



# Concept Environmental and Social Review Summary

## Concept Stage

### ( **ESRS Concept Stage** )

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I. BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P181021	Investment Project Financing (IPF)	Sust. Grasslands, Low Emission Livestock	2024
Operation Name	Sustainable Grassland Management and Low Emission Livestock Development Project		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
China	China	EAST ASIA AND PACIFIC	Agriculture and Food
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Ministry of Finance	Gansu Provincial Department of Agriculture and Rural Affairs	15-Jan-2024	28-Mar-2024
Estimated Concept Review Date	Total Project Cost		
30-Jun-2023	300,000,000.00		

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Proposed Development Objective

The Project Development Objective is to promote improved grassland management and low GHG emission livestock value chains in selected areas of Gansu province in China.

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project Activities

The proposed project would have the following three components: Component 1: Sustainable management of grasslands. The component aims to improve the grassland sector resilience and adaptation to climate change through: (i) strengthening grasslands capacity for carbon sequestration, maintain and improve existing carbon stocks, boost biodiversity dependent on grassland ecosystem, and contribute towards the global public goods (GPGs) and (ii) enhancing the quality and net primary productivity (NPP) of grasslands as a livestock feed base, helping to improve value chain participants' access to sustainable and organic food markets. The project will finance infrastructure for



grassland improvement, as well as training, demonstrations and extension to support introduction of carbon-capture and carbon-retention grassland management technologies and practices. The specific sites for grassland interventions would be selected during the project preparation using the criteria such as level of degradation, as well as significance for livestock grazing, potential to enhance carbon stock, support to livelihoods of farmers and herders, and improved livestock quality and health. Component 2: Strengthening sustainability and emission reductions in the livestock value chains. Sub-component 2.1: Promoting low emission and resilient livestock production. This Sub-component would support the province's efforts to promote the overall greening of the main livestock value chains being developed in the different counties. For this, the adoption of efficient emission-reducing practices and technologies would be piloted in selected, representative intensive production enterprises, which would serve as demonstration units for the dissemination of these improved, environmentally-friendly mitigation practices to other existing and new enterprises, as well as extensionists and private technicians throughout the province. In order to address the entire value chain, thus ensuring the reduced carbon nature of the end products, the promotion of best practices would be supported in breeding grassland-based farms (see Component 1), as well as selected intensive production enterprises, feed supply operations, and processing facilities. Based on the relative importance of livestock production in the province, the value chains to be targeted are sheep, beef and dairy. Subcomponent 2.2: Strengthening of animal health and food safety aspects of the livestock value chains. This component aims to enhance the capacity for preparedness and response, prevention, and control, and minimize risks and impact of priority zoonotic diseases and transboundary animal diseases and other health threats. This component will finance investments to upgrade veterinary services and laboratory capacities and accelerate the adoption of good animal husbandry, food safety and welfare practices in selected livestock value chains contributing to the prominent One Health agenda in China. Component 3: Capacity Building and Project Management. The Component will finance capacity building activities to support the enabling environment for promotion and scaling-up of low emission livestock value chains and sustainable grassland managements. The project will: (i) identify the regulatory and standards gaps for promotion and scale-up of low emission livestock production, processing and logistics and support work for closing these identified gaps; (ii) identify any institutional gaps, and aim to close them during the project implementation, and (iii) support review and strengthening of the existing livestock sector Measuring, Reporting and Verification (MRV) systems, as well as support development of new MRV protocols for GHG emissions in grassland areas, with a view of enabling sale of the emission reductions resulting from the project in the country's agricultural carbon markets once they are reopened. The project will also increase awareness and understanding of carbon trading markets among livestock producers in the grassland areas and the public agencies responsible for implementing the MRV protocols, and support development of the regulatory framework required to operate carbon markets, as needed, to ensure the province's ability to participate in the national carbon markets. Additionally, financing support will be provided to the research community for research into low emission livestock production technologies and climate-smart practices for grassland enhancement. These activities will be carried out at the provincial level, or by the Ministry of Agriculture and Rural Affairs (MARA) if their participation in the project is possible. This component will also ensure project implementation and management at the county and provincial level.

## D. Environmental and Social Overview

### D.1 Overview of Environmental and Social Project Settings

The project will bring overall environmental and social benefits that accrue from the promoted low GHG emission livestock value chains and improved grassland management in selected areas of Gansu province in China. The proposed project counties/districts include Minle County, Jingchuan County, Zhengning County, Lingtai County and Lanzhou New District, which are subject to further review and change in the preparation stage.



Gansu has an area of 454,000 km<sup>2</sup>, located in northern-central China. It is elongated in shape, extending south-east from the Mongolian border into central China. The geography and climate are quite diverse as result, with semi-arid to arid plateaus (above 1,000 m) in the north, including parts of the Gobi desert; and high mountains and a warmer, monsoonal climate in the south. The region has complex environment systems that are water-scarce and have highly erodible and low-quality soil, poor-quality forest and vegetation cover, and river systems with high sedimentation. The natural resource base for agriculture is limited by a harsh, arid climate with average rainfall of 300 mm and long, cold winters due to its high altitude (> 1000 m); a limited area of good quality arable land and limited water for irrigation. Gansu is one of China's provinces hardest hit by desertification. The province, which includes parts of the Gobi, Badain Jaran, and Tengger Deserts, is suffering moisture drawdown year after year. Annual precipitation varies from 35-40 mm in the north to 735 mm in the south. Of the total cropped area of 4 million ha, approximately one-third (1.34 million ha) is irrigated. Livestock accounted for 44 percent of the value of agriculture sector production in 2021, with 5.1 million cattle, 19.9 million sheep, 4.5 million goats, 6.85 million pigs and 61.3 million poultry. A marked increase in ruminant livestock numbers is also evident with cattle numbers increasing by 55 percent from 2000-2021, sheep numbers by 131 percent and goat numbers by 49 percent. For beef and sheep meat production, stock is bred and raised on small-scale farms in grassland areas and sold after weaning to large-scale fattening enterprises in quasi-urban areas. Dairy farms are intensive enterprises in quasi-urban areas, breeding their own replacement stock. Gansu's grassland area of 17.87 million hectares is one of the largest in China. Of the total grassland area in the province, approximately 37 percent (6.7 million ha) is subject to a grazing ban, and 53 percent (9.4 million ha) is used for grazing. The vegetation coverage was estimated at 53 percent in 2015. Most livestock production is in the meadow grassland areas of central Gansu. Ruminants account for 78 percent of GHG emissions from meat production in Gansu, with beef accounting for 56 percent and sheep for 22 percent. Environmental degradation, including grassland degradation, and weak climate resilience are key concerns in the fragile landscapes of Gansu province. The poor management and overuse of the grasslands for ruminant breeding further exacerbates the grassland degradation. In 2022, the rate of excellent level and good level environmental air quality days of Gansu in 2022 is 90.2%. The proportion of excellent water quality (reaching or surpassing Class III limits of national surface water standards) in 74 surface water sections monitored in Gansu Province is 95.9%.

Gansu Province is less economically developed in China. In 2022, the provincial GDP is RMB 1120 billion and per capita GDP is RMB 44,986, ranking 27th and 31st in China. The majority of the population in Gansu are Han Chinese, comprising over 91% of the total population. There are around 2.4 million ethnic minorities people, roughly 9% of the total population.

## D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

The project will be implemented by Gansu Province, and the Project Leading Groups (PLGs) comprising representatives from the provincial Development and Reform Commission (PDRC), Department of Finance, and Department of Agricultural and Rural Affairs (DARA), the Natural Resources Bureau, the Forestry and Grassland Bureau, and the Department of Ecology and Environment will be established to oversee and coordinate project preparation and implementation. Gansu DARA will be the lead implementing agency and will host the PPMO, which will be responsible for leading and guiding implementation, providing technical assistance, and overall M&E. Bureaus of Agriculture and Rural Affairs in the participating counties will be the lead implementing agencies at the county level. A Joint Expert Group (JEP) consisted of experts in the fields of livestock management, grassland ecosystem protection/restoration, biodiversity, forest, environmental and social safeguards, and fiduciary aspects will provide support to the PPMO on technical issues during the project preparation and implementation and carry out technical discussions with the corresponding World Bank specialists.



Gansu Province has acquired extensive experience with the World Bank’s safeguards policies through the implementation of World Bank projects, such as Gansu and Xinjiang Pastoral Development Project, Integrated Modern Agriculture Development Project, Poverty Alleviation and Agriculture Development Demonstration in Poor Areas Project, Gansu Revitalization and Innovation Project, etc. Gansu has strong technical capacity including the preparation of EIA, Social Assessment, Resettlement Planning, and detailed designs. It has sufficient technical capacity to implement the project in a manner that would meet the objectives of the Environmental and Social Standards, including good international industry practice (GIIP). Although the World Bank’s Environmental and Social Framework (ESF) is new to Gansu, it will be possible to build on the previous experience and skillsets developed when applying the World Bank’s Environmental and Social safeguards as the basis for implementing the requirements of the ESF. It has been agreed that each of Gansu Provincial Project Management Office (PPMO) and county-level Project Management Offices (CPMOs) will have E&S specialists to provide continuous support to PIUs throughout of the project implementation. The capacity of Gansu and local PIUs will be strengthened through the project capacity building actions. Their demand for capacity enhancement will be identified and a comprehensive capacity enhancement plan with estimated budget will be prepared. The capacity enhancement plan will also include measures to enhance awareness and capacity of relevant PIUs on the ground for implementing the ESF. ESF training to key PIU staff will be conducted. In addition, the PPMO will engage an external professional E&S M&E agency to monitor the E&S management performance of all project activities. The project may include financial intermediaries (FIs) to implement some project and activities, and any FI will be identified prior to appraisal. For each new FI to be established, an ESMS will be developed in line with the ESS9; and for each existing entity as a FI participating in the project, its ESMS will be evaluated and be strengthened in line with the ESS9.

## II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

### A. Environmental and Social Risk Classification (ESRC)

Substantial

#### A.1 Environmental Risk Rating

Substantial

Environmental risk is substantial. The project will support civil works to establish new and strengthen and modernize existing grassland and livestock value chain facilities, which probably include climate-resilient grassland facilities (such as shelters, shading canopies, feeding stalls, salt licks, scratching posts, drinking water troughs, sheep baths, and fences); grassland interventions; upgraded livestock breeding grassland-based farms, intensive production enterprises, feed supply operations, and processing facilities with the value chains to be targeted including sheep, beef and dairy; upgraded veterinary services and food safety laboratory; improved manure and waste water management; improved agri-food distribution facilities (cold chain and wholesale markets). The location and scales of these activities are unknown at concept stage but are expected to be defined prior to appraisal. Works related to the construction activities will have some adverse environmental impacts including dust, noise, waste water management and disposal of debris and other construction related waste. However, these environmental risks and impacts will be site specific, temporary, and reversible by applying good construction practices. The operation of improved grassland, livestock breeding facilities, intensive production enterprises, feed supply operations, livestock production processing facilities, veterinary services and food safety laboratory, manure and wastewater management, and agri-food distribution facilities, will have potential environmental impacts including pesticides use, odors, noise, wastewater, manure generation and disposal, other solid waste and hazardous waste, animal welfare issues, zoonotic diseases and transboundary animal diseases, OHS issues, but aim to contribute to positive public goods by promoting low emission



livestock value chain development and improved grassland management. Technical Assistance activities will not result in any direct environmental risks and impacts but may have downstream environmental implications. Gansu Provincial PMO has implemented many projects financed by international financial institutions and donor organizations, including the World Bank, Asian Development Bank (ADB), Global Environmental Facility (GEF) and the World Food Program (WFP) in the last decade. However, the provincial and county DARAs have no specific experience with the ESF. The implementation capacity risk will be mitigated through capacity building activities which will be provided to key PIUs staff and ensuring that environmental and social focal points supporting the PIUs are in place and well trained. Executive agency hired E&S specialist will provide continuous support to PIUs throughout of the project implementation. The implementation capacity, uncertainty of supported activities locations and scales contribute to substantial environmental risk. The Borrower will prepare an Environmental Impact Assessment (EIA) to covering all activities with an integrated Environmental and Social Management Plan (ESMP) before appraisal to mitigate the environmental risks of specific activities. ESMS will be developed and managed by the FI as per ESS9 for any FIs identified. Environmental risk rating will be further assessed during project preparation.

**A.2 Social Risk Rating**

Substantial

Social risk is substantial. The reason to sign substantial to social risk is because, i) the project activities would entail adverse social risks including land acquisition and resettlement, ethnic minority, labor and OHS, community health and safety; ii) Technical Assistance studies potentially involved may also have downstream social implications. The planned civil works will result in significant land acquisition from activities including climate-resilient grassland facilities (such as shelters); grassland interventions (livelihood support activities); upgraded livestock breeding farms; disease and food safety laboratory; manure and wastewater management; agri-food distribution facilities (cold chain and wholesale markets). Manure and wastewater facilities will also cause impacts on community health and safety, requiring careful site selection to address the community’s concerns, etc. In terms of labor and working conditions risks, the project would engage direct workers and contracted workers. The labor law and relevant OHS requirements are usually not strictly enforced in rural areas due to budget constraints and low awareness. The concerns related to labor and risk of workplace SEA/SH, which usually is low due to the low rates of gender-based violence in general in China and demonstrated by other projects practice, will be further assessed during project preparation. Risks related to community health and safety would be primarily related to poor farm facilities, livestock product chain and various waste treatment facilities. It is considered unlikely that the physical investments will cause relocation of ethnic minorities, but adversely economic impact seems possible at some facility sites due to land acquisition, and safety and health issues. Tackling the grassland and livestock issues also requires a fundamental overhaul of cross-coordination among many line departments and proactive stakeholder engagement. Some activities may be implemented by financial institutions (FIs), which will increase the complexity of social impacts and risks under the project. The Provincial PMO has implemented many projects financed by international financial institutions and donor organizations in the last decade. However, the provincial and county DARAs have no specific experience with the ESF.

**B. Relevance of Standards and Policies at Concept Stage**

**B.1 Relevance of Environmental and Social Standards**

**ESS1 - Assessment and Management of Environmental and Social Risks and Impacts**

Relevant

The project aims to promote low GHG emission livestock value chain development and improved grassland management in selected areas of Gansu province in China. Hence, the project is expected to bring positive benefits to

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the environment and ecosystem of selected areas of Gansu province. Civil works are envisaged under Component 1&2 of the project. The project will probably finance the construction, renovation/rehabilitation of: (1) grassland sustainable management facilities, such as, climate-resilient grassland facilities (such as shelters, shading canopies, feeding stalls, salt licks, scratching posts, drinking water troughs, sheep baths, and fences), grassland interventions (livelihood support activities); (2) promoting low carbon and resilient livestock production facilities such as upgraded livestock breeding farms, intensive production enterprises, feed supply operations, and processing facilities with the value chains to be targeted including sheep, beef and dairy, improved manure and waste water management; (3) facilities to strengthen animal health and food safety aspects of the livestock value chains such as upgraded veterinary services and food safety laboratory, improved agri-food distribution facilities (cold chain and wholesale markets). The location and scales of these activities are unknown but are expected to be defined prior to appraisal. The project is in developed areas and unlikely to involve critical habitats. This project will not introduce alien species. The environmental impacts related to construction works include dust, noise, wastewater management and disposal of debris and other construction related waste, which will be site specific, temporary, and reversible by applying good construction practices. The operation of these facilities will have potential environmental impacts including pesticides use, odors, noise, wastewater, manure generation and disposal, other solid waste and hazardous waste, animal welfare issues, zoonotic diseases and transboundary animal diseases, OHS issues, but aim to contribute to positive global public goods by targeting to achieve promoting low GHG emission livestock value chain development and improved grassland management. Technical Assistance activities will not result in any direct environmental risks and impacts but may have downstream environmental implications. Gansu PMO will prepare a feasibility study to cover all activities during project preparation as well as an EIA with an integrated ESMP to covering all activities before appraisal to mitigate the environmental risks of specific activities. Currently there are no associated facilities identified in line with the criteria of the ESF. Associated facilities will be further identified and assessed in the EIA during project preparation if any. The EIA and integrated ESMP will be prepared in compliance with both domestic regulations and the World Bank's ESF, General EHS guidelines and relevant Industry Sector Specific EHS guidelines for Dairy Processing and Meat Processing, as well as GIIP such as the IFC Good Practice Note on Improving Animal Welfare in Livestock Operation. Mitigation measures will be developed to adequately avoid, minimize and/or mitigate these impacts in the ESMP which will be integrated in the EIA, and will also be integrated into the design. In addition to the project background, legal system, introduction of the project activities, overall baseline in the selected areas in Gansu province, institution arrangement, stakeholder analysis, consultation, this EIA will also include: (a) domestic E&S regulatory framework and the Bank EHS Guidelines and GIIP; (b) an analysis of potential risks and impacts from activities during the design, construction and operation phase respectively, and corresponding mitigation measures in accordance with World Bank General EHS guidelines and relevant Industry Sector Specific EHS guidelines for Dairy Processing and Meat Processing as well as GIIP such as the IFC Good Practice Note on Improving Animal Welfare in Livestock Operation to address E&S risks; (c) the E&S related eligibility criteria or exclusion list to be agreed with the Borrower before Appraisal to exclude activities likely to generate significant adverse risks and impacts on human populations or the environment (e.g. construction of rendering plants or similar facilities, activities that will have any negative impacts on critical habitats and biodiversity ); (d) an Environmental Code of Practices (ECOP) to manage the E&S risks of small civil works; (e) an Integrated Pest Management Plan (IPMP). E&S due diligence will be conducted during project preparation to review the existing facilities to be funded by the project. The findings and proposed mitigation measures will be integrated into the EIA. The project may include financial intermediaries (FIs) that have not been identified at this concept stage. The capacity of the FIs if any to be identified prior to appraisal will be assessed as per the requirements of ESS9. Each FI agency once clearly identified prior to the appraisal will be required to put in place and maintain an Environmental and Social Management System (ESMS) consistent with the



requirement of ESS9 to identify, assess, manage, and monitor the environmental and social risks and impacts of overall FI subprojects on an ongoing basis. The project is expected to have substantial social impacts and risks on land acquisition and resettlement for new and existing facilities, and labor and ethnic minority; and moderate social impacts and risks on working conditions and OHS and community exposure to safety and health risks. Minority will mainly benefit from the project, and also may be adversely affected by land acquisition or safety and health issues which needs carefully identified and addressed. Technical Assistance studies potentially involved may also have downstream social implications. Challenges for smooth cross-coordination among many government agencies and relatively limited capacity for stakeholder engagement also contributes to the risks. Potential adverse impacts on ethnic minority communities could not be avoided due to impact from land acquisition or safety and health issues. Child labor and forced labor, and SEA/SH risks are considered to low risks based on China context and other project implementation. The PMO will prepare a SEP, an ESCP, and a social assessment (SA) which is a leading social document to cover all the social issues identified under all the relevant ESSs to the project, including such issue as whether there is acceptance by farmers and herders on changes to grassland management technologies and practices. In addition, for key social issues, the particular documents will also be prepared including a resettlement plan (RP), an EMDF, and a LMP. If any FI involved, an ESMS will be developed and managed by the FI.

**ESS10 - Stakeholder Engagement and Information Disclosure**

Relevant

The ID mission identified that project affected parties would include people affected by resettlement, local farmers, herdsmen and communities (including ethnic minority) in the influence area of the project, livestock product processing and transport and selling handlers, workers operating relevant facilities, and vulnerable groups. The vulnerable groups, in this project case, would refer to those who may lose land, the poor households, ethnic minorities, among others, who may be more vulnerable to or may have different concerns about the project E&S risks and impacts, and require different or separate forms of engagement. Other interested parties would include the general public, the PMOs/PIUs, construction contractors, NGOs, relevant government authorities for approval of subprojects, etc. The responsible government bureaus would include, but not limited to, Agricultural Department/Bureaus, Industrial and Information Bureau, Ecological and Environmental Protection Bureau, Emergency Management Bureau, Labor Bureau, Bureau of Natural Resources, and Ethnic Minority and Religious Bureau. Stakeholders should be further identified and analyzed during preparation, with particular attention to project affected parties and core vulnerable groups. The project design, the project ESCP and SEP shall set out differentiated measures so that adverse impacts do not fall disproportionately on vulnerable groups, and vulnerable groups are not disadvantaged in sharing the project benefits. An adequate level of detail will be included in the stakeholder analysis so as to determine the level and way of engagement that is appropriate for the project. A Stakeholder Engagement Plan (SEP) will be prepared, providing guidance for the Borrower on engagement with stakeholders, consultation and disclosure of the E&S documents, and establishment of functioning grievance redress mechanisms (GRMs). The borrower will strengthen the PMOs capacity for managing public consultation and information disclosure through implementing a capacity building program to be designed next stage. The PMOs shall provide adequate resources to ensure a specific focal point to be responsible for stakeholder engagement activities and the GRMs establishment and operation. Both the borrower and the Bank will disclose the project E&S documents to be prepared, as early as possible before Appraisal.

**ESS2 - Labor and Working Conditions**

Relevant

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ESS2 is relevant because the project will potentially involve direct workers and contracted workers. Direct workers are staff of PMOs/PIUs directly employed or engaged by the PMOs/PIUs to work specifically in connection with the preparation, construction and operation of project facilities as well as potential technical assistance including capacity buildings. The government civil servants involved will remain subject to the terms and conditions of their existing public sector employment agreements. In the current context in China there are no concerns about child labor or forced labor risks and OHS issues for civil servants, which will be further reviewed and addressed during the preparation stage. Contracted workers refer to people employed or engaged by contractors for constructing, maintaining, and operating physical facilities or other services within the project. The number of different types of project workers to be employed or engaged will not be large according to the project nature. The project will not involve a significant labor influx, given most of the needed labor force could be hired locally. A LMP will be prepared before the appraisal for subprojects clearly identified. The LMP should define different ways to collect workers' grievances, identify responsible agencies, and set out the length of time to provide feedback and should streamline procedural arrangements for incident, accident or near miss reporting, investigation, and emergency preparedness, and include training programs to improve the workers' awareness. The subprojects will require that the selected contractors are obliged to perform OHS risk assessment for the defined scope of work and develop/implement/maintain OHS management plans consistent with the local legislation and ESF. The GRM is dynamic and can be enhanced when subproject specific information is available. The PMO/PIUs shall formally inform all workers of the GRMs as early as possible. The county/municipal PMO/PIUs should confirm the measures in the LMP. The PMOs will commission a professional social consultant to monitor the project labor management performance. If FI involved, the development and management of the ESMSs will follow requirements in the ESS2 and ESS9.

**ESS3 - Resource Efficiency and Pollution Prevention and Management**

Relevant

This standard is relevant. The project financed grasslands sustainable management activities will contribute to carbon sequestration hence has positive benefit for reduction of Green House Gas (GHG). The adoption of efficient emission-reducing practices and technologies in livestock value chain will expect to promote low carbon emission and improve energy and water consumption in livestock value chain sector of selected areas. The estimation of gross GHG emissions resulting from the project will be conducted in the proposed EIA. The grasslands interventions supported by the project will expect use of pesticides and fertilizers. The project will minimize and control the use of pesticides and chemical fertilizers and will promote the use of less hazardous materials (i.e. organic fertilizers) to the extent possible. The environmental and social assessment will assess the project's potential use of pesticides and fertilizers during project preparation and include mitigation measures and good practices accordingly. An Integrated Pest Management Plans (IPMP) will be prepared as part of the EIA. The activities related to livestock value chain will generate animal waste and wastewater from the livestock breeding, slaughtering, meat process and milk production. If the animal waste and wastewater are not well managed, they will cause potential harm to the environment and threat human health. Enhanced resource efficiency and pollution prevention will be taken into account in these project interventions. Waste management procedure consistent with World Bank's General EHS guidelines and relevant Industry Sector Specific EHS guidelines for Dairy Processing and Meat Processing will be prepared as part of the EIA and the waste mitigation measures will be proportionate to the risks and impacts of proposed types and scale of investment. Other environmental impacts associated to construction such as dust emission, wastewater discharge, noise impacts are site specific, limited, and easy to be managed. These impacts will be assessed during the EA process and adequate mitigation measures and environment monitoring plans as part of the EIA will be also developed.



**ESS4 - Community Health and Safety**

Relevant

ESS4 is relevant because the project will cause health and safety issues to communities in the project area. The construction and operation of relevant facilities, including climate-resilient grassland facilities (such as shelters, shading canopies, feeding stalls, salt licks, scratching posts, drinking water troughs, sheep baths, and fences); grassland interventions (livelihood support activities); upgraded livestock breeding farms; food safety laboratory; manure and waste water management; agri-food distribution facilities (cold chain and wholesale markets), etc., would introduce some local labor influx in the project areas and consequently expose health and safety concerns to local communities. Climate smart infrastructure design will be adopted for civil works as appropriate. Transporting construction material and equipment during construction and livestock products during operation would increase potential traffic volumes on the roads, causing road safety risks to road users and local communities. NIMBY (not-in-my-backyard) objection related to manure and wastewater treatment plants can face adverse responses from the local community. It will pose consequent challenges for project site selection and land acquisition and require appropriate engagement strategies. The major risk on health and safety of communities might be associated with the construction and operation of facilities of large farms; livestock product process and transportation; manure treatment facilities; and wastewater treatment, etc. The EIA and the SA will review the issues under the ESS4 and integrate measures in the ESMP if needed. If any FI involved, the ESMSs will integrate relevant contents related to the ESS4 and ESS9.

**ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

Relevant

It is relevant because land acquisition will be entailed by the project. Land acquisition and resettlement will mainly happen at sites of new construction of grassland protection and livestock-related facilities, including climate-resilient grassland facilities (such as shelters); grassland interventions (livelihood support activities); upgraded livestock breeding farms; food safety laboratory; manure and waste water management; agri-food distribution facilities (cold chain and wholesale markets), etc. Given the nature and rural location of the project and many existing facilities involved with potential land use non-compliance issues, the magnitude of land acquisition and resettlement and its impact and risk would be substantial. The site selection should follow the recent natural resources spatial planning. The project will not result in any new restrictions of access to grassland or protected area, only involving spring rest grazing and rotational grazing which is a herdsman grazing tradition. A resettlement plan will be prepared to cover all subprojects in line with the ESS5, including i) a detailed resettlement plan for the identified subprojects before appraisal; ii) a social due diligence review for the involved existing facilities to assess the compliance status of existing land and past resettlement and identify any complaints and outstanding issues to be remedied. The associated facilities will be fully identified and included in the RP. The project will try to avoid circumstances requiring free, prior and informed consent via project alternative planning and design; otherwise, the RP should strictly follow the FPIC process and requirements established in the ESS7, and adequately address any ESS5-related impacts on ethnic minority in line with the ESS5 and ESS7. If any FI involved, the ESMSs will be developed and managed by the FI to reflect requirements in the ESS5 and ESS9.

**ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources**

Relevant

ESS6 is relevant. The project is expected to boost biodiversity dependent on grassland ecosystem through adoption of sustainable grassland management practices and technologies at selected sites in Gansu Province. The industrial

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production of crops and animal husbandry will follow GIIP to avoid or minimize adverse risks or impacts. The large-scale commercial farming, including breeding, rearing, housing, transport, and slaughter of animals for meat or other animal products (such as milk) will employ GIIP in animal husbandry techniques, such as the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations, with due consideration for religious and cultural principles. For small-scale producers, the Borrower will require producers to operate in a sustainable manner and to gradually improve their practices where such opportunities exist. As part of EIA, E&S screening will be conducted to exclude the activities that will have any negative impacts on critical habitats and biodiversity during project preparation. The use of any invasive alien species will be excluded from the project activities. The E&S requirements of ESS6 (incl. GIIP standards) will be considered for all technical assistance and any other project intervention to be provided under the Project. The EIA will analyze the potential biodiversity impacts from the project finance activities and propose biodiversity management measures in accordance with the requirements of ESS 6. The relevant requirements of the ESS6 are also applied to FI subprojects and related ESS 6 requirements will be integrated into each FI's ESMS if any identified prior to the appraisal.

**ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

Relevant

It is relevant because there are around 2.4 million ethnic minorities in Gansu Province, accounting for 9% of the total population of the province, mainly from 10 ethnic minorities with a large population, namely: Hui, Tibetan, Dongxiang, Baoan, Yugur, Mongolian, Salar, Kazakh, Turk and Manchu. Project counties are roughly identified at present, and some of these have minority communities, such as, Hui, Manzu. Whether or not any minority communities are located within specific subproject sites could only be realized when the subproject location is decided during the preparation stage or even implementation stage. Land acquisition on Minority could mostly be avoid via site selection, otherwise it could be covered in the RP following the ESS7 and ESS5. Assessment of safety and health impact, etc. on Ethnic minority communities also bases on lots of design/implementation details for transportation routes of product and wastes, as well as technical proposal and equipment within structure, which could be clear in implementation stage. Currently, therefore, an ethnic minority development framework (EMDF) will be prepared before the project approval to guide consultation on subproject location selection and to guide how to address ethnic minority issue in project cycle. If any ethnic minority communities are found to be present in or collectively attached to project area, an ethnic minority development plan (EMDP) will be prepared following the EMDF during the implementation stage. If any FI involved, the ESMSs will be developed and managed by the FI to follow the requirements in the ESS7 and ESS9.

**ESS8 - Cultural Heritage**

Relevant

ESS8 is relevant. Gansu Province has rich and diverse cultural heritages. The environmental and social assessments will confirm, through consultation with the communities and local heritage authorities, the existence of cultural heritage in project areas, and the mitigation hierarchy will be applied on the management of the project's potential risks and impacts. The priority will be given to the avoidance of impacts on the cultural heritage. The EIA will include a specific chapter on cultural heritage, including a "chance finds" procedure to manage potential risks related to Cultural Heritage discovered during project implementation. The relevant requirements of the ESS8 are also applied to FI subprojects and related ESS 8 requirements will be integrated into each FI's ESMS if any identified prior to the appraisal. Application of ESS8 will be further assessed during project preparation when a more detailed description of the underlying activities is available.

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**ESS9 - Financial Intermediaries**

Relevant

This standard is considered relevant at this concept stage as the project may include FIs. The Bank will assess the Environmental and Social Management System (ESMS) for each FI agency to be identified prior to the appraisal. For each new FI to be established, an ESMS will be developed in line with the ESS9; and for each existing entity as a FI participating in the project, its ESMS will be evaluated and be strengthened in line with the ESS9. The FI's ESMS will have adequate measures to identify, assess, manage, and monitor the environmental and social risks and impacts of the FI subprojects on an ongoing basis throughout the project implementation period. The FI's ESMS will be commensurate with the nature and magnitude of environmental and social risks and impacts of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level. The FI's ESMS will meet the requirement of ESS9 and include the following elements: (i) environmental and social policy; (ii) clearly defined procedures for the identification, assessment and management of the environmental and social risks and impacts of subprojects; (iii) organizational capacity and competency; (iv) monitoring and review of environmental and social risks of subprojects and the portfolio; and (v) external communications mechanism. Among the ESMSs, the exclusionary criteria, and screening checklist could be developed. Generally, subprojects classified as "High" risk according to World Bank ESF are not eligible. An E&S management capacity enhancement action plan will be designed in the ESMSs based on the gap analysis on the companies' existing procedure and capacity. During the implementation stage of the project, all candidate sub-projects will be screened against the exclusionary criteria and screening checklist, categorized and assessed for their E&S risks and impacts prior to financing under the project. All subprojects should be prepared and implemented according to relevant E&S national laws and regulations. The ESMS will be disclosed in the FIs' websites and at the Bank's website.

Public Disclosure

**B.2 Legal Operational Policies that Apply**

**OP 7.50 Operations on International Waterways**

No

**OP 7.60 Operations in Disputed Areas**

No

**B.3 Other Salient Features**

**Use of Borrower Framework**

Use of Borrower Framework will not be considered.

**Use of Common Approach**

Counterpart fund from Government

No

**C. Overview of Required Environmental and Social Risk Management Activities**

**C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?**



**III. CONTACT POINT**

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**IV. FOR MORE INFORMATION CONTACT**

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**V. APPROVAL**

Task Team Leader(s): Sandra Broka, Wendao Cao, Rajesh Koirala

Practice Manager (ENR/Social) Mona Sur Recommended on 13-Jul-2023 at 18:11:18 EDT

ADM Environmental Specialist:

ADM Social Specialist:

Public Disclosure