INTEGRATED SAFEGUARDS DATA SHEET APPRAISAL STAGE

Report No.: ISDSA4410

Date ISDS Prepared/Updated: 26-Jun-2014

Date ISDS Approved/Disclosed: 27-Jun-2014

I. BASIC INFORMATION

1. Basic Project Data

Country:	China			Project ID:	P13326	1		
Project Name:	Guizhou Rural Development Project (P133261)							
Task Team	Ulrich K. H. M. Schmitt							
Leader:								
Estimated	18-Jun	-2014		Estimated	29-Sep-	2014	ŀ	
Appraisal Date:				Board Date	:			
Managing Unit:	EASCS	8		Lending Instrument		ient F	Project Fi	nancing
Sector(s):	-	(30%), Animal pro y, marketing, and		· · · ·			0 .	
Theme(s):	Rural markets (40%), Rural services and infrastructure (40%), Rural policies and institutions (20%)							
	Is this project processed under OP 8.50 (Emergency Recovery) or OP No 8.00 (Rapid Response to Crises and Emergencies)?							
Financing (In U	SD Mil	llion)						
Total Project Cos	st:	140.11	'	Total Bank F	inancing:	1	00.00	
Financing Gap:		0.00						
Financing Sou	rce		•					Amount
Borrower	r 40.11					40.11		
International Ba	mational Bank for Reconstruction and Development 100.00				100.00			
Total	tal 140.11							
Environmental Category:	B - Par	tial Assessment						
Is this a Repeater project?	No							

2. Project Development Objective(s)

The Project Development Objective is to demonstrate a model for agricultural sector restructuring and modernization, improved organizational arrangements, and strengthened public service delivery in the Project Counties of Guizhou Province.

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3. Project Description

The project will be implemented over a period of five years. The project will include four components, as described below:

Component 1: Modernization of Agricultural Key Commodity Value Chains. This component will support: (a) the development or improvement of value chains for selected agricultural commodities and products with local comparative advantage (key commodities); (b) the establishment of new project farmer cooperatives or the improvement of existing cooperatives producer cooperation arrangements; and (c) the strengthening of forward and backward marketing linkages. The specific activities to be supported under this component are arranged along the following five sub-components:

a) Farmer Cooperative Development, supporting the construction of management offices and small buildings for project farmer cooperatives and procurement of basic office furniture and office equipment, including computers, printers, copy machines, software, and office furniture.

b) Farmer Cooperative Development Fund (CDF), providing financing support to newly or existing project farmer cooperatives for cooperative-level investments in nurseries, advanced breeding stations, cooperative-level production facilities and equipment for improved seed production, storage facilities for agricultural produce, small scale pre-processing and processing facilities, and other small-scale cooperative infrastructure, goods, and services, as well as annual farm inputs, such as seeds and fertilizer.

c) Value Addition, providing co-financing support to cooperating agro-enterprises for investments in facilities, equipment and technical services for the commercial processing, post-harvest handling, storage and packaging of agricultural products based produced by farmer cooperatives on agreed cooperation agreements.

d) Market Exploration and Development, supporting investments in marketing studies, product promotion, up-grading of quality standards and food safety monitoring, certification, labelling and brand naming as well as investments for the construction of product markets.

e) Risk Prevention and Mitigation, supporting expenditures to finance agricultural crop insurance fees for poor households for selected crops with the purpose to pilot crop- and livestock insurance schemes.

Component 2: Public Infrastructure and Services, providing investment support for (i) the construction of production road infrastructure, such as off-grade access roads to village production areas or processing and marketing facilities, tractor roads, field tracks, and foot paths; (ii) construction of irrigation and drainage infrastructure, land preparation and terracing; (iii) establishment of communications and procurement of information infrastructure and equipment; (iv) construction of public market facilities, electricity supply and other infrastructure and goods necessary to facilitate and complement investments under Component 1. The component would also finance public services for project cooperatives, including food safety testing and control through government entities, public extension and training services, as well as marketing systems, agriculture research, and technology transfer provided by government and private entities. The component would also finance advisory services for project cooperatives, including salaries, training, and related cost of cooperative advisors.

Component 3: Training and Capacity Building, providing financing for farmer technical training and cooperative management training, expenditures for extension technicians and technical services for preparing training materials, including for ethnic minority groups and women, cooperative advisor support, review and improvement of investment proposals for key commodity value chains, safeguards awareness and implementation training, and others.

Component 4: Project Management, Monitoring and Evaluation, supporting the county, prefecture and provincial PMOs with office equipment, vehicle rental fees, training, domestic and international training, and provide incremental operating funds for regular supervision, monitoring and evaluation, acceptance checks, and for safeguards implementation supervision and monitoring. In addition, the component would finance two subject studies, including a study over poverty reduction, agriculture development, rural sectors in poor areas, and a study on how to improve the investment environment, governance, and fair benefit sharing for cooperatives and enterprises in project areas.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Guizhou Province is located in southwest China. About 80 percent of land area of Guizhou Province belongs to the limestone and karst areas of the Wuling and Wumeng Mountains. These areas are characterized by relatively fertile but often shallow soils and are subject to severe water and soil erosion and management problems. The unique geographic conditions and the limited availability of productive farmland, combined with underdeveloped infrastructure, pose specific challenges to agricultural development and environmental management. The project would be implemented in the karst areas of the Wuling and Wumeng Mountains, northeast and northwest of the province respectively, involving 11 counties in the prefectures/ municipalities of Bijie, Zunyi and Tongren.

5. Environmental and Social Safeguards Specialists

Xin Ren (EASCS) Meixiang Zhou (EASCS)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	The project is expected to bring about positive social and environmental benefits to the poor rural area of Guizhou Province. Two components will involve activities that may have adverse environmental impacts. Component 1 will support agricultural activities and agro-product processing. Component 2 will finance investments in rural infrastructure (access roads and tracks, irrigation, public market facilities etc), necessary for Component 1. These potential negative impacts can be avoided and/ or mitigated through appropriate environmental management measures.
Natural Habitats OP/BP 4.04	Yes	Agriculture-related activities would take place on existing household farmland and no expansion into fragile mountain areas is foreseen. Through the EA screening process, a number of national

		and provincial level natural reserves have been identified in the vicinity of the project area. Improved agricultural practices and expected income increases for farmers from the project will reduce the current pressure of encroaching. Some project activities, such as semi-grazing of some animals or rural infrastructure construction, might affect these natural habitats negatively because of their proximity, if not managed properly. OP4.04 is therefore applicable to highlight the importance of eco-system protection among the project entities during implementation and ensure appropriate mitigation or protective activities.
Forests OP/BP 4.36	No	OP/BP4.36 is not applicable. The project will not impact any forest ecosystems. All agricultural activities will take place on existing farmland. Rural road investments will include primarily the rehabilitation and improvement of existing roads.
Pest Management OP 4.09	Yes	Due to the expansion, intensification and diversification of agricultural activities under the project, changes in the application of pesticides for pest and disease control are foreseen. A Pest Management Plan (PMP) has been prepared centered around the principals of integrated pest management (IPM).
Physical Cultural Resources OP/ BP 4.11	No	Surveys conducted during the EA process verified that none of the project activities will be in the vicinity of or affect physical cultural resources, as defined by this OP.
Indigenous Peoples OP/BP 4.10	Yes	The social assessment identified ethnic minority communities of the Miao, Yi, Tujia, and Gelao in 9 counties, 39 townships and 138 administrative villages. The assessment also identified indications of higher vulnerability in ethnic minority villages. An Ethnic Minority Development Plan was developed for all ethnic minority villages that incorporates the recommendations of the social assessment on how to address vulnerability and allow for full and effective project participation of ethnic minorities in the project.
Involuntary Resettlement OP/BP 4.12	Yes	No involuntary resettlement is expected under the project. The project will not be part of any ecological resettlement programs. The project will involve some small-scale land acquisition for civil works at the village level that will be built

		on existing available land. Any needed land adjustments will be coordinated and agreed at the village-level and will be voluntary. In cases where infrastructure construction extends beyond individual villages and where the need for land acquisition arises, a Resettlement Policy Framework (RFP) will apply and guide the process. The RPF will also apply to enterprises participating in the project that might acquire land for the implementation of project-related activities. The RPF provides the principles and procedures for land acquisition in the project, describes provisions for compensation and mitigation measures of any negative impact from land acquisition, includes a grievance redress mechanism, and sets up M&E and institutional arrangements in the event of land acquisition.
Safety of Dams OP/BP 4.37	No	The project will support only small irrigation facilities such a water tanks or small irrigation ditches at the farm level. The project will not involve any dam construction.
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The Environmental Impact Assessment describes baseline conditions and assesses the potential impacts of all major types of project activities. The Environmental Assessment confirms that the project is expected to generate positive environmental benefits in the project areas. Two components will involve activities that may have adverse environmental impacts that require mitigation. Component 1 will support agricultural production activities and agro-products processing. Component 2 will finance investments in rural infrastructure, including the construction of access roads and fields tracks, market facilities, irrigation infrastructure, public market facilities. Most of these activities are small scale and dispersed over the project areas. Road construction will primarily involve upgrading of existing roads. The project does not impact on forests or protected areas. Adverse impacts on the environment are expected to be moderate. Some agro-product processing, e.g. potato starch processing, walnut oil production, fertilizer production from manure and slaughter house operation, may be water use and pollution intensive during their operation, if managed improperly. The Environmental Assessment confirms that any negative environmental impacts resulting from these activities can be mitigated. The expansion, intensification and diversification of agricultural activities will likely result in increases in the application of pesticides for pest and disease control. A Pest Management Plan (PMP) has been

prepared, focusing on the principles of integrated pest management (IPM). An Environmental Management Plan (EMP) has been prepared that specifies the proposed mitigation measures, related training and monitoring, as well as the supervision arrangements for environmental management.

Although an EMp has been prepared during project preparation, during project implementation, when additional information on the various cooperatives and enterprises sub-investments and related infrastructure become available the PMOs will develop site specific measures to be included in the EMP for sub-investments, subject to Bank review in order to address potential site specific impacts.

During project implementation, the task team will continuously work the project management offices to improve the site-specific mitigation measures in the EMP as the cooperative-level and enterprise investment plans are being developed.

The Social Assessment identified four areas of opportunities to maximize positive project impact. The improvement of local infrastructure will have a positive impact and this impact can be maximized through careful identification of infrastructure that both serve agricultural production needs and the needs of local communities. Through the formalization of cooperatives, the individual and collective self-development capacity of rural households will be enhanced. This will take place if training activities are actual capacity-building opportunities and not only skill development programs, and if a broad number of households in the project villages actively participate in the development of the local cooperative. The project is also an opportunity to reinforce management and other entrepreneur skills among cooperative investors. This, together with new market facilities, will allow enhanced and more sustainable market access for local produce as well as easier purchases of agricultural inputs and equipment. The Chinese domestic feasibility study also includes a social assessment section that confirms the importance of rural infrastructure and capacity building to generate positive social project impacts. No potential large scale or risk of significantly irreversible negative social impact was identified through project preparation.

Involuntary Resettlement OP4.12. No involuntary resettlement is expected under the project. The project is not located in areas of ecological resettlement and not supporting current ecological resettlement program. The project also does not support farmland consolidation or the acquisition for farmland by agro-enterprises. The project will involve some small-scale land acquisition for civil works at the village level that will be built on existing available land. Any needed land adjustments will be coordinated and agreed at the village-level and will be voluntary. In cases where infrastructure construction extends beyond individual villages and where the need for land acquisition arises, a Resettlement Policy Framework (RFP) will apply and guide the process. The RPF will also apply to enterprises participating in the project that might acquire land for the implementation of project-related activities, such a civil works construction. The RPF provides the principles and procedures for land acquisition in the project, describes provisions for compensation and mitigation measures of any negative impact from land acquisition, includes a grievance redress mechanism, and sets up monitoring & evaluation as well as institutional arrangements in the event of land acquisition. The RPF has been prepared in compliance with the current Chinese legal and policy framework for land acquisition and with the World Bank's Policy on Involuntary Resettlement (OP4.12).

Indigenous Peoples OP4.10: Four ethnic groups, the Miao, Yi, Tujia and Gelao, have rural

communities in the project area, as identified by the social assessment. These meet the characteristics of indigenous peoples under the operational policy. An Ethnic Minority Development Plan (EMDP) has been prepared to enable ethnic minorities to fully participate in, and benefit from, the project and to ensure the protection of their interests and rights in land and resources. Key elements of the EMDP include: (a) the recruitment of qualified cooperative facilitators and trainers that are familiar with local cultures and speak local languages in villages where a language gap is present; (b) an enhanced mobilization and participation process at village community level; (c) a reinforced capacity building program with a related budget; and (d) a required minimum proportion of ethnic minority people among cooperative members, cooperative project workgroups and training course participants. Assistance or participation of the Ethnic Minority Affairs Commissions at various levels will be invited as and when required, and a grievance mechanism has been established.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Over-grazing can lead to deterioration of grassland, soil erosion and even exacerbate stony desertification which is already widespread in part of Guizhou Province. Animal waste management is another concern related to husbandry due to considerable non-point pollution from improper handling of manure and over expansion of husbandry that exceed the capacity of the land to absorb manure as nutrient. Overuse of fertilizer and pesticides, common in rural China, can lead to water and soil contamination and eutrophication in the long term. The project will bring in new opportunities for rural households to participate in farmer cooperatives or other community-based producer organizations, access to improved agricultural production technologies, and improved agricultural infrastructure and public services, and these are expected to have positive impacts on the environment.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Project design alternatives were analyzed in the Environmental Assessment, including a withoutproject scenario, to avoid and minimize adverse impacts from the outset. Different methods of manure treatment that are suitable for both household level (simple piling with soil cover versus biogas production) and medium scale husbandry (larger biogas, septic tank, anaerobic digestion, composting or conversion of manure to fertilizer) were compared. Conventional planting and pest control practice were also compared respectively. Options of technical designs and specific location selection of civil works were carefully considered and compared to avoid acquiring land. As confirmed by the Environmental Assessment, all planned civil works would be built either on existing state land or in project villages where land will be voluntarily provided by villages. Comprehensive comparisons were analyzed with consideration of technical, economic, as well as environmental and social factors, which helped to minimize the needs for additional land acquisition.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Environment. The Guizhou Provincial Office of Poverty Reduction and Development will serve as the Project Management Office (PMO) with its branches in counties as County PMOs. It has previous experience with Bank projects beginning in the mid-1990s. Staff turnover and changes have affected PMO capacity and capacity in environmental management and safeguards supervision is expected to be relatively weak. Capacity building has been an integral part of the project preparation process to address environmental safeguard issues. The Borrower has engaged a qualified institute (Guizhou Provincial Academy of Environmental Science) to carry out the EA, Public Disclosure Copy

based on which the EMP has been developed to mitigate any adverse impacts. Agricultural experts at county and provincial level have been engaged to develop the PMO. To ensure the EMP and PMP implementation, institutional arrangement and responsibility of each party for implementation and supervision are specified. The EMP and PMP both include a budgeted training program and monitoring plan. During project implementation, the task team will continuously work the project management offices to improve the site-specific mitigation measures in the EMP as the cooperative-level and enterprise investment plans are being developed.

Social. The PMO has hired a professional consulting institute to conduct a social assessment which included extensive surveys and consultations through questionnaires, interviews and group discussions. A Resettlement Policy Framework (RFP) and an Ethnic Minority Development Plan were prepared to guide future possible land acquisition and ensure that the needs and interests of ethnic minorities are properly addressed in the project design and implementation. The RPF provides the principles and procedures for potential land acquisition in the project, describes the provisions for compensation and mitigation measures of any negative impacts from land acquisition, includes a grievance redress mechanism, monitoring and evaluation and respective institutional arrangements for implementing land acquisition. The EMDP include key mitigation measures such as: (a) the recruitment of qualified cooperative advisors and trainers, who speak local languages, and the preparation of culturally appropriate materials for training; (b) training programs for PMO staff on culturally appropriate interaction and training to ethnic minorities; (c) training ethnic minority in agricultural production and resource development where they have strengths, avoiding or tackling market risks of their products or livelihoods; (d) assistance or participation of the Ethnic Minority Affairs Commissions at various levels, as and when required; (d) provision of budgets and designated staff in the PMO to implement the EMDP, including regular monitoring and evaluation, and reporting of EMDP implementation

The Guizhou Provincial PMO will have overall responsibility to coordinate and oversee the RPF and EMDP implementation, including management and supervision, training and capacity building, and preparation of project progress report based on the reports and monitoring information from each project county, etc. Each county PMO will take respective responsibility for specific implementation of RPF and EMDP as required, including hiring qualified social/ resettlement experts for social and resettlement monitoring, supervising implementation of the mitigation measures together with related local authorizes and stakeholders, promoting good practice of resettlement and social development. Each PMO at provincial and project county level will assign a dedicated social staff to coordinate social safeguards work, together with related local government departments in charge of local land requisition.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

A full social assessment was undertaken by a specialized research institution during project preparation. A project stakeholder analysis was completed during the social assessment that demonstrated that all primary stakeholder categories have a positive stake in the project. They share an interest in the development of cooperatives and in the improvement of agricultural skills among farmers, and rural infrastructure improvement is a priority for all of them. Rural households see a need to development more formal cooperatives and expect that such cooperatives will help reduce market risks. Members of existing cooperatives plan to invest into the development of their cooperative. They are also interested in more formal cooperatives as well as in learning from other cooperatives. Agribusinesses view cooperatives as a means to reduce their

risks and move into processing, and individual businesses other than cooperative investors are interested in linking up with cooperatives.

During the social assessment process, field visits took place in January 2014 in each of the 11 project counties, with an average of 4 days per county. A quantitative survey with 1,013 respondents was combined with close to 100 focus group discussions in project villages and around 400 interviews with households and local cadres. The social assessment included consultations with households in 49 villages or 20 percent of all project villages. The social assessment successfully involved women and ethnic minority people. Women account for 47 percent of survey respondents and half of focus group discussions have been held with women groups, while 23 percent of the project's ethnic minority villages have been covered. In addition to the social assessment, the project's domestic feasibility report includes a summary social impact assessment section. The World Bank task team also undertook a screening of risks and opportunities through a series of stakeholder interviews in the project area.

The Environmental and Social Assessment report and safeguards instruments have been disclosed locally (in Chinese language) and through the World Bank Infoshop (in English language).

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other			
Date of receipt by the Bank	28-May-2014		
Date of submission to InfoShop	06-Jun-2014		
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors			
"In country" Disclosure			
China	22-Jun-2014		
Comments:			
Resettlement Action Plan/Framework/Policy Process			
Date of receipt by the Bank	15-May-2014		
Date of submission to InfoShop	06-Jun-2014		
"In country" Disclosure			
China	18-Jun-2014		
Comments:			
Indigenous Peoples Development Plan/Framework			
Date of receipt by the Bank	15-May-2014		
Date of submission to InfoShop	06-Jun-2014		
"In country" Disclosure			
China	18-May-2014		
Comments:	· ·		
Pest Management Plan			
Was the document disclosed prior to appraisal?	Yes		
Date of receipt by the Bank	28-May-2014		
Date of submission to InfoShop	06-Jun-2014		

"In country" Disclosure	
China	28-May-2014

Comments:

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment		
Does the project require a stand-alone EA (including EMP) report?	Yes [×] No [] NA[]
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	Yes [] No [×] NA[]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [] No [×] NA[]
OP/BP 4.04 - Natural Habitats	•	
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes [] No [×] NA[]
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	Yes [] No [] NA [×]
OP 4.09 - Pest Management	•	
Does the EA adequately address the pest management issues?	Yes $[\times]$ No $[$] NA[]
Is a separate PMP required?	Yes $[\times]$ No $[$] NA[]
If yes, has the PMP been reviewed and approved by a safeguards specialist or SM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [×] No [] NA[]
OP/BP 4.10 - Indigenous Peoples	·	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [×] No [] NA[]
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [] No [×] NA[]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Sector Manager?	Yes [] No [] NA [×]
OP/BP 4.12 - Involuntary Resettlement		
Has a resettlement plan/abbreviated plan/policy framework/ process framework (as appropriate) been prepared?	Yes [×] No [] NA[]

If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes [×]	No []	NA []
The World Bank Policy on Disclosure of Information					
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [×]	No []	NA []
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [×]	No []	NA []
All Safeguard Policies					
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [×]	No []	NA []
Have costs related to safeguard policy measures been included in the project cost?	Yes [×]	No []	NA []
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [×]	No []	NA []
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [×]	No []	NA []

III. APPROVALS

Task Team Leader:	Name: Ulrich K. H. M. Schmitt		
Approved By			
Regional Safeguards Advisor:	Name: Peter Leonard (RSA)	Date: 26-Jun-2014	
Sector Manager:	Name: Iain G. Shuker (SM)	Date: 27-Jun-2014	