

World Bank Financed
-Guangxi Rural Poverty Alleviation Pilot Project

Social Assessment Report

**Guangxi Foreign Funded Poverty Alleviation
Project Management Center**

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Executive Summary

The World Bank financed Guangxi Rural Poverty Alleviation Pilot Project is a large-scale integrated poverty alleviation project to be implemented at provincial level. The Project was included into the 2015-2017 World Bank Financed Project Pipeline in October 2014.

The Project will cover 10 counties in Baise and Hechi Municipalities that are located in the Yunnan-Guizhou-Guangxi degraded karst area. Project counties include Tiandong, Tianlin, Leye, Donglan, Bama, Fengshan, Dahua, Du'an, Pingguo and Yizhou City. All of the selected counties/city are characterized by extensive poverty with resource scarcity, water resource shortage, lack of farmland, poor technology level and a high percentage of ethnic minorities. The project development objective is to increase income opportunities for rural households in selected poverty counties of Guangxi by piloting innovative organizational arrangements. At the time the social assessment was completed, the project was expected to cover 117 administrative villages of 54 townships, and the poor population that would directly benefit from the project was expected to be 17,827 households. The project will support special industry-based poverty reduction, infrastructure and environment improvement, service and finance through developing value chains. The special industry-based poverty alleviation will support the development of farming and livestock, agricultural products processing, featured agricultural products packaging and marketing, and farmers' professional cooperatives (FPCs).

- Component 1: Improvement of Pro-Poor Value Chains. This component includes two subcomponents: a. Cooperative Development Fund (CDF), which will support the existing cooperatives and establishment of new cooperatives; b. Matching Grant for Enterprises (CG), which will provide matching grants to finance enterprise investments, demonstrating linkages and benefit sharing with poor farmers/households.
- Component 2: Improving Public Infrastructure and Services. This component will support the establishment and strengthening of public infrastructure and service systems in support of value chain/key industry development under Component 1. The component includes two subcomponents: a. rural infrastructure; and b. industrialization risk management, including risk assessment and mitigation plan.
- Component 3: Increase Investment in Poor Areas. This component will improve and facilitate investment in poor areas by supporting existing and new entrepreneurs and business entities (e.g. small and medium enterprises), returned migrant workers and cooperatives. This component includes two subcomponents: a. business incubation centers to provide various services for the existing or

fledging cooperatives, including assistance and guidance in cooperative establishment; and b. risk management fund to finance insurance for agricultural and livestock products and credit guarantee.

- Component 4: Project Management, Monitoring & Evaluation, and Learning.

A. Tasks and Purpose of Social Assessment

The social assessment (SA) aims to investigate the development status of agricultural production system and FPCs, conduct stakeholder analysis, encourage and mobilize the individuals and groups that will be potentially affected by project activities to participate in the project, so as to ensure that the project will benefit the poor and vulnerable families in project areas, including ethnic minorities, women and children. The SA assists project design and implementation by mobilizing those potentially affected individuals and groups to participate in the project.

During the May 2015-March 2016 period, a SA team, under support and cooperation from poverty alleviation offices (PMOs) at various levels, conducted 3 rounds of social assessment surveys in 29 sample villages in the 10 counties. The methodology was based participatory rural appraisal (PRA), focus group discussions-FGD, and a household questionnaire survey. Among the 29 villages surveyed, 28 were poor villages and 26 were ethnic minority villages, including 25 Zhuang villages and 1 Yao village.

B. Primary Stakeholder Analysis

The primary stakeholders of the project include are farmer households in the project area, village leaders, management staff of cooperatives, poverty alleviation offices/PMOs, business incubation centers and potential cooperative enterprises.

According to sample survey results, 49% of the farm households had heard of the project, but most people only knew little about the project. 64% of the households thought the project was very important for increasing their income, and 90% that it was necessary to establish cooperatives.

Currently there are already 23 villages with cooperatives established. Facilitated by the World Bank project, 10 out of the 29 sample villages have established cooperatives while the remaining 19 are also preparing for establishment of a cooperative.

The village leaders and villagers' representatives think the main benefits from establishing cooperatives include better management of farmer activities including production and sales, and collective bargaining, which will promote growth of rural industries and increase income. Their comparative advantage for project development is existing farming and livestock basis and experience. Challenges for developing cooperatives are the lack of

fund and infrastructure, and inadequate understanding and managerial experience in cooperative operations. Some villagers think technology is also a restrictive condition. In addition to the improvement in fund and infrastructure, the villagers' expectations on the project mainly focus on training and management support, especially in cooperative operation and management.

C. Analysis on Cooperatives

a) Farmers' Cooperative Classification: there are three types in the project area: i. farmers' professional cooperative; ii. corporate type cooperative; iii. informal "quasi cooperative".

b) Cooperatives Status

- Based on the survey of existing cooperatives, the procedure requirements of the Farmers' Professional Cooperatives Law of the People's Republic of China on cooperative establishment and membership are being complied with, and steps such as membership registration and equity ownership clarification are being conducted. However, cooperative members are not closely organized in participating in cooperative activities. A sound risk sharing mechanism is lacking to define how both benefits and risks can be shared, resulting in potentially unsustainable operations.
- Among the 19 cooperatives that have been registered in the surveyed villages, 18 have already established a profit distribution mechanism for farmer participation; 2 out of the 4 unregistered quasi cooperatives have also established a profit distribution mechanism for farmers' participation.
- Farmer households who have joined or about to join cooperatives can benefit from dividends as well as from the establishment process of cooperatives, especially for cooperative operations facilitated by a poverty alleviation project, and farmers have high expectations.

c) Farmers' Major Expectations

- Help establish cooperatives. Promote awareness of what is a cooperative and related benefits; visit other successful cooperatives; help complete the registration process, establish operation and management system, and assistance in brand registration.
- Providing inputs to cooperative industries, including: seedlings, fertilizer, farming tools, breeding stock, young stock, breeding houses/sheds, processing facilities and equipment, office equipment, publicity, networking, quick and

convenient loans.

- Improve infrastructure and conditions: village roads, production roads, irrigation facilities such as ditches and water tanks, communications and networking equipment, storage facilities, refrigeration facilities, processing facilities and equipment, and trade market.
- Provide technical training and technical support: industry-related techniques on planting, breeding, processing and storage, operation and management of cooperative, rough processing, network marketing, opening online shop, and product quality control.

d) Factors Influencing Agricultural Industry Development through Cooperatives

- In terms of facilitating environment, cooperative industry development benefits from policy support and from support from county/township technical support services, and no barriers to this development has been identified; project villages also all have sufficient access to land resources for developing the industries. Industry-based poverty alleviation through cooperatives is an integral part of Guangxi's poverty alleviation strategy, and a priority of the Foreign Funded Poverty Alleviation Project Management Center (PMC). This strategy is generally recognized by project counties/city.
- However, clear answers cannot be found at project village level or even project county level to questions such as: what is a cooperative? Why establish cooperatives? How to establish cooperatives? How to join a cooperative? How to manage a cooperative? Which rights and obligations do founder and members have? Local villagers do not have sufficient knowledge about cooperatives. Some project villages with an active attitude have already established cooperatives under the leadership of the village leaders, but such "cooperatives" are established simply through an announcement at a meeting, without well-defined internal property rights or personnel, and of course no formal registration. It is not that the villagers do not want to establish cooperatives properly, but they simply do not know how to do it.
- Access to the market for local products is a distinct weakness in surveyed villages. None of the sample villages, regardless of whether the product is of certain scale or not, have a regular sales network or sales channel, or even a well-identified operator such as a company or wholesaler.
- Basic infrastructure in the project villages is poor, with a lack of village and production roads, and this is a major constraint for market access. The lack of trading markets is also a limiting factor for many villages. The infrastructure

and equipment that need improvement and are directly associated with industrial development under the project include irrigation facilities, communications and network equipment, storage, cold storage and processing facilities, and breeding houses.

- About 70% of the farmer households have more than 3 years' experience in the selected industry. However the farmers lack experience in new industries such as rural tourism, kiwi fruit, and dragon fruit planting.
- Another issue of concern is who will lead the cooperatives. The farmers are inclined to have the village leaders as leaders or to elect the management personnel, but when asked on product sales and marketing and whether the lead person has such experience or ability, the farmer also think capable households or enterprise should lead. However if the cooperative was led by an outsider, the farmers will worry about their own interest.
- Aspects that farmers are most concerned with include: a. which households can participate; b. who will be responsible for management; c. what are project activities; d. project management methods and system; e. project expenditure and transparency.

e) Recommendations for the Improvement of Cooperatives

- The establishment of new cooperatives and their proper operation form the basis of the project. Two priority tasks have been identified in order to achieve this: to conduct the recruitment and training of community facilitators; and to search for and select appropriate organizations to provide assistance in cooperative incubation. With support from enterprise incubation centers and cooperation with community facilitators, the establishment of cooperatives would start as early as possible.
- During establishment of cooperatives and their institutional development, special attention should be given to clarify allocation of property rights and shares, especially for the project assistance funds.
- The organizational modes of the cooperatives and their mode of interaction with poor households should be diversified, i.e. poor households would have the option to become a shareholder or not.
- The cooperatives should be managed as sustainable economic organizations and benefit from project interventions; they should not be requested to carry out a poverty alleviation duty. Instead, as an incentive, the project budget allocated to each cooperative should be linked to the number of beneficial

farmer households, of poor households and of ethnic minority households they serve.

D. Poverty Analysis

- a) **Poverty in the project areas** As of end 2013, total population of the 10 project counties is 3.9957 million, including rural population 3.3883 million, accounting for 85.1%; ethnic minority population 3.4873 million, accounting for 87.3% of the total; women population 1.8579 million, accounting for 46.7% of the total. The total number of farmer households is 855,200, including 425,000 poor households, accounting for 51.4% of the total households; the poor population is 960,600, poverty incidence is 28.4%. The 117 proposed project villages include 95 poor villages, accounting for 80.5%, with 17827 poor households, 71,862 poor population. Poverty incidence is 27.5%.
- b) **Poor households' livelihoods:** poor households in the project villages mainly rely on working outside of traditional agricultural production. Income for planting and livestock only accounts for 20% of total income and even less than 10% for some households. Borrowing is a recurrent practice, and accounts for 1/4 of the total income, even 30% for some households. Compared to average households, poor households are more dependent on credit.
- c) **Cooperative participation:** among the 361 surveyed poor households, 85.9% think it's necessary to establish cooperatives, 81.4% are willing to join cooperative by means of labor contribution, 33.5% are willing to join by pooling of land, and 13% are willing to join by pooling of capital (3000 CNY).
- d) **Attitudes and expectations of the poor on the project:** ① 87.0% of poor households considered it necessary to establish cooperatives, and 82% said they were willing to pool labor. As for the mode of cooperation, the majority of poor households agree with land pooling and unified product sales; but a high proportion of poor households cannot tell which cooperation mode is better. ② the major expectation of the poor households on the cooperative is product sales facilitation, followed by services and higher selling price. Most of the poor households think there is lack of sales channels, and they are basically depending on outside vendors who came to buy. If the cooperatives can arrange unified purchasing, the product sales can be facilitated. Moreover, they expect help with processing, so that they are not under pressure to sell their products when the price is bad, and get it processed for sale at a better time. In addition, 62% of poor households expressed the demand for credit.
- f) **Positive impact on the poor**

Enhance industrial restructuring and develop direct industrial chain in market demand. The traditional model, still the main model in project village is farming on a household basis. The Project will use the market as the entry point and try to largely increase poor households' income by supporting development of local specialties which would have better market prospects. The Project will also support development of Farmer Cooperatives and assist Cooperatives to establish connection with markets ends. This will eventually improve the income of rural poor residents.

Enhance organizational level of farmers and improve farmers' competences and management skills. The Project will support setting up farmer cooperatives and through the cooperatives, put poor households together to form larger strength so that their production scale, quality and price are increased, It is as well expected to use Cooperatives to reduce the costs for farming and develop better markets. The Cooperatives, after established, should provide technical training and management training for poor households (members) as well as information. And through training and information provided by FC, poor households update their skills and knowledge, develop new competences and adopt new and better management models for their production.

Improve infrastructure to improve rural residents' production and living conditions. The Project will improve the infrastructure in project areas so that villagers in project areas have the basic conditions for development of various specialties. Improved infrastructure will mean that the poor villagers have opportunities for development as infrastructure for production, tourism and for their own living is improved, which is significant for improving health and living standard of the targeted groups.

Increase farmer income by enhancing development of local specialty industries. The Project aims to increase poor households' income by enhancing the development of the existing specialty industries, e.g. expanding production scale, increase standardization and industrialization, as well as reduction in costs and increase in quality to secure better prices.

Drive economic development in project areas. The Project will drive the development of related industries and rural economy. It is helpful for industrialization and restructuring. When the market is developed and expanded, there will be more opportunities for income generation. At the same time, enterprises such as processing factories and storehouses will be set up and employment will be increased.

g) Potential risks for the poor

Livelihood risks. The costs for some of these industries are high. Poor households lack the start-up funds. The high costs and low affordability will directly affect the enthusiasm of households involved as well as the economic benefit of the Project.

Technical risks. Market based and chemical free agriculture, which is oriented for specialty industries, will need intensive management. However, poor households are still used to the extensive management model. This will not only affect the quality of the product but will break the industrial chains developed by the Project. Economic and credit losses will happen when the quality required by the sales companies is not fulfilled.

Market risks. Problems which may be raised in quality control, whether consumers accept the product and unpredictable problems will create risks for poor households who have only one product structure. Some industries, for example tourism, have not developed models to follow. How to develop a stable market is unclear.

Risk sharing. How to develop a profit sharing mechanism between Leaders of FC and poor households to achieve win-win result is a challenge for the PMO and also a risk.

E. Gender Analysis

- a) **Women's development in project areas:** women illiteracy rate is 22.4%, 11% higher than the male population, 27.3% of women received junior high education, 10% lower than the male population; dominant occupation of women is farming, accounting for 53.7%, compared to 41% for the male population, 10.1% of women migrate to work outside their village, compared to 16.0% for the male population. In terms of education and occupation, women's social and economic status is therefore lower than male.
- b) **Beneficiary women population:** there are around 60,000 women in the targeted beneficiary population, accounting for 44.4% of the total beneficiary population. Cooperative membership is often registered in the husband's name but women will be encouraged to be active members and this will be monitored.
- c) **Women's perceptions of and attitudes to the project:** 43.3% of women had heard of this World Bank project, but women's awareness of the project was lower than that of the male population during the survey. Women have limited access to information, mainly through village meetings. Among women who had heard of the project, 33% knew about the project scope at least in general terms.

d) Women's willingness and needs to project participation: (1) 88.6% of women in the survey said they were willing to participate in cooperatives. 85.2% were willing to join by contributing labor, 31.9% by pooling land, and 8.1% were willing to invest more than 3,000 CNY. (2) the major expectations from joining a cooperative for women survey respondents included sales facilitation, technical service, branding for higher selling price, infrastructure improvement and provision of loans. Demands from women were more diversified and detailed.

e) Expected positive impact on women

Positive impact on family and production. Industrial development provides opportunities for women to work at home. They can work and look after their families at the same time. Production can be organized in the form of cooperatives. Women's workload is reduced as they can take work suitable for labor force of the family. Women's income will increase if product quality is increased and the market is stable.

Improved women's competencies. Women's skills, abilities and awareness will be increased by participating in training and operation of FC.

Improved living standard. Income will be increased by participating in project implementation and living standard will be improved. Women who handle social affairs for the family will be more confident. Participation in FC opens a wider door for women expose themselves to the community, through which they learn new things and information.

Improved status at home and outside. When women must stay home looking after their families they have little income so their status is low. When they are involved in FC they have better income while looking after their families at home. Their skills, competences and awareness increase so their status both at home and outside increases. Women participating in FC and training have a voice. In FC and training they are involved in discussion, recommendation and decision making so their voice is heard.

(f) Potential risks for women

Low participation of women in FC management and decision making. In over half of the existing FCs, there are no women managers. All FC leaders or directors are men. In some FCs, there are women at management level, but they work as assistants and are not involved in decision making. Therefore, in designing the Project Operation Manual, it is needed to specify the involvement of

women in management and detailed measures for increasing gender awareness.

Low participation of women in specific activities in FCs. Members of FCs are households with men's names. It is very rare that households join in FCs in the name of women except that the man and the woman join in two different FCs. In connection with the market, sales and related decision making involve mainly men. Women rarely are involved in decision making. Only when the man is not at home, the woman has a chance to participate. Even though, women have no voice in such cases. In related training, participants are mainly men. If such trend is not reversed, the gap between men and women will be expanded, which will create negative impact on women.

Increased women's workload. In the process of industry development in FCs, there will be employment opportunities for women. If women from poor households obtain profit not by shares of land and investment, but instead by providing labor force, their workload will be largely increased.

F. Ethnic Minority Analysis

- a) **Ethnic minority in the project areas:** the minority population of the 10 project counties/city accounts for 87.3% of the gross population. Minority ethnic groups are mainly Zhuang and Yao, accounting for 74.5% and 11.5% of the gross population respectively. Other minorities include Dong, Gelao, Shui and Maonan, accounting for 1.3% of gross population in project areas. Among the 117 villages in the project area, there are 85 Zhuang Villages and 15 Yao Villages, minority villages account for 74.6% of the total number of project villages.
- b) **Minority livelihoods:** the 9 sample villages have a gross population of 68,129, including Zhuang (75.8%), Han (14.7%), Yao (9.0%), and Maonan and Gelao (0.5%). Among the 60 sample households, nearly half mainly rely on migrant work for livelihood, 30% rely on planting cash crops, and 10% have multiple sources for livelihood. Grain crops are mainly grown for self-consumption, and hardly bring any income, and some households even need to buy grain using other sources of income.
- e) **Minorities' Perceptions of and attitudes towards the project:** (1) 100% the farmer households expect assistance from the project, 88.3% think it is necessary to establish cooperatives; 95% think special industry development planning is very important or important. (2) 85% are willing to contribute labor, 33.3% are willing to contribute land, 23.3% willing to invest 3000 CNY and above. (3) For the industries planned under the project, more than 95% of households have more than 2 years' experience, but none of them are able to sell their products on their own. (4) As for the functions of the cooperatives, 70% expect sales facilitation, 63% expect

technical services, 48% expect help in branding to raise selling price, and 17% are not sure what the cooperative can provide.

- f) Risks in project implementation in minority regions:** The project would bring benefits for local ethnic minorities. Households, including minority households, are almost all in support of the project and cooperatives. No negative project impact has been identified from a minority development perspective during social assessment. However, there is a risk that some ethnic minority communities, especially the Yao, might face difficulties in accessing project activities and project benefits in an equitable manner. Tourism development projects might fail to be appropriate to local cultures.
- g) Need for preparing an ethnic minority development plan:** the survey confirms that ethnic minority live in ethnic communities having many features that differentiate them from the mainstream society, including social structure, cultural tradition, language, social communication and religion. An ethnic minority development plan has been prepared and is attached to the social assessment. It aims to: (i) provide all relevant project information in a manner suited to local minority cultures and customs, conducting adequate communication and consultation, and analyzing their needs, (ii) incorporate minority needs of project into the project design, (iii) establish cooperatives in a culturally adaptive manner and (iv) to take actions to address potential risks and enhance their opportunities to benefit from the Project in a way acceptable to them.

G. Land Acquisition and Demolition

It is initially identified that the project counties of Bama, Leye and Pingguo under Component 1 (Improvement of Pro-Poor Value Chains), Component 2 (Rural Infrastructure) and Component 3 (Increase Investment in Poor Areas) will be affected by acquisition of collective land or state-owned land. In addition, in other project counties/cities, during the implementation of Component 1, within-community land acquisition and internal land adjustments are expected, as well as a small part of ground structures or attachment demolition, but no residential housing demolition. Currently the scale of LA and number of AHs has not been determined yet as the detailed construction scope is still under discussion. Therefore, a Resettlement Policy Framework has been prepared as required by the Bank, see appendix 4.

H. Information Disclosure and Public Participation

a) Project information disclosure

- From July 2015 to March 2016, project publicity was conducted in the 10 project counties, and 117 villages were selected from 200 candidate villages

through open competition.

- During the second half of 2015, the 10 counties/city PMOs each selected 2~3 villages to conduct mobilization, publicity on project objectives and activities, to facilitate the preparation of cooperative establishment.
- From November 2015 to April 2016, project publicity was also conducted in parallel with the SA survey, the FSR survey and the EIA survey.

b) On-site public consultation

- In addition to the SA public consultation, the feasibility study report public consultation was conducted from July to September 2015, and the EIA public participation from January to March 2016.

c) Public participation and grievance redress mechanism

In order to address villagers' complaints about the project during project implementation and ensure successful project implementation and land acquisition, the project has established a transparent and efficient grievance redress mechanism.

I. Monitoring and Evaluation

A supervision and evaluation mechanism is being established for the Project, including internal supervision and external monitoring and evaluation of social aspects in the project.

1 Foreword

1.1 China's National Poverty Alleviation Strategy

In the past 4 years since the implementation of the *Outline for Rural Development-oriented Poverty Reduction of China (2011-2020)* by the central government in December 2011, the rural poor population in China has been decreasing significantly. At the same time, infrastructure and public service in the poor areas has been continuously improving, and economic development in poor areas and farmer's incomes are growing in a faster pace.

As of the end of 2014, there were 14 contiguous destitute regions throughout China, including 592 counties, 128,000 villages, 29.485 million poor households, and a poor population of 70.17 million. The goal by 2020 is to lift the rural poor population out of poverty (rural poverty line is 2300 CNY of rural per capita net income); enable the poverty counties to get rid of their poverty label; address regional overall poverty; reach to a state where the rural poor population basic needs (food and clothing) are fulfilled, and their compulsory education, basic medical care and housing are secured; have per capita disposable income of farmers in poor areas increasing at a higher rate than the national average, and public service indicators in these areas close to national average.

The central government's 2016 No.1 document proposes to implement accurate poverty reduction and alleviation in ways suited to local conditions for high efficiency. Measures include poverty reduction through industrialization, creation of employment and relocation to help 50 million poor population out of poverty; coverage of all those without working ability (over 20 million poor population) with minimum living standard security (MLS); implementation of an accountability mechanism for poverty reduction; and mobilization of all social forces to participate in development-oriented poverty reduction.

Major tasks and policy measures for development-oriented poverty reduction during the 13th 5-year plan (2016-2020) include:

(1) Implement accurate poverty reduction

Regional development is unbalanced in China, with poor population distributed throughout more than 20 provinces/ regions. Poverty reduction must be implemented in ways suited to local conditions for high efficiency, such as developing local competitive industries and create urban employment for areas with sufficient labor, relocation for areas with poor living conditions, vulnerable eco-environment and frequent natural disasters, ecological conservation for the areas where ecology is

especially important and vulnerable, basic security for those without the ability to work, and medical assistance for those impoverished due to illness.

(2) Improve infrastructure coverage in poor areas

The poor areas are mostly located in the middle and western, mountainous and border regions with complex natural conditions and weak infrastructure. The infrastructure development must be strengthened by addressing road, water, electricity and internet connections based on local conditions. Strengthen ecological conservation, dilapidated housing rehabilitation and living environment improvement.

(3) Promote equal access to basic public services in poor areas

The gaps between poor areas and developed areas are to a large extent reflected in basic public services such as education, health, culture and social security. These gaps must be bridged by improving elementary education quality in the poor areas, establishing a care system for left-behind children, women, old and disabled people.

(4) Implement accountability system for poverty reduction

Further optimize the working mechanism through which the central government provides leadership, the provincial government is responsible in overall management, and the city/county is responsible for actual implementation. Strengthen the evaluation of poverty reduction responsibilities. Enhance investment by increasing central and provincial financial support. Optimize eastern and western collaboration mechanism and targeted poverty reduction mechanism.

1.2 Guangxi's Poverty Alleviation Strategy

In 2015, Guangxi Government issued the Decisions on Implementing the Key Decision Makings of Central Government on Development-oriented Poverty Alleviation, which defined the target that by 2020 ensure 5.38 million rural poor population below current poverty line will be out of poverty, 54 poverty counties and 5,000 poor villages get rid of poverty label, and to achieve an annual average poverty reduction of 1.2 million for the first 3 years, 930,000 for the 4th year, and consolidate the achievements in the 5th year and get all of the remaining 4.53 million rural poor out of poverty.

Accurate identification of poor households. Establish a dynamic adjustment mechanism for the poor households, and develop a proper indicator system for precise identification, adopt unified standard for identification. Follow the method of “visit-observe-calculate-compare-discuss” to strict control the screening process, establish and optimize correction and accountability mechanisms, ensure transparent and fair

identification.

Precise identification of poor villages. Using the natural village as the unit for implementing accurate identification, conduct comprehensive identification of the natural villages out of the 5,000 villages included into the poverty alleviation program, identify causes of poverty and implement differentiated assistance. Conduct precise identification of the natural villages that need relocation due to venerable ecology, lack of basic life conditions, over-scattered residence, and develop relocation plan.

Precise identification of the out-of-poverty villages and households. Establish a graduation identification mechanism with clear standards, procedures and follow-up assistance policies. Establish a government and poor households' double confirmation mechanism to avoid forced graduation.

Establish a big data management platform of poverty alleviation. Link the precise identification results with the precise assistance based on the platform information. Establish a database for poor villages and households, and link with the assistance policies, poverty alleviation measures shall be responding to the needs, formulate assistance measures based on a classification of the poor villages and households, implement differentiated and efficient assistance, ensure adequate projects and funds.

Implement multiple approaches for poverty alleviation program, including production development, transfer employment, relocation, eco-compensation, education assistance, medical assistance, MLS policy and border trade policies.

Promote 10 actions in poverty reduction, including developing competitive industry, relocation, rural e-commerce, migrant worker training and entrepreneurship, property benefits, infrastructure development, technological and cultural development, financing assistance, social assistance, and care services for the left behind children, women and old people and disabled people.

Optimize poverty reduction working mechanism. Optimize precise identification mechanism, establish big data management platform, and achieve precise assistance. Optimize stable growth mechanism for financial input in poverty alleviation, increase transfer payment to the poor areas, establish industrial investment fund for poverty alleviation. Establish poverty alleviation evaluation mechanism, poverty county/village withdrawal mechanism and incentive mechanism.

1.3 Summary Project Description

The World Bank financed Guangxi Rural Poverty Alleviation Pilot Project is a large-scale integrated poverty alleviation project implemented on a provincial level. The

Project was included into 2015-2017 World Bank Financed Project Pipeline in October 2014.

The Project will cover 10 counties in Baise and Hechi municipalities located in the Yunnan-Guizhou-Guangxi stony desertification area. Project counties include Tiandong, Tianlin, Leye, Donglan, Bama, Fengshan, Dahua, Du'an, Pingguo County and Yizhou City. All of the selected counties/city are characterized by extensive poverty with resources scarcity, water resource shortage, lack of farmland, poor technology level and a high percentage of ethnic minorities. The project development objective is to increase income opportunities for rural households in selected poverty counties of Guangxi by piloting innovative organizational arrangements and developing value chains. The project will cover a population of 3.9957 million from 1,060,875 households in 118 administrative villages of 54 townships, the beneficial poor population will reach 666,300. The project will support rural industrial development led poverty reduction, infrastructure and environment improvement, poverty alleviation industry service and finance, and project management and M&E. Industry-based poverty alleviation will support the development of farming and livestock, agricultural products processing, agricultural products packaging and marketing, and establishment of farmers' professional cooperatives (FPCs). The project consists of the following components:

- Component 1: Improvement of Pro-Poor Value Chains. This component includes two subcomponents: a. Cooperative Development Fund (CDF), which will support the existing cooperatives and establishment of new cooperatives; b. Matching Grant for Enterprises, which will provide matching grants to finance enterprise investments, demonstrating linkages and benefit sharing with poor farmers/households.
- Component 2: Improving Public Infrastructure and Services. This component will support the establishment and strengthening of public infrastructure and service systems in support of value chain/key industry development under Component 1. The component includes two subcomponents: a. rural infrastructure; and b. industrialization risk management, including risk assessment and mitigation plan.
- Component 3: Increase Investment in Poor Areas. This component will improve and facilitate investment in poor areas by supporting existing and new entrepreneurs and business entities (e.g. small and medium enterprises), returned migrant workers and cooperatives. This component includes two subcomponents: a. business incubation centers; and b. improve financing channels for mitigating agricultural products risks and credit guarantee services.
- Component 4: Project Management and Monitoring. This component will improve the management capacity of the project management agencies and personnel,

and contribute to efficient project management.

1.4 Policy Framework

1.4.1 Farmer Professional Cooperatives

The Law of the People's Republic of China on Farmers' Professional Cooperatives has the following provisions for supporting policies:

Article 49 The State may authorize or commission qualified farmers' professional cooperatives to implement projects assisted by the State for supporting development of agriculture and rural economy.

Article 50 The central and local finance bureaus shall separately arrange funds to support farmers' professional cooperatives to carry out services relating to information, training, quality standard and certification of agricultural products, construction of the basic facilities of agricultural production, marketing, as well as technology popularization. The State shall give preferential support to farmers' professional cooperatives in the areas of ethnic minorities, remote areas and poverty-stricken areas, and to those producing important agricultural products that the state and the society badly need.

Article 51 Policy preferential financial institutions of the State shall provide diversified forms of monetary support to the farmers' professional cooperatives. The concrete supportive policies shall be formulated by the State Council. The State encourages commercial financial institutions to provide monetary support to the farmers' professional cooperatives in various forms.

Article 52 A farmers' professional cooperative shall be entitled to tax preferences for agricultural production, processing, circulation, services and other economic activities relating to agriculture.

Other tax preferential policies on supporting the development of farmers' professional cooperatives will be provided as the State Council stipulates.

The central government's 2015 No.1 document proposed to guide the FPCs to extend their service areas, facilitate regulated development, implement annual report disclosure, and promote establishment of demonstration cooperatives.

The central government's 2016 No.1 document proposed to support supply and marketing cooperatives in establishing or leading the establishment of FPCs, guide the farmers to participate in agricultural industry integrated development and share benefits from industrial chain. Encourage the development of stock cooperative, guide farmers'

voluntary participation in leading enterprises and farmer cooperatives by contributing land, enable farmers to share benefits from processing and sales through “guaranteed return plus contribution-based profit sharing”, establish and optimize risk prevention mechanism. Strengthen development of demonstration FPCs, support cooperatives in developing agricultural product processing, circulation, and direct supply and sales. Facilitate social capital investment into new agricultural industries through public-private partnership, interest subsidy and fund establishment.

1.4.2 Poverty Alleviation through Agricultural Industrialization

Poverty alleviation through agricultural industrialization is an important part of the “One Body with Two Wings” strategy promulgated by the poverty alleviation office of the State Council, “One Body” refers to poverty alleviation through whole village advancement, and “Two Wings” refer to labor force training and transfer, and poverty alleviation through agricultural industrialization.

Poverty alleviation through agricultural industrialization is market oriented, which uses support from leading enterprises and special resources in the poor areas to develop an industrialized value chain that will lead to continuous and sustainable income growth for poor farmers. The main idea is to develop characteristic planting, breeding and processing industry based on local resource conditions, thereby increase farmers’ income and get out of poverty.

Guangxi’s most important policy under this approach is the “10-100-1000” demonstration project of poverty alleviation through agricultural industrialization implemented in 2011. The overall objective of the project was to construct 10 characteristic and quality planting or breeding demonstration bases of 1000mu, each base should radiate and cover more than 1000 poor households; foster 100 strong leading enterprises in poverty alleviation with annual sales over 100 million CNY. With the support from demonstration bases and leading enterprises, more than 1000 poor villages should be developed into demonstration villages in poverty alleviation through agricultural industrialization.

1.4.3 Land Transactions

In 2001, the central government has pinpointed that household contracted management system should maintain long-term stability. The country has issued special documents to pinpoint the issue of “stay moderate”, and stated that policy support should be strengthened, and measures should be suited to local conditions; and specific guidance is provided on orderly transfer of rural land management right and developing moderate scale operation in agriculture in the following aspects: a. stabilize and optimize rural land

contracting relationship; b. regulate and guide the orderly transfer of rural land management right; c. accelerate the fostering of new-type agricultural operating entity; d. optimize agricultural service system. The ownership and contracting right of rural collective land cannot be traded in the market. Regarding rural land right titling, the Ministry of Agriculture, rural work leading group office of the central government and other ministries jointly issued the document providing opinions on land titling.

The central government's No.1 documents of consecutive years has stipulated in details on land contracting relationship, land transfer market, and land right titling, and several documents have been issued in the recent years to provide guidance for orderly transfer of land management right and healthy development of land property right trading market. The multiple policies can demonstrate the country's clear policy guidance on rural land transfer. The rural land contracting relationship in China will remain unchanged for a long term, and the country encourages legitimate and voluntary transfer of rural land.

The central government's policy on rural land transfer is continuous and stable, the main focuses of the No.1 documents from 2008 to 2015 include optimizing transfer market (2008, 2010), stabilizing contracting relationship (2009, 2012 and 2014), and moderate scale operation (2010, 2012 and 2015).

Guangxi's relevant regulations and systems are developed based on relevant national laws and documents and local conditions. Main policies on land transfer include:

The Opinions of Guangxi Government on Rural Land Transfer (No. 35, 2002) is mainly based on the Notice of Central Government on Rural Land Transfer (No. 18, 2001), the Opinions provided guidance in the following aspects: a. extend land contracting periods; b. regulate subcontracting of enterprises and individual businesses; c. transfer and leasing of rural land use right; d. regulate rural land transfer management and services. In addition, the Agricultural Department and Industry and Commerce Department of Guangxi jointly issued the Notice on Issuing Model Contract Document for Rural Land Management Right Transfer in Guangxi (No. 26, 2009), which provided normative provisions on rural land management right transfer.

Land transfer is conducted based on land right titling, a transfer of land use right without involving the contracting right of the farmer households. Households can retrieve the land for own use or continue the transfer when the transfer contract period is ended. This approach can protect the contracting household's control over their land. However there are certain risks for the households under extreme circumstance, for example, if the contracted land entered the market by pledging or shares instead of leasing, the contracting household could lose control of the land and become landless when the cooperative undergoes huge losses.

1.4.4 Rural Tourism

The Central Government's No.1 Document of 2016 proposed to promote the development of leisure agriculture and rural tourism, and proposed promoting measures including substitute subsidies with rewards, subsidize after construction, interest subsidy, establish industrial investment fund, etc. Guide and support social capital investment in tourism projects with more farmer participation and broader benefiting area. Strengthen the protection of eco-environment and cultural heritage; develop featured townships with historical memories, geographical characteristics and ethnic customs. Develop rural tourism products according to local conditions and proper planning, such as leisure farm, rural hostels, featured home-stay, automobile camping and outdoor sports. Support those eligible to use rural assets and resources such as idle houses, collective construction land, wastelands, available tree farm and water surface for the development of leisure agriculture and rural tourism. Include the construction land of leisure agriculture and rural tourism projects into land use planning and annual plan.

1.5 Social Assessment Process and Methods

1.5.1 Purpose

The overall objective of the social assessment is to assist the project design and implementation by mobilizing those potentially affected individuals and groups to participate in the project. The SA aims to ensure the project will benefit the poor and vulnerable families, including ethnic minority, women and children, and strengthen public participation (including poor population, women, ethnic minority and other vulnerable groups).

In order to do so, the SA investigates the development status of agricultural production system and FPCs, conducts stakeholder analysis, encourages and mobilizes individuals and groups that are potentially affected by the project activities to participate in the project, so as to ensure the project benefit the poor and venerable families in the project areas, including ethnic minority, women and children. Help optimize the project design and implementation, maximize positive social impact and minimize potential social risks.

1.5.2 Scope of Work

The purposes of SA include: a. collect stakeholders' opinions and suggestions on the social development aspects in the project design; b. assist Guangxi PMO in safeguard compliance; c. provide capacity building for project management personnel using participatory methods.

The SA identifies how to strengthen public participation (including poor population, women, ethnic minority and other vulnerable groups) in all stages of the project.

The SA is conducted in accordance with Bank's project appraisal procedures and the Country's social assessment requirements. Relevant information collected during the SA will be shared and discussed with the project preparation team and used for project design.

In order to ensure best practice is adopted for SA and high quality deliverables, this SA is conducted according to the Bank's suggestions on social assessment-GP 10.05 (social analysis in social assessment), and the four pillars in social assessment:

- Identify key social development and participation
- Assess organizational structure and social organization framework
- Develop participatory framework
- Establish monitoring and evaluation mechanisms

1.5.3 Geographical Scope

This SA covers the 10 project counties/city and the cooperatives associated with industrial development in Guangxi. It mainly targets farmer households participating in the cooperatives under the Project, with a focus on poor households, women and ethnic minority.

1.5.4 Key Contents

This SA mainly includes a socioeconomic profile of the project area, stakeholder analysis, cooperative analysis, poverty analysis, social and gender analysis, minority analysis, information disclosure and public participation analysis, analysis of land acquisition and resettlement, and action plan and implementation.

(1) Socioeconomic profile: identifying the beneficiary area and population of the Project, defining project area, introduction of the socioeconomic profile of the project area

including population, land, income and farming and livestock industries.

(2) Stakeholder analysis: identifying the primary stakeholders of the Project, such as affected villagers (especially women, elderly, the poor and other vulnerable groups) FPCs, leading enterprises, etc., and analyzing their attitudes to and needs for the Project, and the Project's positive and negative impacts on them.

(3) Cooperatives analysis: analyzing operating patterns, pros and cons of the existing cooperatives in the project area, and proposing suggestions for improvement based on the requirements of demonstration industries and villagers' perceptions of and attitudes to cooperatives.

(4) Poverty analysis: analyzing project impacts on the poor population based on the local poverty status and perceptions and attitudes of the poor on the Project, and establishing profiting mechanism for the poor.

(5) Social and gender analysis: review women development status and activities in the project area, analyzing project impacts on women.

(6) Ethnic minority analysis: learn basic situation of local minority population, their attitudes to the Project, and analyzing project impact on them.

(7) Information disclosure and public participation analysis: identify public needs on project information disclosure, establish project information disclosure mechanism, optimize project design, and ensure stakeholders' full and fair participation in project planning, design and implementation.

(8) Land acquisition and resettlement analysis: screen potential land acquisition and resettlement caused by project activities, and analyze impacts on local communities.

(9) Action plan and implementation: propose pertinent policy suggestions and an action plan based on the identification and analysis of project risks to minimize or mitigate social risks from the Project, and provide action suggestions on project information disclosure.

1.5.5 **Methods**

Methods adopted in this SA mainly include:

- Secondary data collection and literature review

Secondary data mainly includes:

- A. Project background, basic information on Guangxi and project counties/city and

townships, project preparation status, etc.;

B. Counties/city project planning report, FSRs and list of projects;

C. Development planning of the project counties/city and relevant departments;

D. Project counties/city's Statistical Bulletin or Statistical Yearbook for 2013 and 2014;

E. Project counties/city's poverty alleviation planning, industrial development planning and key projects planning;

F. Characteristic and competitive industrial development planning, relevant statistical documents on rural cooperative organizations;

G. Survey reports on local ethnic minorities, and development planning;

H. Local women development planning and women development survey reports;

I. Empirical materials on local FPCs development, management and operating patterns;

J. Labor force transfer planning and training plans of the project counties/city.

In addition, web search was done to learn about research findings from similar studies.

➤ Participatory appraisal (PRA)

PRA is mainly targeting the poor, ethnic minority and women, the main participatory tools include:

- Livelihoods Analysis Framework
- Development needs analysis and ranking
- (Target group) group discussion

➤ Key informant interviews (KII / SSI)

Key informant interviews were conducted with relevant agencies such as PMOs, poverty alleviation offices, agricultural bureaus, animal husbandry bureaus, ethnic and religious affairs bureaus, women's federations, as well as the key informants such as heads of townships, villages, associated companies, cooperatives, and agricultural technical personnel, to learn their opinions and suggestions on the Project, especially on

project design and implementation.

- In-depth interview (focus group discussion-FGD)

The SA team conducted in-depth interviews with the primary stakeholders (including poor population, women and ethnic minority) from the project villages to learn their production and living conditions, project impact and potential risks, and their attitudes to and suggestions on the project design and implementation.

- Stakeholder discussion meeting

Stakeholder discussion meetings were conducted with relevant government agencies, including PMOs, poverty alleviation offices, agricultural bureaus, land resources bureaus, ethnic and religious affairs bureaus, women's federations, civil affairs bureaus, and resettlement offices, to learn the basic information of the project area, ethnic minority and women development, relevant policies, ongoing projects, and their comments and suggestion on the Project.

- Questionnaire survey

The questionnaire survey in this SA was conducted based on random sampling in the project villages, the samples cover 10 project counties/city from each of which two villages were randomly selected, and then select more than 20% of the households in each village. Based on the project scope and project organization mode, the questionnaire is designed to cover the following subjects:

- Basic situation of the family
- livelihood sources
- Income and expenditure
- development needs
- social networks and participation
- project participation needs (including complaint channel)

Details are provided in Appendix 1-Outline of SA Questionnaire and Interview

1.5.6 Survey Samples

The samples cover the project counties/city in Guangxi. Based on the project scope and local characteristics, the samples are selected to cover different ethnic groups (especially the smaller

ethnic minority communities other than Zhuang, or multi-ethnic communities), FPCs with different operating patterns and different competitive industries (categorized into planting, breeding, tourism, etc.) with different characteristics. The samples selected cover the 29 villages in 10 project counties of Hechi and Baise, accounting for 24.8% of the project villages. Sample distribution is provided in Figure 1-1 and Figure 1-2.

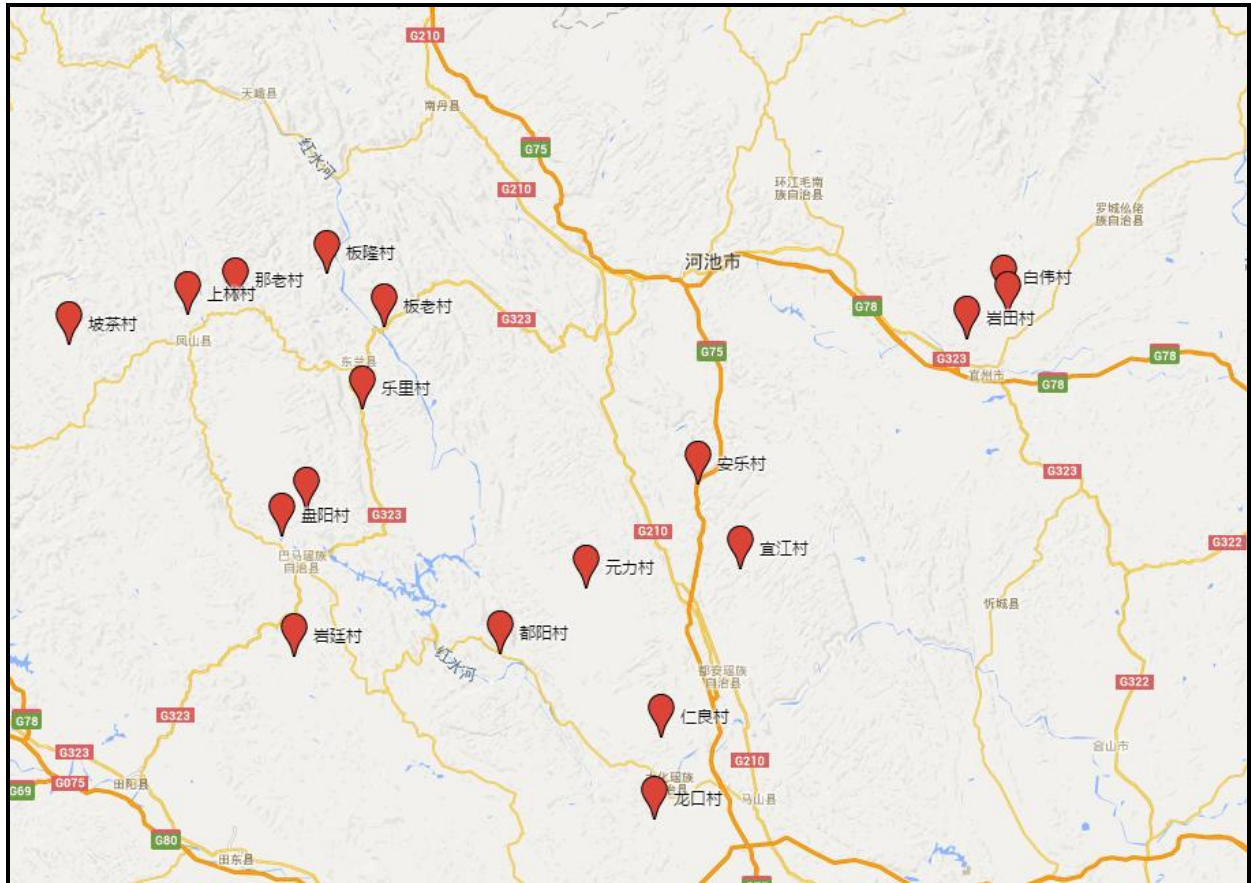


Figure 1 Survey Location in Hechi Municipality

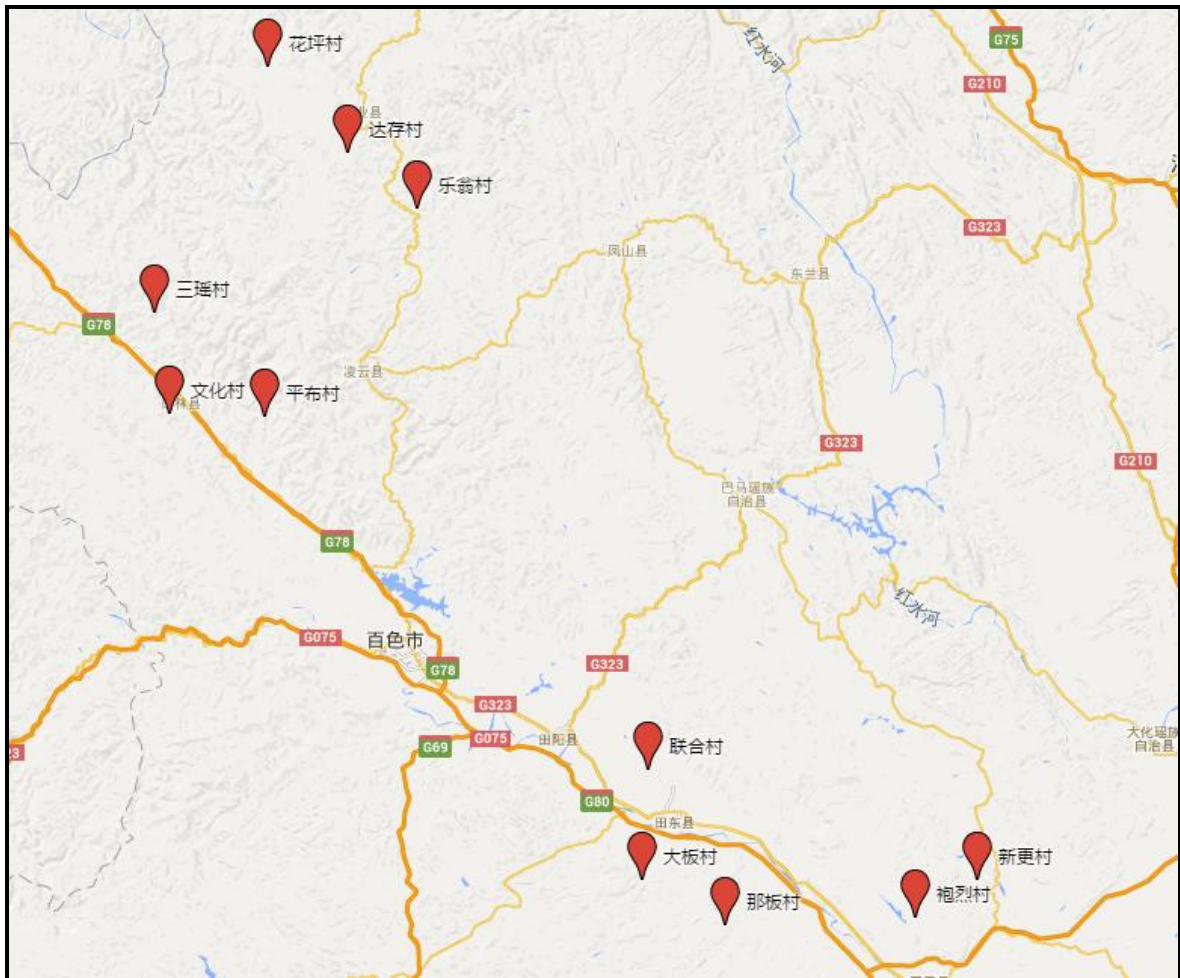


Figure 2 Survey Location in Baise Municipality

From October 2015 to March 2016, the SA team conducted 4 rounds of social assessment surveys in the project counties/city, mainly activities include:

- 90 key informant interviews with concerned agencies including PMOs, agricultural bureaus, livestock bureaus, ethnic and religious affairs bureaus, and women’s federations.
- 45 in-depth interviews with the cooperatives and enterprises related to the dominant industries of the cooperatives;
- 87 focus group discussions (FGDs) were conducted with key persons of the communities (village leaders, cooperatives’ initiators and villager representatives), poor households representatives and women representatives, including 29 key persons FGDs, 29 poor households FGDs and 29 women FGDs. 82 out of the 87 FGDs were conducted in minority communities.

Detailed information on interviews and FGDs are provided in Table1-1.

Table1-1 Interviews and Discussions Summary

Counties/city	KIs with concerned agencies (number)	In-depth interviews with cooperatives and enterprises (number)	FGDs (times)			FGDs Subtotal (times)	Minority FGDs (times)	Remark
			Women	Poor	Village leaders			
Hechi City	Du'an	5	3	3	3	9	9	Zhuang
	Dahua	6	4	3	3	9	9	Zhuang
	Donglan	6	4	3	3	9	9	Zhuang
	Bama	11	5	3	3	9	9	Zhuang, Yao
	Fengshan	14	4	3	3	9	6	Han, Zhuang
	Yizhou	6	5	3	3	9	9	Zhuang
Baise City	Tiandong	5	5	3	3	9	9	Zhuang
	Pingguo	7	4	2	2	6	6	Zhuang
	Tianlin y	13	4	3	3	9	9	Zhuang, Yao
	Leye	14	7	3	3	9	7	Han, Zhuang
Total	87	45	29	29	29	87	82	Zhuang, Han, Yao

Source: compiled from SA surveys

In addition to the above interviews and discussions, sampling survey was conducted on the target farmer households by questionnaires, 600 copies of questionnaires were distributed and 500 valid copies were retrieved. The number of samples accounts for 3.6% of the total project beneficiary households. The valid samples include 350 male samples, accounting for 62.5%; 210 female samples, accounting for 37.5%; 362 poor households, accounting for 64.6%; 515 minority samples, accounting for 92.0%, including 60 smaller minority samples, accounting for 10.7% of the total and 11.7% of the minority samples. Samples coverage is provided in Table 1-2.

Table1-2 Information on Samples (calculated by number of HHs)

Counties/city	Towns hips	Villages	In which: poor villages	Total number of HHs involved	Valid Samples	Samplin g ratio (%)	In which: poor HHs	Minority HHs
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Hechi	Du'an	3	3	3	1445	55	3.8	36	55
	Dahua	3	3	3	3500	46	1.3	31	46
	Donglan	3	3	3	1943	55	2.8	31	53
	Bama County	3	3	3	1445	64	4.4	30	61
	Fengshan	3	3	3	1457	61	4.2	47	41
	Yizhou	2	3	3	1005	54	5.4	35	54
Baise	Tiandong	3	3	3	1551	64	4.1	44	64
	Pingguo	2	2	2	2094	45	2.0	30	45
	Tianlin	3	3	3	1192	59	5.0	38	58
	Leye	3	3	3	1510	57	3.8	40	39
Total	28	29	29	15591	560	3.6	362	515	

Source: compiled from SA surveys

2 Socioeconomic Profile of the Project Area

2.1 Administrative Units and Population

The project covers 117 administrative villages (including 95 key villages for poverty alleviation during 13 FYP) in 54 townships of 10 counties/city of Hechi and Baise. 99 cooperatives are proposed for establishment, the direct beneficiaries of the project will be those who participate in the cooperatives under the Project, it is estimated that 32,646 HHs will be benefited, including 11,297 poor HHs, accounting for 34.6%.

Table 2-1 Project Beneficiary Area (2014)

Counties/city	Townships	Villages	In which:		Proposed cooperatives	HHs	In which:	
			Poor villages	Small minority villages			Poor HHs	
Hechi	Du'an	4	10	8	4	9	2099	2093
	Dahua	3	10	7	0	10	2210	798
	Donglan	8	11	7	0	10	4778	2177
	Bama	6	10	8	2	10	1618	1577
	Fengshan	3	15	10	1	10	3736	2038
	Yizhou	3	10	10	0	10	1911	1268
Baise	Tiandong	6	10	9	2	10	4997	1572
	Pingguo	8	15	15	3	10	4548	2806
	Tianlin	8	16	13	3	10	4211	1685
	Leye	5	10	8	0	10	2540	1813
total	54	117	95	15	99	32648	17827	

Source: compiled from data provided by the PMOs.

2.2 Social and Economic Status

2.2.1 Population

The 10 project counties/city have 1,060,875 HHs in total with 3.9957 million population, including a poor population of 666,300, accounting for 16.6%; a minority population of 3.4873 million, accounting for 87.3%; total labor 2.10 million, including 854,000 working outside, accounting for 40.7%.

Table 2-2 Population of Project Counties (2014)

Counties/city		Total HHs	Total population (0,000)	In which: Agricultural population (0,000)	Poor population (0,000)	Minority Population(0,000)	Total labor (0,000)	Labor working outside (0,000)
Hechi	Du'an	175 359	70.21	68.65	18.65	66.65	38.47	15.50
	Dahua	104415	46.05	36.59	12.34	41.66	22.99	16.09
	Donglan	84054	30.79	19.80	6.64	28.05	16.59	7.96
	Bama	68445	28.17	25.95	6.01	25.41	13.63	1.83
	Fengshan	59336	21.95	19.31	5.94	14.22	9.78	8.45
	Yizhou	201 562	66.36	53.40	7.18	55.48	37.25	10.20
Baise	Tiandong	107 386	43.20	37.43	6.71	37.70	23.60	11.40
	Pingguo	144 443	51.21	41.55	4.69	48.33	24.88	9.95
	Tianlin	66923	26.05	23.60	6.71	19.30	14.59	1.70
	Leye	48952	17.39	15.12	4.95	8.98	8.27	2.36
total	1060875	401.38	341.4	66.63	345.78	210.04	85.43	

source: statistical yearbooks (2015) of the project counties/city

2.2.2 Income

In 2014, the average per capita net income of farmers of the 10 project counties/city was 5989 CNY, 2343 CNY or 28.1% lower than the provincial average (8332 CNY). The project counties/city in general are in the poor areas. The main income sources are crop farming and outside working, accounting for 91.9% on average of total family income (above 85% for all HHs). See Table 2-3.

According to the sampling survey data, farmers' per capita income ranges from 2748 to 4568 CNY, all below county average and provincial average level. In general, the project villages are in the areas with more poor population. The farmers' income is mainly consisting of family operational income and wage income. See table 2-4.

Table 2-3 Farmers' Per Capita Income in Project Counties (2014)

Counties/city		Per capita income (CNY)				
		Total	Operational income	Wage income	Transfer Income	Property income
Hechi	Du'an	4622	1826	2222	530	44
	Dahua	5140	1210	3600	50	280
	Donglan	4790	1895	2628	254	13
	Bama	4819	3170	1352	289	35
	Fengsha	4715	1503	2672	428	112

	n					
	Yizhou	7630	4122	2609	803	96
Ba ise	Tiandong	8357	2475	5350	506	26
	Pingguo	6963	3479	3127	324	33
	Tianlin	7925	5523	1573	762	67
	Leye	4926	2919	1694	302	11

Source: Guangxi Zhuang Autonomous Region Statistical Yearbook 2015

Table 2-4 Farmers' Per Capita Income in Project Counties (2014)

Counties/city		Per capita income (CNY)		
		County average	Sample villages average	Difference
He chi	Du'an	4622	2478	2144
	Dahua	5140	4555	585
	Donglan	4790	4018	772
	Bama	4819	2831	1988
	Fengshan	4715	2802	1913
	Yizhou	7630	3456	4174
Bai se	Tiandong	8357	4568	3789
	Pingguo	6963	2966	3997
	Tianlin	7925	3930	3995
	Leye	4926	2359	2567

Source: Guangxi Zhuang Autonomous Region Statistical Yearbook 2015 and community survey.

2.2.3 Land

Guangxi has a total land area of 237,600 km², including forest land 13.32 million hectares, accounting for 56.04%; cultivated land 6.19 million hectares, accounting for 26.04%; grassland 5,200 hectares, account for 0.02%; water area 862,000 hectares, accounting for 3.63%; and other lands 3.3914 million hectares, accounting for 14.27%. The per capita cultivated land is 1.31mu.

As for the 10 project counties, the per capita land area is 19.7mu, per capita cultivated land is 1.53mu, no significant difference with provincial average level. However, the dry land, sloping land, and fragmentary lands in rocky and mountainous areas account for a large proportion, therefore the overall farmland quality is lower than provincial average. Moreover, the project counties have significant differences in land resources, see Table 2-5.

Table 2-5 Land Resources in the Project Counties

Counties/city	Per capita land (mu)	Per capita cultivated land (mu)	Land resources (mu)						
			Total area	Cultivated land	Forest land	Grassland	Water area	others	
Hechi	Du'an	6.3	0.67	4327606	461 993	76400	3015	95292	3690906
	Dahua	16.1	0.45	5899295	206 895	581 745	63570	2037830	3009255
	Donglan	18.5	0.45	3655500	210103	49080	0	196 995	3199322
	Bama	11.4	0.78	2964629	282 611	2232783	172 777	36188	240 270
	Fengshan	130.8	1.14	25265985	220 950	2661000	7635	26400	22350000
	Yizhou	10.9	0.66	5803500	1486889	2256289	411 931	126 785	1521606
Baize	Tiandong	10.2	1.88	3835157	970 541	2228604	201 951	96907	337 154
	Pingguo	8.3	1.35	3460503	690 698	2539027	36519	69588	124 671
	Tianlin	35.1	1.36	8285667	314 889	6970939	193347	101012	705 480
	Leye	24.2	0.76	3660814	377 758	2739217	266 980	71849	205 010
total	19.7	1.53	67158656	67158656	5223327	22335084	1357725	2858846	

Source: compiled from data provided by the PMOs.

2.2.4 Crop Production

In 2014, Guangxi has a total planted area of 6.1861 million hectares, including grain crops 3.0677 million hectares, accounting for 49.6%; and money crops and other crops 3.1184 million hectares, accounting for 50.4%.

The cultivation status of the project counties are shown in Table 2-6. Compared to provincial average, the grain crop cultivation area in the project areas is about 10% higher, money crop cultivation area is 10% lower, which indicates the crop marketization degree is lower than provincial area.

Table 2-6 Crop Production in the Project Counties

Counties/city	Crop cultivation area (mu)					
	Total	Grain crops	%	Money crops	%	
Hechi	Du'an	848520	673845	79.4	174675	20.6
	Dahua	474195	389130	82.1	85065	17.9
	Donglan	284025	236655	83.3	47370	16.7
	Bama	429420	265980	61.9	163440	38.1
	Fengshan	15328	13319	86.9	2009	13.1
	Yizhou	1200870	710400	59.2	490470	40.8

Ba ise	Tiandong	674600	391500	58.0	283100	42.0
	Pingguo	537825	407520	75.8	130305	24.2
	Tianlin	451500	315000	69.8	136500	30.2
	Leye	222958	180174	80.8	42784	19.2
Total		5139241	3583523	69.7	1555718	30.3

Source: compiled from data provided by the PMOs.

Based on field surveys, the project villages' cultivation mainly focuses on grain crops, including corn, rice, sweet potato and soybean, grain crops are mainly for self-consumption. Cash crops include sugarcane, edible mushrooms, mulberry, walnut, mountain grape, orange, mango, bamboo, oil tea, etc.

2.2.5 Livestock

At the end of 2014, the amount of large livestock of Guangxi was 516,600, pigs 1.9358 million, sheep 794,600; calculated by the agricultural population, the per capita large livestock, pig and sheep is 0.2, 0.6 and 0.5, respectively. The livestock of the project counties is basically on the same level of the province.

Table2-7 Livestock in the Project Counties (end 2014)

Counties/city		Amount of large livestock (000)		Pigs (000)		Sheep (000)	
		Total	Per capita	Total	Per capita	Total	Per capita
He chi	Du'an	65.1	0.1	355.2	0.5	296.0	0.4
	Dahua	54.0	0.1	272.0	0.7	148.0	0.4
	Donglan	55.0	0.3	90.9	0.5	60.0	0.3
	Bama	29.4	0.1	152.7	0.6	52.2	0.2
	Fengshan	42.4	0.2	98.7	0.5	41.1	0.2
	Yizhou	99.2	0.2	166.4	0.3	39.5	0.1
Ba ise	Tiandong	66.1	0.2	311.0	0.8	45.0	0.1
	Pingguo	54.5	0.1	240.1	0.6	38.3	0.1
	Tianlin	54.9	0.2	152.1	0.6	49.6	0.2
	Leye	41.0	0.3	96.7	0.6	24.9	0.2
Guangxi		516.6	0.2	1935.8	0.6	794.6	0.2

Source: Guangxi Statistical Yearbook 2015, and data provided by the PMOs.

According to field surveys, livestock of the project villages includes livestock and poultry. Domestic animals mainly include pig, sheep, cow; poultry mainly include chicken, duck and geese; and some special kinds such as fragrant pig and land-living duck. Based on interviews with village leaders and household survey, livestock is mainly for self-consumption with a small portion for sell, scale breeding and sales are very limited.

2.2.6 Competitive Agricultural Industries

Hechi City has sugarcane, vegetables, Chinese medicine, characteristic fruits and mushrooms as its competitive industries, while Baise has vegetables, subtropical characteristic agriculture, fruits, industrial timber and tourism as its competitive industries, those competitive industries are chosen based on local natural conditions, cultivation traditions, geo-advantages and household willingness. See Table 2-8 and 2-9.

Table 2-8 Competitive Crop Industries of the Project Counties

Counties /city	Industry	Planting area	Yield (kg)	Average yield (kg /mu)	Average selling price (CNY/kg)	Available additional planting area	Planned planting area	Area proposed for improvement (mu)	
Hechi	Du'an	Silkworm	38265	3961000	103.5	36.7	5000	1240	0
		Sugarcane	145 605	500 396 000	3437	0.5	0	0	0
		Vitis heyneana	40200	2921000	72.7	6.0	2500	0	0
	Dahua	Citrus	3000	6000000	2000	7	50000	20,000	1500
		Vitis amurensis	15,000	15000000	1000	7	150,000	70,000	0
	Donglan	Chestnut	325000	21000000		4	0	0	0
		Camellia oleifera	120 000	7200000	157	13	200 000	100 000	30,000
		Walnut	218 000	0	0	0	0	0	0
	Bama	Selenium-rich agricultural products	100 000	30000000	300	5	50000	150,000	100 000
		Characteristic Fruit	41000	32800000	800	8	5000	46,000	41000
		Cannabis sativa	50000	750,000	15	15	30,000	80,000	
	Fengshan	Camellia oleifera	220 000	1320000	16	56	25095	6000	3000
		Walnut	96232	398,000	4.1	40	6340	0	1500
	Yizhou	Silkworm	328 000	54800	150	37	5000	330000	5000
		Mushroom	5098	16608	2868	8	200	5000	500
Sugar cane		348,000	1642067	3075	48	12,000	350 000	10000	
Baise	Tiandong	Grain	391 500	130600	334				
		Fruit	395 393	375 923	1590	6.6	19100	6060	0

		Vegetables	283.1	611 496	2160				
Pingguo		Pitaya	34200	16300000	1000	8	4005	100 000	
		Silkworm	80,000	7176350	150	36	2670	100 000	
		Grape	17600	17850000	1050	6		50000	
Tianlin		Camellia oleifera	320 000	8400000	26.25	60	50000	50000	75,000
		Badu bamboo shoots	220 000	4146000	18.85	36	25,000	25,000	50000
		Industrial timber	1525900	1831080m ³	1.2m ³ /mu	800CNY/m ³	250,000	250,000	100 000
Leye		Kiwi fruit	6000	6000000	1000	20	10000	6000	0
		Tea	12,000	7500000	50	200	0	0	1000

Source: data provided by the PMOs.

Table 2-9 Competitive Livestock Industries of the Project Counties

Counties /city		Industry	Amount of existing breeding stock	Output	Average selling price (unit price) (CNY)	Increase potential using existing resources	Planned increase
Hechi	Du'an	Cattle	57800	20600	8000	2200	0
		Sheep	296000	256600	2200	200000	10000
		Pig	355200	410500	1500	0	0
	Dahua	Chicken	530000	2158800	75	1000000	690000
		Goat	253200	183,000	1600	500000	150,000
	Donglan	Silky fowl	10220	11600	80	60,000	90000
	Bama	Pig	75,000	290000	360	50000	40,000
		Goat	52200	85400	1000	15,000	12,000
Fengshan	Poultry	370800	638900	40	0	0	
Yizhou							
Baise	Tiandong	Under-forest chicken raising	8357400	23257000	30	5000000	1000000
	Pingguo	Under-forest chicken raising	7800000	30852800	36	8000000	5000000
	Tianlin	Under-forest chicken raising	54897	152 100	60	49600	0
	Leye	Cattle	16389	5000	7000	3000	1000

Source: compiled from data provided by the PMOs.

Planting and livestock industries of the project counties are overall traditional with a highlight in some local characteristic products; and most of the products are based on local market, so not much work is needed for market development. However, there are no clear solutions for accessing the market when the seasonal fruits such as pitaya and kiwi fruit are produce in large quantities.

2.2.7 Ecological Resettlement Programs

During the 13th 5-year Plan period (2016-2020), 45,179 households of 111 townships in the 10 project counties are expected to be involved in ecological resettlement programs. All these households are located in karst and mountainous areas with poor natural and infrastructure conditions, and therefore relocation resettlement is needed to find new development opportunities. At present, all project counties have conducted preliminary planning for ecological resettlement in which some households will be relocated due to poor production and living conditions. Most of the villages will be partially relocated. Only a small number of villages will be fully relocated. Most of the households will be relocated to the county seat, market town or industrial parks, in a centralized or scattered manner. Some will be relocated to another location within their village, and some will be relocated to a resettlement site developed by the government.

The villages to be included into the Project are selected in consideration of poverty status, potential for agricultural development, as well as natural resource conditions, since villages with extreme hard ecological conditions and poor natural conditions are not suitable for such development. By comparing project villages with the resettlement villages, it can be seen that none of the project villages involve large scale land acquisition and resettlement, or is being planned as a resettlement site for receiving the resettled households. Only a small portion of project villages involve relocation of individual households to the townships, which will not affect project implementation. Some individual villages involve relocation of more households or local relocation where land adjustment will be needed, and coordination is needed to address interaction between land for project purposes and such resettlement sites. Overall, ecological resettlement will not bring systematic risks to the Project. Detail on the counties' ecological resettlement programs and their interaction with the Project are provided in Table 2-10.

Table 2-10 Summary of the Ecological Resettlement Plans of Project Counties (2016-2020)

Counties /city		To be relocated		Resettlement area		Impacts on the Project
		Villages	HHs	Resettlement sites	Resettlement mode	
He chi	Du'an	18 townships	12479	County urban area, townships, within the villages	30% relocated to Hongdu resettlement site in the county seat, 65% to their corresponding township for centralized resettlement, 5% for scattered resettlement	No village level data is available. According to the poverty alleviation office, the project villages only include a few households to be relocated, doesn't involve resettlement, and no impact on the Project
	Dahua	18 villages in 12 townships	7749	12 townships, 18 villages and the county's urban area	Resettlement within the villages, and in townships and the county seat, some villages will be relocated entirely.	The project villages do not involve relocation or resettlement. No impact on the Project;
	Donglan	58 villages in 13 townships	3609	13 townships, 22 villages	Resettlement within the villages, to the townships, industrial parks, centralized resettlement in key townships and the county seat.	The project villages do not involve relocation or resettlement. No impact on the Project
	Bama	8 villages in 7 townships	187	7 townships, 8 villages	Resettlement within the villages, no land acquisition	The project villages do not involve relocation or resettlement. No impact on the Project
	Fengshan	33 villages in 8 townships	4719	county seat	Centralized or scattered resettlement in the county seat	Among 15 project villages, 7 villages of Changzhou town involve relocation of 253 HHs to the county seat, the affected HHs are distributed sporadically, and project implementation will not be affected.
	Yizhou	39 villages in 10 townships	528	Industrial Park, within the villages	Most will be resettled in the industrial park, some resettled within the villages	Among 10 project villages, 3 villages will involve relocation of 65 HHs to the industrial park, affected HHs are distributed sporadically, and project implementation will not

						be affected.
Bai se	Tiandong	260 villages in 10 townships	7515	County seat, townships	Most will be relocated to the county seat or the 7 resettlement villages, some individual households will be relocated within the villages	Among the 10 project villages, 7 villages will involve relocation of 336 HHs to the resettlement villages, affected HHs are distributed sporadically, project implementation will not be affected. However Naban Village will involve relocation of 129 HHs, which may affect project implementation.
	Pingguo	102 villages in 12 townships	3611	County seat	All relocated to the county seat, centralized or scattered	Among 15 project villages, 11 villages will involve relocation of 509 HHs to the county seat, most affected HHs are distributed sporadically, and the project implementation will not be affected. However Balong Village will involve relocation of 220 HHs, which may affect project implementation.
	Tianlin	14 townships	3407	County seat, townships, within the villages	NA	No village specific data is available. According to the poverty alleviation office, the project villages only involves a few households to be relocated, doesn't involve resettlement, and no impact on the Project
	Leye	45 villages in 7 townships	1393	7 townships, 6 villages	Most will be relocated to the corresponding towns, and 6 villages will be relocated entirely.	Among the 10 project villages, 2 villages involve relocation of 89 households within their villages, where land adjustments will be required, which may affect project implementation. Land use needs to be properly coordinated.

Source: compiled from data provided by the PMOs.

2.3 Cooperatives

As of December 2015, the 10 project counties of Guangxi have a total a 1310 FPCs, including 489 crop planting cooperatives, accounting for 37.3%; 445 livestock and poultry breeding cooperatives, accounting for 34%; 162 agricultural machinery, technical service and other service cooperatives, accounting for 12.4%; 180 planting, breeding and processing integrated cooperatives, accounting for 13.7%; and 7 tourism and other types of cooperatives, accounting for 0.5%. In terms of operation performance, 257 are operating properly, accounting for 19.6%; 265 are operating just ok, accounting for 20.2%; and 788 are operating badly, accounting for 60.2%.

Table 2-11 Basic Information of Existing Cooperatives

Counties/city)		Number of FPCs	Types						Operation Performance		
			Planting	breeding	service	Sales	integrated	Others	good	ok	Poor
Hechi	Du'an	133	61	27	18	10	17	0	27	20	86
	Dahua County	144	24	64	19	1	36	0	21	20	103
	Donglan	134	29	69	17	3	16	0	33	27	74
	Bama	94	57	10	15	4	7	1	17	12	65
	Fengshan	62	22	22	8	0	10	0	12	7	43
	Yizhou	197	112	27	36	0	22	0	37	53	107
Baishan	Tiandong	136	55	62	9	0	7	3	30	23	83
	Pingguo	135	48	44	18	6	19	0	26	26	83
	Tianlin	129	30	75	14	1	8	1	26	35	68
	Leye	146	51	45	8	2	38	2	28	42	76
Total		1310	489	445	162	27	180	7	257	265	788

Source: compiled from data provided by the PMOs.

More than 60% of the existing cooperatives cannot operate properly. According to the industrial and commercial bureaus, some of the cooperatives are only established to enjoy government subsidy policy, those cooperatives even did not have a proper start. Some cooperatives function as intermediary, however the farmers will sell their products directly when the market prices are good, instead of selling through the cooperatives, and expect purchase from cooperatives at a guaranteed minimum price when the market is bad, resulting in unsustainable operation. Moreover the cooperatives themselves cannot maintain stable sales channels to help the farmers due to market fluctuations. And some cooperatives

did not make annual registration, or there is a loss of contract with the management personnel of the cooperatives, such cooperatives are deemed to have stopped the operation.

3 Socioeconomic Profile of Project Villages

3.1 Overview of Survey Respondents

560 valid copies of questionnaire were recovered from 560 HHs (average family size is 4.5 persons) with 2,520 persons (including a labor force of 2,199 persons), including 2,248 minority population, account for 91.9%; 210 women population, accounting for 37.5%.

3.1.1 Age Distribution

Among the 560 sample HHs, 575 persons were aged below 18 years, accounting for 22.8%; 1835 aged 18-59 years, accounting for 72.8%; 110 aged 60 years or above, account for 4.4%. Age distribution is shown in Table 3-1. On the overall, the ages are presenting normal distribution, labor at the age of 18-60 account for 72.8% of the total, they will balance outside working with project inputs, therefore the labor force is secured.

Table 3-1 Age Distribution of Survey Respondents

Age	Male		Female		Total	
	Population	%	Population	%	Population	%
≤6	125	9.16	85	7.4	210	8.4
7-17	215	15.7	150	13.0	364	14.5
18-35	453	33.1	373	32.3	825	32.8
36-50	327	23.9	290	25.1	616	24.5
51-60	209	15.3	185	16.0	394	15.6
≥61	38	2.8	72	6.3	110	4.4
Total	1366		1154		2520	

Source: data compiled from SA survey.

3.1.2 Education

In the 2,520 sample population from 560 HHs, 1,251 persons received primary school education or below, accounting for 49.6%; 823 persons received junior high school education, accounting for 32.7%; 254 persons received high school or secondary school education, accounting for 10.1%; 192 persons received junior college or above education, accounting for 7.62%. Education level distribution is shown in Table 3-2. The persons only received primary school education or below account for nearly half of the total, which will have certain negative impact on the Project, especially when new industries, product varieties or new planting or breeding techniques are involved, therefore more technical support will be needed under the Project.

Table 3-2 Educational Level of Survey Respondents

Educational level	Male		Female		Total	
	Population	%	Population	%	Population	%
Illiterate	155	11.4	259	22.4	414	16.4
Primary school	435	31.8	402	34.8	837	33.2
Junior high school	508	37.2	315	27.3	823	32.7
Senior high school/secondary school	154	11.3	100	8.7	254	10.1
Junior college	110	8.2	72	6.2	182	7.2
University	4	0.3	6	0.5	10	0.4
Master or above	0	0.0	0	0.0	0	0.0
Total	1366		1154		2520	

Source: data compiled from SA survey.

3.1.3 Main Occupation

1,180 out of the 2,520 sample population are farmers, accounting for 46.8% of the total labor force; 476 are students, accounting for 18.9%; 63 are migrant workers, accounting for 2.5%, see Table 3-3. A high proportion of the samples are doing farming locally, which will provide more labor for the project activities; the proportion of samples engaged in business or processing is low, indicating that community linkage with the market is more relying on outsiders. According to the FGDs, most communities are relying on outside vendors for product sales, which also indicate poor linkage between local products and the market. Therefore the strengthening of community and market linkage is very important when the Project promotes scale production.

Table 3-3 Occupation Distribution of Survey Respondents

Occupation	Male		Female		Total	
	Population	%	Population	%	Population	%
Farmer	560	41.0	620	53.7	1180	46.8
Business or processing	24	1.8	24	2.1	48	1.9
Amy/police	3	0.2	2	0.2	5	0.2
Government employee	14	1.0	7	0.6	21	0.8
Retiree	1	0.1	0	0.0	1	0.0
Employee of local private enterprises	14	1.0	8	0.7	22	0.9
Working outside (long term)	219	16.0	116	10.1	335	13.3

Working outside (short term)	41	3.0	22	1.9	63	2.5
Housewife	8	0.6	9	0.8	17	0.7
Village leaders	66	4.8	13	1.1	79	3.1
Student	276	20.2	200	17.3	476	18.9
Others	140	10.3	133	11.5	273	10.8
Subtotal	1366		1154		2520	

Source: survey data compilation

3.1.4 Ethnic Minority Population

Among the sample population, a majority of 1941 population are Zhuang people, accounting for 78.3%; 276 are Yao people, accounting for 11.0%; and 243 Han people, accounting for 9.6%. See Table 3-4.

Table 3-4 Ethnic Minority Distribution of the Samples

Nationality	Male		Female		Total	
	Population	%	Population	%	Population	%
Zhuang	1088	79.8%	886	76.6%	1974	78.3%
Yao	115	8.4%	161	13.9%	276	11.0%
Miao	0	0.0%	2	0.2%	2	0.1%
Maonan	2	0.1%	3	0.3%	5	0.2%
Dong	0	0.0%	0	0.0%	0	0.0%
Han	152	11.1%	91	7.9%	243	9.6%
Others	7	0.5%	13	1.1%	20	0.8%
Subtotal	1364	100.0%	1156	100.0%	2520	100.0%

Source: data compiled from SA survey.

3.1.5 Income

Based on the survey of 29 sample villages, the farmers' per capita net income range from 2400~6000CNY, mainly consisting of operational income from cultivation and breeding and wage income from working outside, see table 3-5. Their income sources are very limited, and will be affected when there are less opportunities of outside employment.

The average per capita income of the villages is lower than that of the counties and the province. The villages proposed for the Project are all poor or low income villages, which is in line with the Bank's requirement of targeting the poor.

As a result of low income, farmers do not have enough funds to invest in the projects,

especially when it involves large investment or long profit returning cycle. Whether the farmers can provide capital and labor input for the project while maintaining their livelihood is a potential risk.

Table 3-5 Per Capita Income of the Samples

Counties/city		Per capita net income (CNY)			
		Total	Operational income	Wage income	Other income sources
Hechi	Du'an	2478.4	2040.1	438.3	0
	Dahua	6738.6	1716.8	4159.0	862.8
	Donglan	8769.8	5432.8	2558.2	778.7
	Bama	2830.6	1417.7	1333.4	79.5
	Fengshan	1483.0	1180.1	279.0	23.8
	Yizhou	3352.5	1455.1	1412.3	485.0
Baise	Tiandong	5446.2	2684.0	1913.4	848.8
	Pingguo	25695.6	16702.2	6424.2	2569.2
	Tianlin	5846.2	4232.4	1360.2	253.5
	Leye	2405.8	1221.8	924.0	260.1

Source: data compiled from SA survey.

3.1.6 Land

According to the sampling survey, the per capita land is 10.3mu, and the per capita farmland is 1.23mu, far lower than the county averages which are 19.7mu and 1.53mu, respectively, and the per capita levels of the villages have huge differences. Limited land resource is also one of the main causes of poverty of the project villages. The land resources of the project villages are shown in Table 3-6.

Table3-6 Land Resources of the Project Villages

Counties/city	Sample villages	Land Resources (mu)					Village population	Per capita land (mu)	Per capita farmland (mu)	
		Total area	Farmland	Garden plot	Forest land	Others				
Hechi	Du'an	Anle	30375	3945	45	10215	16170	1900	16.0	2.08
		Yuanli	38154	1682	0	105	36367	2450	15.6	0.69
		Yijiang	31710	1275	0	870	29565	3120	10.2	0.41
	Dahua	Longkou	37470	9930	345	22050	5145	5170	7.2	1.92
		Renliang	24225	2265	2	780	21178	2288	10.6	0.99
		Duyang	30045	3225	330	19320	7170	5800	5.2	0.56
	Donglan	Dongli	16901	915	375	3926	11685	1538	11.0	0.59
		Banlong	44550	2010	12835	15820	13885	4028	11.1	0.50

	Bama	Banlao	17460	1005	5940	7515	2900	2680	6.5	0.38	
		Panyang	17721	4237	318	9645	3521	3250	5.5	1.30	
		Bana	20649	1844	0	0	19105	1140	18.1	1.62	
		Yanting	31170	1427	0	10940	287	2002	15.6	0.71	
	Fengshan	Nalao	2930	723	0	2087	120	1634	1.8	0.44	
		Shanglin	9586	993	1500	7093	0	2089	4.6	0.48	
		Pocha	2481	2300	0	0	181	2915	0.9	0.79	
	Yizhou	Yantian	39398	3655	0	31118	3861	1400	28.1	2.61	
		Baiwei	23878	2885	0	77	21951	1620	14.7	1.78	
		Guwen	7688	735	3	8848	1831	520	14.8	1.41	
	Baise	Tiangong	Daban	12020	2524	300	350	2050	2876	4.2	0.88
			Lianhe	12020	6839	0	358	4823	1984	6.1	3.45
Naban			37498	1547	520	13025	947	1557	24.1	0.99	
Pingguo		Paolie	38100	6675	2130	28230	1065	6980	5.5	0.96	
		Xin'geng	9975	1035	75	8070	795	1459	6.8	0.71	
Tianlin		Sanyao	4764	4370	0	254	140	2183	2.2	2.00	
		Pingbu	56104	3024	550	50500	2030	1786	31.4	1.69	
		Wenhua	38124	2177	181	33866	1901	1413	27.0	1.54	
Leye		Dacun	31010	2000	2000	20,000	7010	3230	9.6	0.62	
		Leweng	25558	1144	4702	7191	12521	1183	21.6	0.97	
		Huangping	53577	12644	2493	37370	1070	2364	22.7	5.35	
total			745141	89030	34644	349622	745141	72559	10.3	1.23	

Source: compiled from the data provided by the PMOs.

3.1.7 Access to Public Services

The average distance of the 29 sample villages to the townships is 10.3km, 21m at the farthest. 27 villages have access to paved roads; 26 villages have primary schools, 6 villages each have 2 primary schools, children can go to school nearby; 26 villages have clinics, in which 24 villages have public clinics, 2 villages have private clinics; 7 villages have access to markets within 2km, accounting for 24.1%; 28 villages have electricity and water connections, 18 villages have access to tap water, 4 villages have partial access to tap water, 6 villages use water cellars or wells. Generally speaking, the project villages already have the basic infrastructures (i.e. water, electricity and road), education and health facilities, which lays the foundation for industrial development. On the other hand, all of the villages are in remote locations, even though most villages have access to hardened roads for village entry, the village roads and production roads are still inadequate and need improvement according to the group discussions. In addition, the market access is very limited, only 1/4 of the villages have markets nearby, and most villages are relying on outside vendors to sell their products.

Table 3-7 Infrastructure of the Sample Villages

Area		Distance to the townships (km)	Hardened road	Primary School	Clinics	Market within 2km	Electricity	Tap water	
Hechi	Du'an	Anle	4	Yes	1	1	0	Yes	Yes
		Yuanli	5	Yes	1	1	0	Yes	Yes
		Yijiang	21	No	1	1	0	Yes	Yes
	Dahua	Longkou	8	Yes	1	1	1	Yes	Yes
		Renliang	14	Yes	2	1	0	Yes	Yes
		Duyang	0(town seat)	Yes	2	0	1	Yes	Yes
	Donglan	Dongli	6	Yes	1(second grade)	1	0	Yes	Yes
		Banlong	0(town seat)	Yes	1	1	1	Yes	Yes
		Banlao	0(town seat)	Yes	1	1	1	Yes	Yes
	Bama	Panyang	6	Yes	2	2	0	Yes	Half type water, half from well
		Bana	6	Yes	1(third grade)	1	0	Yes	No
		Yanting	14	Yes	2	1	0	Yes	Yes
	Fengshan	Nalao	20	Yes	1	2	0(2.5km)	Yes	No for 3 groups
		Shanglin	17	Yes	2	1	0	Yes	No for 1 group
		Pocha	21	Yes	1	1	0	Yes	No

	Yizhou	Yantian	12	Yes	1	1	0	Yes	No
		Baiwei	6	Yes	1	1	0	Yes	Yes
		Guwen	19	Yes	0	1	0	Yes	No
Baise	Tiandong	Daban	7	Yes	1	1	0	Yes	Yes
		Lianhe	13	Yes	1	1	1	Yes	Yes
		Naban	8.5	Yes	1	1	0	Yes	Yes for 2/3
	Pingguo	Paolie	7	Yes	2	3	1	Yes	Yes
		Xingeng	18	Yes	1	1	0	Yes	Yes
	Tianlin	Sanyao	20	Yes	1	1	0	Yes	No
		Pingbu	8.5	Yes	1	1	0	Yes	Yes
		Wenhua	12	No	0	1	0	Yes	Yes
	Leye	Dacun	12	Yes	1	1	0	Yes	No
		Leweng	14	Yes	1(third grade)	0	0	Yes	Yes
		Huaping	0	Yes	1	2	1	Yes	Yes

Source: interviews with village leaders and villager representatives.

3.1.8 Poverty and Ethnic Minority

Among the 29 sample villages, 28 are poor villages, accounting for 96.6%; 26 are ethnic minority villages, accounting for 89.7%, including 25 Zhuang villages and 1 Yao village. The sample villages are selected to cover the poor villages and minority villages, which can reflect the general structure of the project villages.

Table 3-8 Poverty and Ethnic Minorities in the Sample Villages

Area		Poor village	Minority Village	Number of poor households	Number of minority households	Per capita net income (CNY)	Per capita farmland (mu)	Skilled labor	
Hechi	Du'an	Anle	Yes	Yes	118	415	3670	2.11	40
		Yuanli	Yes	Yes	199	579	2730	0.75	84
		Yijiang	Yes	Yes	325	742	3020	0.40	60
	Dahua	Longkou	Yes	Yes	126	1242	5706	1.94	620
		Renliang	Yes	Yes	25	568	3200	1.10	372
		Duyang	no	Yes	103	1399	5120	0.69	445
	Donglan	Dongli	Yes	Yes	87	326	4080	0.60	50
		Banlong	Yes	Yes	320	1011	4219	0.50	79
		Banlao	Yes	Yes	19	683	3786	0.35	278
	Bama	Panyang	Yes	Yes	108	708	2300	1.33	160
		Bana	Yes	Yes	64	41	3900	1.61	92
		Yanting	Yes	Yes	37	441	3385	0.73	29
	Fengshan	Nalao	Yes	Yes	138	386	4320	0.43	64
		Shanglin	Yes	Yes	90	530	2300	0.45	72
		Pocha	Yes	No	208	5	2470	0.87	104
	Yizhou	Yantian	Yes	Yes	153	364	3850	2.56	10
		Baiwei	Yes	Yes	106	474	2580	1.86	62
		Guwen	Yes	Yes	50	171	2600	1.40	121
Tiandong	Daban	Yes	Yes	158	703	5477	0.88	140	
	Lianhe	Yes	Yes	113	113	2750	3.45	140	
	Naban	Yes	Yes	191	0	2300	0.99	25	

Baise	Pingguo	Paolie	Yes	Yes	129	1941	8154	0.97	980
		Xingeng	Yes	Yes	116	341	3468	0.71	32
	Tianlin	Sanyao	Yes	Yes	156	302	4500	2.23	35
		Pingbu	Yes	Yes	102	63	5200	1.61	34
		Wenhua	Yes	Yes	23	319	4418	1.54	19
	Leye	Dacun	Yes	No	328	383	1966	0.55	232
		Leweng	Yes	Yes	103	145	2300	0.97	88
		Huaping	Yes	No	215	25	3000	4.36	95
	Average			\	\	135	497	3682	1.31

Source: data compiled from SA survey.

4 Stakeholder Analysis

4.1 Stakeholder Identification

Stakeholders refer to the individuals or groups that can affect or be affected by the realization of the project objectives. The stakeholders can be divided into primary and secondary stakeholders, depending on the degree of influence.

Based on the field survey and interviews with concerned agencies, the primary stakeholders of the Project are identified as follows:

- Farmers in the project area, especially the poor households, women and ethnic minority group
- Village leaders, management personnel of the cooperative
- Poverty Alleviation Office/ PMOs
- Business Incubation Center
- Enterprises associated with the development of industrial chains and their heads
- Potential leaders such as returnee entrepreneurs and college graduates
- Existing cooperatives

Identified secondary stakeholders include:

- Other concerned government agencies including agriculture bureau, animal husbandry bureau, labor and human resources bureau, forestry bureau, tourism bureau, etc.
- Leading Enterprises
- Wholesalers related to the cooperatives' industries.

Table 4-1 summarizes the major concerns of the primary stakeholders on the Project, and the extents to which they can affect or be affected by the Project.

Table 4-1 Project Primary Stakeholders

Primary stakeholders	To what extent they can affect the Project	To what extent they can be affected by the Project	Major concerns
Poor households	•	•••	Demand analysis, project inclusiveness, the level of benefit and participation
Women	•	•••	Demand analysis, project inclusiveness, the level of benefit and participation
Ethnic minorities	•	•••	Demand analysis, project inclusiveness, the level of benefit and participation
Village leaders/coordinators	••	••	The basic situation of the community, priority given to the key target groups (the poor, women, minorities), public participation, pertinence of infrastructure construction
Cooperative managers/member	••	••	Benefit mechanism, risk analysis and participation mechanism for the existing and new members and non-members of the cooperatives
Owners of related enterprises	••	••	Profit distribution mechanism with farms, risk sharing, farmer participation and extent
Returnee entrepreneurs, college student entrepreneurs	•	••	Entrepreneurs' opportunities and limitations, profit distribution mechanism with farms, risk sharing, farmer participation and extent
PMOs/Poverty Alleviation Office	•••		The fitness of project planning with the needs of the target group, how to facilitate farmers participation, establishing communication and complaint channels, innovative ideas on livelihood.
Business Incubation Center	•••	••	Opportunities and constraints for establishing business incubation centers; provision of technical training, registration, commercial management, planning and financial services; connection with processing and market; market analysis practice and effectiveness;
Bureaus of agriculture, labor and Human resources	••		Fitness of technical training and labor training with the needs of the target group

4.2 Community Stakeholders' Participation

4.2.1 Participation Process

Currently the Project is at its preparation status, it is found that the project publicity is only conducted to some extent among village leaders, no large scale publicity has been conducted yet, therefore the farmers' awareness of the project is insufficient. According to the sampling survey, 49.1% of the households heard of the Project, the main channels to know the project are through village meeting or other people, most of the people only know some or very little about the Project. Project publicity was also conducted during the SA. With the project progressing, more project participation activities will be conducted.

4.2.2 Participation Outcome

Even though the farmers are not very aware of the Project, their expectations are high. According to the survey, 64.0% of the farmer households think the Project is very important for their income increase; 89.8% think it is necessary to establish cooperatives, and 23 villages have already established cooperatives. See Table 4-2.

Table 4-2 Farmers' Attitudes towards and Awareness of the Project

		Han		Zhuang		Other minorities		All households	
		HHs	%	HHs	%	HHs	%	HHs	%
Project Importance to family income growth	● Very important	16	76.2	150	64.1	10	50.0	176	64.0
	● Important	4	19.1	76	32.5	9	45.0	89	32.4
	● Average	0	0.0	6	2.6	1	5.0	7	2.6
	● Not important	1	4.8	1	0.4	0	0.0	2	0.7
	● Doesn't matter	0	0.0	1	0.4	0	0.0	1	0.4
Is it necessary to establish cooperatives	● Necessary	43	93.5	407	89.7	53	88.3	503	89.8
	● Not necessary	3	6.5	47	10.4	7	11.7	57	10.2
Willingness to contribute more labor input	● Willing	43	93.5	382	84.1	51	85.0	476	85.0
	● Not willing	3	6.5	72	15.9	9	15.0	84	15.0

Attitude to the Project	● Very supportive	32	69.6	308	67.8	34	56.7	374	66.8
	● Supportive	11	23.9	128	28.2	23	38.3	162	28.9
	● Indifferent	3	6.5	18	4.0	3	5.0	24	4.3
	● Opposition	0	0.0	0	0.0	0	0.0	0	0.0
	Reasons for opposition								

Source: Compiled from SA survey.

4.3 Stakeholder Demand Analysis

4.3.1 Project Villages' Demand for Cooperatives

Among the 29 sample villages, 15 villages have established 19 FPCs before project intervention or publicity, with a focus on planting and breeding. There are also a few agricultural machinery service cooperatives. Among the 19 cooperatives, 7 were established voluntarily, initiated by local capable persons or influential families, or by outside influential families (2 cooperatives). The remaining 12 cooperatives were established under government facilitation. Based on the discussions with village leaders and villager representatives, they all think it is necessary to establish cooperatives.

Facilitated by the World Bank Project, 10 out of the 29 sample villages have established 10 cooperatives, including 9 cooperatives established under PMOs' support and 1 established voluntarily. The remaining 19 villages are also preparing for establishment. See Table 4-3.

Table 4-3 Cooperative Establishment by the Sample Villages

Existing cooperatives		Establishment under Project				Process of establishment			
Facilitated by government	Voluntarily	Established		To be established		Voluntarily		Facilitated by the Project	
Number	Number	Number	%	Number	%	Number	%	Number	%
12	7	10	34.5	19	65.5	1	10.0	9	90.0

Source: compiled from SA survey.

The village leaders and villagers' representatives think the major benefits from establishing cooperative include unified management, production and sales, and secured sales, which allow industry to grow and increase the income; they think the advantages to develop industry are plantation and breeding industry basis and experience; they think the difficulties in developing cooperatives are the lack of fund and infrastructure, and inadequate understanding and managerial experience in cooperative, some villages think technology is also a restrictive condition. In addition to the improvement in fund and infrastructure, the

villagers' expectations on the project mainly focus on training and management support, especially in cooperative operation and management. See Table 4-4.

Table 4-4 Village leaders and Villager Representatives' Perceptions of and Needs for Cooperatives

Subject	Perceptions and Needs
Benefits from establishing cooperatives	<ol style="list-style-type: none"> 1. Unified management of production, sales and other aspects(9) 2. Secured sales(7) 3. Enable industrial growth, and low risk and pressure for individuals(7) 4. Reduce unit costs, increase income (7) 5. Technical support (3) 6. broader access to information (2) 7. Rational division of labor and operation (2) 8. More government financial support (2) 9. Rich management experience (1) 10. Strong analysis capacity (1) 11. Branding facilitation (1) 12. Contiguous land allows mechanical operations (1) 13. Financial support to poor households (1) 14. Financial transparency (1) 15. Additional income source (1) 16. Households without labor can also have income(1)
Favorable basic conditions in place	<ol style="list-style-type: none"> 1. Planting and breeding industry foundation , and households specialized in planting and breeding (13) 2. Planting and breeding experience (9) 3. Core members (8) 4. Sales channels (6) 5. Leading enterprises in related areas (5) 6. Provision of unsecured loans up to 30,000 CNY (5) 7. Advanced technology (3) 8. Credit villages can apply for unsecured loans up to 50,000 to 100,000 CNY (2) 9. Rich tourism resources (2)
Difficulties and obstacles	<ol style="list-style-type: none"> 1. Funds (14) 2. Infrastructure (7) 3. Lack of understanding of and experience in cooperative(7) 4. Technology (5) 5. Members are difficult to mobilize(3) 6. Transportation(2) 7. Signing contract with companies (2) 8. Sales channels (2) 9. Limited management capacity (2)

	10. Materials for planting and breeding (1) 11. Members are difficult to train due to low educational level(1) 12. No one to initiate(1) 13. Doesn't play its roles as a cooperative(1)
Needs for support, including training, credit access	1. Knowledge on establishment process, constitution and operation of cooperatives (13) 2. Management training, especially on financial management(3) 3. Technical training (3) 4. Technical training for poor households (2) 5. Sales support (2) 6. Attract more members (1) 7. Funds (1) 8. Infrastructure (1)

Source: data compiled from SA survey.

As for the lead persons of cooperatives, most of the village leaders and villager representatives are not sure who is more suitable. On one hand, they think the lead persons should be elected by the cooperative members to be fair; on the other hand, they think the capable persons, influential households or enterprises are better for the position as they are more capable in terms of product sales, and the profit is more secure. Currently some of the cooperatives that are established under project facilitation are being led by the village leaders, some of which doesn't support this organizational form, they are more obliged by the responsibilities of being village leader than willing. They wish that this role should be undertaken by specialized personnel.

Table 4-5 Views on the Organizational Form of Cooperatives

		Cooperatives established		Cooperatives not established		Reasons
		Number of villages	%	Number of villages	%	
Who is better to lead	● Villages cadres	3	10.3	0	0.0	Village leaders have to because there is no one else to
	● Capable persons/influential households (contract)	1	3.5	0	0.0	They have experience
	● Election	8	27.6	4	13.8	Fair, encouraging for the capable persons
	● Not sure	11	37.9	2	6.9	

Source: compiled from SA survey.

Similarly they are not sure about what organizational form is better for industrial development including production and sales, some prefer cooperation with companies; some prefer establishing cooperatives to allow unified production and management. The farmers are lack of experience in general in terms of marketing for scale production, therefore project assistance is needed.

Table 4-6 Views on the Organizational Form of Cooperatives

		Cooperatives established		Cooperatives not established	
		Number of villages	%	Number of villages	%
The most appropriate organizational form for industrial development	● Cooperation with companies, purchase at protected prices	4	13.8	1	3.5
	● Contracting by capable persons, farmers contribute labor as required	0	0.0	2	6.9
	● Unified production and management through cooperatives	4	13.8	0	0.0
	● Cooperatives responsible for organizing production+ companies responsible for purchase / sales	3	10.3	3	10.3
	● Not sure	12	41.4	0	0.0

Source: compiled from SA survey.

4.3.2 Poor Households' Demand for Cooperatives

Based on the participatory survey, the main demand of poor households for cooperatives is assistance in product sales, followed by technical services. 82% of the poor households are willing to contribute labor, 94.5% of the poor households strongly support or support the Project, no households is in opposition of the Project.

Table 4-7 Poor Households' Demands for and Attitudes towards the Project

		Poor households		Non-poor households		All households	
		Number	%	Households	%	Number	%
Functions of cooperative	● Assist product sales	227	62.7	145	73.2	372	66.4
	● Provide technical services	204	56.4	135	68.2	339	60.5
	● Building brand to raise selling price	150	41.4	117	59.1	267	47.7
	● Address difficulties individuals can not address	150	41.4	88	44.4	238	42.5
	● Not sure	56	15.5	9	4.5	65	11.6
Willingness to contribute labor	● Willing	297	82.0	181	91.4	478	85.4
	● Unwilling	65	18.0	17	8.6	82	14.6
Attitudes to the Project	● Very supportive	222	61.4	152	76.8	374	66.8
	● Supportive	120	33.1	42	21.2	162	28.9
	● Indifferent	20	5.5	4	2.0	24	4.3
	● Opposition	0	0.0	0	0.0	0	0.0

Source: compiled from SA survey.

Compared to average households, the poor households have higher expectations about the Project. As poor households are more in need of cash income, sometimes they have to sell their product even though the price is considered not good; therefore they are more in need of assistance in sales. Non-poor households, who have certain experience and basis for industrial development, attach more importance to the technical and branding aspects. In terms of other aspects, there is not much difference between the poor and average households.

4.3.3 Minorities' Demand for Cooperatives

Based on the participatory survey, the main demand of the minority households for cooperatives is assistance in product sales, followed by technical services. 85.0% of the minority households are willing to contribute labor; more than 95% of the minority households strongly support or support the Project, no households is in opposition of the

Project. Generally speaking, the demands of different nationalities for the project are similar.

Table 4-8 Minority Households' Demand for and Attitudes towards the Project

		Han HHs		Zhuang HHs		Other minorities HHs		All HHs	
		Number	%	Number	%	Number	%	Number	%
Functions of cooperative	● Assist product sales	33	71.7	297	65.4	42	70.0	372	66.4
	● Provide technical services	32	69.6	270	59.5	37	61.7	339	60.5
	● Building brand to raise selling price	23	50.0	214	47.1	30	50.0	267	47.7
	● Address difficulties individuals can not address	16	34.8	203	44.7	19	31.7	238	42.5
	● Not sure	5	10.9	50	11.0	10	16.7	65	11.6
Willingness to contribute labor	● Willing	43	93.5	384	84.6	51	85.0	478	85.4
	● Unwilling	3	6.5	70	15.4	9	15.0	82	14.6
Attitudes to the Project	● Very supportive	32	69.6	307	67.6	35	58.3	374	66.8
	● Supportive	11	23.9	129	28.4	22	36.7	162	28.9
	● Indifferent	3	6.5	18	4.0	3	5.0	24	4.3
	● Opposition	0	0.0	0	0.0	0	0.00	0	0.0
	Reasons for opposition								

Source: compiled from SA survey.

4.4 Other Primary Stakeholders

4.4.1 Poverty Alleviation Offices/ PMOs

The counties/city PMOs are the coordination and management agencies of the project implementation, their understanding on the project and management capacity will have great

impact on the Project. Therefore a brief analysis on the PMOs was made in this report.

- **Institutional arrangements**

PMOs have been established in all of the 10 project counties. There are two ways of institutional arrangements: (1) PMOs are established as second-tier units affiliated to the poverty alleviation office, the staffing comes from 4 sources: a. seconded from each section of the poverty alleviation office to form a section (such as Tianlin County); b. separate the responsibilities of PMO and assign them to relevant personnel; c. establish a new second-tier unit with staffing seconded from relevant county agencies or townships (such as Bama County); d. former PMOs converted to new PMOs with staffing consisting of personnel of poverty alleviation offices and former PMO staff, and personnel seconded from state-run plants (such as Fengshan County). In addition, a project leading group has been established in each county, consisting of county head, vice county head and officials from other relevant agencies; meanwhile, the project counties have established expert consulting committees for the World Bank Project. (2) PMO is established as an independent agency (such as Pingguo County), remained from former PMO, same level as the poverty alleviation office. The personnel are relatively independent and stable.

- **PMO Staffing**

The staffing of the PMOs includes a director appointed from the officials from the poverty alleviation offices in charge of the World Bank Project, a full time deputy director, and financial staff and cashier; some counties (such as Bama and Fengshan) already assigned full time procurement staff; some counties already recruited cooperative counselors (for example, Tiandong County has recruited 3 cooperative counselors); most of the PMOs have 8-9 personnel, Fengshan County PMO has 12 personnel.

- **Experience and knowledge of the PMO personnel**

Most of the PMO staffs come from poverty alleviation offices, most staffs have many years of experience in poverty alleviation, they have also built up experience in participatory poverty alleviation through previous World Bank Project and poverty alleviation project using public welfare fund from lottery, these experience is very valuable for project implementation. However it is found during the assessment that most PMO staffs are lack of knowledge and experience in such poverty alleviation model that are market-oriented and organizes in the unit of cooperative. The lack of experience and knowledge can be reflected in the following aspects:

(1) All counties have selected 2~3 dominant industries for poverty alleviation, these industries are also consistent with the counties' dominant industries, with industrial development plans already developed. However most of the PMO staff members do not have clear ideas about how the product will enter the market, or where the market is.

(2) They are also lack of experience in establishing cooperatives. The cooperatives already established are still based on the old administrative framework with the village leader being the initiator/manager.

(3) They do not know how to find partner enterprises or how to build an industrial chain.

(4) As for the establishment of incubation centers, the PMOs have already some initial ideas and started to look for potential partners. But most of the staffs are not sure about the orientation of incubation centers, relationship between the centers and the PMO, where to invest to expedite incubation centers, affiliation of the cooperative counselors, etc. Individual counties have develop specific plans for incubation center, but it seems like the incubation centers planned are more like affiliated agencies under the PMOs, the prospect is not clear on the market-oriented operation of the incubation centers.

- **Other difficulties of the PMOs**

(1) Some PMOs are dependent on the poverty alleviation offices; PMO staff cannot be fully devoted to the Project as they also need to undertake works from the poverty alleviation office. Some PMOs have inadequate number of staffs, and the staffs have limited energy putting into project implementation as they are very much occupied with preparing all kinds project documents and filling out tables.

(2) Some PMO staff lack experience in such innovative poverty alleviation program, and relevant trainings and workshops are inadequate, therefore they are not very clear about the project concept, project scope or implementation method. On the other hand, under the current policy environment of stringent anti-corruption and regulation compliance, the innovative and independent thinking of the project personnel on how to implement projects has been restrained, they are more worried about avoiding mistakes due to lack of “clear document support.”

(3) Another issue related to the above point is the difficulty in recruiting community facilitators. Even though people are all in support of the recruitment, most of the PMOs haven't started the recruitment process. This is because the recruitment of community facilitators is only documented in the MOUs, unless an official document on the recruitment is issued by the provincial poverty alleviation office, the counties are lack of initiative to recruit. Another possible reason is that acquiring approval from government has run into difficulties.

(4) Due to the nation-wide reform on official use of cars, the PMOs will not possess any vehicles, which makes it difficult to visit the project sites and facilitate project implementation.

4.4.2 Potential Partner Enterprises

One important aspect of the Project is to support the enterprises linked with the farmers' cooperatives, and enable linkage between the poor farmer households with the high value-added market. Therefore finding potential partner enterprises is critical to whether the cooperatives can be effectively and efficiently linked with the market. During SA, surveys were also conducted on potential partner enterprises, the major findings are as follows:

- Most of the enterprises have assets valued over 10 million CNY, a few enterprises have over 100 million CNY of assets. Most of them are local enterprises; there are few well-known enterprises or brand. Even though most enterprises have established certain marketing channels, how to expand market and improve sales is still an issue faced by most enterprises.

- These agriculture-related enterprises mainly focus on agricultural products of all kinds, their cooperation modes with the farmers or farmers' cooperatives are mostly "company + farmer households". However the cooperation between the companies and farmer households is not very close. On one hand, the companies provide technical service and quality requirements for the farmer households, but the households are still dominant in planting and breeding, the companies have no control of the technology application, quality improvement and quality standard. On the other hand, the purchase and sale relationship between the companies and households is not close enough; the farmers will sell the products to other purchaser when the market price is high, while the companies will raise the product grading for purchase and add additional terms to cut down the protected price in disguised form when the market is bad.

- Most companies are facing difficulties in technical upgrade, product quality improvement and expanding market, and expect financial support from the World Bank Project.

- No innovative ideas and practices are found on how to cooperate with farmers' cooperatives, especially on building high value-added value chain and establishing operation mode that is mutually beneficial for the enterprises and the cooperatives.

- Currently, these enterprises already have certain experience in cooperation with cooperatives and have developed some cooperation modes. But they do not have further thoughts on driving the more vulnerable poor households to jointly build up the industrial chain. Currently the main benefits brought by the enterprises to the poor households are product purchases and provision of employment opportunities.

- Enlarging the scope in finding partner enterprises, especially those with a certain market profile, is still an important aspect that the Project needs to facilitate.

Table 4-9 Overview of Potential Partner Enterprises

Company Name	Main business scope	Total asset value (0,000)	Number of HHs in cooperation	Operation mode	Strengths	Difficulties	Expectations on the Project	Contribution to the Project
Bama Fragrant Pig Breeder Seed Breeding Industry Company Limited	Breeding, sales of livestock products	11,000	700	company +base+ HHs	The company can provide more sales channels and technical service	Farmers' products are not up to standard; Limited sales channels; High transportation cost; Immature cold-chain technology ; Lack of processing capacity; Land acquisition for processing plant	Construct processing plant; Promote product commercialization and diversification; Expand cooperation with more households	Help with pig farming; Broaden sales channel; Provide employment opportunities for households
Bama Longevity Town International Tourism Development Co., Ltd.	Tourism	70,000	700	Company + HHs	Help local farmers increase income	Required large amount of funding; Communication with the farmers	Provide funding support, develop and construct scenic spot	Help local farmers become rich; Provide employment for farmers
Bama Impression Life Experience	Camellia oil, grains, Cannabis sativa tea,	1600	1800	Company + base + HHs	Purchase at protected price Sales channels	Market expansion, maintaining good relationship with HHs; HHs only care about immediate	Address the issues of raw material supply and purchase;	Broaden sales channels; Provide employment for

Industry Co., Ltd.	cosmetics					interest, and do not support variety improvement; Farmers' compliance with company standards; raw material supply is flowing out, causing serious raw material shortage in local processing plant	Improve awareness among HHs, the company can reward the HHs through public benefiting activities	farmers; Facilitate good relationship among government, enterprise and HHs
Dahua Baixiang Polou Wine Chateau	Wine	200	0	Company	Rapid operational decision-making, allows for easier adjustments of business scope and scale	Fierce competition in raw material purchase; Lack of fund	Address the issue of raw material supply	Purchase at protected price, reducing the risks of the farmers
Donglan County Ruibao Camellia Oil Co. Ltd.	Camellia cultivation, processing and sales; sideline in agricultural means and local specialty	2,000	153(contr acts to be signed with the cooperative and HHs)	company+HHs	Unified purchase and sales, no price competition	Plant is still not yet constructed due to slow land acquisition process; Lack of fund; Immature technology; No constant sales channels; Inadequate enterprise infrastructure	Improve awareness of company brand; Secured raw material supply; Fund support	Secure sales channel; Purchase at protected price; Increase the area of planting
Fengshan County Huinong Co.,	Supply of production means	3,700	0	company	High flexibility, strong adaptive capacity to market	Insufficient funds Low popularity Poor product packaging	Improve the company's operational	Purchase raw material at a price higher

Ltd.	(including fertilizers, pesticides, seeds, seedlings, etc.)					Lack of talent	capacity; Promote the development of professional cooperatives; Enhance the enthusiasm of entrepreneurs	than the market price; Provide fertilizer below market price Free training on pruning
Guangxi Panyang Industry Co., Ltd.	Camellia oil, Cannabis sativa oil, walnut oil	5,800	2000+	company+HHs	Strong ability to obtain information; Strong bargaining capacity of the seller; Arrange production according to market demand; gather idle funds from farmers	Additional labor, material and other costs; Low risk-taking capacity of the farmers; Farmers' credit	Help mitigate financial pressure of the enterprises and HHs	Provide technical and fund support
Leye County Caowangshan Tea Co., Ltd	Tea, herbs, camellia oil	2,800	220	company+base+HHs	Help farmers increase income; Stable development of the company	Incomplete industrial chain	Extend the industrial chain	NA
Leye County Jinqian Tea Co., Ltd.	Tea cultivation, processing and sales, and		196	company+cooperative+base+HHs	NA	NA	NA	NA

	Chinese food service							
Guangxi Gushi Organic Agriculture Group Co., Ltd.	Tea industry, organic agricultural products, ecological agriculture and health-keeping tourism industry	16,800	168	company+HHs	Guaranteed product quality; Guaranteed market	Farmers' products are not up to standard, causing risks in uneven quality	promote industry standardization and standardized production	Government provides supervision and guidance, guide farmers' participation for joint development
Leye Bainong Ecological and Quality Product Development Co., Ltd.	production and sales of kiwi fruit and organic rice	3,000	800	company+HHs	Offline display in physical store in the counties; Online sales	NA	NA	Make clear of the rights and obligations of HHs and enterprises; Proper coordination to ensure smooth project implementation
Leye	Tea	5,000	500	company+HHs	Company purchase	High cost in organic tea	Reduce cost and	Farmers can

Changlun Tea industry Co., Ltd.	cultivation, processing and sales				at protected price	production, resulting in high selling price and difficulty in sales	broaden sales channel	obtain incomes from land leasing and labor
Jinrong Paper Industry Co., Ltd.	paper	60,000	1000+	company+HHs	Sufficient fund input; Adequate technical and management capacity; Farmers' income is secured	Cost is increasing and profit is decreasing; Difficulty in capital turnover; Very limited poverty alleviation assistance	Fund support for further development	Increase farmers' income
Tiandong Zhuang Village Valley Investment Co., Ltd.	Mango, cherry tomato	12,000	1680	company+cooperative+base+HHs	In possess of technology and market; High brand popularity; Standardized base	Management of cooperatives; Inadequate poverty alleviation fund; Market extension	Fund support; Enhance the relationship with farmers and cooperatives; Standardization of production base	Branding; Standardization of production base
Tianlin County Kangyi Local Specialty Co., Ltd.	Specialty products deep processing, focus on wholesale	3,600	79	company+HHs	Stable supply; Effective quality control of agricultural products	Low production capacity due to inadequate farmer participation in the camellia oil cooperative; Immature technology of camellia cultivation; Competition for raw	Cooperative establishment facilitation; Guaranteed raw material supply; Cultivation technology	Purchase price slightly higher than market price; Increase farmers' income;

						materials from other provinces	upgrade	Discuss investment in enterprises using loans with farmers, principal amount and bonus will be returned at year ends.
Tianlin County Xinfuyuan Camellia Oil Development Co., Ltd.	Processing and sales of camellia oil and local specialty	4,000	600	company+HHs	Huge need for raw materials; Technical support; Secured product quality and production; Farmers' income is stable	Inadequate publicity; Online sales is unstable; Poor quality of raw materials; Price is considered high by the public	Fund support; Technical support to improve production efficiency; Build company's reputation	Provide technical support for farmers to improve production efficiency and quality; Set up purchase stations, raise purchase price
Yizhou Hengye Silk Co., Ltd.	silk	13,000	3000	company+HHs	Cost is stable; Improve the quality of raw materials; Timely feedback	Insufficient working fund to purchase raw materials; Low informatization level; Lack of talent;	Stabilize the price of agricultural products;	Establishing information platform to provide

					from production link	Market is unstable; Prices are low	Ensure supply of quality raw materials; Reduce production cost	guidance for production based on market and production data
Guangxi Jialian Silk Company Limited.	Silkworm cocoon, white steam filature, grey silk, silkworm, silk quilt cover, silk textiles, silk gifts, clothing, etc.	20,000	2700	company+HHs	Farmers protected guaranteed minimum price are by	Cocoon purchase market is too open, affecting the quality	Support in farmers' start-up fund	Increase farmers' income
Yizhou Rongfa Silk Co., Ltd.	Silk products	3,800	2200	company+HHs	Stable purchase and sale relations; Risk and profit sharing;	Limited financial and labor input; Profiting mechanism linkage is not close enough, lack of binding effect	Stable raw material supply to ensure proper production	Establishing contract and order system, develop stable purchase and sales relationship with farmers;

									unified supply of agricultural means to ensure cocoon quality
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Source: compiled from SA survey.

4.4.3 Business Incubation Centers

One of the service modes explored by the Project is to establish business incubation centers to provide various services for the existing and fledging cooperatives, including assistance and guidance in cooperative establishment, providing policy orientation, market demand and product quality technical support, agricultural product testing, relevant training and consulting services, to effectively address the issues such as farmers' organizational capacity and agricultural production technology. Based on discussions with the World Bank task team and interpretation of the MOUs and meeting feedbacks, we think the incubation center should be a consulting service agency with enterprise-oriented operation based on the market demands, to provide consultation and services for the cooperatives and the persons starting small and micro agriculture-related businesses at all stages, especially at the initial stage.

Enterprises or consulting institutes should play a dominant role in the establishment and operation of the incubation centers. Incubation center, as a new-born institute, certainly needs support from the project in its establishment and development, but basic structure (i.e. enterprise being the main body) should not be changed. So to speak, if there are suitable enterprises that act as an incubation center, the PMOs should be purchaser of their services, and can facilitate the incubation centers of enterprises to provide better services for the cooperatives through service requirements. If there are no enterprises available to undertake the role as incubation center, the PMOs should discuss with agriculture-related enterprises to see their intentions in establishing incubation center, the PMOs are the potential service purchasers which also provide assistance in the operation of incubation centers, for example, community facilitators recruited by the Project can provide assistance to the incubation centers, providing capacity building for the personnel of the center, or even providing some basic facilities for the centers.

It should be noted that enterprise is the main body of the incubation center, therefore the site selection, construction, land acquisition, staff recruitment, etc. should be determined by the enterprises. If the incubation center is established by the PMOs with infrastructures, facilities and personnel financed by the Project, it will be difficult to achieve market-based operation. When the Project is ended, the whereabouts of the assets and personnel will be another issue to be addressed.

Based on the SA survey, the project counties are not clear about how to establish incubation centers, or how to use the fund. Some counties propose to use project funds to construct an incubation center, but they think the project budget planned for this activity is not enough. However to think from another angle, the project fund can spare a small part to help an enterprise establish an incubation center. The remaining larger part would then be sufficient to buy services from the incubation center. For the enterprises, they can establish incubation centers of their own while receiving assistance from the Project, they also have a stable service market for the period of the Project. After years of operation, they will have the

capacity to continuously provide services for other cooperatives or other projects, which makes it a low risk and high profit business opportunity, and will attract related enterprises to participate.

In fact, it is understood from the SA survey some enterprises already feel the need for establishing cooperatives and they are willing and intend to help the farmer in establishing cooperatives. A head of one agricultural enterprise stated that “for the development of the enterprise, we will facilitate the establishment of cooperatives even without the Project, now it is better as we may have the support from the Project”.

Here are some examples of enterprises that can potentially act as incubation centers:

Case 1: Tianlin Xinfuyuan Camellia Oil Development Co., Ltd.

Business mainly includes camellia oil cultivation, processing and sales. The company has one camellia planting base, and one holding camellia planting cooperative where the company provides production means and technical guidance while the farmers pool land, the tea fruit will be sold to the company as raw material at market price, the farmers can receive 30% of the profit; the farmers can also make money by working at the base.

In terms of product sales, the company, in cooperation with Guangxi Juxi Technology Group, has set up offline experience pavilions and Tianlin resources website to promote the product following the concept of “internet+ physical store”. Tianlin resources website is a western resources website which allows on-line promotion in the 75 counties of Guangxi, the company uses experience pavilions for offline promotion; and training facilities are set up in the experience pavilions to provide basic training on e-commerce for the farmers. The yield of tea fruit itself is low, so the sales is not an issue, but how to obtain adequate raw material is an issue faced by the company, therefore the company are willing to cooperative with more camellia oil cooperatives.

The company has rich experience in product cultivation, processing and management, and intends to help the farmers establish cooperatives to increase their raw material sources. Although they do not have experience in help with cooperative establishment, they think it’s not difficult as the operation mechanism is similar to that of companies and they have relevant personnel. As for the linkage between the cooperatives’ product and the market, the company can use its existing e-commerce platform for promotion or contacting with the foreign vendors, and use its existing facility for training. The weakness is that the company’s resources and techniques are only applicable to the original planting industry.

Source: compiled from SA survey.

Case 2: Fengshan County Supply and Market Cooperatives Association
Head: Zhou Longgang

Fengshan County Supply and Marketing Cooperatives Association is a rural economic cooperation organization, responsible for the planning of the rural economic organizations and organizing implementation, community level supply and marketing cooperatives are its members, farmers are its base. Currently the association is undertaking part of the government functions, which is under public administration and financed by the government. According to the No.11 document issued in 2015 by the State Council, after 5 years of transition period, the supply and market cooperative association should be returned to be an economic organization by 2020. Multiple community level supply and marketing cooperatives are established under the county level supply and marketing cooperative, every community level supply and marketing cooperative is an economic organization of independent legal entity, providing sales of traditional agricultural means, with asset management conducted by the county supply and marketing cooperatives' assets management company. In addition, a Farmers' Professional Cooperatives Association (FPCA) and an e-commerce company are established; both are under the control of the county supply and marketing cooperative.

The FPCA currently has 18 member cooperatives. The FPCA provides free consulting services (such as financial aspects and FPCA constitution) for the farmer households who are intend to establish cooperatives, then the farmers' cooperation can decide voluntarily whether to join the FPCA. Therefore, the FPCA is also promoting cooperative establishment on the community level and attract them to join FPCA. Currently the FPCA has 4 service platforms to provide services for the farmers' cooperatives:

- (a) Financial platform: providing book keeping and financial consulting services for cooperatives.
- (b) Technical consulting platform: providing its own technology and integrating technical resources of the government.

These general services including financial support and technical training is purchased by the government, the cooperatives can enjoy the service free of charge. Door to door service or other special services will be charged.

- (c) Marketing platform

Online e-commerce platform will be developed by the e-commerce company to provide services for farmers, such as trademark registration and branding. The farmers' cooperatives can pay to use

the platform.

(d) Mutual fund aid platform

A mutual aid fund will be established to address difficulties in bank loans, capable farmer households can become shareholders, and the FPCA will borrow from other sources to expand the scale of the fund. The fund aid is designed as a profiting mechanism.

The cost estimate of the e-commerce company to be established under FPCA is 6 million, the construction of company buildings will be completed in December 2016, and the company will be put into operation in January 2017. The company will provide the following services:

1. Open up experience stores, operating stores and product exhibition stores;
2. Set up training rooms to provide training for the cooperatives that are intend to develop e-commerce. It is planned that 20 persons will be trained in the first round, and 50 persons will trained in the second round;
3. Provide certification for the agricultural products in the county to build brand.

They think that the e-commerce company can act as an incubation center, as their development is line with the Project in many aspects, the Project can provide financing assistance to the company and help improve the incubation center, and thereby facilitate the development of the cooperatives.

Source: compiled from SA survey.

Case 3: Juli Puhui Agricultural Investment Company

Head: Huang Mohun

The company business mainly includes cultivation of green and pollution-free vegetables, and pitaya marketing.

Vegetable cultivation mainly targets the local market demands of Pingguo County. The company established a vegetable planting base with the land leased from the households, the company provides all of the production means and technical inputs, and contracts the vegetable plots to the farmer households, the farmers are responsible for cultivation in accordance with company requirements, and obtain labor income (in addition to income from land leasing) based on vegetable yield.

Pitaya marketing adopts the operation mode of “company + HHS”, the current scale is small. Now the company has established supply and sales

relationships with 10 markets in Beijing. Also, the company is planning to construct a pitaya sorting center and a 500m² refrigeration storage, and build pitaya brand. In the next step, the company will expand the cooperation with cooperatives for production of a larger scale. The company currently has 30 personnel, and has the technical capacity to guide and supervise the production of cooperatives.

The chairman of the company also own a consulting firm whose main service is similar to that of microbusiness incubation center, providing industrial chain front end services such as financial management and business registration. The company has rich experience and adequate personnel. On account of their experience, they also have a strong will to facilitate the development of cooperatives, “for the development of the enterprise, we will facilitate the establishment of cooperatives even without the Project, now it is better as we may have the support from the Project”. They think that they have the capacity to expedite and help the development of cooperatives; moreover the company’s agricultural product production and sales linkage center can provide sales assistance for the cooperatives.

5 Farmer Cooperatives

5.1 Cooperative Categories

The farmers' cooperatives of the project counties can be divided into 3 types: 1) farmers' professional cooperative; 2) company-type cooperatives; and 3) informal quasi cooperatives. The nature, functions and operation modes of these cooperatives are summarized in the Table 5-1:

Table 5-1 Summary of the Farmers' Cooperative Organizations

No.	Type	Nature	Functions and Features	Operation Mode	Remarks
1	Farmers' Professional Cooperative	Economic organization, legal person	<ul style="list-style-type: none"> a Profit-making business activities carried out based on household contract right; b Carry out business activities including purchasing production means, and sales, processing, storage and transportation of agricultural products. c Farmers can participate voluntarily; d Capital comes from share capital or admission fee from members; e when funds from members; f It has both economic and social attributes, profiting from foreign parity and non-profiting domestically. 	<p>For example, the Fuli Fruit Cultivation Cooperative in Leli Town of Tianlin County is responsible for technical support and sales while farmers are responsible for cultivation. The cooperative has a total asset of 500,000, one household has 30% of the shareholdings, and another household has 20%; the HHs can hold shares by contributing fund, technique, product or land. Farmers receive dividends based on their contribution ratio.</p>	<p>Registered in industry and commerce department; the operation can be different depending on different main bodies of the industrial chain, closeness of linkages and profit distribution mechanisms.</p>
2	Company-type Cooperative	Economic organization, legal person	<ul style="list-style-type: none"> a Relying on the company; b The farmers can hold shares voluntarily by contributing fund, land or labor, but the fixed profit is actually from land leasing or wage. c Nonprofit; d Mutual aid tradition of Yi People. 	<p>For example, the Yi'nong Cooperative in Tongle Town of Leye County is responsible for provision of production means, unified sales and management, and technical training; farmers can make money by working for the cooperative; farmers can join the cooperative by contributing land,</p>	<p>Registered in industry and commerce department; farmers mainly aim to obtain fixed profit, do not bear risks or receive dividend.</p>

				fund or labor; land rental is 800CNY/mu/year, wage is 80CNY/day/person.	
3	Informal Quasi Cooperative	Economic organization, not registered	<ul style="list-style-type: none"> a HHS can participate or withdraw voluntarily; b Capital comes from the HHS, and expect investments from the government or project; c HHS can join by contributing fund; d Cooperative is responsible for sales. 	For example, the Bamboo Leaf Cooperative in Napo Town of Tiandong County is responsible for unified purchase and sales; farmers are responsible for cultivation. It was established under the leadership of the village secretary; the decision making is based on member votes. Most HHS joined by contributing fund (100~200CNY/HH); how to distribute dividend is still under discussion.	Not registered, how to manage and operate is under discussion, management personnel do not have clear ideas. Such cooperatives are very common among project villages, most villages, under the leadership of village leaders, are preparing for establishing cooperatives and proposed the industry for development, yet they are not sure about how to establish or operate.

5.2 Current Status

5.2.1 Main Features

(1) By Industry

By industry, the FPCs can be divided into planting FPCs, livestock FPCs, tourism FPCs and Integrated FPCs.

The 23 FPCs of the 10 project counties include 8 planting FPCs, accounting for 34.8%; 3 livestock FPCs, accounting for 13.0%; 1 tourism FPC, accounting for 4.3%; and 11 integrated FPCs (5 FPCs integrated planting and livestock, 6 FPC integrates planting and processing), accounting for 47.8%.

(2) By member contribution

By contribution of members, the FPCs can be divided into land contribution and product contribution types. Land contribution type means the farmer households joined the cooperative by contributing land, the land will be managed by the cooperative in a unified manner, member households will receive dividend based on contribution ratio; product contribution type means the farmer households carry out planting and breeding operations on their own land according to unified product requirements, the cooperative will collect the qualified products for unified sales, the dividend is distributed based on amount and quality of the products. The 23 FPCs of the 10 project counties include 14 land contribution type, accounting for 60.9%; and 9 product contribution type, accounting for 39.1%.

Apart from land and product, the farmer households can also join the cooperative by contributing fund or labor, or choose to work for the cooperative for a daily wage of 60~100 CNY.

5.2.2 Organizational Structure and Staff

The organizational structure of an FPC consists of a general meeting, a board of directors and a board of supervisors, where the general meeting is composed of all members, the Board of Directors is responsible for day-to-day operational activities, and the board of supervisors is responsible for internal supervision. 19 out of the 23 sample FPCs are basically established in accordance with the Law of People's Republic of China on Farmers' Professional Cooperatives.

(1) Management personnel

FPC operations are managed mainly by the members of the board of directors and board of supervisors, and accountants. It is found during the survey that the numbers of

management personnel of the cooperatives are balanced. There are 10 FPCs with 5 or less management personnel, accounting for 43.5%; 10 FPCs with 5~10 management personnel, accounting for 43.5%; and 3 FPC with 10 or more management personnel, accounting for 13%.

Table 5-2 Number of Management Personnel of the Sample FPCs

Project area	County	5 or less		5-10		More than 10		Total
		Samples	%	Samples	%	Samples	%	Samples
Hechi	Du'an	2	50	2	50	0	0	4
	Dahua	0	0	3	100	0	0	3
	Donglan	2	100	0	0	0	0	2
	Bama	1	50	1	50	0	0	2
	Fengshan	1	50	0	0	1	50	2
	Yizhou	1	50	1	50	0	0	2
Baise	Tiandong	0	0	2	100	0	0	2
	Pingguo	1	50	0	0	1	50	2
	Tianlin	1	50	0	0	1	50	2
	Leye	1	50	1	50	0	0	2
Total		10	43.5	10	43.5	3	13.0	23

Source: compiled from SA survey.

(2) Types of leadership

FPCs are divided into FPCs led by enterprises, by capable persons or influential households, by the village leaders and through joint participation.

FPCs led by enterprises: the cooperative operation, management and product sales are dominated by the enterprise owners which also bear most of the market risks.

FPCs led by capable persons or influential households: operation and management are dominated by the capable persons or influential households, farmers participate in production and sales, and share the market risks.

FPCs led by village leaders: cooperatives are established under the leadership of the village leaders and guidance from the World Bank project; operation and management are dominated by the village leaders, while market risks are shared with the members.

FPCs under joint leadership: under the guidance of the World Bank Project, the villagers will jointly participate and elect the management body and personnel, jointly formulate management system, carry out operation and sales activities, and share the market risks.

According to the survey, the 23 sample cooperatives include 13 that led by capable persons or influential households, accounting for 48%; 3 led by enterprises, accounting for

13%; 3 led by village leaders, accounting for 13%; and 6 that are under joint leadership, accounting for 26%.

Table 5-3 Types of Leadership of the Sample FPCs

Counties		Led by enterprises		Led by capable persons or influential HHs		Led by village leaders		Joint leadership		Total
		Number of samples	%	Number of samples	%	Number of samples	%	Number of samples	%	Number of samples
Hechi	Du'an	0	0.0	2	50.0	0	0.0	2	50.0	4
	Dahua	1	33.3	1	33.3	0	0.0	1	33.3	3
	Donglan	0	0.0	1	50.0	0	0.0	1	50.0	2
	Bama	0	0.0	1	50.0	1	50.0	0	0.0	2
	Fengshan	2	100.0	0	0.0	0	0.0	0	0.0	2
	Yizhou	0	0.0	0	0.0	0	0.0	2	100.0	2
Baise	Tiandong	0	0.0	1	50.0	1	50.0	0	0.0	2
	Pingguo	0	0.0	1	50.0	1	50.0	0	0.0	2
	Tianlin	0	0.0	2	100.0	0	0.0	0	0.0	2
	Leye	0	0.0	2	100.0	0	0.0	0	0.0	2
Total		3	13.0	11	48.0	3	13.0	6	26.0	23

Source: data compiled from SA.

The 23 samples include project counties' existing cooperatives related to the project industries, and cooperatives established under Project facilitation, these cooperatives can basically reflect the current situation. Based on the survey of 29 sample villages, 9 villages (31.0%) expect leadership by village leader; 9 villages (31.0%) expect leadership by election; 10 villages (34.5%) expect leadership by capable persons; and 1 village (3.4%) is not sure who is better to lead. Leadership by enterprise was not mentioned. The existing properly operated cooperatives are mostly led by capable persons and influential households. While for the poverty alleviation-oriented cooperatives, most households expect leadership by village leaders or through joint participation.

It is understood from the discussions with the village leaders leading the cooperatives, they are more of obliged than willing to lead, because they think they are not capable of undertaking such huge responsibility, moreover it is very time and energy consuming to mobilize farmers' participation while they have their own family affairs to attend to.

Therefore, more sufficient negotiation among different stakeholders is needed on the leadership of cooperatives to ensure a balance between fairness and profit.

5.2.3 Cooperatives' Membership and Management

Based on the survey of the existing cooperatives, the establishment and membership of the cooperatives are generally in compliance with the procedural requirements of the Law of the People's Republic of China on Farmers' Professional Cooperative, membership registration, equity certification, etc. are being conducted. However, the management of the cooperatives has the following issues:

The average members of the cooperatives are not aware of how the cooperative is being operated or managed, and what support and subsidies the government provided as they did not see any. The operation and management are mostly carried out by the head or leaders who enjoy the largest proportion of the profit. They will be satisfied as long as their products can be sold and their income is higher than that of on their own.

From managers' perspective, although the members have joined the cooperative, it seems like the affairs of the cooperative do not concern them, causing difficulties in management. For example, the farmers are too occupied with other family affairs to water the fruits in a timely manner, which affects the quality of the product.

At the initial stage of the cooperatives' development, most of the management works are carried out free of charge by the members; they do not have independent revenue generating capacity, resulting in difficulty in maintaining proper operation. For example, there is a serious shortage of fund for introducing new species, testing new techniques, technical training, market development, etc., which hinders the FPCs' activity expansion. The risk sharing mechanism is unsound where some farmer households can share the benefit but do not share the risks. For example, the farmers will sell the products to the cooperative when the market is good to benefit from higher price than that of market, but when the market is bad, they expect the managers to bear the losses, hereby the operation is not sustainable.

5.2.4 Profit Distribution Mechanism

Farmer households' participation in profit distribution means the cooperative will distribute the profit (surplus) from operation activities to the households, for which a profit distribution mechanism should be established. According to survey of the 23 sample cooperatives, among the 19 registered cooperatives, 18 have established profit distribution mechanism, accounting for 94.7%; and 2 out of the 4 unregistered cooperatives have established profit distribution mechanism, accounting for 50%. In conclusion, the overwhelming majority of the registered cooperatives have established profit distribution mechanism.

5.2.5 Household Participation and Benefits

For households already participated in or intend to participate in cooperatives, they not only can enjoy the dividend from operating profit, but also can benefit from the establishment process, especially the cooperatives having support from the poverty alleviation project, therefore the households have higher expectations.

Table 5-4 Farmers' Expectations on Cooperatives

Expectations on the Project and cooperative	Specific needs
Help establish cooperative	Conduct publicity, knowledge on cooperative; Introduce the benefits of cooperative; Visit other successful cooperatives; Help establish cooperative and complete registration process; Assist in developing operation and management system; Brand registration
Provide resources input for cooperatives' industries	Seeds, seedlings, fertilizer, brackets Breeder stock, young stock and breeding houses Processing facilities and equipment Office equipment Publicity and establishing connections Rapid and convenient loans (these inputs are expected to reach the household level, or clearly defined proportion of ownership, so that these will not become the properties of the enterprises or influential households)
Improve infrastructure	Village access roads, production roads Irrigation facilities such as trenches and water cellars Communication and networking equipment Storage and refrigeration facilities Processing facilities and equipment Trading market
Provision of technical training and support	Cultivation, breeding, processing and storage technique related to the industries Operation and management of cooperative Product rough processing Product quality control

Product sales facilitation	Purchase products from cooperatives Establish relationships with purchasing and processing enterprises Branding Establish sales channel

Source: compiled from SA survey.

5.3 External Factors Influencing Cooperative Development

5.3.1 Consistency with Guangxi's Poverty Alleviation Policy

Guangxi's poverty alleviation oriented agricultural industries include cultivation, breeding, and agricultural and forest products processing. After many years of support, the poverty alleviation oriented preponderant characteristic industries in the stony desertification area have begun to take shape and developed certain processing capacity. Currently there are 262 designated poverty alleviation oriented leading enterprises in Guangxi Region, including 62 state-level leading enterprises, 165 region-level leading enterprises and 119 municipal-level leading enterprises (some enterprises have double level designation). The agricultural products including sugarcane, silk, fruits, vegetables, tea, timber, pig, beef cattle, goat, freshwater fish, etc. possess certain market shares in the region even the country. Cultivation, breeding and processing of characteristic agricultural products will be the priorities of industrial development to meet market demands for diversified, quality and nutrient products, which also will be the focus of the Project. Therefore there will be no policy obstacles for project implementation.

5.3.2 Consistency with Project Counties Priority Industries

Whether the Project is in line with the dominant industries of the counties is also a factor must be considered. If the Project is in line with the dominant industries under county planning, assistance can be obtained in terms of fund, technology and preferential policies; more importantly, the project villages will have a potential to develop into scale production and build brand in collaboration with other villages; also it will facilitate linkage with large scale leading enterprises and sales networks for development of complete industrial chain. According to the survey, 15 industries proposed by the 10 project counties are all in line with the industrial development plans of the counties. On county level, industrial development plans are also developed for these industries, and designated technical and management personnel have been assigned to the industrial development offices to facilitate industrial development.

5.3.3 Access to Technical Support

To facilitate industrial development, all of the counties have established their technical teams to conduct trainings and technical guidance. 6 out of the project counties have established industrial development offices; and 9 counties have corresponding units under agriculture bureaus or animal husbandry bureaus, with personnel assigned especially for industrial development. On the overall, the technical support platform for industrial development has been established on the county level. However the staffing of the industrial development offices is inadequate (mostly only 3-5 persons) to provide technical support for industrial development of the whole county. They can only provide basic coordination. The development of market-based operation and ensuring adequate technical support for related industries (especially the cooperatives' industries in the poor areas) is still an issue to be addressed.

5.3.4 Related Leading Enterprises

To develop a completed industrial chain, it is not enough by solely relying on the households and government assistance, the products cannot become commodities and enter the market without enterprises that operate based on market demands. Therefore related enterprises will play an important role in the marketing process of the cooperatives' products. For example, the selection, breeding, improvement and seed production of characteristic varieties are very sensitive to the techniques and market, the farmers in the poor areas do not have the capacity for it, and support from enterprises is needed. Moreover, the market experience and marketing capacity of enterprises are far beyond what the farmers can do. Therefore, the cooperatives need to establish cooperation relationship with related enterprises to develop an industrial chain, improve brand value and bring more benefits to the cooperatives' members. Unfortunately, none of the 15 industries proposed by the counties have established stable cooperation relationships with related enterprises; there is no linkage through the enterprises to the market demand.

5.3.5 Storage Facilities

As the industries grow, supporting storage facilities will be needed. Currently none of the project counties have any storage facilities or conditions, thus improvements are needed during project implementation.

5.3.6 Cooperative Establishment and Incubation

Industry-based poverty alleviation through cooperatives is an integral part of Guangxi's poverty alleviation strategy, and one of priorities of the Foreign Funded Poverty Alleviation Project Management Center (PMC). This strategy is generally recognized by the

World Bank and the project counties/city. However, clear answers cannot be found in the project village level or even the project counties level to the questions such as what is cooperative? Why to establish cooperatives? How to establish a cooperative? How to join a cooperative? How to manage cooperatives? What are the rights and obligations of the founders and members etc.? Some project villages with an active attitude have established “cooperative” under the leadership of the village leaders, but such “cooperatives” are established simply through meeting announcement, without well-defined internal property rights or personnel, and of course not registered, these are not cooperative economic organization in the real sense. It is not that the villagers do not want to establish cooperative properly, they simply do not know how. During the SA, the SA team members spent large amount of time playing the role as consultants in cooperatives, but they were not able to provide all the answers due to lack of knowledge. The PMOs were also not clear about how to conduct industry-based poverty alleviation through cooperatives, so the training needs on the subject is very strong. Even though the PMOs are playing the role as coordination and management agencies, they are not sure whether incubation of cooperatives is their responsibility or not. Therefore, how to facilitate the establishment and development of cooperatives is a critical issue during project preparation.

5.3.7 Market and Sales Channels

It is understood from the sampling survey that product sales have been an obvious weakness. None of the sample villages, regardless of whether the product has formed scale or not, have a regular sales network or sales channel, or even a signed distributor such as a company or wholesaler. Most of the villages are relying on outside vendors coming in to purchase. Currently the market initiative is still under the absolute control of the purchasers where the products can only reach the processing enterprises or customers in actual need after many rounds of reselling.

Table 5-5 Summary of External Influencing Factors for Cooperatives' Industrial Development

County	Proposed industry by village	Fitness with Dominant Industry	Industrial planning	Technical Support	Related Leading Enterprises	Storage Facility	Stable Sales Channel	
Hechi	Du'an	Silk worm breeding (Anle)	Yes	Yes	Yes	no	no	no
		Sheep (Yijiang)	Yes	Yes	Yes	no	no	no
		Chicken (Yuanli)	Yes	Yes	Yes	no	no	no
	Dahua	Citrus (Longkou)	Yes	Yes	Yes	no	no	no
		Vitis amurensis (Renliang)	Yes	Yes	Yes	no	no	no
		Citrus (Duyang)	Yes	Yes	Yes	no	no	no
	Donglan	Black-bone Chicken (Niujiang)	Yes	Yes	Yes	no	no	no
		Rural tourism (Dongli)	Yes	Yes	Yes	no	no	no

		Camellia oil (Banlong)	Yes	Yes	Yes	no	no	no
	Bama	Rural tourism (Panyang)	Yes	Yes	Yes	no	no	no
		Camellia oil (Yanting)	Yes	Yes	Yes	no	no	no
		Fragrant pig (Bana)	Yes	Yes	Yes	no	no	no
	Fengshan	Camellia oil (Nalao)	Yes	Yes	Yes	no	no	no
		Camellia oil (Shanglin)	Yes	Yes	Yes	no	no	no
		Walnut (Pocha)	Yes	Yes	Yes	no	no	no
	Yizhou	Silkworm (Yantian)	Yes	Yes	Yes	no	no	no
		Mushroom (Baiwei)	Yes	Yes	Yes	no	no	no
		Rural Tourism (Guwen)	Yes	Yes	Yes	no	no	no
Baise	Tiandong	Mango (Daban)	Yes	Yes	Yes	no	no	no
		Mango (Lianhe)	Yes	Yes	Yes	no	no	no
		Bamboo (Naban)	Yes	Yes	Yes	no	no	no
	Pingguo	Silkworm (Xin'geng)	Yes	Yes	Yes	no	no	no
		Pitaya (Paolie)	Yes	Yes	Yes	no	no	no
	Tianlin	Mango (Wenhua)	Yes	Yes	Yes	no	no	no
		Camellia oil (Pingbu)	Yes	Yes	Yes	no	no	no
		Camellia oil (Sanyao)	Yes	Yes	Yes	no	no	no
	Leye	Kiwi fruit (Dacun)	Yes	Yes	Yes	no	no	no
		Kiwi fruit (Huaping)	Yes	Yes	Yes	no	no	no
Tea (Leweng)		Yes	Yes	Yes	no	no	no	

Source: compiled from SA survey.

5.4 Internal Factors Influencing Cooperative Development

5.4.1 Infrastructure and Industry-Related Equipment

After many years of poverty alleviation programs, the project counties have been equipped with basic infrastructure and public service facilities. Based on the sampling survey, 100% of the villages have cement (asphalt) roads, tap water and electricity; 25 villages (86.2%) have primary schools; 22 villages (75.9%) have clinics; 19 villages have to access to agricultural product trade markets within a 2km radius. From industrial development perspective, the infrastructure in the project villages is still poor with transportation (lack of village and production roads) being a major constraint on market access, in addition, lack of trade market is also a limiting factor for many villages. The infrastructure and equipment that need improvement and are directly associated with the industrial development under the project include irrigation facilities, communications and network equipment, storage, refrigerating and processing facilities, and breeding houses.

Table 5-6 Infrastructure of the Sample Villages

County		Proposed industry	Existing infrastructure	Needed infrastructures
He chi	Du'an	Silk worm breeding (Anle)	Cement road, 1 primary school, 1 clinic, water and electricity	silkworm room, drying room; roads
		Sheep (Yijiang)	Gravel road, 1 primary school, 1 clinic, electricity, each HH has a water tank	Sheep pen; road; trade market
		Chicken (Yuanli)	Cement road, 1 primary school, 1 clinic, electricity, each HH has a water tank	Water tanks, cowshed, sheep pen, chicken house; roads
	Dahua	Citrus (Longkou)	Cement road, 1 primary school, 1 clinic, water and electricity, a market within 2km	Road; repair irrigation facilities; refrigeration storage
		Vitis amurensis (Renliang)	Cement road, 2 primary schools, 1 clinic, water and electricity	Road, trade market, irrigation facilities; refrigeration storage, brackets
		Citrus (Duyang)	Town seat, 2 primary schools, town clinic, town market, water and electricity	Road and irrigation facilities
	Donglan	Black-bone Chicken (Niujiào)	Town seat, 1 primary school, town clinic, town market, water and electricity	Drinking facility and incubation and insulation room for chicken; feed processing facility
		Rural tourism (Dongli)	Cement road, 1 primary school (only first and second grades), 1 private clinic, water and electricity	Road; tourism faculties
		Camellia oil (Banlong)	Town seat, 9/23 groups have cement roads, 6/23 groups have gravel roads, 4/23 groups have earth road, 4 groups have no road but by boat, 1 primary school, 1 health center, electricity, water connection for close areas of the village, HHs living in remote areas have to divert water from the maintain	Road, trade market
	Bama	Rural tourism (Panyang)	Cement road, 2 primary schools, 2 clinics, electricity, 50% have water connections, 50% use well.	River channel improvement; roads; tourism facility
		Camellia oil (Yanting)	Asphalt road, 2 primary schools, 1 clinic, water and electricity connections.	Road, processing room (drying room and oil extraction room); trade market
		Fragrant pig (Bana)	Asphalt road, 1 primary school (third grade),	Water cellar; road; pig pen;

		1 clinic, electricity, 2/11 have water connections, 2/11 are being connected with water, 7/11 use water tanks.	drainage trench	
Fengshan	Camellia oil (Nalao)	6/15 groups have cement road, 9/15 have gravel road, 1 primary school, 2 clinics, a market 2.5km away, electricity, 3/22 without water connection and are building water ponds.	Road, water cellar	
	Camellia oil (Shanglin)	6/9 groups have cement road, 3/9 have gravel road, 2 primary schools (third grade), 1 clinic, electricity, 7/8 groups have water connection	Road, trade market, processing facility	
	Walnut (Pocha)	24/29 groups have gravel road, 3/29 groups have cement road, 2/29 have no road, 1 primary school, 1 clinic, electricity, 70% use water tanks, 30% carry water	Road, trade market, processing workshop (drying)	
Yizhou	Silkworm (Yantian)	Asphalt road, 3/15 groups have asphalt road, 11/15 have gravel road, 1 primary school, 1 clinic, electricity, water from reservoir	Silkworm room; roads	
	Mushroom (Baiwei)	10/20 groups have cement roads, 10/20 groups have earth roads, 1 primary school, 1 clinic, water and electricity connections	Roads; trade market; greenhouse	
	Rural Tourism (Guwen)	Asphalt road, 6/9 groups have no road, 1 clinic, electricity, 4/9 groups use river water, 5/9 use water cellar	Roads; house renovation for tourists	
Ba ise	Tiandong	Mango (Daban)	Asphalt road, 1 primary school, 1 clinic, water and electricity connections	Roads; trade market; irrigation facility
		Mango (Lianhe)	Cement road, 1 primary school, 1 clinic, water and electricity connections, 1 market	Roads; trade market; irrigation facility; refrigeration storage
		Bamboo (Naban)	Cement road, 1 primary school, 1 clinic, electricity, 4/6 groups have water connection	Roads
Pingguo	Silkworm (Xin'geng)	Cement road, 1 primary school, 1 clinic, water and electricity connections	Roads; brackets; irrigation facilities; silkworm room	
	Pitaya (Paolie)	Cement road, 2 primary schools, 3 clinics, 1 market, water and electricity connections	Roads; brackets; irrigation facility	
Tianlin	Mango (Wenhua)	Gravel road, 1 clinic, water and electricity connections	Improve conditions of roads to the villages or groups; improve production roads; irrigation facilities	

	Camellia oil (Pingbu)	Cement road, 1 primary school, 1 clinic, water and electricity connections	Roads	
	Camellia oil (Sanyao)	Cement road, 1 primary school, 1 clinic, electricity	Roads	
	Leye	Kiwi fruit (Dacun)	Cement road, 1 primary school, 1 clinic, electricity, 15/21 groups have water connection	Irrigation facility; production roads; bracket
		Kiwi fruit (Huaping)	Town seat, 1 primary school, 2 clinics, 1 market, water and electricity connections	Irrigation facility, brackets
		Tea (Leweng)	Asphalt road, 1 primary school (third grade), water and electricity connections	Roads; trade market; irrigation facility

Source: Editorial survey data compilation

5.4.2 Land Resources

Based on the basic data on project villages and the sampling survey, although there is certain gap in per capita cultivated land (highest 5.68 mu, lowest 0.32mu), most of the industrial land use are slope wasteland or abandoned farmland; some industries use original economic forestland for industrial upgrades and improvement, therefore there is conflict between industrial land use and farmland. Among the 29 sample villages, per capita industrial land areas of 15 villages are more than per capita farmland area. On the overall, land resource is not a constraint for industrial development.

Table 5-7 Land Resources of the Sample Villages for Cultivation Industries

County	Project Villages	Per capita farmland (mu)	Planned industrial land (mu)	Per capita industrial land (mu)	
Hechi	Du'an	Silkworm (Anle)	0.61	1000	0.53
	Dahua	Citrus (Longkou)	0.96	2064	0.40
		Vitis (Renliang)	0.66	650	0.28
		Citrus (Duyang)	0.32	1350	0.23
	Donglan	Camellia oil (Banlong)	0.74	1500	0.37
	Bama	Camellia oil (Yanting)	1.10	21000	10.48
	Fengshan	Camellia oil (Nalao)	0.97	18000	11.02
		Camellia oil (Shanglin)	0.47	8800	4.21
		Walnut (Pocha)	0.82	16655	5.71
	Yizhou	Silkworm (Yantian)	1.29	1100	0.79

		Mushroom (Baiwei)	0.99	1300	0.80
Baise	Tiandong	Mango (Daban)	0.75	1000	0.35
		Mango (Lianhe)	0.69	3000	1.51
		Bamboo (Naban)	1.00	1640	1.05
	Pingguo	Silkworm (Xin'geng)	1.38	2000	2.66
		Pitaya (Paolie)	1.00	4380	0.63
	Tianlin	Mango (Wenhua)	5.68	2000	1.42
		Camellia oil (Pingbu)	1.67	2000	1.12
		Camellia oil (Sanyao)	2.22	2000	1.02
Leye	Kiwi fruit (Dacun)	0.55	1600	0.50	
	Kiwi fruit (Huaping)	0.43	1000	0.42	
	Tea (Leweng)	0.96	4800	4.06	

Source: compiled from SA survey.

5.4.3 Experience

Based on the basic data on project villages and the sampling survey, most of the productions proposed by the villages have certain track records and resource. About 70% of the households have 3 years and above experience in the proposed productions, however there is a lack of experience in new activities such as rural tourism, kiwi fruit and pitaya. The experience levels of the households in different industries are shown Table 5-8.

Table 5-8 Production Experience of the Sample Villages

County	Proposed Industry	No experience		1--2 years		3--5 years		Over 5 years		
		HHs	%	HHs	%	HHs	%	HHs	%	
Hechi	Du'an	Silk worm breeding (Anle)	2	25.0	0	0.0	1	12.5	5	62.5
		Sheep (Yijiang)	3	60.0	1	20.0	0	0.0	1	20.0
		Chicken (Yuanli)	2	40.0	0	0.0	1	20.0	2	40.0
	Dahua	Citrus (Longkou)	2	25.0	0	0.0	3	37.5	3	37.5
		Vitis amurensis (Renliang)	2	50.0	0	0.0	0	0.0	2	50.0
		Citrus (Duyang)	4	36.4	1	9.1	2	18.2	4	36.4
	Donglan	Black-bone Chicken (Niujiào)	1	16.7	0	0.0	2	33.3	3	50.0
Rural tourism (Dongli)		5	71.4	0	0.0	0	0.0	2	28.6	

		Camellia oil (Banlong)	0	0.0	0	0.0	1	8.3	11	91.7	
	Bama	Rural tourism (Panyang)	5	45.5	2	18.2	1	9.1	3	27.3	
		Camellia oil (Yanting)	1	5.6	0	0.0	1	5.6	16	88.9	
		Fragrant pig (Bana)	2	13.3	1	6.7	0	0.0	12	80.0	
	Fengshan	Camellia oil (Nalao)	2	14.3	0	0.0	0	0.0	12	85.7	
		Camellia oil (Shanglin)	0	0.0	0	0.0	1	14.3	6	85.7	
		Walnut (Pocha)	0	0.0	0	0.0	0	0.0	6	100.0	
	Yizhou	Silkworm (Yantian)	0	0.0	1	16.7	1	16.7	4	66.7	
		Mushroom (Baiwei)	1	20.0	1	20.0	0	0.0	3	60.0	
		Rural Tourism (Guwen)	2	40.0	1	20.0	0	0.0	2	40.0	
Baise	Tiandong	Mango (Daban)	1	25.0	0	0.0	2	50.0	1	25.0	
		Mango (Lianhe)	1	5.6	1	5.6	1	5.6	15	83.3	
		Bamboo (Naban)	2	10.5	0	0.0	0	0.0	17	89.5	
	Pingguo	Silkworm (Xin'geng)	3	23.1	5	38.5	2	15.4	3	23.1	
		Pitaya (Paolie)	11	50.0	2	9.1	2	9.1	7	31.8	
	Tianlin	Mango (Wenhua)	3	27.3	0	0.0	1	9.1	7	63.6	
		Camellia oil (Pingbu)	1	11.1	0	0.0	2	22.2	6	66.7	
		Camellia oil (Sanyao)	1	16.7	0	0.0	0	0.0	5	83.3	
	Leye	Kiwi fruit (Dacun)	1	12.5	4	50.0	0	0.0	3	37.5	
		Kiwi fruit (Huaping)	1	10.0	7	70.0	1	10.0	1	10.0	
		Tea (Leweng)	0	0.0	1	50.0	0	0.0	1	50.0	
	total			59	21.5	28	10.2	25	9.1	163	59.3

Source: compiled from SA survey.

5.4.4 Village Labor Force and Cooperative Leadership

Based on discussions with the village leaders and villager representatives, most of the villages have adequate labor force for developing the proposed industries. However some villages have some concerns over inadequate labor for the labor intensive industries such as

Kiwi fruit. On the other hand, in some villages, most of the young people (mostly male) are working outside, leaving the elderly and women being the main labor, thus the project may increase the burden of women. Therefore the project design should consider the balance between family income growth and overburdened women.

Another issue of concern is who will lead the cooperative. The farmers are inclined to have the village leaders as leaders or to elect the management personnel, but when asked on product sales and marketing and whether the lead person has such experience or ability, the farmer also think capable households or enterprise should lead, however if led by an “outside person”, the farmers will worry about the safeguard of their own interest, and fall into a dilemma. Some of the village leaders were forced to be the leaders of the cooperatives, but they do not know how to establish and manage the cooperative, which put them in an awkward position, “we wouldn’t do it if there is someone suitable for the position, but in order to be included in the project and get the rural households out of poverty, we have to do it for the moment”. Such opinion is shared by many village leaders. Therefore, how to find and train suitable and qualified leaders is critical for the cooperatives, the incubation centers need to play its role in this at the earliest.

Table 5-9 summarized the labor force for industrial development and the leaderships considered suitable by the villager representatives.

Table 5-9 Labor Force of the Sample Villages for Industrial Development and Suitable Leaderships for Cooperatives

County		Proposed industry	Labor force	Leadership
Hechi	Du'an	Silk worm breeding (Anle)	Enough	Villages cadres
		Sheep (Yijiang)	Enough as it's not labor intensive	Election by villagers
		Chicken (Yuanli)	Enough as it's not labor intensive	Election by villagers
	Dahua	Citrus (Longkou)	Enough	Capable persons, influential households, or election by villagers
		Vitis amurensis (Renliang)	Labor intensive only at the initial stage of cultivation	Technical personnel
		Citrus (Duyang)	Enough	Head of the cooperative
	Donglan	Black-bone Chicken (Niujiiao)	Enough	Capable persons, influential households
		Rural tourism (Dongli)	Enough	Capable persons, influential households,

				or election by villagers
		Camellia oil (Banlong)	Enough labor (mostly by women)	Election by villagers
	Bama	Rural tourism (Panyang)	Enough	Capable persons, influential households, or people who know about tourism management and planning
		Camellia oil (Yanting)	Easy to manage, enough labor	Election by villagers
		Fragrant pig (Bana)	Easy to manage, enough labor	Not sure
	Fengshan	Camellia oil (Nalao)	Enough	Original management personnel of the cooperative
		Camellia oil (Shanglin)	Enough	Capable persons, influential households, or election by villagers
		Walnut (Pocha)	Enough	Villages cadres
	Yizhou	Silkworm (Yantian)	Inadequate	Capable persons, influential household
		Mushroom (Baiwei)	Enough	Capable persons, influential household
		Rural Tourism (Guwen)	Enough	Capable persons, influential household
Baise	Tiandong	Mango (Daban)	Enough	Election by villagers
		Mango (Lianhe)	Enough	Capable persons, influential household, or election by villagers
		Bamboo (Naban)	Lack of labor during bamboo harvest	Villages cadres or election by villagers
	Pingguo	Silkworm (Xin'geng)	Enough	Villages cadres or election by villagers
		Pitaya (Paolie)	Enough	Election by villagers
	Tianlin	Mango (Wenhua)	Enough	Election by villagers
		Camellia oil (Pingbu)	Inadequate, there are mostly the elderly at home	Villages cadres
		Camellia oil (Sanyao)	Enough as the elderly can help pick up the fruit, and usually there	Election by villagers

			will be women if there are children at home	
	Leye	Kiwi fruit (Dacun)	Inadequate	Head of the cooperative
		Kiwi fruit (Huaping)	Inadequate (because there are mainly women)	Head of the cooperative
		Tea (Leweng)	Women and children can both help	Villages cadres

Source: compiled from SA survey.

5.5 Household Awareness of and Attitudes towards Cooperative

Household Awareness of the Project and Cooperatives

According to the sampling survey, about 50% of the farmer households are aware of the Project; about 40% of the poor households are aware of the Project, their awareness is lower than average farmer households, which indicates that the Project has not been widely known by the households or rural households. Most households got to know the Project through village meetings. However, most of them only know some or very little about the Project.

Table 5-10 Famer Households' Awareness of the Project

Q	A	Han		Zhuang		Other minorities		All households	
		HHs	%	HHs	%	HHs	%	HHs	%
Have you heard of the World Bank Poverty Alleviation Project to be implemented?	● heard about it	21	45.7	234	51.5	20	33.3	275	49.1
	● No	25	54.4	220	48.5	40	66.7	285	50.9
Through what channels	● Village meeting	17	81.0	146	62.4	14	70.0	177	64.4
	● From others	4	19.1	39	16.7	3	15.0	46	16.7
	● Propaganda	0	0.0	22	9.4	0	0.0	22	8.0
	● This survey	0	0.0	22	9.4	2	10.0	24	8.7
	● Other	0	0.0	5	2.1	1	5.0	6	2.2
Do you know any details of the project scope	● Very aware	5	23.8	40	17.1	1	5.0	46	16.7
	● Basics	4	19.1	63	26.9	5	25.0	72	26.2
	● Some	5	23.8	66	28.2	9	45.0	80	29.1
	● Very little	5	23.8	49	20.9	4	20.0	58	21.1
	● No	2	9.5	16	6.8	1	5.0	19	6.9

Source: compiled from SA survey.

5.5.1 Support towards Cooperatives

The vast majority of the sampled households think it is necessary to establish cooperatives, and are willing to join by contributing labor; only a few households are willing

to invest big money, for example, only 14.3% of the households are willing to invest 5000 CNY or more; most of them are holding wait-and-see attitude or not willing to invest money. 1/3 of the households are willing to hold shares by contributing land or product, most of them expect to obtain benefits from cooperatives while worrying about the risks of investment.

Table 5-11 Households' Supportiveness to Cooperative

Question	Answer	All households	
		HHs	%
Is it necessary to establish cooperatives?	● Yes	503	89.8
	● No	57	10.2
Are you willing to contribute more labor?	● Willing	478	85.4
	● Unwilling	20	3.6
	● It depends	62	11.1
What kind of operation model is better for cooperative?	● Shareholding by land, unified management and operation	214	38.2
	● Farmers maintain the land, product cultivated according to unified requirements, unified sales	52	9.3
	● Self-operation by HHs, unified sales	165	29.5
	● Land contracted by influential HHs, farmers earn from land leasing and wage	68	12.1
	● Not sure	61	10.9
How much money do you want to invest?	● >= 5000CNY	80	14.3
	● 3000-5000	41	7.3
	● 1000-3000	48	8.6
	● <1000	41	7.3
	● Unwilling or no money	118	21.1
	● It depends	232	41.4

Source: compiled from SA survey.

As for cooperatives, it seems like the sample households care about everything, however there are no common concerns. It is found during the in-depth interview that the households in fact do not know about cooperatives, therefore they do not know what aspects they should focus on.

Table 5-12 Households' Major Concerns on Cooperatives

Sample HHs		
	Number	%
1. Which households can participate?	243	43.4
2. Who is responsible for management?	243	43.4
3. What are the specific activities?	235	42.0
4. Management methods and system	203	36.3
5. Disclosure of expenditures	203	36.3

Source: compiled from SA survey.

5.6 Existing Issues for Cooperatives

1. The existing cooperatives are weak with no cooperation or coordination with strong leading enterprises. No industrialized business mode has been found in the 10 project counties, and none of the strong leading enterprises have linkages with the cooperatives, for example, there are many leading tea-related enterprises in Leye County, but none of them have cooperation with cooperatives.

2. The function of the cooperatives in leading and assisting the poor households was not shown. Regardless of cooperatives led by enterprises or capable persons, the main assistances to households are land rental income from land leasing and wage from employment in cooperatives. As most of the cooperatives are weak, they can only help a small number of poor households. Moreover, the cooperatives do not have clear ideas on how to use project fund to strength and expand its assistance to poor households. The management personnel of cooperatives have neither knowledge on the operation mode of cooperatives nor experience in managing cooperatives.

3. The cooperatives were not properly established. Most cooperatives only have the founders/leaders as shareholders, most of the average and poor households do not any shares, thereby cannot receive profit dividends from the cooperatives. Most of the cooperatives do not have detailed plan on how the poor households can become shareholders by contributing land or fund; and no specialized assessment agencies were engaged to conduct relevant assessment on shareholdings through land, fund, techniques and equipment contributions. As a result, the Project may only benefit the enterprises, capable persons and influential households who have shares in the cooperative, and not be able to benefit the poor.

4. The founders/leaders and management personnel of the cooperatives are mostly farmers, therefore the capital investment in cooperative establishment is very limited, they do not have the capacity for expanding market or developing industrial chains.

5. The cooperatives do not know about the requirements of the World Bank Project on

assisting the poor, or how to use the project fund. And the management personnel of the cooperatives did not receive any relevant training.

6. Some cooperatives were established in natural villages, covering only dozens of households; the productions selected by the cooperatives have limited coverage and expansion potential, lack of capacity to drive the development of poor households. For example, the kiwi fruit production in Leye County is small in cultivation scale, limited to one natural village, the cooperative only has over 20 members; their resources (such as flat land, suitable for kiwi fruit cultivation) are limited for further development; kiwi fruit cultivation is fund demanding at the initial period (annual average investment at 6000-8000CNY), the farmers can only get returns after 3 years when the fruits can be harvested. Another example is the tourism industry of Wangcun Group of Guwen Village in Yizhou City, despite the beautiful natural environment and tourism resources, only one group is covered by the industry, other groups of Guwen Village cannot benefit from it.

5.7 Recommendations for the Project's Support to Cooperatives

1. The establishment and proper operation of the cooperatives needs assistance from relevant personnel, and the farmers need to be mobilized to know and understand cooperative, and participate in the activities of the cooperative. At the current stage, efforts can be made in the following two aspects: 1. PMOs should conduct community facilitator recruitment and trainings; 2. Find and select suitable institutions to provide assistance in cooperative incubation. With the support from enterprises' incubation capacity and community facilitators, the establishment of cooperatives should be started at the earliest.

2. During the establishment and institutional development of the cooperatives, the property right proportion in particular needs to be clarified, such as well-defined shareholding mode. The assistance fund from the project, especially production inputs (apart from administration and market expenditures) should be clarified to the household level, and converted to shareholding; and the distribution should give preference to the target groups (such as poor households/smaller minority groups), the distribution should not be evenly made or based on equity input (influential households get more project investment).

3. Experienced managers should be provided with continuous incentives (such as performance shares and service fee) to ensure managers are motivated for continuous input. This should be included into cooperative's proposal and operation manual (see Appendix 6: case study of the cooperative in Cangwu County of Wuzhou City in Guangxi)

4. Managers of the cooperatives should be encouraged for substantial inputs to become actual managers rather than applicants for project fund. There should be an upper limit as well as a lower limit for the proportion of shares can be held by the founders/managers.

5. The organizational modes or the cooperation modes with poor households should be diversified, i.e. households can become shareholders by buying shares, or not become a shareholder. For example, the cooperative can become a stable sales agent or product purchaser of the poor households, and the profit generated by the cooperative can be distributed in the form of dividend to the production linked households based on proportions. This way the poor household can establish linkage with the market through channels of the cooperative and obtain more returns from efficient industrial chains, even though they do not have capital to invest or unwilling to invest with land. Surely, such mode should be established on an economically mutually benefiting basis, other than asking for “obligatory poverty alleviation’ from the cooperative.

6. The amount of project fund injection to each cooperative should be based on the number of beneficiary households, especially poor households and households belong to smaller minority groups, so as to maximize the benefiting poor households and avoid over-accumulated distribution of fund to a smaller proportion of households.

6 Poverty Analysis

6.1 Poverty Status of Guangxi Zhuang Autonomous Region

Guangxi is troubled with the difficulties and problems of “being old liberated area, ethnic minority concentrated, remote, and mountainous area”. It is not only an old revolutionary base area, but also an autonomous region of ethnic minorities. It not only has rocky desertification area, but also border and remote areas. It not only has poor areas, but also reservoir resettlement areas. There are many factors restricting development, where developments start fairly late, with thin foundation, large population, primitive infrastructures and industries lagging far behind. Therefore, it is still an underdeveloped region with serious poverty issue in China. There are 28 national level key counties for poverty alleviation and development and 21 provincial level key counties for poverty alleviation and development, the land area of poor counties account for more than half of the entire autonomous region, and the poverty population accounts for more than one third of the entire autonomous region. Up to the end of 2013, there was still 6.34 million rural poverty population, accounting for 14.9% of rural population, and the total poverty population ranked No. 5 nationwide. More than 80% of poverty population in Guangxi was ethnic minorities. The farmers’ net income per capita in the national level key counties for poverty alleviation and development was 5,303 CNY in 2013, which was but 59.6% of the national farmers’ net income per capita. Presently, there are still half of the natural villages without access to hardened roads, and the percentage of poverty villages with access to road, power supply and telephone are lower than the national levels by 14.6%, 12.4% and 10.2 respectively. Water conservancy facilities are primitive, there are still more than 17 million people without access to safe drinking water, and the farmland secured with stable yields despite draught or excessive rain accounts for less than one third of the basic farmland.

6.2 Poverty Status in the Project Area

6.2.1 Poverty Status of the Project Counties

Up to the end of 2013, the total population of the 10 project counties was 3.9957 million, including rural population of 3.3883 million, accounting for 85.1% of the total population. The ethnic minority population was 3.4873 million, accounting for 87.3% of the total population; while the female population was 1.8579 million, accounting for 46.7% of the total population. The total number of rural households was 0.8552 million, in which 0.425 million were poverty households, accounting for 51.4% of the total number of

households; the poverty population was 0.9606 million, and incidence of poverty is 28.4%. Presently, there are still 0.6689 million people with difficult access to drinking water in the 10 project counties, about 16.8% of the population still not solved the problem of drinking water difficulties, 1.3% of administrative villages without access to Grade IV road, and 4.7% of natural villages without access to power supply. In 2013, the GDP of the ten project counties was 50.281 billion CNY, the GDP/capita was 12,730.3 CNY, which was 41.6% of the GDP per capita in Guangxi; the fiscal revenue was 3.663 billion CNY, and the fiscal revenue per capita was 927 CNY, accounting for 30.2% of the mean level in Guangxi.

6.2.2 Poverty Status of Project Villages

A total of 117 project villages were selected from the 10 project counties, including 95 poor villages, accounting for 80.5% of project villages, with 17,827 poverty households, a poverty population of 71,862, the incidence of poverty was 27.5%. The details may be referred to in Table 6-1.

Table 6-1 Poverty Status of Project Villages

Area		Project Village	Poverty Village	Number of Poverty Household	Poverty Population	Incidence of Poverty (%)
Hechi City	Du'an County	10	8	2,093	8,499	40.7
	Dahua County	10	7	798	2,924	9.7
	Donglan County	10	7	2,177	8,415	28.7
	Bama County	10	8	1,577	6,663	28.7
	Fengshan County	10	10	2,038	8,415	26.2
	Yizhou City	10	10	1,268	4,387	31.6
Baise City	Tiandong County	10	9	1,572	6,034	20.9
	Pingguo County	10	15	2,806	10,820	27.6
	Tianlin County	10	13	1,685	7,332	32.2
	Leye County	10	8	1,813	8,373	40.3
Total		100	95	17,827	71,862	27.5

Source of Data: Collation of investigation data for social assessment.

6.2.3 Poor Households' Livelihoods

Mode of livelihood affects or decides the economic status of the households. The poor

households in the project villages take working as migrant workers as the main source of income, while traditional agricultural production is also the main source of income. However, the incomes from planting and animal husbandry account for about 20% of the total incomes, and the lower ones account for less than 10%. It shall be noted that almost all the poor households borrow money, which accounts for 1/4 of the total incomes, and the higher ones account for as much as 30%. They also depend on working as migrant workers for repaying loans. In general, the poor households' mode of livelihood is relatively simple, which can hardly be sustainable, and they often need to borrow loans. In comparison with ordinary farmers, the poor households depend more on borrowing loans.

We may learn from unofficial meetings and interviews that the poor households take traditional planting and animal breeding as the main source of livelihood in the past. With the development of cash crops, the planting area of grain crops have been gradually decreasing, presently, the grains are basically for self-consumption and as animal feed, which is a basic industry for the poor households to safeguard food and lodging, but not the source of cash incomes. Similarly, some poor households will raise several pigs, cattle, goats and poultry, but the scale is often very small, which cannot be taken as the main source of cash incomes. The prices of cash crops are very unstable in the past few years. Therefore, their incomes have been unstable, and their incomes are not high, either, so they need to borrow money. In the past few years, many people go out as migrant workers, and it is particularly noteworthy that almost all the young people left home as migrant workers. Therefore, working as migrant workers has become the main source of cash incomes, some migrant workers choose to take some temporary and seasonal jobs in the county seats or in Guangxi. Some other migrant workers work at farther places for a long time, mainly at coastal cities in Guangdong. However, since their education backgrounds are often low, and their comprehensive quality is not high, they often can only engage in industries not demanding for occupational skills, such as construction, moving, cleaning, housekeeping and catering, etc., with relatively low salaries. The sources of livelihood in all the counties (cities) may be referred to in Table 6-2.

Table 6-2 Main sources of livelihood of poor households in project counties

Project Counties (City)		Poor households	Mainly growing grains		Mainly cash crops		Mainly breeding		Mainly working as migrant labors		Mainly borrowing		Mainly other means	
			Household	%	Household	%	Household	%	Household	%	Household	%	Household	%
Hechi City	Du'an County	36	0	0	4	11.1	10	27.8	12	33.3	7	19.4	3	8.3
	Dahua County	31	0	0	2	6.5	2	6.5	19	61.3	7	22.6	1	3.2
	Donglan County	31	1	3.2	3	9.7	2	6.5	18	58.1	6	19.4	1	3.2
	Bama County	30	0	0	3	10.0	0	0.0	19	63.3	6	20.0	2	6.7

	Fengshan County	47	0	0	10	21.3	5	10.6	18	38.3	11	23.4	3	6.4
	Yizhou City	35	0	0	9	25.7	0	0.0	19	54.3	7	20.0	0	0.0
Baise City	Tiandong County	44	0	0	11	25.0	0	0.0	19	43.2	12	27.3	2	4.6
	Pingguo County	30	1	3.3	7	23.3	2	6.7	9	30.0	9	30.0	2	6.7
	Tianlin County	38	0	0	7	18.4	0	0.0	10	26.3	18	47.4	3	7.9
	Leye County	40	1	2.5	9	22.5	1	2.5	19	47.5	10	25.0	0	0.0
Total		362	3	0.8	65	18.0	22	6.1	162	44.8	93	25.7	17	4.7

Source of Data: Collation of investigation data for social assessment.

6.2.4 Poor Households and Farmer Cooperatives

It was originally planned to investigate the situation of farmers and poor households joining cooperatives. In the course of actual investigation, most sample villages are not established a cooperative. In some villages already established a cooperative, the understanding of the farmers about establishment of a cooperative and becoming a member is that “the village leaders called for a meeting, handed out a table, asked us to sign and then we became members”. They are basically unclear about the rights and obligations of the members. Therefore, our investigations stressed investigation about the awareness and attitude of the farmers and the poor households about the cooperatives.

Of the 361 poor households interviewed, 311 households believed it was necessary to establish a cooperative, accounting for 85.9%, 294 households were willing to join the cooperative and invest with labors, accounting for 81.4%, and most poor households were willing to become shareholders in the cooperative by means of inputting labors. Simultaneously, some special poor households lack of labors or the main laborers left home as migrant workers, making it impossible for becoming shareholders by means of inputting labors. There were 121 households willing to buy shares with land, accounting for 33.5%. Although the land has no longer been the main source of livelihood for the poor households, the poor households still attach great importance to land, as a basic means of subsistence guarantee, and most poor households are unwilling to buy shares with land, worrying about the operation risks will cause them to lose the land, therefore, losing the most fundamental subsistence guarantee. This is also the main obstacle for development of the cooperatives. On one hand, land is the most valuable asset of the poor household, but they are unwilling to transfer to the cooperative, worrying about they might lose control, or even lose the land. Only 47 households were willing to invest cash, and only 47 households were willing to invest more than 3,000 CNY, accounting for 13.0%, which means that short of capital is a great obstacle for the poor households to join the cooperatives. In general, it is a dilemma to encourage the poor households to effectively join the cooperative. It is to give preference to the poor households in terms of project investment. Refer to Table 6-3.

Table 6-3 Attitude of the poor households visited in the project county about joining the cooperative

Project counties (cities)		Poor households	Poor households who believe it is necessary to establish a cooperative		Poor households willing to input labors		Poor households willing to invest with land		Poor households willing to invest more than 3,000 CNY	
			Number of households	%	Number of households	%	Number of households	%	Number of households	%
Hec hi City	Du'an County	36	26	72.2	23	63.9	13	36.1	5	13.9
	Dahua County	31	27	87.1	25	80.7	11	35.5	2	6.5
	Donglan County	31	29	93.5	26	83.9	7	22.6	6	19.4
	Bama County	30	23	76.7	25	83.3	3	10.0	3	10.0
	Fengshan County	47	39	83.0	36	76.6	6	12.8	3	6.4
	Yizhou City	35	32	91.4	30	85.7	14	40.0	4	11.4
Bais e City	Tiandong County	44	39	88.6	36	81.8	18	40.9	10	22.7
	Pingguo County	30	29	96.7	26	86.7	16	53.3	5	16.7
	Tianlin County	38	30	78.9	34	89.5	14	36.8	7	18.4
	Leye County	39	37	92.5	33	82.5	19	47.5	2	5.0
Total		361	311	85.9	294	81.2	121	33.4	47	13.0

Source of Data: Collation of investigation data for social assessment.

6.2.5 Capability of Poor Households to Participate in Advantageous Industries

As to industrial operation, in general, over 60% of poor households have more than 2 years of professional experiences, and they have basically grasped the technologies. However,

rural tourism selected by such counties and cities as Bama and Yizhou, etc. and kiwi fruit planting selected by Leye is relatively new in comparison with the other industries. Therefore, most farmers have either no experience or little experience, and they have more pressing demands for technology and management. No matter which industry of which county, the poor households basically do not have the capability to sell the products by themselves. In general, there is but 1.4% of poor households in the project area can sell the products by themselves, and the vast majority of poor households rely on external vendors to come to their homes for purchasing.

6.3 Awareness of Poor Groups about the Project and Attitudes

6.3.1 Awareness

Less than forty percent of poor households heard about the WB project, and their awareness level about the project is relatively low. From the perspective of understanding about the WB project, the level of poor households is often lower than that of ordinary farmers, and their channel of obtaining information is often more simplistic. It mainly depends on information disclosed on the meetings in the village.

About one third of poor households know or generally know the specific contents of the project, while more than half the non-poor households know or generally know the specific contents of the project, accounting for as much as 56.1%. Likewise, only 30.7% of poor households know to whom shall they report the problems or difficulties, but 65.2% of non-poor households know. As to the channel of knowing project information, the poor households prefer posting bulletins, meetings in villages or notices by village leaders, which is insignificantly different from non-poor households. From the perspective of poor groups' cognition about the project, the project advocacy activities need to be continued, especially advocacy to poor households, refer to Table 6-4.

Table 6-4 Awareness of poor groups about the project

Items	Choices	Poor households		Non-poor households	
		Number of households	%	Number of households	%
Have you heard about that the WB loaned poverty alleviation project will be implemented?	● Yes	142	39.2	134	67.7
	● No.	220	60.8	64	32.3
From which channel have you heard about it?	● I attended a meeting in the village	85	59.9	93	69.4
	● I heard somebody say	26	18.3	16	11.9

	● I read the advocacy	14	9.9	11	8.2
	● Social assessment and investigation	13	9.2	9	6.7
	● Miscellaneous	4	2.8	5	3.7
Do you know what the WB project will specifically do?	● Very clear	14	9.9	34	25.4
	● I know the general situation	30	21.1	41	30.6
	● I know a little	48	33.8	33	24.6
	● I know very little	40	28.2	18	13.4
	● I know nothing	10	7.0	8	6.0
Do you know the reporting / complaining channel?	● I know	111	30.7	129	65.2
	● I do not know	124	34.3	35	17.7
	● I am not sure	127	35.1	34	17.2
What's your favorite means of circular?	● Handing out advocacy data	73	20.2	63	31.8
	● Holding representative meetings, who will pass on to all the households	85	23.5	61	30.8
	● Holding household heads meeting in the village	180	49.7	112	56.6
	● Being notified by the village leaders	138	38.1	84	42.4
	● Posting announcements	167	46.1	81	40.9
	● Miscellaneous	4	1.1	3	1.5

Source of Data: Collation of investigation data for social assessment.

6.3.2 Attitudes and Demand

Almost 90% of poor households believed it was necessary to establish a cooperative, which was slightly lower than the non-poor households. As to make investments and joint the cooperative, more than 80% of poor households were willing to input labors. Some poor households were short of labors, making it hard to determine if they could input labors or not. As to such a cooperation mode, the majority of poor households accepted making investments with land and uniform sales of products, which was basically consistent with that of the non-poor households. The percentage of poor households who could hardly tell which cooperation mode was relatively good was obviously higher than that of the non-poor households.

The percentage of poor households willing to invest more than 5,000 CNY in the cooperative was very low, only being 8.1%, but the percentage of hesitating poor households was as high as 45.3%. This somehow explained that the poor households did not know the cooperative well enough or was hesitant. As to the reasons for their unwillingness to make investment, firstly, there is no cash investment, secondly, they worried about their livelihood being affected.

Table 6-5 Attitudes of poor groups about the establishment of cooperatives

Items	Choice	Poor households		Non-poor households	
		Number of Households	%	Number of Households	%
Whether it is necessary to establish a cooperative or not?	● Yes	315	87.0	188	95.0
	● No.	47	13.0	10	5.1
Is your family willing to increase input of labor or not?	● Willing	297	82.0	181	91.4
	● Unwilling	16	4.4	4	2.0
	● Depends	49	13.5	13	6.6
Which mode of operation is relatively good for carrying out cooperation?	● Will invest with land, to be operated and managed uniformly	122	33.7	92	46.5
	● Will not invest with land, the products will be planted and sold as per uniform requirements	35	9.7	17	8.6
	● To be self-operated, and the products will be uniformly sold	111	30.7	54	27.3
	● The land will be circulated and uniformly operated by large growers, and the farmers will be paid land rents and wages.	43	11.9	25	12.6
	● Cannot tell	51	14.1	10	5.1
Sum of money willing to be invested	● $\geq 5,000$ CNY	29	8.0	51	25.8
	● 3,000-5,000	16	4.4	25	12.6
	● 1,000-3,000	22	6.1	26	13.1
	● $< 1,000$	27	7.5	14	7.1
	● Will not invest or have no money to invest	104	28.7	14	7.1

Source of Data: Collation of investigation data for social assessment.

As to the focus of implementing the cooperative project, what the poor households cared the most was how could join, secondly, who would be responsible for management and

specifically implement which activities. It is particularly noteworthy that the relatively farther villages cared more about whether the cooperatives could cover their villages, even if yes, they worried their products could hardly be sold due to no access or difficult access to roads.

Further discussing and analyzing about their main focuses, caring about “how can join” is to actually care about whether the villages and themselves can join the project and earn benefits in the project, as to caring the focus behind “who is responsible for management” is more about “how to manage and how to distribute the benefits.”

Table 6-6 Focus points on cooperatives raised by the poor groups

Poor households			Non-poor households		
	Number of Households	%		Number of Households	%
1. Which households may attend?	173	47.8	1. Who will be responsible for management?	92	46.5
2. Who will be responsible for management	151	41.7	2. Including which specific project activities	87	43.9
3. Including which specific project activities	148	40.9	3. Project management method and system	85	42.9
4. Which places / channels are available for reporting	128	35.4	4. Posting project expenditures for publication	77	38.9
5. Posting project expenditures for publication	126	34.8	5. Which places / channels are available for reporting	71	35.9

Source of Data: Collation of investigation data for social assessment.

As to the cooperatives that would soon be established or already established, the expectations of the poor households were basically identical. Their greatest expectation was to help sell the products, and then provide services and increase the selling prices. Refer to Table 6-7.

In terms of assisting in sales, the poor households of most villages believed that their own sales channels are simplistic, and they basically all wait for the external vendors to come to the doors for purchase. Due to geographic isolation, it was difficult to obtain market information, so all the prices were determined by the buyers, and some farmers even had to sell the products to the buyers at a loss. Secondly, the universal problem was they did not know which varieties sell better, and they did not know which varieties to buy if they wanted to renew the varieties. If the cooperatives could uniformly purchase the varieties, and also help sell the products. The third problem was if they could help process the products, so that when the market prices were not good, they were in no rush to sell, and their products could be processed for future sales.

In terms of providing technologies, the needs were diversified, including the technologies of

selecting seeds and young plants before production, planting and breeding technologies and diseases quarantine technologies, as well as subsequent processing and storage technologies. Moreover, they also cared about what was a cooperative, how other people did, how to manage a cooperative, and how the funds would be managed. They also hoped to improve and control product quality through effective management and technical guidance of the cooperatives, so as to increase the product prices.

In terms of increasing selling price, the poor households focused their expectations on uniform procurement and sales by the cooperatives. As to the newly grown crops, such as kiwi fruit, pitaya and premium tea, the poor households did not think too much about how to sell.

Table 6-7 Expectations of poor groups about cooperatives

Project counties (cities)		Expectations of poor groups about the cooperatives				
		Help selling products	Providing technical services	Creating brand and increasing selling price	Solving difficulties that cannot be solved by individuals	Not sure
Hechi City	Du'an County	7	19	10	15	11
	Dahua County	15	15	11	14	6
	Donglan County	26	18	12	15	1
	Bama County	20	14	12	9	5
	Fengshan County	27	21	13	22	12
	Yizhou City	20	18	14	13	4
Baise City	Tiandong County	33	28	21	15	3
	Pingguo County	25	22	21	17	0
	Tianlin County	30	23	18	14	7
	Leye County	25	27	17	13	6
Total		228	205	149	147	55
%		63.2	56.8	41.3	40.7	15.2

Source of Data: Collation of investigation data for social assessment.

Except expectations about the cooperatives, the main expectations of the poor households about the project also included improving infrastructures and providing loans. In the discussions with poor households in 29 sample villages, the common needs proposed were as follows:

In terms of infrastructures, mainly including:

- (1) Improving or newly building roads in and to the village, tractor plowing roads and tourist roads. 23 villages (79.3%) proposed the needs for improving roads; such needs not only can solve the difficulties in transporting products of the cooperatives, such as transporting the products to the main roads in the village, or transporting products from the sub-villages to the village, but also can resolve the infrastructures in the sub-villages and villages as a whole, and impose positive impacts on the farmers' production and living of the entire villages and sub-villages.
- (2) Improving irrigation facilities or domestic animals drinking facilities. 12 villages (41.4%) proposed such needs, all of which are directly oriented to the needs of industrial development. For example, Duyang Village, Dahua County proposed to build a dropper system for developing citrus, Renliang Village proposed to build water tanks in field for developing grape, and Yijiang Village, Du'an County proposed to build water tanks, mainly for breeding water consumption after enlarging the scale of goat breeding. Such needs proposed by the poor households in other villages were also similar, all being oriented to industrial developments of the village's cooperatives.
- (3) Helping build pens for livestock. 9 villages (31.0%) proposed such needs, which mainly came from the villages who were going to establish breeding cooperatives. For example, in Bana Village, Bama County, the main obstacle for breeding fragrance pits was the poor conditions of pig pens, and death caused by untimely thermal insulation of piglets. Therefore, they proposed construction of pens for livestock. Yuanli Village, Du'an County could not possibly enlarge the breeding scale due to shortage of money for construction of pens for livestock. Such needs proposed by the other project villages were also similar, all being oriented to the project scale or improving breeding skills.
- (4) Helping build local trade market. 7 villages (24.1%) proposed such needs, which not only serves the industrial developments of the cooperatives, but also serves trading of other products.
- (5) Needs of other particular villages included harnessing river channel for tourism and construction of houses for tourists.

In terms of borrowing loans, the poor households from 18 villages (accounting for 62.1%) proposed such needs in the course of discussion, mainly to be used as initial working capital for industrial developments.

6.3.3 Project Impact on Poor Groups Positive impacts

(1) Promoting adjustment of industrial structure, and directing forming industrial chains with market demands

The project villages were generally based on traditional agriculture and means of production, the poor household cared only about production, with primitive industrial developments, and their products were passively selected by the market. The project interventions would start from market demands, and the poor households should be guided to produce excellent agricultural and special products that the market needs in combination with the local geological, environmental and climatic conditions, so as to improve the incomes of the poor households.

Presently, agriculture and animal husbandry in the project area were troubled with low yield and relatively low quality, and relatively primitive standardized production. The market values of pollution-free and standardized production were not duly conceived. After project intervention, through establishing farmers' specialized cooperatives and linkage of market terminals, promoting uniform production with sales, the production efficiency and sales efficiency might be greatly improved, the industrial chain would be prolonged, rural economic developments would be promoted, and industrial structures of agriculture and animal husbandry would be adjusted. Fast development of advantageous industries may be promoted through building "one product for one village" and even "one product for one county" in the project.

(2) Improving the farmers' organization levels, and improving the labor skills, production and management capacities of the poor groups

Presently, the status quo of production in the project area is mostly household-based operations, due to such reasons as relatively few product quantity and lack of access to information, etc., it was very difficult to open the market sales. Through organizing farmers and playing the organization and coordination roles, the farmers' specialized cooperatives may generate organization brand effects, and play unique bridge and linking roles in bringing individual households into the market. The cooperatives played powerful organizational support functions in such aspects as standardizing behaviors of internal members, growing bigger from small, growing more powerful from weak, lower agricultural production costs, and reinforce market competitiveness of agricultural products.

For the poor households, in the course of producing, storing, processing and selling agricultural and sideline products, firstly, they lacked of scientific production and management technologies, with low unit yield; secondly, they operated on their own, failed to be organized, united or formed industrial scale of economy; thirdly, they normally face the buyers or the market on their own at the time of selling, without forming effects of scale of economy, with poor grasp of market information, and weak resistance against market risks.

The cooperatives may provide the members with all the basic services before, in the middle and after production, realize one-stop production, supply and marketing, accelerate the pace of advantageous industries forming effects of scale of economy, and solve the worries of the poor households behind.

In relation to ordinary farmers, the poor households poorly grasped the production, management and technologies of planting and breeding industries, through construction of cooperatives and relevant trainings, the poor groups in the project area would be exposed to new development ideas, management ideas, market awareness, operation and management technologies, their labor skills, production and management quality might be improved, while would objectively play the roles of changing minds, development ideas and development modes.

(3) Improving construction of infrastructures, and improving the farmers' production and living environment

Construction of infrastructures is an important part of the project construction content. It is especially noteworthy that village access roads, irrigation and drainage, and trading market, etc. are necessary for the villagers in the project, especially the poor groups, which is also urgently needed for industrial development. Implementing the project would somehow improve the primitive status of infrastructure, the poor groups in the project area might obtain necessary basic conditions for developing characteristic and advantageous industries, also provide conditions for development of the local poor groups, and simultaneously provide more development opportunities for poor groups in the project area.

Through implementing the project, especially improving infrastructures of planting and animal breeding, equipment of relevant tourism facilities may improve the production and living environment of the project area, the living environment of the poor groups might be improved, their standards of living might be improved, and their physical and mental health might be improved.

(4) Promoting development of local characteristic and competitive industries, increasing farmers' incomes

Presently, the poor population in the project area is short of labors, and primitive labor skills, etc. The local original characteristic industries would be enlarged, standardized and industrialized through implementing the project. More poor farmers would be allowed to join the cooperatives, so as to get financial supports and technical guidance, and obtain the greatest advantages.

The characteristic industries in the project area were with the phenomenon of agricultural and animal husbandry products selling at relatively low prices. Therefore, forming industrialization and conducting deep processing might increase the prices of the characteristic products, so as to increase the incomes of the poor households. The

cooperatives uniformly conducted purchase of breeder seeds, lowered costs, and ensured excellent quality; science and technology directions were uniformly conducted in the course of breeding / planting, which could guarantee the quality and quantity to the utmost degree; sales were uniformly conducted, so as to combine with the market to the utmost degree, ensure selling prices, uphold interests of the poor households, and increase their incomes.

(5) Promoting overall economic developments of the project area

Implementation of the project would promote development of relevant industries, promote rural economic developments, which would be good for benign adjustment of rural industrial structures. With the market development and enlargement, new changes for increasing incomes might be created on the sales link. Simultaneously, it would also promote the development of various processing factories, warehouse and other rural enterprises, and expand the employment channels for the farmers.

6.3.4 Potential Risks

(1) Livelihood Risks

The investment costs in some industries of the project would be relatively high, but the poor households are generally short of necessary funds for initiating the industries, the levels of investment costs and solvency would directly affect their enthusiasms for participation and economic returns of the project. For example, to develop animal husbandry, the poor households without pens for livestock or relatively shabby pens should firstly build new or reconstruct pens for livestock, which would undoubtedly increase their economic burdens. Planting characteristic fruits, such as pitaya, etc., will take 3 years before seeing economic returns. For the poor households in the project area, especially the poor households with simplistic source of livelihood, whose incomes could only maintain basic subsistence of the year, the initial process of the project would constitute a challenge to their mode livelihood, which would affect the enthusiasms and confidence of the poor households to join the project.

(2) Product quality risks

Although most of the poor households in the project area have certain production experiences in the cooperatives' industries, the production of market-oriented, pollution-free characteristic products would need refined planting and breeding management. According to field investigation, the production means of the poor households were relatively extensive, their paces of life were willful, and they had a long way to go for refined tendering. Their tendering technologies could hardly meet the production requirements, which not only could result in degradation of product quality, but also might cut off the industrial chain that the project attempted to establish, which could not satisfy the quality requirements of terminal selling quality, and suffer multiple losses in terms of economics and credits.

(3) Market risks

Although the cooperative would greatly reduce market risks due to project design connecting with large enterprises, simplistic products would also be one of the main factors brought market risks. If any problem emerges in terms of quality control, consumer cognition and unforeseeable events, etc., it would bring risks to poor households with relatively simplistic product structures.

Moreover, there is still not relatively mature referable model for developing stable market demands of some industries (such as rural tourism in ethnic minority areas).

(4) Distribution risks

Distribution risks involve two levels: firstly, the poor households would be organically organized by cooperatives for production. Moreover, in the course of forming commercial value chain by linking with large enterprise, whether the cooperatives could be distributed reasonable returns in the entire commercial value chain depends on the production and management capability of the cooperatives themselves, including the ability of the cooperative leaders, the means of project and market cooperation, as well as finding very good large terminal cooperation enterprises, the distribution risks at such a level are often solved in the course of integral project design and consulting with cooperation enterprises. Secondly, the internal distribution mode of the cooperative involved different stakeholders, the managers (leaders), shareholders and members of the cooperatives, especially the poor household members. On one hand, the project is expected that talented people, big players and other leaders of the cooperative might play a critical role, have the poor households organized to conduct effective production, on the other hand, the project is also expected to cover and benefit as more poor households as possible. How to establish a good interest-distribution mechanism between a cooperative leader and the poor households, so as to continuously realize win-win? It is not only a challenge to the PMO of all the counties (cities), but also one of the project risks. However, the poor households also had many worries about such risks. We may see from the discussions with the poor households, in terms of investments, many poor households could hardly decide how to make investments. Except being willing to input labors, there would not be more cash investments. However, land was their main assets, they could hardly decide whether to invest land in the cooperative to buy shares, they worried about excessive risks if they made the investment, or they would not get any returns if they did not make investments. In terms of cooperative leaders, they could hardly make decisions, either. They basically believed the local village and sub-village leaders. However, they were not skilled in marketing, and they could hardly satisfy the first demands for selling products; if they hired external talented people as the leader, it may be helpful for marketing and technical upgrading. However, they also worried about too much benefits being taken away, leaving not much for them.

6.3.5 Recommendations to Increase Project Benefits for Poor Households

1. The project implementation might affect the basic livelihood of the poor households. Therefore, in addition to money invested by the project, we should try to create a no-obstacle loan mechanism for the poor households, so that they could conveniently and quickly get loans for production or emergency purpose, instead of being stuck in dilemma of spending for basic livelihood and investments in developing production.
2. At the cooperative level, an uniform product quality control system should be established, instead of allowing the farmers to control their product quality, so as to avoid the risks of technology, mentality, labors and investments, etc. of poor households falling behind, causing product quality problems.
3. Except the WB project, the project villages still need to take the attitude of development, accept and absorb different poverty alleviation measures and compensation policies, and avoid the market risks of simplistic products and sources of livelihood caused by poor households being excessively dependent on the project industries.
4. Inside the cooperatives, the poor households should be mobilized to actively join and work together with the cooperative leaders and ordinary members, etc. to set up a clear benefit distribution system they could understand and accept, earn the trusts of poor households in the cooperatives through institutional guarantee instead of excessive dependence on the trusts to the village and sub-village leaders, so as to exclude the potential cooperative leaders with operation abilities but they were not so familiar with.

7 Gender Analysis

7.1 Women's Development Status in the Project Area

7.1.1 Women in Guangxi Zhuang Autonomous Region

In 2014, the total female population of Guangxi Zhuang Autonomous Region was 25.84 million (this number was 24.51 million in 2010), accounting for 47.2% of the total population in the province, and the ratio of male and female was 100:111.8. Of the female population, the urban female population was 8.92 million, accounting for 40.4% of female population, and the rural female population was 13.18 million, accounting for 59.6% of female population. The female population of Zhuang nationality was 7.04 million, accounting for 31.9% of total female population, while the female population of Yao nationality was 0.72 million, accounting for 3.3% of total female population; the female population of Miao nationality was 0.23 million, accounting for 1.1% of the total female population; the female population of other ethnic minorities was 0.34 million, accounting for 1.5% of the total female population.

In 2014, the working female population in urban non-private units of Guangxi Zhuang Autonomous Region accounted for 22.7% of all employees, in which working females in State-owned units accounted for 42.2% of all employees of State-owned units, while the working females in collectively owned units accounted for 25.8% of all the employees in collectively owned units, while the working females in other units accounted for 33.2% of all the employees.

7.1.2 Women Development Status in Project Counties

In order to learn about women's development status in the project counties (cities), the social assessment team visited the Women's Federations in six counties (cities). Findings are summarized as follows:

- Although none of county (city) Women's Federations conducted special women development plan, each of them worked together with other business departments to promote women's development, and the main activities included:
 - (1) Conducting training on various kinds of production technologies, mainly technical training on planting and animal breeding, as well as handicraft processing;
 - (2) Helping the urban and rural women to comply with conditions to apply for microcredit;

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- (3) Jointly conducting women's occasional and job training with Personnel and Social Security Bureau, Agriculture Bureau and Poverty Alleviation Office, etc., the contents of which include basics of law and upholding rights, and basic professional skills, such as housekeeping services and cleaning skills, etc.
 - (4) Implementing Mother's Water Tank Project, help building concrete structure water tank for storing water, and make good damaged water tanks. The project activities eased the women's water consumption difficulties in the project area, and improved their standard of living.
- Helping women conducting non-agricultural employment, mainly working as migrant workers, which was a key to the jobs of women's federation. However, women leaving home as migrant workers would also bring positive and negative impacts to themselves and their families.
 - (1) Positive impacts: women leaving home as migrant workers would increase their economic independence, improve the women's status, simultaneously ease the men's financial stresses, increase the family incomes, and improve their family appearance and children's education conditions.
 - (2) Negative impacts: if they leave home for a long time, their love and care about the children would be limited, which would bring great impacts on the children's healthy growth. Moreover, if the husband and wife are separated for a long time, it would be unfavorable for communication between the spouses, their spousal passion and communication would be weakened, and some couples might be in a marriage crisis.

However, in general, positive impacts are greater than the negative impacts. Therefore, leaving home as migrant workers are a means of development for women.

- The main factors affecting the women to leave home as migrant workers mainly included: The women not only needed to leave home as migrant workers to increase family incomes, but also must take care of the children and old people in the families, and they could not taking care of both. Therefore, the women with young children could hardly leave home as migrant workers. On the other hand, those who left home as migrant workers mainly engaged in jobs with low requirements for skills, such as simple labors, working in supermarkets, housekeeping services, and hotel services, etc., with relatively low wages.
- Women leaving home as migrant workers would increase the women's incomes and broaden their minds, which was generally good for narrowing the differences between men and women.
- Regarding the WB project, most Women's Federations believed that the characteristic planting, animal breeding, national arts and handicrafts and processing agricultural

products, etc. should be developed in combination with the economic, cultural, living habits and folklores of local ethnic minority women. The Women’s Federation might participate in implementing such measures.

- WB poverty alleviation project with cooperatives as the media took care of women balancing family and production, which would be very helpful for women’s development, as to whether it would increase the women’s labor burdens, it still needs to be paid attention to.

7.2 Coverage of Women by the Project

From the perspective of project design, the WB project will cover more than 60,000 women, accounting for 44.4% of the project beneficiaries.

The fact that when women join the cooperative project with their family as the unit, they often registered with male names, will have to be taken into account. The project coverage of women might be referred to in Table 7-1.

Table 7-1 Women’s status in the project area

Project counties (cities)		Number of people covered by the project	Number of women covered	Women’s percentage (%)
Hechi City	Du’an County	8,800	4,145	47.1
	Dahua County	7,878	3,935	50.0
	Donglan County	20,207	9,529	47.2
	Bama County	9,227	4,597	49.8
	Fengshan County	16,057	7,008	43.6
	Yizhou City	7,118	3,196	44.9
Baise City	Tiandong County	21,237	9,100	42.9
	Pingguo County	18,678	9,013	48.3
	Tianlin County	17,919	6,192	34.6
	Leye County	10,203	4,192	41.1
Total		137,324	60,907	44.4

Source of Data: Collation of investigation data for social assessment.

7.3 Womens’ Awareness of the Project and Attitudes

7.3.1 Women’s Understanding of the Project

43.3% of women had heard about the WB project by the time of the SA survey. From the perspective of understanding about WB project, women’s awareness level about the project

was lower than average men, and their channels to obtain information were more basic. They mainly relied on information received during meetings in the village. Of the women knowing the WB project, about one third knew very well or knew the specific contents of the project. However, almost half the males knew very well or knew the specific contents of the project. Refer to Table 7-2 and Table 7-3.

Table 7-2: Understanding about the project, by gender

Project counties (cities)	Number of people	I heard about this project		I haven't heard about this project	
		Number of people	%	Number of people	%
Visited women	210	91	43.3	119	56.7
Visited men	350	185	52.9	168	47.1

Source of Data: Collation of investigation data for social assessment.

Table 7-3 Understanding of the women's groups about the project

Project counties (cities)	Number of people	I know very well		I know		I know a little		I do not know		I am not sure	
		Nr.	%	Nr.	%	Nr.	%	Nr.	%	Nr.	%
Visited women	91	6	6.6	24	26.4	24	26.4	29	31.9	8	8.8
Visited men	185	42	22.7	47	25.4	57	30.8	29	15.7	10	5.4

Source of Data: Collation of investigation data for social assessment.

7.4 Willingness to Participate in the Project and Demand

7.4.1 Women's Participation in the Project

Almost 90% of women stated they were willing to join the cooperatives, and the ratio was consistent with that of the male. As to investments for joining the cooperatives, 85.2% of women and 83.7% of men were willing to input labor to join the cooperatives; 31.9% of women and 40.0% of men were willing to contribute land for joining the cooperatives; however, only 8.1% of women was willing to invest more than 3,000 CNY to join the cooperatives, while the men willing to invest more than 3,000 CNY accounted for 28.9%, which was far higher than the women. This somehow indicated that the women did not understand the cooperatives well enough or taking a wait-and-see attitude. As to the reasons for their unwillingness to make investments, firstly, they had no money for investment, secondly, the women worried that once they invested in the project, and their

means of livelihood might be affected. Refer to Table 7-4.

Table 7-4 Womens' willingness to participation in the project

Project counties (cities)		Visited women (Nr.)	Visited men (Nr.)	Women willing to participate in cooperative		Men willing to participate in cooperative		Women willing to input labor		Men willing to input labor		Women willing to buy shares with land		Men willing to buy shares with land		Women willing to invest more than 3,000 CNY		Men willing to invest more than 3,000 CNY	
				Nr. of people	%	Nr. of people	%	Nr. of people	%	Nr. of people	%	Nr. of people	%	Nr. of people	%	Nr. of people	%	Nr. of people	%
Hechi City	Du'an County	19	36	13	8.4	29	80.6	18	94.7	26	72.2	3	15.79	14	38.9	1	5.3	13	36.1
	Dahua County	20	26	19	95	23	88.5	20	100	23	88.5	7	35	13	50.0	2	10	8	30.8
	Donglan County	26	29	22	84.6	28	96.6	18	69.2	27	93.1	7	26.92	12	41.4	0	0	7	24.1
	Bama County	19	45	18	94.7	38	84.4	19	100	39	86.7	2	10.53	13	28.9	1	5.3	11	24.4
	Fengshan County	31	30	27	87.1	16	53.3	25	80.7	14	46.7	8	25.81	5	16.7	2	6.5	1	3.3
	Yizhou City	15	39	14	93.3	36	92.3	15	100	31	79.5	8	53.33	14	35.9	1	6.7	13	33.3
Baise City	Tiandong County	14	50	13	92.9	46	92.0	11	78.6	44	88.0	4	28.57	23	46.0	0	0	18	36.0
	Pingguo County	13	32	12	92.3	32	100.0	10	76.9	31	96.9	8	61.54	18	56.3	2	15.4	12	37.5
	Tianlin County	24	35	22	91.7	32	91.4	20	83.3	31	88.6	6	25	14	40.0	6	25	10	28.6
	Leye County	29	28	26	89.7	27	96.4	23	79.3	27	96.4	14	48.2	14	50.0	2	6.9	8	28.6

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Total	210	350	186	88.6	307	87.7	179	85.2	293	83.7	67	31.9	140	40.0	17	8.1	101	28.9	

Source of Data: Collation of investigation data for social assessment.

7.4.2 Women's Awareness of the Project and Expectations

Of the women knowing the WB project, those who believed the project was very important or important accounted for 96.7%, which indicated that the women took the project very seriously, which was basically identical to the understandings of the poor household. Refer to Table 7-5.

Table 7-5 Importance of the project for the visited women's family

Project counties (cities)		Visited women (Nr.)	Very important		Important		Fair		Important or irrelevant	
			Nr. of people	%	Nr. of people	%	Nr. of people	%	Nr. of people	%
Hechi City	Du'an County	5	1	20.0	3	60.0	1	20.0	0	0.0
	Dahua County	8	3	37.5	5	62.5	0	0.0	0	0.0
	Donglan County	11	6	54.5	4	36.4	1	9.1	0	0.0
	Bama County	11	8	72.7	3	27.3	0	0.0	0	0.0
	Fengshan County	14	12	85.7	2	14.3	0	0.0	0	0.0
	Yizhou City	5	2	40.0	3	60.0	0	0.0	0	0.0
Baise City	Tiandong County	9	6	66.7	3	33.3	0	0.0	0	0.0
	Pingguo County	8	8	100.0	0	0.0	0	0.0	0	0.0
	Tianlin County	12	3	25.0	8	66.7	1	8.3	0	0.0
	Leye County	8	6	75.0	2	25.0	0	0.0	0	0.0
Total		91	55	60.4	33	36.3	3	3.3	0	0.0

Source of Data: Collation of investigation data for social assessment.

7.4.3 Women's Willingness to Participate

The women's willingness to participate is mainly based on the group discussions with the women's representatives of the project village, and the main conclusions may be referred to in Table 7-6:

Table 7-6: Women's willingness to participate

The information I want to know the most	Relatively good means for the villagers to get information	The things deserve participation the most	Difficulties and worries of participation
1. Expenditures of overhead expenses of the cooperatives	1. Notice on meetings in the sub-villages	1. Discussing about what to be trained.	1. Worried about incomes being retained and not paid to households
2. What were the lowest procurement prices for the products of the cooperatives?	2. The village and sub-village leaders convened meetings, and then passed on the information to the villagers.	2. Discussing about the purposes of the cooperatives' overhead expenses	2. Encountered difficulties / problems, did not know reporting to whom.
3. Which facilities would be built with subsidies by the project? How much would be spent?	3. The villagers' representatives convened meetings, and then passed on the information	3. Discussing about who would lead the cooperative	3. In a society of acquaintances, it would be an embarrassment to investigate about the problems, such as checking accounts.
	4. Handing out advocacy data	4. Electing representatives to check the expenditures	

Source of data: Discussions of women's group.

7.5 Analysis of Women's Needs

As to the roles of the cooperatives, the interviewed women mainly expected to be helped selling products, providing technical services, creating brands and increase selling prices, refer to Table 7-7.

Table 7-7 Expectations of visited women about the cooperative

Project counties	Number of	Women's expectations about the cooperative (Number of people)
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(cities)		visited women	Help selling products	Providing technical services	Creating brands and increasing selling prices	Solving difficulties that could not possibly be solved by individuals	Not very clear
Hechi City	Du'an County	19	7	12	6	7	5
	Dahua County	20	12	13	6	13	2
	Donglan County	26	17	13	11	9	3
	Bama County	19	16	7	9	4	1
	Fengshan County	31	18	11	10	16	6
	Yizhou City	15	12	14	6	7	1
Baise City	Tiandong County	14	10	8	9	5	1
	Pingguo County	13	12	11	11	11	0
	Tianlin County	24	22	15	11	6	1
	Leye County	29	15	18	9	8	6
Total		210	141	122	88	86	26
%		100	67.1	58.1	41.9	41.0	12.4

Source of Data: Collation of investigation data for social assessment.

In addition to cooperatives, the main expectations of the women about the project also included improving the infrastructures and providing loans. The common needs proposed in the discussions with women's groups in 29 sample villages included:

In terms of infrastructures, mainly including:

- (1) Improving or newly building roads in and to the villages and sub-villages, tractor plowing roads and tourist roads. Women from 21 villages (72.4%) proposed the needs for improving roads;
- (2) Improving irrigation facilities or domestic animals drinking facilities. 10 villages (34.5%) proposed such needs.
- (3) Helping build pens for livestock. 9 villages (31.0%) proposed such needs.
- (4) Helping build local trade market. 8 villages (27.6%) proposed such needs.

(5) Furthermore, the needs that the women's groups proposed also included processing animal feeds and packing facilities, pig feed cutting equipment that can ease labor burdens, Camellia oleifera Abel processing facilities, building silkworm greenhouses, building such tourist facilities as parking lots, as well as building cold storage in the county seat, etc.

Other needs included:

(6) Timely providing technical services, proposed by 20 villages (accounting for 60.9%);

(7) Providing loans, 14 villages (accounting for 48.3%), proposed in the women's discussions;

(8) Coming to door for purchasing products or the enterprise procuring products at minimum prices, proposed by 14 villages (accounting for 48.3%);

(9) Assisting in buying good seeds, proposed by 13 villages (accounting for 44.8%);

(10) Providing market information, proposed by 6 villages (accounting for 20.7%);

The needs proposed by the women were more diversified and specific.

In the course of discussing with the women's groups, we also found that there were some obstacles for satisfying the women's needs and solving their difficulties, mainly including:

(1) The women wished to promote their developments through the project and the cooperatives. However, many women never heard about what was a cooperative, nor did they know how to join. Even if they had become members of existing cooperatives, since they did not adequately participate in formulating the articles of association, they were quite unclear about the management of the cooperatives, the obligations or the responsibilities of the members.

(2) They proposed many specific needs. However, when we analyzed with them how to realize such needs, they could not propose any opinions or suggestions, but expect the project to help address them.

7.6 Project Impact on women

7.6.1 Expected Positive Impacts

(1) Combining taking care of family and being involved in production, leading to increased women's incomes

Agricultural industry development may enable women not to leave home as migrant workers,

so that they could take care of their families and simultaneously organize production through a cooperative. Women would be able to contract jobs in accordance with their own labor availability, but would not have to do everything, so that their workload might be eased. Simultaneously, if product quality is improved and there are stable sales, women could make more money.

(2) Women's capacities developed

Through technical training, management training and participation in operation of cooperatives, the women's abilities in all aspects and awareness of participation in public affairs would be improved.

(3) Improved quality of life and living standard

The women could make more money through implementing the project, and improve their family life. They could calmly handle such family affairs as children's schooling, family members being sick, marriage gifts and social exchanges, etc. Simultaneously, in the course of participating in the cooperative activities, the women could open their life circle, contact the external society and knowledge, learn new things and grasp new information, and improve the quality of spiritual life.

(4) Improved status at home and outside

In the past, the women faced the dilemma of not being able to take care of children and old people if they leave home as migrant workers, but if they stay home and take care of the family, their direct cash incomes would be limited, and their family status would be low. Through participating in the cooperative project, the women could concurrently take care of families and make money, and simultaneously, their various abilities would be improved and conscientiousness would be awakened in the course of implementing the project, which may directly or indirectly improve their family status, and increase their right to speak. Externally, through participating in cooperative management, the women proposed suggestions about operation of cooperatives, jointly solved various problems emerged in the cooperatives, allowed participation in consultation and decision of public affairs, fostered their capacities, and gradually improved the women's status in the community.

7.6.2 Potential Risks of Negative Impact

According to socioeconomic investigations, interviewing Women's Federations, informal talks with women's groups and internal workshop results of the investigation group, the project would generally promote women's development, while solving the realistic problems of women and families also improved the women's strategic status. However, if sensitivity about gender is deficient in the design, implementation and operation management of the project, the project would also generate a potential risk for women's benefits from the project to be lower or even absent. The main risks would be manifested in the following aspects:

(1) The project might solidify the men's dominant position in deciding cooperative affairs and community affairs

1) Women's participation level in cooperative management is low at present, and they lack of the right to speak and participate in the decisions. From the perspective of management circumstances of cooperatives in the project villages, there was no woman in the management of more than half of the surveyed cooperatives, and all the presidents/leaders of the cooperatives were male. Even if there were women in the management of some cooperatives, the women mainly engaged in jobs of an auxiliary nature, lacking decision power in the cooperatives, and the dominant power of the cooperative belonged to the men. While discussing with the women's groups in all the villages, when we came up with information about the project and the cooperatives, the female representatives from many villages said they only heard about them, but did not know the details. "My husband attended the meetings, I did not go" was the direct answer of many women. Therefore, the relevant information they got was second hand information. Simultaneously, we also found that the women had willingness to participate, as shown in Table 7-6. Therefore, in the next stage of designing the project's operational manual, there should be specific measures with gender sensitivity about how to increase participation of women in the management of cooperatives.

2) Women's participation level in the specific activities of the cooperatives is low, they often join the cooperatives by households, often in the name of men, seldom in the name of women, unless the couple joined the cooperatives separately. Secondly, in the course of connection with the market, sales and sales-related decisions are basically dominated by men in the families. At the cooperative level, women seldom participate in important decisions and activities of the cooperatives. When the cooperatives need to make decisions by voting or raise opinions, it was often attended by the men in the families. Only when the men were not home could the women participate, even if they participated, they seldom expressed their views or opinions on the meetings. Relevantly, when the cooperatives organized trainings, unless there was no special requirement, it is often attended by males. As time passes, the gap in knowledge and skills between men and women would be enlarged, which would bring negative impacts on the women.

(2) The women's burdens might be increased

The cooperatives developing industries would bring more convenient job opportunities for women with dependents, but they might also impose double pressure on taking care of families and developing industries. It is particularly noteworthy that if women from poor households could not contribute land and cash as shares in the cooperatives, but only rely on contributing labor to participate in the activities of cooperatives, it might bring a great burden on women's workload.

8 Ethnic Minorities

The purpose of this chapter is to promote participation of ethnic minorities in public affairs, identify the mutual impacts of ethnic minorities and the project, try to avoid potential social risks that may be brought to ethnic minorities, identify the necessity for separately preparing ethnic minority development plan, so that the ethnic minorities may better benefit from the project. This chapter is mainly focused on the following subjects: 1) general description about ethnic minorities in the project area; 2) participation of ethnic minorities in the project; 3) impacts of the project on ethnic minorities; 4) judging the necessity for preparing the ethnic minority development plan.

8.1 General Features of Ethnic Minorities in Guangxi

The population of Guangxi Zhuang Autonomous Region is 52.40 million, with 12 long-dwelling ethnic groups, i.e., Zhuang, Han, Yao, Miao, Dong, Mulao, Maonan, Hui, Jing, Yi, Shui and Gelao people, as well as other ethnic groups, such as Man, Mongolian, Bai, Tibetan and Li, etc. The total population of ethnic minority is more than 17.1 million, and Guangxi is the province with the largest ethnic minority population in China. Of the resident population, ethnic minority population accounted for 37.2%, the total population of ethnic minorities ranked No.1 nationwide, in which Zhuang population accounted for 31.4% of the total population, which is the most populous ethnic minority in China.

The bases are “Several Rules of Guangxi Zhuang Autonomous Region on Implementing Regional Autonomy of the People’s Republic of China” and “12th Five-Year Plan of Guangxi Zhuang Autonomous Region for Developments of Ethnic Minorities.” The plan clarified five main tasks for developments of ethnic minorities: Firstly, it is to reinforce infrastructure construction in areas where ethnic minorities live in concentrated communities, including construction of rural roads, improving irrigation facilities, and rural safe drinking water construction, etc. Secondly, it is to foster characteristic and advantageous industries for the ethnic minorities, take advantage of the green and environmentally friendly agricultural products and other advantageous resources in areas where ethnic minorities live in concentrated communities, promote the agricultural and industrial developments of grains, sugarcane, poultries, fruits, vegetables, silkworms, advantageous aquatic products, and Chinese herbal medicines, etc. It is to actively develop rural tourism with national characteristics. Thirdly, it is to support protection and development of villages with characteristics of ethnic minorities. It is to protect the construction styles and overall appearances of villages with characteristics of ethnic minorities, improve the living conditions and environment of ethnic minority people, support characteristic planting and breeding, tourism with national folklores, and national handicraft products and development

of other characteristic industries of “one village with one product”, promote ethnic minority people to increase incomes, promote promotion and heritage of national cultures, and promote national unity and progressiveness. Fourthly, it is to promote the development of nationalities with smaller populations, the contents of which include construction of transportation facilities, construction of farmland and water conservancy infrastructures, construction of clean drinking water facilities for people and animals, as well as construction of rural living environment, as well as comprehensively improve other infrastructures in the areas where smaller ethnic minorities live in concentrated communities.

8.2 General Features of Ethnic Minorities in the Project Area

8.2.1 Population Status

The total population of the 10 project counties (cities) was 3,995,712, in which the population of ethnic minorities was 3,487,278, accounting for 87.3% of the total population, and the population of Han people was 508,434, accounting for 12.7% of the total population. The main ethnic minorities distributed in the project counties include Zhuang people and Yao people. To be specific, the population of Zhuang people was 2,975,626, accounting for 74.5% of the total population, while the population of Yao people was 459,960, accounting for 11.5% of the total population. The other ethnic minorities mainly include Dong, Gelao, Shui and Maonan, with a total population of 51,692, accounting for 1.3% of the total population. In general, although ethnic minorities in the 10 project counties (cities) accounted for the vast majority, in which Zhuang people is the majority ethnic group in Guangxi, and also in the project villages. The development levels of Zhuang people in the project areas are basically identical to those of the Han people, while the other ethnic minorities are relatively more disadvantageous. Therefore, while conducting analysis about nationalities, other smaller ethnic minorities were specially classified, which specifically referred to the ethnic minorities other than Zhuang, mainly being Yao people, also included Miao people, Dong people and Maonan people, etc.

There are 6 Yao people’s autonomous counties in Guangxi, in which 3 are in the project area, i.e., Dahua County, Bama County and Du’an County. The overview of ethnic minority population in the project area may be referred to in Table 8-1.

Table 8-1 Ethnic groups in the project area

Project Counties (cities)		Total population	Han People		Zhuang People		Other smaller ethnic minorities	
			Nr. of samples	%	Nr. of samples	%	Nr. of samples	%
Hechi	Du’an County	686,512	20,037	2.9	493,811	71.9	172,664	25.2

City	Dahua County	460,502	23,025	5.0	331,120	71.9	106,357	23.1
	Donglan County	307,942	27,407	8.9	270,989	88.0	9,546	3.1
	Bama County	292,111	38,038	13.0	202,971	69.5	51,102	17.5
	Fengshan County	215,361	73,200	34.0	124,961	58.0	17,200	8.0
	Yizhou City	655,017	100,218	15.3	478,162	73.0	76,637	11.7
Baise City	Tiandong County	431,719	46,625	10.8	365,665	84.7	19,429	4.5
	Pingguo County	512,084	28,830	5.6	459,815	89.8	23,439	4.6
	Tianlin County	260,600	67,600	25.9	161,200	61.9	31,800	12.2
	Leye County	173,864	83,454	48.0	86,932	50.0	3,478	2.0

Source of Data: Collation of investigation data for social assessment.

Among the 117 project villages in the project area, there 85 villages with Zhuang people as the majority, 14 villages with Yao people as the majority, with 48,437 households of ethnic minorities, accounting for 74.6% of total number of households in the project village, as shown in Table 8-2.

Table 8-2 Smaller ethnic minorities in project villages

Project Counties (cities)	Project villages (Nr.)	In which:		Ratio of ethnic minority villages in project villages (%)	Number of ethnic minority households	Ratio of ethnic minority households in total households (%)	
		Villages of Zhuang People (Nr.)	Villages of smaller ethnic minorities (Nr.)				
Hechi City	Du'an County	10	6	4	100.0	4,944	99.2
	Dahua County	10	10	0	100.0	8,307	98.3
	Donglan County	11	11	0	100.0	6,713	96.6
	Bama County	10	4	4	40.0	2,722	50.2
	Fengshan County	15	10	1	66.7	4,918	63.5
	Yizhou City	10	10	0	100.0	3,852	100.0
Baise City	Tiandong County	10	5	2	50.0	3,701	55.1
	Pingguo County	15	16	0	100.0	9,890	100.0
	Tianlin County	16	5	3	31.3	1,816	31.6
	Leye County	10	4	0	40.0	1,574	30.5

Total	117	85	14	84.6	48,437	74.6
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Source of Data: Collation of investigation data for social assessment.

8.2.2 Cultural Characteristics of ethnic minorities in the project area

● Zhuang people

Distribution of population: Zhuang is the most populous nationality amongst the Chinese ethnic minorities. They are mainly distributed in Guangxi, Yunnan, Guangdong and Guizhou, etc. in China, and North Vietnam. Zhuang people's places of residence are basically concentrated, mostly live together, and a large portion also mix with Han, Yao, Miao, Dong, Mulao, Maonan and Shui people, etc.

Food and costumes: Zhuang is a typical rice growing ethnic group, and their staple food is mainly rice. Zhuang people's costumes are mainly in three colors, i.e., blue, black and brown. The clothes of men and women, the hairstyles of men, women and unmarried women are distinctive.

Languages: Zhuang is a common language in Zhuang people's area, under which there are about 20 dialects. Zhuang is the main language for communication among the ethnic minorities in the project area, it is not only spoken among the Zhuang people, and Yao people can also speak basic Zhuang. There are also different Zhuang dialects in the 10 counties (cities), which generally fall into the categories of Guibei dialect and Youjiang dialect of the Northern Zhuang System. The main differences between different dialects are local tongues with different tones, and there also some different words. However, it basically does not affect mutual exchanges between different dialects.

Religious beliefs: Zhuang people's religions are mostly natural worship and ancestor worship. The gods they worship are more and mixed, with natural gods, social gods and protection gods, etc., and the worship ceremonies often vary with the functions of gods.

Marriage: Zhuang people traditionally practice monogamy. Both women and men are labors of the family, but only men have the right of heritage. In their marriage, it was popular "not living in husband's home" or "sitting at home", but very few places keep this custom now. After the young men and women married, the brides return to their parents' home and live there, only come back to the husband's home and live for a short period in case of important holidays and busy farming seasons, and they do not permanently live at the husband's home until they are pregnant. Therefore, the time of "not living in husband's home" normally last three to five years. In the modern society, the Zhuang people's marriage concepts have changed greatly, and they are often free to choose their spouses and make their own decisions about marriage.

Traditional holidays: The spring festival customs of Zhuang people are similar to those of Han people. It is the most important festival for the Zhuang people in a year. March 3 on lunar calendar is another important festival for the Zhuang people. On this day, every households cook five-color sticky rice, die colorful eggs, cook chicken and dugs, and drink alcohol to celebrate this joyful festival by different means.

- **Yao people**

Distribution of population: Yao people is an old nationality in China, being simple, honest and tough, mostly live in mountainous areas, therefore, it is known that “where there are mountains, there are Yao people”. The distribution characteristics of Yao people is scattered in vast areas and scattered in small areas. It is very common to see Yao people living together with Zhuang people and Han people in the project area.

Languages: Yao people have their own language, with multiple branches and great linguistic differences, including such dialects as Mian dialect, Bunu dialect and Lajia dialect, etc. It is very difficult for people speaking different dialects to communicate, and they often communicate in Han or Zhuang languages. The Yao people in the project area often speak Han, Zhuang and Yao languages. They often speak Han and Zhuang for external communication, and Yao is only limited to internal use. Most of Yao villagers over 60 years old can speak Zhuang, and understand Han, but difficult to communicate. In history, they do not have national written language, and normally use Chinese instead.

Food and costumes: Yao people is a typical upland nationality, mainly grow rice and sweet potato. Yao people’s costumes are colorful, which are quite different between different tribes of people calling themselves as Yao people. The hairdresses of Yao women are colorful. We can tell the different of young girls, unmarried women or married women from hairdresses.

Religious beliefs: Yao people believed in animism in the past, worshipped the nature and their ancestors. Therefore, their main beliefs are such primitive religious forms as natural worship, totems, and ancestor worship, etc.

Marriage customs: Traditionally, Yao people did not married with people of other ethnic groups. However, it is very common to see intermarriage between Yao people, Zhuang people and Han people in the project area now.

Traditional holidays: “Panwang Festival” on October 16 of lunar calendar is the greatest festival for Yao people, during which Yao people cook chicken and ducks, men and women, old people and young people wear holiday dresses, come together, firstly worship Panwang, and sing Panwang songs. Moreover, Yao people often have such holidays as Bull Festival, Spring Festival and Du’anwu Festival, etc.

Regional distribution: There are 6 Yao people’s autonomous counties and 50 Yao people’s

autonomous townships in Guangxi, and there are Yao people's townships and villages in almost every county. The population of Yao people is close to 2 million, and it is another ethnic minority with population over 1 million beside Zhuang people. Of the 117 project villages, except 14 villages where Yao people live together, there are also some Yao people's sub-villages in Zhuang people's villages, or Yao people living together with Zhuang people in the same village. Yao people mostly live in mountainous areas, therefore, it is known that "where there are mountains, there are Yao people". Likewise, Yao people in the project area are also mainly distributed in mountainous areas.

8.2.3 Livelihood status of ethnic minorities in project area

Livelihood status of ethnic minorities in the project is mainly based on the investigation data from 29 sample villages in social assessment investigation. The total population of the 29 investigated villages is 68,129, in which Zhuang population is 51,671, accounting for 75.8% of the total population; Han population is 10,024, accounting for 14.7% of the total population; Yao population is 6,129, accounting for 9.0% of the total population. There are also a few Maonan people and Gelao people, accounting for but 0.5% of the total population.

Since Zhuang is the majority ethnic group in the project area, and their basic properties have enabled them no longer being disadvantageous groups that need special care. Therefore, subsequent analysis and general descriptions are mainly focused on smaller ethnic minority villages and households in the project area.

We may see from the information of 60 households of smaller ethnic minorities sampled that almost half of the households took working as migrant labors as the main means of livelihood. 30% of farmers took planting cash crops as the main means of livelihood. 10% of farmers had diversified means of income. They mainly grew grains for their own consumption, which basically did not constitute a source of income, and some farmers still need to rely on other incomes to buy food. Refer to Table 8-3.

Table 8-3 Main sources of livelihood of smaller ethnic minorities in the project area

Project counties (cities)	Households of smaller ethnic minorities (Nr.)	Mainly growing grains		Mainly growing cash crops		Main breeding animals		Mainly being migrant workers		Diversification	
		Households	%	Households	%	Households	%	Households	%	Households	%
Total	60	0	0.0	19	31.7	2	3.3	28	46.7	11	18.3

Source of Data: Collation of investigation data for social assessment.

8.3 Understanding and Attitudes of Smaller Ethnic minorities About the Project

37.7% of smaller ethnic minorities heard about the WB project. About 45% of smaller ethnic minorities knew or generally knew about the specific content of the project. 100.0% of smaller ethnic minorities expected to get supports from the project, and 88.3% of smaller ethnic minorities believed it was necessary to establish cooperatives. 95.0% of households believed the planned industries were very important or important for them.

As to how the households of smaller minorities join the cooperatives, 85.0% of the households were willing to input labors, while 33.3% of the households were willing to contribute shares with land, and 23.3% of households were willing to invest more than 3,000 CNY.

96.7% of households had more than 2 years of experiences in the industries planned by the project, but none of them could sell the products by themselves.

As to the roles of the cooperatives, 70.0% of the households hoped they could help sell products, while 63.3% of the households hoped they could provide technical services, 48.3% of households hoped they could help build brands and increase the selling prices, and 16.7% of households were not sure what they could do.

8.4 Tourism projects

Of the 117 project villages, Donglan County, Bama County and Yizhou City planned tourism as one of the projects of the cooperatives, the basic mode of which is “cooperatives + tourism base + households”. Simultaneously, they hoped to take “national cultures” as the tourism resources, develop and utilize accordingly. In the course of social assessment, we also visited 4 villages that where going to develop tourism, including Panyang Village and Donglie Village in Bama County, Dongli Village in Donglan County, as well as Guwen Village in Yizhou City. The basic conditions of tourism development in all the villages may be referred to in Table 8-4.

Table 8-4 General description of developing tourism in the communities

Project villages	Villagers’ views about developing tourism in the village		Status quo analysis
	Advantages	Disadvantages and difficulties	
Panyang Village,	Relying on abundant	Difficult access to	There is a plan in the county, the

Bama County (Zhuang people's village)	tourism resources of Panyang River (natural scenery, traditional costume opera, copper drum music, folk tales, Wenxiangge, Panyang mountain songs)	transportation, and poor prestige	village is taken as a part of the entire Panyang River Tourist Spot, there is not much the villagers can lead the development
Donglie Village, Bama County (Han, Zhuang and Maonan people live together)	There is a sinkhole, and 4A grade scenery area nearby	Small site, limited facilities	The project activities are restricted to Liaodao Sub-village with 15 people, while the villagers and the county tourism administration department think differently about development of tourism
Dongli Village, Donglan County (Han, Yao and Han people live together)	Many scenic spots: National 4A level scenic areas; Former residence of We Baqun; Three ponds of Dongli with picturesque mountains and water; with an old parade ground. It has convenient access to transportation, and it is only 4km away from an expressway.	Without a restaurant or hotel, the guests would not stay.	The tourism bureau worked together with the villages to develop farm stay, and build restaurants. Farmers took the lead, and raised chickens at hillside.
Guwen Village, Yizhou City (Zhuang people's village)	Blessed with river scenery, it is a key village for rural tourism in Yizhou City. The sub-villages in the mountainous area may raise pollution-free chickens and ducks for sale.	Poor road conditions in the village.	According to the county tourism development plan, a sub-village (Wangcun) established a cooperative, and all the members came from Wangcun; An enterprise contracted 20mu of land for tourism development at Luocun Sub-village.

From the perspective of preparations of all the villages for tourism cooperatives, we may find the following characteristics:

1. All the villages mainly relied on natural sceneries for tourism development, without thinking much about taking national cultures and characteristics as the resources.

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2. There was no adequate discussion between the county and the villages about how to develop rural tourism. The county tourism department had some planning ideas to take the villages as auxiliary parts of the main scenic spots nearby, while the villagers also had some ideas, but they were not clear about the planning ideas of the county, and they could hardly tell if they agreed or not.
 3. The planning ideas of the villages are often restricted to spots (sub-villages) blessed with good sceneries, and the tourism cooperatives had very few member households, ranging from a dozen households to dozens of households. They had no more idea about how to attract more other households to participate in tourism.

8.5 Project Inclusiveness Towards Smaller Ethnic Minorities

While selecting the WB project villages, all the counties (cities) adopted the means of participatory open contests and experts scoring, and 10-13 project villages were selected from the (15-25) villages satisfying the project conditions. The scoring standards for the selection mainly included six aspects, i.e., attentions by the leaders, industrial foundation, completeness of campaign materials and internal organization, main resources, participation level of the general public, as well as the campaign representations. To be specific, the scoring standards included bonus points for poor villages in the campaign.

We learnt from interviewing the PMOs of all the counties (cities) that, except that there was no village concentrated with smaller ethnic minorities among the candidate villages in Leye County, there were villages concentrated with smaller ethnic minorities in all the other counties (cities), i.e., Yao people's village. According to incomplete investigation, there were Yao people's villages failing to be selected in most counties, mainly due to poor industrial foundation and indefinite project plans and implement schemes. Many candidate Yao people's villages failing to be selected resulted in lower coverage of Yao people in the project villages, and the ratio of Yao people's villages among the project villages was low even in the three Yao people's autonomous counties of Dahua County, Bama County and Du'an County (40% in Du'an, 40% in Bama, and 0% in Dahua).

We believed that poor industrial foundation and incomplete project plan are surely unfavorable factors for project implementation, but they are also the causes for poverty. The more disadvantageous villages of smaller ethnic minorities should be treated as poor villages, given preference or priority in listing as project villages. However, open competitive selection of project villages have finished, and maintaining the open and fair campaign results is also necessary to be adhered to safeguard the credibility of the PMOs, and smoothly implement the project. Therefore, we suggest that after initiating the project, or during interim adjustment of the project, we will purposely include more Yao people's villages and sub-villages of other smaller ethnic minorities into the project, including

increasing a few industries conforming to their production bases or with potentials. In this way, it can better manifest the project's inclusiveness of disadvantageous ethnic minorities.

8.6 Potential Risks of Implementing the Project in Ethnic Minority Areas

Areas

From the perspective of the attitudes of farmers and ethnic minority households in the project area about the project, we may see that they all supported and accepted the WB project and implementing the project by means of organizing cooperatives, as there was no conflict between project contents and their original means of livelihood or cultural traditions. In general, in the course of social assessment, except insufficient inclusiveness of smaller ethnic minorities in the selection of project villages, from the perspective of national development, we have not found any potential risk for implementing the project.

8.7 Preparation of Ethnic Minority Development Plan

According to World Bank Operation Guidelines OP4.10 "Operation Manual of Ethnic Minorities", all the PMOs conducted collation of materials and field investigation, carried out meticulous identification of ethnic minorities, and learnt that:

The total population of the 10 project counties (cities) was 3,995,712, in which the population of ethnic minorities was 3,487,278, accounting for 87.3% of the total population, and the population of Han people was 508,434, accounting for 12.7% of the total population. The main ethnic minorities distributed in the project counties include Zhuang people and Yao people. To be specific, the population of Zhuang people was 2,975,626, accounting for 74.5% of the total population, while the population of Yao people was 459,960, accounting for 11.5% of the total population. The other ethnic minorities mainly include Dong, Gelao, Shui and Maonan, with a total population of 51,692, accounting for 1.3% of the total population.

Of the 117 project villages, 99 villages were concentrated with ethnic minorities, including 85 Zhuang people's villages and 14 Yao people's villages. The total population of ethnic minorities in the project village was 203,431, accounting for 77.4% of the total population. Zhuang people account for the vast majority, while the population of Yao people is relatively smaller.

The total population of the 29 investigated villages is 68,129, in which Zhuang population is 51,671, accounting for 75.8% of the total population; Han population is 10,024, accounting for 14.7% of the total population; Yao population is 6,129, accounting for 9.0% of the total population. There are also a few Maonan people and Gelao people, accounting for but 0.5%

of the total population.

Conclusions:

Through identifying, analyzing and sorting out data about ethnic minorities, the results indicated that there are not only such ethnic minorities as Zhuang, Yao, Miao and Maonan in the project area, but also that ethnic minorities account for the vast majority of the population in the project area. These ethnic minorities are different from the mainstream society in such fields as social structure, cultural traditions, language, means of social exchanges, and religious beliefs, etc. On the other hand, the project villages included a relatively small share of smaller ethnic minorities. There is a need to learn better about the real needs of ethnic minorities in the project, so that project contents and implementation are adapted to their own cultures. Therefore, after consulting with the WB social experts and social assessment team, it was determined that an ethnic minority development should be prepared, the specific contents of which are in Attachment 5: “Ethnic Minority Development Plan for Guangxi Rural Poverty Alleviation Pilot Project.”

9 Land Acquisition and Resettlement

9.1 Overview

According to the field investigation at the project spots and interviews with the PMO staff, the possible occupation of collective land or construction content of permanent land acquisition in the project mainly included:

- “Competitive donation fund of enterprise” in Component 1: Improvement of Pro-Poor Value Chains might involve building or expanding processing locations related to industrial chains of the project.
- The two sub-components in Component 2: Improving Public Infrastructure and Services, i.e., (1) Rural infrastructure component, such as building village roads, construction land use of community warehouse facilities, etc.; (2) public services, such as construction land use for county and township agricultural products trading market.
- In Component 3: Increase Investment in Poor Areas, enterprises and economic entities would build and expand buildings, and land use for commercial incubation center.

In order to identify the land acquisition and resettlement status in the project area, so as to confirm if resettlement plan shall be prepared, and try to avoid or reduce involuntary resettlement, the SIA group identified the land acquisition and resettlement conditions in 10 project counties (cities) at the early stage of Guangxi Project, and preliminarily determined the land use status of the project, as shown in Table 9-1.

Table 9-1 Basic information about land acquisition and resettlement

Project counties (cities)		Involving permanent land acquisition	Involving land occupation adjustment inside community	Involving relocation of residential houses
Hechi City	Du'an County	No.	Yes	No.
	Dahua County	No.	Yes	No.
	Donglan County	No.	Yes	No.
	Bama County	Yes	Yes	No.
	Fengshan County	No.	Yes	No.
	Yizhou City	No.	Yes	No.

Baise City	Tiandong County	No.	Yes	No.
	Pingguo County	Yes	Yes	No.
	Tianlin County	No.	Yes	No.
	Leye County	Yes	Yes	No.

Source of Data: Collation of investigation data for social assessment.

9.2 Impact Analysis

According to data provided by all the project counties and field investigation of the SIA group, we conducted through investigation about land use status involved in the construction content of the project counties (cities), focused on the project contents that may involve permanent land acquisition, such as the land use status of agricultural products market and processing plant, etc., and preliminarily come up with the following conclusions:

- According to the actual visits and investigations of the SIA Group, all the 117 project villages in all the 10 project counties involved Component 2, the agricultural infrastructure component, while a few villages involved village level agricultural products market, the specific quantity of which was not finalized yet. All the designed land use in the agricultural infrastructures component will be jointly provided construction land by the villagers through replacement regulation in the villages or sub-villages, which will not involve permanent land acquisition.
- In Leye County, it is planned to let enterprises construct a special agricultural products market and cold storage related to the project, which will occupy about 30mu of land; in Bama County, it is planned to build a fragrant pig processing factory, which is estimated to occupy 40 – 50mu of land; in Pingguo County, it is planned to build an agricultural products transaction market and two township transaction market. To be specific, the land use for county seat transaction market had been finished land acquisition in 2011, the other 2 projects involved land acquisition, which was expected to be necessary to require 40mu of land. These 3 construction projects are designed to permanently acquire land.
- None of the collectively owned land occupation and construction use land of 3 counties would involve relocation of houses, but it might involve dismantling a few ground buildings or fixtures.

9.3 Villagers' Attitude Towards Land Acquisition

All the 10 project counties (cities) in Guangxi Zhuang Autonomous Region are basically in karsts poor mountainous areas, with fragile local ecological environment and infrastructures, and all the people in the project area had relatively strong needs and wishes for developing

industries and improving infrastructures. Therefore, the land to be occupied for village roads matching industrial development, irrigation and other infrastructures were promised by the villagers of the project villages that they could be addressed by autonomous consultation in the villages (sub-villages). Of the 29 sample villages investigated, all the village leaders and villagers' representatives said they could solve the land occupation problem internally, most villagers were willing to provide land free of charge. A few households with considerable amount of land occupation may be compensated by means of replacement in the village (sub-village), let other villagers spare some land for them, or let the households without land occupation pay the households with land occupation. After all, construction of such facilities is very helpful for developments of the farmers, and there is no problem in coordinating land occupation.

9.4 Conclusions

Due to implementation of the project, part of the project content involves land acquisition and resettlement, according to the basic requirements of WB for initial preparations for implementing the loan project, framework for resettlement plan shall be prepared before starting to implement the project. In order to minimize land acquisition and resettlement of the project, all the involuntary resettlement must be conducted following all the basic principles formulated in WB's "Resettlement Policy Framework". After the physical quantity of land acquisition and resettlement are determined, it is necessary to prepare resettlement plan according to the policies and procedures in the policy framework.

10 Information Disclosure and Public Participation

10.1 Project preparation period

Since November 2014, the Guangxi Foreign Capital Project Management Poverty Reduction Center (FCPMC) worked together with all levels of relevant departments in 10 project counties (cities) and organized a series of investigation and consultation about public opinions. Simultaneously, during the preparation period of the project, the SIA report preparation team, the feasibility report preparing units and EIA unit of the project conducted disclosure and notification about the relevant information of the project, and conducted initial and adequate knowledge, consultation and public participation.

(1) Notices and disclosure of relevant information about the project

- 1) From July 2015 to March 2016, through the means of open competition after advocacy, 117 project villages were selected from almost 200 candidate villages in 10 project counties (cities).
- 2) In the second half of 2015, the PMO in the 10 project counties (cities) selected 2-3 project villages from each county, conducted initial mobilization, advocated the project purposes and methods, and promoted the communities to carry out initial preparations for establishment of cooperatives.
- 3) From November 2015 to April 2016, in the course of conducting SIA investigation, feasibility study and EIA, we also conducted working advertisements about the project.

(2) Conducting public consultation and investigation in field

Public consultation and investigation about social assessments: From November 2015 to April 2016, the social assessment preparation team conducted field reconnaissance to the project area, visited the 10 counties (cities) involved in the project, conducted detailed investigation about the project farmers in the project area that might participate by means of handing out questionnaires, informal talks and profound interviews, consulted the opinions and suggestions of the people en route about the project implementation, and took records accordingly. Simultaneously, they consulted and visited the stakeholders in the project area by such means as informal talks and workshops. Refer to Table 10-1.

Public consultation and investigation about project feasibility: From July to September 2015, the WB project feasibility study team conducted field investigation in the project area, visited 10 counties (cities) involved in the project, conducted consultation about project feasibility and collected opinions and suggestions from the main stakeholders in the project area, the farmers, the representative of leading enterprises, PMO and relevant government departments by such means as informal talks, interviewing key figures and discussing with community representative groups, etc. The project feasibility report may be improved by participation of stakeholders. Refer to Table 10-2.

Public consultation and investigation about environmental impacts assessment: From January 2016 to 2016, the EIA preparation group conducted field investigation to the project areas, visited 10 project villages in 5 counties (cities) involved in the project, consulted the opinions of cadres and villagers' representatives from the project villages in details about the existing environmental issues of the project villages by means of informal talks, heard their opinions, took records accordingly, and incorporated them into the EIA report. Refer to Table 10-3.

All the SIA report, feasibility report and EIA report are prepared based on questionnaire investigation, informal talks with key groups, interviewing key informants, and workshops with stakeholders, as well as other public participation activities.

Table 10-1 Public participation in the social assessment

Type of participation	Time	Venue	Contents of Activity	Participants	People	Note
Informal talks and interviews with relevant departments	July 2015 to March 2016	PAO of all the project counties (cities), WB Office	<ol style="list-style-type: none"> 1. Each department introduced about poverty alleviation status of the department; 2. Discussed about main difficulties in poverty work in the county; 3. Exchanged on the poverty alleviation projects implemented by all the departments; 4. Which works did the initial working department of WB Project participate; 5. Discussed about feasibility of main industries in the project from different perspectives; 6. Analyzed possible impacts of WB project from different perspectives; 7. Problems and difficulties in implementation, as well as suggestions 	Leaders from main departments of 10 counties (cities), mostly being leaders from the main departments pegging with the project, such as the Agricultural Bureau, the Forestry Bureau, the Animal Husbandry Bureau, the Agroeconomic Station, the PAO, the Nationalities Bureau, the Women's Federation, the Development and Reform Bureau, the Communication Bureau and the Tourism Bureau, etc.	A total of 10 informal talks were held in the 10 project counties (cities), including 51 interviews with relevant departments of the government With more than 150 attendants, in which women accounted for 20%	All the leaders of relevant departments were prepared before attending the informal meetings, many of them prepared materials beforehand, and some departments had more than 2 attendants in the informal meetings.
Informal talks with leading enterprises	July 2015 to March 2016	PAO of all the project counties (cities), WB Office	<ol style="list-style-type: none"> 1. Each leading enterprise introduced basic information about themselves 2. Difficulties the enterprise encountered in production and sales; 3. Cooperation status between the 	The relevant persons in charge of 19 agricultural companies, the main attendants in the informal talks were the persons in	Totally interviewed 19 enterprises, with more than 20 attendants, including 2 women	All being local enterprises from the project counties

			<p>enterprise and the cooperatives;</p> <p>4. Plan of the enterprise to cooperate with the cooperatives in future;</p> <p>5. Completed a questionnaire</p>	charge of the enterprises, legal representatives or main managers of the main enterprises.		
Interviews with cooperative managers	July 2015 to March 2016	All the project counties (cities)	<p>1. Basic information about the cooperatives;</p> <p>2. Main products of the cooperatives;</p> <p>3. Requirements and procedures for farmers to join;</p> <p>4. Management of the cooperatives;</p> <p>5. Information about the persons in charge;</p> <p>6. Sales channels;</p> <p>7. Distribution of interests;</p> <p>8. Advantages, disadvantages and difficulties in operation</p>	Managers' representatives from 23 cooperatives	Totally interviewed 23 cooperatives, with 48 attendants, including 7 women and 36 ethnic minority people	Including cooperatives of non-project villages
Discussing with village leaders and villagers' representatives	July 2015 to March 2016	All the project counties (cities)	<p>1. Basic information about the administrative villages;</p> <p>2. Discussing about production and sales of agricultural products;</p> <p>3. Development status of leading industries;</p> <p>4. Conditions of the cooperatives;</p> <p>5. Status of loans</p>	Village leaders and villagers' representatives from the sample villages	Totally held 29 group discussions, with 141 attendants, including 11 women and 108 ethnic minority people	
Informal talks with representative	July 2015 to March 2016	29 sample villages in 10 project	1. Advantageous conditions and difficulties for poor households to participate in the main industries	Representatives of poor households from 29 villages	Totally organized 29 informal talks with the poor	

s of poor households		counties (cities)	<ol style="list-style-type: none"> 2. Attitudes of the poor households about the planned industries 3. Analyzing and discussing about restrictive factors for developing industries 4. Expectations about establishing cooperatives for developing industries 5. Expectations about the project 		households, with 169 attendants, including 8 women and 150 ethnic minority people	
Informal talks with women's representatives	July 2015 to March 2016	29 sample villages in 10 project counties (cities)	<ol style="list-style-type: none"> 1. Advantageous conditions and difficulties for women to participate in the main industries 2. Attitudes of the women about the planned industries 3. Analyzing and discussing about restrictive factors for developing industries 4. Expectations about establishing cooperatives for developing industries 5. Expectations about the project 	Women's representatives from 29 villages	Totally organized 29 informal talks with the poor households, attended by 162 women, including 112 women from poor households and 149 ethnic minority people	
Sampling investigation with target groups	July 2015 to March 2016	29 sample villages in 10 project counties (cities)	Conducting questionnaire investigation to the farmers, learning their basic information and livelihood status, as well as their understanding about, attitude toward and needs for the cooperatives and the project	560 farmers	More than 600 people were sampled from 560 households in 29 households, 10 counties for visiting,	Note: In some families, several people participated in investigation and feedbacks

					in which: Women: 210 Poor households: 362 Ethnic minority: 514	
Interviewing potential incubation center	April 2016	5 project counties	Held information talks with the enterprises willing to participate in the incubation center, and constituted the idea for operating the incubation center as a company.	Company representatives and PMO staff	Totally 16 people, in which 10 were persons in charge of enterprises, including 3 women	

Source of Data: Collation of investigation data for social assessment.

Table 10-2 Public participation in the feasibility study

Type of participation	Time	Venue	Contents of Activities	Participants	Number of people	Note
Holding informal talks with and visiting relevant departments, project townships and leading enterprises	July 2015 to September 2015	All the project counties and cities	<ol style="list-style-type: none"> 1. Basic socioeconomic conditions and poverty status of the county 2. Standards, process and results of selecting the project villages and industries; 3. The development overview of the selected industries, plan, advantages and inputs; 4. Status quo of development of the cooperatives; 5. Ideas and expectations of all the departments and project townships about the project; 	People in charge of Development and Reform Bureau, Poverty Alleviation Office, WB Office, Forestry Bureau, Agriculture Bureau, Animal Husbandry and Aquatic Products Bureau, Tourism Bureau, Financial Office, project townships, representatives from county level project experts	Totally interviewed 141 people, including 20 women	

			<p>6. Overview of leading enterprises, status quo of cooperation with the farmers, and possibility of participation in project construction;</p> <p>7. Collecting basic data and relevant planning content, etc.</p>	<p>consultancy committee, representatives from leading enterprises and representatives from such banks as rural credit cooperatives, etc.</p>		
<p>Interviewing managers of cooperatives, village leaders and villagers' representatives</p>	<p>July 2015 to September 2015</p>	<p>All the relevant project villages in all the project counties and cities</p>	<p>1. Basic information about the villages, as well as level of understanding about the project, etc.</p> <p>2. Situation of villages or cooperatives participating in competitive selection of project villages;</p> <p>3. Status quo of development and construction preparation of cooperatives, problems and needs;</p> <p>4. The needs and plan of villages or cooperatives for participating in project construction;</p> <p>5. Causes for selecting the industries, advantages, development status quo and input – output status, as well as difficulties and needs of industrial development;</p> <p>6. The means of operation and profits distribution of the cooperatives and the supports to the poor households, etc.</p>	<p>Managers of the already established cooperatives, representatives from the cooperatives prepared to be established, party secretaries of the villages, village heads, women's director of the villages, representatives of poor households and women/s representatives</p>	<p>68 people from 11 villages. In which: Women: 23 Poor people: 30</p>	

Source of Data: Collation of investigation data for feasibility study.

Table 10-3 Public participation in the course of the environmental impact assessment

Type of participation	Time	Venue	Contents of activities	Participants	Number of people	Notes
Informal talks with representatives from communities subject to environmental impacts of the project	January – March 2016	Sampled 10 project villages from 5 project counties, and held informal talks in the villages	Held informal talks with villagers to learn current environmental problems in the project villages, conditions of the project planned to be implemented, and treatment measures for current environmental impacts, etc.	Village leaders and farmers' representatives from the project villages	75 attendants In which: Representatives of poor households: 18 Women's representatives: 21 Ethnic minority people: 58	The main current environmental problems of the project villages included: Lack of water, being degraded karst mountainous areas; the project planned to be implemented in the project villages was goat raising, the status quo is the raising mode of semi-captivity and semi-stocking, with goats bred in small grassland in the mountains, with small scales; the current control measures for environmental impacts mainly included ecological forests, constructing water tanks for storing water, concentrated incineration of municipal solid wastes, and using goat excrements as manure.
Informal talks with representatives from enterprises subject to environmental	March 7, 2016	Poverty Alleviation Office of Leye County	Holding informal talks with the representatives of the cooperatives and the enterprises to learn the current	Informal talks with the representatives of the cooperatives	13 people attended the informal talks In which: Representatives from enterprises: 7	Leye County is a national demonstration county for organic agriculture, where the farmers understand organic agriculture relatively well, and the regional

impacts of the project			environmental problems of the project village, the conditions of project planned to be implemented, and control measures for current environmental impacts, and pest control status.	and the enterprises	Representatives from cooperatives: 5 Women's representatives: 3	environmental problems mainly include: Lack of water, being degraded karst mountainous areas with incomplete infrastructures such as roads; the project currently implemented in the project village include growing tea and kiwi fruit.
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Source of Data: Collation of investigation data for environmental impacts assessment.

10.2 Results of Public Participation

(1) Knowledge and Awareness About the Project

According to statistics, less than half of the interviewees in the project heard about the project. This was mainly because when project just started, the PMO staffs of all the project counties (cities) did not know how to implement such an innovative project, so they failed to conduct extensive advocacy. Simultaneously, there were too many preparations to be made for implementing the project, and at the project village level, they only conducted publicity and introduced the project in 2 or 3 pilot villages, but not in other villages. Therefore, in most villages, only the village leaders officially knew the project, and ordinary villagers heard about the project from unofficial introduction of the village leaders. With the implementation of the project, especially when the community tutors entered the villages, the farmers' knowledge about the project would be significantly improved.

Table 10-4 Farmers' level of knowledge about the project

Group	Heard about it		Never heard about it	
	Number of samples	%	Number of samples	%
Number of households interviewed	275	49.1	285	50.9
Poor households	142	39.2	220	60.8
Women	91	43.3	119	56.7
Smaller ethnic minorities	20	33.3	40	66.7

Source of Data: Collation of investigation data for social assessment.

Hereto related, we further interviewed the farmers who had heard about the project, and over half of the interviewees only knew about or knew a little about the project. The ratio of interviewees knew the project very well was relatively low, while less than 10% of the poor households, women and smaller ethnic minorities who knew the project very well. Refer to Table 10-5.

Table 10-5 Farmers' awareness about the project (%)

Groups	Knew very well	Knew	Knew a little	Did not know	Did not know at all
Interviewees	16.7	26.2	29.1	21.1	6.9
Poor households	9.9	21.1	33.8	28.2	7.0
Women	6.6	26.4	26.4	31.9	8.8
Smaller ethnic	5.0	25.0	45.0	20.0	5.0

minorities					
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Source of Data: Collation of investigation data for social assessment.

(2) Awareness about the importance of the project

The results of social investigation indicated that almost 90% of the interviewees believed it was necessary to establish the cooperatives, mainly expecting that once the cooperatives were established, they could help the farmers selling their products. Those who believed it was unnecessary to establish the cooperatives, on one hand, they did not much about the cooperatives, on the other hand, they believed it would do for the vendors to come to their doors and purchase their products, and they were not sure if the cooperatives would make profits like what the vendors did. The investigators explained the basic concepts of the cooperative and the means of operation to them, and more farmers accepted that it was necessary to establish the cooperatives. In the course of field interviews, many interviewees hoped that the cooperatives could be established as soon as possible, and the project might be implemented as soon as possible, so that the farmers could benefit as soon as possible. Simultaneously, they also kept asking about how to incorporate and operate the cooperatives, etc., as shown in Table 10-6.

Table 10-6 Demand for cooperatives for project implementation (%)

Groups	Necessary		Unnecessary	
	Number of samples	%	Number of samples	%
Interviewees	503	89.8	57	10.2
Poor households	315	87.0	47	13.0
Women	177	82.4	33	17.6
Smaller ethnic minorities	53	88.3	7	11.7

Source of Data: Collation of investigation data for social assessment.

(3) Support to the project

In the course of investigation about supporting levels to the project, 95.7% of the interviewees supported to the project construction, in which the supporting level of women was the highest, being 96.7%; no interviewee did not support the project construction, and the ratio of interviewees who did not care was 4.3%. Statistics data indicated that the support ratio to the project was relatively high, and it was popular among the villagers in the project area.

Table 10-7 Farmers' support levels to the project

Groups	Supported		Did not support		Did not care	
	Number of samples	%	Number of samples	%	Number of samples	%
Interviewees	536	95.7	0	0	24	4.3
Poor households	342	94.5	0	0	20	5.5
Women	203	96.7	0	0	7	3.3
Smaller ethnic minorities	57	95.0	0	0	3	5.0

Source of Data: Collation of investigation data for social assessment.

(4) Willingness to input labor

The results indicated that 85.0% interviewees were willing to input labors as shares or work for cooperatives. The data indicated that the incentives of the farmers in the project area influenced to participate in the project were quite high, and they had pressing needs to earn money from working for the cooperatives, so as to increase their incomes, as shown in Table 10-8.

Table 10-8 Willingness of farmers to participate in inputting labors in the project

Groups	Willing		Unwilling	
	Number of samples	Ratio (%)	Number of samples	Ratio (%)
Interviewees	476	85.0	84	15.0
Poor households	297	82.0	65	18.0
Women	190	90.5	10	9.5
Smaller ethnic minorities	51	85.0	9	15.0

Source of Data: Collation of investigation data for social assessment.

10.3 Farmers Participation in Further Project Stages

10.3.1 Preparation before Project Implementation

At the project preparation stage, in the course of social assessment, we mainly conducted unrestrictive participation in initial knowledge and consultation with the main stakeholders, and simultaneously carried out a series of activities for disclosing project information and public participation. In order to promote effective participation of all the stakeholders,

especially the main stakeholders in the project, and improve their cognition and participation in the project, it is necessary to ensure the rights of the project target groups and affected stakeholders at the project village level to know, to participate, to supervise, to say and to decide in the project, promote the smooth realization of the project, and minimize the social costs in the course of project implementation and operation.

On the other hand, the level of the farmers' knowledge and participation was not high at the project preparation stage. Therefore, it is necessary to formulate a work plan to promote the farmers' understanding, knowledge and participation in the project design, clarify the different stakeholders' possible chances and means of participation in the project, and their rights and obligations in the course of participation in the project, and institutionalize the participation contents through procedural design; it is necessary to ensure participation of the directly beneficiary or jeopardized groups in the project, especially the ethnic minorities, poor households, women and other disadvantaged groups.

10.3.2 Participation Process in Project Implementation

The community participation activities of the project would run across the entire process of project preparation, implementation, operation and maintenance, including the main contents of participation in the project, participants and their roles, means of participation and requirements.

10.3.3 Monitoring & Evaluation

Monitoring & evaluation agency: County (city) PMOs are the implementing subjects for internal monitoring; while independent monitoring agencies will be responsible for third party monitoring and evaluation.

M&E contents and indicators: may be referred to the specific requirements in relevant contents of the project implementation manuals.

M&E arrangement: including interim evaluation, post evaluation, social impacts monitoring, resettlement monitoring and environmental impacts monitoring of the project.

Table 10-9 Participatory action plan for the communities

Project stage	Participatory activities	Means of participation	Objects of participation	Rules and methods	Persons in charge	Outputs
Project preparation stage	Recruiting tutors	Posting announcements in the villages	All the villagers and village leaders	Posting announcement for recruiting tutors in the villages; having the results of recruiting tutors in the village ^① .	County (city) PMO	The villagers knew the contents and results of recruiting tutors.
	Advocacy and mobilization of the project	Publicity in media	All the villagers	Published the basic information of the project in the villages of the entire county (city)	Provincial PMO, County (city) PMO	The villagers knew about project information
		Announcements on Internet	All the villagers	Publishing project contents on the websites of such organizations as the Poverty Alleviation Office, etc.	County (city) PMO	The villagers knew about project information
		Meetings of village leaders and villagers' congress	All the villagers	The county (city) PMOs called the village directors or village party secretaries for meetings under the coordination of the townships	County (city) PMO, cadres from project townships and villages	The villagers knew about project information
		Announcements in the villages (posting	All the villagers	Published the contents of key items within the range of the	Village leaders	The villagers knew about project information

^① All the village announcements involved in the project must be published at eye-catching, easily accessible and fixed locations in the project villages.

		bulletins, banners and broadcasting)		village; Publication time should be no less than 2 weeks.		
		Propaganda proposal	All the villagers	Took by the village leaders and handed out to households	Village leaders	The villagers knew about project information
Project implementation stage	Supervision and management	Participating in supervising the jobs of the tutors	All villagers	Villagers participating in supervising the tutors advocating information and mobilization, incorporating cooperatives, training, planning for industrial development, as well as other daily routine jobs	Village leaders, county (city) PMO	Villagers' comments about the tutors; Complaints about the tutors collected by the villagers' committees and PMOs
		Project construction supervision	All villagers, cooperative	Villagers supervising the construction quality	County (city) PMO, construction contractors	The villagers know about relevant project construction conditions
	Organizing training	Training key propaganda personnel	Village leaders, tutors, villagers' representatives	Basic conditions of the project, ideas for industrial development, project operation procedures, procedures and relevant requirements for incorporation of shareholding cooperatives, use requirements for conditional donations from the cooperatives, construction content of infrastructures, propaganda and mobilization activities in the villages.	County (city) PMO	The key propaganda staff members knew about the basic conditions of the project, ideas for industrial development, project operation procedures, etc.; The key propaganda staff members knew about the means and contents of project information advocacy and mobilization, etc.
		Propaganda,	All villagers	Basic information, advantages,	Village leaders,	The villagers knew about the

	mobilization and training of the villagers		disadvantages and operation procedures of the project; development ideas of dominant industries; incorporation of shareholding cooperatives and relevant requirements; relevant requirements for conditional donations from the cooperatives, construction content of infrastructures	tutors and villagers' representatives attended the training	basic conditions of the project, ideas for industrial development, project operation procedures, etc.
	Handing out brochures	All villagers	PMOs handed out the manuals to all the villagers via the villagers' committee	County (city) PMO, village leaders	The villagers knew about the basic conditions of the project, ideas for industrial development, project operation procedures, etc.
Incorporating cooperatives	Autonomous registration	Voluntary participants among villagers	Tutors and project managers assisted in handing out and collecting the application forms of the members of the cooperatives	County (city) PMO, tutors, village leaders	Consulting and confirming the personnel and quantities participating the cooperatives
	Discussing about management and distribution systems, as well as managers of the cooperatives.	Apply to join the cooperative as a member	The tutors and project managers assisted in convening members' congress, discuss and decide accordingly.	County (city) PMO, tutors, members of cooperatives	Management system and managers (council and supervisory board) of the cooperatives
	Registering the cooperatives	Managers of cooperatives	With the assistance of the tutors and project managers, the cooperative managers registered	County (city) PMO, tutors, manager of cooperatives	Official registration

			with the administration for industry and commerce.		
Regrouping cooperatives	Members' congress for regrouping the cooperative ^①	All members	The cooperatives willing to participate in regrouping convened meetings, informed project information, conducted advocacy and voting for regrouping information of cooperatives, etc.	Council and supervisory board of cooperative	The cooperative members knew about project information, cooperative regrouping procedures and relevant information, results of participating in voting for the selection
	Additional members apply for registration at their own discretion	Voluntary participants among the villagers	Tutors and project managers assisted in handing out and collecting application forms of the cooperative members	County (city) PMO, tutors, village leaders	Consulting and confirming the personnel and quantities participating the cooperatives
	Discussing about management and distribution systems, as well as managers of the cooperatives.	Attending meeting and applying for joining the cooperative as members	The tutors and project managers assisted in convening members' congress, discuss and decide accordingly.	County (city) PMO, tutors, members of cooperatives	Management system and managers (council and supervisory board) of the cooperatives
	Registering	Managers of	With the assistance of the tutors	County (city) PMO,	Official registration

^① This Component 1s applicable to cooperatives participating in regrouping, and this step is not needed for newly incorporated cooperatives

	cooperatives	cooperatives	and project managers, the cooperative managers registered with the administration for industry and commerce.	tutors, manager of cooperatives	
Operation of cooperatives Industrial and cooperative trainings	Publishing the operation status	Members of cooperatives, all villagers	Collate and publish the operation and funds, etc. by seasons	Council and supervisory board of cooperative, tutors	The villagers knew about the cooperatives' operation status (such as selling prices of agricultural products, and distribution of profits, etc.), percentage of members participating in production and operation activities of the cooperatives in the members of the cooperatives.
	Training villagers agricultural technologies	All villagers	According to local industrial developments, organized experts to conduct field training, in which the number of ethnic minority people should be no less than 30%, and the number of women should be no less than 30%.	County (city) PMO, tutors, villagers' committee	Investigation results of training needs; training programs; pictures of the training scenes; percentage of number of poor households joined cooperatives who participated in industrial training in the members of cooperatives; percentage of female members who participated in industrial training in the members of cooperatives
	Training on	Managers of	Conducted training about the	County (city) PMO,	Number of cooperatives held

	management of cooperatives	cooperatives	means of management of the cooperatives, and the members of the cooperatives enjoyed the equal chance of training	tutors, villagers' committee	operation and management training of the cooperatives; records of cooperative managers participated in training
	Handing out training manuals	All villagers	Handed out technical manuals for planting / breeding to the villagers in the project area	County (city) PMO, tutors, villagers' committee	The situation of villagers' obtaining the training manuals.
Maintenance of infrastructures	Selecting maintenance people	All villagers	Classified maintenance people according to the affected areas of the infrastructures, such as construction passes, and water tanks, etc., to be managed by the neighboring beneficiaries accordingly; the ownership of the agricultural products market belonged to the government. Therefore, the government may pay to employ the villagers for management	County (city) PMO, villagers' committee	Subsequent management method of the infrastructure projects
	Training maintenance people	Maintenance people	Conducted training to maintenance people about maintenance of relevant infrastructures	County (city) PMO, construction contractor, villagers' committee	Attendance of maintenance people in training and relevant paper materials
	Managing maintenance funds	Villagers' committee, cooperatives,	Formulated the system for use and supervision of infrastructure maintenance funds; the villagers	County (city) PMO, villagers' committee	Management method for maintenance funds of infrastructures

			villagers	supervised the use status.		
Project operation stage	Complaints	Clarifying complaint procedures	Villagers and cooperative members	Villagers complained about the problems they encountered at the project operation stage, the details of the specific flow may be referred to the complaint process flow chart.	Provincial PMO, county (city) PMO, villagers' committee	

10.4 Complaint Mechanism

During the period of applying for and implementing the project, if the villagers had any dissatisfactions about the project, in order to effectively solve the problems and ensure the successful implement of the project and land acquisition, a transparent and effective complaint channel was established in the project. In the course of implementing the project, the complaint channel will still be effective, so that the affected people may have relevant problems solved in a timely manner. The basic complaint channel is as follows:

Stage 1: If the immigrants were dissatisfied about the resettlement plan or implementation, they might propose oral or written complaints to the villagers' committees; in case of oral complaint, it is to be handled by the villagers' committee and taken written records. The villagers' committees should solve them or answered them within 2 weeks.

Stage 2: If the immigrants were still dissatisfied about the handling decisions in Stage 1, they may propose complaints to the township PMO at their location after receiving the decisions; the township should make handling decisions within 2 weeks.

Stage 3: If the immigrants were still dissatisfied about the decisions of the township PMO, they may complain to the county (city) PMO after receiving the decision, and the latter shall make handling decisions within 30 days. The means of contact of all the county (city) PMOs may be referred to in Table 10-10.

Stage 4: If the immigrants were still dissatisfied, they may bring an administrative lawsuit to the city people's court according to the civil procedure law. All the complaints and solution schemes should be kept in the PMOs.

The affected people may raise complaints against any side of project scheme or implementation, including selection of beneficiaries, etc. The abovementioned complaint channels and names, venues, persons in charge and telephones of the recipient agencies will be noticed to farmers by such means as meetings and publishing announcements, etc., and allow the farmers to fully understand their right to complain.

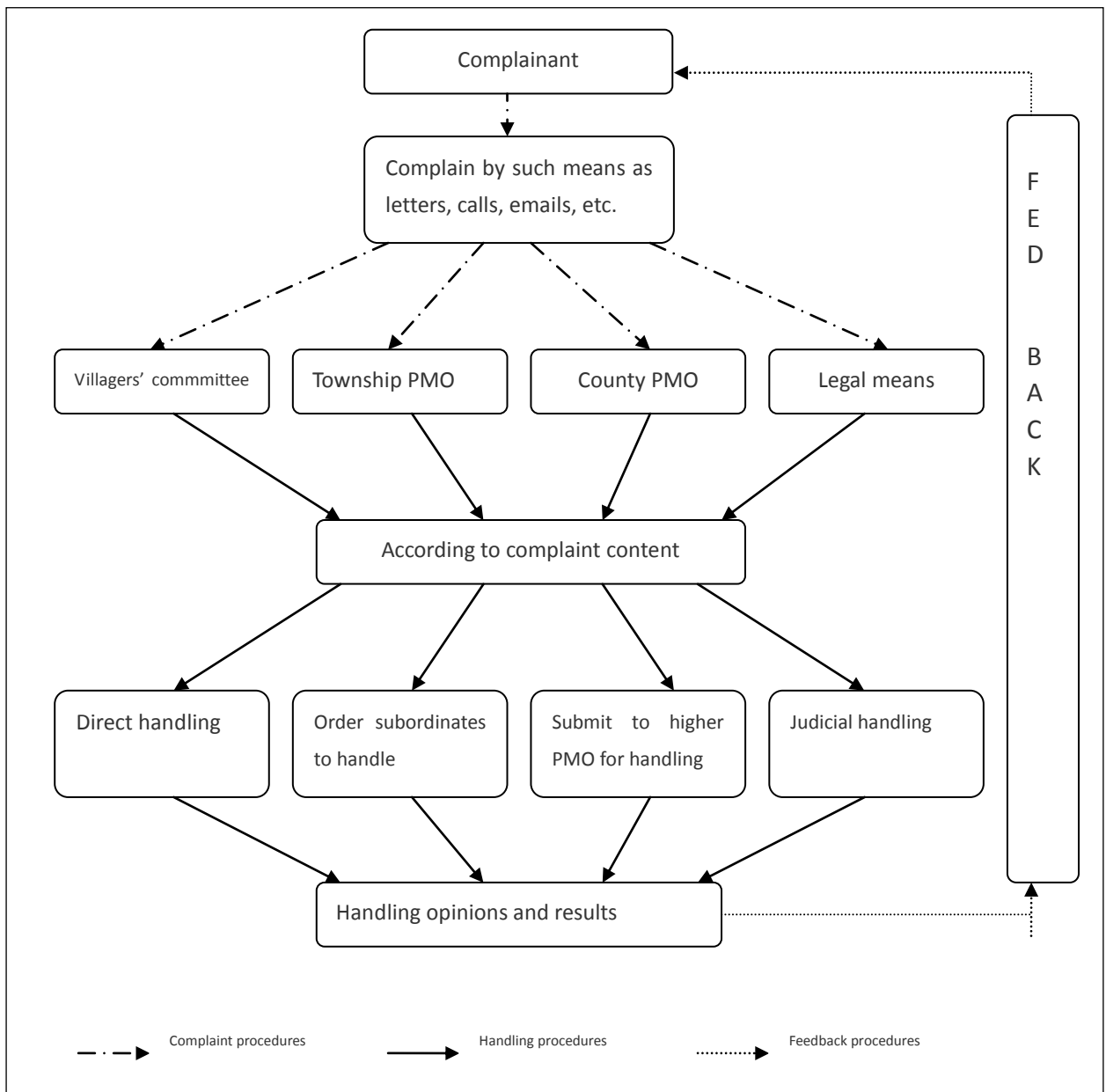
All the agencies will accept complaints from the project farmers free of charge, and all the reasonable costs thereby incurred should be paid from the unforeseeable costs of the project. During the entire project implementation period, such complaint procedure will always remain effective, so as to ensure that the farmers can use them to handle relevant issues. Refer to Fig. 10-1, the complaint procedure.

Table10-10 PMO contacts in 10 project counties (cities)

Project county		Unit where PMO is located	Office Address	Person in charge	Office Tel.
Hechi City	Du'an County	Du'an County PAO	33 Daqiao Road, Anyang Town, Du'an County	Luo CNYji	0778-5212268
	Dahua County	Dahua County PAO	93 Jianfeng Road, Dahua Town, Dahua County	Qin Zhengrong	0778-5812139
	Donglan County	Donglan County PAO	65 LingCNY Street, Donglan Town	Wei Shanxuan	0778-6322070
	Bama County	Bama County PAO	368 Xinjian Road, Bama Town, Bama County	Wei Cheng	0778-6212081
	Fengshan County	Fengshan County PAO	4th Floor on Administration Center, 28 Zhaoyang Main Street, Fengshan County	Wei Mingzhang	0778-6812194
	Yizhou City	Yizhou City PAO	Room 209, 4 th District, Administration Center of Yizhou City	Wei Dingyu	0778-3188174
Baise City	Tiandong County	Tiandong County PAO	60 Renmin Road, Tiandong County	Liu Delei	0776-5222362
	Pingguo County	Pingguo County PAO	B307 Administration Building, Pingguo County	Chen Shizhen	0776-5821428
	Tianlin County	Tianlin County PAO	Fuyu Residential Quarter, Tianlin County	Huang Chenghong	0776-2578390
	Leye County	Leye County PAO	32 Tongle Road, Leye County	Wei Shengshen	0776-7922134

Source of data: provided by all the WB offices.

Figure 10-1 Complaint Procedures



Complainants feedback the handling results of complaints, and publish at the community level when necessary.

11 Conclusions and Recommendations for Next

Steps

11.1 Main Findings

11.1.1 Main Findings at the Community Cooperative Level

1. Clear answers cannot be found in the project village level or even the project county level to questions such as: what is a cooperative? Why establish a cooperative? How to establish it? How to join it? How to manage it? Which rights and obligations do founders and members have? As a result, project villages do not know how to proceed with cooperative establishment under the project. Some project villages with an active attitude have established a “cooperative” under the leadership of the village leaders, but such “cooperatives” are established simply through meeting announcement, without well-defined internal property rights or personnel, and of course not registered. These are not cooperative economic organizations in a real sense. Simultaneously, most cooperatives do not know yet about the requirements for the WB project to promote the development of poor households. It is not that villagers do not want to establish a cooperative properly or promote development of poor households, they simply do not know how to do so. It is to be further disseminated and discussed. The top three villagers’ favorite means of dissemination and announcement are holding household head meetings in the village, posting announcements and being notified by the village leaders.
2. The farmers’ cooperative organizations of the project counties can be divided into 3 types: farmers’ professional cooperatives, company-type cooperatives and informal quasi cooperatives. By the operated businesses, the FPCs can be divided into crop production FPCs, livestock FPCs, tourism FPCs and Integrated FPCs. By contribution of members, the FPCs can be divided into land contribution and product contribution types. As to contributing with land, farmers have different views: half of them believe they should contribute with land, while the other half believes that they could contribute with land, but not forcefully. Most cooperatives did not have a detailed work plan for how the poor households contribute land and money in the cooperatives.
3. The project counties’ existing cooperatives related to the project industries, including the operation status of a few cooperatives promoted during the

preparation period of the WB project, can basically reflect the current situation, but still fall behind farmers' expectations. The existing properly operated cooperatives are mostly led by capable persons and influential households, while for the poverty alleviation-oriented cooperatives, most households expect leadership by village leaders or through joint participation. However, village leaders, as the leaders of cooperatives, believe they have to do this because they are obliged to. They do not know how to lead everybody to operate the cooperative; and this task interferes with their own jobs.

4. There are some problems in the management of existing cooperatives. Ordinary members believe that the cooperatives are managed by the "bosses", and they are not quite clear about the operation and distribution. However, the "bosses" believe that the members do not completely take the cooperative businesses as their own businesses, making it difficult to standardize the management, and product quality would be affected. Most of the registered cooperatives have been established a distribution mechanism, but the measures for safeguarding interests of ordinary members and reducing risks are not specific or effective enough.
5. The farmers' major expectations about the project and the cooperatives include: A. Help establish cooperatives; B. Providing inputs to cooperative industries; C. Improve infrastructure and conditions; D. Providing technical training and technical supports; E. help sell products. Selling products is the issue that the villagers care the most. According to the survey of the sample villages, the product sale is a distinct weakness. None of the sample villages, regardless of whether the product has formed scale or not, have a regular sales network or sales channel. Regarding operation and management of the cooperatives, what the villagers care the most include: A. which households may join? B. who will be responsible for management; C. which specific project activities are included; D. project management methods and systems; E. project expenditures. Further discussing and analyzing about their main concerns, concerning about "which households can join" is actually concerning if their sub-village or themselves can participate in the project and make profits therein, while the concern behind concerning about "who is in charge of management" is "how to manage and how to distribute the profits".
6. Currently there are 262 certified poverty alleviation oriented leading enterprises in Guangxi Region, including 62 state-level leading enterprises, 165 region-level leading enterprises and 119 municipal-level leading enterprises. These enterprises involve sugarcane, silk, fruits, vegetables, tea, timber, pig, beef cattle, goat, freshwater fish. There are 15 industries planned in the project counties (cities). However, up to now, none of the industries have been established solid partnership with relevant enterprises or forming a component of the related enterprises. That is to say, in the course of entering the market, the chains connecting the enterprises

are broken. Even if there are some linkages, they are mostly procurement and processing relations, and we cannot see any correlation with the market demands. Or we may say that we cannot see any correlation of the cooperatives with the market demands via the enterprises. Presently, the market initiatives of the project villages are still completely under the control of the buyers.

7. Poor infrastructure in project villages is a constraint for the development of industries. Transportation (lack of village and production roads) is a major constraint for market access, in addition. The lack of market places is also a limiting factor for many villages. The infrastructure and equipment that need improvement and are directly associated with the industrial development under the project include irrigation facilities (such as ditches and water tanks, etc.), communications and Internet equipment, storage, refrigerating and processing facilities, as well as animal and poultry pens.
8. Based on the basic information of the project villages and the sample survey, the industries chosen by most villages are somehow founded. In general, 70% of the farmer households have over 3 years of experience in the industries. However the farmers lack experience in the new industries such as rural tourism, kiwi fruit and pitaya planting, etc.
9. As an economic entity, another issue of concern is who will lead the cooperative. The farmers are inclined to have the village leaders as leaders or to elect them as management personnel, but when they are asked on product sales and marketing and whether the lead person has such experience or ability, the farmer also think capable households or enterprise should lead, however if led by an “outside person”, the farmers will worry about that their own interests could not be upheld, and fall into a dilemma. Therefore, it is one of the critical factors to foster and cultivate cooperative leaders, and the incubation centers need to play such roles as soon as possible.
10. Some cooperatives are incorporated in natural sub-villages, covering but dozens of farmer households in the sub-villages. The coverage of the industries selected by the cooperatives is small, its expansion space is limited, with limited ability to promote the developments of the poor households, making it difficult to cover all the poor households in the entire village. Take the pitaya industry and rural tourism as an example, if development linkage is to be conducted to relevant products, the scale can hardly be enlarged.

11.1.2 Coverage of Poor Households

1. The poor households in the project villages take working as migrant workers as the

main source of income, while traditional agricultural production is also the main source of income. However, the incomes from planting and animal husbandry account for about 20% of the total incomes. The grains are basically for self-consumption and as animal feed, which is a basic industry for the poor households to safeguard food and lodging, but not the source of cash incomes.

2. 85.9% of poor households think it's necessary to establish cooperative, while 81.4% are willing to join cooperative by input of labor, and only 33.5% are willing to join by contributing land. Although the land has no longer been the main source of livelihood for the poor households, the poor households still attach great importance to land, as a basic means of subsistence guarantee, and most poor households are unwilling to buy shares with land, worrying about the operation risks will cause them to lose the land.
3. As to cooperative-planned industries, in general, over 60% of poor households have more than 2 years of professional experiences, and they have basically grasped the technologies. However, rural tourism selected by such counties and cities as Bama and Yizhou, etc. and kiwi fruit planting selected by Leye is relatively new in comparison with the other industries. Therefore, most farmers have either no experience or little experience, and they have more pressing demands for technology and management.
4. No matter which industry of which county, the poor households basically do not have the capability to sell the products by themselves. In general, there is but 1.4% of poor households in the project area can sell the products by themselves, and the vast majority of poor households rely on external vendors to come to their homes for purchasing. In terms of assisting in sales, the poor households of most villages believed that their own sales channels were simplistic, and they basically all waited for the external vendors to come to the doors for purchase. Due to geographic isolation, it was difficult to obtain market information, so all the prices were determined by the buyers, and some farmers even had to sell the products to the buyers at a loss. Secondly, the universal problem was they did not know which varieties sell better, and they did not know which varieties to buy if they wanted to renew the varieties. They wondered if the cooperatives could uniformly purchase the varieties, and also help sell the products. The third problem was if they could help process the products, so that when the market prices were not good, they would be in no rush to sell, and their products could be processed for future sales.
5. The poor households had relatively diversified technical needs, including production technologies, management of cooperatives, quality control of projects and sales, etc. On the other hand, the production means of the poor households were relatively extensive, their paces of life were willful, and they had a long way to go for

refined tendering either mentally or technically. Their tendering technologies could hardly meet the production requirements, which not only could result in degradation of product quality, but also might cut off the industrial chain that the project attempted to establish, which could not satisfy the quality requirements of terminal selling quality, and suffer multiple losses in terms of economics and credits.

6. The poor households had more needs and worries about money. Since most poor households were indebted or with financial difficulties, they had more pressing needs for industrial investments and money. It is particularly noteworthy that for projects taking long time to see the returns, such as pitaya planting, which needs 3 years to see the returns, financial shortage will adversely affect the confidence and initiatives of the poor households to participate in the project.
7. The poor households also had many worries about the risks of profits and distribution. In terms of investments, except being willing to input labors, there would not be more cash investments. However, land was their main assets, they could hardly decide whether to invest land in the cooperative as shares, they worried about excessive risks if they made the investment, or they would not get any returns if they did not make investments. In terms of cooperative leaders, the poor households basically trust the local village and sub-village leaders. However, they also believed that they were not skilled in marketing, and they could hardly satisfy the first demand for selling products; if they hired external talented people as the leader, it may be helpful for marketing and technical upgrading. However, they also worried about too much benefits being taken away, leaving not much for them.
8. Simplistic structure of the cooperatives would also be one of the main factors brought market risks. If any problem emerges in terms of quality control, consumer cognition and unforeseeability, etc., it would bring risks to poor households with relatively simplistic product structures. Moreover, there is still not relatively mature referable model for developing stable market demands of some industries (such as rural tourism in ethnic minority areas).

11.1.3 Gender

1. Almost 90% of women believed they were willing to join the cooperatives, and the ratio was consistent with that of the male. As to investments for joining the cooperatives, the willingness of women to invest with labor and land was basically identical to that of men. However, women were more prudent in investments, because they did not understand the cooperatives well enough or they were hesitating. Simultaneously, the women worried more about that once they invested in the project, the livelihood of their families might be affected.

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2. As to the women's needs for the project and the cooperatives, except help establishing the cooperative and improving the infrastructures, the other needs including: A. Timely providing technical services; B. providing loans; C. coming to door to procure products or purchase products with guaranteed lowest prices; D. help buy good breeds; E. providing market information. Their general needs are basically identical to those of the men, but more specific and diversified.
 3. The benefits that the women expected that the cooperatives and the project might bring to their families including: A. Concurrently took care of family and production, and increased women's incomes; B. Women's capacities developed; C. Improved quality and standard of living; D. Improved their status at home and outside.
 4. The project might bring potential risks to the women, mainly manifested in that the project might solidify the men's dominant position in deciding cooperative affairs and community affairs. From the perspective of management of the existing cooperatives of the project villages, the managers of the cooperatives were mainly male. In terms of farmers' participation in cooperation, the knowledge of many women about the project and the cooperatives were passed on by their husbands after the meeting, and they did not know reporting to whom in case they encountered any problems.
 5. The project might increase the labor burden of the women. The women might face double pressure of taking care of families and developing industries. It is particularly noteworthy that if the women of poor households could not benefit from contributing land and cash as shares in the cooperatives, but only rely on inputting labor to participate in the activities of the cooperatives, it might bring great labor burdens on the women.

11.1.4 Ethnic Minorities

1. The project villages have extensive coverage of ethnic minorities, and among the 117 project villages, 99 have ethnic minority communities, accounting for 84.6%.
2. Among the ethnic minorities in the project area, the Zhuang people are the majority ethnic group. The development levels of Zhuang people in the project areas are basically identical to those of the Han people, while the other ethnic minorities are relatively more disadvantaged. Therefore, while conducting analysis about nationalities, other smaller ethnic minorities were specially classified, which specifically referred to the ethnic minorities other than Zhuang, mainly being Yao people, also included Miao people, Dong people and Maonan people, etc.
3. Of the 117 project villages, except for 14 villages where Yao people live together,

there are also some Yao people's sub-villages in Zhuang people's villages, or Yao people living together with Zhuang people in the same village. Yao people mostly live in mountainous areas, therefore, it is known that "where there are mountains, there are Yao people". Likewise, Yao people in the project area are also mainly distributed in mountainous areas.

4. While conducting open competitive selection of project villages, it was common for Yao people's villages to fail to be selected, mainly due to poor foundation for industry development and to a lack of specific project plans and implementation schemes. The fact that many candidate Yao people's villages have failed to be selected has resulted in lower coverage of Yao people in the project villages, and the ratio of Yao people's villages among the project villages was low even in the three Yao people's autonomous counties of Dahua County, Bama County and Du'an County. This was mainly because there was no special counter measures to address the specific difficulties of smaller ethnic minorities.
5. All villages with on-going tourism development mainly relied on natural sceneries for such development, without thinking much about taking national cultures and specific features as resources. There has been no adequate discussion between the county and the villages about how to develop rural tourism. The ideas of the county tourism department and those of the villages have not been integrated. Simultaneously, very few farmer households participate in tourism activities of ethnic minority villages. In order to cover more farmer households and allow them to join village level tourism activities, it is necessary to improve existing plans.
6. All ethnic minorities in the project villages, especially those smaller ethnic minorities, are different from the mainstream society in such fields as social structure, cultural traditions, language, means of social exchanges, and religious beliefs, etc. They also have their own agricultural products and development needs. There is a need for overall project contents, and specifically for tourism projects to adapt to their cultures. Therefore, after consulting the WB social experts and social assessment team, it was determined that an ethnic minority development should be prepared.

11.1.5 Land Acquisition and Resettlement

1. The agricultural infrastructure component in all the 117 project villages involves land occupation, the specific quantity of which is not defined yet. Such land uses would be jointly provided construction land by the villagers through replacement regulation in the villages or sub-villages, which would not involve permanent land acquisition.
2. Of the 29 sample villages investigated, all village leaders and villagers' representatives said they could solve the land occupation problem internally, most

villagers were willing to provide land free of charge. A few households with considerable amount of land occupation may be compensated by means of replacement in the village (sub-village), let other villagers spare some land for them, or let the households without land occupation pay the households with land occupation. After all, construction of such facilities is very helpful for developments of the farmers, and there is no problem in coordinating land occupation.

3. Construction projects in Leye County, Bama County and Pingguo County would involve permanent land acquisition. However, none of the 3 counties would involve relocation of houses, but it might involve dismantling a few ground buildings or fixtures. Once the land acquisition locations and areas are finalized, resettlement plans should be prepared and submitted to WB for examination and approval before implementing the project.
4. Due to implementation of the project, part of the project content involves land acquisition and resettlement. According to the basic requirements of WB for initial preparations for implementing the loan project, while conducting SIA work for the project, framework for resettlement plan has been prepared.

11.1.6 Project Management

1. Leading groups and PMOs have been established in all the 10 project counties, and simultaneously established are expert consulting committees for the World Bank Project. However, the project work is mainly promoted by the PMOs.
2. Most of the PMO staff members have experiences in participatory poverty alleviation, which is a valuable foundation for implementing the project. Simultaneously, we also noticed in the course of assessment that most PMO staff members still do not have enough understanding or experience in market-oriented poverty alleviation mode with cooperatives as the basic operation units for poverty alleviation.
3. Most PMO staffs do not have clear ideas about how the products of the planned industries of all the counties (cities) should enter the market, or where the markets are.
4. The PMO staffs are also inexperienced in assisting in incorporation of cooperatives. Part of the already established cooperated are based on the administrative framework in the past, relying on the village and sub-village leaders as the initiators / managers of the cooperatives.
5. We have not investigated any relatively clear idea about how to find partners, how

to promote constitution of industrial chains of the cooperatives and the enterprises.

6. All the county (city) PMOs already have some preliminary ideas about construction of incubation centers, and started to look for potential partners. However, everybody is quite vague about positions of the incubation centers, the relationship between the centers and the PMOs, the orientation of project investments for the incubation centers, and subordination relations of the community tutors, etc. A few counties proposed specific plans for the incubation centers, but the planned incubation centers sound more like auxiliary agencies invested by the PMOs, and we cannot see the prospects of how the incubation centers will be operated in the market.
7. The PMO staffs do not have much experiences in such an innovative means of poverty alleviation, with limited special trainings, visits, exchanges or discussions. Therefore, they do not understand the ideas, contents and means of implementation of the WB project well enough, or they are not quite clear about how the project should be implemented.
8. After recruiting the community tutors, there is not a clear plan for their role definitions, division of responsibilities, how their capacities could be improved, so they could assist in conducting the project preparations.

11.2 Recommendations

11.2.1 Recommended Activities Before and Upon Project Start

Based on the social assessment investigation and analysis, in order to guarantee smooth project implementation and ensure that poor households can benefit from the project, beneficiaries should not only rely on project support and assistance. The project should help them find an appropriate position for them in the value chain in the market environment, so that they could serve end consumers, make more efficient and equitable profits and returns through constant improvement of product quality and services, and realize sustainable development under market mechanism. In an aim to realize the above-mentioned objectives and implement the project, the following suggestions for project activities were proposed to be carried out in the near term by the provincial and the county PMOs, as well as the community cooperatives. Refer to Table 11-1.

Table 11-1 Recommended Activities Before and Upon Project Start

Suggestion for actions	Target people	Implementing agencies	Tentative time	Recommended Actions	Source of funds	Indicators completed
1) A- PMO at the level of Guangxi Zhuang Autonomous Region						
1. Establishing project experts team	Cooperative experts, marketing experts and community development experts from Guangxi and other provinces	Provincial PMO	Jun. – Dec., 2016	<ul style="list-style-type: none"> ● Looking for relevant experts; ● Signing cooperation agreements; ● Defining outlines for terms of reference of consulting experts 	Capacity building funds	<ul style="list-style-type: none"> ● 2-3 people from each discipline, totally 8-10 people; ● Each training or consultation can finalize participation of corresponding experts ● Records of number of training or consultancy, number of people and contents
2. Preparing project operation manuals	Personnel from PMO and incubation centers of 10 project counties	Provincial PMO, provincial level consulting experts	May – Aug, 2016	<ul style="list-style-type: none"> ● Preparing and revising project implementation manuals ● Formulating the range and means of fund use 	Overhead expenses of the project	<ul style="list-style-type: none"> ● Project management manual; ● Management systems (documents) of project funds
3. Tutors from the training county	Personnel from PMO	Provincial PMO,	Jun. – Oct., 2016	<ul style="list-style-type: none"> ● Organization and management principles of cooperatives 	Capacity building	<ul style="list-style-type: none"> ● Number of incubation centers; ● Number of tutors;

PMOs and incubation centers	and incubation centers of 10 project counties	provincial level consulting experts		<ul style="list-style-type: none"> ● Market operation of the cooperatives ● Participatory working method and supervision mechanism pro-poor and other disadvantageous groups ● Defining ownership of project donations and distribution of benefits 	funds	<ul style="list-style-type: none"> ● Records of number of training or consultancy, number of people and contents
4. Negotiating and confirming larger enterprises, and connecting the market	Large enterprises directly facing the market	Provincial PMO, provincial level consulting experts	May - Aug., 2016	<ul style="list-style-type: none"> ● Looking for relevant enterprises; ● Signing cooperation agreements; ● Clarifying the cooperation principles and profits distribution between the enterprises and the project 	Overhead expenses of the project	<ul style="list-style-type: none"> ● Number of large enterprises signed contracts (2-3); ● Cooperation agreement of linked markets.
5. Supplementing and improving measures for site selection of cooperatives, promote coverage of smaller ethnic minorities	Smaller ethnic minorities	Provincial PMO	2017	<ul style="list-style-type: none"> ● Interim adjustment plan of the project; ● Determining increasing industries and project villages ● Measures for adding villages of smaller ethnic minorities 	Overhead expenses of the project	<ul style="list-style-type: none"> ● Number and ratio of smaller ethnic minorities; ● Nationality development industries
6. Formulating	Farmer	Provincial	May -	<ul style="list-style-type: none"> ● Determining principles for 	Overhead	<ul style="list-style-type: none"> ● Cooperation schemes for

principles and schemes for the rights and interests of community investments of the project (including cooperative donations and infrastructure construction funds), and benefits of the members and poor households	households and poor houses in the project	PMO, provincial level consulting experts	Aug., 2016	<p>management of donation funds</p> <ul style="list-style-type: none"> ● Determining schemes for the range of investment with donation funds ● Confirming ownership of capital owners ● Dividends of donation funds and benefiting mechanisms of poor households 	expenses of the project	<p>donation funds and other funds of the cooperatives</p> <ul style="list-style-type: none"> ● Ownership of funds and assets may be determined ● Dividends of donation funds and establishing benefiting mechanisms of poor households
2) B- County (city) PMO level						
1. Looking for / recruiting carrier of incubation center, and determining means of cooperation between the project and the	Potential agriculture-related enterprises, consulting agencies and cooperative federations,	PMO	May - Aug., 2016	<ul style="list-style-type: none"> ● Advocating positioning and roles of incubation centers ● Communicating and negotiating with potential partners ● Signing intentional cooperation agreements ● Promoting cooperative work according to respective 	Overhead expenses of the project	<ul style="list-style-type: none"> ● Registration status of incubation centers; ● Agreements between the incubation centers and PMOs; ● Incubation centers hiring tutors to work

incubation center	etc. in project counties			responsibilities in the cooperation agreement		
2. Coordinating county level project experts consulting groups, and establishing technical consulting mechanism	Technical consulting and training experts of project counties	PMO	May – Jul., 2016	<ul style="list-style-type: none"> Meetings of consulting experts 	Overhead expenses of the project	<ul style="list-style-type: none"> Management methods on consulting services; Meeting minutes.
3. Assisting in conducting community training and role positioning	Project county PMO, incubation center and community tutors	PMO, incubation center, training consulting experts	May – Jun., 2016	<ul style="list-style-type: none"> Basic concepts and management of cooperatives Participatory approach and facilitation skills Market-oriented poverty alleviation and participation of poor households Use of project funds and distribution of cooperative profits 	Development project funds of farmers' specialized cooperative	<ul style="list-style-type: none"> Number of trainings and trainees Understandings of the tutors about the project Skills and community working abilities of the tutors
4. Coordinating with the tourism bureau to carry out participatory rural tourism plan	PMO, tourism bureau of relevant counties	PMO, tourism bureaus	Jun. – Sept., 2016	<ul style="list-style-type: none"> Workshop on positioning of rural tourism development modes; Community discussions, villagers' expectations and 	Development project funds of farmers' specialized cooperative	<ul style="list-style-type: none"> Tourism plans; Written confirmation of the cooperatives; Number of members joining the tourism cooperatives;

	and cities, relevant townships and villagers' committees, etc. involving the tourism project villages			<p>attitudes about community tourism</p> <ul style="list-style-type: none"> ● Discussing about relevant matters regarding integrating tourism resources, such as adjusting land uses ● Discussing about how to cover the poor households and increase the benefits of the poor households ● Formulating planning scheme and written confirmation of cooperatives. 		<ul style="list-style-type: none"> ● Ratio of poor households in tourism cooperatives
5. Mechanism for coordinating participation and benefit of nationality bureau and women's federation and smaller ethnic minorities	PMO, women's federation, nationality bureau and cooperatives in the project counties	PMO, nationality bureau, women's federation	Aug. – Oct., 2016	<ul style="list-style-type: none"> ● Negotiating the roles and functions of women's federation and national bureau in the project ● Discussing and formulating the methods and measures for encouraging women and smaller ethnic minorities' participation in the cooperatives. ● Promoting participation of women and smaller ethnic minorities 	Self-raised by project villages / cooperatives	<ul style="list-style-type: none"> ● Ratios of women and smaller ethnic minority members in the cooperatives; ● Benefiting status of women and smaller ethnic minorities

6. Looking for local leading enterprises, promoting cooperation between the enterprises and the cooperatives	Relevant leading enterprises in project counties, PMO	PMO	May - Aug., 2016	<ul style="list-style-type: none"> ● Advocating positioning and roles of the project ● Communicating and negotiating with potential partners ● Signing intentional cooperation agreements ● Promoting cooperative work according to respective responsibilities in the cooperation agreement 	Overhead expenses of the project	<ul style="list-style-type: none"> ● Number of cooperation enterprises; ● Agreements between the cooperation enterprises and PMO; ● Cooperation enterprises and cooperatives signing cooperation agreements
7. Establishing non-obstacle loan mechanism for poor households	PMO, rural credit cooperative (or other banks)	PMO	May - Aug., 2016	<ul style="list-style-type: none"> ● Negotiating about the sources of loans for the poor households ● Discussing and formulating methods and measures for lending loans to poor households 		<ul style="list-style-type: none"> ● Number of poor households borrowing loans ● Sums of loan ● Repayment conditions
8. Establishing M&E plan, time, means and relevant participating groups, etc.	PMO, relevant townships, villagers' committees and project villages	PMO	Jun. - Oct., 2016	<ul style="list-style-type: none"> ● Determining evaluation indicators ● Determining means and frequency of evaluation ● Discussing about the specific schemes for cooperative members to participate in evaluation 	Monitoring expenses of the project	<ul style="list-style-type: none"> ● Monitoring plan ● Monitoring personnel ● Monitoring report

9. Establishing mechanism for safeguarding benefits of poor households	PMO	PMO, incubation center, PMO, relevant townships, villagers' committees	2016-2017	<ul style="list-style-type: none"> ● In the shareholding cooperatives promoted to be established by the project, the ratio of poor households should gradually reach 70% or more; ● Establishing an open and transparent profit-sharing mechanism ● After the ownership of project investments are confirmed, over 70% benefiting the poor households 	Development project funds of farmers' specialized cooperative	<ul style="list-style-type: none"> ● Shareholding status of farmer households' joining the cooperatives and share distribution status of poor households; ● Number of farmer households joining the cooperatives, and number and ratio of poor farmer households; ● Ownership distribution status of project funds ● Profit distribution status of cooperatives
3) C- Project village level						
1. Advocacy and mobilization of cooperatives	Incubation center, PMO, relevant townships, villagers' committees	Incubation center	Jun. – Oct., 2016	<ul style="list-style-type: none"> ● Meetings of village leaders ● Meetings of household heads in all the sub-villages ● Posting announcements ● Handing out brochures 	Funds of the cooperative	<ul style="list-style-type: none"> ● Knowledge of farmers and poor households about the project and the cooperatives ● Number of people applying for joining the cooperatives
2. Incorporating (expanding and restructuring) cooperatives,	Incubation center, PMO, relevant	Incubation center	Jun. – Oct., 2016	<ul style="list-style-type: none"> ● Discussion meetings of members ● Register ● Learning tours for members' 	Funds of the cooperative	<ul style="list-style-type: none"> ● Number of registered cooperatives ● Number of cooperative members ● Ratio of poor households in

participatory formulation of management means and distribution plan	townships, villagers' committees			<p>representatives</p> <ul style="list-style-type: none"> ● Registration of cooperatives 		<p>cooperative members</p> <ul style="list-style-type: none"> ● Ratio of women in cooperative members ● Cooperation management, monitoring and distribution system ● Cooperation agreement between the cooperatives and the local leading enterprises
3. Marketing plan for the products (variety improvement and quality control)	Management organization of cooperative, incubation center, PMO, cooperation enterprises and training experts	Management organization of cooperative	Oct. – Dec. 2016	<ul style="list-style-type: none"> ● Technical training ● Discussing management systems ● Discussing with enterprises 	Funds of the cooperative	<ul style="list-style-type: none"> ● Person-times of training ● Quality control measures ● Relevant processing and sales agreement
4. Infrastructure scheme and ownership of investments and assets, profit	PMO, relevant townships, villagers' committees,	PMO	Oct. – Dec. 2016	<ul style="list-style-type: none"> ● Incorporate and clarify the ownership, operation and management responsibilities of the established rural infrastructures into the 	Infrastructure construction funds	<ul style="list-style-type: none"> ● Confirmation status of ownership, operation and management responsibilities of the village infrastructures ● Farmers' measures in the course

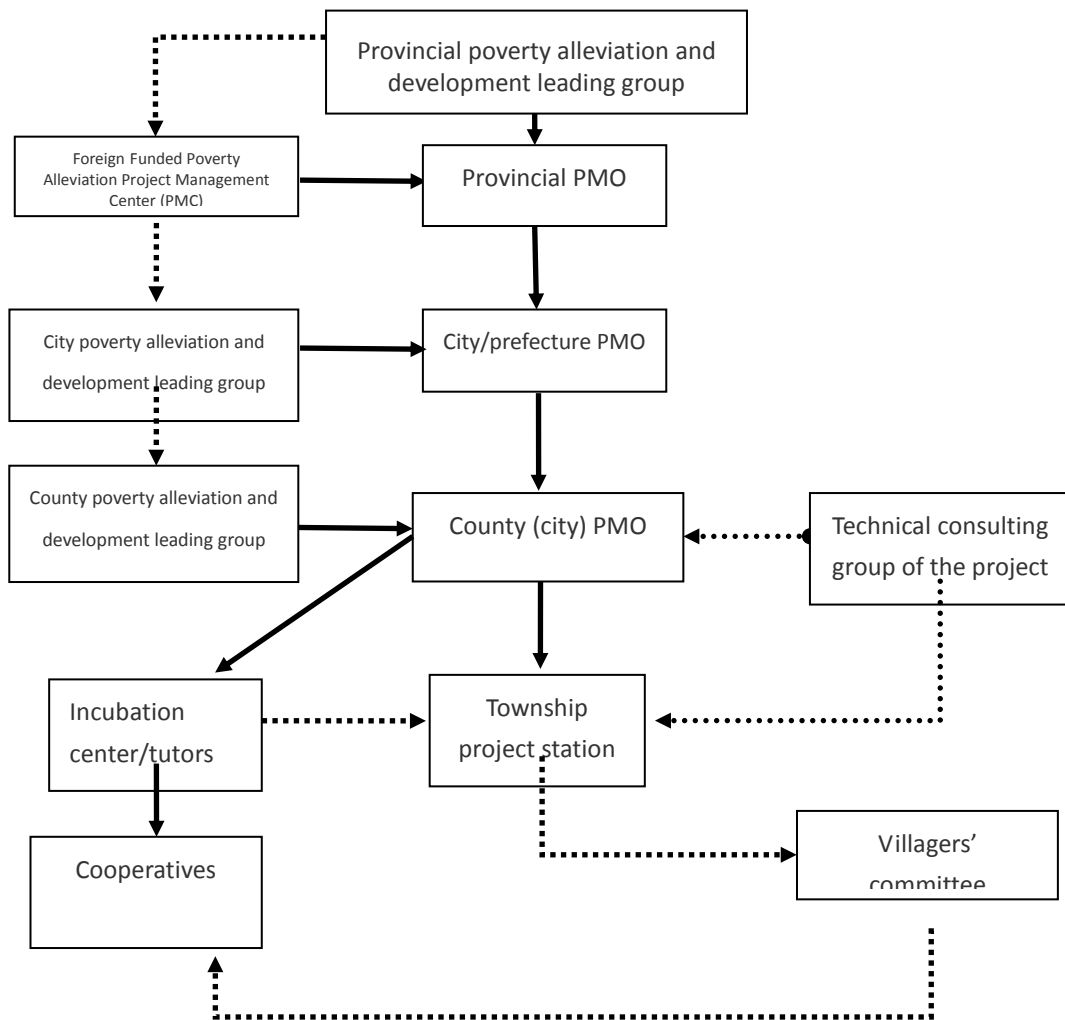
distribution plan, as well as maintenance and management method	incubation center, management organization of cooperatives			<p>operation manual;</p> <ul style="list-style-type: none"> ● According to classification of infrastructures, formulating methods for operation and management of public infrastructures (including the sources of maintenance investments) by participatory approach inside the cooperative or at the village level or sub-village level. 		<p>of constructing and supervising infrastructures</p> <ul style="list-style-type: none"> ● Formulation results of operation and management methods on public infrastructures
5. Land occupation inside the village, and special discussions about scheme for capital contribution with land	PMO, relevant townships, villagers' committee, cooperative members	PMO, villagers' committee, cooperative members	Oct. – Dec. 2016	<ul style="list-style-type: none"> ● The members or the villagers autonomously negotiate the plans for replacement, compensation or capital contribution of construction land; ● Members autonomously decide whether to contribute capital with land, and the cooperatives shall promote adopting the means of clear written contract no matter short-term renting or long-term capital contribution ● PMOs of all the counties 	Funds of the cooperative	<ul style="list-style-type: none"> ● Land replacement / compensation / voluntary contribution agreement ● Land rental agreement ● Agreement on capital contribution with land ● Examination opinions on land rental or capital contribution

				(cities) examining land use management scheme for short-term land rental or long-term capital contribution in advance;		
7. Cooperation agreement between the cooperative and leading enterprises	Incubation Centers, PMOs, relevant enterprises	Incubation Centers, PMOs	Oct. – Dec. 2016	<ul style="list-style-type: none"> ● Negotiation between the enterprises and the cooperatives ● Visiting the enterprises ● Signing cooperation agreements 	Funds of the cooperative	<ul style="list-style-type: none"> ● Cooperation agreement ● Long-term benefiting status of the cooperatives

11.2.2 Recommendations for Implementing Agencies and Schedule

(1) Recommended Institutional Chartflow

According to the management needs of the project and the innovative characteristics of the farmers' organizations, the project needs to establish a relatively complete organization management framework. All the departments, functional organizations should perform their own duties, coordinate and cooperate with each other, and jointly finish the preparation, design, organization, management and implementation, etc.



Note: In the chart, solid lines refer to project management relation, while dotted lines refer to coordinated or directed relation.

Figure 11-1 Structural chart of project organization and management

(2) Recommended Schedule

According to the schedule for preparation and implementing activities of the project construction, the implementation plan for social assessment of this project is formulated. The specific implementation time may be duly adjusted due to deviations of the entire project progress. The main working stages of the project may be classified as the preparation period, the implementation period, and within half a year after completion of the implementation period.

- a. Preparation period, the jobs related to social assessment include: publishing the project, identifying stakeholders of the project, conducting social impacts analysis, and preparing SIA report, etc.
- b. Implementation period, the jobs related to social assessment include: internal monitoring and external independent monitoring. The PMO is responsible for internal monitoring, and an internal monitoring report shall be prepared and submitted to WB every half a year; third party independent monitoring agency shall be hired by the project owner to conduct monitoring and evaluation about the social impacts of the project, who shall, before starting to implement the project, prepare terms of reference, investigation outlines and tables, establish monitoring system, clarify the missions, select the monitoring spots, conduct baseline investigation and tracking investigation by applying participatory SIA approach, and submit an external independent monitoring and evaluation report to WB every year.
- c. Within half a year after completion of the implementation period, a SIA summary report shall be submitted to WB.

Table 11-2 Implementation timetable

Project stage	Job content	Timetable
Preparation period	Informing and publishing relevant project information	Jun. 2015 – Aug. 2016
	Identifying project stakeholders, conducting social impacts analysis	Nov. 2015 – Apr. 2016
	Public participation of stakeholders	Entire process
	Preparing SIA reports	Nov. 2015 – May 2016
	Publishing SIA reports	Jun. 2016
	Approving SIA reports	Jul. 2016
Implementation period	Monitoring and evaluation	May – Jul. 2017, first issue of M&E report (including baseline investigation), during the implementation period (2017-2022), an issue of internal monitoring report shall be

Project stage	Job content	Timetable
		submitted every half a year, and an issue of external monitoring report shall be submitted every year
Within half a year after completion of implementation period	Summary evaluation	An issue of SIA summary report shall be submitted within half a year after completion of the project

11.2.3 Recommended M&E Activities

Monitoring and evaluation is an important link to ensure implementing the project as per the project objectives, ensure disclosure of project information, public participation, and the social management plan involved in the report can be attached importance and implementation, simultaneously, it is also an important error correction mechanism and participation mechanism for the project. Therefore, M&E mechanism is established in the project, including internal supervision and external M&E. Two agencies will supervise from different channels: Firstly, government departments form internal supervision systems (PMOs at provincial and county levels), and conduct supervision from administration perspective and as per the social development plan. Secondly, sociologists will form external supervision systems, and conduct evaluation and supervision through social investigation.

(1) Internal monitoring

The internal monitoring department of the project will be PMO of Guangxi PMC, and other relevant departments (such as Financial Bureau and Poverty Alleviation and Development Office). PMO will prepare a detailed internal monitoring plan for social development issues of the project, the monitoring contents of which shall include:

- 1) Investigation, coordination and suggestions for the main problems of the farmer households, cooperatives, related agencies and implementing organizations in the course of implementation;
- 2) Changes to family income levels of target groups;
- 3) Changes to family income levels of poor households;
- 4) Payments, use and putting in place of various project funds;
- 5) Participation and consultation levels of target farmer households (including women and poor households) during implementation period;
- 6) Effects of management training, technical training, institutional construction and other

capacity building activities;

All the county (city) PMOs will submit an internal monitoring report to the World Bank every half a year. The reports need to describe the statistical numbers of project activities, fund use, training, public participation and complaints in the past in tables.

(2) External monitoring

According to requirements of World Bank, the PMOs will hire eligible, independent agencies with rich experiences in WB and ADB projects as the independent monitoring agencies for social developments.

External M&E agencies will regularly conduct tracking M&E to implementation activities of social developments, monitor project schedule and funds, and propose consultation opinions. It is also to conduct tracking monitoring to production and living standards of the target groups, and submit M&E reports to PMOs and WB.

Contents and methods of external monitoring

- **Baseline investigation**

External monitoring agencies will conduct baseline investigation about the project villages to obtain the baseline data about the production and living standards (production, living and income levels) of the project farmer households. Investigation about production and living standards shall be conducted once every half a year, so as to track the changes to the immigrants' standards of production and living. It is to be conducted to typical sample households by adopting such methods as random sampling, random interviews and field observation, and obtain necessary relevant data. It is to conduct statistical analysis and evaluation on such basis.

- **Regular monitoring**

The external monitoring agencies will regularly conduct tracking monitoring to the project progress twice a year, and monitor the following activities through field observation, tracking investigation about the sample households, and random interviews with project households:

- 1) Project activities participated and sums of money obtained;
- 2) Participation in training, learning tours and other capacity-building activities;
- 3) Supports to fragile groups;
- 4) Construction of infrastructures, special facilities and subsequent maintenance and management;

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- 5) Organization and operation status of cooperatives;
 - 6) Growth of employment incomes of labors in farmer households;
 - 7) Whether the targets benefit from the project or not.

- **Public consultation**

External monitoring agencies will choose to attend the critical public consultation meetings held during the project implementation period. Through attending such consultation meetings, the external monitoring agencies will evaluate the effects of public participation.

- **Complaining about problems**

The external monitoring agencies shall regularly visit the project villages, visit the village leaders, township project stations and county (city) PMO receiving the complaints, and inquire about how the problems are handled. Simultaneously, they shall also visit the complaining villagers, propose corrective measures and suggestions for the existing problems, so that the project implementation process may be more effective.

- **External monitoring report**

The external monitoring and evaluation agency shall submit monitoring reports and evaluation reports to WB and the provincial PMO every half a year, totally conducting 6 times of external monitoring, and submitting 8 reports, and the external monitoring activities and time for submitting reports may be referred to in Table 11-3. The provincial PMO will determine the specific monitoring indicators and outline for external monitoring reports.

Table 11-3 Monitoring and evaluation timetable for resettlement

	Report	Date
1	Socioeconomic baseline investigation	March 2017
2	1st issue of monitoring report	July 2017
3	2nd issue of monitoring report	January 2018
4	3rd issue of monitoring report	July 2018
5	4th issue of monitoring report	January 2019
6	5th issue of monitoring report	July 2019
7	6th issue of monitoring report	January 2020
8	Evaluation of completion report	December 2020

- **Subsequent evaluation of project**

Once project implementation is finished, based on monitoring and evaluation, subsequent evaluation theories and methods for project will be applied to conduct summary evaluation about the project. The main contents of evaluation include evaluating benefits of the project groups, successful experiences and lessons to be drawn in terms of social developments in the project area, etc., so as to provide referable experiences for similar projects in the future.

Attachment 1: SIA questionnaire and interview outlines for Guangxi World Bank-Financed Project

Attachment 2: Itinerary for investigation of SIA group

Attachment 3: Atlas of pictures during SIA investigation of Guangxi World Bank-Financed Project

Attachment 4: Resettlement Program Framework of Guangxi World Bank-Financed Project (RPF)

Attachment 5: Ethnic Minority Development Plan for Guangxi World Bank-Financed Project (EMDP)

Attachment 6: Case of Cooperatives in Cangwu County, Wuzhou, Guangxi

Attachment 7: Distribution of project counties (cities)