

**ECF Paper 32/2009-10
For discussion**

Environment and Conservation Fund

Nature Conservation Management Agreement Proposals

Purpose

This paper invites Members' advice on two funding applications received under the nature conservation management agreement (MA) projects. The two applications are submitted by the Conservancy Association (CA) (Attachment I) and the Tai Po Environmental Association (TPEA) (Attachment II).

Background

2. In 2004, the Government announced the New Nature Conservation Policy to better achieve the nature conservation objectives, in particular, to enhance the conservation of ecologically important sites which are in private ownership. Under the new policy, 12 priority sites have been identified for enhanced protection and the Administration undertook to implement a Pilot Scheme for MA as one of the measures to enhance the ecological value of these sites.

3. In late 2005, with the funding support from the Environment and Conservation Fund (ECF), three pilot MA projects were launched, one at Fung Yuen by the TPEA (Fung Yuen project) and two in Long Valley by the CA and the Hong Kong Bird Watching Society (HKBWS) (the Long Valley project). Recognising the merits of MA scheme in conserving and enhancing the biodiversity of the ecologically important sites, the ECF supported in 2007 the continuation of the scheme.

4. In early 2008, the ECF approved some \$6.8 million for the MA projects (with the two in Long Valley merged as a joint project by the two NGOs) to continue for another two years. The two projects have continued to produce encouraging results. There has been an increase in the number and diversity of birds as well as an increase in diversity of butterfly, suggesting that management measures are effective in enhancing the conservation value of the sites. Furthermore, the MA projects have also raised public and locals' awareness of nature conservation.

5. The Fung Yuen Project and the Long Valley Project will end on 31 January and 28 February 2010 respectively. In this connection, in September 2009, the two NGOs submitted two funding applications with a view to seeking ECF's support to continue the two projects. The summary of the application is attached at **Annex A**.

Recommendations

Agriculture, Fisheries and Conservation Department (AFCD) and the Environmental Protection Department (EPD)

6. AFCD and EPD have examined these two applications in accordance with the following major evaluation criteria –

- (a) the benefits that a proposed project will bring to the efforts in enhancing the conservation of the site concerned, better achieving the nature conservation objectives, and evaluating the effectiveness of this new conservation measure;
- (b) the sustainability of a proposed project including its resource implications, participation of the landowner(s) and local community, nature and enforceability of the management agreement concerned;
- (c) the technical and project management capability of the applicant organisation, as well as its track record, including the effectiveness of past projects, and its ability to comply with funding conditions;
- (d) whether the proposed project's schedule of implementation is well-planned and practicable, and the duration is reasonable;
- (e) whether the proposed budget is reasonable and realistic, and whether the project is cost-effective, with full justification for every expenditure item;
- (f) whether the proposed project has alternative sources of funding, and whether it would be more appropriate for the proposed project to be funded by other sources; and
- (g) if recurrent expenditure is incurred, whether the proposed project has potential to become self-sufficient after a certain period of time.

7. AFCD and EPD consider that, on balance, the proposed projects will be

beneficial to the ecology of the concerned sites and are worth supporting. It is also worthwhile to maintain the momentum of the conservation works implemented by the previous MA projects in Long Valley and Fung Yuen. In addition, while the two projects are unable to achieve self-sufficiency in the short-run, the project proponents have, in their proposals, outlined clear and concrete measures to enhance the financial sustainability of the projects. These revenue generating measures will not only reduce the financial reliability of ECF as the source of funding, but also would bring economic benefits to the landowners/farmers concerned, thus enhancing their willingness to participate in the conservation of Long Valley and Fung Yuen. The summary of the two departments' assessments is at **Annex B** for Members' reference.

Recommendation from the Nature Conservation Subcommittee under the Advisory Council on the Environment

8. The Nature Conservation Subcommittee (NCSC) under the Advisory Council on the Environment (ACE) was consulted on the two applications on 18 November 2009. Members supported the two proposed projects and recommended submitting the two applications to the ECF Committee for endorsement. A summary of the comments made by ACE NCSC members is at **Annex C**.

Advice Sought

9. Members are invited to advise whether the two applications should be supported and, if supported, the exact amount of funds to be granted.

*Agriculture, Fisheries and Conservation Department
Environmental Protection Department
December 2009*

Annex A

Summary of Application for Nature Conservation Management Agreement Projects

Project Title	Nature Conservation Management for Long Valley 2010-2012 塱原自然保育管理計劃 2010-2012	Management Agreement on the Private Land with High Conservation Value at Fung Yuen Valley Site of Special Scientific Interest in Tai Po, Hong Kong 以管理協議方式保育鳳園谷具特殊科學價值地點內具高生態價值的私人土地
Site involved	Long Valley	Fung Yuen
Size of proposed management area	About 1,390,000 sq. ft. (13 hectares)	About 200,000 sq. ft. (2 hectares)
Proponent	Conservancy Association (CA)	Tai Po Environmental Association (TPEA)
Key partner in project implementation	Hong Kong Bird Watching Society (HKBWS)	N/A
Project description	This is a joint project to conserve and enhance the biodiversity, particularly the avifauna and freshwater wetland dependent species, in Long Valley through management agreement with local farmers and landowners.	This is a nature conservation project to conserve and enhance the natural habitat of butterflies in the Fung Yuen Valley SSSI through management agreement with local landowners.
Key conservation objectives	<ul style="list-style-type: none">● To enhance nature conservation in Long Valley, particularly avifauna and amphibians, as well as other freshwater dependent species;● to conserve agricultural freshwater habitats in Long Valley;● to establish close partnership with farmers and landowners in management agreement and small	<ul style="list-style-type: none">● To reduce and minimize environmentally incompatible behavior on private land in Fung Yuen;● to enhance and maintain the habitat quality of private land in Fung Yuen;● to provide a refuge area for butterfly foraging, inhabiting,

	<p>projects;</p> <ul style="list-style-type: none"> ● to monitor habitats and biodiversity with a view to developing effective and efficient habitat management measures for long term ecological conservation; and ● to promote nature conservation awareness. 	<p>and breeding, so as to help increase the diversity of butterfly species;</p> <ul style="list-style-type: none"> ● to train volunteers in conservation programme; and ● to promote nature conservation awareness.
Duration	24 months	36 months
Amount of fund applied for	<p>Funding applied : \$4,590,960 (\$2,295,480 per year)</p> <p>Expected income : \$106,600</p> <p>Expected balance : \$4,484,360</p>	<p>Funding applied : \$5,035,876.65 (\$1,678,625.55 per year)</p> <p>Expected income : \$150,000</p> <p>Expected balance : \$4,885,876.65</p>

Annex B

Evaluation of Application for Nature Conservation Management Agreement Funding Applications

I. Nature Conservation Management for Long Valley 2010-2012

(submitted by the Conservancy Association (CA) in cooperation with the Hong Kong Bird Watching Society (HKBWS))

Evaluation criteria	Comments
Benefits that the project will bring to the efforts in enhancing the conservation of the site concerned and in better achieving the nature conservation objective	<p>It is worthwhile to note that since the launch of the MA scheme, there has been an increase in the diversity of birds in Long Valley. The number of bird species increased from 202 species before the MA (2005) to 230 species at present, which represents a 14% increase and accounts for about 50% of the total number of bird species in Hong Kong.</p> <p>The project would benefit the conservation of Long Valley by –</p> <ul style="list-style-type: none">● reducing and minimizing the incidence of any irregularities and environmentally incompatible activities on the private land;● enhancing habitat diversity and quality of agricultural freshwater wetland in Long Valley;● enhancing conservation of freshwater wetland dependent birds and amphibians, in particular the Greater Painted-snipe;● enriching our knowledge on effective and efficient habitat management measures to facilitate the long-term conservation and management of Long Valley;● building communication channels with landowners and local villagers, and gaining their support in nature conservation; and● demonstrating how stakeholders cooperate in biodiversity conservation to the general public.

Sustainability including its resources implications, participation of the landowners and local community, the nature and enforceability of the management agreement	<ul style="list-style-type: none"> ● The present proposal requires a 2-year funding (a total of \$4,590,960) from ECF. The expected income generated (\$106,600) will be returned to ECF to cover cost; ● The proposed project will continue assessing the effectiveness of different management measures for conservation management of Long Valley. Experience gained will help determine which management scheme is most effective and appropriate for the long-term conservation of Long Valley. ● CA has already entered into agreements with 23 local farmers and 1 landowner in the current MA scheme. It is anticipated that more local farmers and landowners will enter into MA with CA in the new project. ● Revenue generating eco-tours and harvesting activities will be organized to promote nature conservation, gain support from the public and generate income. ● The project has also been able to drive the local rural economy, as ancillary economic activities in Long Valley (e.g. the nearby bean curd shop serving visitors to Long Valley, the agricultural produce bringing income to farmers / landowners and giving them an economic incentive not to leave the land idle) are encouraged. ● Since the launch of the MA Scheme, CA/HKBWS has promoted public participation in Long Valley conservation, and organized various programmes to achieve the purpose. For example, they organized eco-tours, seminars, exhibitions and volunteer activities at Long Valley, attracting over 160,000 visitors. We anticipate that CA/HKBWS has the capacity to carry on with these activities to better promote nature conservation.
Technical and project management capability,	<ul style="list-style-type: none"> ● Both CA and HKBWS are experienced in implementing environmental projects including projects funded by the

<p>and track record of the applicant. NGOs may seek assistance or support from other relevant professional bodies where necessary</p>	<p>ECF and Sustainable Development Fund.</p> <ul style="list-style-type: none"> ● They have gained experience and knowledge on nature conservation of private lands in Long Valley in the Pilot and current MA schemes. The results produced so far are encouraging in terms of species and habitat diversity, cooperation with local communities, and conservation education. ● The project is supported by the North District Council member Mr. Hau Kam Lam and the New Territories Conservation Association.
<p>Whether the proposed project's schedule of implementation is well-planned and practicable, and the duration is reasonable</p>	<ul style="list-style-type: none"> ● The proposed schedule of implementation is mainly based on the bird migration period, active season of amphibians and harvesting period. It is considered well-planned and practicable. ● Considering that long-term habitat management is required to maintain and enhance the conservation value of the subject site, the proposed duration of 2 years of habitat management is considered reasonable.
<p>Whether the budget is reasonable and realistic, and whether the project is cost effective</p>	<ul style="list-style-type: none"> ● There is an increase in the management area by 9.2% in the new proposal (i.e. from about 11.8ha to 12.9ha). Also, the present proposal has included new element of revenue generating activities to enhance the sustainability for the project, and publicity is strengthened. The proposed budget has proportionally increased by 15% (i.e. from \$3,974,964 to \$4,590,960) compared with the 2nd MA. ● Considering the amount of works to be undertaken by the applicant and the expected results, the project is considered cost effective and the proposed budget is deemed reasonable. The exact amount of funding to be approved will be decided by the ECF Committee.
<p>Whether the proposed project has alternative sources of funding, and whether it would be more appropriate for</p>	<ul style="list-style-type: none"> ● “Long Valley Harvest Club for Public” will be set up to generate income (\$52,400). Under this programme, club members have to pay membership fees. In return, they can join farming and harvesting activities, and will receive the harvest produced.

the proposed project to be funded by other sources	<ul style="list-style-type: none"> ● An estimate of \$54,200 will be generated from paid eco-tours and harvesting activities. ● The income generated from the above activities for the present proposal is limited. Financial support from sources like the ECF is still required. However, funds required may be reduced in the long-run if the above income generating measures are proved to be effective.
If recurrent expenditure is incurred, whether the proposed project has potential to become self-sufficient after a certain period of time	<ul style="list-style-type: none"> ● Under the MA scheme, non-governmental organizations may provide landowners with financial incentives in exchange for management rights over their land or their cooperation in enhancing conservation of the Priority Sites. As such, recurrent expenditure is expected in MA projects. ● New elements of revenue generating activities on trial basis are included in the present proposal. It is expected that revenue equivalent to 2.3% (\$106,600) of the estimated expenditure will be generated for the present proposal. Evaluation on the potential of such activities to generate adequate revenue to support the project in the long run is needed so as to assess whether the proposed project has potential to become self-sufficient after a certain period of time.

II. Management Agreement on the Private Land with High Conservation Value at Fung Yuen Valley Site of Special Scientific Interest in Tai Po, Hong Kong

(submitted by Tai Po Environmental Association (TPEA))

Evaluation criteria	Comments
Benefits that the project will bring to the efforts in enhancing the conservation of the site concerned and in better achieving the nature conservation objective	<p>It is worthwhile to note that since the launch of the MA scheme, there has been an increase in the diversity of butterfly species, and habitats has also been increased in Fung Yuen, with butterfly species increased from 162 species in 2005 to over 200 species at present, which accounts for more than 80% of butterfly species recorded in Hong Kong.</p> <p>The project would benefit the conservation of Fung Yuen by –</p> <ul style="list-style-type: none">● reducing and minimizing the incidence of any irregularities and environmentally incompatible behaviours on the private land;● enhancing and maintaining the habitat quality of private land as an important site to butterflies;● enhancing and maintaining the diversity of butterfly species;● enhancing conservation of rare and uncommon butterfly species, in particular the Common Birdwing (<i>Troides Helena</i>, 裳鳳蝶), Common Rose (<i>Pachliopta aristolochiae</i>, 紅珠鳳蝶) and White Dragontail (<i>Lamproptera curius</i>, 燕鳳蝶);● enriching our knowledge on effective and efficient habitat management measures to facilitate the long-term conservation and management of Fung Yuen;● building communication channels with landowners and local villagers, and gaining their support in nature conservation; and● promoting the importance of conservation to local community and general public.

	<ul style="list-style-type: none"> ● The present proposal requires a 3-year funding (a total of \$5,035,876.65) from ECF. The expected income generated (\$150,000) will be returned to ECF to cover cost. ● TPEA has already entered into agreements with landowners in the current MA project. These will be extended to the coming project. ● Conservation and volunteer workshops will be organized for schools and local community members to build up conservation capacity of the public. ● Revenue generating activities, such as butterfly courses, butterfly club membership, production of souvenirs and eco-tours, will be organized to promote nature conservation, gain supports from the public and generate income. ● TPEA has paid efforts to promote public awareness on nature conservation since the launch of the MA scheme. For example, they organized various activities including workshops, exhibitions, visits, volunteer activities, seminars as well as the Butterfly Festival in the past few years, attracting over 110,000 visitors. They have also printed various publicity materials which provide useful and interesting information on butterfly conservation. We anticipate that TPEA has the capacity to carry on with these activities to better promote nature conservation.
Technical and project management capability, and track record of the applicant. NGOs may seek assistance or support from other relevant professional bodies where necessary	<ul style="list-style-type: none"> ● TPEA is experienced in implementing environmental projects including projects funded by the ECF and Environmental Campaign Committee. ● They have gained experience and knowledge on nature conservation of private land in Fung Yuen in the Pilot and current MA schemes. The results produced so far are encouraging in terms of species and habitat diversity, cooperation with local communities, and conservation

	<p>education.</p> <ul style="list-style-type: none"> ● The project is supported by the Chinese University of Hong Kong, the Hong Kong Bird Watching Society, the Hong Kong Lepidopterists' Society and the New Territories School Association.
Whether the proposed project's schedule of implementation is well-planned and practicable, and the duration is reasonable	<ul style="list-style-type: none"> ● Habitat and species management and/or conservation measures are scheduled year-round. Education, publicity and consultation activities are scheduled at regular intervals or as appropriate. The proposed schedule of implementation is considered well-planned and practicable. ● Considering that long-term habitat management is required to maintain and enhance the conservation value of the subject site, the proposed duration of 3 years of habitat management is considered reasonable.
Whether the budget is reasonable and realistic, and whether the project is cost effective	<ul style="list-style-type: none"> ● The proposed budget is increased by 18% per year (from \$2,849,990 for 2 years to \$5,035,876.65 for 3 years) compared to the 2nd MA. ● The present proposal has included new element of revenue generating activities to enhance the sustainability for the project. ● Considering the amount of works to be undertaken by the applicant and the expected results, the project is considered cost effective and the proposed budget is deemed reasonable. The exact amount of funding to be approved will be decided by the ECF Committee. ● The majority of the rental expenditures are to meet the costs for renting a village house for use as a visitor centre cum office, at \$267,000 annually. The centre will help in providing a venue for conservation training and exhibition and serving as a gathering place for visitors. It also has a lecture room for briefing visitors. The same venue is used as Fung Yuen project's office. AFCD has vetted this expenditure item and considered it reasonable.

Whether the proposed project has alternative sources of funding, and whether it would be more appropriate for the proposed project to be funded by other sources	<ul style="list-style-type: none"> ● Day Visitor Conservation Fee (\$20 per person per day) is required for visiting the Fung Yuen Butterfly Reserve. It is expected to generate \$150,000 over three years. ● TPEA will explore the opportunity of having corporate sponsorship and sponsorship from the District Council. ● Revenue generating activities, such as butterfly courses, butterfly club membership, production of souvenirs and eco-tours, will be organized. ● The income generated from the above activities for the present proposal is limited. Financial support from sources like the ECF is still required. However, funds required may be reduced in the long-run if the above revenue generating measures are proved to be effective.
If recurrent expenditure is incurred, whether the proposed project has potential to become self-sufficient after a certain period of time	<ul style="list-style-type: none"> ● Under the MA scheme, non-governmental organizations may provide landowners with financial incentives in exchange for management rights over their land or their cooperation in enhancing conservation of the Priority Sites. As such, recurrent expenditure is expected in MA projects. ● New elements of revenue generating activities on trial basis are included in the present proposal. It is expected that revenue equivalent to around 3% (\$150,000) of the estimated expenditure will be generated. Evaluation on the potential of such activities to generate adequate revenue to support the project in the long run is needed, so as to assess whether the proposed project has potential to become self-sufficient after a certain period of time.

***Agriculture, Fisheries and Conservation Department
Environmental Protection Department
November 2009***

Annex C

Comments of the Nature Conservation Subcommittee under the Advisory Council on the Environment on the two Management Agreement applications

General comments

Members of the Nature Conservation Subcommittee (NCSC) under the Advisory Council on the Environment (ACE) noted the Guide to Application (Nature Conservation Management Agreement Projects) and were of the view that the requirement on achieving sustainability should be interpreted in a broader sense, especially for nature conservation projects which could hardly operate on a self-financing basis. For example, in assessing whether a nature conservation project is sustainable, considerations should also be given to whether the project could enhance the biodiversity and ecosystem functions, promote local economy, and whether public awareness on nature conservation could be raised.

Particular comments on the two applications

Nature Conservation Management for Long Valley 2010-2012

(submitted by the Conservancy Association (CA) in cooperation with the Hong Kong Bird Watching Society (HKBWS))

2. NCSC Members appreciated that the applicant has made efforts to enhance the sustainability of the project, and recommended the applicant to highlight them in their proposal to ECF. In particular –

- (a) the applicant re-introduced traditional crops including paddy rice, water chestnut, Chinese arrowhead and lotus to the Long Valley farmland. This not only contributed to enhancing the habitat diversity and ecological functions, but also to conserving the cultural heritage, since farmers in Long Valley had already given up growing these crops for a period of time, and re-introducing them could sustain the Long Valley traditional farming culture;
- (b) driving the local rural economy, as ancillary economic activities in Long Valley (e.g. the nearby bean curd shop serving visitors to Long

Valley, the agricultural produce could bring income to farmers / landowners and give them an economic incentive not to leave the land idle) were encouraged; and

- (c) much efforts have been paid to promote public awareness on nature conservation.

3. NCSC Members appreciated the applicant's conservation works, in particular, their habitat management efforts provided a favourable environment to wetland-dependent species (including birds, amphibians and reptiles) at Long Valley. This has enhanced the biodiversity and ecosystem functions of the area by restoring the food chain.

4. NCSC Members noted that most of the visitors to Long Valley managed sites are first-time visitors, and suggested the applicant to conduct surveys to collect information on whether these visitors' nature conservation awareness would be raised after the visits.

Management Agreement on the Private Land with High Conservation Value at Fung Yuen Valley Site of Special Scientific Interest in Tai Po, Hong Kong
(submitted by Tai Po Environmental Association (TPEA))

5. NCSC Members appreciated that TPEA proposed additional measures to raise the financial sustainability of the project. It also noted that the sites managed by TPEA are fragmented. TPEA was encouraged to seek to manage those remaining sites within private land to further enhance the conservation of the Fung Yuen Valley. TPEA was also encouraged to continue liaising with the landowners / land users in Fung Yuen Valley, with a view to expanding the sites to be managed and conserved.

**Secretariat , Nature Conservation Subcommittee
Advisory Council on the Environment
November 2009**