standard financial procedures.
- Maintain ledger of financial commitments and advances, ensure settlement of advances in accordance with agreed contract.
- Prepare payments requests/travel claims with the supporting documentation and liaison with UNDP for payment follow-ups; Handle all financial matters of the meetings, workshops and seminars organized under the project;
- Maintain project petty expenses and ensure entries in petty cash register, maintain general ledger to keep record of project accounts.
- Provide support to the PMU to prepare tender documents, disseminate, prepare bids tabulation and ensure quality and quantity of goods before delivery; receive and check invoices from the suppliers and initiate payment requests.
- Assist in inventory management of both expendable and non-expendable project items. Also responsible for the project file management i.e. to maintain an accessible filing system in the project.
- Prepare Cash Payment Vouchers, Bank Payment Vouchers, and Journal Vouchers together with complete supporting documentation in support to every financial transaction.
- Act as focal person for yearly project audit.
- Perform any other related duty as and when required.

**Qualification & skills**

The candidate should possess a Bachelors degree preferable in Management Sciences (MBA - Finance, M.Com, CA, Statistics), with minimum seven to ten years of experience in financial management of GoP/NGOs or development assistance work. Knowledge of computers, including basic hardware maintenance and use of recent accounting software. Expertise in project formulation and implementation will be an added advantage.

The candidate should have strong interpersonal skills and excellent command of English language.



**5. Post Title: Driver**

**Duty Station:** Islamabad, Peshawar and Gilgit

**Salary band:** NC-2

**Duties and Responsibilities:**

Under the overall supervision of NPC/PPC he will be required to do the following Duties & Responsibilities:

- Ensure provision of reliable and secure driving services by a) driving office vehicles for the transport of authorized personnel and delivery and collection of mail, documents and other items and b) meeting official personnel and visitors at the airport, visa and customs formalities arrangement, when required.
- Ensure cost-savings through proper use of vehicle through accurate maintenance of daily vehicle logs, provision of inputs to preparation of the vehicle maintenance plans and reports.
- Ensure proper day-to-day maintenance and log of the assigned vehicle through timely minor repairs, arrangements for major repairs, timely changes of oil, check of tires, brakes, car washing, etc.
- Ensure availability of all the required documents/supplies including vehicle insurance, vehicle logs, office directory, and map of the city/country, first aid kit, and necessary spare parts.
- Ensure that all immediate actions required by rules and regulations are taken in case of involvement in accidents.
- Responsible for safe travel and comfort of passengers.
- Log official trips, daily mileage, fuel consumption, oil changes, greasing etc.
- Perform any other duties as required.

**Qualification & Experience:** Matriculation with at least 02 years of experience.

**6. Post Title: Office Boy**

**Duty Station:** Islamabad, Peshawar, Chitral

**Salary band:** NC-1

**Duties and Responsibilities**

- Under the supervision of NPC/ PPC he will be required to Provide administrative support services to the office management
- Deliver/distributes mail/messages within office and outside the office
- Serving of tea, etc. for internal meetings/ visitors
- Cleanliness & dusting of office equipment / furniture
- Perform any other duties as required by office management

**Skills:**

- Must have interpersonal and team work skills

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