

# INTEGRATED SAFEGUARDS DATA SHEET

## CONCEPT STAGE

**Report No.:** ISDSC13850

**Date ISDS Prepared/Updated:** 07-Jul-2015

**Date ISDS Approved/Disclosed:** 16-Jul-2015

### I. BASIC INFORMATION

#### A. Basic Project Data

<b>Country:</b>	China	<b>Project ID:</b>	P153892
<b>Project Name:</b>	Guangxi Rural Poverty Alleviation Pilot Project (P153892)		
<b>Task Team Leader(s):</b>	Paavo Eliste		
<b>Estimated Appraisal Date:</b>	22-Jun-2016	<b>Estimated Board Date:</b>	15-Dec-2016
<b>Managing Unit:</b>	GFA02	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	General agriculture, fishing and forestry sector (100%)		
<b>Theme(s):</b>	Other rural development (20%), Rural services and infrastructure (40%), Rural markets (40%)		
<b>Financing (In USD Million)</b>			
<b>Total Project Cost:</b>	182.00	<b>Total Bank Financing:</b>	100.00
<b>Financing Gap:</b>	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			82.00
International Bank for Reconstruction and Development			100.00
Total			182.00
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

#### B. Project Objectives

The proposed PDO is to increase income opportunities for rural households in selected poverty counties of Guangxi.

#### C. Project Description

Proposed Project Components: The proposed project would consist of the following four components with a preliminary cost estimate of US\$182 million including a Bank loan of US\$100 million and

counterpart funding of about US\$82 million equivalent implemented over five years:

a) Component 1: Improvement of Pro-Poor Value Chains. This component aims to address market failures in the development of agricultural and non-agricultural rural value chains and key industries with a particular focus on linking poor rural households with higher value markets. The component would include two subcomponents:

i. Cooperative Development Fund (CDF), which would provide grant financing to newly or existing cooperatives (maximum 10 per county). The CDF would be managed by the selected farmer and non-farmer cooperatives who will implement their investment plans for value chain development. These investment plans would be initiated by cooperatives and formulated jointly with the help of technical experts, agro-enterprises, and county governments. Cooperatives would need to provide a beneficiary contribution at levels to be determined during the project preparation.

Investment proposals would be subject to appraisal and approval by the county and provincial PMOs. Funds could be used by the cooperatives to invest in the fixed production and processing equipment and facilities, nurseries, advanced breeding stations, equipment for improved seed production, storage facilities for agricultural produce, and other small-scale cooperative level infrastructure, goods, and related technical assistance services. The allocation of a proportion of the CDF fund for investments in capacity building and training of cooperatives would be mandatory.

ii. Competitive Grant for Enterprises (CG) would provide matching grants to finance enterprise investments, which demonstrate linkages and benefit sharing with poor farmers/households. It is expected that some 20-30 grants could be awarded to eligible enterprises individually or in partnership with farmer cooperatives. Numbers of poor farmers linked in the targeted value chains, farmer income generation and fair benefit sharing arrangements would be key selection criteria for such matching grants. The grants would be provided based on application process which includes transparent evaluation and competitive selection process (the details to be worked out during preparation). The interest from the enterprises would be solicited through several rounds of public advertisement (at least at the regional level). To ensure ownership and to demonstrate commitment, the enterprise applicants would need to match the grant amount with their own funds at a cost-sharing requirement of some 70-80% (to be determined during the preparation), which would need to come from the enterprises own resources and/or from commercial lending. Grants would focus on the investments which improve product quality, processing and marketing, production of value added agricultural products, food safety promotion and improvement, income-generating activities for poor farmers, new product development, and provision of services in the selected project areas. The management and implementation of this subcomponent would be done at the Regional level.

b) Component 2: Improving Public Infrastructure and Services; this component would support the establishment and strengthening of public infrastructure and service systems in support of value chain/key industry development under Component 1 and would include two subcomponents:

i. Rural Infrastructure, which would provide support for (i) rehabilitation and construction of production road infrastructure, such as off-grade access roads to village production areas or processing and marketing facilities, and rehabilitation and construction of tractor roads, field tracks, and foot paths; (ii) rehabilitation and construction of small-scale irrigation and drainage infrastructure, construction of small water storage facilities, land levelling, and terracing; (iii) establishment of IT and telecommunication infrastructure and procurement of information infrastructure and equipment; and (iv) rehabilitation or construction of public market facilities, electricity supply and other infrastructure and procurement of related equipment.

ii. Public Services, which would support such activities as product certification, developing and registration of local/regional brands, branding and protection of ethnic minority product features, market and production risk management (e.g. food safety testing and control, and piloting crop- and

livestock insurance schemes, etc.) as well as strategic product marketing and promotion.

c) Component 3: Enhancing Investments in Poor Areas. This component would improve and facilitate investments in poor areas by existing and new entrepreneurs and business entities such as Small and Medium Enterprises (SMEs), migrant returnees, or cooperatives and would include two activities:

i. Business Incubation Centers, which would be set up in each county and provide support for existing and start-up businesses and include training and facilitation for registration, business management, business planning, access to financing, linking with processors and markets, market analysis, etc.

ii. Risk Management, which would help to mitigate risks related to production and financing. The project would finance crop and livestock insurance premiums and credit guarantee facility, which will be set up following national requirements, to facilitate access to commercial lending for enterprises under Component 1.2. This component will be funded exclusively through counterpart funds.

d) Component 4: Project Management and M&E; this component would aim to strengthen and develop the administrative and technical capacity of staff of the Project Management Offices at the county, prefecture and regional level to manage the project effectively. The component would in particular aim to establish a rigorous monitoring and evaluation and impact evaluation system in order to enable the learning from the pilot nature of the project with an external professional monitoring agency to be engaged under the project. The component would also support regular supervision, progress monitoring, acceptance checks, and safeguards implementation supervision and monitoring.

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

The project is located in the Hechi and Baise cities of the northwestern Guangxi Autonomous Region. The project will cover 10 counties (6 in Hechi and 4 in Baise). These include: Tiandong, Tianlin, Leye, Donglan, Bama, Fengshan, Dahua, Du'an, and Pingguo County, and Yizhou City. All of the selected counties/cities are characterized by a particular high level of poverty combined with poor natural resource conditions, difficulties in water management, limited availability of farm land, low levels of technology and a high percentage of ethnic minorities.

The environmental and ecological settings of the project area are similar to the other rural poverty reduction projects that have been recently approved by the Bank (Guizhou and Poverty VI projects). Hechi is at the edge of Yunnan-Guizhou Plateau; about 66% of its area is of karst topography, while about 33% of Baise is of karst topography. Soil erosion and rock desertification is considered a key environmental and ecological issue in the karst area.

Hechi City has an area of 33,508 km<sup>2</sup> and a population of 4.5 million (2014). Annual average temperature is 16.9~21.5 degrees Celsius. Annual average precipitation is 1,200~1,600mm. Base City has an area of 32,652 km<sup>2</sup> and a population of 3.8 million. Annual average temperature is 19~22.1 degrees Celsius. Annual average precipitation is 1,113~1,713mm.

#### **E. Borrowers Institutional Capacity for Safeguard Policies**

The project would be implemented by the Guangxi Foreign Capital Poverty Reduction Project Management Center (Center). The Centre has experience with two previous World Bank supported projects (Poverty I and Poverty IV). Most project components and activities would be managed at the

county level. The Competitive Grant (CG) sub-component under Component 1.2 would be managed at the regional level. While staff at the Center have previous experience with the World Bank projects, most of them have been promoted to more senior level. Project staff at county levels have limited experience in implementing World Bank projects. Training will be needed to improve capacity at both provincial and county levels to implement Bank's Safeguards policies.

#### **F. Environmental and Social Safeguards Specialists on the Team**

Aimin Hao (GSURR)

Ning Yang (GENDR)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	<p>The project will finance (i) the small-scale cooperative level sub-projects such as expansion or upgrading of the production base, small-scale processing equipment and facilities, nurseries, breeding stations, equipment for improved seed production, storage facilities for agricultural produce, among others. It will also finance rehabilitation and construction of production road infrastructure, such as off-grade access roads, tractor roads, field tracks, and foot paths; (ii) rehabilitation and construction of small-scale irrigation and drainage infrastructure, construction of small water storage facilities, land levelling, and terracing; (iii) rehabilitation or construction of public market facilities, electricity supply and other infrastructure and procurement of related equipment.</p> <p>The project environmental and ecological settings and envisaged investments are similar to the Guizhou and other rural poverty reduction projects that have been recently approved by the Bank (Guizhou and Poverty VI projects).</p> <p>The proposed project has been proposed as category B project because of the relatively small-scale of the proposed activities which are not expected to result in significant negative environmental and social impacts. The impacts of the proposed project on the environment are expected to be overall positive as the project, by design, puts strong emphasis on the development of sustainable and climate resilient agricultural production systems. Potential environmental issues are mainly related to agro-processing activities such as small scale construction activities which are limited to the rehabilitation and</p>

		<p>improvement of small-scale rural infrastructure.</p> <p>To address the environment and social impacts and enhance positive impacts, the project will develop an Environment and Social Management Framework (ESMF) during the preparation because investments under Components 1 and 2 will be identified during the implementation through participatory and competitive processes. As such, the specific locations of project activities won't be known by appraisal. The ESMF will guide the screening and assessment of environment and social impacts of various activities related to Components 1 and 2, particularly the civil works (including public consultation and information disclosure). The ESMF will also provide the details on the type, level and depth of environmental and social impact assessments (ESIAs) required for each of the investments and contains measures and plans to avoid, mitigate and/or offset adverse impacts, based upon the outcomes of the screening.</p> <p>The ESMF will be prepared in parallel with the social assessment of the project. Social and environmental baselines will be included in the safeguards instruments, which will to provide a comprehensive and in-depth understanding of the socio-economic structure, environmental and ecological conditions of the project area. Considering similar projects that have been prepared in the past in China, there is adequate experience and models available for the drafting of the ESMF. Previous similar projects will provide guidance on how the ESMF should be structured and what it should include.</p> <p>Specific to the project, the ESMF will include procedures for subproject screening, environmental document preparation, public participation, review and approval. It will also include a PMO capacity building plan, a generic Environmental Management Plan (EMP), a generic Pest Management Plan (PMP) and Ethnic Minority Development Plan (EMDP).</p>
Natural Habitats OP/BP 4.04	Yes	<p>The project activities are small and dispersed in the project area. The project implementation is not anticipated to result in significant conversion or degradation of natural habitats. In view of the nature</p>

		<p>of the project activities and the ecological settings of the project area, it is prudent to trigger the policy, because the improved agriculture practices and livelihoods will lessen pressure on natural habitats in the karst area, and an equal possibility that unless well screened the project could lead to negative implications for natural habitats. Some of the project activities such as rural infrastructure may have limited impacts on natural habitats if not well planned or managed.</p> <p>The project ESMF screening criteria will include conditions that exclude any activities located within ecologically sensitive area and critical natural habitats such as nature reserves. The ESMF and generic EMP will include procedures and measures to avoid or mitigate impacts on natural habitats in the project area.</p>
Forests OP/BP 4.36	No	The project will not finance activities that will affect forest, forest health and forest-dependent communities.
Pest Management OP 4.09	Yes	While the project does not finance directly pesticides and agrochemicals, increased level of agricultural production activities may led for farmers to use pesticides using their own funds. Hence, the policy is triggered. A generic Pest Management Plan (PMP) needs to be prepared as part of the ESMF. The PMP will address farming and livelihood characteristics of the different communities and ethnic groups within the project area and also provide guidance in a format which is accessible to all groups.
Physical Cultural Resources OP/BP 4.11	TBD	<p>There are no known important cultural resources in the irrigated perimeters which could be affected by the project. However, the occurrence of and proximity of project investments to cultural, historical, religious sites, sacred sites etc. will be identified during EA process to confirm whether OP4.11 is applicable or not. The assessment will be linked to the assessment on ethnic minority groups.</p> <p>The project ESMF and generic EMP will include procedures and measures to avoid mitigate impacts on physical cultural resources in the project area. Chance-find procedures will be included in the EMP as well.</p>
Indigenous Peoples OP/BP 4.10	Yes	More than 90% of the population in the proposed

		project counties is from ethnic minorities, mostly from the generally well-integrated Zhuang ethnic group. This proportion is up to 99% in some project townships. Three project counties are Yao autonomous counties. The World Bank's safeguard policy on ethnic minorities (Indigenous Peoples OP/BP4.10) is therefore triggered. Since the overwhelming majority of project beneficiaries are Ethnic Minorities covered by the Policy a separate EMDP is not required and the borrower will include all elements of the EMDP in the overall project design and document this in the annex of the PAD. A social assessment will be prepared to determine the project potential benefits and impacts.
Involuntary Resettlement OP/BP 4.12	Yes	No involuntary resettlement is foreseen and only very small-scale land acquisition might be required under the project for small civil works. In order to ensure that any impacts related to land acquisition are minimized and fully compensated, the World Bank's involuntary resettlement/land acquisition safeguard policy (Involuntary Resettlement OP/BP4.12) will be triggered. In case there might be any involuntary taking of the land during project implementation, a Land Acquisition and Resettlement Policy Framework (LARF) will be prepared which will provide guidance to the preparation of site specific RAPs during implementation, if necessary. The social assessment consultant will produce the LARF to guide implementation of OP/BP4.12. The format of these documents will be confirmed after the World Bank's safeguard review meeting for the project.
Safety of Dams OP/BP 4.37	No	The project doesn't involve investments in types of dams or draw water from reservoirs as defined in OP/BP 4.37. As such, the policy is not triggered.
Projects on International Waterways OP/BP 7.50	No	The project does not operate in international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The project is not located in disputed areas.

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS: 16-May-2016**

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

Launching in May 2016, and completing in June 2016 for the safeguard-related studies.

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

#### IV. APPROVALS

Task Team Leader(s):	Name: Paavo Eliste	
<b><i>Approved By:</i></b>		
Safeguards Advisor:	Name: Peter Leonard (SA)	Date: 07-Jul-2015
Practice Manager/ Manager:	Name: Nathan M. Belete (PMGR)	Date: 16-Jul-2015