ETHNIC MINORITY DEVELOPMENT FRAMEWORK
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INTRODUCTION

To contribute to the achievement of the World Bank Group (WBG) twin goals of poverty reduction and shared prosperity, the proposed project is designed to support implementation of China’s national rural poverty reduction strategy, as well as Guangxi’s rural development and poverty reduction strategies and programs.

Within China’s Leading Group of Poverty Alleviation’s core poverty reduction programs, the 2011 “Outline for Development-oriented Poverty Reduction for China’s Rural Areas 2011-2020” has reinforced a two pronged approach with both improved access to social services and infrastructure, and market-based income generation. The latter is called “Promoting Poverty Reduction through Industrialization” (“chanye fupin”), and states that: “The Government will promote utilization of advanced and practical agro-techniques, nurture specialty and pillar industries, and advanced tourism backed poverty relief program while giving full play to ecological environment and natural resource advantages of poverty-stricken areas. It will endeavor to promote industrial restructuring, help poor households develop production through leading enterprises, farmers’ specialty cooperatives and mutual fund organizations, and guide and encourage enterprises to invest in poor areas so as to help poor households increase income”.

This new approach to poverty reduction through “industrialization” could benefit those income poor people who have necessary human capital and productive assets endowments to enable them to escape poverty through participation in cooperative income generation activities. It also requires that both relatively better off and poorer rural households join their forces to achieve their economic goals through value chain development, which requires an engagement from a wide range of stakeholders. It is thus embedded in long-term approach of self-development of the poor. This “industrialization” approach is increasingly promoting development of local specialty and “pillar industries” in poor areas, i.e. agricultural products which market operators can easily associate to one or a few counties.

The project is assigned Category B given the nature and the limited scale of its activities and associated environmental and social impacts. Safeguards policies triggered include Environmental Assessment (OP 4.01); Pest Management (OP 4.09); Indigenous Peoples (OP 4.10); Involuntary Resettlement (OP 4.12), Natural Habitats (OP 4.04). As designed the project will adopt a framework approach in a sense that its investments under Components 1 and 2 will be identified during the implementation through participatory processes. As such, the specific locations of the project activities will not be known by appraisal. Therefore, list of safeguard instrument were developed to support the implementation of OP4.01, OP4.04, OP4.09, OP4.10, and OP4.12, including:

- Environmental and Social Management Framework (ESMF), including a Pest Management Plan,
- Resettlement Policy Framework (RPF),
- Ethnic Minority Development Framework (EMDF), this document.

Guangxi is an ethnic minority autonomous region. In the 10 project counties, the Zhuang accounts for 75 percent of total population, followed by the Han accounting for 13 percent. Other smaller ethnic minority groups in the project villages are Yao (12 percent, 14 administrative villages), the Dong, Gelao, Shui, and Maonan. A full social assessment has been conducted in the ten project counties, which confirmed that the Zhuang are also the predominant ethnic group in the project area, with development features similar to the Han, the main Chinese population. The project will pay particular attention to the smaller ethnic minority groups, such as the Yao, Miao, Dong, and Maonan, to ensure equal access to project benefits. In line with OP4.10, this Ethnic Minority Development Framework (EMDF) has been
prepared to promote the active participation of smaller ethnic minority communities in project activities, as feasible.

The project adopts a pilot approach to start with one or two most mature cooperatives in each of the ten project counties, more cooperatives will be involved in the project at a later stage with experience from the early ones. Up to ten cooperatives will be supported in each county during the project cycle. The first cooperatives to be supported are expected to engage in most profitable productions in the local area and will involve local farmers with relatively better resources. It has been expected that smaller ethnic minorities such as Yao, who are mostly found in upper mountain areas, will have limited resources to be involved in these cooperatives due to lack of land, capital, and labor. This EMDF is prepared to ensure equal participation from all ethnic groups in project activities, including Zhuang, Yao, and other ethnic groups. To achieve this objective, a list of nine measures has been proposed through public participating with local communities and ethnic groups, and agreed with the Project Management Offices (PMOs).

The nine measures focus on a) capacity building of ethnic minority people specifically the smaller ethnic groups to enhance their ability to participate in project activities; b) outreach to the poor and ethnic minority groups; c) capacity building to project management staff at all levels to strengthen pro-poor implementation skills and transparency through information disclosure and Grievance Redress Mechanism; d) protection of ethnic minority culture and tradition, and safeguard their livelihoods from negatively affected.

The principle is to help all ethnic groups equally participate in project activities based on free and prior informed consultation where feasible.

County PMOs will be responsible for implementation of the EMDF under the guidance from Guangxi Regional PMO, and ensuring full compliance, including keeping proper documentation in the project file for possible review by the World Bank.

This document is considered a living document and could be modified and changed in line with the changing situation or scope of the activities. Close consultation with the World Bank and clearance of the revised EMPF will be necessary.
SECTION I: PROJECT DESCRIPTION

The project comprises four components, which are summarized below. The project would be implemented over a period of six years.

Component 1: Improvement of Pro-Poor Value Chains This component aims to address market failures in the development of agricultural and non-agricultural rural value chains and key industries with a particular focus on increasing the value of economic activities of targeted farmer cooperatives. Component 1 comprises the following two sub-components:

Cooperative Development Fund (CDF) would provide grant financing to newly or existing cooperatives (about 10 per county and 130 over the project implementation). The CDF would be managed by the selected farmer and non-farmer cooperatives who will implement their investment plans for value chain development. These investment plans would be initiated by cooperatives and formulated jointly with the help of technical experts, agro-enterprises, and county governments. Investment proposals would be subject to appraisal and approval by the county and provincial PMOs. Preference would be given to ethnic minority supported activities when approving investment proposals. The component would also pay significant attention on strengthening of the institutional and management structures of the cooperatives. The project will allocate a proportion of the CDF fund for capacity building and training of cooperatives which would be mandatory before investments to economic activities will be made available. Safeguards policy compliance training will be included as part of the training.

Matching Grant for Enterprises (MG) would provide matching grants to finance enterprise investments, which demonstrate linkages and benefit sharing arrangements with targeted cooperatives of poor farmers. It is expected that some 20-30 grants could be awarded to eligible enterprises individually or in partnership with farmer cooperatives. These grants will be identified during the project implementation. Numbers of poor farmers participating in value adding income generation activities and fair benefit sharing arrangements would be key selection criteria for such matching grants. The grants would be provided based on the application process which includes transparent evaluation and competitive selection process. To ensure ownership and to demonstrate commitment, the selected enterprises would need to match the grant amount with their own funds at negotiated level of cost-sharing requirement, which would need to come from enterprises own resources and/or from commercial lending. Grants could focus on the investments with public good characteristics, which would support income-generating activities for poor farmers, and could include, *inter alia*, product quality improvement, processing and marketing, production of value added agricultural products, food safety improvement, and provision of technical advisory services in the selected project areas. The management and implementation of this subcomponent would be done at the Regional level.

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

Rural Infrastructure, which would be identified, to the extent possible, to complement the CDF investments under the Component 1. The component would support: (i) rehabilitation and construction of production road infrastructure, such as off-grade access roads to village/cooperative production areas.
or processing and marketing facilities, and rehabilitation and construction of tractor roads, field tracks, and foot paths; (ii) rehabilitation and construction of small-scale irrigation and drainage infrastructure and construction of small water storage facilities; (iii) establishment of IT and telecommunication infrastructure and procurement of information infrastructure and equipment; and (iv) rehabilitation or construction of public market facilities, electricity supply and other infrastructure and procurement of related equipment.

Risk management, which would support the development of industry-level comprehensive risk assessment and risk mitigation plans in the project counties. The plans would consider: (i) production risks (e.g. natural disaster, outbreaks of diseases, etc.), (ii) marketing risks including potential risk of food safety and food quality violation and the impact on consumer trust by the project beneficiaries or outside fellow producers/suppliers, and (iii) financial risk such as cash flow constraints and working capital requirements. The risk management and mitigation plans would identify responsibilities of public and private stakeholders (and main audience of these plans), such as producers, processors, food safety testing and quality institutions, insurance companies, etc. and identify gaps and bottlenecks, which will be addressed under the project. The project investment would follow priorities identified in the risk mitigation plans and could include, inter alia, investments in food safety testing and control (tests according to a testing regime or if necessary additional training and equipment for the related public sector testing/controlling institutions, such as FDA offices), initial subsidies for crop and livestock insurance schemes etc. as part of the risk management plan implementation. Marketing risks mitigation support could include developing and registration and protection of local/regional brands, geographical indication as well as strategic product marketing and promotion. The component would finance mainly TA and consultant services, equipment and crop and livestock insurance subsidies.

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

Business Incubation, which would support the setting up and operation of Business Incubation Centers (BICs) in each county, which will provide support for existing and start-up businesses. The BICs would support development of marketing skills and enable market linkages by reducing information asymmetries, building trust, and creating shared value between value chain actors. They would also provide training for financial management skills and help enterprises with access to appropriate financing products by facilitating linkages with partnering financial institutions. In addition, BICs will offer business development services such as training (business management, business planning), and provide assistance with navigating regulatory requirements, standards, and compliance. Other services could include promotion of business networks and fairs and media events to promote the products of participating enterprises. Finally, the BICs would offer to their clients office facilities and meeting rooms with reliable internet connection to enable sales, procurement, and management functions to operate in a professional environment. The component would provide seed funding in the form of grant but the BICs are expected to become financially sustainable over time through generation of its own revenue to reach a point where it can cover its on-going operating expenses through earned revenues. The component will finance equipment, TA and related consultancy services, necessary office equipment and operating costs associated with running of business incubation centers.

Improved Access to Financing, will support, in cooperation with local finance institutions, the scaling-up ongoing government program of a comprehensive credit rating system for the farmer cooperatives and cooperative members in the project counties. The credit rating will be will be developed based on the set of criteria established by financial institutions, which involves qualitative assessment translated into a specific scale. The approval and loan pricing by financial institutions will be linked to this rating.
The project will finance TA and related consulting services which will be related to the collection of the relevant information from cooperatives and its members which will be used to develop the credit ratings by local financial institutions.

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

World Bank’s Policy on Indigenous People (OP 4.10)

The World Bank’s Operational Policy 4.10 (Indigenous Peoples) requires that special planning measures be established to protect the interests of ethnic groups with a social and cultural identity distinct from the dominant society that may make them vulnerable to being disadvantaged in the development process. The Policy defines that ethnic groups can be identified in particular geographical areas by the presence in varying degrees of the following characteristics:

- a close attachment to ancestral territories and to the natural resources in these areas;
- self-identification and identification by others as members of a distinct cultural group;
- an indigenous language, often different from the national language; and
- presence of customary social and political institutions.

As a prerequisite for a project approval, OP 4.10 requires the borrower to conduct free, prior and informed consultations with potentially affected ethnic groups and to establish broad-based community support for project objectives and activities. It is important to note that the OP 4.10 refers to social groups and communities, and not to individuals. The primary objectives of OP 4.10 are:

- to ensure that such groups are afforded meaningful opportunities to participate in planning that affects them;
- to ensure that opportunities to provide such groups with culturally appropriate benefits are considered; and
- to ensure that any project impacts that adversely affect them are avoided or otherwise minimized and mitigated.

There are 56 ethnic groups in China, with the dominant Han people making up 91.6 percent of total population, and the other 55 ethnic groups account for the rest 8.4 percent. Zhuang is the largest ethnic minority group making up 1.27 percent of total population in China.

Guangxi is an ethnic minority autonomous region. In the 10 project counties, the Zhuang accounts for 75 percent of total population, followed by the Han accounting for 13 percent. Other smaller ethnic minority groups in the project villages are Yao (12 percent), the Dong, Gelao, Shui, and Maonan. There are 14 Yao administrative villages where the population is predominantly Yao.

The Zhuang are also the predominant ethnic group in the project area, with development features similar to the Han, the main Chinese population. The project will pay particular attention to the smaller ethnic minority groups, such as the Yao, Miao, Dong, and Maonan, to ensure equal access to project benefits. An Ethnic Minority Development Framework (EMDF) has been prepared to promote the active participation of smaller ethnic minority communities in project activities, as feasible.

Chinese Government’s Policy and Regulations

The ‘1954 Constitution of the People’s Republic of China’ states China is a unified multi-ethnic nation and all ethnic groups within Chinese territory are equal. The Constitution grants all ethnic groups full legal rights in political participation, social and economic development, and cultural development. In order to protect equal human development rights of the ethnic minority groups, the Constitution determines to set up regional autonomous administration where there are ethnic minority concentrated
areas. The constitution states that regional ethnic minority autonomous administration is the basic policy in implementation of China’s ethnic affairs and a key part of China’s fundamental political system. The ‘1984 Law of Ethnic Minority Autonomous Regions of People’s Republic of China’ determines three administrative levels of ethnic minority autonomous governing according to population and the magnitude of territory. The three levels are autonomous region equivalent to provincial level, autonomous prefecture equivalent to municipal level, and autonomous county equivalent to county level. The Law authorizes self-governing rights of the three administrative levels, including legislative power, financial and economic autonomy, staffing priority to administration positions to ethnic minority candidates, the authority of using minority language and the rights of ethnic culture development.

In order to protect legal rights of small ethnic groups inhabiting in dispersed areas, the 1984 Law determines the setting up of ethnic minority township where ethnic population is too small and the settlement is too dispersed to establish minority autonomous county. The ‘1982 Regulation of Ethnic Township Administration of People’s Republic of China’ legalized the setting up of ethnic minority townships where self-governing can be achieved by mandatory requiring ethnic minority people as the township head. The regulation states that townships having 30% minority population could apply to be ethnic minority township. In addition to the rights enjoyed by conventional townships, ethnic minority townships have special treatment, such as the right to develop economy, education, health and culture based on minority livelihoods needs coupled with township specific context. Ethnic minority townships are allowed to make minority language as official language.

‘Five Year Plan for Ethnic Minority Development’ was formulated to promote equal development of ethnic minorities. The key principles of ethnic minority development policies can be briefly summarized as: 1) strengthening ethnic minority equality and solidarity; 2) improvement of living standard in ethnic minority regions by developing infrastructure and social services as well as increasing income for minority households; 3) mentoring ethnic minority leaders; 4) improving education and health services in ethnic minority regions; 5) protection and maintain of ethnic minority languages; 6) protecting cultural heritages in ethnic minority regions.

Five Year Plan for Ethnic Minority Development has integrated development goals for ethnic minorities in terms of economic growth, improvement of social security system, improvement of infrastructure and public services, upgrading living quality for ethnic groups. Several measures to support these policies have been made to fulfil these development goals as following:

**Fiscal Policies:** increasing stable and long term financial supports from central government to improvement of infrastructure and public services in minority regions.

**Industrial Promotion Policies:** expanding infrastructure investments from central government to support railway, highway and civil aviation in western minority regions, increasing investments for promoting agriculture and animal husbandry industry in minority regions; channel foreign capital including concessional loans to invest in minority regions; allowing exemption from local counterpart funding in minority regions as well as in poverty areas where public welfare projects have been financed by the central government; giving priority of government funds distribution to support in developing advantaged industries in minority regions such as tourism in ethnic minority areas.

**Monetary Policies:** expanding bank branches and bank services in minority regions with the precondition of effectively reducing risks; encouraging commercial banks to provide capital to meet financing demand of small scale enterprises as well as special enterprises producing ethnic products in minority regions; enhancing credit and financial services in key sectors of agriculture, animal
husbandry, education, health, energy, infrastructure, environment and culture for ethnic minority population.

**Education Policies:** giving priority of education resources and large education projects to minority regions and minority population; increasing education funds for bilingual education; piloting education fee exemptions in high schools in minority regions; expanding government education subsidies to cover more students in poverty families.

**Health Policies:** giving priority of health resources and large heath projects to minority regions and minority population; encouraging students graduated from medical schools to work in minority regions.

**Social Security Policies:** improving social security system for minority population such as medicine insurance coverage for minority people; increasing central government funds for social assistant programs in minority regions; giving priority of job opportunities to minority people in investment projects located in minority areas. Ensuring poor minority people to obtain governmental minimum living standard.

**Human Development Polices:** strengthening capacity of minority population by providing vocational training.

**Cultural Protection Polices:** protecting ethnic culture and heritage; constructing ethnic museums; protecting historical and cultural towns in minority regions; conducting ethnic heritage census and recording cultural heritages for ethnic groups; protecting intangible cultural heritage for ethnic groups; establishing eco-cultural protection zone in minority areas.

**East-support-West Polices:** mobilizing economic and social resources of governments and enterprises in the more developed east to support development of ethnic minority areas in the west.

**Ethnic Minority Policy and Regulations in Project Areas**

Minority development policies in Guangxi Zhuang Autonomous Region, where the project is designed, support the Twelfth Five-Year-Plan for Ethnic Minority Development in Guangxi. Main tasks of the Plan include 1) improving infrastructure and public services in minority areas, including rural road network construction, agricultural irrigation upgrading and water supply facility 2) promoting specialized and advantaged industries in minority areas such as food crops, sugarcane, tea-oil tree, fruit, livestock, vegetable, herb medicine and aquatic products 3) protecting ethnic housing style and developing ethnic cultural tourism; 4) improving infrastructure and service facilities in those minority villages with small population, including rural road construction, facilities for drinking water and irrigation.

**Differences or gaps between China’s laws on EM and World Bank OP4.10**

The summary of legal and policy framework for ethnic minorities between China’s National laws and WB OP/BP 4.10 reveals no outstanding differences. China’s EM laws and polices aim to ensure that the development process fully respects the dignity, human rights, economic well-being and culture of EMs. Whereas WB OP/BP 4.10 emphasizes an appropriate action plan that avoids, minimizes or mitigates, or compensate for project impacts and a procedure for addressing appeals from minority communities arising from project implementation. Therefore, the EMDF has been developed to ensure full compliance with principles of WB OP/BP 4.10.

**Implementation arrangement**

Project implementation arrangements have been set up at regional, municipality, and county levels. Institutional responsibilities are summarized below and will be detailed in the Project Operations Manual (POM).
**Project Leading Groups.** Project Leading Groups at regional (provincial), municipal and county levels, comprising representatives from the Reform and Development Commissions, Finance Bureaus, Poverty Reduction Offices, Auditor’s Offices, Civil Affairs Bureaus, Ethnic Affairs Commissions, Women’s Federation, and other departments will provide leadership, policy guidance, and direction for project implementation within their respective jurisdictions.

**Project Management Offices.** A Regional Project Management Office (RPMO) has been established in the Guangxi Regional Poverty Alleviation Office to be responsible for the overall project coordination and management, including annual work and budget planning; coordination of municipalities and counties in public outreach, work planning, procurement, fund withdrawal and reimbursement management and financial reporting; technical and institutional aspects of implementation; general oversight, field supervision and acceptance checks; and training and capacity building. The RPMO will have the responsibility for: (i) the selection and negotiations with the food and agro-processing enterprises receiving support under the matching grant for enterprises sub-component (sub-component 1b); (ii) the preparation of the industry risk assessment and risk mitigation plans (part of sub-component 2b), (iii) the training, guidance, initial review and appraisal of the cooperative investments proposals, which is expected to be delegated to the eventually to municipalities or counties depending on the capacity of the lower level PMOs; (iv) overall project M&E and reporting to the Bank and will maintain and update, as necessary, the POM (including the FMM), and (v) preparation of the consolidated Annual Work Plans and consolidated semi-annual project progress and financial reports. Municipal-level PMOs will provide technical guidance to counties, supervise implementation, and assist the provincial PMO in acceptance checks, and M&E. When carrying out the above responsibilities, the RPMO will ensure equal participation from ethnic minority villages, especially the Yao and other ethnic groups with smaller population in project areas. The RPMO will also provide guidance to County PMOs (CPMOs) in encouraging participation from all ethnic groups, and supervise implementation of ethnic minority action plans under the guidance of this EMDF. CPMOs will have the primary responsibility for the project management at the local level, including preparation of their Annual Work Plans and semi-annual project progress and financial reports, identification and formation of farmer cooperatives and providing them necessary capacity building and implementation support services; identification and implementation of rural infrastructure investments (through relevant county-level line agencies), as well as coordination the complementarity of such investments with those under CDF; establishment and resourcing BICs which will be run by qualified entities and arrangement of the data collection work for the credit rating development. CPMOs will review overall rate of participation from all ethnic minorities in project activities within the county, and ensure as many as feasible project villages with predominant people from smaller ethnic minority groups, such as the Yao, to be included in project activities. When approving farmer cooperatives, preference will be given to cooperatives with high percentage members from smaller ethnic groups.

**Administrative Village Committees.** Village Committees will be responsible for local public information dissemination, community/cooperative mobilization, planning and implementation of public infrastructure investments assigned to the administrative village level, and for the coordination of any land requisition for infrastructure construction, as needed. Village Committees will be guided by CPMOs to implement ethnic minority development action plans. The committees will be responsible for identifying EM households to take part in capacity building activities such as technical trainings so that they can meet the requirements for joining farmer cooperatives.

**Professional Farmer Cooperatives.** Farmer cooperatives will be established as economic entities and registered under China’s Farmer Professional Cooperative Law. They will have implementation
responsibility for all activities under the CDF. They will organize cooperative members; prepare the Cooperative Annual Investment Plans (CAIPs); and administer cooperative development funds in accordance with approved plans and project regulations. When recruiting members from local villages, households of smaller ethnic groups will be given priority among those eligible. Cooperative member meetings will be held using languages understood by all EMs. *Farmer Cooperative Advisors* will be recruited and trained by the county PMOs to assist in the establishment and operationalization of new cooperatives; provide guidance to cooperatives in the formulation and implementation of productive investments and CAIPs; and assist the CPMOs in conducting acceptance checks, monitoring and reporting of cooperative activities, and complaints handling. Candidates from ethnic minority groups will be given preference when recruiting advisors. All recruited advisors should speak local ethnic minority languages.

**Technical Advisory Groups (TAGs).** Each county will set up a TAG comprising representatives from government (including Ethnic Affairs Commission), cooperatives, and relevant industries and private sector entities to provide advisory services for the cooperative value chain investments.
SECTION III: SOCIAL ASSESSMENT (SA) AND RESULT OF FREE, PRIOR AND INFOMRED CONSULTATIONS

Extensive social assessment was conducted during the preparation of the project using a participatory method to identify whether issues arose during implementation of the project with regard to the consultation with and participation of women and ethnic groups in project planning and implementation processes, and whether they received project benefits in a culturally appropriate manner. The social assessment working team comprised of colleague professors investigated all 10 project counties where there are minority inhabitation communities to learn poverty situation, socioeconomic status and infrastructure condition of minority communities, and to understand opinions and expectations of EMs for the project and record EMs willingness to participate in project activities through multiple methods such as conducting household questionnaires, organizing focus group discussions and interviewing key informants. Detailed work includes:

**Socioeconomic household surveys.** The surveys were conducted in EM communities in 10 minority inhabitation counties. It covered 27 townships and 29 villages, where a total of 560 copies of HH questionnaires have been completed. The sampled minority households reached 515, sharing 91.96% of total HH sampling. Among sampled minority households, 80.89% of surveyed HHs with 453 copies went to Zhuang households and 10.89% with 61 copies were surveyed Yao households. The survey aims to understand socioeconomic status of minority households in PAs with a special attention given to vulnerable groups of women and poor people, to understand currently agricultural activities and the level of agricultural industry development, to identify key issues of establishing farmer cooperatives, meanwhile to learn EMs needs, support preferences of project and willingness to participation in the project activities.

**Focus group discussions.** The survey team conducted a wide range of focus group discussions with local people. There were 87 FGDs held in surveyed villages with 29 women FGDs, 29 village leaders FGDs and 29 poor people FGDs. Among 87 FGDs conducted, there were 82 minority focus group discussions held. The major purpose of FGDs was to discover different minority groups’ needs, expectations and suggestions to project and to understand their willingness to participation in farmer cooperatives and agricultural industrial development.

**Stakeholder meetings.** Total 87 county-level stakeholder meetings were held with Poverty Reduction Offices, Women’s Federations, Minority Affairs Bureaus, Agriculture Bureaus, Husbandry Bureaus and Industry and Commerce Administration Bureaus to discuss measures for mitigating possible social risks and actions for enhancing project benefits to local poor population.

**Key informants interviews.** Total 45 key informant interviews were conducted with township officials, leaders of farmer cooperatives or local companies and agricultural technicians in order to learn main issues of farmer cooperatives development in minority communities, main causes of poverty for minority households, and general socioeconomic status of EMs.

**Ethnic Groups in Project Areas**

Ethnic minority people account for more than 87 percent of the proposed project villages. Different minority ethnic groups are present in project areas, including the Yao, Dong, Gelao, Maonan, and Zhuang. The latter make up nearly 90 percent of all ethnic minorities in the project villages. The second largest ethnic group is the Yao, accounting for 12 percent of total population in project area, and there are 14 Yao concentrated administrative villages in project area. Other ethnic minority people including
Dong, Gelao, Maonan account for a very small number and mostly migrated to project areas by marriage, and have adopted the habits of the local community.

While the overall challenges faced by project area is limited development resources combined with poor infrastructure such as connectivity, water, and access to market, the ethnic minority development framework (EMDF) focuses on the Yao, the second largest ethnic group in project areas. Yao people are largely living in remote mountain areas in 10 project counties where occurrence of poverty is much higher. Four criteria summarize poverty among the Yao people: (i) The Yao population is largely distributed in degraded karst areas in which the harsh geographical conditions are coupled with a shortage of natural resources and weakness of infrastructure and social facilities. Yao people are facing land and water scarcity. Local access roads are in poor condition and communication facilities are insufficient for the Yao population; (ii) rural mountain areas with degraded karst are underdeveloped in the project counties. Smallholder agriculture, forestry and animal husbandry are the prevailing farming system. What limits income for local households is the availability of small-scale resources for mountain Yao families in terms of land, water, credit, information, technology, healthcare, infrastructure and market. As a result, the economy base for Yao minority is poorer than for the Han and Zhuang. This further leads to many obstacles for Yao people to develop dominant industries as well as to lift off poverty, including low level of agricultural productivity, lack of large-scale agricultural industries, lack of industry competitiveness and poor technical and market supporting system; (iii) the living conditions of mountain Yao people in the region are being threatened by climate hazards. Vulnerability of livelihoods has further increased due to relatively single income sources among Yao households. Yao families are more likely to return the poverty situation due to natural disasters, family member illness, and higher children education; (iv) Yao people have lower levels of education. Illiteracy or education limited to 3 years of primary school are common among Yao adults. Most of those engaged in the agriculture sector only have a primary education level. As a result, many farmers have insufficient access to agricultural extension as well as market information.

**Anticipated impacts under the project**

Since the project will operate in selected rural villages and focus on developing agricultural products value chain, no large scale land acquisition is foreseen and only limited small pieces of land is needed under the project for small civil works such as construction of storage and agricultural processing facilities. In order to ensure that any land acquisition is minimized and fully compensated, a resettlement policy framework has been prepared to guide land acquisition and compensation if such needs arises. Some farmers will use their land as input when joining cooperatives, and proper cooperative management procedures will ensure that farmers understand risks associated with investment, and no farmer households should feel obliged to join against their free will. It was also understood by the project PMO that proposed project activities will not be overlapped with local ecological resettlement. This will be a key focus of attention for project monitoring and supervision during implementation stage.

Potential environmental risks such as impact to natural habits and pest management associated with planting activities have been addressed in the Environmental Social Management Framework (ESMF) prepared separately by an environment team.
SECTION IV: PRINCIPLES AND MEASURES TO BE APPLIED TO THE PROJECT

Approach for Inclusion of all Ethnic Groups

Measures for Ensuring Equal Participation of All Ethnic Minorities

Nine measures have been identified on the basis of the above analysis and social assessment findings. These measures are designed to provide full mitigation of identified risks of negative project impact on ethnic minority communities in the project area. Provided these measures are fully integrated into project implementation, no such negative impact is expected to occur.

Consistent with the analysis of ethnic minority categorization, most measures cover smaller minority ethnic communities (i.e. natural villages within administrative villages generally comprised of some Zhuang villages, some Han population and some villages from the Yao and other smaller minority ethnic groups). However measures 1 and 2 (on consultation and training) also apply to the Zhuang, as well as measure 6 (on tourism development).

Attention to gender is a cross-cutting need in project implementation. There is no specific measure in relation to women since no specific risk for ethnic minority women has been identified. Instead, the key recommendations made from the social assessment to enhance women’s participation in the project are incorporated in several measures.

Measure 1. Free, prior and informed consultation. In project villages with at least one ethnic minority communities, whether Zhuang or from another group, the first steps of project implementation will take place through a step-by-step participatory process with modalities adapted to the specific features of the communities. This applies specifically to cooperative establishment, selection of cooperative managers and negotiations with a potential partner enterprise (whether that enterprise is a project beneficiary or not). It will ensure that any significant decision concerning project-funded cooperatives and cooperative assets is fully voluntary and reflects local preferences. Project information will be provided through multiple means including villager meeting, broadcasting where appropriate, bulletin board. Location of meetings will be not only at administrative village center but also in the natural villages where the communities reside. Local spoken minority languages will be used in these meetings, or/and a local facilitator will be available. Women should account for at least 30% of participants. Sufficient time will be allocated for the full participatory process and between each sequence in this process. Decision outcomes will be posted publicly in the village.

Measure 2. PMO and enterprise training and information. In order to raise attention to the specific features of ethnic minority communities in the project area, the Guangxi PPMO will organize at least one training session in each county PMO early during project implementation. Trainers will be qualified trainers with a social science or similar background. At the end of the session, participants should understand the purpose of the EMDF measures and be able to organize a consultation meeting in various ethnic minority communities. The Guangxi PPMO will also ensure that enterprises applying for project financial support or engaging in a contract with a project-supported cooperative have received information about ethnic minority communities in the project area and about this framework’s measures.

Measure 3. Ethnic minorities in cooperative management. Project supported farmer cooperatives, whether previously existing or newly created, will set up their cooperative management board with members from the various ethnic minority communities in the area covered by the cooperative. When the cooperative is initially established at the level of an administrative village, this may take the form of inviting natural village heads from the various communities to become board members. The cooperative management board should also include at least two women members.

Measure 4. Outreach of cooperatives to natural villages. In project villages with at least one smaller ethnic minority community, project-supported cooperatives will be invited to prioritize productive
activities and/or services that are appropriate to a higher number of natural villages, so that the various ethnic minority communities in that village have equitable access to project activities. When a cooperative is initially established at the scale of single natural village, this expansion may take place in a gradual manner.

**Measure 5. Cross-village and cross-township cooperatives.** In county project areas with at least one smaller ethnic minority community, project-supported cooperatives will be encouraged to expand their scope of business beyond the administrative village, and beyond the township where they are based whenever relevant. This applies specifically to agricultural commodities that are appropriate to more remote natural villages (e.g. free range chicken). This will contribute to ensuring equitable access to project activities for the smaller ethnic minority communities that often live in such more remote villages.

**Measure 6. Land management in cooperatives.** In project supported cooperatives with at least one smaller ethnic minority community in the area they cover, the county PMO will pay special attention to implementation of the principles of the involuntary resettlement framework. Specifically, it will be checked through the above participatory process (measure 1) that any production arrangement involving pulling land use rights together as cooperative assets to create a production base (plantation or animal farm) is fully voluntary. Those households that do not wish to join such an arrangement will be able to do so. When farmers investing their land as resources to become members of a cooperative, they should be fully informed of potential risks caused by such investment. Forestry land use rights will not be mobilized in such arrangements since monitoring the impact of land use rights transfers for such land would be outside the project’s scope.

**Measure 7. Protection of local cultures in tourism development.** The Guangxi PPMO, together with the county PMO, will specifically review any subproject proposal related to investments into tourism development and taking place in a project village with at least one ethnic minority community (whether Zhuang or from another group). This review will examine which tourism development model the proposal refers to. Any proposal based on a model involving an outside investor and resulting in involuntary land acquisition would be categorized as A and therefore be outside the scope of project support. The review will also examine whether the proposal is fully respectful of the culture of the various local ethnic minority communities, with special attention to women within them. Should any question be identified, the PMOs will ensure that the subproject is adjusted before it is approved.

**Measure 8. Protection of ethnic minority cultures in product branding.** The Guangxi PPMO, together with the county PPMO, will prioritize geographical indications or another public approach to branding with project support whenever the brand is using the image or name of a smaller minority ethnic group. Any discrepancy between the messages conveyed by the brand and the local culture will be avoided, paying special attention to messages related to women. This applies regardless of whether an enterprise, a cooperative or a local government agency is promoting brand registration. Similarly, the Guangxi PMO will ask project beneficiary enterprises to commit not to use the image or name of a smaller minority ethnic group from a project village as a privately registered brand.

**Measure 9. Access to information technology.** The Guangxi and county PMOs will provide project information both in the above traditional ways (such as meetings) and through information technology (IT). The use of internet and messaging, accessible through cellphones, will allow the younger generation in these smaller ethnic minority communities in the project villages, that are already intensive IT users, access to more information in a timely manner. This will contribute to reduce consequences of imbalance in the relationship between the community and cooperative / enterprise managers.
Implementation strategy

The following strategy will be applied under the project in order to empower vulnerable ethnic groups in line with the above-mentioned policy and ethnic group consultation guideline:

- Measures proposed above will be integrated into the Project Operation Manual (POM) developed by Guangxi Regional PMO;

- Related budget will be included in the proposed budget plan to ensure smooth implementation of measures to promote equal participation of ethnic minority groups;

- External monitoring will be funded by the project to review implementation of the EMDF. Results and findings will be reflected in the six-monthly external monitoring reports;

- When approving business plans from cooperatives, preference will be given to cooperatives that involve more ethnic minority groups in participating in project investment.

- When multiple ethnic minority groups other than Zhuang ethnic minority will participate in project activities, site specific Ethnic Minority Development Plan (EMDP) will be prepared to guide implementation of these project activities following guidance of this EMDF.
SECTION V: GRIEVANCE REDRESS MECHANISM

During the social assessment, and preparation of this EMDF, special attention has been paid to full and prior informed consultation of all ethnic minority groups. Project management offices at various levels and the community facilitators have informed local communities that, if any ethnic minority groups or an individual of an ethnic minority group believe that they are adversely affected by a World Bank (WB) supported project, they may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Given this EMDF has been prepared based on wide participation from ethnic minority groups in project areas, no major disagreement with project arrangements is expected. However, to assist ethnic minority groups or individuals to overcome barriers of accessing the GRS such as language barriers or internet access, a Grievance Redress Mechanism (GRM) has been established under the project. Considering literacy level, language and other special habits of local ethnic minority people, (i) all project information including the GRM should be communicated to local communities by project management offices, or village committees, or facilitators in face-to-face manner in language understood by all members of the communities, and all information will be posted in public places with easy access by local ethnic groups; (ii) public disclosure will be posted in Chinese and ethnic minority language where applicable; (iii) project management units at all levels will accept complaints and grievances free of charge, and the related cost will be covered by unforeseeable cost of the project; (iv) before project implementation, contact information including mailing address, telephone number, fax number, and email address of the person accepting complaints at various levels will be made public to all project villages.

**Guiding Principles of the GRM**

<table>
<thead>
<tr>
<th>Visibility</th>
<th>Information about how and where to provide feedback is well publicized and easily noticeable.</th>
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<tbody>
<tr>
<td>Accessibility</td>
<td>Citizens should find it easy to engage and use the complaints procedure, irrespective of language or disability.</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Prompt acknowledgment to be followed by prompt action, with informant kept informed of progress.</td>
</tr>
<tr>
<td>Objectivity</td>
<td>Any investigation should be open-minded and impartial, complete and equitable.</td>
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<tr>
<td>Charges</td>
<td>There are no costs to the informant as their feedback is provided and handled.</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>Unless voluntarily provided, identities of informants will be kept confidential throughout and after the investigation process.</td>
</tr>
<tr>
<td>Citizen-focus</td>
<td>The project welcomes citizen feedback of all types, with a culture that sees citizen as central.</td>
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<tr>
<td>Accountability</td>
<td>There should be clarity on roles and authority in handling feedback, and staff should be accountable for their actions and decisions.</td>
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<tr>
<td>Continual Improvement</td>
<td>There should be a permanent objective to learn from feedback to improve processes, policies, and procedures.</td>
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Adapted from the ISO 10002, the international complaint-handling standard.

Sources of Feedback

In principle, feedback can be provided by anyone involved in the GRF process. The system has been setup and modified to increase participation of vulnerable groups (such as ethnic groups and women) who are likely to have less voice in planning and implementation process of the GRF.

Types of Feedback

Feedback may include: (i) misuse of funds; (ii) corruption allegations; (iii) inappropriate intervention by outside parties; (iv) violation of program policies, principles and contracts for subproject construction; and (v) negative impacts of subprojects on individual households or sub-groups, including with regard to voluntary land/ asset donations and compensation arrangements for land acquisition, and impacts from civil works and other safeguard related issues. Feedback may just be simple inquiries about program procedures or rules.

Feedback Channel

Provision of feedback is possible at all levels (cooperative, village, township, county, and regional). When feedback or complaints is received, a record of the feedback/complaints together with how this has been addressed will be filed in the project management system. It should be made clear to all members of local communities that they will receive a response to their feedback within 2 weeks. If they are not satisfied with the response, they are entitled to go to the higher level of the GRM. For the GRM to function, the project has established the following channels for feedback:

- GRM Committees at cooperative, village, township, county, and regional levels;
- Feedback mail addresses at all levels;
- Dedicated email;
- Website;
- Regular meetings at all levels (cooperative, village, township, county, and regional).
SECTION VI: MONITORING, DOCUMENTING, INFORMATION DISCLOSURE AND REPORTING

Guangxi Regional PMO is responsible for the supervision and monitoring of ethnic groups’ related issues, including documentation and reporting. Results will be included in the project progress report. The World Bank supervision missions will periodically review the progress to ensure that the investments affecting indigenous peoples afford benefits to, and mitigate any adverse impacts on them.

Throughout the implementation of the project, beneficiary/affected communities will be informed of the overall project approach including the provisions of this EMDF as part of the participatory planning processes. Information about the Project, including planning meeting minutes, budgets and financial records will be shared with all community members attending village meetings. Copies of key documents and meeting minutes will be displayed on the village committees’ notice boards and information will be shared orally in local languages, with people who are illiterate or who speak another language than Mandarin, in order to ensure full disclosure.

Social safeguards performance monitoring will be conducted by external monitoring team, to be commissioned by the Regional PMO. In particular safeguard compliance, monitoring and documentation in implementation stage will be captured in the six monthly external monitoring reports.

Initial local disclosure of project documents including the draft Social Assessment Report, Resettlement Policy Framework, and draft Ethnic Minority Development Framework has been done in May 2016. These key documents will be updated throughout the project preparation and implementation cycle when necessary. Before project implementation, all key documents in local language will be disclosed at project village level. A two page leaflet outlining project objectives and activities will be produced in simple language along with other project documents to be disclosed at village level. Oral introduction of the project should be given by locally hired cooperative facilitators to illiterate members of local communities. Key activities to be conducted include:

- Social safeguards and GRM training will be included in all technical training of PMO staff and cooperative facilitators.
- Facilitators will train board members of cooperatives social safeguards compliance policies, and promote participation of the poor and vulnerable, and ethnic minority groups in project activities.
- Under the guidance from Region PMO, all 10 County PMOs will be responsible for implementation of project activities in line with social safeguards compliance policies, and submit 6 monthly progress reports to Regional PMO, who will consolidate progress reports to form a unified progress report to be submitted to the WB task team.
SECTION VII: BUDGET

The budget plan for the EMDF includes two aspects: (i) The budget will be allocated to measures proposed in the EMDF to ensure smooth implementation of measures to promote equal participation of ethnic minority groups as well as to protect ethnic minority cultures. Total CNY 120 thousand, equivalent to USD 18 thousand will be allocated to support implementation of EMDF measures. The breakdown budget for each measure has been illustrated in the table below. (ii) The external monitoring will be funded by the project to review implementation of the EMDF, results and findings. Guangxi PPMO has allocated CNY 1500 thousand, equivalent to USD 230 thousand for the external monitoring consulting package where EMDF will be part of external monitoring package.

<table>
<thead>
<tr>
<th>Measures</th>
<th>Target/Indicator</th>
<th>Budget</th>
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<tbody>
<tr>
<td>1. Free, prior and informed consultation.</td>
<td>(i) Project information will be provided for ethnic minority communities through multiple means including villager meeting, broadcasting where appropriate, bulletin board. (ii) Location of meetings will be not only at administrative village center but also in the natural villages where the communities reside. (iii) Local spoken minority languages will be used in these meetings, or/and a local facilitator will be available. (iv) Women should account for at least 30% of participants. (v) Sufficient time will be allocated for the full participatory process. (vi) Decision outcomes will be posted publicly in the village.</td>
<td>CNY 25 thousand, equivalent to USD 3800 will be allocated for project information provision in the natural villages.</td>
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<td>2. PMO and enterprise training and information.</td>
<td>(i) The Guangxi PPMO will organize at least one training session in each county PMO early during project implementation. (ii) Trainers will be qualified trainers with a social science or similar background. (iii) At the end of the session, participants should understand the purpose of the EMDF measures and be able to organize a consultation meeting in various ethnic minority communities. (iv) The Guangxi PPMO will also ensure that enterprises applying for project financial support or engaging in a contract with a project-supported cooperative have received information about ethnic minority communities in the project area and about this framework’s measures.</td>
<td>CNY 35 thousand, equivalent to USD 5400 will be allocated for various training.</td>
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<tr>
<td>3. Ethnic minorities in cooperative management.</td>
<td>(i) Project supported farmer cooperatives, whether previously existing or newly created, will set up their cooperative management board with members from the various ethnic minority communities in the area covered by the cooperative. (ii) When the cooperative is initially established at the</td>
<td>Including in the project cooperative support funds.</td>
</tr>
</tbody>
</table>
| 4. Outreach of cooperatives to natural villages. | (i) In project villages with at least one smaller ethnic minority community, project-supported cooperatives will be invited to prioritize productive activities and/or services that are appropriate to a higher number of natural villages, so that the various ethnic minority communities in that village have equitable access to project activities.  
(ii) When a cooperative is initially established at the scale of single natural village, this expansion may take place in a gradual manner. | Including in the project cooperative support funds. |
| 5. Cross-village and cross-township cooperatives. | (i) In county project areas with at least one smaller ethnic minority community, project-supported cooperatives will be encouraged to expand their scope of business beyond the administrative village, and beyond the township where they are based whenever relevant. | Including in the project cooperative support funds. |
| 6. Land management in cooperatives. | (i) Any production arrangement involving pulling land use rights together as cooperative assets to create a production base (plantation or animal farm) is fully voluntary.  
(ii) Forestry land use rights will not be mobilized in such arrangements since monitoring the impact of land use rights transfers for such land would be outside the project’s scope. | No extra funds needed. |
| 7. Protection of local cultures in tourism development. | (i) The Guangxi PPMO, together with the county PMO, will specifically review any subproject proposal related to investments into tourism development and taking place in a project village with at least one ethnic minority community (whether Zhuang or from another group).  
(ii) This review will examine which tourism development model the proposal refers to. Any proposal based on a model involving an outside investor and resulting in involuntary land acquisition would be categorized as A and therefore be outside the scope of project support.  
(iii) The review will also examine whether the proposal is fully respectful of the culture of the various local ethnic minority communities, with special attention to women within them. | CNY 30 thousand, equivalent to USD 4600 will be allocated for protection of local cultures in tourism development. |
| 8. Protection of ethnic minority cultures in product branding. | The Guangxi PPMO, together with the county PPMO, will prioritize geographical indications or another public approach to branding with project support whenever the brand is using the image or name of a smaller minority ethnic group.  
(ii) Any discrepancy between the messages conveyed | CNY 30 thousand, equivalent to USD 4600 will be allocated for protection of minority cultures in product branding. |
by the brand and the local culture will be avoided, paying special attention to messages related to women. This applies regardless of whether an enterprise, a cooperative or a local government agency is promoting brand registration.

(iii) Similarly, the Guangxi PMO will ask project beneficiary enterprises to commit not to use the image or name of a smaller minority ethnic group from a project village as a privately registered brand.

| 9. Access to information technology. | (i) The Guangxi and county PMOs will provide project information both in the above traditional ways (such as meetings) and through information technology (IT).
(ii) The use of internet and messaging, accessible through cellphones, will allow the younger generation in these smaller ethnic minority communities in the project villages, that are already intensive IT users, access to more information in a timely manner. | No extra funds needed. |