Updated Project Information Document (PID) of the supplemental project.

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<th>CHINA-Gansu and Xinjiang Pastoral Development Project</th>
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<td>Ministry of Agriculture - Foreign Economic Cooperation Center - Livestock and Fisheries Project Division</td>
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1. Country and Sector Background

Background. Since the early 1980s, with the decollectivization of the agricultural sector, China has achieved remarkable agricultural and rural growth, greatly reduced poverty and addressed many environmental and natural resource degradation problems. Replicating these accomplishments and improving sustainability in the future however, will be more difficult as many of the potential gains from the transition reforms have been achieved and weak demand has now slowed growth. Weak aggregate demand is also affecting rural areas where incomes have been affected by falling prices for farm products and stagnant growth in non-agricultural rural employment. Future productivity gains in the agricultural
sector will have to come from greater efficiencies of production, stimulated by market forces, and greater productivity of scarce natural resources through improved natural resource management and introduction of new technologies. Sustained agricultural development and rural economic growth will also require more dynamic and effective rural institutions and financial systems, improved land tenure with marketable land-use rights, improved incentives for investing in agricultural development, liberalization of production, pricing and marketing policies, promotion of a market environment, and better targeted investments in rural infrastructure and public services.

Rural Development. Despite the political and strategic importance of the region, rural economic growth in China's norwestern areas has not been very significant. Grassland degradation is a serious problem with almost 50% of the project areas classified as moderately to severely degraded, hillsides being often especially badly degraded. Poverty is pervasive Xinjiang and Gansu together make up almost 15% of China's total poor. Widespread poverty inhibits rural development as well as the capacity of the region to seize new economic opportunities. Stimulating growth in agricultural income, reducing poverty, and managing the environment are major development objectives in the project areas.

Complex, interactive problems related to the environment and use of natural resources, agricultural practices, and human population growth hinder sustainable development in the project areas. There has been a vicious cycle of increasing human population which has lead to pressures to convert grasslands to cropland and to increase livestock stocking rates to maintain rural incomes. This has led to further grassland degradation, reducing the capacity of the pastoral areas to support biodiversity and livestock, and the human populations that rely on them. Yet, animal husbandry will remain the major source of livelihood and economic growth in much of northwest China in the foreseeable future, since there are major limitations on opportunities for non-farm employment. However, in order to be sustainable, livestock development will have to adopt an approach that views livestock production as just one important aspect of an overall, integrated natural resource management strategy for the pastoral areas' improved grassland management, and more efficient marketing of livestock and livestock products.

Main Sector Issues. The key issues for sustainable development in the pastoral areas to be resolved are: (1) widespread rural poverty; (2) grassland degradation and loss of biodiversity; (3) unsustainable livestock production practices, including feeding and breeding; (4) poor market development; (5) weak community participation; and (6) lack of integration in addressing the problems.

2. Objectives
Project Development Objective. The project development objective is to promote sustainable natural resource management through establishing improved livestock production and marketing systems that would increase the income of herders and farmers in the project areas.

The project would empower farmer and herder households in the project counties to better manage their grassland resources and improve forage and feed production on arable lands, thereby increasing their incomes through more efficient and quality focused livestock production, sufficient to generate marketable surplus to improve living standards. Establishment of improved livestock marketing systems in project counties would also increase the efficiency of the livestock production system and help raise the living standards of farmers and herders.

Global Environmental Objective. The global environmental objective of the project is to mitigate land degradation, conserve globally important biodiversity, and enhance carbon sequestration, through promotion of integrated ecosystem management in the grassland, desert, and forest ecosystems of the Qilian Shan, Tian Shan, and Altai Shan mountain ranges in Western China. The global environmental objective would be achieved by implementing community based grassland management plans in selected project areas with high global biodiversity values; providing incremental investments for implementing
3. Rationale for Bank's Involvement
The project is designed to be a "second-generation" rural development project. It would give China the opportunity to pilot a quality focused integrated livestock development system that could contribute to improve livelihoods of its herder population. Bank support for the project is justified through its mandate to lend for development-oriented activities with a strong element of public goods, such as environmental management, public information systems, training, extension, and applied research. Provision of these kinds services in the project will provide a firm foundation for future sector investments by the private sector as well as improve the utilization of scarce public resources (financial and technical) creating a basis for increased government revenues for future development.

The project approach is consistent with the recently revised rural development strategy of the MOA and with the Bank's rural strategy for China initiating the second generation of rural development projects in the country. The project would support activities for the medium and long-term growth of the sector as opposed to simple revenue generating activities. The Bank's experience would add value to the Borrower's efforts to provide an enabling environment for future economic growth in Gansu and Xinjiang while accelerating the transition process of its livestock sector into a modern market economy.

Global support is justified in that four of the five project components can be enhanced to provide global environmental benefits in improved biodiversity conservation, increased carbon sequestration, improved watershed protection, and reduced soil erosion. Most of these global environment benefits are long term (i.e. benefits take time to materialize but accrue for many years after the project has terminated), which makes them less attractive to local populations, who struggle to make a living on a day-to-day basis. The global support will help to bridge the gap between the long term benefits and short term economic needs of local population by giving them incentives to change their current resource utilization practices. It will also demonstrate to the local population the long-term economic and environmental benefits of adopting more sustainable grassland management approaches. The project is consistent with the GEF Operational Strategy for its biological diversity, climate change and land degradation focal areas, and OP1 (Arid and Semi-Arid Ecosystems), OP4 (Critical Montane Ecosystems), OP13 (Agro-Biodiversity), and OP12 (Integrated Ecosystem Management). With respect to OP12, it promotes cross-sectoral policies and land use practices to ensure better grassland management, and to enhance protection of environmental services, including biodiversity conservation, carbon sequestration, and watershed protection in the headwaters of international waterways. The project is one of the key elements of China's GEF Partnership on Land Degradation in Dryland Ecosystems under OP12, Integrated Ecosystem Management implemented by the Asian Development Bank (ADB).

4. Description
The project has five components: (1) Grassland Management/Forage Improvement; (2) Livestock Production Improvement; (3) Market Systems Development; (4) Applied Research, Training, Extension; and (5) Project Management, Monitoring, Evaluation. The project will finance works, equipment, materials, TA and training. Communities will contribute their labor. This constitutes the Baseline Scenario. The GEF Alternative builds on the Baseline Scenario by conserving key montane grassland eco-systems and their biodiversity and carbon storage capacity in selected sites of global environmental significance. Four of the five project components have incremental activities proposed for GEF financing that would: (a) conserve global grassland values and native livestock agro-biodiversity; (b) support applied research, training and extension for multiplication of indigenous grassland species for rehabilitation of degraded grasslands and the protection of native sheep and yak; and (c) establish integrated grassland management monitoring processes at provincial, county and townships levels.
Component 1. Grassland Management and Forage Improvement
The component will finance works, goods, TA and training for household based operations and participating breeding farms. Activities include: (i) forage and fodder production (annual forage and fodder development, perennial fodder development, monitoring and evaluation); and (ii) grassland management and improvement (village based grassland management plans, pastoral risk management strategies). Activities to be carried out under the GEF Alternative will include financing of incremental costs associated with conservation of global grassland values, including: (a) inventory of grassland ecosystems in selected biodiversity-rich areas, and assessment of their biodiversity and its change as a response to improved management practices. Key activities would include grassland and biodiversity surveys; (b) preparation and implementation of community and herders' group-based grassland resource management plans in selected project sites, which will be designed to promote biodiversity conservation and carbon storage (technical assistance, TA); (c) implementation and demonstration of global environment-friendly grassland management techniques and investments which are consistent with the existing pastoral systems (i.e. re-seeding with indigenous grass species, implementation of traditional forage production techniques, etc.); (d) strengthening existing grassland ecological monitoring systems, including monitoring of biodiversity values; and (e) capacity building, extension, training and TA, including the preparation of training modules and awareness building to support the above global environment-oriented activities.

Component 2. Livestock Production Improvement
The component will finance works, goods, TA and training for households, participating breeding farms, artificial insemination (AI) stations and veterinary stations. Activities include: (i) fine wool and mutton nuclear breeding stations and multiplier stations; (ii) fine wool and mutton breeding households; (iii) fine wool and mutton fattening; (iv) beef cattle breeding households and fattening households; and (v) household dairy production. These activities will receive support from breeding and veterinary services enhanced through project investments for the establishment and renovation of a AI stations to facilitate the transfer of superior genetic traits to household based activities and veterinary stations to deliver improved livestock health. Applied research, training and extension support all these activities. Activities to be carried out under the GEF Alternative include financing of incremental costs associated with conservation of native livestock agrobiodiversity, including: (i) TA for measures to conserve globally significant native livestock breeds; (ii) inventory and assessment of native livestock; (iii) training and institutional capacity building and public awareness for livestock agrobiodiversity; and (iv) limited investments to select, breed, and maintain small flocks/herds of native carpet wool sheep, mutton sheep, and yak breeds.

Component 3. Market Systems Development
The component will finance works, goods, TA and training for households, participating public breeding farms and enterprises. This includes: (i) physical investments (new and renovated livestock markets, shearing stations and milk delivery infrastructure); (ii) loans for rural enterprises or enterprise like activities to support project objectives; (iii) support (promotion, TA and training) to farmers/herders/ groups; and (iv) development and establishment of mechanisms for public goods provision (market information systems, strategic market research, quality standards’ adoption and quality promotion). There is no incremental GEF funding for this component.

Component 4. Applied Research, Training and Extension
The component will finance applied research at the provincial levels (universities and public institutes) and TA and training of trainers (in line bureaus and extension stations), households, participating breeding farms, and participating enterprises. Activities to be financed include: (a) applied research that identify, develop and adapt relevant low-cost technologies to solve specific problems that will further facilitate implementation and enhance accrued benefits from the project’s grassland improvement, livestock and marketing activities. The design of these applied research projects will incorporate project beneficiary households into on-farm experiments to ensure that farmers’ interests are the prime focus of the activity. Examples of topics identified that warrant investigation include: Impact of greenhouse sheds on livestock (fine wool
sheep, mutton sheep and beef) production and profitability; Effect of diet formulation of feedlot beef cattle production; Feeding management technologies of lactating dairy cows; Changing seasonal grazing times and patterns to optimize livestock performance, improvements in grassland condition and the conservation of biodiversity; Effect of cutting time and storage method on feed value of alfalfa, maize and meadow hay; Feeding strategies of heifers to realize genetic potential from improved breeding programs; Feed management for cow-calf herds especially in winter/spring of mechanical shearing and wool grading on fine wool sheep profitability; Defining diversity within and between native livestock breeds (b) training (i.e., training of trainers, training of farmers and herders, training of provincial, county and township project staff to ensure smooth project implementation and project sustainability). This training would be delivered through technical assistance, individual training, workshops, and study tours; and (c) public extension services (i.e., participatory demonstrations, household visits, group discussions, technical training, company led training and extension). The GEF Alternative will finance incremental costs associated with applied research and extension for multiplication of indigenous grassland species for rehabilitation of degraded grasslands, including: (i) applied research in grassland ecology and ecosystem management; (ii) training herders and county staff in integrated ecosystem management; (iii) ecological surveys and environmental workshops to increase environmental awareness; and (iv) applied research into conservation of wildlife habitat of global significance.

Component 5. Project Management, Monitoring and Evaluation. This component will finance operational costs, goods, TA and training for the various levels of project management offices. Activities to be financed include: (a) operational costs; (b) strengthening of the provincial, city, county and township level PMOs (goods and training); (c) establishment of a monitoring and evaluation system that includes: project progress monitoring, environmental monitoring, social monitoring, and impact monitoring (technical assistance and training), and establishment of community advisory/participation groups (technical assistance and training). The GEF Alternative will finance incremental costs associated with establishment of integrated grassland management monitoring processes at provincial, county and townships levels including: (i) development and implementation of monitoring processes for adaptive integrated ecosystem management at provincial, county and township levels; and (ii) development and implementation of monitoring tools to measure changed carbon sequestration and biodiversity status in managed grasslands.

Key Features in Project Design and Implementation Approach. Achieving the multiple objectives of the project has required a departure from a sectoral approach. For example, successfully integrated approaches require that technological improvements of productive assets must be combined with improved management of natural capital with simultaneous improvement of human and institutional capital, while fully taking into account market opportunities and economic sustainability. As such, the project takes a multidisciplinary approach, addressing issues of institutional development, natural resources management, and access to markets, which are all expected to improve the productivity of livestock development in the medium and long-run.

The project’s main features include: (a) a geographic concentration of an integrated series of activities in a county; (b) integration of grassland management, livestock improvement and marketing activities at the farmer/herder level; (c) bi-directional coordination of livestock production activities with wool, meat and milk markets; (d) phasing and sequencing of activities in order to ensure flexibility in detailed project implementation in accordance with changing environmental and market conditions; and (e) active participation of herders and farmers in the planning and implementation of activities to enhance their capacity to better manage natural resources.

Project components are linked closely together in order to: (i) ensure optimum use of the investments in grassland management and improvement, forage development, livestock breeding and production, and the
market systems development activities; (ii) promote participation of herders and farmers; and (iii) address inappropriate policies towards pastoral areas and policy-induced market distortions.

5. Financing

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6. Implementation

The implementation of the project will be supported by the Foreign Economic Cooperation Center (FECC) in the Ministry of Agriculture (MOA). FECC will assist the Provincial/Regional Project Management Offices (PPMOs) in coordination and technical assistance when necessary. The integrated approach of the project is reflected in the project management structure, in which the various stakeholders, including beneficiaries, government line agencies, and civil society, participate. Project Leading Groups (PLG), Project Management Offices (PMOs) and technical advisory groups (TAG) have been established. In Xinjiang PMOs have been established at regional, prefecture (with more than 2 counties), county and township levels. In Gansu, township level PMOs will be established on a case by case basis.

7. Sustainability

General. The overall success of the project depends upon: (a) a continuing stable macro-economic environment; (b) the various government level's political commitment to sustainable natural resource management; and (d) good ownership of the implementation process by project beneficiaries. For example, the sustainability of the investments into grassland and pasture improvement depend upon the functioning of the relevant resource users groups being able to arrange for operation and maintenance of the investments. Implementation of project investments and activities will thus go in parallel with capacity building at the local level through a participatory approach. Particular attention would be paid to supporting the beneficiaries in building capacity to take on this responsibility for sustainable management of natural resource base. The purpose is to optimize positive ecological, social, and economic benefits of interventions aimed at maintaining and restoring grassland ecosystem structure and function. Thus, the project will attempt to manage sustainability by promoting community-based grassland resource management planning which applies integrated ecosystem management approaches on a landscape scale. In addition, ecological sustainability, institutional sustainability, and economic sustainability are three factors which are critical to overall project sustainability.
8. Lessons learned from past operations in the country/sector
The project has benefitted from the Bank's extensive experience in livestock and rural development in China and other countries around the world. More generally, the project has built on lessons learned from, among others, Gansu and Inner Mongolia Poverty Reduction Project, Shaanxi Agricultural Development Project, Smallholder Cattle Development Project in China; Sheep Development Project in Kyrgyz Republic; and from the preparation of the Sustainable Livelihoods Project in Mongolia. A key lesson from Bank financed projects is that active participation of beneficiaries and stakeholders (village, township and county governments) and commitment from government, provides the framework for smooth and successful activity implementation. Also, the nature of the project requires, in particular, that it is driven by entrepreneurial individuals in its implementation. Lessons learned from other Bank projects include on:

- **Institutional Capacity Building** (a) establishment of grassland management groups and farmers'/herders' groups should be bottom-up; (b) lending programs need to capitalize on what has already been achieved in institutional development, and further strengthen and delegate responsibilities to farmer based grassroots institutions, enabling them to become self-reliant; and (d) participation of beneficiaries in project preparation helps meet their needs more closely than if investments are decided centrally. Once beneficiaries develop a sense of ownership in a project, they are willingly to co-invest in it and take over the responsibility for maintenance.

- **Natural Resources Management** (a) the need to take into consideration of the variability of the climatic conditions in determining the stocking rate. Control of stocking rates needs to be a dynamic process; (b) professional development and training programs are an important instrument in providing the underpinning for changing behavior of private and public actors in the common natural resources management; (c) active participation of beneficiary is important in achieving effective, efficient and sustainable delivery and provision of basic services and the management of natural resources; (d) adequate attention needs to be given to the financial sustainability of the natural resources management efforts; (e) communication, outreach and ownership building are essential to the development of sustainable natural resources management strategies; and (f) better efficiency and effectiveness during execution require an adequate monitoring and evaluation system.

- **Fine Wool Sheep** China's past initiatives to develop a fine wool industry have succeeded in developing a livestock resource and advancing skills in animal husbandry. However, the product has not been able to compete with imported wool because herders have had no proper incentive to present the product for sale correctly. Therefore, the incentives faced by herders needs to be made the central focus of fine wool activities.

- **Market Access** Past experience in China suggests that setting up and providing the essential elements for sustainable livestock production activities has a quick impact on household incomes. However, a strategy of improving supply conditions will increasingly need to take into account demand characteristics and constraints such as storage requirements and quality grades. Support to marketing and processing thus need to be integrated in project interventions.

A recent GEF review (Achieving Sustainability of Biodiversity Conservation: Report of a GEF Thematic Review. Monitoring and Evaluation Working Paper 1) of sustainability of biodiversity conservation concluded that: (a) it is essential to identify clearly what biodiversity one seeks to sustain, on what scale, and over what time period; (b) since much biodiversity will remain outside protected areas; a discussion of sustainability must include conservation and sustainable use on privately owned lands; (c) the major factors that affect sustainability are the socioeconomic and policy related, referring to policies that provide the incentives and disincentives related to conservation and sustainable use of biodiversity, the processes by which these policies are made and enforced, and the influences of groups or individuals on these processes. root causes of biodiversity loss; and therefore (d) a comprehensive,
long-term, and adaptive approach is needed to conserve biodiversity sustainably. The project has embraced these conclusions in the design through:

- seeking to conserve biodiversity at the larger ecosystem level and sustain the ecological benefits contributed by the ecosystem processes of the Qilian Shan, Altai Shan, and Tian Shan mountain ranges which have national and global significance;

- focusing project activities in the grazingland production landscape because much of the biodiversity in project areas is found in landscapes outside the protected area network;

- addressing the root causes of biodiversity loss through field-based projects, the strengthening of conservation institutions and working with stakeholders to adjust policy implementation and incentives because the root causes of biodiversity loss in western China – and thus the threats to sustaining that biodiversity – are found in the socioeconomic context that motivates local actions; and

- mainstreaming biodiversity and wide-ranging ecosystems concerns into natural resource management in the broader production grazingland landscape through a comprehensive, strategic tactic to conserve and sustainably use biological diversity and integrated ecosystem approaches to the management of grasslands.

9. Environment Aspects (including any public consultation)

**Issues : Environmental Impact Assessment.** An environmental impact assessment (EIA) of the project has been carried out, in parallel with project preparation, by an independent institute (Chinese Research Academy of Environmental Sciences, CRAES) certified to undertake environmental impact assessments according to Chinese regulations. The EIA has: (a) screened the project to the most appropriate review and approval option; (b) established an environmental baseline against which to measure future change; (c) established environmental objectives, standards and performance indicators; (d) identified additional environmental project activities; (e) identified benefits and residual impacts or risks (i.e. those that cannot be avoided or mitigated); (f) designed an environmental monitoring and mitigation plan with a schedule and triggers for action; and (g) provided guidance to more detailed planning and implementation.

The EIA is prepared to meet the requirements of relevant environmental protection and assessment processes of the People’s Republic of China, Gansu Province, Xinjiang Autonomous Region, and the World Bank. The EIA report presents the results of the environmental impact assessment for the project, based on two separate studies undertaken in Gansu and Xinjiang. The studies were later combined due to similarities of the environmental issues and the proposed mitigation measures to form one report. The project counties were divided into different groupings based on the major prevalent livestock production systems in each county. Within each grouping, the environmental issues were further assessed under secondary breakdown of counties based on different ecological zones present within the project areas. The studies concluded that the major potential environmental and social issues and required mitigation measures are more related to different production systems than the ecological zoning, most likely since the production systems have been adopted by the local herders/livestock farmers based on ecological characteristics of their environment.

Activities related to the Market Systems Development Component, such as livestock and auction markets, rural enterprises, and milk processing facilities were also reviewed, and potential environmental impacts and respective mitigation measures were identified.

**Participation/Consultation.** In order to seek local support, to increase transparency and accountability to the public, to reach consensus with various stakeholders, and to enhance ownership of the environmental management and the proposed project, participation of beneficiaries and other
stakeholders was of crucial importance in the environmental assessment process. In order to keep all beneficiaries informed, the EIA Terms of Reference (TOR) were sent to the libraries within the affected communities for review and comment by the interested parties. Notices were issued and were put up on notice boards. News media including local newspapers, television and radio were also used extensively to inform all beneficiaries and potentially affected people within the areas of project impact about the planned environmental study, and their input was sought actively.

A separate Beneficiary Participation Manuals (BPM) has been prepared in close cooperation with the EIA and established the means and mechanisms by which project beneficiaries would participate in a meaningful way in project implementation. All consultations were appropriately recorded. Training and capacity building are proposed as part of the project to enhance the Borrower's ability to implement the project in a participatory manner. The purpose of the BPMs are to describe in detail and formalize the consultation and participation process with affected groups. As such, it is a strategy for allowing stakeholders to influence and share control over the decisions and resources that affect them. The BPMs should be viewed as a working document that is modified to reflect any changes in the project and/or in the economic, political, and social conditions.

**Anticipated Environmental Impacts.** The major environmental issues that have been identified are the present status of natural grasslands, adequacy of feed for livestock, and adequacy of natural resources (water and soils) for the production of artificial pastures and improved natural grasslands to ensure an environmentally and socially sustainable development project. During implementation and operation phase, as long as the project enforces grassland laws and do not allow any increase in the number of animals within natural grasslands beyond their carrying capacity, it is not likely that project implementation will have any negative environmental impacts. The development of irrigated fodder and forage crops (artificial pastures) under large on-going government programs is already reducing the pressure on natural grasslands, allowing for the rehabilitation of the presently degraded and/or overgrazed grasslands. The project will support these government efforts. For the GEF activities, use of seeds of indigenous grass species for the improvement of natural grasslands through supplementary sowing would provide for improvement of natural grassland ecology, thus generating positive global environmental impacts.

Possible negative environmental impacts of the project could originate from net increase of livestock; site specific limitations in availability of irrigation water for the development of artificial pastures; and inadequate soil quality for development of irrigated forage/fodder crops (soil salinity, sodicity, water holding capacity, nutrient availability, etc.) within project counties. Although the project intends to reduce the pressure of livestock on grasslands, overstocking of animals is a risk. Livestock numbers will be strictly monitored within the project. Regarding water availability, since the exact location for the developments of artificial grassland will be determined on-goingly in accordance with the project's phased and sequenced approach (as the beneficiaries will be selected), the location specific impacts of those activities cannot be determined in advance. The project will, in line with the water resources planning of the region, make sure that the available water resources are sufficient for sustainable implementation. Water balance studies will be carried out at selected sites prior to any developments. In addition, the project will encourage alternative, less water demanding forage crops and water saving irrigation methods. The Environmental Monitoring Plan (EMP) includes monitoring measures for livestock numbers, and water and soil issues. While the project will not finance the use of pesticides on the artificial pasture, a training program is included to improve the knowledge base of the agricultural extension and grassland monitoring station staffs on the basics of pest management and agrochemical use, handling and application within project areas.

The dairy sub-component in Gansu has its own specific environmental issues and potential impacts. Two different dairy production models are proposed: (a) small-scale household dairy farmers (1-5 heads) with
1-2 dairy cows being financed by the Bank; and (b) medium-size dairy farms with up to 100 heads operated by Hovill Dairy Company and households in Linxia, Dingxi, Jiuquan and Lintao counties. The small-scale household enterprises are not anticipated to cause any significant impacts. However, the medium scale dairy farms, as well the proposed beef cattle feedlot, will have pollution impacts and health related issues (possible coliform increase), odor, solid and liquid manure, and liquid waste from washing of the equipment. Appropriate waste/wash water and manure treatment plans will be incorporated in the detailed design of these activities to reduce potential negative impacts.

The potential negative environment impacts identified in the EIA during construction and implementation phase of the project are of temporary nature and limited in magnitude. These impacts include: impact on natural vegetation due to temporary land occupation at the construction sites, pollution as a result of additional daily waste produced at the construction site and noise and dust of the construction machinery.

Social Aspects

General. The main targeted beneficiaries in Gansu and Xinjiang are farmers and herders. A large portion of the beneficiaries ethnic minority farmers and herders, mainly belonging to the Dongxiang, Hui, Kazakh, Mongol, Tu, Uygur, Tibetan, and Yugu ethnic groups.

Social Assessment Process. In order to ensure effective project preparation and implementation, a social assessment (SA) process was established. The overall purpose of the SA was to assist in designing and later in implementing the project with the support and active involvement of individuals and groups most directly affected. The social assessment work paid close attention to appropriateness of the project activities relative to the different ethnic minorities as to make sure that all activities are culturally appropriate and in accordance with their wishes. Two rounds of consultations were conducted; the first preliminary round in the spring of 2000 to determine background conditions and general project-related needs, and the second a social assessment in the summer of 2001. The objective of the consultations were to identify the needs and interests of the potential project beneficiaries. This participation ranged from simple one-way communication, such as information disclosed in publicity campaigns and surveys, to more intensive interactions involving two-way discussions in which the informant's opinion is recorded and considered in the project's design and implementation arrangements. Main issues and needs identified by the herders and farmers included the need to increase their income from sheep production, lack of availability of improved sheep breeds, lack of adequate support services for livestock development and inadequate winter forage. Findings from the consultations played an important role in shaping the project as it currently stands. The SA should be viewed as a continuous process of consultation to take place throughout the project's life cycle.

Beneficiary Participation Manual. In order to "stream-line" beneficiary participation in implementation, Beneficiary Participation Manuals (BPM) have been prepared. The BPMs describe in detail and formalize the consultation and participation process with affected groups. As such, they define a strategy for allowing stakeholders to influence the decisions and resources that affect them. The BPMs are to be viewed as a working document that is modified to reflect any changes in the project and/or in the social and economic conditions.

10. List of factual technical documents:
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Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.

Tables, Charts, Graphs:

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