1. Country and Sector Background

1. China’s success in reducing extreme poverty over the last quarter century has been remarkable. World Bank estimates indicate that the number of poor in China consuming less than a dollar-a-day fell from 634 to 212 million during the last two decades of the twentieth century.\(^1\) This decline in poverty in China accounted for all of the decline in poverty at the global level (from 1.5 to 1.1 billion poor) over these two decades. The number of poor decreased to 135 million by 2004, and about 80% of these poor reside in the western and central provinces.

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\(^1\) Alternative estimates (Chen and Ravallion, 2008) indicate even sharper declines in the number of poor during 1981-2005.
Nearly all of these poor are officially deemed to be rural inhabitants, although some poor rural migrants reside (at least on a temporary basis) in urban areas.

2. Despite this tremendous success in reducing poverty, China’s remaining poor still account for the second largest concentration of extreme poor in the world after India. A number of assessments have concluded that as China’s poverty rate has declined, it has become increasingly difficult to overcome remaining poverty. The Chinese government has ambitious plans to assist the rural poor, and recently reconfirmed its plans to lift 148,000 officially-designated poor villages out of poverty by 2010. Substantial poverty reduction funding, from three main channels, underpins the implementation of these ambitious plans. However, institutional constraints attached to the use of these available poverty reduction funds severely limit the amount of funding that can actually reach the poor villages and households, and this may badly hamper the realization of the national poverty reduction plans. Moreover, very little funding is available at the village level for the roads, drinking water systems, and other sorts of basic rural infrastructure needs which are most desired by the poor. The key institutional constraints are:

• About half of available poverty reduction funds are provided through the Leading Group for Poverty Reduction’s (LGPR) subsidized credit (tiei daikuan) program. However, these funds are channeled through the Agricultural Bank of China (ABC), and it is known that ABC provides very little of these funds to poor households since ABC (a) does not have outreach to the poor areas, and (b) believes that the absolute poor are too risky and expensive to lend to. Instead, most annual tiei daikuan funding is either directed to large scale infrastructure construction, or to county-level enterprises, or is not utilized.

• The remaining poverty reduction funds are provided on a grant basis through NDRC’s Food for Work Program (Yigongdaizhen) and MOF’s poverty assistance program. Unfortunately, these funds do not often penetrate below the township level, and are not sufficient to provide the village-level roads, drinking water systems, small scale water resource development, and other basic infrastructure which comprise some of the most effective poverty reduction measures available.

3. In addition to institutional constraints, new challenges for rural poverty alleviation are emerging. The overwhelming majority of the rural poor in China reside in remote and inaccessible mountain regions and often ecologically fragile environments. Here, agriculture production conditions are generally poor and alternative livelihood opportunities are typically very limited or nonexistent. The continued dependence on subsistence farming, which is often characterized by inadequate farming techniques and land and water resource management practices, makes the remaining rural poor extremely vulnerable to the expected effects of climate change, particularly in semi-humid to semi-arid transition areas. Changing seasonal weather patterns, droughts, floods and the limited knowledge of sustainable resource management, risk assessments and cropping diversification options may significantly increase livelihood risks for this segment of the population.

4. Finally, more than 140 million rural inhabitants have found or are seeking off-farm employment in China. Including some 100 million other family members, the total number of rural migrants in 2006 was about 230 million. While this massive labor migration has played a vital role in increasing rural incomes and reducing poverty, large numbers of these rural migrants comprise a growing "second class" population residing in urban areas. Subject, in many cases,
to dismal living conditions, unsafe working conditions, and very limited access to social services for themselves and their families, there is widespread concern that this emerging population is contributing to mounting social tensions in urban areas. There is also concern that, whether they accompany their parents to the urban areas or remain in their home villages, many of the children of these migrant laborers do not receive sufficient adult supervision and may suffer developmental challenges.

2. Objectives

11. **Project development objective.** The proposed project’s development objective is to explore and pilot more effective and innovative ways of providing poverty reduction assistance to the poorest communities and households in the forms they themselves most desire and with greater positive impact. By bringing project funding down to the community level and enabling the communities and households to determine the use of those funds, the project would help resolve the problems of (a) only a limited portion of available poverty reduction funding reaching the local level, and (b) institutional priorities and administrative constraints predetermining what poverty reduction activities actually take place at the local level. In addition, by improving access to housing, vocational and other training, and health and other social services, the project would help to overcome the dangerous working and living conditions and other difficulties confronting rural migrants living in urban areas and help expand the rural poor’s access to off-farm employment.

12. The Global Environment Objective (GEF) is to improve sustainable land management in marginal areas of extreme chronic poverty and to prepare rural communities to better respond to climate change risks and adaptation needs by: (a) providing support to the poor to improve techniques for better and diversified land management, farming, and resource management, and (b) demonstrating ways to integrate policies and practices for ecosystem land-use planning, sustainable land management and climate change risk management and adaptation into the Government’s poverty reduction programs and, thus, assisting the Government in effectively linking rural poverty programs with environmental sustainability at national and local levels.

13. **Key indicators.** Progress towards the achievement of the project’s development objective would be monitored through a set of indicators which cover: (a) the establishment and implementation of policies reflecting new approaches to poverty reduction in the project area and beyond, (b) the degree of effective participation and empowerment of villagers and communities throughout the entire project cycle, (c) improved access to, and use of, transport, drinking water, power, and other basic infrastructure and services, (d) increased income levels, and (e) satisfaction with services received by rural migrant workers and the numbers of women migrant workers finding new employment. For the GEF activities, key indicators would include: (a) increased awareness of local governments and beneficiaries of potential climate change risks; (b) demonstration of adaptation measures as part of the CDD approach to improve resource management and thus resilience against climate change risks; and (c) integration of adaptation and sustainable land management approaches into the national poverty agenda.
14. These indicators will be measured through various quantitative and qualitative methods (see Annex 2 of the PAD), including output indicators routinely collected by the project’s computerized Management Information System (MIS), and impact indicator surveys conducted at project start-up, mid-term and at the end of implementation.

8. The proposed operation directly supports Pillar 2 (“reduce poverty, inequality and social exclusion”) of the *China: Country Partnership Strategy*. The limitations of the existing institutional and administrative arrangements of China’s poverty reduction program are recognized within government, and the challenges of easing rural migrant’s transition to urban employment are of great concern to government and within civil society. The key government agencies are therefore keenly interested in testing new approaches to overcome these limitations and to facilitate increased rural labor migration on a sustainable basis. In the past, LGPR has made effective use of previous Bank-supported projects (including the Southwest and the Qinba Mountains Poverty Reduction Projects) in assisting the design of new poverty reduction strategies (a QAG study deemed the Southwest Poverty Reduction Project to be “best practice” for its policy and institutional developmental impact). Similarly, LGPR now views the proposed project as a means of large scale testing of possible new poverty reduction approaches to be implemented following the conclusion of the ongoing “Rural Poverty Alleviation and Development Program: 2001-2010.”

9. The project is consistent with China’s 11th Five-Year Plan and Western Region Development Strategy and contributes to China’s obligations under the UN Framework Convention on Climate Change (UNFCCC), UN Convention to Combat Degradation (UNCCD), and UNCCD National Action Plan for Desertification Control. The project is consistent with the GEF Climate Change Operational Strategy and its strategic objective on Adaptation (through supporting pilot projects that identify and implement suitable adaptation measures; build adaptive capacity; reduce vulnerability and increase ecosystem resilience to the adverse impacts of climate change). The project is also in line with the GEF Land Degradation Focal Area Strategy and the strategic objectives of improving local livelihoods and mainstreaming sustainable land management into national policies.

3. Rationale for Bank Involvement

5. The rationale for Bank involvement in the proposed project is to assist government in overcoming the institutional and administrative barriers to the effective use of poverty reduction program funding so that (a) a greater share of available funds actually reach the poorest communities, and (b) the villagers themselves play a greater role in determining the poverty reduction measures and forms of assistance they adopt. Overcoming these organizational constraints is also considered to be a prerequisite to the greater adoption of participatory and Community Driven Development (CDD) approaches and the increased engagement of NGOs and civil society in poverty reduction work. Bank engagement in the project would also contribute to the accelerated development of new forms of assistance for rural migrants as they transition to small towns and urban areas in order to improve their well-being and help facilitate the continued outflow of labor from rural areas.
6. The proposed project would integrate and scale-up experience from the ongoing CDD Pilot Program supported by a Japan Social Development Fund (JSDF) Grant (TF054747) and Community Development Fund (CDF) Pilot supported by the China Economic Reform Implementation Project (TCC5; P085124). The CDD Pilot Program, now operating in 15 administrative villages within each of four provinces, provides subgrants to local communities on a competitive basis. The local communities identify their development priorities, develop subproject proposals, compete with other groups within the administrative village for funding and, if selected for funding, subsequently manage (and are accountable for) funds and implementation progress. The CDD Pilot Program, which makes financial grants available to participating villages for (a) Community Small-Scale Infrastructure and Public Services and (b) CDF funds, is expected to close by end-2008. The TCC5 CDF Pilot is being implemented in 12 villages in two counties in Henan and Sichuan provinces. The CDF funds are governed by the community with the full participation of poor farmers.

7. In the field of climate change adaptation, the Bank in partnership with the GEF has been the leading agency in supporting China in the development of innovative adaptation measures to tackle increased vulnerability to climate change. To date, the focus of Bank engagement has been on adaptation needs in productive irrigated agriculture and water management in the Huang-Huai-Hai River basin through the Mainstreaming Climate Adaptation in Irrigated Agriculture Project (GEF SCCF; P084742). The Sustainable Development in Poor Rural Areas Project will build on the existing experience and expand the climate change adaptation agenda beyond lowland productive agriculture into remote areas of extreme rural poverty where subsistence agriculture is the most important livelihood source. Specifically, the project will develop innovative and simple adaptation measures which complement the project’s infrastructure and livelihood support activities and which can be implemented at the village level as part of the project community-development approach. The project will also support the Government in integrating climate change risk management and adaptation into the national poverty reduction programs.

4. Description

15. **Community-Driven Development (CDD) Approach.** The Government views greater local autonomy and community participation in development activities as key elements of an effective rural poverty reduction program. This new thinking is reflected in China’s 11th Five-Year Plan and a number of participatory poverty reduction approaches have already been tested in Bank-supported CDD pilot projects. While these pilots primarily introduced international experience into China, notably from Indonesia and the Philippines, LGPR has also further developed and adapted these pilots to specifically take account of the varying local conditions and demands in China’s poor areas. Building on this wide array of implementation experience, the Government is now fully confident to expand the CDD approach through the proposed project on a much broader scale with the aim to build community capacity and more effectively implement poverty reduction measures in remote poverty pockets. Specifically, the proposed project’s CDD approach will seek to give poor rural communities: (a) the opportunity to improve access to local infrastructure and public services; collectively manage project resources; and take ownership of development; (b) more effective community organization and management
capacity and esteem; and (c) an improved relationship with local government agencies to become more responsive to a community’s priorities.

16. The CDD approach will build on a number of key principles that have proven to be best suited to the Chinese context and have led to good poverty alleviation results in the pilots. First, communities will be responsible for participatory village development planning. Villagers will be fully informed of the available project resources at project start-up. Prioritization and decision making on key project investments will be done through a process of consultations and competitive project selection within the framework of existing institutions, such as village committees and village meetings. These institutions will be supported and supplemented by community facilitators, village supervision and monitoring committees, and project implementation groups. By implementing CDD activities through existing institutions, the project will avoid creating parallel implementing structures and ensure the long-term sustainability of the investments. Second, communities will be responsible for the implementation of project investment activities. This will include procurement and contract management, the organization of villagers’ contributions, construction supervision, and monitoring and reporting. Communities will also take responsibility for managing project funds through the operation of village-level accounts that will be set up in the name of each administrative village at nearby financial institutions. Third, county and township governments will take on a service provider function and will support communities through technical staff of line departments to help ensure the (a) adherence to technical standards and quality of project investments; (b) adequate supervision of construction implementation; and (c) completion certification and reporting. CDD implementation will be guided by an Operations Manual that defines the roles and responsibilities of the involved institutions, describes the project cycle and fund management arrangements, and lays out a governance and monitoring framework.

17. **Project Summary.** Through the CDD approach, the project will promote the active involvement of villagers in community development processes, enabling them to collectively identify and prioritize local needs, prepare and select local subprojects in a fair, equitable and transparent manner, and develop their own collective capacities for implementation, project management, monitoring and maintenance. In addition, the project will (a) assist rural migrants residing in urban areas to overcome the dangerous working and living conditions and other difficulties they face in the urban environment, and (b) provide additional assistance to rural communities to identify and analyze climate change adaptation risks and address such risks through improved and more sustainable management of the surrounding natural and land resources.

18. The total investment of the project will be about US$155 million including financing from the World Bank (US$100 million), the Government of China and provincial and local funds (US$50 million), and a GEF Grant (US$5 million). The project would comprise the following five components:

19. **Component 1: CDD.** The CDD component will reach out to poor villages and address the lack of basic rural infrastructure and the persistently poor enabling environment for participation in economic development. The component will provide investment support for the construction and improvement of village access roads, drinking water supply systems, rural
sanitation infrastructure, electrification, communication infrastructure, school building construction and repair, small-scale agriculture production infrastructure (such as cisterns and water storage systems, irrigation and drainage, and land terracing and other land improvements), and basic housing repair. Implementation will be demand-driven to ensure that infrastructure investments will meet the needs that have been identified by the villagers themselves as most urgent preconditions for improved well-being.

20. **Component 2: CDG.** The CDG (Community Development Grant) component would address the current lack of basic income sources in remote villages by providing small block grants to communities to support household-level productive activities such as improved and diversified crop production, animal husbandry, and other income generating activities. The CDG approach would draw on the experiences of a number of CDD and CDF pilots currently being implemented and tested in China. It would promote the full devolvement of all implementation, management and supervision responsibilities to participating villages, with informed and self-determined choices for productive activities. CDG implementation would be accompanied by carefully sequenced capacity building at the village level, including farmer training in technical and vocational skills, infrastructure operation and management, community development, skills training for women, and training in fund operation and management. Capacity building would also include support to the extension services of key line bureaus, access to market information, and awareness campaigns about off-farm labor opportunities for farmers.

21. **Component 3: Rural Migrants Support.** The rural migrant support component would address the challenges associated with China’s on-going large scale rural-to-urban migration, a defining factor of China’s urbanization process, with the objective of exploring a replicable model which could be scaled-up nationwide. The identified challenges include unsafe housing conditions and harsh living environments, lack of vocational training for better and more stable job opportunities, absence of financial assistance to migrant workers to start their own business, very limited access to basic social services such as legal assistance and health care, and relatively weak capacity of administrating migrant workers affairs, including a weak monitoring and evaluation system. The component will support activities to improve migrant workers dormitories, mainly through renovation instead of constructing new buildings; providing vocational training; establishing revolving funds, similar to the CDF approach (of component 2), to provide financial support to migrant workers’ micro-enterprises; establishing migrant community service centers to provide social services such as legal aid, AIDS and STD prevention, and care for migrant women and migrant’s children including protection of women’s rights and children’s schooling. The component will also support activities to improve the current monitoring and evaluation system and a research activity to examine the relationship between migration and poverty alleviation, based on the component’s experiences, for making policy recommendations to the municipal and central governments. The component will be implemented in Chongqing (in Wanzhou District, Fuling District, Yunyang County, Youyang County, and in the Chongqing Municipality itself) where there are large concentrations of migrant workers.

22. **Component 4: Climate Change Adaptation and Sustainable Land Management (GEF-co-financing).** This component will address potential climate change risks and land degradation issues that are closely linked with rural poverty and related to the limited carrying
capacities of the fragile dryland and mountain ecosystems in the project area, unsustainable agricultural and other land use practices, and lack of alternative income sources. The component will seek to improve the awareness of emerging climate change risks and potential impacts on livelihoods and provide support to develop and implement simple adaptation measures. These measures are expected to be related primarily to agriculture, land and water resource management and may include: land rehabilitation and protection investments, including silt arresting structures, flood bank protection, erosion control measures, and restoration of native forest, steppe and grassland vegetation; activities to ameliorate current land management, such as improved cropping and grazing practices, and community land use planning and zonation to reduce use intensity; broadening genetic diversity and species pools of important agriculture crops; and support for institutional and community-level capacity building. This component will be implemented under the CDD approach and in close coordination with component 1 and 2.

23. **Component 5: Project Management, Monitoring and Evaluation.** The project management and monitoring and evaluation (M&E) component would facilitate the efficient implementation of the project and the coordination between the various government agencies at national, provincial and local levels. Specifically, the component would include support for (a) overall project management and implementation, including government staff training, office equipment, vehicles, and (b) design and implementation of a comprehensive project MIS system, including progress, financial and impact monitoring and evaluation. In addition, it will support the design of the project’s overall participatory and CDD approach that is envisaged to cover all project components. This would include the development of guidelines for participatory planning of community development and productive activities, provision of community facilitators to support the set up and operation of CDFs, participatory planning and implementation guidelines for the rural migrant workers component, participatory monitoring and evaluation of project activities, and implementation support for the participatory and CDD approach.

5. **Financing**

Source: ($m.)

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<tr>
<td>Global Environment Facility (GEF)</td>
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Total 155

6. **Implementation**

32. **Project leadership and management system.** Based on the experience of SWPRP, QBPRP and PRCDP, a complete project leadership and management system is being established for the proposed project and will be further strengthened through the project’s management and M&E component. At the central level, a Central Project Coordination Office (CPCO) has been established within LGPR’s Foreign Capital Project Management Center (FCPMC). CPCO played a vital role during project preparation, and will continue to undertake this key coordination role throughout the life of the project. At the provincial level, Project Leading
Groups (PLG) have been established to (a) mobilize the institutional, technical and financial resources and support for the preparation and implementation of the project, and (b) provide the critical coordination and monitoring function for project implementation. The PLGs include staff of the provincial Planning Commissions, Finance Bureaus, Poverty Alleviation and Development Offices, and other related agencies. In addition, provincial PMOs (PPO) have been established, and the PPOs have the lead responsibility for ensuring effective and timely project preparation and implementation, as well as internal M&E.

33. PLGs and PMOs have also been set up at the county level. The several county-level technical bureaus directly involved in the project would, in close cooperation with the participating township governments and their offices at the administrative village level, play a key role in the day-to-day implementation of the project. The county level PLGs, PMOs and technical bureaus have together played a key role in project design and preparation, and will play the most important role in project implementation and M&E. Past experience has clearly shown that successful implementation depends most critically on the capabilities of the county PMOs. Since most of the county PMOs have not previously been involved in such large scale, complex, and innovative projects, the project’s institution building component will focus on strengthening capacity at this key level of the PMO system.

34. Township Project Work Stations (TPWS) will be established at the township level. The TPWS will be responsible for the day-to-day execution of the project in their corresponding areas. The project’s institution building component will also help strengthen planning and implementation capacity at the township level. The proposed project encourages community empowerment, and most project activities will be implemented at the administrative village and natural village levels. Therefore, a complete project implementation and management system will be established at the administrative and natural village levels. At the administrative village level, the village committee plays a leading role and will be responsible for (a) project mobilization and coordination in its corresponding areas, (b) signing contracts for civil works and consulting services on behalf of natural villages, and (c) fund management and assisting natural villages with project fund application and withdrawal. In addition to the village committee, the Project Decision Making Committee and Project Supervision Committee will be established. The Project Decision Making Committee is responsible for reviewing and approving project proposals. The Project Supervision Committee is responsible for M&E and supervision. Community assistants will play a key role in assisting the administrative village committee and county PMO in community mobilization, project implementation, organizing relevant technical and knowledge training targeted at community project management organizations, and undertaking M&E of project implementation progress, achievements and impacts. At the natural village level, Project Implementation Groups and Project Supervision Groups will be established and will be responsible for project implementation and supervision, including project implementation and fund use. The project’s institution building component will also help strengthen planning and implementation capacity at the village level.

35. **CDG component.** Community Cooperatives will be established as the entity responsible for the management of community development funds. Within Community Cooperatives, a CDG Director Board will be set up for the operation and management of Community Cooperatives.
36. **Migrant labor support component.** The Chongqing PPMO, together with the Youyang County PMO and Fuling County PMO, will take lead responsibility for the design, implementation and monitoring of the Migrant Labor Support Component.

7. **Sustainability**

38. The experience of this series of poverty reduction projects indicates that overall project sustainability is high. Most importantly, the sustainability of the core policy objective (that is, of assisting with the evolution of the national poverty reduction strategy) has proven to be very high. Strong government ownership of the poverty reduction measures which have been piloted on a large scale through these past projects has been very strong, and the lessons learned from these projects have been fully reflected in national poverty reduction strategy. In particular, successful pilots have been scaled-up and/or included as part of updated national poverty reduction strategy, and ineffective approaches have been dropped or redesigned.

39. Experience has also shown that the higher level of ownership of the planning and implementation process by communities and villagers, and the degree to which the project infrastructure provided becomes broadly owned, provides a sound basis for subsequent effective ownership and maintenance. Operation and maintenance of project community works and services, including roads, drinking water systems, electrification, communications systems, and other small works, do require community-level commitment and funding. Past experience shows that project communities directly benefit from these works and services and are therefore highly committed to their maintenance during and beyond the project implementation period. County and township governments also have a demonstrated capability of assisting villages with the operation and maintenance of these community works and services.

8. **Lessons Learned from Past Operations in the Country/Sector**

24. The proposed project is the fifth in a series of grassroots poverty reduction projects undertaken by LGPR with the support of the World Bank. This series of projects (beginning with the Southwest Poverty Reduction Project in 1995) has sought to address the current key issues and challenges in China’s most severely affected poor areas, and followed detailed poverty studies (beginning with “China: Strategies for Reducing Poverty in the 1990s,” which was released at an International Poverty Reduction Conference in Beijing in 1992) undertaken jointly by the World Bank, LGPR, and a number of international partners (UNDP, DFID, and others). This nearly two decade process of detailed analysis and large scale operationalization has been extremely successful and productive. As summarized below, several key lessons have been learned during this process and are carefully reflected in the project design.

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2 This series includes the Southwest Poverty Reduction Project (SWPRP, or “Poverty 1,” P003639), Qinba Mountains Poverty Reduction Project (QBPRP, or “Poverty 2,” P003590), and Poor Rural Communities Development Project (PRCDP, or “Poverty 4,” P071094) which began in 1995, 1997 and 2005 respectively.


25. **Central and provincial government leadership and support.** Consistent with their development objective of trialing new solutions to household and village level poverty in China’s very poorest areas, these poverty reduction projects have been both highly complex and extremely innovative. As highlighted in the Implementation Completion Reports of the first two of the poverty reduction projects (World Bank, 2003 and 2005b), the most important lesson from this process has been that strong central and provincial government leadership and support has been essential to the successful design and implementation of these highly complex and innovative operations. In contrast, when central government leadership and support subsequently waned, at least one of the more recent poverty reduction projects has consequently faced substantial challenges in achieving its development objectives. The proposed (“Poverty 5”) project benefits from a substantial revitalization of central government leadership and support, and the central government has already played a key role in the success of project design.

26. **Ownership of the project innovations.** Another key lesson of this two decade process is that the direct involvement of senior government staff in the analysis, design, and operationalization of innovative poverty reduction measures has proven to be very important to the ownership and eventual nationwide adoption of new poverty reduction strategies. The 1997 Quality Assurance Group’s (QAG) review of the Southwest Poverty Reduction Project concluded, for this reason, that that project’s “actual and potential impact at the highest policy levels can already be characterized as best practice” (Uma Lele, 1997). This lesson has played a key role in the design of the proposed project. Most importantly, central and provincial government staff have played the lead role in the design of the project’s CDD approach and are highly committed to its success.

27. **Counterpart financing and repayment responsibility.** With the reduction of central government leadership and support for the most recent of this series of poverty reduction projects (that is, the ongoing Poor Rural Communities Development Project), local county governments and poor rural households were required to take on principal responsibility for the provision of counterpart funding and Loan repayment. This significant project design flaw has hampered the achievement of that project’s development objective and undermined follow-through on the participatory approach. Most importantly, the participatory approach has clearly documented that the poorest ethnic minority communities most desire improved access to road transport, drinking water, basic education, and basic health, but the counterpart funding and Loan repayment arrangements have so far largely limited project investment to only agricultural production activities (and the provision of only extremely limited funding, in many cases, for rural infrastructure, basic education, and basic health). The proposed project fully reflects this lesson in that the local county governments have a limited role in providing counterpart financing and project communities will receive project funds on a grant basis. These financial arrangements represent a significant breakthrough in China’s poverty reduction program and are essential to achieving the project’s development objective of empowering the poor communities themselves to determine how best to overcome poverty.

28. **Capacity building.** Given the above-average complexity of this series of poverty reduction projects, effective project management capacity building has been essential. Each of the earlier projects included explicit institution building components which have served to
strengthen the project management system at all levels (from the Central Project Management Office all the way down to village Work Stations). This lesson has been fully internalized by LGPR system and early capacity building at all levels is designed into the project and already underway.

9. Safeguard Policies (including public consultation)

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63. **Involuntary Resettlement.** It is expected that limited and scattered land acquisition will be required for a variety of small infrastructure activities proposed in the community infrastructure and public service component. However, no physical relocation of people is anticipated. Nevertheless, an overall project resettlement policy framework has been developed to guide future planning efforts in case any resettlement or other land acquisition is needed.

64. **Indigenous People.** Among the project’s 25 counties and districts, Qianjiang District and Youyang County in Chongqing Municipality are designated minority autonomous areas which comprise concentrated populations of ethnic minority peoples including Tujia and Miao. Minority groups make up about 72.9% and 84% of the total population in Qianjiang and Youyang respectively. Consultation with minority groups was carried out through the process of the social assessment and broad community support for the project has been obtained. The safeguards review process concluded that OP 4.10 is triggered but that no separate Indigenous Peoples Plan (IPP) is needed since the majority of beneficiaries are minorities. A PAD annex explains how the elements of IPP have been integrated into the overall project design.

10. List of Factual Technical Documents

11. Contact point
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*By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*
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