

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Main report and annexes

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Abbreviations and Acronyms

AWPB	Annual Work Plan and Budget
BARA	Bureau of Agriculture and Rural Affairs
BOF	Bureau of Finance
BP	Business Plan
BRAM	Borrowed Resources Access Mechanism
CCA	Climate Change Adaptation
CNY	China Yuan
COSOP	Country Strategic Opportunities Programme
CSPE	Country Strategy and Programme Evaluation
DARA	Department of Agriculture and Rural Affairs
DLIs	Disbursement Linked Indicators
DOF	Department of Finance
DPF	Disabled Persons Federation
DRM	Design Review Meeting
ESCMF	Environmental, Social and Climate Management Framework
ESCMP	Environmental, Social and Climate Management Plan
ENRM	Environment and Natural Resource Management
EUR	EURO
EURIBOR	Euro Interbank Offered Rate

FA	Financing Agreement
4P	Public-Private-Producer Partnership
GAP	Gender Action Plan
GD2RP	Gansu Demonstrative Rural Revitalization Project
GDP	Gross Domestic Production
GPN	General Procurement Notice
GNI	Gross National Income
GRM	Grievance Redress Mechanism
HDI	Human Development Index
IACM	Inter-Agency Coordination Mechanism
IFAD	International Fund for Agricultural Development
IGA	Income Generating Activities
IPRM	Integrated Project Risk Matrix
KM	Knowledge Management
LIBOR	London Inter-bank Offered Rate
MARA	Ministry of Agriculture and Rural Affairs
M&E	Monitoring and Evaluation
MEE	Ministry of Ecology and Environment
MIIT	Ministry of Industry and Information Technology

MIS	Management Information System
MGT	Matching Grant for Transformation
MNR	Ministry of Natural Resources
MOF	Ministry of Finance
MoT	Ministry of Transport
MPI	Multidimensional Poverty Index
MTR	Mid-Term Review
MWR	Ministry of Water Resources
NDRC	National Development and Reform Commission
O&M	Operations and Maintenance
OSC	Operational Strategy and Policy Guidance Committee
PCN	Project Concept Note
PCR	Project Completion Report
PDRC	Provincial Development and Reform Commission
PDR	Project Design Report
PIM	Project Implementation Manual
PPA	Project Procurement Arrangement
PPMO	Provincial Project Management Office
PPS	Project Procurement Strategy

PPU	<u>Production and processing upgrade</u>
PRRB	Provincial Rural Revitalization Bureau
PMO	Project Management Office
RBL	Result-Based Lending
RDMT	Resilience Design and Monitoring Tool
REDC	Rural Economic Development Cooperatives
RRB	Rural Revitalization Bureau
RRS	Rural Revitalization Strategy
SDG	Sustainable Development Goals
SECAP	Social, Environment and Climate Procedures
SEP	Stakeholder Engagement Plan
SO	Strategic Objective
SOFR	Secured Overnight Financing Rate
SSTC	South-South Triangulation Cooperation
TA	Technical Assistance
ToC	Theory of Change
UN	United Nations
USD	United States dollar
VIG	Village Implementation Group

WF Women's Federation

YL Youth League

In line with IFAD mainstreaming commitments, the project has been validated as:

Be gender transformative Be youth sensitive Be nutrition sensitive Prioritize persons with disabilities Prioritize indigenous peoples Include climate finance Build adaptive capacity

Executive Summary

Background

Over forty years of unprecedented economic growth and social development has allowed China to eradicate extreme poverty in 2020. This has fuelled rural economic development and the pursuit of agricultural industrialization and deepening its Rural Revitalization process. Some 24.7% of the population are however still considered below the USD 6.85 per day poverty line recommended for UMICs. Two-thirds of this population reside in rural areas.

Gansu province is one of the poorest regions in China. Between 2012 and 2019, it was able to lift 5.5 million people out of poverty. It however still faces challenges in securing its achievements in relation to SDG1 and SDG2. It is also one of the most vulnerable provinces impacted by climate change resulting in low productivity and income of smallholder farmers. Smallholders face challenges that include the lack of knowledge in modern technologies such as digital and green technologies, limited access to community services in the rural areas, environmental degradation, and insufficient coordination and integration of policies and programs across sectors. By virtue of its level of sensitivity and exposure to climate change, the Government strategy is dedicated to sustainable development in both agriculture and rural revitalization and is committed to consolidating poverty reduction achievements through incorporating smallholders into modern agriculture.

It was in this context that the Government expressed the demand for IFAD to continue to support its agriculture and rural development agenda, with the design of a new project in the province.

Project framework

Project name and duration. The Gansu Demonstrative Rural Revitalization Project (GD2RP) will be implemented in Gansu province of Northwest China in support of the country's development strategy priority for Rural Revitalization. The project is expected to be implemented for a period of six years from 2025 to 2031.

The project goal is to contribute to the consolidation of no poverty (SDG1) and the gains made towards no hunger (SDG2), gender equality (SDG5), climate action (SDG13) and using innovative and scalable good practices. *Its development objective* is to support the country's ongoing Rural Revitalization programme by demonstrating inclusive and innovative business models that promote sustainable and climate-resilient agriculture and building community adaptive capacities. *The primary expected outcomes* will be to (i) Improve access of rural households to opportunities of participation and benefit sharing of rural economic growth with use of climate-smart technologies and practices in sustainable and green agriculture, and (ii) Build adaptive capacities in community-governance and sustainable rural development.

Thematic focus. The project will seek to mainstream climate related issues alongside gender transformative approaches, be youth sensitive, and build the adaptive capacity of all beneficiaries. Scientific literature underscores the heightened risk faced by vulnerable groups in rural areas, particularly those in less-favoured agricultural areas, which aligns with Gansu's context. Climate data analysis, as demonstrated by Li, Qihang, et al. (2022), further emphasizes the impact of extreme temperatures on poverty vulnerability in rural China. Therefore, the project will aim to integrate climate considerations into the project's thematic focus as essential for addressing the multidimensional challenges faced by poor regions like Gansu.

Geographic coverage and target population. Five counties have been proposed by the Government as project counties based on (i) risk of continued vulnerability of the former nationally and provincially designated poor counties, (ii) relative geographic concentration for future implementation efficiency, (iii) opportunities for inclusive and climate-resilient green agricultural development, (iv) potential for innovative eco-system protection and conservation, and (v) strong commitment of county government to participate in the project implementation. The counties are:

Prefecture	Wuwei ☐☐	Baiyin ☐☐	Pingliang ☐☐	Tianshui ☐☐	Dingxi ☐☐
Counties	Tianzhu ☐☐	Jingtai ☐☐	Huating ☐☐	Maiji ☐☐	Weiyuan ☐☐

Outreach and scope and targeting. The project will support 108,000 rural households and will benefit 351,500 people. Female direct participation is estimated at 50%, and youth, at 30%. Special attention will be given in the project targeting to include the ethnic minorities.

Targeting strategy and target group. The project will utilise IFAD's core targeting approach and will apply a geographic and inclusive

targeting strategy in the selection of smallholders and other vulnerable and disadvantaged groups. This will also consider government's guidance on designated former registered poor households and the low-income segments, which remain vulnerable and risk falling back into poverty due to external and climate related shocks.

An inclusive targeting strategy for G2RDP aims to foster inclusive access to resources and opportunities provided by the project for the rural men and women in the project area. It is also the foundation for differentiated targeting for the disadvantaged segments of the population such as women, youth, ethnic minorities.

Gender transformative strategy. GD2RP is strategically aligned with the Government of China's Rural Revitalization Strategy (2018-2025), the 14th 5-Year Plan of the Provincial Government of Gansu, Gansu Women's Development Programme (2021-2030) and IFAD's Gender Action Plan (GAP) for 2019 to 2025. It will contribute to the strengthening of gender equality and women's empowerment. This will be achieved through investment in socio-economic empowerment; inclusive capacity building and benefit sharing; the promotion of women entrepreneurship, courtyard economy, on-farm, and off-farm IGAs, strengthening women's voice and collective decision making in rural institutions, the potential introduction of technology to ease household workload, and by gender sensitization at community and institutional level.

Youth-sensitive approach will be applied by the project in response to the specific needs, aspirations, and challenges faced by young people in the agricultural modernization and rural revitalization. It will include them in related policy engagements, training, and organizations at relevant levels in line with bolstering youth entrepreneurship and employment.

IFAD's country experiences in addressing the needs of rural youth showed good practices in its past and ongoing projects, mainly by providing trainings in entrepreneurship incubation and start up, fostering young returned graduated in modern agro-farms and cooperatives of production and marketing, skills and technologies of precision and digital agriculture, promotion of youth leadership in e-commerce centers and traceability system maintenance. The project will continue these good practices and address the rural youth's needs. The project will also update its youth focus in line with the possible needs identified by the ongoing COSOP exercise.

Components, subcomponents, and activities

The projects will comprise two technical components namely: Component 1 – Sustainable green agricultural development, and Component 2 – Building community resilient capacities. These would be supported by a Component 3 on Policy and institutional capacity building.

Component 1 will aim to promote and safeguard the socio-economic inclusiveness of smallholders in agricultural modernization and Rural Revitalization and will have three subcomponents focusing on inclusive support to smallholder farmers, eco-friendly transformation, and public productive infrastructure.

Component 2 aims to build the community-based well-being assets and capacities as an integral part of the improved rural livelihoods under the ongoing Rural Revitalization programme. It will have two subcomponents focusing on participatory planning and good governance, and on climate-resilient community infrastructures and service facilities.

Component 3 on policy and project management will highlight policy engagement, institutional capacity building, M&E, KM and SSTC activities, and overall project management.

Linkage between components 1 and 2. The two main components are linked and designed to work together to ensure smallholders are central, empowered, and able to benefit from the ongoing rural revitalization programme on and off-farm and at the community level.

Organizational set-up

Implementing Agency. The project will be implemented by the provincial Department of Agriculture and Rural Affairs (DARA) and will have the main responsibilities for day-to-day project management. Gansu DARA has successfully implemented an IFAD project (South-Gansu Poverty Reduction Project) during the early 2000s, has implemented, and currently implementing a number of IFI and UN agencies projects including those of the WB, ADB, WFP. There is therefore an experienced team of staff in place for implementing IFI projects and that would facilitate a smooth project start-up and subsequent implementation.

Inter-agency coordination mechanism (IACM). Considering the cross-agency nature of the project, an inter-agency coordination mechanism at both provincial and county levels, to exercise the essential supervisory and coordination functions on issues critical for project implementation will be established. It is recommended that at county level, a vice-governor should be designated to chair such coordination mechanism.

PMO and staffing. A PMO Director will be appointed for the project, for overall management and coordination. In relation to other staff, a team of at least 5-7 key staff from both RRB, and DARA/BARA technical divisions/sections should be necessary to form a competent Project Management Office in the respective DARA/BARA to support the PMO Director on the day-to-day management of the project.

PMO roles and responsibilities. The key members of the PMO and their roles and responsibilities have been outlined in the PIM.

Village Implementing Group (VIG) will be set up at each of the project administrative village. It will be headed by the Chief of the village committee and women will be no less than 50% and youth, especially young farmer entrepreneur will have at least one representation.

Partnership. In addition to the enhanced partnership between IFAD and the Government, the project will continue to value-added partnerships as fostered by the IFAD Country Programme in China and through the implementation of the IFAD-assisted projects in the country, building possible synergy and partnership with the UN community in the country, participating line agencies, private

sector, and technical players of the civil society where relevant. For example, partnership would be explored with the China Social Entrepreneur Foundation (You Cheng or YouChange) that has successfully provided technical training to ongoing IFAD-assisted projects in China with its own financing, the Women's Federation (WF) for GEWE, the Youth League (YL) for youth, and the United Nations Industrial Development Organization (UNIDO), for SSTC related activities.

Cost and financing

The total project cost is estimated to be USD 228.43 million over the six-year project period. IFAD will provide a loan of USD 88.00 million. The balance of USD 140.43 million will be jointly financed by the government, and private sector (enterprises).

Innovation and scaling-up

Innovative potential. The GD2RP will give attention to a number of project interventions considered as innovative such as (i) Evolving Business Plan (BP) financing for inclusive participation of smallholder farmers and their organizations in agri-value chain development, (ii) Sustainable community management model based on proven good governance, (iii) Adoption of green technologies by value chain actors of different levels, (iv) Rural eco-tourism for diversification and rural labour transformation.

Scaling-up. This project design considered a selected number of implementation knowledge and lessons learnt generated from recently completed and ongoing IFAD-assisted projects in China as scalable good practices. These include activities related to BP financing, promotion of women and youth entrepreneurship, adoption of digital and other modern technologies, agri-value chain integration, and linkage between productive infrastructures and market-led agri-production bases. The project will seek to elaborate an in-built scaling up strategy once operations have been rolled out and the potential of good practices and innovation are indicative enough. This should go along closely with the project's KM, policy engagement, and SSTC.

SECAP

The Social and Environmental Risk Category for the Gansu project is rated as Moderate. The project will invest in activities related to mostly small-scale farm-level activities as opposed to larger infrastructural developments. An Environmental, Social and Climate Management Plan (ESCMP) would be developed to manage the environmental and social risks during project implementation.

The climate risk classification for this project is moderate. The agricultural drought risk in southeast Gansu province highlights the need for targeted measures to address the increasing threat in the region. The project will be implemented in five counties which are defined as arid and semi-arid areas, with the exposure to climate-related hazards identified as drought, flooding, low temperature, and hail disasters. The sensitivity and vulnerability to these hazards will be cut down with the planned project activities and the adaptive capacity and climate resilience in project area will be significantly improved.

Risks and mitigation measures

The overall residual risk is assessed as moderate. Despite increasing challenges in climate change, agri-sector and market uncertainty, and institutional reengineering in the context of the ongoing Rural Revitalization, the project will build upon proven approaches based on lessons learnt in the IFAD Country Programme in China, to implement risk mitigation measures, and bringing residual risks down to a moderate level. Risks will be addressed using continuous risk monitoring and close supervision. The risk of institutional re-engineering has been resolved with the completion of process in February 2024. The provincial team involved in the design will be responsible for the implementation.

Exit strategy and sustainability.

Exit strategy. The proposed project's exit strategy and sustainability are built on the ongoing government's programmatic Rural Revitalization and would be complemented by the project's sustainable approach and interventions. Based on the improvement in the institutional support by the project, principal participating and supporting technical agencies such as Agriculture and Rural Affairs, Nature Resources, Ecological Environment, Water Resources, Women's Federation, and Meteorology will continue to offer improved services and civic responsibilities after the project completion. The assumption is that improved institutional support system will be more efficient with its improved capacities and service efficiency, which will be more catalytic in fostering public-private partnership for climate-resilient and sustainable modern agriculture with adoption of green technologies, and community-governed management models.

Sustainability. Key operational features are foreseen to help ensure the project's sustainability. The social sustainability will be ensured mainly through social inclusion, differentiated targeting of disadvantaged target segments, and promotion of active participation and leadership. The financial sustainability will be pursued by adopting various strategies, such as: improving productivity, development of agri-value chains and improved market access, diversified IGAs, access to agri-insurance. The environmental sustainability will remain a long-term objective to achieve. The project aims to adopt green technologies and good practices where relevant to increase productivity, but without degrading the natural resources and ecosystems that support human well-being and biodiversity. The participation of the private sector will also be an important aspect to sustain the gains of the project after IFAD's exit.

Project alignment with CSPE recommendations and the new COSOP.

Though this project is situated in the context and provisions of the current COSOP, it responds to the recommendations of the CSPE conducted by IOE in 2023 and further draws on concepts and ideas being discussed with government in the formulation of the new COSOP. With 61.1% as IFAD climate adaptation finance, the GD2RP therefore serves as a transition from the poverty alleviation approach to project design of the current COSOP to the common prosperity and carbon-neutral economy approach to project design under rural revitalization strategy that will underpin the new COSOP. The project will exercise flexibility during implementation so in the event of any fundamental strategic gaps observed, it will be adjusted and aligned with both IFAD and government's strategies

and policies as defined by the new COSOP.

1. Context

A. National context and rationale for IFAD involvement

a. National Context

1. **Socio-economic context.** Over forty years of unprecedented economic growth and social development has resulted in inclusive social development which allowed China to have eradicated extreme poverty in 2020, including the lifting of 5.5 million people in the Gansu province, well ahead of the UN SDG target of 2030. Government efforts since adoption of targeted poverty reduction program from 2014 were especially effective in bringing down poverty population below 1% in accordance with international poverty line of USD 1.9 per day. About half of the previously registered poor were in western provinces including Gansu. Despite this, about 24.7% of the population were considered still below the USD 6.85 per day poverty line recommended for UMICs^[1]. It is estimated that two-thirds of this population reside in rural areas, most of whom remain vulnerable to falling back into poverty in case of shocks, including natural disasters induced by climate change. Climate change is one of the main root causes that could potentially reverse the progress on poverty and hunger. Thus, linked to the ongoing government rural revitalisation programme, the project will support interventions aimed at addressing climate change, targeting youth and women who are key IFAD target groups. IFAD intervention in this regard is critical to contribute to ensuring that the 5.5 million people do not fall back into poverty.
2. **Progress on Key SDGs.** The government of China has implemented the 2030 Agenda based on a people-centred development philosophy. This has led to the country eliminating extreme poverty and achieving SDG1 in 2020. China has also made significant strides on SDG2 and has ensured a stable supply of grain and important agricultural products towards achieving food security. The grain production capacity of the country has seen a steady increase, achieving a nine-year consecutive bumper harvest exceeding 650 million metric tons in 2023 and the supply of meat, eggs, dairy and aquatic products, fruits, and vegetables have been in abundant supply and contributed to improving nutrition.^[2] Overall, the output of green and high-quality agricultural products reached 200 million tons in 2023. In relation to SDG5, China has consistently promoted and coordinated the development of women and established a legal framework to ensure women's rights and interests are comprehensively emphasized. On SDG13, China has actively implemented a national strategy that integrates the dual goals of peaking carbon emissions by 2035 and attaining carbon neutrality by 2060 in contributing to addressing global climate change. China also continues to promote clean and low-carbon transformation in key areas of its economy.
3. **Agricultural growth** has significantly contributed to rural poverty reduction, despite the sector's declining share in the overall national GDP and its heavy burden on the environment. The environmental impact includes the prevailing footprint from the substantial use of inorganic fertilizers, pesticides, fuel, agricultural films, and surface and ground water which lead to soil degradation, water contamination, air pollution and depletion of the aquifer. Over time, droughts spells, wind and water erosion have also intensified.
4. Maintaining food security for China continues to remain at the core of government's agricultural and rural development strategy. The volatile global food market especially during the past few years has further signified such importance. With China's committed transition from resource intensive economy to green economy and from quality over quantity of its growth, there are imminent and lingering challenges in environmental sustainability and climate resilience to be addressed in implementing the Rural Revitalization Strategy (2018-2025) adopted in 2017. The RRS aims to transform the rural areas into attractive home places for its people in multiple dimensions of civilization including economic, eco-environmental, social/ethics, governance, and resilience (more details under overview of institutional arrangements).
5. The 14th 5-Year Plan of Gansu government focuses gives prime priorities to agricultural development and rural revitalization. The plan:
 - aims to promote the modernization of agriculture and rural areas, enhance the quality and efficiency of agricultural production, and improve the living standards and well-being of rural residents.
 - also emphasizes the ecological protection and restoration of the Loess Plateau, the development of characteristic industries and tourism, and the integration of urban and rural areas; and
 - sets specific targets and tasks for each priority area and allocates funds and resources accordingly.
6. **Challenges and opportunities.** In recent years, China has made good progress in agricultural development and rural revitalization. However, there are still many challenges and gaps that need to be addressed, such as low productivity, environmental degradation, market inefficiency, and rural-urban inequality among others. To tackle these issues, institutional arrangements for the governance, coordination, and innovation of its agricultural and rural sectors should be strengthened. Some of the ongoing measures include consolidating the role of farmers' cooperatives and associations, enhancing the integration of agricultural research and extension systems, promoting the participation of private and social actors in rural service provision, establishing a sound legal and regulatory framework for land tenure and property rights, and fostering a balanced and inclusive development of rural areas.
7. Specifically, based on initial consultations between central government and relevant provinces, consolidating poverty reduction achievements, mainstreaming smallholders in modern agriculture and bring inclusive development to disadvantaged areas/groups along with the rural revitalization process have been the overall priorities of the future projects. Due focus will also

be given to contribution to global public goods including climate change mitigation, innovations, and best practices for SSTC, IFAD12 priorities (climate change, youth, and gender) and local government priorities.

8. The **key actors** of agricultural development and rural revitalization in China are first the farmers and their organizations, the relevant government agencies, different market players along the agri-value chains and rural service provision. Farmers are the main producers and consumers of agricultural products; their income and living standards are closely related to the rural economy. The farmers' organizations such production and marketing cooperatives, village-based Rural Economic Development Entities, family farms are playing an increasingly important role in the agricultural modernization and ongoing Rural Revitalization; while public and private agro-enterprises are leading the industrial transformation of agriculture supported by government development programmes. The government plays a vital role in providing public goods and services, such as infrastructure, education, health care, social security, and environmental protection and related funding programmes, to support agricultural and rural development. The market acts as the main mechanism for allocating resources and stimulating innovation, and it should reflect the evolving value of agricultural products and services. The research and technical advisory institutions are important supporters, and they contribute to the sources of knowledge and technologies for innovations for agricultural productivity, quality, and sustainability and community good governance.
9. **Gansu securing its achievements in SDGs.** The government has implemented various policies and programs to support the development of agriculture, infrastructure, education, health, and social protection for the local people. From 2012 to 2019, Gansu lifted 5.5 million people out of poverty, achieving a decisive victory in poverty alleviation. The province has also focused on improving infrastructure facilities and providing essential services such as free schooling, medical care new housing and clean water for people in poor areas^[3]. However, Gansu still faces many challenges in securing its achievements of particularly SDG2 due to low productivity and income of farmers, limited access to quality health care and education services, environmental degradation and climate change impacts, and insufficient coordination and integration of policies and programs across sectors and levels.
10. **Rural Revitalization in Gansu.** Gansu is a western province, relatively lagging in development compared to other provinces in China. Poverty rate was at 26.5% by 2013, with 75 state designated poverty counties, 7,262 poor villages and 5.52 million poor rural people. The final eight poverty counties were declared eradication of poverty by 2020. In 2022, the per capita net income of farmers in Gansu was CNY 12,165^[4], about 60.5% of the national average for rural people (CNY 20,133^[5]). 1.495 million rural people received the minimum living guaranteed subsidy in 2022, which was 6.4% higher than previous year, while the reported rural residents was 11.4 million by 2022^[6]. The most recent data indicate that total GDP of Gansu ranked 27 among the 31 mainland provinces/municipalities, while per capita GDP ranked at the bottom of the list. Agriculture sector contributed to 45% of rural household income in Gansu during 2020.
11. Gansu still faces many challenges in the process of fully implementing the rural revitalization strategy. The rural economy is still dominated by agricultural production with its quality still unstable and in low level of intensification and vulnerable to environment and climate related impacts. Market circulation is lagging and operates under insufficient logistics infrastructure. Business model is simple and lack of specialization and modern technology. Living space of vulnerable groups is marginalized, degraded environment including water shortage and low greening rate are ubiquitous in rural areas. Rural living infrastructures are still in its infancy. Rural governance system and capabilities need to be strengthened to better implement the RRS.
12. **Smallholder farmers** in Gansu have gained better access to development opportunities during the period of poverty alleviation. They have been engaged in more diversified on-farm and off-farm income generating activities. However, they still face many challenges, such as low productivity, limited access to markets, scarce resources, and environmental degradation. To address these issues, various interventions have been implemented by the government, development partners, and private sector actors, aiming to improve the livelihoods and resilience of smallholder farmers. However, the effectiveness and impact of these interventions vary depending on the context and the needs of the farmers. Mission exchanges with farmers and grassroots stakeholders indicated that assistance in the forms of support to the grassroots and farmer-centred production and marketing agro-entities, inclusive agro-enterprises engaged in the agricultural industrial transformation will be crucial entry points to engage the smallholders in the agri-value chain integration, improving their negotiation powers in enhanced production, market linkages and promoting sustainable practices.
13. **Overview of institutional arrangements.** The Ministry of Agriculture and Rural Affairs (MARA) in China is primarily mandated to implement the policies and decisions of the CPC Central Committee on work related to agriculture, rural areas, and farmers. The Ministry is responsible for preparing and implementing strategies, plans and policies for agricultural and rural development including the ongoing Rural Revitalization, promoting social programs, public services, culture, infrastructure and governance in rural areas, advancing the reform of the rural economic structure and the underlying rural management systems, guiding the development of distinctive rural industries, agricultural processing, conducting supervision and regulation over agricultural sectors, including crop production, animal husbandry, fisheries, state farms, and mechanization.
14. **Rural Revitalization** is a national strategy of China that aims to promote the development of rural areas and improve the living standards of rural residents. The Rural Revitalization Bureau under the Ministry of Agriculture and Rural Affairs is the main government agency responsible for implementing the strategy and coordinating the relevant policies and programs. With the RRB now merged into MARA, the related responsibilities are exercised through the MARA including: planning and guiding the overall rural revitalization work; formulating and supervising the implementation of policies and measures to support rural industries, culture, ecology, talent, and governance; promoting the integration of urban and rural development; strengthening the cooperation and communication with other departments and local governments; and organizing the evaluation and supervision of the rural revitalization work.
15. Other ministries and agencies are actively involved in accordance with their respective relevant mandates, such as: Ministry of Water Resources (MWR), Ministry of Ecology and Environment (MEE), Ministry of Transport (MoT), [Ministry of Industry and Information Technology \(MIIT\)](#), Ministry of Natural Resources (MNR), Women Federation (WF), Youth League (YL), and their

local bureaux and service outlets mostly down to the county level along their respective administrative structure. The same institutional set up and organizational responsibilities is replicated at the provincial level in Gansu.

b. Special aspects relating to IFAD's corporate mainstreaming priorities

16. The following paragraphs outline IFAD's corporate mainstreaming priorities in reference to the IFAD12 Commitments. A thorough analysis is provided in Annex 5.
17. **Gender.** According to the Statistic Bureau, women comprised 49.2% of the total population in Gansu in 2022, while the national figure was 48.9%. In the process of urbanization, the structure of agricultural labor force in central and western provinces in China has changed, and the opportunities and wages of men to go out to work are significantly higher than those of women, while women tend to take care more of housework, including the elderly and children, resulting in more women remaining in the agricultural field.
18. The Fourth Survey on the Social Status of Chinese Women (2020) showed that rural women played a greater role in economic and social development than 10 years ago. Among rural women, 28.9% employed by the non-agriculture sector, 37.8% had experience of migrant work, and 52.6% of women who returned from migrant work engaged in non-agricultural labor were employed. The average years of education of rural women in western China were 7.44 years, while those in eastern China were 0.61 years more. 5% of rural women participated in the election of villagers' committee, and about 1/3 of rural women with age between 18 - 34 would like to run for villagers' committee membership in the future.
19. In 2021, The State Council issued Programme for Chinese Women's Development of (2021-2030), and Gansu Provincial Working Committee of Women and Children issued Gansu Women's Development Programme (2021-2030) afterwards, which seeks to advance equality between women and men in eight priority areas, namely health, education, the economy, participation in decision-making and management, social security, family building, the environment, and the law. It also pointed out the challenges of women's development including, (i) there are gaps in women's development between urban and rural areas, regions and groups, and greater efforts should be made to ensure the livelihood of women in rural areas, especially in remote areas and ethnic minority areas; (ii) women still face practical difficulties in ensuring their equal rights in employment, personal property, marriage and family; (iii) the level of women's participation in the management of economic, cultural and social affairs needs to be comprehensively improved; (iv) various forms of discrimination against women exist to varying degrees, the concept of gender equality needs to be further popularized, and the social environment for women's development needs to be further optimized. However, the statistic monitoring of the National Programme showed that the first year of the implementation was successful, women's health level continued to improve, the level of education steadily increased, women's economic and social status continued to improve, the scope of social security continued to expand, and the legal protection system further improved^[7].
20. Women's Federation (WF) is the leading women's organization in the country as well as in the project area. It has positioned itself as the organization representing women and protecting women's rights and promoting gender equality. WF has offices and representatives at the national, provincial, prefecture and county levels, and has very strong linkages down to the grassroots levels with representatives in townships and administrative villages.
21. **Youth.** Since 1980, when China's economic reform began, rural labor has migrated to the urban on a large scale due to the income gap between rural and urban. Rural youth move to cities in pursuit of good jobs and higher incomes to gain higher socio-economic status. Data from State Statistics Bureau showed that 187.05 million rural labor migrated to urban in the second quarter of 2023^[8]
22. In Gansu, rural youth typically experience difficulties such as low educational attainment, limited employment opportunities, lack of social services, environmental degradation, and cultural marginalization. Many rural youth relocate to urban areas in search of better livelihoods, but often encounter issues of social isolation. Some rural youth remain in their homes but struggle to adapt to the changing economic and social conditions. The government, civil society, and the private sector are essential partners who can galvanise rural youth in Gansu to overcome these challenges and unleash their potential.
23. The youth league (YL) is the most extensive youth organization in the country, and it has positioned itself as the organization systematically serving for youth development widely on youth's ideology and morality, education, health, marriage, career-orientation and employment, culture, social security. Social inclusion and participation, the youth league in Gansu has established very strong structure and linkage at all the administrative levels and in villages.
24. IFAD's country experiences in addressing the needs of rural youth showed good practices in its past and ongoing projects, mainly by providing trainings in entrepreneurship incubation and start up, fostering young returned graduated in modern agro-farms and cooperatives of production and marketing, skills and technologies of precision and digital agriculture, promotion of youth leadership in e-commerce centers and traceability system maintenance. The project will continue these good practices and address the rural youth's needs. The project will take steps at start-up and as part of the baseline, to assess and better understand youth disaggregation and main groupings, particularly at the county level and identify their specific challenges and opportunities. The project will also update its youth focus in line with the possible needs identified by the ongoing COSOP exercise.
25. **Nutrition** in Gansu. In recent years, the nutritional and health of residents in Gansu Province has improved significantly. Compared with the balanced dietary guidelines for Chinese residents, the residents' grains, potatoes, and beans have reached the standard, and the intake is sufficient, but the intake of foods rich in vitamins, minerals, high-quality protein, and other nutrients is still insufficient and the intake of condiments has increased significantly. The daily intake of fat per individual is only 68 grams, and dietary fibre, thiamine and riboflavin are not significantly different from the results of the 2002 national nutrition

survey of residents. The prevalence of standardized anaemia in Gansu province is 28.3%, with 24.5% of men over 60 years old and 30.1% of women over 15 years old. The prevalence of standardized vitamin D deficiency in the population was 50.7%, of which 43.6% were men and 57.6% were women, and the general deficiency was common in adults over 6 years old, particularly in adults over 18 years old.

26. In recent years, Gansu has continued to promote reasonable dietary actions, advocating "three reductions" (oil reduction, salt reduction, sugar reduction) healthy diet, carrying out targeted dietary guidance and nutrition publicity and education, etc., to improve the nutrition and health literacy of the whole people, and improve the nutritional health of key groups such as "one old and one small".
27. In addition, family doctor contracting services has resulted in the improvement of the nutritional structure of the elderly in Gansu has been improved with the benefit of increase healthy diet guidance and intervention for patients with chronic diseases such as hypertension and diabetes. The anaemia rate of the elderly is less than 10%, and the average lifespan has increased significantly.
28. **Climate change and environment.** Gansu province is highly impacted by climate change challenges. Gansu is in the northwest of China, where the climate is arid and semi-arid, and the precipitation is scarce and uneven. Gansu is also facing increasing risks from extreme weather events, and desertification due to rising temperatures and droughts, which can reduce the forest coverage, and increase the urban-rural income gap.
29. Gansu province is also one of the most geographically diverse and environmentally fragile provinces in China. Besides the climate change, it is facing difficulties such as water scarcity, soil erosion, and pollution. However, in recent years, the province has made considerable efforts to safeguard and restore its ecological environment, while promoting sustainable and low-carbon development. Some of the achievements include:
 - Lifting 5.52 million people out of poverty and improving their living conditions through ecological compensation, relocation, and rural revitalization programs.
 - Developing a modern industrial system that utilizes renewable energy sources such as wind, solar and hydro power, which accounted for 59% of the total electricity generation in 2020.
 - Implementing farmland protection measures and measures to control urban land expansion and improve land use efficiency.
 - Producing ecological restoration projects for mountains, forests, fields, lakes, and grasslands, such as the Grain for Green Program, the Three-North Shelterbelt Program, and the Yellow River Ecological Corridor Program.
30. **Ethnic minorities.** Ethnic minorities in Gansu present a diversity of socio-cultural heritage. According to the 2020 Census, Gansu is home to 44 minority ethnic groups that comprise 2.38 million people, 9.3 percent of the region's total population. Most individuals from the ethnic minority groups are living in the two ethnic autonomous prefectures, seven ethnic autonomous counties and dozens of multinational counties. Yugu, Baoan and Dongxiang are ethnic groups unique to Gansu.
31. The social and economic development of rural ethnic minorities in Gansu presents both challenges and opportunities. Nonetheless, some rural areas have been affected by globalization, a rapidly changing economy, job instability, and even unemployment. In some areas, the education level of rural ethnic minorities can be lower than that of the majority of Han population. Rural ethnic minorities and their living areas have however benefited from the policy of developing northwest China, which has provided infrastructure construction, ecological protection, cultural preservation, and tourism development, resulting in improved living conditions, increased income, and enhanced social participation of rural ethnic minorities through various interventions.

c. Rationale for IFAD involvement

32. The rationale for IFAD investments is pillared on the development challenges and opportunities that have emerged from the transition period of the Rural Revitalization since the eradication of extreme poverty declared in 2020. The project has been designed to well align itself with and contribute to the new COSOP (2025-2030) for China which is being developed almost in parallel, where such rationale and relevant strategic objectives this project is responding to are elaborated. Future implementation reviews of this project and the COSOP will continue to maintain or enhance such alignment, as necessary.
33. The ongoing Rural Revitalization process presents good opportunities for investments in modernizing agricultural production at scale, and in revitalizing the rural livelihoods in a climate-resilient and community-governed manner. The modernization of agriculture can lead to improved agricultural efficiency, reduced operating and financial costs, increased income for the leading players of agri-value chains. It can also lead to the revitalization of rural livelihoods through improved living conditions to increased well-being assets for both the rural community and individual households. However, it likewise presents the risk of marginalization of smallholder farmers and their organizations lagging in active participation and equitable sharing of development opportunities and benefits in the agricultural sector modernization process, agri-value chain development, and rural livelihood reengineering. Specific associated challenges arise, and they could be summarized as follows:
- reduced discourse power of the smallholder farmers and their organizations in the middle of increasingly larger scale production and corporate-led marketing,
 - uneven agricultural productivity due to limited modern technical capacities and inefficient on-farm infrastructures,
 - risks of environmental pollution, non-sustainable use of natural resources, increased losses and wastes derived from production and post-harvest management leading to negative impacts on the ecosystem and biodiversity,
 - difficulties in accessing markets due to scale of production but of low value-addition and underdeveloped value chains,
 - limited capital inputs because of difficulties in accessing financial resources and services,
 - lack of environment-friendly, climate-resilient community and sustainable capitalization at both community and household levels, and absence of adaptive capacity building for beneficiary-governed management systems, and
 - critical funding gap in government budget for some rural infrastructure and public services, especially rural waste and solid waste management, and the sustainable management of the natural capital, such as agricultural landscapes and ecosystems.
 - Women and youth may lack skills, knowledge, financial support, and business opportunities to actively participate in the rural economies and interventions or access markets.
34. These challenges highlight the need for green agriculture, and inclusive and sustainable rural development in the country.
35. IFAD has the comparative advantages of pro-poor and inclusive rural development, targeting of the vulnerable and disadvantaged people, community-governed mechanisms, climate-smart and value chain-led agricultural development, and capacity building of smallholder farmers and their organizations including cooperatives, rural economic entities, and other agrobusiness entities under various public-private partnership models. These advantages enable IFAD to support smallholder farmers and rural communities in the mainstreams of organized agricultural production and rural revitalization, to adopt more efficient, resilient, and environmentally friendly practices, to access markets and services, and to participate in decision-making processes in their communities.
36. Based on these, the Government expressed a demand for IFAD to continue to support its agriculture and rural development agenda. IFAD is expected to bring expertise in innovative approaches into the country in support of the ongoing Rural Revitalization, especially by demonstrating replicable development business models of innovative and scaling-up potential. In addition, the project will foster the building of sustainable rural institutions, leveraging financing to project areas, and will contribute to global public goods in terms of reducing carbon emission, environmental improvement, generating knowledge and experiences in arid and semi-arid agriculture and adaptive rural community building and governance.
37. Additionality of this IFAD-assisted project in the country could be viewed as: To safeguard and ensure that in the middle of the ongoing industrialization of agriculture, rural men and women and especially the small-scale producers are not to be crowded out but still have their ownership, participation and voices in the rural economic activities, in the community decision making, and the development values of social, economic and environmental dimensions stipulated in government-led Rural Revitalization Programmes are genuinely promoted, demonstrated, and proven to be of true value of reference for future development during the RRP and beyond.
38. The main opportunities or project responses for IFAD are identified as: (i) increasing demand of the rural men and women for capacity building in organized production and processing, and participation in decision-making; (ii) strong needs of the rural people in access to development opportunities, technologies and services in order to share the benefits of rural growth; (iii) emphasis on socio-economic inclusiveness, environmental-sensitivity and climate-resilience for industrialized scale agri-production; (iv) needs of new technologies and management models in production and post-harvest management; and (v) introduction of sustainable O&M and adaptive capacity building and innovative models for rural community management.

B. Lessons learned

39. At the strategic level, the recently conducted Country Strategy and Program Evaluation (CSPE) provided valuable lesson. Most relevant to the design of the project were the recommendation to:
- Continue strategic support to inclusive agricultural value chains through different modalities. Targeted support to cooperatives, with focus on inclusive mechanisms and sustainable capacity building, will continue to be an important approach.
 - Focus on sustainable natural resource management and climate change mitigation and adaptation as important themes, within the context of rural revitalization in China and as global public goods beyond China.
 - Future projects should focus on Environmental and Natural Resources Management (ENRM) and climate change targeted at marginal areas and smallholders.
40. Additional lessons learnt were drawn from the RIA impact assessments on implementation of recently completed and ongoing projects of the IFAD Country Programme in China. Key lessons applied in the final design included:
- Importance of rural infrastructure: Despite shifted focus to post-production value addition and market access in most IFAD projects, rural infrastructure for IFAD project areas especially for productive improvement are essential project support that can widely benefit target groups effectively. Especially in the wake of volatile climate change experiences globally, water-related infrastructures and facilities are in great demand in project areas with limited natural endowment. It was also stressed that climate adaptive measures would be key consideration in project design and implementation, including production diversification, insurance, and adoption of agronomic and engineering technologies.
 - Appropriate and adequate staffing and systems: The use of country public financial management systems is extensive for IFAD-funded projects in China, especially in relation to organization and staffing, budgeting, treasury, internal and external audit. Based on the performance of the ongoing projects several risks are foreseen to be considered during the design of this project including delay in staff appointment, staff gap capacity at early stage of implementation. Web-based Management Information System (MIS) including an accounting module need to be deployed at early stage and ensure strong management and effective coordination to ensure efficient BP and M&E handling, financial reporting, and fund flows for the successful project implementation. The proposed mitigation measures will include clear guidance (PIM), web-based accounting system (MIS), adequate staffing with continuous capacity building and strong management and effective coordination system in place.
 - Alignment with government programmes: Close alignment with evolving government strategy and programs is an important assurance for success of IFAD projects, both in terms of achieving results and in mobilizing co-financing, as suggested by past evaluations to IFAD China portfolio.
 - Value Chain Approach: Inclusive household targeting, engagement and capacity building of rural institutions including farmer cooperatives, and the adoption of a value chain approach in supporting specialized production of the rural households and project areas, are important assurances for generating genuine benefits to target groups; smallholders will be profitable and sustainable mostly when they cooperate collectively or establish business linkage with agribusiness entities which can facilitate the provision of services and access to markets.
 - Focus on Climate: Climate adaptive measures are imperative for consideration in project design and implementation, including production diversification, insurance, and adoption of agronomic and engineering technologies.
 - Business Plan Approach: Business Plan Financing is a useful instrument for reaching out to the smallholder farmers through the grassroots agri-businesses, leveraging matching investments from the private sector, especially when the related procedures were well streamlined without compromising the project's principles.

2. Project Description

C. Project objectives, geographic area of intervention and target groups

41. **Project name and duration.** The Gansu Demonstrative Rural Revitalization Project (GD2RP) will be implemented in Gansu province in Northwest China in support of the country's development strategy priority for the Rural Revitalization, which aims to deepen the country's rural reform and agriculture transformation. The project is expected to be implemented for a period of six years from 2025-2030.
42. The **project goal** is to contribute to the consolidation of no poverty (SDG1), no hunger (SDG2), gender equality (SDG 5), climate action (SDG 13), and food security with innovative and scalable good practices and reference.
43. The development objective is to support the country's ongoing Rural Revitalization by demonstrating inclusive and innovative business models that promote sustainable and climate-resilient agriculture and building community adaptive capacities, thus facilitating the adoption of green and resilience concepts in rural revitalization in the project area.
44. The **primary expected outcomes** will be to (i) Improve access of rural households to opportunities of participation and benefit sharing of rural economic growth with use of climate-smart technologies and practices in green agriculture, and (ii) Build adaptive capacities in community-governed and sustainable rural development.
45. The following outcome core indicators will be applied in the project M&E among others: (i) Individuals demonstrating an improvement in empowerment (IE.2.1), (ii) Supported households reporting growth rate of per capita disposal income with above national average level, (iii) Beneficiaries especially women, youth, ethnic minorities reporting new jobs/employment opportunities (CI 2.2.1), (iv) Households reporting adoption of new/improved inputs, technologies or practices (CI 1.2.2), (v) Households reporting improved physical access to markets, processing and storage facilities (CI 2.2.6), and (vi) Households reporting

adoption of environmentally sustainable and climate-resilient technologies and practices (CI 3.2.2).

46. **Thematic focus.** The project will invest in promoting the mainstreaming themes of gender transformative approaches, youth sensitivity, climate, and environment, and building adaptive capacities.
47. **Geographic coverage and target population.** Five counties (out of the total 86 counties/districts and county-level municipalities in the province) have been proposed by the Government as project counties, on the basis of primary criteria of (i) risk of continued vulnerability of the former nationally and provincially designated poor counties, (ii) relative geographic concentration for future implementation efficiency[9], (iii) opportunities for inclusive and climate-resilient green agricultural development[10], (iv) potential for innovative eco-system protection and conservation, and (v) strong commitment of county government to participate in the project implementation[11]. The counties are:

Prefecture	Wuwei □□	Baiyin □□	Pingliang □□	Tianshui □□	Dingxi □□
Counties	Tianzhu □□	Jingtai□□	Huating □□	Maiji □□	Weiyuan □□

48. Among the five counties, Tianzhu, Jingtai, Maiji and Weiyuan are the former nationally designated poor counties; Huating is a former provincially designated poor county.
49. About 1.37 million people live in the five project counties, of which □2% live in the rural area, and nearly 61.9% of them are classified as active agricultural labour. 48.9% of the population living in the proposed project counties are female, youth are 35.5%, 6.8% as belonging to the ethnic minorities and 23.5% considered as vulnerable households in the state's well-being register system.
50. **Outreach and scope and targeting.** The project has the potential of directly serving and supporting 108,000 rural households, extending its benefits to a total of 351,500 of household members. Female direct participation is estimated at 50%, youth at 30%. The estimate on women and youth participation was made in accordance likely increased trend of feminization of rural labour, and declining trend of rural youth in Gansu and elsewhere in rural China. Special attention will be given in the project targeting to include the ethnic minorities. The estimation is provided in the table below:

GD2RP Beneficiaries Estimation					
Components	Titles	No. of HH	No. of person	women	youth
Component 1	Sustainable green agriculture	93 588	300 144	146 981	87 720
Subcomponent 1.1	Inclusive support to smallholders	36 162	104 516	50 739	31 550
Subcomponent 1.2	Climate-resilient and inclusive sectorized base transformation	13 288	45 179	20 774	13 554
Component 2	Building Community Resilient Capacities	52 244	174 710	80 127	67 324
Subcomponent 2.1	Participatory planning and governance models	1 280	1 280	625	234
Subcomponent 2.2	Climate-resilient community infrastructures and service facilities	50 964	173 430	79 502	67 090
Total beneficiaries (net of possible duplication)		108 000	351 506	180 836	113 091

51. **Targeting strategy and target group.** The project will continue IFAD's core targeting approach in the country, by applying the ongoing geographic and inclusive targeting strategies in the selection of vulnerable and disadvantaged target groups such as women, youth, and ethnic minorities. After the declared eradication of extreme poverty in February 2021, the government redefined the focus support group in its state's well-being register system as vulnerable smallholder farmer households, which constitute of five categories, or: (i) households of subsistence allowance, (ii) households' marginal subsistence allowance, (iii) households with extreme difficulties, (iv) former registered poor households under continued monitoring, and (v) low-income households. Typically, the first three categories lack active labour, and they receive welfare allowance from the government. The project will therefore target the former registered poor and the low-income segments, which remain vulnerable and risk falling back to poverty once natural and socio-economic uncertainty takes place and external shocks occur. Overall, the first three vulnerable groups are covered by the government welfare system with financial and non-financial support packages; the former registered poor and the low-income segments will be targeted by project interventions through inclusiveness and focus training where required. The project intends to address the target groups' needs through inclusion in capacity building and differentiated skill training where appropriate, ensuring voices and participation in decision making processes, and ensuring equitable membership in cooperatives and rural development entities. The project has introduced multiple benefiting mechanisms to target individual households, through their enrolment as members in professional farmer cooperatives or establishing business linkages (land rent, labor employment, product sales/production services, dividends etc.) with any kinds of functioning agro-entities including cooperatives.
52. **Inclusive and differentiated targeting.** The project's overall inclusive targeting will apply, differentiated and some exclusive targeting will be introduced in some of the project interventions, mainly in relation to activities under component 1 while addressing needs of women, youth, and other identified target segments. Former registered poor, low-income, women, and

youth will therefore be the primary participants and beneficiaries of the project alongside other smallholders in the areas of their production and marketing organizations, capacity building and income generating activities of diversification, rural labour skill transformation, and community-governed management set-up. Special needs of ethnic groups and elderly will also be addressed where applicable, particularly in capacity building and community-based services.

53. The primary segments of target group present the following characteristics that are worthy of special attention during the project implementation:
54. **Smallholder farmer households** are not well involved in the agribusiness in the project area. According to the data provided by county PMOs, only 167,000 farmers were members of cooperatives, and 141,000 rural households connected their production to leading businesses. Farmers access to capacity building is also limited with only 99,000 farmers having the opportunity to acquire technical training in 2022. Of these, marketing skill training was even less and only two project counties provided training in 2022 for 2,700 farmers.
55. **Rural women** are the primary labor force in the project counties due to the long-term out-migration of rural labor to urban areas. In general, rural women have gained more opportunities to participate in agricultural development and community affairs and are also gaining greater social and economic status. However, with the burden of both agriculture and housework, rural women are mostly confined to earning income from on-farm production and labor work available. This limits their ability to acquire knowledge and skills, and there is still a need for them to fully participate in decision-making on community development. According to the data provided by county PMOs, rural women had fewer opportunities for technical training, marketing access and capacity building, and community decision-making. Despite these challenges, rural women are eager for development opportunities locally, and their umbrella organization - Women's Federation (WF) is a grassroots organization dedicated to promoting the women's rights and interests.
56. **Rural youth** are the most active force for rural revitalization. However, due to a lack of employment opportunities and investment capital to make a satisfying income in rural areas, they often migrate to urban areas in search of better income. To address this, it is essential to explore entrepreneurship and employment opportunities in agribusiness to attract and sustain youth in rural and agricultural sectors. They are dynamic and often more skilful with IT and digital technologies and their application. They are also a growing force in rural entrepreneurship by starting up their own businesses and providing employment opportunities to the others. The project will make linkage with relevant ongoing IFAD-assisted projects, training agencies of public and private nature to tailor and coach the rural youth participating in the project implementation.
57. **Ethnic minorities** are integrated into the mainstreams of the society in China, and the government provides favorable policies and support to them in social, cultural, and economic development compared to the majority of Han population. In the project counties, minorities are predominantly concentrated in Tianzhu (40.6% of the total population) and Huating (11.6% of the total population), with Tianzhu being a Tibetan autonomous county^[12]. The project will apply its FPIC in working with the ethnic groups to ensure their participation and ownership of the social, cultural, and economic assets protected and enhanced.
58. **Gender transformative strategy.** The GD2RP is strategically aligned with the Government of China's Rural Revitalization Strategy (2018-2025), the 14th Five-Year Plan of the Provincial Government of Gansu, and the Gansu Women's Development Programme (2021-2030). The project aims to strengthen gender equality and women's empowerment through a variety of initiatives focused on women's socio-economic empowerment and inclusive capacity building. Emphasizing women's roles in decision-making and planning, GD2RP also aligns with IFAD's GEWE framework and its three strategic objectives. Tailored support will be provided to women in target segments to ensure they benefit equitably from the project.
59. Key initiatives under GD2RP include promoting women's leadership in agribusinesses through financial incentives, supporting women-led courtyard economies and income-generating activities, and providing tailored technical training on climate change adaptation and income diversification. The project will also offer exclusive training for women and youth entrepreneurs, facilitating business start-ups and mentorship. Additionally, GD2RP will encourage the active participation of women and youth in village planning, support peer-to-peer learning, and integrate gender equality modules in all technical training. Efforts to promote equal pay, gender sensitization training for cooperatives and staff, and partnerships with organizations like the Women's Federation will further amplify women's collective voice. The project aims to foster healthy gender relationships, reduce women's workload, increase recognition of unpaid work, and support the transformation towards gender equality.
60. **Youth-sensitive approach** will be applied by the project in response to identified specific needs, aspirations, and challenges faced by young people in the agricultural modernization and rural revitalization. It will start by recognizing the young rural people as key actors by including them in related policy engagements, organizations, and relevant levels. The design concluded that Youth is one of the driving forces of rural revitalization and there are increasing needs of youth entrepreneurship and employment in the project area. The project will invest in the youth entrepreneurship training and business start-up for both self-employment and employment opportunities in sustainable green agriculture development. The adoption of green technologies and support to grassroots agro-businesses will attract more young people, and especially young graduates or the urban-business experienced ones to return and take leadership in the ongoing agricultural transformation and ensure equitable representation in rural community life. In order to ensure that the different/diverse needs of young men and women are considered, the project during start-up will assess these components, capturing the heterogeneity within this group on the basis of the good practices generated from IFAD's past and ongoing projects. In order to ensure that the different/diverse needs of young men and women are considered, the project during start up and baseline will assess these components, capturing the heterogeneity within this group. The project will also pursue a strategic partnership with the Youth League to facilitate work with the youth.

D. Components/outcomes and activities

61. **Components, subcomponents, and activities.** Two technical components were designed based on the project framework proposed in the PCN mission, namely: Component 1 – Sustainable green agricultural development, and Component 2 – Building community resilient capacities, supported by a Component of Policy and institutional capacity building.
62. **Component 1 of Sustainable green agriculture** will promote and safeguard the socio-economic inclusiveness in the middle of agricultural modernization and Rural Revitalization, while green technologies will be introduced to support the agriculture's market-led and industrialized transformation and productive capitalization. Three subcomponents were designed in support, entailing related technical interventions and investments.
63. Under subcomponents 1.1, 1.2, and 1.3 where agribusinesses and village development entities are involved beneficiaries, the subcomponents will provide BP grant of maximum CNY 1 million (1.1) and matching grant of average CNY 2 million (1.2.1 and 1.2.2). These subcomponents will apply the project inclusive targeting approach in mainstreaming the priority target group segments into project support and ensuring the compliance of the applicant agribusinesses and village development entities with the government's regulatory requirement of social inclusion in their membership composition.
64. The subcomponent 1.1 has the potential of reaching an estimate number of 4,800 beneficiary households, women participants about 43% and youth 34%, 10-15% from the formerly registered poor and the low-income.
65. Subcomponent 1.2.1 works with approximately 40 lead agri-businesses in strategic enhanced production and processing, pulling about 200 village-based agri-entities and reaching out to 20,000 beneficiary households. Women participants are estimated for about 12,000 individuals and youth 6,000.
66. Subcomponent 1.2.2 will have the potential of working with 12 agro-entities in eco-tourism, directly engaging 1,200 participating households, at least 1,000 participating household members will be female, and 800 as youth.
67. **Subcomponent 1.1 – Inclusive support to smallholder farmers** aims to reach the most disadvantaged segments of the project's target group through several tailored interventions, so that the smallholder farmers will participate in the agriculture and rural development sector through their grassroots organizations such as farmers' cooperatives, Rural Economic Development Cooperatives (REDC), family farms and small agro-enterprises. Women and youth will benefit from differentiated support and access to development opportunities.
68. **Activity 1.1.1 – Production and processing upgrade (PPU) of grassroots agribusinesses.** This investment aims to strengthen the smallholder farmers' market negotiation power by supporting their production and marketing organizations such as cooperatives, REDC, family farms and village-based small agro-businesses. Drawn from the good practices and lessons learnt of Business Plan (BP) financing from the ongoing IFAD-assisted projects in the country, a grant package of maximum CNY 1 million will be provided to the eligible grassroots agribusinesses to help upgrade their production and processing capacities to gain better market competitiveness. Farmers' production and marketing cooperatives will be the primary beneficiaries or grant support recipients as compared to the other business entities, in view of their increasingly important part in engaging the member and non-member farmers in enhanced agricultural production and primary processing, mostly with high rate of participation from women. In concrete terms, at least 50% of the support in number and in amount would be channelled to the cooperatives which will outreach to target households both as members or through other business linkages such as seasonal employment and marketing/production services. An average total of 19 grassroots agribusinesses is foreseen as support recipients in each county.
69. **Promoting gender and youth leadership.** In order to promote the project's beneficiary outreach and special focus on women and youth leadership, it will set up in each project county, 10 bonus package of CNY100,000 each, to reward the recipient agribusiness that is both: (i) led by a women or youth leader (18 – 45 years old as defined nationally) as stipulated in its formal organizational registration, and (ii) able to directly involve more than 150 beneficiaries in the forms of cooperative members, full-time employment, and part-time job opportunities of more than six months during the PPU grant implementation time.
70. **Eligible agribusinesses need to:** (i) be legally registered in the county for at least three years from the date of application and operate in agricultural production and processing in the project villages; (ii) be able to directly engage at least 80 smallholder farmers in the agri-production and post-harvest operations; (iii) be operationally sufficient for the last two years proven by audited or certified financial statements, and (iv) submit a business plan proposal in the form required by the project; and (v) agree to comply with the project's social, financial and environmental requirements among others.
71. The selection of agribusiness candidates for the support package will be undertaken through a transparent public process, reviewed by a technical panel composed by local experts of different technical profiles, and approved by the county PMO or its designated approval committee.
72. **Eligible areas of grant support** include: (i) improved quality and quantity of agricultural inputs such as stress-tolerant seeds, organic fertilizers, bio-pesticides, (ii) precision or smart irrigation equipment for sustainable water management such as drip and mist systems; (iii) equipment and materials for processing, packaging, branding the provide value addition and diversification of agricultural products, with emphasis on environmental friendliness and recycling; (iv) technical training, access to specialized extension services, agri-insurance, participation to agricultural trade fairs and access to e-commerce. Civil work-related expenditures will not be eligible.
73. **Activity 1.1.2 – Women-led courtyard economy.** The courtyard economy refers to an diversified economic form of support programme from the government in rural areas of Gansu, providing a grant package ranging from CNY 1,000 to 5,000 in project counties to support the rural households to use their own courtyard space especially the idle land to grow or breed various crops, fruit trees, flowers, medicinal herbs, poultry, livestock, etc. according to local natural conditions and consumption habits, forming a combination of a variety of products to improve the added value and competitiveness of products. It is part of the coping strategy of diversifying and increasing farmers' income therefore their livelihoods who are also in the forefront of impact of climate

change.

74. Courtyard economy will be promoted as part of the government matching programme and the related funding will be accounted as government matching funds. The project will put emphasis on active women's participation in undertaking the related income generating activities (IGAs), therefore the accounted participants of project-related courtyard economy would be largely While government grant packages will be provided in accordance with the county government programme, the project will carefully record and monitor the disbursements to the project beneficiaries, and the related outcomes such as reduced cash expenses for self-consumption and increased liquidity income among others. It is estimated that the five project counties will each support at least 1,000 beneficiary households led by women. Women farmers linkages with local markets to get fair prices for their agricultural products will be explored and strengthened.
75. Activity 1.1.3 – Capacity building, diversification. In view of the increasing challenges of climate change, and in the context of agricultural industrialization in the project area, the project will provide tailored technical training on climate change adaptation and income diversification to smallholder farmers. Women participants will constitute the majority of related training activities, given their increasingly important roles in climate change adaptation and on-farm and off-farm diversification.
76. *Training on climate change adaption* will focus on practical knowledge and practices of coping that have the potential of immediate application or effect on enhanced resilience and adaptive capacity, and in the context of project areas, namely knowledge, skills, and tools to cope with droughts, floods, pests, and diseases. Trainings will be promoted in preference through demonstration or interactive field sessions the sustainable and adaptive agricultural practices that reduce greenhouse gas emissions and conserve natural resources.
77. *Training on income diversification* will focus on on-farm green practices, and basic farm management knowledge and skills. Such training can focus on market analysis, value addition, financial management for on-farm and off-farm businesses, techniques of agroforestry, livestock production, beekeeping, aquaculture, and even off-farm activities depending on the project county's market context. Green practices such as small-farm application of renewable energies, crop rotation and intercropping, mulching and groundcovers, organic fertilizers, eco-friendly pest management, precision micro-irrigation, livestock with minimum impacts on the natural resources, will be promoted.
78. This activity will be co-funded by IFAD resources and government matching that mainly comes from the BARAs' programme for professional farmer training. While the training will be delivered through various existing methods of the government programme combining class learning and field coaching, IFAD funding will mainly but not exclusively support the recruitment of required experts on knowledge and techniques of climate change adaptation, green-driven diversification, and sustainable farm management.
79. Activity 1.1.4 – Women and youth entrepreneurship aims to empower these two important players of the Rural Revitalization economically and socially. Rural women and youth entrepreneurs can create jobs not only for themselves but also for the others, contribute to the reduction of climate, social and economic vulnerability, foster innovations, promote gender equality and youth active participation in agriculture and rural development, and build resilience to climate change. However, they need more tailored support and opportunities to overcome the barriers they face and to unleash their full potential.
80. *Exclusive training on women and youth business start-up* will be coordinated by the CPMO with the local WFs and SHRSIBs for potential women and youth entrepreneurs co-identified. Existing training programmes already in use by the latter will be applied but adapted to better fit the rural women and youth's context and needs. The training will be fully funded by WFs, Youth League and SHRSIBs under their designated mandates and attributed budgets. Potential entrepreneurs will be screened through the training and supported to draft and propose a business start-up proposal for the project grant financing.
81. The project will continue the good practice of mentorship by successful entrepreneurs and professional coaches of the local business start-up incubation services, WF and Youth league technical resource persons, ensuring an accompanying time of six months or more to help the newcomers' start up.
82. Activity 1.1.5 – Agri-insurance will be promoted in the GD2RP in view of the rising needs for agri-insurance in rural area, extensive risk protection of the government's policy programme in Gansu, and good practices drawn from the IFAD-assisted SPRAD project in Shaanxi. The activity will be financed with government resources and will provide risk mitigation to the target groups and entities in their agricultural production. The operation mechanism of Gansu agricultural insurance is jointly participated by the government, insurance companies and farmers, each performing its own duties and sharing risks.
83. According to the Implementation Measures for Policy-based Agricultural Insurance in Gansu Province (Gan Zhengfa [2019] No. 9), the national and provincial finances provide premium subsidies to farmers participating in policy-based agricultural insurance, large farming and breeding households, family farms, farmer cooperatives and other business entities. Prefecture and county-level governments may, based on actual local conditions, formulate specific local subsidy standards and methods, and arrange special funds within the budget of related level. The government insurance program provides premium subsidy as high as 80% to insurance of the dominating cereal and cash crops and livestock production in the counties, ranging from maize, potato medicinal plants to hogs, cattle, lamb, and chicken etc. The risk insured include natural disasters such as flood, waterlogging, wind, hail, frost, drought, landslide, and animal pandemics etc. There is already well-established procedures and protocols for contracting insurance companies, certifying damages and claiming insurance payouts. The project is expected to promote the agri-insurance through awareness building and technical training to the farmers, and ongoing insurance scheme of government would be able to extend to about 108,000 households in the project areas during the project life.
84. **Subcomponent 1.2 – Eco-friendly transformation** aims to promote the adoption of green and modern technologies, so that the introduced technologies, practices, and business models in the process of transformation will not compromise the protection of eco-environment while searching improved efficiency, quality, competitiveness, and diversification.

85. **Activity 1.2.1 – Adoption of green technologies and market access.** Under this activity, the public and private agro-enterprises will be supported to upgrade their capacities with emphasis on the adoption of green technologies by using renewable energy; managing, conserving, and protecting the natural resources; reducing waste and pollution and enhancing environmental quality. Some examples of applicable green technologies in the project area relate to solar-powered irrigation systems, biogas digesters, precision farming practices, organic farming, agroforestry, and integrated pest management. These technologies can help the agro-enterprises under transformation and the participating farmers increase productivity, reduce costs, improve incomes, build resilience to climate change, and protect the environment. The project will therefore consider grant-matching financing proposals from the candidate agro-enterprises under this activity, only if they intend to capitalize themselves in applicable green technologies while sharing the related risks by co-funding and meet other eligibility criteria as elaborated under the matching grant for transformation (MGT) below to achieve the multiple goals of sustainable agricultural transformation.
86. In the recent years, some of the local agro-enterprises have emerged as leaders in the development of local agri-value chains, playing a pivotal role in strengthening the linkages between different value chain actors, especially in the enhanced production, processing, and marketing of local agricultural products. Meanwhile, improved market access has become critical to secure consistent access to local, regional, and even international markets, and complying with quality, safety, and environmental standards of the targeted markets. Typically, in the project counties, examples of expressed needs for support relate to access to e-commerce, promotion of on-farm and off-farm digital technologies such as for bee farming, energy-saving greenhouses for extended production seasons, upgrades in capacities of post-harvest management, localized seed and nursery including fungus culture cultivation and fungus stick provision, storage capacities for prolonged product life and better market premium. While primary criteria of MGT will be met, the key rationale, or the investment's value addition related to market access needs to be well justified in the grant matching proposal, especially in the enhancement of local agri-value chains with improved financial viability and market efficiency.
87. **Activity 1.2.2 – Agro-ecotourism** aims to provide economic, social, and environmental benefits for the local communities and the visitors by combining agriculture, nature, and culture in a sustainable way. While the development of rural eco-tourism as emerging tourism means in Gansu relies mostly on the rich natural resources and diversified ethnic culture, having the tendency of taking the potential rural areas as main destinations to help share experiences of agricultural production, rural life and customs, the project support will give emphasis on the protection of ecological environment and the promotion of rural labour transformation in the middle of diversified rural livelihoods. The project financing will support activities such as: (i) capacity building and process for participative and inclusive planning and management; (ii) training for village residents in tourism service knowledge and skills; (iii) protection and rehabilitation of village farmland and cultural heritage as part of the scenery, (iv) small equipment and facilities related to the demonstration of rural and agricultural life, especially in the preservation of traditional knowledge, public awareness building on environmental protection and food security; (v) upgrade of infrastructure especially those present as main hinders to ecotourism development in the project target groups, such as main access roads or courtyard with special cultural and ethnic features.
88. While project investments seem to be driven to build the facilities and capacities of service, special attention should be given on the sustainably operational model, which need to include under the capacity building, process, planning and management the key elements of identification of unique product and service (anchor product), development of marketing strategy, working in alliance with the local tourism sector actors, and leverage of effective social media, and participation in sector fairs and events where relevant. Moreover, all-season activities combining agro-ecological farming and tourism attractions and services should be planned to cope with seasonal variability and associated risks. Sustainable practices, community consent and involvement with full inclusiveness will be the best practices of risk management in addition to necessary insurance coverage.
89. **Matching grant for transformation (MGT).** This financing instrument aims to help speed up the adoption of green technologies among the agro-enterprises that are leaders of the development of selected agri-value chains, as identified in the local economic development plan in the project counties. Based on the good practices of the IFAD Country Programme in China, a matching grant will be provided to stimulate both public and private investments to help the transformation of agro-enterprises' upgrading into trading, warehousing, processing, and wholesaling (excluding transporting) of local agri-value chains as strategically identified in the county government's economic development plan. Most importantly, this will promote stronger association of these agro-enterprises with the local agri-value chain players at downstream, which are typically the smallholder farmers organized in different business forms at village level, and therefore engaging the latter in enhanced production and primary processing, securing their linkages with selected agri-value chains.
90. The MGT will provide a project financing of maximum CNY 4 million, to be matched at 1:1 at least by the private and public recipient business, which needs to be locally registered and located, proven in direct business association with at least five agro-businesses since the last two years starting from the date of application for the matching grant, and engaging directly and/or through the agro-businesses in association of a minimum of 500 rural households in production or in primary processing in the project villages.
91. The application for the MGT financing should be in the form of investment plan proposal, prepared and submitted by the candidate business. The selection of MGT candidates should be undertaken through a transparent public process, reviewed by a technical panel composed by local experts of different technical profiles, and approved by the county PMO, or its designated approval committee. More than 50% of the MGT in amount and in number should be channelled to recipients of private sector. Various processes and practices will be put in place to minimize the risk of misuse of grant funds in the BPs. The approved investment proposals will be publicly disclosed for sake of transparency and beneficiary/community supervision. Procurement of BPs will follow IFAD and government policies to observe the key principles. Grants for BPs will be subject to acceptance check and advanced by entities for subsequent reimbursement following reviews of invoices and receipts in line with the approved BPs. Audit to the project will also include BPs.
92. *The eligible areas of investment* should be as following: (i) rural labour transformation, (ii) establishment or consolidation of post-harvest management capacity for strategically established agri-value chain(s), in the project county (for agro eco-tourism, refer

details under activity 1.2.2); (iii) extended or diversified market access; (iv) incremental adoption of green technologies and application.

93. **Subcomponent 1.3 - Public productive infrastructures.** This sub-component will address some of the major gaps in the current infrastructure system in the project area, which may limit or constrain the implementation of the proposed project activities. This sub-component will support improving and expanding the public infrastructure systems in the productive development through a combination of physical improvements, institutional strengthening, and technical assistance to expanding high standard farmland and improve saline land, sustainable irrigation system, improve road access, enhance market trade, processing, and storage capacities. This would contribute to improving agricultural productivity, agricultural diversification, and climate resilience in the project area; Ownership of those facilities improved and developed under the project will belong to the beneficiary villages, or farmers' cooperatives. The ownership groups will receive training in the operation, maintenance, and water management.
94. **Activity 1.3.1 - Sustainable irrigation.** The Irrigation systems will be designed to cope with water scarcity and variability, reduce water losses and waste, and enhance water productivity and efficiency. The methods employed are drip irrigation, rainwater harvesting and deficit irrigation when less water is applied than the full crop water requirement. This would enhance agricultural productivity, agricultural diversification, and climate resilience in the project area.
95. The project will (i) assist in the development and improvement of the irrigation water supply system (e.g. canals), water harvesting and water source facilities (e.g. water ponds and water pools), and pumping stations and delivery systems (e.g. Water pipelines to provide irrigation water to agribusiness entities and farmers and drinking water to certain villages. This would contribute to improving agricultural productivity, agricultural diversification, and climate resilience in the project area; and (ii) support selected cooperatives, in areas with periodic water scarcity, in the development of a digital water monitoring and management system that would allow for continuous adaptation of irrigation systems and optimization of water use. Ownership of the irrigation and the water source facilities improved and developed under the project will belong to the beneficiary villages, water users' associations, or farmers' cooperatives, depending on the decision of respective county project management offices. The ownership groups will receive training and be involved in the planning of the infrastructure. An operation, maintenance and water management plan with roles and responsibilities, budget and financing sources must be agreed before the investments are made to ensure sustainability.
96. The ownership of the improved irrigation and water source facilities will be transferred to the beneficiaries' villages, Water Users Associations, or farmers' cooperatives. The owners of the subprojects will receive training in operation, maintenance, and management.
97. **Activity 1.3.2 - Construction of high standard farmland.** Farmland is enhanced to increase food security and agricultural sustainability. The project will enhance Land levelled, fertility improved, strong resistance to disasters with good and stable yields. Research and development, combined with demonstration and training of od cooperatives and agricultural enterprises, are part of this activity.
98. **Activity 1.3.3 - Improvement of saline-alkali land.** The project will support the improvement of saline-alkali land through the construction of drainage system, including main and branch ditch and ancillary building.
99. Saline land is low in productivity and can be improved by leaching salts from the soil with irrigation water and drainage systems. In some instances, amendments such as gypsum, lime, and organic matter can further enhance the soil structure. When water is scarce, pastures, trees, or scrubs can be grown and reduce salt accumulations in the soil surface. Managing the water table and groundwater replenishment to prevent salt mobilization and accumulation.
100. These methods require thorough planning, water table assessment, monitoring, and evaluation to ensure their effectiveness and sustainability.
101. **Activity 1.3.4 - Production-linked road.** The project will facilitate the development and improvement of village and production roads, which will serve both agribusiness entities and village farmers. Along with the improving access to market in all seasons, production linked road will improve farmers access to resources, services, tools, and technologies to cope with adverse impact of climate change. Moreover, it helps to prepare in the event of climate induced disasters.
102. **Activity 1.3.5 - Enhancement of market trade, processing, and storage capacities.** The project will assist in establishing agricultural products market trading and diffusion center, processing and packaging workshop, and cold storage. The cold storage and processing centers are helpful for farmers to withstand extreme weather conditions and build resilience in the supply chain.
103. The capacity is enhanced through policies and guidelines, research and development, demonstration and training, cooperative participations, financial support, and extension services. These efforts aim to enhance productivity, efficiency, and sustainability in agriculture and to provide rural development in Gansu province.
104. **Component 2 – Building community resilient capacities** aims to build the community-based well-being assets and capacities as integrated part of the improved rural livelihoods under the ongoing Rural Revitalization. While government-funded programmes will provide the majority of investments in support, IFAD will invest in the assurance non-productive capacities adapted to related green technologies and encouraging to pursue innovations in community-governed management models. This will be translated into IFAD funding in support of participatory planning and the process of establishing sustainable O&M mechanisms where applicable.
105. **Subcomponent 2.1 – Participatory planning and good governance.** This intervention will support the Gansu government's guiding principle in the good governance of Rural Revitalization, especially regarding giving play to the basic role of villages' self-

governance[13]

106. The project relies on the principles and good practices of good governance in Gansu and in the country. The key elements of good governance under China's rural revitalization program focus on several core principles, including accountability, incentive, and sustainability□

- Established responsibilities and duties for all-level governments and participating agencies including their senior officials, ensuring they are answerable for their actions and decisions made that impact the rural development;
- Similarly, incentives have been designed and applied for motivating the local authorities and villagers. This includes financial incentives to good performance, policy support and recognition of successful initiatives by additional funding and promotion;
- All relative initiatives aim to a balanced approach promoting economic growth while preserving the environment. The PCN mission was exposed to example of community good governance in the project area; good practices can be drawn from the Green Rural Revival Programme in the country, which recently won the UN's highest environmental honor as it showcased the emphasis on green and sustainable development as core element of the Rural Revitalization Strategy.

107. These elements are designed to work in synergy to promote a modernized rural area that can sustain its development, improve living standards, and narrow the urban-rural income gap□

108. Some of good practices have already been drawn in the province, which:

- with villagers' autonomy as the core, give full play to the role of villagers as the main body, establish and improve participatory management mechanisms such as villagers' councils and villagers' supervisory committees, and guarantee villagers' rights to participation, expression, and supervision.
- with rural revitalization as the goal, combined with local resource endowment, cultural inheritance, and development needs, formulate scientific and reasonable rural planning, highlight rural characteristics, and improve rural quality.
- with social co-governance as the guarantee, actively promote the participation of the government, social organizations, enterprises, and individuals in rural governance, and form a joint force to solve various problems in rural development; and
- based on the rule of law, regulate rural governance in accordance with the law, establish and improve the rural rule of law system, and improve the standardization, transparency, and fairness of rural governance.

109. Participatory planning. The project supports the participatory process of planning as a way of doing planning that puts villagers at the centre of decision making in the community, identifying common issues and problems relevant to the well-being of the village, analyzing their related causes, and agreeing upon the coping strategies to addressing and resolving the problems for the sake of community livelihood improvement. Active participation of women and youth will be sought in the planning process. Active participation of women and youth will be sought in the planning process. The project will encourage participation of all household members for joint visioning/plan development.

110. Key steps include: (i) community awareness and mobilization, (ii) problem identification and analysis, (iii) identification of coping strategies and responsive measures, (iv) action plan development, (v) action plan implementation and its M&E, and (vi) assessment of effectiveness and efficiency of implementation.

111. Community good governance. The participatory process will be part of the good governance, which is a key factor for ensuring the well-being and development of rural communities. The project will seek to promote and document the good practices of sustainable village management models, which should include at least: (i) participation of all stakeholders, (ii) transparency and accountability of decision-making processes, (iii) inclusive safeguard and expression of interests and needs of villagers of all socio-economic categories, (iv) respect of the rules of law, and (v) effective delivery of public services. Improved capacities in village-level good governance will contribute to strengthened resilience of the village residents, especially in fostering social cohesion, reducing climate and socio-economic vulnerability, and promoting environmental sustainability.

112. The project will finance the participatory process of village planning, and defining and implementing the good governance, which should result at least in activity and budget planning of village-level investments and activities including these under the project's subcomponent 2.2. Similarly, the establishment of villagers-governed and socially inclusive O&M committees for related projects will undergo the participatory process, for example when it relates to the project activity – 2.2.6, but with emphasis on long-term sustainability and as part of the project exit strategy.

113. **Sub-component 2.2: Climate-resilient community infrastructures and service facilities**. This subcomponent will address some of the gaps in the current infrastructure system in the project area, which may limit or constrain the implementation of the proposed project activities: incomplete rural road network, lack of safe drinking water, sewage and solid waste systems, and renewable energy.

114. Proposed climate resilient infrastructure and service facilities will save money and withstand and recover from natural hazards. Supporting and strengthening of local facilities is necessary to secure the operation and maintenance of the facilities.

115. The sub-component will support building climate-resilient community infrastructures. All infrastructures that are supported under this sub-component will be climate-resilient communities. Key activities under this sub-component include:

116. Activity 2.2.1 - Improving and developing safe drinking water supply system. Domestic water supply systems will be upgraded by limiting water losses and improve the water quality and delivery. This project will support the installation of advanced online water quality testing system, replacement of old underground leaking water pipes, installation of automatic control valves and smart water meters, to facilitate water management, minimize waste and control the costs.

117. Activity 2.2.2 - Rural sewage treatment and garbage disposal. The project will assist in the construction and upgrading of wastewater treatment networks to improve the water quality of the rivers and facilitate recycling, eco-environment friendly

community liquid and solid waste management. This will also address community drainage system impacted by erratic and heavy rainfall. Different technologies are utilized and will depend on the local environment, the availability of resources and the cost of implementation.

118. Activity 2.2.3 - Application of clean and renewable energies. The project will support the use of solar streetlights and the replacement of coal with solar heaters, electricity or natural gas for heating, cooking, and bathing.
119. Solar power can be used in some instances to reduce greenhouse gas emissions, reduce operational costs, and provide reliable and clean energy for remote areas. Coal will be replaced with electricity or natural gas for heating, cooking, and hot water.
120. Activity 2.2.4 - Flood-control and disaster-prevention infrastructures. The project will support dredging river channels and improving riverbanks, using ecological seepage prevention technology to strengthen the banks and raise the height of the banks, raising the standard of embankments from once every 10 years to once every 20 years.
121. River embankments will be strengthened to avoid soil bank erosion, flooding of outer bank fields and damage of infrastructure near the river. Gabion mattresses will be installed that are eco-friendly, resilient to climatic impacts, and more durable than concrete lining. The height of the banks will be determined based on the maximum observed river level.
122. Activity 2.2.5 – Tailored community services. The establishment and upgrade of community tailored services for elderly care, culture, and heritage promotion. The project will assist in the construction of senior activity centers, convenience service centers, and demonstration of beautiful villages. Public and private partnership in cofinancing and complementary service capacities should be explored by the project.
123. Activity 2.2.6 – Supporting infrastructures’ operation & maintenance (O&M). The project will support (i) the establishment of and strengthening of O&M organizations; and (ii) the implementation of any necessary environmental and social safeguards, including the participation and representation of target group beneficiaries in the mechanism and process of decision making.
124. IFAD’s investment should focus on the following activities to promote the adoption of climate resilient adaptation measures, the improvement of the environment and the use of renewable energy: 1) climate-resilient activities, such as irrigation and drainage projects in the construction of high-standard farmland. 2) Safe drinking water projects and flood control and disaster reduction projects. 3) application of clean and renewable energies activities. Other public infrastructure activities in the project are proposed by Government investment.
125. Community infrastructures in production activities are of public importance, they should be implemented by the relevant government branches or township governments of the county where the project is situated. After completion of the project, the engineering shall be transferred to the village collective or cooperative or related association (such as the Rural Water Users Association) and shall be managed and maintained by the village collectively in the selected O&M organizational form.
126. All technical trainings offered under components 1 and 2 would include a module on gender equality to raise awareness about the role women play in agriculture, generate awareness on equitable workload distribution and promote benefit sharing from project activities for both men and women. In addition, sensitization will be carried out, and support will be sought from different service providers, implementing agencies, private and public actors on promoting equal pay among men and women.
127. **Interlinkage between components 1 and 2**. The two components of the project are interlinked in several ways. Both invest in financial, social, green development, human and physical capitalization but with different instruments and priorities and promote women and youth participation in project outcomes. Under component 1, emphasis will be given on the socio-economic empowerment through improvement of agricultural productivity and market access while introducing green technologies and reducing their environmental footprint. Component 2 stresses on the strengthening of community resilience as a whole by building the well-being assets and capacities, including community capacities in health, sanitation, education, social protection, and disaster risk management. The two components’ interlinkage will be assured by:
- - Integrated planning while incorporating the project activities into the local provincial and county-level development planning and ensuring the income generating activities and productive asset building under component 1 are in line with and within the same agenda of both economic growth and community development that component 2 promotes on the social and human angle, with due inclusiveness and targeting focus.
 - Investing in human capital under both components through skills and knowledge enhancement at individual and community levels, therefore the balance will be maintained between the agricultural productivity, sustainable use of natural resources, and social wellbeing. Capacity building under both components will lead to the increased value of human capital, which in turn leads to improved socio-economic outcomes;
 - Community engagement through organized production, marketing and value chain integration supported by cooperative and contract farming and marketing, supported by productive and well-being physical infrastructures. The participation in community decision-making process under component 2 will enhance the inclusiveness and mainstreaming prioritization under component 1.
 - Both components align policy priorities under the ongoing Rural Revitalization Programme in Gansu, namely the five key areas of development such as: ensuring national food security, improving rural industries’ development (sectorized agriculture and value chain development), strengthening rural construction (infrastructures), enhancing rural governance, applying the green rural revival philosophy, and facilitating various means for rural residents in their income increase.
128. Such capitalization will enable the target groups and communities to cope with shocks and stresses, as well as to benefit from the opportunities created with promotion of inclusiveness participation and good governance, which will foster social cohesion, accountability, and ownership of the project outcomes. IFAD’s role will be to ensure that the green technologies are appropriate and accessible to the target groups, and that the community-based management models are innovative and sustainable as part

of the government's holistic approach in rural development.

129. **Component 3 of policy and management** will highlight its actions in policy engagement, SSTC and institutional capacity building, M&E and KM that includes in-country learning and sharing, Prudential Financial management, effective procurement management and overall project management. The following paragraphs will highlight the key areas for management's attention, other areas of arrangement regarding the project's operational management and coordination will be addressed in the following chapters or sections where related.
130. **Policy engagement.** The project's policy engagement will give emphasis on evidence-based learning and advisory forms or methods, and closely linked to the project's KM while working on the project's interventions of innovative potential as outlined under the related section in this PDR, i.e.: (i) Evolving Business Plan (BP) financing for inclusive participation of smallholder farmers and their organizations in agri-value chain development; (ii) Sustainable community management model; (iii) Adoption of green technologies by value chain actors of different levels; and (iv) Rural eco-tourism for diversification and rural labour transformation. Areas of engagement on Gender Equality and Women's Empowerment will be determined in conjunction with the Women's Federation and other relevant stakeholders.
131. The project management will involve the multiple stakeholders where relevant, foster dialogue, collaboration, and evidence-based decision making among these actors, to address the complex and interrelated challenges facing the ongoing Rural Revitalization, particularly those occurring during the GD2RP implementation. In addition to the potential evidence drawn from the project's pursuit of innovations as outlined above, the project will pay special attention to food security, climate change, trade, and agricultural industrial transformation, public-private producer partnership, and social inclusiveness for the participation and benefit sharing of the disadvantaged groups.
132. Policy engagement should be planned and implemented throughout the project cycle, from design to completion, and it should be tailored to the evolving context of Rural Revitalization while referencing to the above-mentioned topics.
133. **South-South Triangular Cooperation (SSTC).** The project will focus on the three strategic thrusts of innovation, scaling up, and knowledge management to inform policy and support the SSTC function. This would be realised through fostering evidence-based innovation, capacity building and policy dialogue among farmers, researchers, extension workers and policymakers, with specially attention on the good practices generated mainly from the GD2RP. As a SSTC and Knowledge centre, the ICO will build partnerships to support the project and the centre in knowledge production and documentations, and sharing, including through IFAD's Rural Solutions Portal (RSP) and providing access to global fora where possible. In this regard, the lessons learnt from GD2RP will contribute to related thematic priorities, events, and activities of other IFAD regional hubs in Asia, Africa, South America, and the Pacific. Further partnerships with related government agencies and other stakeholders such as the United Nations Industrial Development Organization (UNIDO) will also be fostered. The strategy for IFAD's overall engagement with China in relation to SSTC is being elaborated under the new COSOP and will draw on the recommendation of the CSPE. The role of the ICO as a SSTC and knowledge centre is being recalibrated as part of the wider institutional recalibration process.
134. **Institutional capacity building** in GD2RP will focus on PMOs and their host technical agencies involved in project management. Capacity building to agri-businesses and rural entities are integrated as part of the related activities under the two technical components. Where relevant, trainings for cooperatives and staff will also include gender sensitization training to ensure capacity building for gender mainstreaming across interventions.
135. Institutional capacity building will be closely linked to the ongoing Rural Revitalization and GD2RP implementation. The project will give priority to the forms of training, mentoring, coaching, networking, benefiting the PMO staff and related technical staff from the participating and supporting technical agencies; special attention will be given on areas of project financial management, M&E and MIS, knowledge management, agricultural green technologies, social inclusiveness, gender transformative approaches, youth promotion, rural entrepreneurship, and sustainable agri-tech extension.

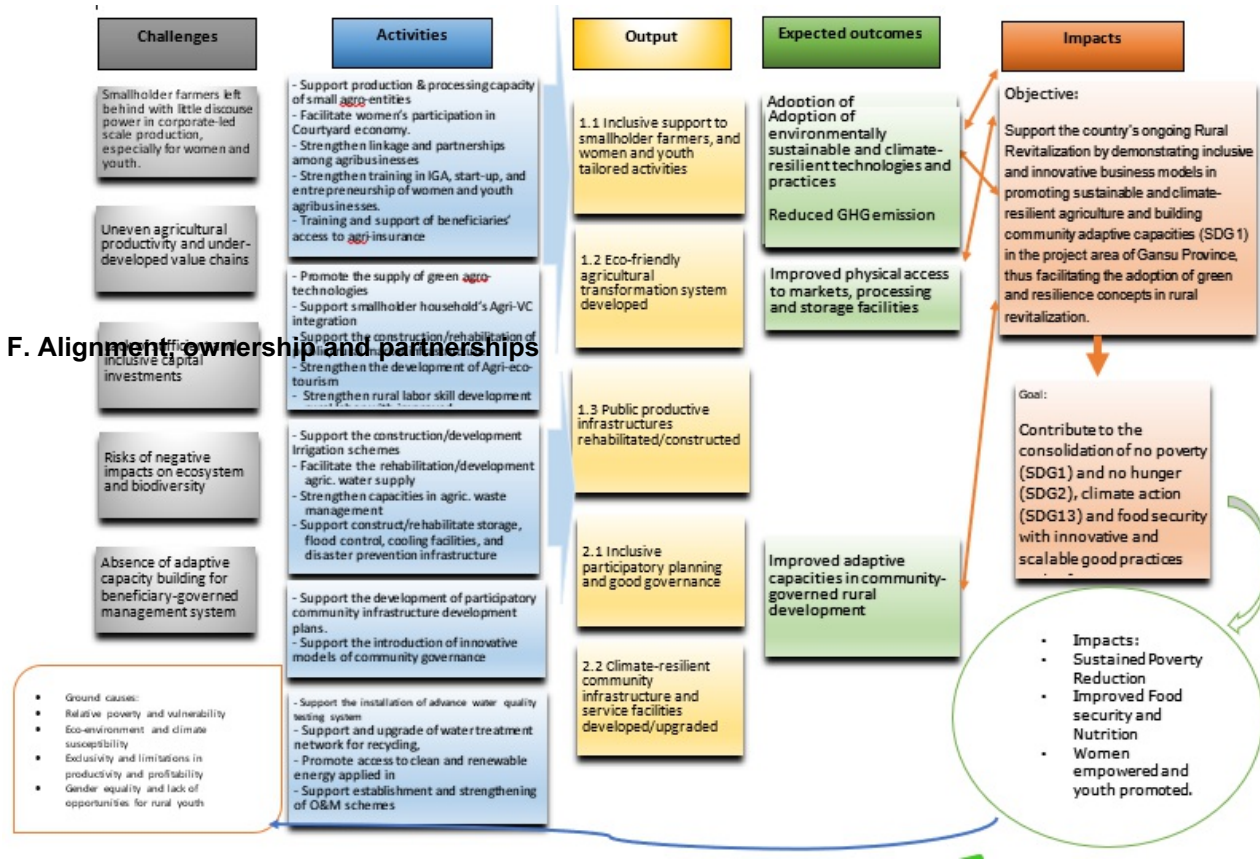
E. Theory of Change

136. **Situation analysis.** Modern agricultural transformation and rural reengineering as core parts of the Rural Revitalization are not only the most important drivers of growth and rural development in Gansu, but also a key determinant factor in consolidation of the eradication of extreme poverty, and improved food security and nutrition especially from the supply side. While the transformation is leading to increased scale in agri-production and helping the province in laying down better foundations for increased production and improved productivity, adoption of digital agriculture and other advanced technologies risk leading to the reduced use of rural labour and could lead to the smallholder farmers being marginalized in the overall agricultural transformation process. Other challenges and risks are summarized as: (i) uneven agricultural productivity and under-developed agri-value chains, (ii) lack of sufficient and inclusive capital investments as organized scale production bases are mostly invested and led by large corporates, (iii) gaps in public infrastructure system (iv) risks of negative impacts on ecosystem and biodiversity, and (v) absence of adaptive capacity building for beneficiary-governed management systems in rural development. These challenges highlight the need for sustainable green agriculture, and an inclusive rural development for the province.
137. In response, The Government-IFAD-supported GD2RP will address these challenges through the following measures: (i) enhancing agricultural productivity and transformation to modern agriculture, (ii) supporting new agribusiness entities, (iii) building infrastructure and public services, (iv) fostering rural industries and tourism, (v) strengthening ecological protection and restoration, and (vi) preserving and promoting rural culture and traditions^[14]. The activities of GD2RP have been designed following the theory of change outlined below. In brief, it will:
138. Provide inclusive support to smallholder farmers and their organizations by: (i) upgrading production and processing of grassroots agribusinesses, (ii) promoting women-led courtyard economy, (iii) capacity building and IGA diversification, (iv)

strengthening women and youth entrepreneurship, and (v) mitigating risk through Agri-insurance. Women and youth will benefit from differentiated and even exclusive support and access to development opportunities.

139. Strengthen smart and eco-friendly agricultural transformation by promoting the adoption of green and modern technologies through the introduction of technologies, practices, and business models that support eco-environment protection, diversification, and improved efficiency, quality, competitiveness of agribusinesses. This will also include support to the protection of ecological environment through rural eco-tourism and rural labour transformation.
140. Support the construction and rehabilitation of public productive infrastructures to address some of the major gaps in the current infrastructure system in the project target areas. This would contribute to improving agricultural productivity, agricultural diversification, and climate resilience in the project areas.
141. Interventions in fostering community participatory planning and good governance will respond to the Gansu government's guiding principle in the good governance of Rural Revitalization, especially regarding giving play to the basic role of villages' self-governance. The project will give emphasis on promoting a resident-centered participatory process of village planning, and defining and implementing the good governance, which should result at least in activity and budget planning of village-level investments and activities. The establishment of villagers-governed and socially inclusive O&M committees for related projects will be part of the continued efforts for long-term sustainability and the project exit strategy.
142. Climate-resilient community infrastructures and service facilities will address some of the gaps in the current infrastructure system in the project area, which may limit or constrain the implementation of the proposed project activities. The gaps include incomplete rural road network, lack of safe drinking water, appropriate sewage and solid waste systems, and renewable energy. The project's investment will include but not exclusively (i) safe and clean water supply system, (ii) construction and upgrade of wastewater treatment networks to facilitate recycling, (iii) eco-environment friendly community liquid and solid waste management, (iv) toilet upgrade integrated into waste management system, and (v) application of clean and renewable energies.
143. Community adaptive capacities and innovative management models, which will support: (i) establishment and upgrade of community tailored services for elderly care, culture and heritage promotion and easy-access groceries; and (ii) innovative models of community good governance, and sustainable O&M mechanisms.
144. The ToC argues that **IF** these interventions are implemented in the context of the following assumptions: (i) Sustained investment from government's own resources to rural revitalization in the sectors/areas of this project is a key assumption for the success of the project during implementation and after completion, (ii) the right institutional set-up will and the necessary convening power and coordinating mechanisms, will ascertain the proper adoption, generation and adaptation of new ideas and mechanism's introduction by the project, (iii) community engagement and beneficiary participation desired by the project in its design will need to be fully explored, to guarantee the effectiveness of project interventions in benefiting the target groups, and (iv) social, environment and climate risks identified will be properly managed through implementation necessary management plans along the project implementation.
145. **THEN**, (i) women and youth income generating capacity will be built (ii) access to finance and rural public infrastructure (markets, green tools, and technologies) and services improved (iii) capacity of cooperatives and agribusinesses strengthened. As a result, the availability of finance and increased start-ups through entrepreneurship will lead to new jobs and employment opportunities (particularly for women and youth) created, improved climate adaptation, increased use of financial products and services. In addition, increased income will improve social cohesion through women empowerment.
146. Consequently, the project will support the country's ongoing Rural Revitalization in the project area of Gansu Province, contributing to the overall goal of consolidating the results of no poverty (SDG1), no hunger (SDG2), gender equality (SDG5), climate action (SDG13), and innovative and scalable good practices and reference.

147. **Figure 1: Schematic Presentation of the Theory of Change for GD2RP**



148. **SDGs alignment.** The project is expected to contribute to the achievement of three Sustainable Development Goals (SDGs), such as SDG 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 13 (climate action), while the project scope remains highly relevant to others.
149. **Alignment with government policies and strategies.** The project is in line with the key objectives of the ongoing 14th-Five Year Plan [15], especially in (i) ensure food security and supply of important agricultural products, (ii) promote green development of agriculture and ecological civilization construction, (iii) promote agricultural scientific and technological innovation and digital transformation, (iv) deepen rural reform and improve governance system; and (v) improve farmers' well-being through increased income and improved access to social economic services and opportunities among others. The project aims to contribute to the achievement of goal and objectives of the ongoing Rural Revitalization, which are the chief strategy and development programme of the country since 2018, and its primary outcomes are closely associated with the Rural Revitalization's strategic objectives of (i) promoting agricultural modernization, (ii) improving farmers' living standards, and (iii) protecting the ecological environment and inheriting excellent culture, especially fully in line with its policy measures of strengthening rural community improvement with necessary infrastructure construction and upgraded rural governance and community service system, developing specialized sectors, promoting emerging agrobusiness entities, and stimulating rural vitality. These priorities were further elaborated through the No.1 document of the central government in 2023.
150. The alignment with relevant strategies in Gansu is also observed, namely the "Several Opinions on the implementation of Rural Revitalization Strategy" launched in February 2018, "Implementation Plan for Rural Revitalization Strategy of Gansu Province" in February 2019, and "Comprehensively Promoting Rural Vitalization and Speeding up Agricultural Rural Modernization" launched by Gansu in Jan 2021.
151. Gansu Province has established five key goals in promoting rural revitalization, which aim to strengthen the construction of agricultural infrastructure, upgrade the level of agricultural industry, improve rural construction and governance, and improve the quality of life of farmers. Specifically, these five priorities include:
- Stable production and supply of grain and important agricultural products: Ensure stable grain production and enhance the ability to guarantee food security.
 - Development of modern facility agriculture: Promote the modernization of facility agriculture and improve the supply guarantee capacity of agricultural products.
 - Construction of a diversified food supply system: Develop a diversified food supply system to improve food safety and supervision of the quality and safety of agricultural products.
 - Strengthen the construction of agricultural infrastructure: protect cultivated land, promote the construction of high-standard farmland, and strengthen the construction of water conservancy infrastructure. Improving agricultural disaster prevention and mitigation capabilities:
 - Optimizing agricultural meteorological observation facilities and strengthening the construction of drought and flood disaster prevention systems.
152. The realization of these goals will contribute to the process of agricultural and rural modernization in Gansu Province, and promote high-quality and efficient agriculture, livable and workable villages, and prosperous farmers.
153. **Alignment with IFAD policies and strategies.** The project is also fully in line with the three Strategic Objectives (SOs) set in the IFAD's Strategic Framework 2016 – 2025, namely: (i) Increase poor rural people's productive capacities, (ii) Increase poor rural people's benefits from market participation and, (iii) Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities. It is in full compliance with the IFAD's principles of engagement and mainstreaming priorities, articulating on its investments and interventions in the areas of innovation, learning, scaling up and partnership, being gender transformative, including climate finance and building adaptive capacity. The GD2RDP design is also in line with IFAD's COSOP 2016-2020 (extended to 2024). Specifically, it responded to the SOs 1 and 2, and reflecting IFAD's continued support in enhancing income opportunities and increasing resilience, giving thematic focus on inclusive agri-value chain development, support of inclusive rural agro-entities, natural resources management, climate resilience and renewable energy.
154. The project responds to the recommendations of the CSPE conducted by IOE in 2023 and considers under components 1 and 2, the strengthening of value chains, climate resilience and environmental sustainability, strategic partnerships for innovation, knowledge and scaling-up, and the repositioning of SSTC for long term engagement with China.
155. Considering the GD2RDP will be implemented during the next COSOP cycle, it also draws on the key concepts and ideas being discussed with government in the formulation of the new COSOP (2025-2030). It covers areas such as investments in inclusive and sustainable food and agriculture systems focusing on smallholders, promoting environment and climate smart, resilient rural livelihood options, and leveraging China's expertise, innovation and development finance for agriculture and food systems transformation at regional and global level through SSTC. Indeed, components 1 on sustainable eco-green agricultural development and component 2 on building community resilience capacities, link with the strategic objective 1 of the new COSOP that will promote environment and climate smart, resilient rural livelihood options. It also links to the overall goal of contributing to China's rural revitalization and vision for common prosperity and carbon neutral economy with 1% of IFAD projects funds as climate adaptation finance.
156. The GD2RDP makes provision for flexibility in implementation so that the event that any mismatch or fundamental strategic gap is observed during the process, the projects will be reviewed and aligned with both IFAD and government's strategies and policies as defined by the new COSOP.

G. Costs, benefits and financing

a. Project costs

157. The total project cost is estimated to be USD 228.43 million over the six-year project period. IFAD will provide a loan of USD 88.00 million. The balance of USD 140.43 million will be jointly financed by the government, and private sector (enterprises). The summary tables below show (i) project costs by component (and sub-components) and financier; (ii) project costs by expenditure category and financier; and (iii) project costs by component (and sub-components) and by year. Detailed cost tables are presented in Annex 3.

Table 1: Programme/project costs by component (and sub-components) and financier

	The Government		IFAD		Private Sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
A. Sustainable green agriculture								
1. Inclusive support to smallholder farmers	19,077	84.8	3,420	15.2	-	-	22,496	9.8
2. Eco-friendly transformation	36,851	45.9	34,433	42.9	8,932	11.1	80,215	35.1
3. Public productive infrastructures	37,051	60.9	23,746	39.1	-	-	60,797	26.6
Subtotal	92,979	56.9	61,599	37.7	8,932	5.5	163,509	71.6
B. Building community resilient capacities								
1. Participatory planning and good governance	0	-	241	100.0	-	-	241	0.1
2. Climate-resilient community infrastructures and service facilities	34,535	58.9	23,083	39.4	993	1.7	58,611	25.7
Subtotal	34,535	58.7	23,324	39.6	993	1.7	58,852	25.8
C. Management and capacity building								
1. Project management and capacity building	2,993	49.3	3,077	50.7	-	-	6,070	2.7
Total PROJECT COSTS	130,507	57.1	88,000	38.5	9,925	4.3	228,431	100.0

Table 2 Project costs by expenditure category and financier (Thousands of United States dollars)

	The Government		IFAD		Private Sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs								
A. Goods, Service & Inputs	-	-	19 926	100.0	-	-	19 926	8.7
B. Goods, Service & Inputs	49 579	100.0	-	-	-	-	49 579	21.7
C. Goods, Service & Inputs	-	-	-	-	2 679	100.0	2 679	1.2
D. Works	-	-	46 829	100.0	-	-	46 829	20.5
E. Works	77 934	100.0	-	-	-	-	77 934	34.1
F. Works	-	-	-	-	6 252	100.0	6 252	2.7
E. Grants & Subsidies	-	-	21 245	100.0	-	-	21 245	9.3
Total Investment Costs	127 514	56.8	88 000	39.2	8 932	4.0	224 445	98.3
II. Recurrent Costs								
A. Operating costs /a	2 993	75.1	-	-	993	24.9	3 986	1.7
Total Recurrent Costs	2 993	75.1	-	-	993	24.9	3 986	1.7
Total PROJECT COSTS	130 507	57.1	88 000	38.5	9 925	4.3	228 431	100.0

^a For Infra O&M under C1.3 and C2.2

Table 3: Project costs by component and year (Thousands of United States dollars)

	Totals Including Contingencies						Total
	2024	2025	2026	2027	2028	2029	
A. Sustainable green agriculture							
1. Inclusive support to smallholder farmers	344	13,370	4,466	1,484	1,614	1,219	22,496
2. Eco-friendly transformation	15,290	52,251	7,834	3,505	923	411	80,215
3. Public productive infrastructures	6,142	32,052	14,778	4,684	2,596	545	60,797
Subtotal	21,777	97,673	27,079	9,673	5,133	2,175	163,509
B. Building community resilient capacities							
1. Participatory planning and good governance	52	141	21	21	7	-	241
2. Climate-resilient community infrastructures and service facilities	10,999	29,076	9,172	6,715	1,301	1,349	58,611
Subtotal	11,051	29,217	9,193	6,736	1,308	1,349	58,852
C. Management and capacity building							
1. Project management and capacity building	1,213	1,038	1,066	986	1,027	739	6,070
Subtotal	1,213	1,038	1,066	986	1,027	739	6,070
Total PROJECT COSTS	34,041	127,928	37,337	17,395	7,468	4,263	228,431

b. Project financing/co-financing strategy and plan

158. The County governments through their relevant technical Bureaus would provide counterpart funding and physical infrastructure investments targeted under the project through various complementary programmes such as high-yield farmland construction programme, poverty eradication transitional program and more broadly the Rural Revitalization Programme etc. County Government will also co-finance some of the investments relating to infrastructures and services for agro-industries. Private and public sector entities and enterprises will provide funds for investment in equipment and working capital. Commitments from the County Governments have been ascertained at least for the initial two years. Financing from the Private Enterprises that would be potential partners have been indicated by each of the County Governments and have been indicated in the summary cost tables and county specific detail investment tables, their financing will be further ascertained through development and approval of business plans.

c. Disbursement

159. IFAD will transfer funds to the project through revolving fund mechanism following the guidance from IFAD's handbook for Financial Management and Financial Control (FMFCH) and FMFC letter which will be issued by IFAD after Financing Agreement is signed. The revolving fund approach stipulates the project will submit quarterly WAs – one for Advance and one for Justification (it will be preferable the project justifies previous quarter expenditure in full before submitting next advance WA).

160. The Department of Finance of Gansu Province will maintain one Designated Account (DA) for PPMO, for its receipts of the IFAD loan proceeds. The CPMO will keep their accounts in the county bureaus of finance (treasury). The currency of the loan Designated Account will be identified during the negotiation period, which can either be USD or EUR for the BRAM resources. The flow of funds for the program will use a reimbursement mechanism from national revenue and budget funded activities. The matching grants in local currency will be channelled through from DA to the accounts in the county bureaus of finance to the eligible beneficiaries based on the supporting documentation provided by the projects.

161. The government's share in financing comprises counterpart funding for payment of applicable taxes (US\$ 8.9 million) and other in-kind contributions as well as part of project management costs.

d. Summary of benefits and economic analysis

162. **Estimation of Benefits and Beneficiaries.** Based on the plans submitted by counties, it is expected that the project will be able to reach around 108,000 households directly and 351,500 people. The numbers exclude beneficiaries who might receive more than one benefit from the project to avoid double counting. It is expected that women beneficiaries of the project will comprise not less than 50 % of the total beneficiaries and youth will constitute at least 30%. Table under paragraph 49 gives an estimated number of beneficiaries from the different types of benefit generated by the project.

163. **Financial analysis** has been conducted to Component 1 only as activities under Component 2 generates public goods which are difficult to quantify. For component1, 12 financial models were developed to conduct the benefit cost analysis and estimate the IRR and NPV, with results as below:

Table 4. Key profitability indicators by model

Model	FIRR	NPV (CNY, discount rate@8%)
1.Chinese herbal medicine processing	29%	1,195,261
2.Walnut grafting	28%	28,044
3. Silage processing	26%	3,671,068
4.Apple improvement	29%	7,194
5.Bee Keeping	20%	2,675,060
6. Courtyard gardening	28%	6,368
7.Fungus production	19%	5,344,740

8. Vegetable greenhouse	28%	113,462
9. agritourism	27%	193,347
10. High-standard farmland rehabilitation	29%	3,152
11. Reclamation of saline-alkali soils	25%	4,151
12. Cold storage	25%	1,028,759

164. The economic analysis (only for Component 1 as with financial analysis) yields an EIRR of 23% with economic net present value at CNY 975.44 million using a discount rate of 8%. These figures indicate that the project is economically viable. A sensitivity analysis (switch value) was carried out to test the robustness of the two key factors, namely output price decline and cost increase. The results are summarised in the table below. The economic viability of the project appears to be more sensitive to benefit reduction (output prices decline) than cost increases. Detailed analysis is contained in Annex 4.

165. **Table 5: Results of the sensitivity analysis of the economic analysis**

	EIRR	NPV (US\$ Million @ 8%)
Baseline	23%	133.62
Investment cost increased by 22%	8%	0
Benefit reduced by 15%	8%	0
Cost increased by 9% & benefit reduced by 9%	8%	0

e. Exit Strategy and Sustainability

166. **Exit strategy.** The proposed project's exit strategy and sustainability are built on the ongoing government's programmatic Rural Revitalization, and the project's sustainable approach and interventions will be complementary to the government's agenda in this regard. Principal participating and supporting technical agencies such as Agriculture and Rural Affairs, Nature Resources, Ecological Environment, Water Resources, Women's Federation, and Meteorology will continue their improved services and civic responsibilities after the project completion. The assumption is that improved institutional support system will be more efficient with its improved capacities and service efficiency, which will be more catalytic in fostering public-private partnership for climate-resilient and sustainable modern agriculture with adoption of green technologies, and community-governed management models.

167. **Sustainability.** Several operational features are foreseen to help ensure the project's sustainability at different dimensions.

168. The social sustainability will be ensured mainly through social inclusion, differentiated targeting of disadvantaged target segments, and promotion of active participation and leadership. Under its two technical components and institutional capacity building and management, the project designed:

- interventions in inclusiveness of smallholders (1.1.1. Production and processing upgrade of grassroots agribusinesses, 1.1.3. Capacity building and diversification, 1.1.5. Agri-insurance, 1.2.1. Adoption of green technologies and market access, and 1.2.2. Rural eco-tourism regarding equal access to technologies, labour transformation and contract farming in market access).
- differentiated targeting of women and youth in their capacity building and diversified IGAs,
- promotion of women and youth entrepreneurship (1.1.1 regarding women and youth leadership, 1.1.2 Women-led courtyard economy, 1.1.4 Women and youth entrepreneurship, 1.2.2 Rural eco-tourism when promoting leadership positions and application of digital and other modern technologies).
- community-wise access to productive and non-productive assets and services with O&M mechanisms in place (Subcomponent 1.3 and subcomponent 2.2), and

- villagers of different socio-economic wellbeing categories being engaged in the community participatory process of planning, execution, and evaluation while the project gives emphasis on experimenting sustainable model of community management (2.1. Participatory planning and good governance, 2.2.6. O&M)

169. *The financial sustainability* will be pursued by adopting various strategies, such as:

- improving productivity under activities of support to smallholder farmers and their organizations for enhanced production and processing,
- awareness building on and adoption of green and sustainable technologies,
- development of agri-value chains and improved market access for public and private agro-enterprises under industrial transformation,
- diversified incomes from courtyard economy, women and youth entrepreneurship, villages of conventional agriculture transformed into rural eco-tourism, and agricultural labour trained with upgraded skills for diversified on-farm and off-farm activities, and knowhow of management and operations in service sector such as tourism, and
- meanwhile, increased access to agri-insurance by individual smallholders and agro-businesses of different dimensions will gain additional resilience.

170. The environmental sustainability remains as a long-term objective to achieve but it impacts the daily livelihoods of rural men and women. As the project aims to adopt the green technologies and good practices where relevant to increase productivity, but without degrading the natural resources and ecosystems that support human well-being and biodiversity. The project design therefore:

- raise awareness on agroecological practices and adopt green technologies that enhance soil health, water quality, crop diversity, integrated pest management, and carbon sequestration,
- promote circular economy practices that reduce both agricultural and daily-life waste, reuse and recycle production and household materials and related resources,
- support smallholder farmers and their organizations, project villages in their conservation and restoration of agriculture and community landscapes and cultures,
- fostering innovation and collaboration among agri-value chain actors, influencers, and supporters, including public and private sectors, civil advocacy organizations, and technical service providers,
- strengthen the project villages for sustainable development, such as market access, awareness on and compliance practices with environmental regulations at the levels of both productive capitalization and community livelihoods.

171. All these will contribute to the improvement of rural livelihoods, reduce poverty and vulnerability, ensure food and nutrition security, and the achievement of global goals including climate change mitigation and adaptation. The PMO will engage the project stakeholders at early implementation stage to strategize a sustainable exit with due ownership once their learning experience advances and the PMO has good command and understanding of the project ToC.

172. *Risk-sharing co-financing from private sector.* The likelihood of increased private sector's total matching in the BP financing business model is high as indicated in the ongoing experiences of the Country Programme in China. The design projected a conservative co-financing of 1:1 with matching grants for transformation granted to the private sector players. Meanwhile, public agro-enterprises show a higher matching capacity, conservatively estimated for at least 1.3. The project will continue to explore additional co-financing from other government programmes active in agricultural development and Rural Revitalization in the country.

173. More comprehensive exit and sustainability strategy will be developed by the PMOs with all the stakeholders at start up to ensure a common vision and understanding of sustainability requirements. Movements towards improved sustainability and exit will be regularly monitored and evaluated, particularly at MTR to help analyse the readiness and identify the preliminary indications for later strengthening interventions during the second half of implementation. Monitoring of exit strategy will include specific sustainability assessment of the main private and public institutions supported by the project, including farmers' organizations, small and larger agribusinesses participating in the project implementation, local service providers, entrepreneurs and value chain partnership supported in components 1 and 2. Such rapid and participatory assessment will include among others review of economic viability and capacity for sustainable operation and maintenance of the various activities initiated.

3. Risks

H. Project risks and mitigation measures

174. The overall residual risk is assessed as moderate. Despite increasing challenges in climate change, agri-sector and market uncertainty, and institutional reengineering in the context of the ongoing Rural Revitalization, the project will build upon proven approaches based on lessons learnt in the IFAD Country Programme in China, to implement risk mitigation measures, and bringing residual risks down to a moderate level. Risks will be addressed using continuous risk monitoring and close supervision.
175. Two primary risks and their mitigations measures are worthy being highlighted, as follows:
176. **Continued vulnerability to climate change.** Gansu province has been experiencing increased climate change challenges, resulting in irregular increases and drops in temperature and precipitation. Extreme weather conditions are more frequent in the recent years and there is tendency of deterioration with escalated shocks of natural disasters in the coming years. All these have direct impacts on the rural livelihoods, especially regarding the on-farm and off-farm activities, affecting the operating and financial effectiveness and efficiency of all the components along the entire agri-value chain.
177. As mitigation measures, the project directly invests in adopting the climate-smart technologies and varieties, building climate-resilient productive and non-productive (community-wise) assets such as irrigations, quality roads, community facilities and services of better coping capacities, diversified IGAs and knowhow, collective resilience strengthening in terms of production organization and capacity in community sustainable management. (More details under SECAP analysis)
178. **Co-variant risk in agri-industrial/sectoral specialization.** Agriculture in the project counties is undergoing an impressive transformation, from the smallholder family farming to industrialized production bases and industrial parks where large public and private corporations are leading. Therefore, product and production specialization has been gaining scales in terms of investment weight county-economic wise, and agri-production and processing wise. The co-variant risk is high as the neighboring counties have similar structural set-up, and mostly specialized in the sector of fruits and vegetables. Meanwhile, the country-wise market for fruits and vegetables appears to go through a period of surplus supply, while consumers have also expressed their watch-and-wait spending attitude as post-pandemic coping against possible uncertainty.
179. As mitigation measures, the design proposed to diversify the project investments into larger set of cardinalities (controlled individual amounts and spread for more investment recipients), balanced between agribusinesses of small and large sizes, public and private. At household level, courtyard economy, IGA diversification skills and knowledge, agri-insurance will provide better resilience to the smallholder farmers. Continued support to grassroots farmers and their production and marketing organizations, agri-value chain development and improved market access will accompany the smallholders in their market-led/demanded production, as compared to produce, and market the surplus.
180. Risk associated with institutional restructuring is considered minimum with the RRB merged into DARA since February 2024. As indicated in the implementation chapter below, the organizational framework and the roles and responsibilities and staffing requirements of the PPMO have been elaborated to ascertain project management. Overall, the most effective mitigation measures regarding staff capacity remains the peer learning from the other ongoing IFAD-assisted projects of better maturity in the country, as observed and proven in the country programme. The ICO will actively foster such peer exchanges amongst projects to support the new projects.
181. **IPRM** is intended to succinctly capture key project risk information and serve as a summary project risk register, comprising identified risks, risk ratings, mitigation plans, and updates on risk trends. Related risks captured are summarized as:
182. Most of the inherent risks were assessed as Moderate, except: (i) Resource Efficiency and Pollution Prevention rated as Substantial, and (ii) Legal and Regulatory Framework and Labour Working Conditions as Low.
183. With project interventions, a number of residual risks are expected to be low, which are: (i) Policy Development and Implementation, (ii) Project Relevance, (iii) Culture Heritage, (iv) Indigenous People, (v) Community Health and Safety, and (vi) Stakeholder Grievance.
184. More details can be found in the PDR Annex 9 - IPRM.
185. **SECAP.** IFAD applies its Social, Environmental and Climate Assessment Procedure (SECAP) at design and during the implementation.
186. **Procurement Risk Assessment.** Procurement risk assessment was conducted using Methodology for Assessing Procurement Systems (MAPS) during the design. The assessment identified the inherent risk is moderate. The mitigation of SECAP Risk associated with Procurement is described in the PIM. The Project will adopt ICP-CMT to enhance transparency in its contract execution and monitoring.
187. **FM risks in disbursement:** Overall FM Risk is Moderate based on the assessment of the country, the entity and the project levels, the major FM risks come from complex project structure which is still uncertain, lack of qualified finance and project staff as well as fund flows and procurement of goods and services. The assessments indicate that the prevailing government financial, accounting, and auditing policies and systems meet the generally acceptable international accounting and auditing standards. The Government has adequate internal control systems and financial reporting arrangements.
188. **FM mitigation measures:** FM staff will be trained and detailed Financial Manual and Procurement guidelines will be developed. Accounting software will be procured for project at start-up. Capacity building and support from IFAD on Financial Reporting and Auditing will be provided.

I. Environment and Social category

189. The Social and Environmental Risk Category for the Gansu project is rated as Moderate, following the results of the Environmental and Social Safeguards Screening Checklist. The project will invest in activities that are relatively limited in scale, i.e. mostly small-scale farm-level activities as opposed to larger infrastructural developments. Yet the broad ranges of activities and value chains to be supported under the integrated farming approach increase the number of areas of risk, and therefore the overall risk profile is rated as moderate. An Environmental, Social and Climate Management Framework (ESCMF) has been developed, in addition to a Stakeholder Engagement Plan (SEP) and a Grievance Redress Mechanism (GRM). During early implementation, sub-project specific Environment, Social and Climate Management Plans (ESCMP) will be developed and implemented to effectively monitor E&S risks during project implementation.
190. For Gansu project, social and environment risks have been identified in the following aspects: resource efficiency, pollution prevention and community health and safety. The ecological environment condition in project area is compared; the ecological environment quality of Tianshui prefecture in the project area is "good", the ecological environment quality of Baiyin prefecture, Pingliang and Dingxi prefectures as "average", the ecological environment quality of Wuwei prefecture as "fair"; no "excellent" and "poor" categories. In summary the PCN findings are:
- Limited likelihood of biodiversity threatened with the project interventions.
 - Resource efficiency and pollution prevention well taken into consideration in project concept.
 - Cultural Heritage is attached great importance in the project activities.
 - Labour and Working Conditions are highly regulated and there is minimal likelihood of violation or deviation.
 - Indigenous peoples or ethnic minorities in the context of China will be properly taken care of, mostly with preferential policies and support programmes specially made by governments.
 - Community health and safety will be ascertained in line with relevant policies and institutional arrangements in place.
 - No evidence that the project activities would result in physical and economic resettlement.
 - Financial intermediaries and direct investments will be highly regulated to minimize the risk of investment risk.
191. Areas of moderate risk as identified through the screening exercise include, amongst others: non-environmentally sustainable of living natural resources; inputs of fertilizers and other modifying agents; use of pesticides; increases in traffic and alteration in traffic flow. For each of the identified risks, corresponding measures will be included in the ESCMP to avoid occurrence and to minimize any negative impact.

J. Climate Risk classification

192. The climate risk classification for this project is moderate. As the project will be implemented in five counties which are defined as arid and semi-arid areas, the exposure to climate-related hazards is identified and includes drought, flooding, low temperature, and hail disasters. Drought disasters accounted for 67.4% of the climate-related disasters; flooding disasters accounted for 10.6%; low temperature disasters accounted for 9.7%; wind and hail disasters accounted for 3%. These climate-related disasters led to apparent damage and loss in the project areas in past decades. Based on future climate scenarios foreseen, climate hazards will change apparently in different regions. The project will be exposed to climate related hazards. The sensitivity and vulnerability will be cut down with the project activities implement. The adaptive capacity and climate resilience in project area will be significantly improved. The risks can be remedied through appropriate preventive or mitigation measures with the implement of project activities. Focus on key areas and vulnerable populations, hazard identification, monitoring, early warning, and emergency preparedness for areas affected by natural disasters would be implemented, which threatened by drought, flooding, low temperature, wind, and hail disasters. Water-saving irrigation technologies would be utilized in the project to reduce the loss from drought hazards. Renovation and upgrade of embankment would low down the flooding risk on crop farming and ecology system. Agricultural meteorological index insurance would be used to address the risks of climate change and reduce farmers' losses, especially in the fields of livestock farming and crop cultivation.

4. Implementation

K. Organizational Framework

a. Project management and coordination

193. **Lead Project Agency.** The project will be implemented by the Provincial Department of Agriculture and Rural Affairs (DARA) of the of Gansu Province in China at Provincial level^[16]. DARA is a provincial-level government agency responsible for promoting the development of agriculture and rural areas, aiming at achieving the goals of modernizing agriculture, increasing farmers' income, improving rural living standards, and building a harmonious society in Gansu province.
194. A **Provincial Project Management Office (PPMO)** will be set up in DARA, which will be staffed adequately with key functions necessary for the management of the project, including but not limited to an executive Project Director, a Planning, M&E and Knowledge Management Officer, a Procurement Officer, a focal point coordinating SECAP-related work including Gender and Youth/ Social Inclusion, an Agricultural and Agribusiness Development Officer, a Finance Officer and Accountant. Similarly,

County Project Management Office (CPMO) will also be set up in county Bureau of Agriculture and Rural Affairs (BARA) with similar staffing structure, whereby officers responsible for SECAP related matters could be seconded from the line agencies such as the county WF and Environment Bureau. A senior leader from the DARA/BARA shall be appointed as the PMO Director for the project, for overall management and coordination. Short-term technical assistance may be procured through a consultant or service provider when required. Relevant technical bureaus in the counties will also be mobilized to support implementation of the related project activities.

195. The bureau aims to promote rural development by improving infrastructure, increasing agricultural productivity, and supporting rural entrepreneurship. The bureau also works to improve the living standards of rural residents by providing them with better access to education, healthcare, and social services^[17]. The RRB was restructured into the organizational network of the Ministry of Agriculture and Rural Affairs at different levels since 2020^[18]. The Provincial RRB was officially merged into DARA in early 2024 but continue to exercise its previous responsibilities.
196. **PMO roles and responsibilities.** PMOs represent the project at the level of operational management, focuses on planning, coordinating, monitoring, and reporting of the project. Their key specific responsibilities including:
- Ensure that the project strategy is applied through the implementation of all activities,
 - Coordinate the programming of planned activities under the Project,
 - Assume the inter-project coordination with the ongoing IFAD-assisted projects and other stakeholders,
 - Prepare and consolidate AWPBs,
 - Coordinate the timely and proper implementation of approved AWPBs by each of the implementing line agencies, and in all the project counties,
 - Consolidate project-related budgets, statements of expenditure and progress reports,
 - Ensure timely project M&E and progress reporting,
 - Lead the project KM and SSTC participation.
 - Prepare withdrawal applications and facilitate disbursement.
 - Manage procurement and contract execution monitoring.
 - Preparing withdrawal applications,
 - Ensure the undertaking of the annual auditing of the Project, and
 - Other mandates and tasks that the Government and IFAD agree to assign.
197. The **Department/Bureau of Finance (DOF/BOF)** at Provincial/prefecture and county level will be responsible for administering project resources, including the IFAD loan and counterpart funds. They will also support the project implementation by a) overseeing the use of project resources; (b) ensuring effective flow of funds for project implementation; (c) providing appropriate training to the financial officers of PMOs in terms of financial management; and (vii) preparing Withdrawal Applications (WAs) and reimbursement of eligible project expenditures on a timely basis.
198. **Inter-agency coordination mechanism (IACM).** Considering the cross-agency nature of the project, inter-agency coordination mechanism at both provincial and county levels will be established, to exercise the essential supervisory and coordination functions on issues critical for project implementation, such as counterpart financing, project supervision and issue-specific coordination between participating agencies. Such mechanism may convene on demand basis but at least once every year in a manner considered appropriate by involved parties. The agencies involved should at least include DARA, Finance, and/or Development Reform Commission (DRC) at the provincial level. At the county level, other relevant agencies should include technical bureaus such as those responsible for water, land, and environment protection. A vice-governor of the project county should be designated to chair such coordination mechanism. The Women's Federation (WF) and Youth League (YL) in the counties will be assigned due responsibilities in supporting women and youth related activities and leverage opportunities for further supporting women and youth in the project areas.
199. **Village Implementing Group (VIG)** will be set up at each of the project administrative village. It will be headed by the Chief of the village committee and composed of 7-8 people, including a couple of the village committee members and 4-5 farmer representatives from different household categories of well-being. Farmer representatives will be elected by local farmers, and they will be no less than 50% of the total members of the VIG. Of the farmer representatives, women will be no less than 50% and at least two thirds will be from the former registered poor, or the community-recognized vulnerable households. Youth especially young farmer entrepreneur will have at least one representation seat at VIG.
200. The VIGs' major responsibilities include: (i) a regular participatory and inclusive targeting of the beneficiary households within the village; (ii) providing advices on the selection of private sector and village-based rural entities' participation, (iii) identifying project activities prioritized by eligible target groups through participatory approaches, and reporting to the PMOs for the development of AWPB implementation; (iv) organizing the vulnerable households to participate in project activities; (v) assisting PMOs monitor project implementation and collecting M&E data where required; and (vi) organising the operation and maintenance of community infrastructure built by the project.
201. **Partnership.** In addition to the enhanced partnership between IFAD and the Government, the GD2RPD will explore value-added partnerships as fostered by the IFAD Country Programme in China and through the implementation of the IFAD-assisted projects in the country, building possible synergy and partnership with the UN community in the country, participating line agencies, private sector, and technical players of the civil society where relevant. For example, partnership should be explored with the China Social Entrepreneur Foundation that has successfully provided women entrepreneurship training and incubation to ongoing IFAD-assisted projects in China with its own financing.
202. Another potential avenue will be the partnership with the International Centre for Agricultural Research in Dry Areas (ICARDA) that has been involved in several projects related to arid and semi-arid agriculture in various provinces in China including Gansu. As GD2RP will promote Good Agricultural Practices such as crop-livestock system and water-efficient cropping system, it will

include ICARDA as part of its capacity building roster and regular knowledge sharing platform. The project should make efforts to know better the ICARDA's business scope and field of expertise, exploring possible partnership in technical assistance and innovative farming models.

b. Financial Management, Procurement and Governance

203. **Financial management organization and staffing:** The PPMO organization structure will be composed of a Project Director who has the overall responsibility for the project, and a Finance Manager (or formally Planning & Financial Officer) who has financial responsibility. A Finance assistant / consultant can also be staffed as the finance team of the PPMO. The technical officers in the PPMO will have review and pre-approval functions, similarly at the county PMOs. The finance team of each CPMO will be composed of one Accountant with overall financial responsibility at the county level.
204. **Budgeting:** The PPMO, after consultations with project stakeholders, shall prepare its annual budget, linking all the planned activities to the disbursement categories of the Schedule II of the Financing Agreement. This exercise will take place in advance of the preparation of the national budget to ensure that the required Government funds are timely allocated. All financing sources of the project should be clearly stated in a consolidated budget.
205. **Disbursement Arrangements and Flow of Funds:** GD2RP's withdrawal and utilization of loan proceeds are governed by the IFAD's Financial Management and Financial Control Handbook (FMFCH) and the Financing Agreement between IFAD and the Government of China. Applicable procedures for disbursement, financial reporting and maintenance of appropriate project records will be described in detail in the Financial Management & Financial Control Arrangements Letter (FMFCL) subsequently after the signature of the Financing Agreement.
206. The Gansu Provincial Department of Finance (DOF) will open and maintain a Designated Account (DA) for the exclusive use of the loan proceeds of GD2RP. The DOF will be directly responsible for the management, maintenance, and reconciliation of the DA. The DA will be administered following revolving fund arrangements, in which the advance will be provided based on the cash forecasted amount reported in the IFR and the project would need periodically report justified expenditures against every reporting quarter when the expenditure incurs. Additional requirements to the revolving fund arrangements can be provided in Appendix 1 to the FMFCL.
207. **Internal Controls:** The FM system will be supported by rigorous treasury system of the County Bureaus of Finance (presenting county governments) who will be monitoring and verifying the reporting of expenditures. The project will apply IFAD anti-corruption policy which will be embedded in the PIM to guide project operation. Key internal control procedures, including segregation/independence of functions for accounting, payments, procurement, and the reconciliation of accounts will also be specified in the PIM and Financial Management manual. User access and authorization for the accounting software will also be outlined.
208. **Accounting Systems and Financial Reporting mechanisms:** The Chinese Accounting Standards (CAS) will be applied for the project annual financial reporting and daily accounting. The CAS are acceptable to IFAD. IFR format and submission deadlines for the annual financial reporting are detailed in the FM manual in the PIM. The unaudited annual financial statements are provided to IFAD within 3 (three) months after the end of the fiscal year.
209. **External Audit:** The auditing is conducted by the DAO which is constituted as an independent body under the National Audit Office (NAO) and responsible for the audit for all IFIs projects in China. The Provincial Audit Office will be delegated to be responsible for auditing the project. PAO has rich experiences with WB, ADB and IFAD project auditing. The audited financial statements in English and a detailed audit report in English along with a separate Management Letter in English not later than six months after the end of each financial year. The Audited financial statements need to be sent to IFAD no later than 6 months after the end of the fiscal year.

210. Procurement

211. Legal, regulatory and policy frameworks in China are clear and align with international procurement practices. Procurement of Goods, Works and Consulting Services financed by the IFAD will be involved in Procurement Plan (PP) prior to their implementation that should be in accordance with the IFAD Procurement Guidelines, IFAD Procurement Handbook, and relevant procurement policy, as well as national procurement Laws/Regulations. China National Procurement Laws and corresponding implementation manuals will be applied for the procurement financed by government counterpart.
212. The first 18-months PP and General Procurement Notice (GPN) will be established based on the Project Procurement Strategy (PPS), in which the procurement needs, market and procurement risks will be analyzed to produce the procurement objectives. The Project Procurement Arrangement (PPA), which specified the thresholds and prior review arrangements, will be established to guide the project procurement activities.
213. The procurement implemented by state-owned enterprises or other public sector involving IFAD's funds must comply with IFAD Procurement Guidelines, IFAD Procurement Handbook and its subsequent. While the procurement processes are implemented on the government public trading platform, the PMOs should coordinate with the platform to ensure that operable and flexible processes and procedures are applied. The platform should be able to implement the electric procurement processes that could serve as an alternative procurement approach. The initial 18-month procurement plan will be updated at Project start-up. At project start-up, the PMUs shall update, complete, and furnish to IFAD for its approval, the 18 months Procurement Plan through the OPEN (IFAD's Online Procurement End to End System) as a mandatory measure. IFAD's Prior and Post Review Requirements. Thresholds and documentation for prior reviews will be described in PPA. All requests for IFAD prior review and No Objection (including AWPB, Procurement Plan, procurement documents at different stages subjected to IFAD prior review, project guidelines and manuals, etc.) will be carried out through the OPEN (End-to-End system). Post-review contracts and grants should be also uploaded to the OPEN system.
214. A provincial procurement agency of proven track record in projects funded by international development agencies, should be recruited to provide technical assistance through professional services for project procurement for both provincial and county levels as early as possible. This is to facilitate and support PPMO and CPMO project level procurement activities. The provincial procurement agency should also provide procurement capacity building for PPMO and CPMO project level procurement and other staff in managing procurement and its associated risks for the entire project lifecycle. Capacity of procurement staff the Project implementation units will be strengthened by accredited procurement staff. Procurement team and project management would be encouraged to take up opportunities to participate in IFAD's BUILDPROC procurement accreditation programme which is a strategic tool for procurement capacity development initiative.
215. In addition to prior review, IFAD will undertake yearly supervision and implementation support missions to review project implementation status and provide technical support. The supervision missions will (i) verify that the procurement and contracting procedures and processes followed for the projects were in accordance with the Financing Agreement and the Procurement Arrangements Letter; (ii) verify technical compliance, physical completion and price competitiveness of each contract in the selected representative sample; (iii) review and comment on contract administration and management issues as dealt with by the PPMO and CPMO; (iv) review capacity of the PMU in handling procurement; and (v) identify improvements in the procurement process in the light of any identified deficiencies
216. Governance and Anti-corruption. IFAD will not finance expenditures for goods, works or consulting services that have not been procured in accordance with IFAD Project Procurement Guidelines and the Financing Agreement. In such cases, IFAD may, in addition, take other remedial action under the financing agreement, including cancellation of the amount in question from the loan account by declaring it ineligible. Even if the contract was awarded following IFAD's "no objection" statement, IFAD may still declare mis-procurement if it concludes that this statement was issued based on incomplete, inaccurate, or misleading information furnished by the Borrower/Recipient. The project will be audited annually by the Provincial and County Audit Offices.

L. Planning, M&E, Learning, KM and Communication

a. Planning, M&E, Learning, Knowledge Management and Communication

217. **Planning.** The project will be implemented based on an Annual Work Plan and Budgets (AWPBs) which identifies the activities that will be carried out in each Fiscal Year, the implementing agency, the resources, and the time needed to complete them and a procurement plan. The Provincial Project Management Office will consolidate the draft AWPBs prepared by each county and submit for IFAD's 'No Objection' prior to its effectiveness.
218. **ORMS, Core Indicators and logframe:** The Project's logical framework (Annex 1) will serve as the key document for supporting results-based and objectives-oriented implementation. Results will be measured at the level of outputs in the initial years and later the focus will be on the outcomes and an assessment of the impact in terms of the increase in income, revenues, employment generation and empowerment. The outreach will be monitored by gender, age and ethnic to track the participation of women, ethnic minorities, and youth. IFAD core indicators and project-specific indicators included in the project's log-frame will be monitored regularly. Log-frame results will be regularly updated and inputted in IFAD's Operational Results Management System (ORMS) based on project reports. CPMOs will be required to track each of these indicators and include them in the MIS system of GD2RP.
219. **Monitoring and Evaluation (M&E).** The M&E is a cross-cutting management function spanning the entire project cycle, and it is key for tracking progress and supporting decision-making. A Planning and M&E system shall need to be established shortly after project effectiveness. Key M&E deliverables required throughout the project cycle by project stage would be:
- Start up: recruitment of M&E service provider if PMO is not able to assume to the due functions by itself; assignment of M&E focal points at all levels; validation of TOC and Logframe; M&E plan; set-up of Management Information System (MIS)[\[19\]](#); Core Outcome Indicator (COI) baseline survey and report; orientation for M&E focal points.
 - Implementation: elaboration of AWPB; semi-annual and annual progress and results reports; contribution to annual supervision missions; mid-term review survey and report; training on M&E.
 - Completion: COI completion survey and report; project completion report; impact assessment when required.
220. For each M&E deliverable, IFAD will provide further technical explanations and guidance to the PMO referring to related manuals and guidelines. Full ownership and accountability of the M&E work needs to be taken by the PMOs to ensure quality deliverables and timely utilization of information. The project will ensure M&E related activities are included and budgeted in the AWPBs. In addition to implementation progress monitoring, the project progress towards scaling up will be adequately monitored and reported during implementation.
221. As part of its commitment to being gender transformative, the project will include the IFAD Empowerment Index as an additional impact indicator to measure change in women's empowerment. The M&E indicators of the project will link to the results framework of the new COSOP for China for 2025-2030.
222. **Knowledge Management (KM)** will be used as both as an adaptive management tool to help the project to build practical and actionable knowledge and know-how that lead to improved project performance and results, and supports innovation, scaling up and country-level policy engagement. The project will ensure KM related activities are included and budgeted in AWPBs. KM responsibilities will be assigned to focal points at Project Management Offices (PMOs) of all levels, and staff should benefit from guidance and training for KM implementation. The project KM activities/approaches could focus on, but not limited to: (i) capturing and documenting experiences, lessons, and successful cases resulting from project activities, especially regarding the project's innovative models and approaches that could be replicated and scaled-up, inform policy-making - or shared with other developing countries through south-south cooperation; (ii) study tours, exposure and exchange visits, both in the country and outside the country for peer learning and sharing knowledge; (iii) organizing and participating workshops to share knowledge, innovations and best practices; and (iv) well designed and operational information management systems, including electronic archives that enable easy access to data, reports and other documentation.
223. To enhance the learning process and the dissemination of results, a knowledge management and communication strategy, and related action plan will be developed and integrated into the project management. The strategy and the action plan will include which thematic areas of learning the project will be focusing on and outline how the knowledge generated will be disseminated through the most appropriate channels.

b. Innovation and scaling up

224. Innovative potential. The project will identify relevant innovations from designed activities, participating public and private partners and other non-GD2RP or non-IFAD funded programmes. It will promote selected activities that present the potential of innovation in the IFAD Country Programme in China, working on their possible adaptation, replication and scaling up among government and other donor-assisted projects and programmes. The GD2RP will give special attention to a number of project interventions considered to have innovative potential, as follows:

- Evolving Business Plan (BP) financing for inclusive participation of smallholder farmers and their organizations in agri-value chain development. The project inherited a number of good practices of the recently completed and ongoing project of the IFAD Country Programme in China in its design. The GD2RP design will adapt this business model to balance in one hand the continued support to the grassroots production and processing small agribusinesses, and in another the leading trend of industrialized modern agriculture where larger public and private agro-enterprises are overriding in the project counties. Ultimately, the project will build on enhancing the planning and execution of the cooperative business-led approach as part of strengthening the rural agricultural cooperative institution for wider use under the new COSOP.
- Sustainable community management model should be another innovative potential that the project will pursue, based on proven good governance of inclusiveness and sustainability in support, and for possible policy engagement also. Ongoing good practices tend to focus on the ownership of physical assets built and the participation under the leadership of village council or committee. The project aims to promote a genuine participatory process in planning, execution and management as part of the governance, pursuing a well-documented and replicable business model that gives priority on sustainability, which encompasses not only the effectiveness of operational governing, but also the environmental, economic and social dreams of the villagers while maintaining sound efficiency in participatory and collectively managing the community's equity and tangible and intangible assets, preserving the environment for the future generation, safeguarding the food and nutrition security for at both household and community levels, and therefore ensuring in long run the rural livelihoods;
- Adoption of green technologies by value chain actors of different levels. The project promotes the awareness building and adoption of agricultural green technologies by smallholder farmers and their organizations, small-size agri-businesses (subcomponent 1.1), and by larger-size agro-enterprises and agri-industrial parks (subcomponent 1.2). All present different dynamics in acceptable costs of learning, adaptation, and adoption. The project will differentiate the introduction of green technologies in accordance with order to help observe and achieve results of various levels. Meanwhile, component 2 will also introduce a series of planned and informed actions in the adoption of green technologies in the community service facilities; its process from conceptual awareness to actual application or utilization will also be indicative for the Rural Revitalization, either at community or individual household levels. If successfully implemented, the related processes and outcomes should be of reference value for the country and elsewhere regarding the adoption of agricultural and service-led green technologies.
- Rural eco-tourism for diversification and rural labour transformation. The project also invests in the promotion of transforming the potential village from the conventional farming into diversified rural eco-tourism site, with the bio-diversity and eco-environment protected and rehabilitated for diversified incomes of the villagers. The transformation will not only comply with regulations and good practices in the protection of natural resources, but also undergo a capacity building to help transform the rural men and women into tourism labour force in both management and service operations. Such intervention would present a good potential of innovative practices in the evolving Rural Revitalization.

225. Scaling-up. This project was designed by taking advantage of a selected number of implementation knowledge and lessons learnt generated from the recently completed and ongoing IFAD-assisted projects in China as scalable good practices. These include activities related to BP financing, promotion of women and youth entrepreneurship, adoption of digital and other modern technologies, agri-value chain integration, and linkage between productive infrastructures and market-led agri-production bases. The project will seek to elaborate an in-built scaling up strategy once the project's operations have been rolled out and potential of good practices and innovation are indicative enough. This should go along closely with the project's KM, policy engagement, and SSTC among others in terms of planning and execution. The project management will engage itself in scaling-up in other government and non-government development programmes, leverage the SSTC exchange platform for regional learning and sharing.

M. Project Target Group Engagement and Feedback, and Grievance Redress

a. Project Target Group Engagement and Feedback.

226. Engagement and feedback. Engagement of project target groups will ensure achievement of project objectives. In principle, GD2RP will utilize and enhance the institutional mechanism of target groups feedback through the vertical institutional structure of GD2RP and its associated departments and agencies. The needs of beneficiaries and their involvement in project implementation will be ensured from the start-up to the completion, and Stakeholder Engagement Plan (SEP) will be developed for the project implementation. Staffs of PMO at all levels and members of Village Implementing Group (VIG) will be trained with awareness, procedure and working methods of SEP and Grievance Redress Mechanism (GRM), and project information will be transparently and timely publicized to the target groups; project activities will be disclosed to the beneficiaries and project villages, and channels/phone numbers for submitting their complaints will also be publicized. Setting up and operation of VIG will ensure the participatory planning and implementation of the project at village level. Additionally, county PMOs will conduct periodic interactions with beneficiaries and villages during project implementation. The issues of review for IFAD's annual supervision missions will be addressed.

b. Grievance redress.

227. Implementation of the project may generate several challenges and complaints. Therefore, a system of GD2RP will be created, by which queries or clarifications about the project will be resolved, problems with implementation will be resolved, and complaints and grievances will be addressed efficiently and effectively. IFAD requires that all borrowers adopt an easily accessible grievance mechanism at the project-level to receive and resolve concerns and complaints of people who may be adversely affected or potentially harmed by IFAD-supported projects that fail to meet the SECAP Standards and related policies. The project will further assess existing mechanisms at national and local levels and establish them to establish a project-level Grievance Redress Mechanism (GRM). The GRM requires: (i) working actively with the affected parties to resolve complaints; (ii) ensuring that the complaints procedure is responsive and functioning effectively; and (iii) maintaining records of all complaints and their resolutions.
228. In addition to the project-level GRM, affected people may also access IFAD's Complaints Procedure which ensures that appropriate mechanisms are in place to allow individuals and communities to contact IFAD directly and file a complaint if they believe they are or might be adversely affected by an IFAD-funded project not complying with IFAD's Social and Environmental Policies and mandatory aspects of SECAP. The project-level GRM and IFAD's Complaints Procedure shall be fully informed to stakeholders during the project start-up and beneficiaries during the awareness gathering on project activities. Details of the complaint procedure can be found at <https://www.ifad.org/en/accountability-and-complaints-procedures>.
229. Moreover, there are existing grievance system in Chinese Government from central to county levels, and project stakeholders can access the government complaint system of project counties, prefecture and province through websites, telephone and WeChat In Gansu. Similarly, the grievance system of Department/Bureau of Agricultural and Rural Affairs (DARA/BARA) at above-mentioned levels are also accessible by publicized channels.
230. Further information on the principles and steps to develop and operationalize the project-level GRM are included in the project's ESCMF.
231. The GRM will be elaborated upon and will address how grievances will be addressed across different levels of governance and institutions. The composition of the machinery and role of each member as GRM focal person will be duly recorded in a written format and widely disseminated. This will be jointly discussed and finalized with the PMU and relevant stakeholders within the early implementation stages of the project (6months).

N. Implementation plans

a. Supervision, Mid-term Review and Completion plans.

232. Efforts will be made by both IFAD and Gansu to ensure efficient start-up of the project, through provision of counterpart budget, timely deployment of institutional arrangements, staffing and various management systems as described in the PDR, finalization/dissemination of PIM, recruitment of service providers, capacity building as well as start-up workshop within three months from effectiveness for the project, among others. Both government funds and loan financing (including retroactive financing) will be assured to support these preparatory efforts for efficient start of the project.
233. The design considered government's processing timeline for review and approval, and anticipated possible budgetary allocations for the project life, especially during start-up, i.e., the first year of project effectiveness after the financing negotiation and agreement. Once the design has been consulted and agreed in principle between IFAD and the Government, DoF, DARA and PRRB, and the five project counties will proceed to incorporate the designed activities and related budgetary projections in its budgeting and action planning.
234. The financing agreement will have factors as preconditions to IFAD's financing proceeds release, such as the set-up of effective PMO structure and its primary staffing including the IACM, the opening of Designated Account, No-Objection of revised PIM, to help ensure the readiness of management structure.
235. The start-up plan will include technical training workshops for PMOs as well as for related field operatives to ensure that the principal implementing parties are fully aware and ready for action implementation while target groups will be mobilised for engagement. Budget allocations mostly under the expenditure category of consultancies but covering training and workshop under related activities will cover the costs. The project M&E system will be set to monitor the progress and feedback on the needs of adjustments to assist operational decision-making.
236. The implementation schedule will be outlined by the detailed cost tables (DTs), the proposed first AWPB for 18 months, and the related procurement plan, which should be revisited by PMOs and make necessary updates with adjustments where required before their submission to IFAD China Office for No-Objection.
237. *Supervision.* IFAD will conduct direct supervision to the project, in close cooperation with the government. IFAD's annual direct supervision will mainly relate to the project's financial management, its physical and financial progress, implementation management's efficiency and implementing agencies' performance at all levels. Supervision missions will primarily address issues related to (i) Effectiveness and development focus, (ii) Sustainability and scaling up, (iii) Project management, and (iv) Financial management and execution.
238. A *Mid-term review* will be conducted by IFAD. This is tentatively scheduled for 2027. A key function of the MTR will be to review outreach to target groups and target segments' capture issues and to adjust project focus, budget and design if considered necessary.
239. *Implementation support* will be provided by IFAD as follow-up of its direct supervision and progress review and as a response to possible support required by the project. Support will be conducted on a demand-driven basis and in accordance with needs identified.
240. A *project completion report (PCR)* exercise will be carried latest three months after the project completion date to fully capture and assess: (i) the project's performance, including its relevance, effectiveness, efficiency and sustainability, and (ii) rural poverty impacts mainly under the aspects of households' income and assets, human and social capital, food security, agricultural productivity, institutional and policies, (iii) partners' performance including IFAD's and government's, and (iv) additional development aspects related to gender equity and women's empowerment, access to markets, innovations, scaling up, environment and NRM, adaptation to climate change, targeting and outreach.

Footnotes

- [1] World Bank most recent data 2019, based on 2017 PPP
- [2] China's Progress Report on Implementation of the 2030 Agenda for Sustainable Development (2023)
- [3] [NW China's Gansu lifts 5.5m people out of poverty in 7 years \(www.gov.cn\)](#)
- [4] Statistical Bulletin of National Economic and Social Development of Gansu Province for 2022
- [5] Statistical Bulletin of the People's Republic of China on National Economic and Social Development for 2022
- [6] Statistical Bulletin of National Economic and Social Development of Gansu Province for 2022
- [7] The National Bureau of Statistic. Statistic Monitoring Report of Chinese Women's Development Programme (2021-2030) in 2021. http://www.nwccw.gov.cn/2023-04/24/content_311453.htm
- [8] <https://data.stats.gov.cn/search.htm?s=%E5%8A%B3%E5%8A%A8%E5%8A%9B%E8%BD%AC%E7%A7%BB>
- [9] See project map for geographic concentrations in the North and Southeast of Gansu. Access to the national highway network was also a key factor for future market access.
- [10] All have been committed to green agricultural development.
- [11] Mainly related to acceptable public debt ratio as screened by the provincial Department of Finance.
- [12] ADB. Gansu Environmentally Sustainable Rural Vitalization and Development Project.
<https://www.adb.org/projects/53077-001/main#project-pds>
- [13] Notice of Gansu Province's 14th-Five Plan to Promote Agricultural and Rural Modernization (Gan Zheng Fa 2022, #17), Chapter 9 – Strengthening Rural Governance and Striving to Cultivate Civilized Rural Customs (In Chinese and non-official translation).
- [14] Report on Strategic Research of Rural Revitalization in Gansu (□□□□□□□□□□)□Gansu DARA and Gansu institute of Agricultural Sciences
- [15] The 14th Five-Year Plan (FYP) is a strategic document that outlines China's development goals and priorities for the period of 2021-2025. It also sets long-range objectives for 2035, aiming to build China into a modern socialist country in all respects. The FYP covers various aspects of economic, social, environmental, and political development, with a focus on innovation-driven growth, domestic market expansion, digital transformation, green development, and people's well-being.
- [16] Provincial Rural Revitalization Bureau (PRRB) was leading the project design process during 2023 but has been merged into DARA since February 2024. The reference of DARA in the PDR implies both PRRB and DARA. Similarly, the same applies at the county level, where County Bureau Agricultural and Rural Affairs (BARA) also implies the inclusion of county level RRB.
- [17] <https://www.adb.org/projects/53077-001/main>
- [18] The PCN mission in April 2023 foresaw a reemphasis of RRB mandate within the DARA at the time of final design, which did not take place. The Final Design mission was reassured that RRB will remain within the DARA and with more extended mandates and functions in the areas of agriculture and rural development. The DARA is structured with a comprehensive set of technical divisions in support of the evolving agricultural modernization of various dimensions.
- [19] The MIS is a database system developed for the project, which will integrate information regarding project planning, financial management and physical progress, allowing real-time reporting.

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 1: Logframe

Mission Dates: 03/09/2023-16/09/2023

Document Date: 22/07/2024

Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Gansu Demonstrative Rural Revitalization Project

Logical Framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project				Project M&E	BI-ANNUAL	PMOs	Sustained investment from government to rural revitalization in the sectors/areas of this project (A) Marginalization of smallholder farmers and their organizations lagging in active participation and equitable sharing of development opportunities and benefits in the middle of industrialized agricultural sector modernization, agri-value chain development, and rural livelihood reengineering (R)
	Males		102000	154000				
	Females		68000	154000				
	Young		34000	92400				
	Not Young							
	Indigenous people		5100	12320				
	Non-Indigenous people							
	Total number of persons receiving services		170000	308000				
	Female		40	50				
	Young		20	50				
	1.a Corresponding number of households reached				Project M&E	BI-ANNUAL	PMOs	
	Women-headed households		4000	8000				
	Households		50000	108000				
	1.b Estimated corresponding total number of households members				Project M&E	BI-ANNUAL	PMOs	
	Household members		170000	367200				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Project Goal Contribute to the consolidation of no poverty (SDG1) and no hunger (SDG2), and food security with innovative and scalable good practices and reference	Supported households reporting growth rate of per capita disposal income with above national average level				COI survey, Government Statistics	Baseline, Mid-term and completion	PPMO, M&E service provider	Continuity of economic, social and marketing stability in the target project area. (A) Uncertainty remain with regard to human and animal epidemics, climate disasters which may massively reduce local smallholders' income (R)
	Total households		60	80				
	Women-headed households		50	70				
Development Objective Support the country's ongoing Rural Revitalization by piloting inclusive and innovative business models in promoting sustainable and climate-resilient agriculture and building community adaptive capacities in the project area of Gansu Province	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices				COI survey	Baseline, Mid-term and completion	PPMO, M&E service provider	Communities and beneficiary participation are fully consulted during project design (A) The baseline, mid-term and completion surveys could interview the same group of sampled respondents for empowerment assessment (A)
	Total number of household members		10500	75600				
	Households		30	60				
	Households		3000	21600				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				COI survey	Baseline, Mid-term and completion	PPMO, M&E service provider	
	Total number of household members		2720	12240				
	Households		20	40				
	Households		800	3600				
	SF.2.1 Households satisfied with project-supported services				COI survey	Baseline, Mid-term and completion	PPMO, M&E service provider	
	Household members		85000	275400				
	Households (%)		50	75				
	Households (number)		25000	81000				
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				COI survey	Baseline, Mid-term and completion	PPMO, M&E service provider	

Results Hierarchy	Indicators				Means of Verification			Assumptions			
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility				
	Household members		85000	275400							
	Households (%)		50	75							
	Households (number)		25000	81000							
	IE.2.1 Individuals demonstrating an improvement in empowerment								COI survey	Baseline, Mid-term and completion	PPMO, M&E service provider
	Total persons		25	54							
	Total persons		42500	169400							
	Females		25	60							
	Females		17000	92400							
	Males		25	50							
	Males		25500	77000							
Outcome 1.Improve the access of rural households to opportunities of participation and benefit sharing of rural economic growth with use of climate-smart technologies and practices in sustainable green agriculture	2.2.1 Persons with new jobs/employment opportunities				COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider	Smallholder farmers are interested to use climate-smart technologies and join the sustainable and green value chain in support of private sector player, cooperatives and village-based entities (A) Smallholder farmers are excluded to use the processing and storage facilities (R)			
	Males		300	500							
	Females		200	500							
	Indigenous people		15	40							
	Young		150	300							
	Total number of persons with new jobs/employment opportunities		500	1000							
	2.2.6 Households reporting improved physical access to markets, processing and storage facilities				COI survey	Baseline, Mid-term and completion	PPMO, M&E service provider				
	Households reporting improved physical access to markets		30	60							
	Size of households		1020	4080							
	Jóvenes		300	1200							

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Households reporting improved physical access to markets		300	1200				
	Total households reporting improved physical access		300	1200				
Output 1.1 Inclusive support to smallholder farmers	Supported rural producers establishing linkage with agri-entities (contract farming, land transfer, employment, dividends)				Project M&E	Annually	PMOs, M&E service provider	Smallholder farmers are interested to join the sustainable and green value chain in support of private sector player, cooperatives and village-based entities (A) □ Agro-entities supported have the willingness and capacity to organize tailored IGA activities for linked smallholder farmers (A)
	Women-headed Households		500	1750				
	Households		10000	25000				
	2.1.2 Persons trained in income-generating activities or business management				Project M&E	Annually	PMOs, M&E service provider	
	Males		500	2500				
	Females		500	2500				
	Indigenous people		40	200				
	Young		300	1500				
Persons trained in IGAs or BM (total)		1000	5000					
Output 1.2 Eco-friendly Agricultural transformation	Technologies and techniques demonstrated and adopted for climate adaptation/mitigation				Project M&E	Annually	PMOs, M&E service provider	Local government and rural business entities committed to demonstrate and promote technologies for climate adaption/mitigation (A) Eco-friendly technology might be costly and not be welcomed overwhelmingly. (R)
	Technologies		5	13				
	Rural producers trained in eco-friendly agricultural technologies				Project M&E	Annually	PMOs, M&E service provider	
	Females		2000	4500				
	Males		2000	4500				
	Indigenous people		160	360				
	Youth		1200	2700				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Output 1.3 Public productive infrastructures	3.1.4 Land brought under climate-resilient practices				Project M&E	Annually	PMOs, M&E service provider	Local government are committed to climate resilient production infrastructure and able to identify prioritized geographic areas (A)
	Hectares of land		2000	4500				
	2.1.5 Roads constructed, rehabilitated or upgraded				Project M&E	Annually	PMOs, M&E service provider	
	Length of roads		40	80				
	Increased storage capacity for agro-products in project area				Project M&E	Annually	PMOs, M&E service provider	
	Increased storage capacity		5000	15000				
Outcome 2. Build the adaptive capacities in community-governed rural development (SDG17)	Households reporting improved community infrastructure and services				COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider	
	Households		30	70				
	Households		15000	35000				
	Household members		51000	119000				
Output 2.1 Participatory planning and good governance	Village officials and rural practitioners trained in good governance of Rural Revitalization				Project M&E	Annually	PMOs, M&E service provider	Trained village officials contributed to the innovative community governance models, which are responsive to villager needs and sustainable in operation (A)
	Males		250	600				
	Females		250	600				
	Village official and rural practitioners		500	1200				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Output 2.2 Climate-resilient community infrastructures and service facilitates	Households provided with improved waste management, increased water availability or clean energy				Project M&E	Annually	PMOs, M&E service provider	Community infrastructures and services are responsive to villager needs and with good O&M plan. (A)
	Households with improved waste management		500	1000				
	Households members with improved waste management		1700	3400				
	Households with increased water availability		25000	50000				
	Households members with increased water availability		85000	170000				
	Households provided with clean energy		2000	4200				
	Households members provided with clean energy		6800	14280				
Output Stand-alone output -Knowledge management	Knowledge products completed				Project M&E	Annually	PMOs, M&E service provider	Commitment of Provincial stakeholders to the knowledge management of the project
	Number of KM products		5	15				

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 2: Theory of change

Mission Dates: 03/09/2023-16/09/2023

Document Date: 22/07/2024

Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Annex 2: Theory of Change

1. The modern agricultural transformation and rural reengineering as core parts of the Rural Revitalization are not only the most important drivers of growth and rural development in Gansu, but also a key determinant factor in consolidation of the eradication of extreme poverty, and improved food security and nutrition especially from the supply side. While the transformation is leading to increased scale in agri-production and helping the province in laying down better foundations for increased production and improved productivity, adoption of digital agriculture and other advanced technologies risk leading to the reduced use of rural labour and could lead to the smallholder farmers being marginalized in the overall agricultural transformation process. Other challenges and risks are summarized as: (i) uneven agricultural productivity and under-developed agri-value chains, (ii) lack of sufficient and inclusive capital investments as organized scale production bases are mostly invested and led by large corporates, (iii) gaps in public infrastructure system (iv) risks of negative impacts on ecosystem and biodiversity, and (v) absence of adaptive capacity building for beneficiary-governed management systems in rural development. These challenges highlight the need for sustainable green agriculture, and an inclusive rural development for the province.

2. In response, The Government-IFAD-supported GD2RP will address these challenges through the following measures: (i) enhancing agricultural productivity and transformation to modern agriculture, (ii) supporting new agribusiness entities, (iii) building infrastructure and public services, (iv) fostering rural industries and tourism, (v) strengthening ecological protection and restoration, and (vi) preserving and promoting rural culture and traditions¹. The activities of GD2RP have been designed following the theory of change outlined below. In brief, it will:

3. Provide inclusive support to smallholder farmers and their organizations by: (i) upgrading production and processing of grassroots agribusinesses, (ii) promoting women-led courtyard economy, (iii) capacity building and IGA diversification, (iv) strengthening women and youth entrepreneurship, and (v) mitigating risk through Agri-insurance. Women and youth will benefit from differentiated and even exclusive support and access to development opportunities.

4. Strengthen smart and eco-friendly agricultural transformation by promoting the adoption of green and modern technologies through the introduction of technologies, practices, and business models that support eco-environment protection, diversification, and improved efficiency, quality, competitiveness of agribusinesses. This will also include support to the protection of ecological environment through rural eco-tourism and rural labour transformation.

5. Support the construction and rehabilitation of public productive infrastructures to address some of the major gaps in the current infrastructure system in the project target areas. This would contribute to improving agricultural productivity, agricultural diversification, and climate resilience in the project areas.

6. Interventions in fostering community participatory planning and good governance will respond to the Gansu government's guiding principle in the good governance of Rural Revitalization, especially regarding giving play to the basic role of villages' self-governance. The project will give emphasis on promoting a resident-centered participatory process of village planning, and defining and implementing the good governance, which should result at least in activity and budget planning of village-level investments and activities. The establishment of villagers-governed and socially inclusive O&M committees for related projects will be part of the continued efforts for long-term sustainability and the project exit strategy.

¹ Report on Strategic Research of Rural Revitalization in Gansu (甘肃乡村振兴战略研究报告), Gansu DARA and Gansu institute of Agricultural Sciences

7. Climate-resilient community infrastructures and service facilities will address some of the gaps in the current infrastructure system in the project area, which may limit or constrain the implementation of the proposed project activities. The gaps include incomplete rural road network, lack of safe drinking water, appropriate sewage and solid waste systems, and renewable energy. The project's investment will include but not exclusively (i) safe and clean water supply system, (ii) construction and upgrade of wastewater treatment networks to facilitate recycling, (iii) eco-environment friendly community liquid and solid waste management, (iv) toilet upgrade integrated into waste management system, and (v) application of clean and renewable energies.

8. Community adaptive capacities and innovative management models, which will support: (i) establishment and upgrade of community tailored services for elderly care, culture and heritage promotion and easy-access groceries; and (ii) innovative models of community good governance, and sustainable O&M mechanisms.

9. The ToC argues that **IF** these interventions are implemented in the context of the following assumptions: (i) Sustained investment from government's own resources to rural revitalization in the sectors/areas of this project is a key assumption for the success of the project during implementation and after completion, (ii) the right institutional set-up will and the necessary convening power and coordinating mechanisms, will ascertain the proper adoption, generation and adaptation of new ideas and mechanism's introduction by the project, (iii) community engagement and beneficiary participation desired by the project in its design will need to be fully explored, to guarantee the effectiveness of project interventions in benefiting the target groups, and (iv) social, environment and climate risks identified will be properly managed through implementation necessary management plans along the project implementation.

10. **THEN**, the project will achieve two primary outcomes:

- (i) improving the access of rural households to opportunities of participation and benefit sharing of rural economic growth, with use of climate-smart technologies and practices in sustainable green agriculture, and
- (ii) building the adaptive capacities in community-governed rural development

11. Consequently, the project will support the country's ongoing Rural Revitalization in the project area of Gansu Province, contributing to the overall goal of consolidating the results of no poverty (SDG1), no hunger (SDG2), gender equality (SDG5), climate action (SDG13), and innovative and scalable good practices and reference.

Challenges

Smallholder farmers left behind with little discourse power in corporate-led scale production, especially for women and youth.

Uneven agricultural productivity and under-developed value chains

Lack of sufficient and inclusive capital investments

Risks of negative impacts on ecosystem and biodiversity

Absence of adaptive capacity building for beneficiary-governed management system

Activities

- Support production & processing capacity of small agro-entities
- Facilitate women's participation in Courtyard economy.
- Strengthen linkage and partnerships among agribusinesses
- Strengthen training in IGA, start-up, and entrepreneurship of women and youth agribusinesses.
- Training and support of beneficiaries' access to agri-insurance

- Promote the supply of green agro-technologies
- Support smallholder household's Agri-VC integration
- Support the construction/rehabilitation of public/rural market infrastructure
- Strengthen the development of Agri-eco-tourism
- Strengthen rural labor skill development rural labor with improved

- Support the construction/development Irrigation schemes
- Facilitate the rehabilitation/development agric. water supply
- Strengthen capacities in agric. waste management
- Support construct/rehabilitate storage, flood control, cooling facilities, and disaster prevention infrastructure

- Support the development of participatory community infrastructure development plans.
- Support the introduction of innovative models of community governance

- Support the installation of advance water quality testing system
- Support and upgrade of water treatment network for recycling,
- Promote access to clean and renewable energy applied in
- Support establishment and strengthening of O&M schemes

Output

1.1 Inclusive support to smallholder farmers, and women and youth tailored activities

1.2 Eco-friendly agricultural transformation system developed

1.3 Public productive infrastructures rehabilitated/constructed

2.1 Inclusive participatory planning and good governance

2.2 Climate-resilient community infrastructure and service facilities developed/upgraded

Expected outcomes

Adoption of new/improved inputs, technologies, or practices

Increased employment opportunities, market access, and profitability of agribusinesses

Improved physical access to markets, processing and storage facilities

Adoption of environmentally sustainable and climate-resilient technologies and practices

Reduced GHG emission

Improved adaptive capacities in community-governed rural development

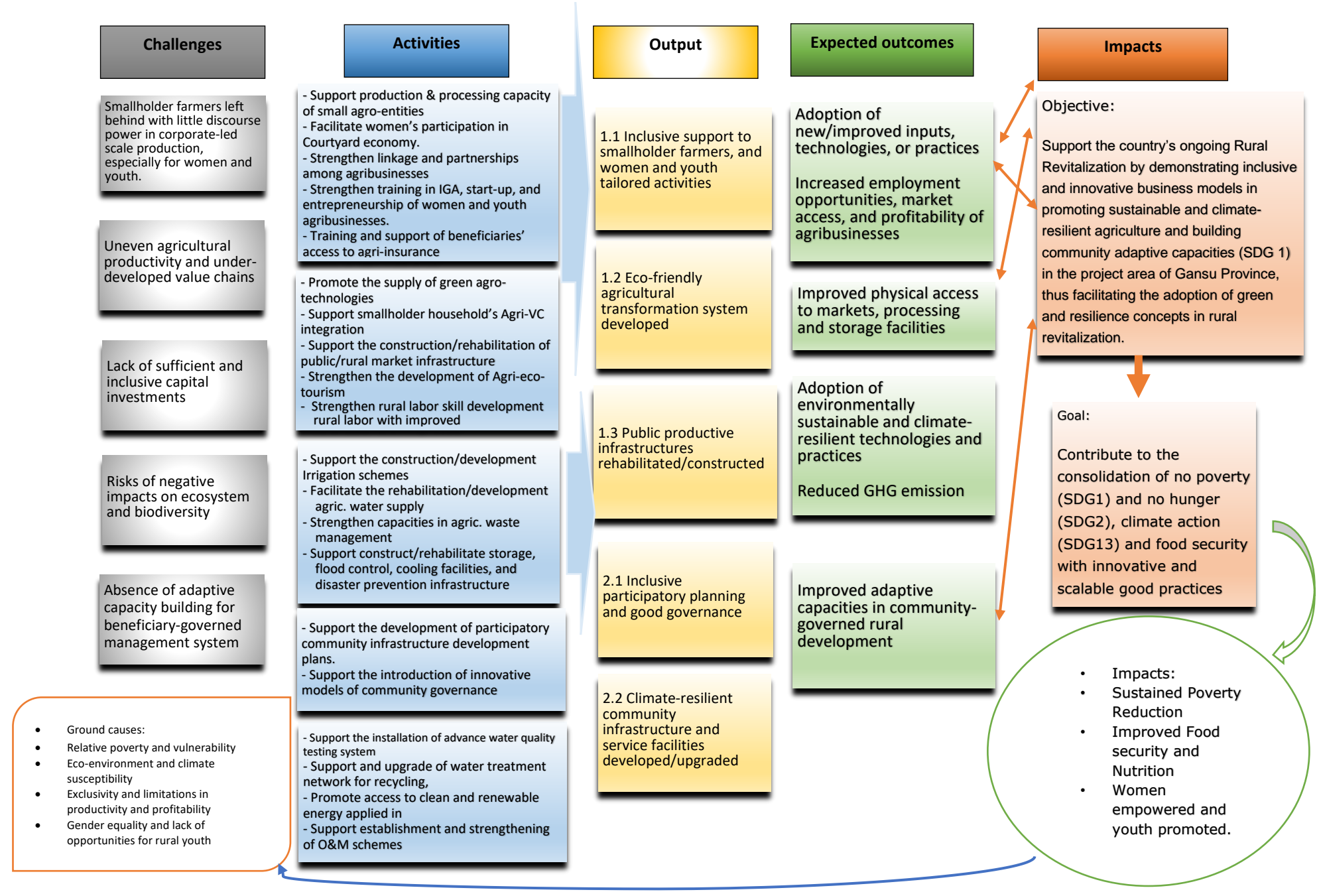
Impacts

Objective:
Support the country's ongoing Rural Revitalization by demonstrating inclusive and innovative business models in promoting sustainable and climate-resilient agriculture and building community adaptive capacities (SDG 1) in the project area of Gansu Province, thus facilitating the adoption of green and resilience concepts in rural revitalization.

Goal:
Contribute to the consolidation of no poverty (SDG1) and no hunger (SDG2), climate action (SDG13) and food security with innovative and scalable good practices



- Ground causes:
- Relative poverty and vulnerability
- Eco-environment and climate susceptibility
- Exclusivity and limitations in productivity and profitability
- Gender equality and lack of opportunities for rural youth



China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 3: Project cost and financing: Detailed costs tables

Mission Dates: 03/09/2023-16/09/2023

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Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Annex 3: Project cost and financing: Detailed costs tables

Sub-component 1.1 Inclusive support to smallholder farmers

People's Republic of China
Gansu Demonstrative Rural Revitalization Project
Table 1. Inclusive support to smallholder farmers
Detailed Costs

	Expenditures by Financiers (US\$ '000)													
	The Government						IFAD							
	2024	2025	2026	2027	2028	2029	Total	2024	2025	2026	2027	2028	2029	Total
I. Investment Costs														
A. Production and processing upgrade (PPU) of grassroots agribusinesses (IFAD financing)	-	-	-	-	-	-	-	-	1 546.7	576.0	-	-	-	2 122.7
B. Production and processing upgrade (PPU) of grassroots agribusinesses(Gov financing)	-	8 150.7	1 319.2	1 164.4	1 205.5	1 164.4	13 004.1	-	-	-	-	-	-	-
C. Women-led courtyard economy (IFAD financing)	0.0	-	-	-	-	-	0.0	34.2	131.0	-	-	-	-	165.2
D. Women-led courtyard economy (government financing)	68.5	205.5	68.5	68.5	171.2	-	582.2	-	-	-	-	-	-	-
E. Mainstreaming SECAP reconsideration in agribusiness upgrading (IFAD financing)	-	-	-	-	-	-	-	41.1	-	-	-	-	-	41.1
F. Capacity building, diversification (IFAD financing)	0.0	0.0	-	-	-	0.0	0.0	19.2	356.0	39.7	39.7	39.7	13.7	508.0
G. Capacity building, diversification (government financing)	19.2	627.4	627.4	19.2	19.2	-	1 312.3	-	-	-	-	-	-	-
H. Women and youth entrepreneurship (IFAD financing)	-	-	0.0	0.0	-	-	0.0	-	530.4	13.7	13.7	-	-	557.8
I. Women and youth entrepreneurship (Government financing)	-	41.1	41.1	41.1	41.1	41.1	205.5	-	-	-	-	-	-	-
J. Support to gender/youth empowerment (IFAD financing)	0.0	-	-	-	-	-	0.0	24.7	-	-	-	-	-	24.7
K. Agri-insurance (government financing)	137.0	1 780.8	1 780.8	137.0	137.0	-	3 972.6	-	-	-	-	-	-	-
Total	224.7	10 805.5	3 837.0	1 430.1	1 574.0	1 205.5	19 076.7	119.2	2 564.1	629.5	53.4	39.7	13.7	3 419.6

Sub component 1.2 Eco-Friendly Transformation

People's Republic of China
Gansu Demonstrative Rural Revitalization Project
Table 2. Eco-friendly transformation
Detailed Costs

	Expenditures by Financiers (US\$ '000)																				
	The Government						IFAD						Private Sector								
	2024	2025	2026	2027	2028	2029	Total	2024	2025	2026	2027	2028	2029	Total	2024	2025	2026	2027	2028	2029	Total
I. Investment Costs																					
A. Adoption of green technologies and market access(IFAD financing) /a	-	-	-	-	-	-	-	1 232.9	13 916.4	2 876.7	684.9	-	411.0	19 121.9	-	-	-	-	-	-	-
B. Adoption of green technologies and market access(govn financing)	8 075.3	24 484.9	998.6	313.7	923.3	-	34 795.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Adoption of green technologies and market access(Private financing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 821.9	1 821.9	1 821.9	1 821.9	-	-	7 287.7
D. Agro-ecotourism (IFAD financing) /b	-	0.0	0.0	-	-	-	0.0	4 135.6	9 698.6	1 452.1	-	-	-	15 286.3	-	-	-	-	-	-	-
E. Agro-ecotourism (government financing)	-	1 780.8	137.0	137.0	-	-	2 054.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
F. Agro-ecotourism (Private sector financing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	547.9	547.9	547.9	-	-	1 643.8
G. Training and advocacy for green technologies adoption (IFAD financing)	0.0	-	-	-	-	-	0.0	24.7	-	-	-	-	-	24.7	-	-	-	-	-	-	-
Total	8 075.3	26 265.8	1 135.6	450.7	923.3	-	36 850.7	5 393.2	23 615.1	4 328.8	684.9	-	411.0	34 432.9	1 821.9	2 369.9	2 369.9	2 369.9	-	-	8 931.5

1a Including, but not limited to, solar-powered irrigation systems, biogas digesters, precision farming practices, organic farming, agroforestry, and integrated pest management.

1b Covering (i) capacity building and process for participative and inclusive planning and management; (ii) training for village residents in tourism service knowledge and skills; (iii) protection and rehabilitation of village farmland and cultural heritage a

Sub-component 1.3 Public Productive Infrastructure

People's Republic of China
Gansu Demonstrative Rural Revitalization Project
Table 3. Public productive infrastructures
Detailed Costs

	Expenditures by Financiers (US\$ '000)													
	The Government							IFAD						
	2024	2025	2026	2027	2028	2029	Total	2024	2025	2026	2027	2028	2029	Total
I. Investment Costs														
A. Sustainable irrigation (IFAD financing) /a	-	-	0.0	-	-	-	0.0	-	616.4	2 569.9	-	-	-	3 186.3
B. Improvement of saline-alkali land (IFAD financing)	-	-	-	-	-	-	-	-	684.9	684.9	684.9	684.9	-	2 739.7
C. Improvement of saline-alkali land (govn financing)	-	1 226.0	1 226.0	1 226.0	1 226.0	-	4 904.1	-	-	-	-	-	-	-
D. Construction of high standard farmland (IFAD financing)	-	-	-	-	-	-	-	-	1 232.9	-	-	-	-	1 232.9
E. Construction of high standard farmland (Gov. financing)	2 739.7	12 054.8	-	-	-	-	14 794.5	-	-	-	-	-	-	-
F. Production-linked road (IFAD financing)	-	-	-	-	-	-	-	2 032.9	7 053.5	-	-	-	-	9 086.4
G. Production-linked road (govn financing)	-	5 037.8	-	-	-	-	5 037.8	-	-	-	-	-	-	-
H. Enhancement of market trade, processing and storage capacities(IFAD financing)	-	-	-	-	-	-	-	684.9	1 369.9	4 076.3	684.9	684.9	-	7 501.0
I. Enhancement of market trade, processing and storage capacities(Govn financing)	684.9	2 776.0	6 220.9	2 087.7	-	545.2	12 314.8	-	-	-	-	-	-	-
Total	3 424.7	21 094.6	7 447.0	3 313.7	1 226.0	545.2	37 051.2	2 717.8	10 957.6	7 331.1	1 369.9	1 369.9	-	23 746.3

/a Including canal lining, water ponds, and pumping stations(details are contained in FSR by county)

Sub-component 2.1 Participatory Planning and Governance

People's Republic of China
Gansu Demonstrative Rural Revitalization Project
Table 4. Participatory planning and good governance
Detailed Costs

	Expenditures by Financiers (US\$ '000)													
	The Government							IFAD						
	2024	2025	2026	2027	2028	2029	Total	2024	2025	2026	2027	2028	2029	Total
I. Investment Costs														
A. Training and capacity building on planning and governance(IFAD) /a	-	0.0	-	-	0.0	-	0.0	52.1	141.1	20.5	20.5	6.8	-	241.1
Total	-	0.0	-	-	0.0	-	0.0	52.1	141.1	20.5	20.5	6.8	-	241.1

/a Participatory planning and village governance

Sub-component 2.2 Climate Resilient Infrastructure and Service Facilities

People's Republic of China
Gansu Demonstrative Rural Revitalization Project
Table 5. Climate-resilient community infrastructures and service facilities
Detailed Costs

	Expenditures by Financiers (US\$ '000)																					
	The Government							IFAD						Private Sector								
	2024	2025	2026	2027	2028	2029	Total	2024	2025	2026	2027	2028	2029	Total	2024	2025	2026	2027	2028	2029	Total	
I. Investment Costs																						
A. Improving Safe Water Drinking System (IFAD) /a	-	0.0	-	-	-	-	0.0	6 142.4	5 246.6	488.5	-	-	-	11 877.5	-	-	-	-	-	-	-	
B. Improving Safe Water Drinking System (government financing) /b	4 171.7	13 939.9	2 739.7	2 739.7	243.5	951.4	24 785.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
C. Rural sewage treatment and garbage disposal(IFAD)	-	-	-	-	-	-	-	-	684.9	684.9	684.9	684.9	-	2 739.7	-	-	-	-	-	-	-	
D. Rural sewage treatment and garbage disposal(Gov)	-	1 917.8	1 369.9	1 369.9	-	-	4 657.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
E. Application of clean and renewable energies(IFAD) /c	-	-	-	-	-	-	-	-	1 506.8	821.9	-	-	-	2 328.8	-	-	-	-	-	-	-	
F. flood control and disaster prevention (IFAD)	-	0.0	-	-	-	-	0.0	684.9	4 082.2	1 369.9	-	-	-	6 137.0	-	-	-	-	-	-	-	
G. flood control and disaster prevention (Govn)	-	1 697.3	1 697.3	1 697.3	-	-	5 091.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Investment Costs	4 171.7	17 555.0	5 806.8	5 806.8	243.5	951.4	34 535.2	6 827.4	11 520.5	3 365.2	684.9	684.9	-	23 083.0	-	-	-	-	-	-	-	
II. Recurrent Costs																						
A. Infra O&M under C1.3 & C2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	223.3	372.6	397.3	993.2
Total Recurrent Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	223.3	372.6	397.3	993.2
Total	4 171.7	17 555.0	5 806.8	5 806.8	243.5	951.4	34 535.2	6 827.4	11 520.5	3 365.2	684.9	684.9	-	23 083.0	-	-	-	-	223.3	372.6	397.3	993.2

\a Including water supply pipeline network, water measuring equipment, water pond and water source cleanup . Details are contained in FSR by county.

\b Including water supply pipeline network, water measuring equipment, water pond and water source cleanup . Details are contained in FSR by county.

\c coal fired heating system change to electricity and solar lighting (details are in the FSR by county)

Sub-component 3 Project Management

People's Republic of China
Gansu Demonstrative Rural Revitalization Project

Table 6. Project management

Detailed Costs

Expenditures by Financiers (US\$ '000)

	The Government							IFAD						
	2024	2025	2026	2027	2028	2029	Total	2024	2025	2026	2027	2028	2029	Total
I. Investment Costs														
A. Office equipment	0.0	-	-	-	-	-	0.0	191.8	-	-	-	-	-	191.8
B. Staff Capacity building (training)														
Management workshops & training	0.0	0.0	0.0	0.0	0.0	-	0.0	27.4	27.4	27.4	27.4	27.4	-	137.0
FM & procurement training	0.0	0.0	0.0	0.0	0.0	-	0.0	27.4	27.4	27.4	27.4	27.4	-	137.0
Gender focus training /a	-	-	-	-	-	-	-	41.1	41.1	41.1	-	-	-	123.3
SECAP related training	0.0	0.0	0.0	0.0	0.0	-	0.0	13.7	13.7	13.7	13.7	13.7	-	68.5
M & E training	0.0	0.0	0.0	-	0.0	-	0.0	11.0	11.0	11.0	-	11.0	-	43.8
Thematic and Technical Training by PPMO	-	-	-	-	-	-	-	34.8	34.8	34.8	34.8	34.8	34.8	209.0
Subtotal	0.0	0.0	0.0	0.0	0.0	-	0.0	155.4	155.4	155.4	103.3	114.3	34.8	718.6
C. Workshops and meetings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.7	24.7	24.7	24.7	24.7	24.7	147.9
D. Thematic and technical training														
Training within Province	0.0	0.0	0.0	0.0	0.0	-	0.0	5.5	5.5	5.5	5.5	5.5	3.8	31.2
Training outside the Province	-	-	-	-	-	-	-	-	23.0	23.0	23.0	23.0	-	92.1
Subtotal	0.0	0.0	0.0	0.0	0.0	-	0.0	5.5	28.5	28.5	28.5	28.5	3.8	123.3
E. TA and short-term staff														
TA consultant	-	-	-	-	-	-	-	41.1	41.1	41.1	41.1	41.1	28.8	234.2
Short-term staff	-	-	-	-	-	-	-	-	30.7	30.7	30.7	30.7	15.3	138.1
SECAP Compliance facilitations /b	0.0	0.0	0.0	0.0	0.0	-	0.0	19.2	19.2	19.2	19.2	21.9	-	98.6
Training within Province	0.0	0.0	0.0	0.0	0.0	-	0.0	5.5	5.5	5.5	5.5	5.5	3.8	31.2
Training outside the Province	-	-	-	-	-	-	-	-	23.0	23.0	23.0	23.0	-	92.1
Subtotal	0.0	0.0	0.0	0.0	0.0	-	0.0	65.8	119.5	119.5	119.5	122.2	47.9	594.2

F. Knowledge management														
County KM	-	-	-	-	-	-	-	68.9	68.9	68.9	68.9	68.9	-	344.7
Technical Studies	0.0	0.0	0.0	0.0	0.0	-	0.0	6.8	6.8	6.8	6.8	6.8	-	34.2
Knowledge document & sharing /c	0.0	0.0	0.0	0.0	0.0	-	0.0	6.8	6.8	6.8	6.8	6.8	-	34.2
Agroforestry Insurance pilot scheme	-	-	-	-	-	-	-	-	14.5	14.5	14.5	14.5	14.5	72.6
Subtotal	0.0	0.0	0.0	0.0	0.0	-	0.0	82.6	97.2	97.2	97.2	97.2	14.5	485.8
G. Monitoring and evaluation														
County M&E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	65.1	65.1	65.1	65.1	65.1	65.1	390.4
Baseline Survey /d	0.0	-	0.0	-	0.0	-	0.0	27.4	-	27.4	-	27.4	-	82.2
MIS set up /e	0.0	-	-	-	-	-	0.0	95.9	-	-	-	-	-	95.9
Policy activities	-	0.0	0.0	0.0	0.0	0.0	0.0	-	6.8	6.8	6.8	6.8	6.8	34.2
Subtotal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	188.4	71.9	99.3	71.9	99.3	71.9	602.7
H. South-South Cooperaton (Visits and Events)	-	-	-	-	-	-	-	-	42.5	42.5	42.5	42.5	42.5	212.3
Total Investment Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	714.1	539.5	566.9	487.5	528.6	240.2	3 076.8
II. Recurrent Costs														
A. Staff salaries /f	342.7	342.7	342.7	342.7	342.7	342.7	2 056.1	-	-	-	-	-	-	-
B. Office operating costs /g	156.2	156.2	156.2	156.2	156.2	156.2	937.0	-	-	-	-	-	-	-
Total Recurrent Costs	498.8	498.8	498.8	498.8	498.8	498.8	2 993.1	-	-	-	-	-	-	-
Total	498.8	498.8	498.8	498.8	498.8	498.8	2 993.1	714.1	539.5	566.9	487.5	528.6	240.2	3 076.8

\a Gender training will be made for all relevant implementation partners including BOF, CDIC, Cooperatives, Private Enterprise and VIGs

\b Management and monitoring of SECAP plans

\c Management and monitoring of SECAP plans

\d Survey would include empowerment indicators

\e Management and monitoring of SECAP plans

\f One Safeguard specialist and one social inclusion (youth) Coordinator in each PMO included

\g One Safeguard specialist and one social inclusion (youth) Coordinator in each PMO included

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 4: Economic and Financial Analysis

Mission Dates: 03/09/2023-16/09/2023

Document Date: 22/07/2024

Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Annex 4: Financial and Economic Analysis

I. Financial Analysis

Introduction

1. **The purpose of the financial analysis** of the project is to: (i) evaluate the financial viability of the grassroots agribusiness models under component 1; (ii) analyse income changes at household level benefiting from high standard farmland construction, alkaline farmland improvement and tree crops rehabilitation under component 1; and (iii) provide a basis for the economic analysis of the project.
2. **Project Life:** The project will be implemented over a period of 6 years starting from 2024, while the duration of the analysis is 20 years.
3. **Methodologies.** Based on the nature of the project benefit estimation, for financial and economic analysis, cost benefit analysis (CBA) approach has been applied to component 1, while cost effectiveness analysis has been adopted for component 2.

Assumptions of Financial Analysis for component 1

4. The financial analysis of the Project is based on prices and costs collected by the Design mission in September/October 2023. The main assumptions that were used in the analyses are as follows.
 - a. Financial Analysis has only been conducted for income generation activities under Component 1, covering (i) high standard farmland construction, alkaline farmland improvement and tree crops rehabilitation under component 1A 20-year production cycle is assumed including a 6-year project investment period; and (ii) of the grassroots agribusiness models under component 1. However, it should be noted that agribusinesses under Component 1 will be financed through the formulation of the business plans, which will conduct financial and economic analysis for the specific activities. As such, without business plan, the ex-ante financial and economic analysis at this stage is highly indicative.
 - b. As activities under Component 2 aim to generate public goods which are difficult to quantify, no financial analysis is required for component 2.
 - c. For all activities, a financial rural daily wage rate of CNY 180 was assumed. The same rate was used to value household family labour under the assumption that labour market is unrestricted and there is availability of labour opportunities in the project area.
 - d. Average size of farm per household covered by the project varies from 0.2 to 8 mu, depending on the specific crops in each project county, and all area units are referred to in mu.
 - e. Benefits have been estimated on a conservative basis for both crop yields and prices (including outputs of agribusinesses), factoring in the possible negative impacts of unfavourable weather and market conditions. Family consumption of the products produced under the project were accounted for at market price.
 - f. The benefits of on-farm infrastructure work (roads and irrigation) were not accounted for separately as it was assumed that these are included in increased farm production and productivity. Neither their costs were included in the financial analysis as they will be provided to farmer for free.

g. Under without situation, the alkane farmland is not in use, while the high standard farm land and rehabilitated tree crops (apple and walnut) will noticeably increase the land productivity.

Summary financial tables with key profitability indicators

5. For farm household-based operations, such as tree crops (apple and walnuts), annual crop production in high standard farmland and alkaline land improvement, courtyard gardening, and agritourism. The input cost and output benefit of the five models are summarized below:

Table 1: Input Cost for household-based operations.

		(Yuan)
Walnut high grafting (per mu)	Seedling costs	840
	Labor (for construction)	1,000
	Labor (for operation)	800
	Watering and fertilizing	500
Apple improvement (per mu)	Cost of improving quality and efficiency	2,000
	Other costs)	3,600
	Labor	1,800
Courtyard Gardening/chicken farming (per household)	Planting costs (seedlings, fertilizers, and films)	400
	Construction	5,000
	maintenance costs	310
	Farming costs 10 chickens, a year (chicks, feed, utilities, vaccines, etc.)	250
	Labor	1,500
Agritourism (per household)	Construction	180,000
	maintenance costs	2,000
	Other (cooking costs, utilities)	50,000
	Labor	100,000
High-standard farmland rehabilitation (per mu)	Cost of farmland rehabilitation	2,600
	Seeds/Seedlings	280
	Water charge	168
	Labor	400
Reclamation of saline-alkali soils (per mu)	Cost of farmland rehabilitation	4,223
	Seeds/Seedlings	280

	Water charge	168
	Labor	400

Table 2: Output Benefits for Household based Operations.

Activity	Yuan	Remarks
Walnut grafting (per mu)	17,100	full development
Apple improvement (per mu)	7,393	Full development
Courtyard Economy (per household)	3425	annually
Agritourism (per household)	190,000	annually
High-standard farmland rehabilitation (peer mu)	1,586	annually
Reclamation of saline-alkali soils (per mu)	1,708	annually

Table 3: Changes of Farmers' Household Incomes

Activity	Average householding (mu) 户均亩数	The annual income without (yuan) 无项目农户年收入 (元)	The annual income of farmers with project (yuan) 有项目时农户年收入 (元)	Income increase (yuan) 收入增加 (元)
Walnut grafting	0.21	2,236	3,437	1,201
Apple improvement	2.58	6,182	8,224	2,042
Courtyard Gardening		0	1,275	1,275
Agriturismo		0	38,000	38,000
High-standard farmland rehabilitation	8.16	4,858	9,293	4,435
reclamation of saline-alkali soils	4.24	0	5,342	5,342

6. All the farm household-based models and agribusiness models (which are highly indicative as stated in the assumptions) have been subject to a financial analysis and formed the building blocks for the economic analysis. Results of the financial analysis are summarised in the table below and available in details in a separate excel file (Appendix 1 to Annex 4, available as part of the project file).

Table 4: NPV /FIRR by Financial Models

Model	FIRR	NPV (Yuan, discount rate@8%)
1.Chinese herbal medicine processing	29%	1,195,261
2.Walnut garden high grafting	28%	28,044
3. Silage processing	26%	3,671,068
4.Apple improvement	29%	7,194
5.Bee farming	20%	2,675,060
6. Courtyard gardening	28%	6,368
7.Fungus production	19%	5,344,740
8.Vegetable greenhouse	28%	113,462
9. agritourism	27%	193,347
10.High-standard farmland rehabilitation	29%	3,152
11. Reclamation of saline-alkali soils	25%	4,151
12. Cold storage	25%	1,028,759

ECONOMIC ANALYSIS for Component 1

Purpose and assumptions

7. **The Purpose of Economic Analysis** is to evaluate the expected contribution of the project interventions to the economic development using cost-benefit analysis (CBA). The economic analysis will determine whether the benefits sufficiently justify the interventions the project is planning to invest on.
8. **Scope of the Analysis:** As in the case of the financial analysis, the economic analysis only covers Component 1 (refer to Para 6 of financial analysis section above).
9. **Production Benefits:** The farm production benefits are derived from the financial models as calculated in the financial analysis, aggregating all the models by planned annual development areas.
10. **The project economic costs:** The incremental cost flows include all incremental cost under Component 1, such as infrastructure cost which is not covered in the financial analysis. The costs were converted to economic cost using the standard conversion factor of 1 for production models.
11. **More detailed assumption for the economic analysis.** The following factors and assumptions were used in the economic analysis.

- a. A 20 -year production cycle is assumed including a 6-year project investment period;
- b. inputs and outputs are freely traded within the area in response to market signals. Therefore, the conversion factor for these goods is set at 1 to reflect the fact that financial prices are equivalent to economic prices.
- c. The costs on-farm infrastructure works (roads and irrigation), and government training and extension service costs are included in the analysis as they directly contribute to increased farm production and productivity.
- d. The infrastructure costs are net of duties and taxes;
- e. Family labour is valued at an opportunity cost equivalent to market wage rate of CYN 180/day.
- f. Opportunity cost of land is represented by the value of next best alternative land use. Under without situation, the alkaline land was untended without revenue, the opportunity cost of land therefore is treated as zero; and
- g. Opportunity cost of capital (OCC) was assumed at 8% and the analysis is carried out in domestic currency values.

Results of the Economic Analysis

12. The aggregated economic cash flow has been based on the physical achievements of the activities under C1 as tabled below, which are highly indicative for agribusiness models as stated in the assumptions.

Table 5. Physical Achievements by Year

Model	Total	Y1	Y2	Y3	Y4	Y5	Y6
Chinese herbal medicine processing (No. of agribusinesses)	89	12	53	17	4	2	1
Walnut g grafting (mu)	11,600	1,624	6,960	2,204	464	232	116
Silage processing (one agribusiness only)	1	0	1	0	0	0	0
Apple improvement (mu)	32,350	4,529	19,410	6,147	1,294	647	324
Bee farming (one agribusiness only)	1	0	1	0	0	0	0
Courtyard gardening (No. of households)	4,900	686	2,940	931	196	98	49
Fungus production (one agribusiness only)	1	0	1	0	0	0	0
Vegetable greenhouses (mu)	2,627	368	1,576	499	105	53	26
agritourism (No.of households)	108	15	65	21	4	2	1
High-standard farmland rehabilitation (mu)	63,828	8,936	38,297	12,127	2,553	1,277	638
reclamation of saline-alkali soils (mu)	9,750	1,365	5,850	1,853	3,90	195	98
No. of Cold storages (each with 500 m2 floor space)	40	6	24	8	2	1	0

13. The economic viability of the project has been measured using the economic internal rate of Return (EIRR), and Economic Net Present value (ENPV) at the OCC of 8%
14. The economic analysis yields an EIRR of 23% with economic net present value is 975.44 million Yuan (OCC at 8%), indicating the project is economically viable.
15. **Sensitivity analysis:** A sensitivity analysis was carried out to test the robustness of the two key factors, namely output price decline and cost increase. In particular, the switching values (SV) have been captured for those critical variables as shown below. The results are summarised below (with detailed calculations in Appendix 1 to Annex 4).

**Table 6: Results of the sensitivity analysis of the economic analysis
(Switch Value analysis with OCC @8%)**

	EIRR	NPV (US\$ Million @ 8%)
Baseline	23%	133.62
Investment cost increased by 22%	8%	0
Benefit reduced by 15%	8%	0
Cost increased by 9% & benefit reduced by 9%	8%	0

16. The economic viability of the project is relatively robust, but more sensitive to benefit reduction (output prices decline) than investment cost increases. However, it should be noted that the estimation of the project benefit of the baseline scenario is conservative in the first place (see assumptions for analysis).

Cost Effectiveness Analysis for Component 2.

17. This component aims to build community-based well-being assets and capacities as integrated part of the improved rural livelihoods under the ongoing Rural Revitalization. Most of the investment will be in construction or rehabilitation of Climate-resilient community infrastructures and service facilities. The village-level infrastructure is mainly related to improving and developing safe drinking water supply system, rural sewage treatment and garbage disposal, which will generate public goods such as improvement in health outcomes (e.g., reduced incidences of waterborne diseases) and reduced pollutants entering waterways (i.e., improving water quality), which are virtually not quantifiable.
18. In addition, those village level, location specific activities could only be detailed out in the county feasibility studies (FSRs), which will be prepared after the project approval and included in annual work plan. Further, most of activities under this component will be parallel financed by the government programs, which have been implemented for years and on-going. So, there is no need to use CBA to justify those activities, and what is relevant and important is to achieve cost effectiveness of the implementation; as such, CEA approach has been recommended to the county PMOs in preparing their FSRs.
19. Specifically, the cost effectiveness will be achieved through (i) comparing and selecting the least cost scenarios. For example, given the geographically scattered small natural villages, the construction and/or rehabilitation of decentralized rural wastewater, drinking water, and solid waste management facilities is proven as the most cost-effective way of delivering public services; (ii) maintaining unit rate norms. The line bureaus of each county

have established, from similar and on-going projects in the past years, unit rates norms for those infrastructure works, which will serve as the base activity costing; and (iii) procurement through competitive bidding also serves the purpose of achieving the least cost

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 5: Social Environment and Climate Assessment (SECAP) Review Note

Mission Dates: 03/09/2023-16/09/2023

Document Date: 22/07/2024

Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

The SECAP Review note should build on the preliminary note mentioned above, draw on the results of the screening exercise and be informed by the issues raised during the design mission, the stakeholders interviews, publicly available tools and dataset, and environmental, social or climate-related studies that inform on the characteristics of the project location. The SECAP review note includes the revised ESMP and should be attached to the Project Design Report, integrated in Draft Project Implementation Manual (PIM) and COSTAB and shall be submitted to Design Review Meeting (DRM) or IRC (for NSOs).

1. Introduction

1. The purpose of this document is to provide elements of context and guidance for the China GD2RP Concept Note to better integrate social, environmental and climate dimensions. The SECAP Review Note describes the main socio-economic, climate and environmental trends in the Project's target areas and analyses the potential risks related to the China GD2RP's implementation. In terms of methodology, data was collected through an extensive literature review, use of online tools, and consultations with stakeholders.
2. At this stage, the following 7 counties (out of the total 86 counties/districts and county-level municipalities in Gansu) have been preliminary targeted by the mission: Liangzhou, Tianzhu, Jingtai, Huating, Jingning, Maiji and Weiyuan.
3. This SECAP Review Note is prepared based on IFAD's SECAP 2021.
4. The Project focuses on two interlinked technical components:
 - Component 1: Sustainable green agricultural development
 - Component 2: Building community resilient capacities

2. Situational analysis and potential project impacts

5. As below.

2.1 Socio-economic assessment

a. Overall poverty situation

6. Gansu is a western province, relatively lagging in development compared to other provinces in China. Poverty rate was at 26.5% by 2013, with 75 state designated poverty counties, 7,262 poor villages and 5.52 million poor rural people. The final eight poverty counties were declared eradication of poverty by 2020. In 2022, the per capita net income of farmers in Gansu was about CNY 12,165, about 60.5% of the national average for rural people (CNY 20,133). There are 23 key counties for national special support by 2022, 16 key counties for provincial special support, 1.403 million rural people in 477,000 households received the minimum living guarantee subsidy in 2021, which was 2.7% higher than previous year, while the reported rural residents was 11.6 million by 2021. The most recent data indicate that total GDP of Gansu ranked 27 among the 31 mainland provinces/municipalities, while per capita GDP ranked at the bottom of the list.
7. Agricultural sector had a share of 13.5% of the GDP in Gansu Province, however it contributed to 45% (4,650/10,344) of rural household income in 2020. Gansu Province's agricultural and rural economy continues to improve. From a long-term tight balance of grain supply and demand to a net transfer out, Gansu's grain production has made a historic breakthrough and a historic leap in recent years. Since 2019, the former western province with a net transfer in of grain has achieved an annual transfer out of about 300,000 tons of grain. The leap continues. In 2021, the province's grain sowing area will be 40.15 million mu, an increase of 578,000 mu over the previous year, and the total grain output will be 12.31 million tons, an increase of 293,000 tons over the previous year. The focus of the agriculture, farmer and rural area issues has undergone a historic shift, and on the basis of ensuring food security, firmly grasp the agricultural industry development as the top priority. Gansu Province accurately grasp the characteristics of the new stage of agricultural development, and make efforts to thicken the momentum of industrial development, to guard the bottom line of avoiding the return of poverty on a large scale. Enhance the endogenous development momentum of the areas out of poverty, articulate rural revitalization funds, from organizing production, to input guarantee, production and marketing docking, risk wind, the whole chain guarantee, to realize the change of the local industries in poor areas from fragmented to full chain and agglomeration.

b. Gender

8. In the process of urbanization, the structure of Gansu's agricultural labor force has changed, and the opportunities and wages of men to go out to work are significantly higher than those of women, while women are better at housework and taking care of the elderly and children, resulting in more women remaining in the agricultural field. More than 2.83 million people are living in the proposed seven project counties, of which nearly 1.06 million are classified as active agricultural labour. 48% of the population living in the proposed project counties are female; youth are 29%. 7.1 % as belonging to the ethnic minorities and 15.1% considered as low-income in the state's well-being register system.
9. Gansu Province is an important labor exporting province, and for the male young and strong laborers to go out to work, female become the main labor group in rural areas. Gansu Province has introduced a series of policies to reward and subsidize the employment and entrepreneurship of migrant workers, such as providing subsidies for transportation costs for laborers who have been released from poverty to work outside the country, and encouraging the development of rural employment factories and employment assistance workshops. Gansu actively guide migrant workers to return to their hometowns to start their own businesses, actively create demonstration counties for returning to their hometowns to start their own businesses, and encourage the development of labor brands.
10. In this project, combined with the industrial revitalization planned in Gansu Province, the six special industries of "cattle, sheep, vegetables, fruits, potatoes and medicines" will be developed into the leading industries in the key support counties. The animal husbandry will lead to the optimization and upgrading of the agricultural industry structure, the deep processing industry of agricultural products and the food industry will lead to the upgrading of the value chain of the special industries, and the modern cold and dry special agriculture will be built. Deepen the east-west labor collaboration, ensure the overall stability of the employment scale of the labor force out of poverty, play the role of rural public welfare employment protection, and carry out the "rain dew plan +" employment promotion action, accelerate the promotion of farmers' income and wealth.

c. Youth

11. As above.

d. Indigenous peoples

12. Gansu Province is diversify in ethnic tourism resources, and rural tourism has become the main grasp to achieve Rural revitalization. There are 55 ethnic minorities in Gansu Province, with a minority population of 2,410,500, accounting for 9.43% of the province's population. The top ten populous ethnic minorities are Hui, Tibetan, Dongxiang, Baoan, Yugur, Mongolian, Salar, Kazakh, Tu and Manchu, among which Dongxiang, Baoan and Yugur are the unique ethnic groups in Gansu Province. The main ethnic minorities involved in the project area are Hui and Tibetan, with Tianzhu Tibetan Autonomous County under Wuwei City and Zhangjiachuan Hui Autonomous County under Tianshui City in Gansu Province.
13. The project will not affect any recognised indigenous peoples or territories.

e. Marginalised groups

14. There are 1.871 million people with disabilities in Gansu Province, accounting for 7.20 % of the total population. By the end of 2022, 965,000 disabled residents in the province had participated in urban and rural social pension insurance; 221,000 people, or 95.5 %, were covered by the policy of subsidizing individual contributions to the insurance. 410,000 disabled people received pensions. Gansu Province actively promotes the employment of people with disabilities and protects their rights and interests. The number of people with disabilities with permits in urban and rural areas in the province is 264,000, of which 0.7 million are employed proportionally, 0.2 million are employed centrally, 15,000 are employed individually, 0.3 million are employed in public welfare positions, 0.3 million are employed in supported employment, 73,000 are employed flexibly (including community and home employment), and 162,000 are engaged in agricultural farming and raising.

f. Nutrition

15. In recent years, the nutritional health of residents in Gansu Province has improved significantly. Compared with the balanced dietary guidelines for Chinese residents, the residents' grains, potatoes and beans have basically reached the standard, and the intake is sufficient, but the intake of foods rich in vitamins, minerals, high-quality protein and other nutrients is still insufficient and the intake of condiments has increased significantly. The daily intake of fat per standard person is only 68 grams, and dietary fiber, thiamine and riboflavin are not significantly different from the results of the 2002 national nutrition survey of residents. The prevalence of standardized anaemia in Gansu province is 28.3%, of which 24.5% are men over 60 years old and 30.1% are women over 15 years old. The prevalence of standardized vitamin D deficiency in the population was 50.7%, of which 43.6% were men and 57.6% were women, and the general deficiency was common in people over 6 years old, especially in adults over 18 years old.
16. They still face problems such as the coexistence of insufficient and excess nutrition and frequent nutrition-related diseases. In particular, unhealthy dietary problems such as high salt, high sugar, and high fat cannot be ignored. Therefore, in recent years, Gansu has continued to promote reasonable dietary actions, advocating "three reductions" (oil reduction, salt reduction, sugar reduction) healthy diet, carrying out targeted dietary guidance and nutrition publicity and education, etc., to improve the nutrition and health literacy of the whole people, and improve the nutritional health of key groups such as "one old and one small".
17. By promoting reasonable dietary actions, the nutritional structure of the elderly in Gansu has been improved. Through family doctor contracting services and other means, increase healthy diet guidance and intervention for patients with chronic diseases such as hypertension and diabetes and the elderly, strengthen the concept of balanced nutrition, balance dietary nutrition, improve the effect of chronic disease control and control, and gradually realize "from treatment to prevention" for geriatric diseases. The anaemia rate of the elderly is less than 10%, and the average life expectancy has increased significantly.

2.2 Environment and climate context, trends and implications

18. As below.

a. Environmental assessment

19. Gansu Province attaches great importance to ecological environmental protection work and actively build a long-term mechanism for information disclosure, in the main environmental risk issues including pollutant emission reduction, construction projects environmental assessment, ecological environmental quality, the construction of long-term monitoring mechanism, release of the annual ecological environment bulletin.
20. **Air environmental** quality in 2021 in Gansu Province continued to improve, 14 prefecture-level cities and Lanzhou New Area are carried out in the ambient air quality automatic monitoring of six air pollutants. The average concentration of fine particles in 14 prefecture-level cities and Lanzhou New District was 23 micrograms per cubic meter, getting down 11.5% year-on-year. The average concentration of respirable particles was 55 micrograms per cubic meter, getting down 1.8% year-on-year. The ratio of good days was 90.2%, getting down 3.5 percentage points year-on-year, due to the frequent occurrence of sand and dust weather.
21. **Water environment** quality in Gansu has been steadily improving, 74 surface water state-controlled sections of good water quality (up to or better than grade III) ratio of 95.9%, the proportion of poor V-grade water bodies is 1.4%, the three major basins water quality than in 2020 to maintain stability.
22. **Soil environment** is generally safe and controllable, the quality of the sound environment remains stable, the quality of the radiation environment is in good condition, the ecological environment of the Qilian Mountains has steadily increased, the Yellow River Basin ecological protection has begun to bear fruit. For petrochemical, coal chemical development may produce soil pollution problems, promote the investigation and assessment of contaminated land and control and repair, strengthen soil pollution risk control. Construction of the province's soil environment monitoring network has been undertaken in accordance with national requirements, 1741 national soil monitoring points and 1184 provincial soil monitoring points were deployed, to achieve full coverage of all counties (cities, districts). Mapping was made to contaminated arable land, the province's contaminated arable land safety utilization rate of 98.94%.
23. **Environment protection.** Implemented major ecological projects such as the upper reaches of the Yellow River Water Containment Area in Gannan, the Hexi Corridor, ecological protection and restoration of the Qinling Mountains, and comprehensive management of soil erosion on the Loess Plateau. Continuing to promote large-scale greening of the country, the completion of forestation 3.345 million mu, the completion of sandy land comprehensive management tasks 2.212 million mu, 4.11 million mu of grass improvement. Carry out ecological restoration treatment of 16 historical abandoned mines. The ecological environment condition of 14 cities and states in the province is compared, the ecological environment quality of Tianshui City in the project area is "good", the ecological environment quality of Baiyin City, Pingliang City, Dingxi City is "average", the ecological environment quality of Wuwei City is "fair", no "excellent" and "poor" category.
24. **Agricultural surface source pollution issues.** Continue to consolidate the results of zero-growth action of fertilizers and pesticides, strengthen the safe use of contaminated arable land and strict control, continue to promote the recycling of used agricultural film, implement the "pesticide packaging waste recycling methods", the implementation of livestock and poultry manure resource utilization of the whole county to promote the project, and promote the resource utilization of livestock and poultry breeding waste.
25. **Urban and rural living pollution treatment.** Policies measures were made to guide urban and rural waste management. Gansu continuously promote the construction of urban sewage treatment facilities and supporting pipeline network, increase the old pipe network and rainwater and sewage combined pipe network transformation efforts, systematically promote the construction of urban sewage treatment facilities upgrading project. The province prioritized Lanzhou City, Tianshui City, Pingliang City, Zhangye City to consolidate the effectiveness of urban black smelly water rectification, explore the rural living sewage and black smelly water treatment. Rural environmental improvement projects were implemented, to improve the quality of rural ecological environment.

b. Climate trends and impacts

26. The project area (Figure 1) belongs to the arid and semi-arid zone, which is a climate change sensitive and ecologically fragile zone with complex climate types and more types of meteorological hazards, mainly drought, torrential rainfall and flooding, wind and hail (wind, dust and hail) and low temperature, etc. Meteorological hazards account for 88.5% of natural disasters, which is higher than the national average of 18.5% (Zhang et al., 2015; Zhang et al., 2018). Meteorological disaster losses accounted for 3.5% of GDP in Gansu Province, and the average of 3% in the 21st century, which is about three times of the national level (Wang et al., 2008).

27. Figure 1 The project regions (7 counties chosen from Gansu province)

28. Based on the available data, the climate trend in Jingtai county in the past 60 years has been analyzed (Figure2). There are apparent upward trends for the mean temperature, low temperature and high temperature in Jingtai county. The average of mean temperature in the past 60 years is 8.85°C; the average of low temperature is 3.23°C; the average of high temperature is 15.67°C. It is remarkable that the project area has become warming with global warming. Especially in the past ten years the warming trend is much more obvious; the average of mean temperature in the past 10 years is 9.69°C; the average of low temperature is 4.31°C; the average of high temperature is 16.4°C.

29. Figure 2 The mean temperature, low temperature and high temperature in Jingtai county in the past 60 years

30. Due to the arid and semi-arid climate, the rainfall in Gansu province is deficient. In the past decades, the annual precipitation in Jingtai county has always been below 300mm. There is an obvious upward trend that the annual rainfall is increasing. The average of annual precipitation in the past decades is 184.4mm; however, the average of annual precipitation in the past 10 years reaches 196.3mm. There is apparent fluctuation trend for annual rainfall.

31. Figure 3 The annual precipitation in Jingtai county in the past decades

32. The distribution of major disaster losses in Gansu Province from 1961 to 2014 showed that drought disasters accounted for 67.4% of the meteorological disaster affected area and ranked first (Zhang et al., 2010). The rates of drought damage, disaster and crop failure (25.2%, 14.1% and 2.2%) were significantly higher than the national average (15.0%, 8.1% and 1.7%), and the rates of increase (0.16% /10a, 0.15% /10a and 0.05% /10a) were also higher than the national average (Han et al., 2019).

33. In addition, wind and hail disasters accounted for 3% of the meteorological disaster area and took the second place. In contrast, flooding and low temperature disasters accounted for 10.6% and 9.7%, respectively. The increase rates of wind and hail, heavy rainfall and flooding, and low temperature cold damage were 0.29% /10a, 0.45% /10 and 0.72% /10a, respectively (Han et al., 2019).

34. The main influencing factors of meteorological hazard risk are the hazard of the causative factor, the vulnerability of the breeding environment, the vulnerability of the carrier, and the ability to prevent disaster decisions, and in a region like Gansu, there is no doubt that the hazard of the causative factor becomes the dominant and most active factor of meteorological hazards. With climate warming, the risk of meteorological hazards in Gansu is increasing day by day (Han et al., 2019).

c. Climate change mitigation

35. In 2017, the total agricultural carbon emission in Gansu Province was 8,250,800 tons, of which the total carbon emission in the process of agricultural production was 2,204,700 tons, accounting for 26.7%, and the carbon emission from animal husbandry was 6,046,000 tons, accounting for 73.3%. The main sources of emissions in the agricultural production process are, the largest total emissions of fertilizer, followed by agricultural film, agricultural motor oil and pesticides. Animal manure in animal husbandry produces the highest carbon emissions, followed by animal intestinal fermentation (Lu, 2020). Given that Gansu Province intends to vigorously develop the six agricultural industries of "cattle, sheep, vegetables, fruits, potatoes and medicines", it is necessary to strictly manage chemical fertilizers, agricultural films, pesticides, agricultural machinery and animal breeding and manure, and it is imperative to reduce carbon emissions. In addition to the stable development of agricultural production, we should raise farmers' awareness of low-carbon production, reduce the dependence of agricultural production on chemical fertilizers, pesticides and agricultural films, and promote the model of combined farming and biogas in rural areas to increase the use of methane gas and reduce agricultural carbon emissions. In the livestock breeding industry, scientific feeding is recommended to reduce intestinal fermentation of livestock, and adopt technologies such as comprehensive utilization of livestock manure to reduce carbon emissions in manure management. At the same time, increase the carbon sequestration by planting trees and improving soil organic matter and replace with clean Energy such as the complementary agriculture and light, methane gas cooking.

2.3 Target group profiles

36. Seven counties (out of the total 86 counties/districts and county-level municipalities in the province) have been proposed by the Government as project counties on the basis of primary criteria of (i) risk of continued vulnerability of the former nationally and provincially designated poor counties, (ii) relative geographic concentration for future implementation efficiency, (iii) opportunities for inclusive and climate-resilient green agricultural development, (iv) potential for innovative eco-system protection and conservation. Namely:

Prefecture	Wuwei □□	Baiyin□□	Pingliang □□			Tianshui □□	Dingxi □□
Counties	Liangzhou □□	Tianzhu □□	Jingtai □□	Huating □□	Jingning □□	Maiji □□	Weiyuan □□

37. More than 2.83 million people are living in the seven project counties, of which nearly 1.06 million are classified as active agricultural labour. 48% of the population living in the proposed project counties are female; youth are 29%. 7.1 % as belonging to the ethnic minorities and 15.1% considered as low-income in the state's well-being register system. The project counties cover nearly 485 443 hectares of agricultural land, of which 36% is irrigated land. The selection of project beneficiaries will be undertaken based on an inclusive targeting strategy focusing on: former registered poor, low-income, women, and giving special attention to the segments of smallholders, youth and active elders and ethnic minorities, with up to 60% of beneficiaries coming from these categories.

3. Institutional analysis

38. **Nutrition** and the fight against all forms of malnutrition is mainstreamed in different national policies. A series of Policies related to food and nutrition have been designed for the period 2016-2030 (The Central People's Government of the People's Republic of China, 2016, 2019; The State Council, 2016, 2017, 2019), such as Outline of the "Healthy China 2030" Plan, National Nutrition Program (2017-2030), 13th Five Year Plan for Health and Hygiene, China's Medium and Long Term Plan for the Prevention and Treatment of Chronic Diseases (2017-2025), Opinions on Implementing the Healthy China Action, Implementation and Assessment Plan for the Healthy China Action Organization, Healthy China Action (2019-2030). All the policies aim to improve people's health level and build a healthy China. Based on national policies, Gansu province issued Implementation Plan for the National Nutrition Plan of Gansu Province (2018-2030) (Gansu Provincial People's Government, 2018).

39. Implementation Plan for the National Nutrition Plan of Gansu Province (2018-2030) refers specifically to the objective of significant improvement in nutrition and health by 2030 as part of "Healthy China 2030" and of providing universal access to healthcare. To this aim, the government puts emphasis on a more sound system of nutrition regulations and standards, a more comprehensive nutrition work system, sustainable development of the food nutrition and health industry, richer service on traditional food and nutrition. In terms of targets, the objective is to reduce the anaemia rate of children under 5 years old and pregnant women below 10% by 2030. Meanwhile, the rate of growth retardation in children under 5 years old decreases to less than 5%; daily salt intake per capital in Gansu reduces by 20%.

40. According to Implementation Plan for the National Nutrition Plan of Gansu Province (2018-2030), seven implementation strategies have been proposed, such as improving the system of nutrition regulations and policies, strengthening the construction of nutritional capacity, enhancing nutrition and food safety monitoring and evaluation, developing the food nutrition and health industry, developing traditional food and nutrition services, strengthening the sharing and utilization of basic data on nutrition and health, popularizing nutrition and health knowledge. Six significant actions on nutrition have been raised, including Early life 1000 Day nutrition and health action, Student nutrition improvement action, Nutrition improvement action for the elderly, Clinical nutrition action, Nutrition intervention action in impoverished areas, Diet and exercise balance action.

41. **Youth and gender.** The 2018 China Constitution enshrines gender equality and social inclusion and sets out the obligations of the State and others in this regard. The Constitution spearheads the legal framework for gender equality and equity, and pushes for higher levels of representation of marginalised groups, such as women, youth, and people with disabilities.

42. Law of the People's Republic of China on the Guarantee of the Rights and Interests of Women was issued to guarantee gender equality, equal political rights, equal property rights, equal education rights, equal marriage and family rights, equal pay for equal work for men and women, relief measures for violations of women's legitimate rights and interests, and so on. The Government established All China Women's Federation (ACWF) to safeguard the legitimate rights and interests of women and children, listen to women's opinions, reflect women's demands, propose relevant suggestions to state organs at all levels, request and assist relevant departments or units in investigating and punishing violations of women and children's rights and interests, and provide assistance to the affected women and children.

43. Medium and Long Term Youth Development Plan (2016-2025) (The Central People's Government of the People's Republic of China, 2017) aims to promote better growth and faster development of youth. To this aim, the government puts emphasis on employment and entrepreneurship of youth. A series of development measures for employment and entrepreneurship of youth are proposed, including the improvement of the policy system for promoting youth employment and entrepreneurship, strengthening youth employment services, strengthening youth employment services and promoting youth to engage in

entrepreneurship practice, strengthening the protection of youth employment rights and interests. Youth Employment Internship Program is implemented to promote youth employment internship training and management, and provide subsidies and support for youth participation in employment internships.

44. **Beneficiary engagement and grievance redress mechanism** for the project beneficiaries will be integrated into the existing practices of beneficiary engagement, disclosure and vertical complaint systems and practices of the governments at all levels. Beneficiaries will be prior consulted, and related information will be publicly disclosed, complaints handled according to these guidelines. The personal safety protection is strictly implemented to ensure the safety of labours. The workers involved in the project will sign contracts. Wages and salaries are negotiated by both parties and implemented according to industry standards. Designated channels and hotlines were publicly disclosed for receiving complaints and reports. There are early warning and defensive measures for emergencies. If necessary, arbitration and appeal can be conducted.
45. **Climate and environment.** China's long-term vision is to become a climate resilient economy. In order to achieve this goal, the Ministry of Ecology and Environment is responsible for designing and monitoring national climate policies. Department of Climate Change Response, which operates within this Ministry, is responsible for climate policy implementation. In 2020, President Xi Jinping proposed that China would reach the peak of carbon dioxide emissions by 2030 and make carbon neutrality come true by 2060 at Climate Ambition Summit (Chai et al, 2020). Achieving the goal of "carbon peaking and carbon neutralization" is not only to reduce GHG emissions, but also to strengthen adaptation actions and promote the adaptation capacity which could guarantee the sustainable development of economy, society, and ecosystem (Wang and Wang, 2021).
46. China submitted the Progress Report on China's Implementation of the National Independent Contribution Goal (2022) to the UNFCCC secretariat in 2022. To reach its adaptation goals, China is working towards an integrated approach to support crosscutting national policies and strategies to mainstream environmental sustainability and climate change adaptation efforts. In 2022, Ministry of Ecology and Environment issued National Climate Change Adaptation Strategy 2035 (Second Strategy). The adaptation measures are classified into four aspects, including strengthening climate change monitoring, early warning and risk management, improving the ability of adaptation of natural ecosystems, intensifying the resilience of economic and social systems to adapt to climate change, establishing a regional pattern of adaptation to climate change. For agriculture sector, the significant actions are proposed, such as strengthening monitoring, early warning, and disaster prevention and reduction measures, improving the adaptability of the planting industry, guiding the rational development of livestock, poultry, and aquaculture industries, strengthening the guarantee of agricultural development. For Gansu province, the key issues are to promote rainwater harvesting, supplementary irrigation and water-saving technologies in farmland; to expand the cultivation of drought resistant and high-yield crops such as hybrid millet and potatoes, as well as characteristic forest fruits; to strengthen the prevention and control of harmful organisms in agriculture and forestry; to protect and restore forest vegetation; to take comprehensive measures for preventing and controlling desertification; to accelerate the construction of the "Livestock Revitalization Project" for improving the living conditions of the impoverished population.

4. Environmental and social category

47. The Social and Environmental Risk Category for the Gansu project is rated as Substantial, following the results of the Environmental and Social Safeguards Screening Checklist. The project will invest in activities that are relatively limited in scale, i.e. mostly small-scale farm-level activities as opposed to larger infrastructural developments. Yet the broad ranges of activities and value chains to be supported under the integrated farming approach increase the number of areas of risk, and therefore the overall risk profile is rated as moderate. An Environmental, Social and Climate Management Plan (ESCMP) would be developed to manage the environmental and social risks during project implementation.
48. For Gansu project, social and environment risks would involve four aspects, including resource efficiency and pollution prevention, indigenous (ethnic minorities) peoples, labour and working conditions, community health and safety. The ecological environment condition in project area is compared; the ecological environment quality of Tianshui prefecture in the project area is "good", the ecological environment quality of Baiyin prefecture, Pingliang and Dingxi prefectures as "average", the ecological environment quality of Wuwei prefecture as "fair"; no "excellent" and "poor" categories. In summary the PCN findings are:
 - Limited likelihood of biodiversity threatened with the project interventions;
 - Resource efficiency and pollution prevention well taken into consideration in project concept;
 - Labour and Working Conditions are highly regulated and there is limited likelihood of violation or deviation;
 - Indigenous peoples or ethnic minorities in the context of China will be properly taken care of, mostly with preferential policies and support programmes specially made by governments, and
 - Community health and safety will be ascertained in line with relevant policies and institutional arrangements in place.
49. Areas of moderate risk as identified through the screening exercise include, amongst others: potential pollution of agriculture activities and agricultural products processing; non-environmentally sustainable of living natural resources; increased energy consumption; project operation in sectors or value chains characterized by working conditions that do not meet national labour laws or international commitments; and increased chances of gender-based violence. For each of the identified risks, corresponding measures will be included in the ESCMP to avoid occurrence and to minimize any negative impact.

5. Climate risk category

50. The climate risk classification for this project is Moderate. As the project will be implemented in seven counties which are defined as arid and semi-arid areas, the exposure to climate-related hazards is broad and includes drought, flooding, low temperature, wind and hail disasters. Drought disasters accounted for 67.4% of the climate-related disasters; flooding disasters accounted for 10.6%; low temperature disasters accounted for 9.7%; wind and hail disasters accounted for 3%. These climate-related disasters led to apparent damage and loss in the project areas in past decades. So climate risk, vulnerability and adaptability assessment will be considered in the project design. The risks can be remedied through appropriate preventive or mitigation measures outlined in the ESCMP. Focus on key areas and vulnerable populations, hazard identification, monitoring, early warning, and emergency preparedness for areas affected by natural disasters would be implemented, which threatened by drought, flooding, low temperature, wind and hail disasters. Agricultural meteorological index insurance would be used to address the risks of climate change and reduce farmers' losses, especially in the fields of livestock farming and crop cultivation.

6. Recommendations for project design and implementation

51. Improving the Resource Utilization of Rural Waste

52. **Utilization of livestock and poultry waste:** Focusing on major livestock counties and large-scale breeding farms, we will comprehensively promote the resource utilization of livestock and poultry breeding waste. Reduce greenhouse gas emissions during livestock and poultry farming, and establish a small cycle model of direct return of manure to the field.
53. **Utilization of planting waste:** By efficiently utilizing agricultural planting waste straw, improving rural heating technology, enhancing the level of biomass energy heating technology, and achieving cleanliness, convenience, and economy; Straw clean heating technology includes formed fuel, bundle burning, pyrolysis carbon gas co production, biogas, etc. By using straw clean heating technology, the remaining straw can be utilized, effectively solving the problem of clean heating in rural winter.
54. **Exploring the development model of climate smart agriculture:** For impoverished areas with fragile ecological environments, they are vulnerable to the adverse effects of climate change. Climate related disasters caused by extreme climate events are likely to lead to poverty or return to poverty among impoverished populations. Based on the information technology of the Internet of Things, it is of great significance to establish the characteristics and key disaster causing factors of related disasters caused by climate change in poverty-stricken areas with fragile ecological environments, establish a monitoring and warning system for agricultural disasters, and establish and implement precise agricultural disaster prevention and reduction measures and targeted poverty alleviation measures.
55. **Diversified data support platform for efficient utilization of climate resources:** Build a multi-source, multi temporal and multi-scale spatial database of meteorological environment resources to provide data basis for climate response research on yield and quality; Based on GIS, big data and spatial analysis technology, build a management platform for efficient utilization of climate resources of high-quality agricultural products, and provide technical support for the development of climate smart agriculture industry.
56. **Quantitative relationship between agricultural grain yield and climate resources:** Based on meteorological and environmental factors, combined with crop yield and quality data, a relationship model between key meteorological factors and crop quality is constructed.
57. **Precision agricultural grain yield prediction system:** Based on real-time prediction data provided by the agricultural disaster warning system, develop a digital and intelligent field management technology management system; Simulate the dynamic changes in yield and quality of crops under different climate year types through crop models.
58. **Diversified climate smart agriculture development mode:** Integrating crop market price information to provide farmers with harvest and sales strategy suggestions. Based on agricultural characteristics, climate characteristics, and industrial needs, build a new model for the development of smart climate agriculture to assist in the development of rural agriculture.

7. Further studies needed

59. Based on the social and environmental category (Substantial) and on the climate risk classification (Moderate), the following additional studies are required:
60. -Environmental, Social and Climate Management Framework (ESCMF)
61. -Targeted Adaptation Assessment
62. -Stakeholder Engagement Plan (SEP)

8. Monitoring and evaluation

63. The monitoring and evaluation system will be aligned to the logframe and will include specific responsibilities for monitoring targeted performance and for beneficiary tracking, especially women, youth and vulnerable groups (e.g. persons with disabilities). To that end, all people-centred indicators will be disaggregated by sex and age. Outcome Indicators, including IE2.1, SF 2.1 and SF 2.2 for empowerment, CI 2.2.1 for youth, and Environmental Sustainability and Climate Change indicators (CI 3.2.2), will be tracked at baseline, mid-term, and end-line as part of the COI surveys.
64. In order to measure the effectiveness of the resilience-building interventions promoted by the project, it is recommended to make use of the Resilience Design and Monitoring Tool (RDMT).
65. The Project Management Office (PMO) will be responsible to conduct periodic compliance monitoring and evaluation of the SECAP related reports. To this effect, a generic reporting template and guidelines will be prepared and reporting periodicity will be defined. AWPB, including indicators, will be prepared and implemented by the PMO. The PMO is specifically responsible to consolidate reports and submit them to IFAD.

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ESCMP Matrix

ESCMP Matrix

Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution In Implementation Phase	Means of Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate
Agricultural surface source pollution	<ul style="list-style-type: none"> · Zero-growth action of fertilizers and pesticides · Safe use of contaminated arable land and strict control · Recycling of used agricultural film · Implementation of livestock and poultry manure · Utilization of planting waste 	Meetings with stakeholders and field visits	Agriculture and Rural Bureau Ecological and Environmental Protection Bureau	Monitoring reports Status of mitigation measures verified at field	Annually and ongoing as project is implemented	Project implementation costs
Climate change related risks and impacts						
Increased droughts	<ul style="list-style-type: none"> · Undertake drought risk assessment and zoning 	Meetings with stakeholders and field visits	Gansu Meteorological Bureau; Gansu Water Resources Department; Department of Agriculture and Rural Affairs of Gansu	Monitoring reports; Status of mitigation and adaptation actions verified at field	Annually and ongoing as project is implemented	Project implementation costs
	<ul style="list-style-type: none"> · -Develop drought monitoring and warning network · Promote the constructions of supporting facilities in irrigation areas · Promote water-saving transformation in irrigation areas · Develop climate smart irrigation system · Promote water-saving techniques for dry farming mainly focused on rainwater harvesting and supplementary irrigation · Develop ridge and ditch coverage for rainwater harvesting planting · Promote the ability of water resources management 				Annually and ongoing as project is implemented	Project implementation costs

<p>Increased rainstorm and flooding</p>	<ul style="list-style-type: none"> · Undertake zoning to identify risk areas and avoid construction of agricultural infrastructure in climate risk hotspots 	<p>Meetings with stakeholders and field visits</p>	<p>Gansu Water Resources Department; Gansu Meteorological Bureau; Department of Agriculture and Rural Affairs of Gansu</p>	<p>Monitoring reports; Status of mitigation and adaptation actions verified at field</p>	<p>Annually and ongoing as project is implemented</p>	<p>Project implementation costs</p>
	<ul style="list-style-type: none"> · -Develop rainstorm monitoring and warning network · -Develop small and medium-sized river governance · -Promote trench management for mountain flooding · Promote comprehensive management of soil and water loss in Slope farmland · -Develop smart water conservancy · -Develop pilot insurance products that cover agricultural equipment · -Build capacity of farmers in sustainable land management to reduce flooding loss 				<p>Annually and ongoing as project is implemented</p>	<p>Project implementation costs</p>
<p>Social risks</p>						
<p>Exclusion of most vulnerable women, youth and persons with disabilities</p>	<ul style="list-style-type: none"> · Targeting, gender and social inclusion strategy is developed and fully applied · Quota applied to women□youth□and persons with disabilities in project activities and leadership positions · Apply measures to address women’s burden and save women’s time and labour 		<p>Department of Agriculture and Rural Affairs of Gansu GD2RP Implementing partners</p>	<p>Number of women, youth and persons with disabilities in project activities</p>	<p>Annually and ongoing as project is implemented</p>	<p>Project Implementation costs</p>

<p>Gender-based violence</p>	<ul style="list-style-type: none"> · Create safe spaces/cooperatives to encourage women's meaningful participation · Integrate gender sensitization in all training packaged delivered to MMR, implementing partners and beneficiaries · Sensitize project beneficiaries of grievance redress mechanisms 		<p>Department of Agriculture and Rural Affairs of Gansu</p> <p>GD2RP</p> <p>Implementing partners</p>	<p>Gender equality</p>	<p>Annually and ongoing as project is implemented</p>	<p>Project Implementation costs</p>
<p>Child labor and forced labor</p>	<ul style="list-style-type: none"> · Youth targeting from 18-35 years to avoid engagement of minors · Regular assessment of child labor and forced labor related risks and response mechanism · Increase awareness amongst beneficiaries on child and forced labour free supply and value chains 	<p>Public consultation</p>	<p>Department of Agriculture and Rural Affairs of Gansu</p> <p>GD2RP</p> <p>Implementing partners</p>		<p>Annually and ongoing as project is implemented</p>	<p>Project Implementation costs</p>
<p>The project is located in areas where indigenous peoples are present (including the project area of influence). The project results in impacts on the rights of indigenous peoples or to the lands, territories and resources claimed by them.</p> <p>Footnotes</p>	<ul style="list-style-type: none"> · FPIC Implementation Plan needs to be prepared. Further assessment needs to be undertaken and based on that IPP may need to be prepared. 	<p>FPIC Implementation</p>	<p>Department of Agriculture and Rural Affairs of Gansu</p> <p>GD2RP</p> <p>Implementing partners</p>			

N/A

Environmental and Social Safeguards Classification: Moderate

Environmental and Social Safeguards				
Biodiversity conservation	Yes/No	Likelihood	Consequence	Risk Rating
1.1 Could the project potentially involve or lead to conversion or degradation of biodiversity, habitats (including modified habitat, natural habitat and critical natural habitat) and/or ecosystems and ecosystem services?	No			Low
1.2 Could the project involve or potentially lead to activities involving habitats that are legally protected, officially proposed for protection, or recognized as protected by traditional local communities and/or authoritative sources (e.g. National Park, Nature Conservancy, Indigenous Community Conserved Area, ICCA, etc.)?	No			Low
1.3 Could the project potentially involve or lead to an increase in the chance of human-wildlife encounters/conflict?	No			Low
1.4 Could the project potentially involve or lead to risks to endangered species (e.g. reduction, encroachment on habitat)?	No			Low
1.5 Could the project potentially involve or lead to impacts/risks to migratory wildlife?	No			Low
1.6 Could the project potentially involve or lead to introduction or utilization of any invasive alien species of flora and fauna, whether accidental or intentional?	No			Low
1.7 Could the project involve or lead to the handling or utilization of genetically modified organisms?	No			Low
1.8 Could the project involve or lead to procurement through primary suppliers of natural resource materials?	Yes	Possible	Moderate Project requires procurement of natural resources through primary suppliers, and resource extraction is tightly regulated	Moderate
Resource Efficiency and Pollution Prevention	Yes/No	Likelihood	Consequence	Risk Rating
2.1 Could the project involve or lead to the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Yes	Likely	Minor Pollutants may possibly be released, either routinely or by accident, but treatment systems are proven and verified. Receiving environment has absorptive capacity.	Moderate
2.2 Could the project involve or lead to primary not environmentally sustainable production of living natural resources? (Note: this includes the cultivation or rearing of plants or animals, including annual and perennial crop farming, animal husbandry (including livestock), aquaculture, plantation forestry, etc)	Yes	Likely	Minor Project is partly dependent on production of living natural resources, but not enough to require serious environmental or social controls.	Moderate
2.3 Could the project involve or lead to engagement in areas of forestry, including the harvesting of natural forests, plantation development, and/or reforestation?	No			Low

Environmental and Social Safeguards				
2.4 Could the project involve or lead to significant consumption of raw materials, energy, and/or water?	Yes	Likely	Minor The project will require consumption of raw materials, energy, and/or water, but this will be a small component of the project, and impacts can be appropriately managed.	Moderate
2.5 Could the project involve or lead to significant extraction, diversion or containment of surface or ground water (e.g. construction of dams, reservoirs, river basin developments, groundwater extraction)?	Yes	Possible	Moderate The project needs a considerable amount of groundwater or surface water. This will require a minor extension of existing sources. It includes construction of large-scale irrigation schemes rehabilitation/development – below 300 ha per scheme	Moderate
2.6 Could the project involve inputs of fertilizers and other modifying agents?	Yes	Likely	Minor The project only requires minimal amounts of fertilizer	Moderate
2.7 Could the project involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry?	Yes	Likely	Minor The project only requires minimal amounts of pesticide.	Moderate
2.8 Could the project be located in an area which is being, or has been, polluted by an external source (e.g. a mine, smelter, industry)?	No			Low
2.9 Could the project involve livestock – extensive and intensive systems and animal products (dairy, skins, meat, etc.)?	Yes	Likely	Minor The project involves livestock or fisheries, but not in extensive or intensive systems.	Moderate
Cultural Heritage	Yes/No	Likelihood	Consequence	Risk Rating
3.1 Could the project be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?	No			Low
3.2 Could the project directly or indirectly affect indigenous peoples' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage (tangible and intangible)?	No			Low
3.3 Could the project involve or lead to significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No			Low

Environmental and Social Safeguards				
3.4 Could the project involve or lead to adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No			Low
3.5 Could the project involve or lead to alterations to landscapes and natural features with cultural significance?	No			Low
3.6 Could the project involve or lead to utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No			Low
indigenous peoples	Yes/No	Likelihood	Consequence	Risk Rating
4.1 Could the project be sited in areas where indigenous peoples are present (including the project area of influence)?	Yes	Almost certain	Minor The project is not sited in an area where indigenous people are present, but associated facilities may impact on indigenous people.	Moderate
4.2 Could the project result in activities located on lands and territories claimed by indigenous peoples?	Yes	Almost certain	Minor The project is sited in an area that was previously used by indigenous people, but no claim has been made on the land.	Moderate
4.3 Could the project result in impacts on the rights of indigenous peoples or to the lands, territories and resources claimed by them?	No			Low
4.4 Could the project result in the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No			Low
4.5 Could the project lead to impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices?	No			Low
Labour and Working Conditions	Yes/No	Likelihood	Consequence	Risk Rating
5.1 Could the project operate in sectors or value chains that are characterized by working conditions that do not meet national labour laws or international commitments? (Note: this may include discriminatory practices, high gender inequality and the lack of equal opportunities, denial of freedom of association and collective bargaining, labour migrants)	No			Low
5.2 Could the project use or operate in a value chain where there have been reports of forced labour? (Note: Risks of forced labour may be increased for projects located in remote places or where the status of migrant workers is uncertain)	No			Low
5.3 Could the project involve children (a) below the nationally-defined minimum employment age (usually 15 years old) or (b) above the nationally-defined minimum employment age but below the age of 18 in supported activities or in value chains?	No			Low

Environmental and Social Safeguards				
5.4 Could the project: (a) operate in a sector, area or value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risks, and/or (b) promote or use technologies or practices that pose occupational safety and health (OSH) risks for farmers, other rural workers or rural populations in general? (Note: OSH risks in agriculture might include: dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals, reptiles and insects. Psychosocial hazards might include violence and harassment.)	Yes	Possible	Minor The project operates in a sector, area, or value chain where workers are occasionally exposed to significant OSH risks, and where regulation is known to be effective.	Moderate
Community Health, Safety and Security	Yes/No	Likelihood	Consequence	Risk Rating
6.1 Could the project be at risk from water-borne or other vector-borne diseases (e.g. temporary breeding habitats), and/or communicable and non-communicable diseases?	No			Low
6.2 Could the project lead to unintended negative impacts on nutrition?	No			Low
6.3 Is there a possibility of harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	No			Low
6.4 Could the project involve or lead to the construction or rehabilitation of dams?	No			Low
6.5 Could the project involve or lead to transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	Yes	Possible	Moderate The project will most probably involve the transport, storage and use and/or disposal of hazardous or dangerous materials. However, regulation of hazardous materials is effective, and there is no recent evidence of accidents.	Moderate
6.6 Could the project lead to adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	Yes	Unlikely	Minor The project will only have minor impacts on ecosystem services, and these can be mitigated through standard environmental management planning.	Low
6.7 Could the project lead to the potential for gender-based violence, including sexual harassment, exploitation and abuse, as a result of labour influx, land redistribution, or other actions that alter community dynamics?	Yes	Unlikely	Minor Minor changes to community dynamics. Resulting serious recorded cases of gender-based violence and/or sexual exploitation. Gender-based violence protocols in place.	Low

Environmental and Social Safeguards				
6.8 Could the project lead to increases in traffic or alteration in traffic flow?	Yes	Likely	Minor The project will result in minor increases to traffic volume. Only minor increase in risk of injury or death.	Moderate
6.9 Could the project lead to an influx of project workers?	Yes	Possible	Minor The project requires the employment of new labour, but workers can be sources from local communities, and so influx is kept to a minimum, and risks are effectively managed.	Moderate
6.10 Could the project involve or lead to the engagement of security personnel to protect facilities and property or to support project activities?	No			Low
Physical and economic resettlement	Yes/No	Likelihood	Consequence	Risk Rating
7.1 Could the project result in temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No			Low
7.2 Could the project result in economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	Yes	Unlikely	Minor Minor possible negative impact on either community assets or individual farmer assets.	Low
7.3 Could the project present a risk of forced evictions?	No			Low
7.4 Could the project result in impacts on or changes to land tenure arrangements and/or community-based property rights/customary rights to land, territories and/or resources?	No			Low
Financial intermediaries and direct investments	Yes/No	Likelihood	Consequence	Risk Rating
8.1 Could the investment be granted to an institution that does not have an environmental and social policies and an associated environmental and social management system (ESMS) in place (transparent, publicly available)?	Yes	Likely	Minor The institution has an ESMS in place. Reports are not publicly available.	Moderate
8.2 Could the investment be granted to an institution with insufficient capacities (i.e. unqualified personnel e.g. ES Officer) to implement the ESMS?	Yes	Likely	Minor The institution employs an ES Officer, and employs field staff to implement the ESMS.	Moderate
8.3 Could the investment be granted to an institution that does not have an Exclusion List?	No			Low
8.4 According to the institution's portfolio classification: Could the institution have potential high-risk projects in their portfolio?	No			Low
8.5 Is there evidence that the institution does not comply with the local legal framework?	No			Low

Environmental and Social Safeguards				
8.6 Does the institution provide a stable communication channel with stakeholders and local communities (e.g. a Grievance Redress Mechanism)?	Yes	Unlikely	Minor Communities and stakeholders can contact the institution and a process is in place for institutionalizing the communication channels (e.g. complaint-management system) and training staff accordingly.	Low
8.7 Does the organization provide auxiliary or capacity building support services.	No			Low

Climate Risk Classification: Moderate

Step 1: Hazard identification	
What are the expected hazards in the project intervention area?	No, Yes, TBD
River flood	Yes
Costal Flood	No
Urban Flood	Yes
Landslide	Yes
Cyclone	No
Water Scarcity (agricultural droughts and/or dry spells)	Yes
Extreme Heat	Yes
Wildfires	Yes
Future climate scenarios foreseen (period 2040-2059) - Change in frequency and intensity	No, Yes, TBD
Change in temperature (increase or decrease)	Yes
Change in rainfall (increase or decrease)	Yes
Climate variability (larger or smaller)	Yes
Intensity and frequency of extreme events (larger or smaller)	Yes
Is the project expected to have an impact on climate change (i.e. contribute to greenhouse gas emissions)?	No, Yes, TBD
Is the project expected to be a significant emitter of greenhouse gases?	No
Step 2: Exposure Assessment	
Is the project located in exposed areas to weather-related natural hazards?	No, Yes, TBD
Low-lying areas (valleys, coastal zones, and small islands)	No
Very warm areas (subtropical)	No
Tropical areas (rainforests)	No
Arid and semi-arid areas (deserts)	Yes
Mountains zones and permafrost areas (tundra)	Yes
River banks	Yes
Does the project target agricultural systems, ecosystems or livelihoods exposed to weather-related hazards?	No, Yes, TBD
Is crop production frequently affected by rainfall variability, prolonged droughts, changes in temperature or pests and diseases?	Yes
Is livestock productivity frequently affected by rainfall variability, prolonged droughts, changes in temperature or diseases?	Yes
Are fisheries frequently affected by ocean acidification, water salinity and changes in sea surface temperature due to ocean-atmospheric oscillations or climate change?	No
Is forest productivity frequently affected by wildfires, diseases, rainfall variability, prolonged droughts, or changes in temperature?	Yes
Is the biodiversity in the project area likely to be affected by changes in climate variables?	Yes
Is any stage of the agricultural value chain (production, storage, processing and marketing) exposed to climate related hazards?	Yes
Is any rural infrastructure likely to be affected by flooding, landslides, changes in temperatures, and extreme winds.	Yes
Step 3: Sensitivity Assessment	
What are key sensitivities for the populations in the project's areas of intervention?	No, Yes, TBD
Is conflict exacerbating the population's sensitivity to weather related hazards?	No
Is population displacement being exacerbated by climate change impacts?	No

Are diseases (e.g. COVID-19, malaria, cholera) increasing the population's vulnerability and affecting their capacity to address potential weather-related hazards?	Yes
Is the income of the target population predominately coming from agriculture?	Yes
Are social inequalities (e.g. based on gender, youth, indigenous persons and other marginalized groups) being exacerbated by climate change?	No
Is the Human Development Index (HDI) equal to or below 0.6?	No
Is the Multidimensional Poverty Index (MPI) equal to or above 0.1?	No
Step 4: Adaptive capacity and climate resilience	
What are key adaptive capacities in the areas of project intervention?	No, Yes, TBD
Is the country well ranked in the Disaster risk reduction progress score?	Yes
Are climate and weather information services (real-time weather data, seasonal forecasts etc.) effectively being delivered (through radio, TV, SMS, extension services etc.) to farmers, rural dwellers, and end users?	Yes
Does the project country have an early action plan (preparedness and emergency response) to mitigate the impacts of weather-related hazards once the shock occurs?	Yes
Does the government or other institutions support the target population/communities with the necessary social and economic resources to prepare for or respond to climate-related events?	No
Is the target community carrying out (using their own means) agricultural adaptation?	No
Does the target population have the economic means or support to adjust or adapt their activities in response to weather related shocks?	No
Do policies/mechanisms exist that make financial credit, loans, and agricultural insurance available?	Yes
Are rural infrastructures effectively delivering services to farmers and rural dwellers?	Yes

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 6: First Annual Work Plan and Budget (AWPB)

Mission Dates: 03/09/2023-16/09/2023

Document Date: 22/07/2024

Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Annex 6 – First Annual Workplan and Budget – GD2RP

GD2RP - Annual Workplan and Budget 2024-2025									
	Sub-component name	Project Activities	Total Budget Plan (10,000 CNY) and Sources of Financing				AWPB 2024-2025		
			Total budget	IFAD	Government	Private Sector	IFAD	Government & private sector	Total
	总计		166 030	66 066	95 270	6 520	41 841	65 367	107 208
Component 1 -	可持续性绿色农业 Sustainable green agriculture		119 362	44 968	67 874	6 520	29 052	48 779	77 831
Sub-component 1.1	对小农户的普惠支持 Inclusive support to smallholders		16 441	2 515	13 926	-	1 911	8 052	9 963
1.1.1	基层农业企业的生产和加工升级 Production and processing upgrade of grassroots agribusinesses		11 109	1 616	9 493	-	1 129	5 950	7 079
	Weiyuan County	Medicinal herbs processing, potato storage, facility agricultural upgrade	721	721	-	-	452	-	452
	Huating County	Fodder processing, walnut & apple orchard upgrade, medicinal herbs production, beef cattle development support	4 719	226	4 493	-	300	2 819	3 119
	Maiji County	Honey, apple and mushroom production	5 670	670	5 000	-	377	3 131	3 508
1.1.2	妇女主导庭院经济 Women-led Courtyard economy	Training and production of courtyard horticultural crops in three counties	546	121	425	-	121	200	321
1.1.3	能力建设, 生产多样性 Capacity building, Diversification	Training on income-generating activities & agronomic technologies, SECAP compliance	1 329	371	958	-	274	472	746
1.1.4	妇女和青年创业 Women and youth entrepreneurship	Entrepreneurship Training, IGA training, innovative marketing and branding, e-commerce training and support for youth and women	557	407	150	-	387	30	417
1.1.5	农业保险 Agri-insurance	Ag insurance promotion and subsidy	2 900	-	2 900	-	-	1 400	1 400
Subcomponent 1.2	气候韧性包容性行业转型 Climate-resilient and inclusive sectorized base transformation 生态友好型转型		58 539	25 118	26 901	6 520	17 158	22 829	39 987
1.2.1	采用绿色技术和市场准入 Adoption of green technologies		44 680	13 959	25 401	5 320	7 059	21 129	28 188
	Weiyuan county	Medicinal Herb green production & processing, soil improvement, virus-free potato nursery	14 831	3 156	9 155	2 520	1 500	7 813	9 313
	Maiji county	Protected agricultural production, mushroom and nursery	5 430	3 130	-	2 300	1 480	-	1 480
	Tianzhu County	Mushroom production	12 573	2 673	9 900	-	1 117	5 538	6 655
	Jingtai County	Protected agricultural production, mushroom and nursery	11 846	5 000	6 346	500	2 962	6 078	9 040
1.2.2	农业生态旅游 Agro eco-tourism 农业生态旅游		13 859	11 159	1 500	1 200	10 099	1 700	11 799
	Weiyuan county	E-countrism in three villages	840	840	-	-	740	-	740
	Huating county	Access road and village e-tourism improvement	7 319	7 319	-	-	6 759	-	6 759
	Maiji county	Integrated village e-tourism enhancement	3 200	2 000	-	1 200	1 800	-	1 800
	Jingtai County	Community participatory agricultural and eco-tourism	2 500	1 000	1 500	-	800	1 700	2 500

Subcomponent 1.3	Public productive infrastructures (Public) 公共生产性基础设施		44 382	17 335	27 047	-	9 983	17 898	27 881
1.3.1	Sustainable irrigations and drainage 可持续灌溉	Enhancement of irrigation schemes	2 326	2 326	-	-	450	-	450
1.3.2	Improvement of saline-alkali land 改善盐碱地	Irrigation and drainage systems	5 580	2 000	3 580	-	500	895	1 395
1.3.3	Construction of high standard farmland 建设高标准农田		11 700	900	10 800	-	900	10 800	11 700
1.3.4	Production-linked road 生产连接道路	Production linked roads in four counties	10 311	6 633	3 678	-	6 633	3 677	10 310
1.3.5	Enhancement of marketing, processing and storage capacities 提高市场贸易、加工和储存能力	Cold storage and logistics centres	14 466	5 476	8 990	-	1 500	2 526	4 026
Component 2 - 子项目2	Building community resilient capacities 建设社区韧性能力		42 237	17 027	25 211	-	12 034	15 861	27 895
2.1	Participatory planning and governance models 参与式规划和善治	Training, advocacy and technical services	176	176	-	-	140	-	140
2.2	Climate-resilient community infrastructures and service facilities 气候应对社区基础设施和公共服务		42 061	16 851	25 211	-	11 894	15 861	27 755
2.2.1	Safe and clean water supply 改进和完善安全饮用水供应系统		26 764	8 671	18 094	-	6 814	13 221	20 035
	Huaiting county	Village drinking water and beautification improvement	11 509	2 637	8 872	-	2 100	6 611	8 711
	Weiyuan County	Drinking water system upgrade	8 423	2 702	5 722	-	2 200	3 966	6 166
	Tianzhu county	Water sources improvement and pipelines	3 332	3 332	-	-	2 514	-	2 514
	Maiji county	Water sources for 74 villages	3 500	-	3 500	-	-	2 644	2 644
2.2.2	Village wastewater treatment 农村污水处理和垃圾处理		5 400	2 000	3 400	-	500	1 400	1 900
	Jingtai county	Sewage system for rural communities	5 400	2 000	3 400	-	500	1 400	1 900
2.2.3	Application of clean and renewable energies 清洁和可再生能源的应用	Renewable energy for heating and lightening	1 700	1 700	-	-	1 100	-	1 100
2.2.4	Flood-control and disaster-prevention infrastructures 防洪防灾基础设施	Drainage system rehabilitation and construction	8 197	4 480	3 717	-	3 480	1 240	4 720
2.2.6	Infrastructures' operation & maintenance (O&M). 支持基础设施的运行和维护		-	-	-	-	-	-	-
C3 - 子项目3	Management and institutional capacity building 项目管理与机构能力建设		4 431	4 072	2 185	-	755	727	1 482
	办公设备 Office Equipment		140	140			140	-	140
	人员能力建设 Human capacity building	Workshops, training on managerial and mainstream aspects	723	723			160	-	160
	技术援助及短期人员 TA and short term staff	Short term consultants and support services	434	434			135	-	135
	监测评价及知识管理 M&E and KM	Establishment of MIS and M&E system	795	795			320	-	320
	南南合作 SSTC		155	155			-	-	-
	项目运行成本 Operating cost	Staffing and office operations	2 185		2 185		-	727	727

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 7: Procurement Plan for first 18 months

Mission Dates: 03/09/2023-16/09/2023

Document Date: 22/07/2024

Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Annex 7: First 18-months Procurement Plan

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
Goods								
	1	Maiji District Dangchuan Town bee farming industry efficiency improvement construction project: build a fully automatic honey processing production line, supporting inkjet machine, filling machine, etc., purchase 500 sets of finished beehives (including finished nest frame)	IFAD	Maiji District	Prior Review	NCB	1	40.28
	2	Recycling of waste bacteria stick and biomass pellet production and processing project: 10 sets of biomass pellet processing plant equipment.	IFAD	Maiji District	Prior Review	NCB	1	41.67
	3	Procurement of office equipment	IFAD	Maiji District	Post Review	NS	1	0.42
	4	Office equipment: Procure 1 printer, 8 computers, and 20 boxes of printing paper	IFAD	Huating City	Post Review	NS	1	2.78
	5	Walnut low yield garden high exchange project: purchase grafting scion and technical service 5000 plants.	IFAD	Huating City	Post Review	NS	1	2.78
	6	Walnut garden standardized management and protection project: purchase 40 tons of compound fertilizer, 200 tons of sheep manure, 8,000 kilograms of soybean seeds, 5,800 square meters of horticultural ground cloth.	IFAD	Huating City	Post Review	NCB	1	6.94

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	7	Apple orchard quality and efficiency construction project: purchase 30 tons of compound fertilizer, 100 tons of sheep manure, 3,500 square meters of horticultural ground, 600 meters of sand road.	IFAD	Huating City	Post Review	NCB	1	5.21
	8	Chinese herbal medicine green standardized planting demonstration base construction project: purchase 150 tons of organic fertilizer.	IFAD	Huating City	Post Review	NS	1	2.78
	9	Solar street lights procurement project: Purchase 2000 solar street lights.	IFAD	Huating City	Prior Review	NCB	1	69.44
	10	Procurement of office equipment.	IFAD	Weiyuan County	Post Review	NS	1	0.69
	11	Weiyuan County Luojiamo Village rural tourism health improvement project: purchase 26 sets of household appliances and furniture, install 1 set of intelligent parking system, purchase 1 batch of children's entertainment equipment.	IFAD	Weiyuan County	Post Review	NCB	1	27.78
	12	Weiyuan County Weiheyuan Village homestay upgrading project: Purchase bed, furniture and water purification equipment	IFAD	Weiyuan County	Post Review	NS	1	4.58
	13	Weiyuan County Tianjiahe Township Yuangudui Village residential renovation and upgrading project: purchase 6 sets of household appliances and furniture, 6 sets of heating equipment.	IFAD	Weiyuan County	Post Review	NS	1	2.78

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	14	Weiyuan County human beverage pipe network Internet + information transformation and upgrading project: Smart water supervision center large-screen system equipment procurement, water plants and pipe network automation equipment procurement in the southwest and southeast regions	IFAD	Weiyuan County	Prior Review	NCB	1	153.87
	15	Weiyuan County "youth live broadcast to help farmers" brand construction project: purchase drones, cameras, anti-shake bracket and other shooting equipment for the promotion of hometown activities.	IFAD	Weiyuan County	Post Review	NS	1	0.92
	16	Weiyuan County organic Chinese herbal medicine scientific research demonstration base construction project: Keshi Keli, Kewejian, Bacillus thuringiensis, Metarsiana anisopliae, soil repair agent, bacterial knife (Kono), Guofulai, Jiuke (Kono), Jiuke (Kono), Atailin.	IFAD	Weiyuan County	Post Review	NCB	1	12.5
	17	Procurement of office equipment	IFAD	Tianzhu County	Post Review	NCB	1	6.67
	18	Supporting facilities construction projects: humidity control system, refrigeration equipment, heating equipment, ventilation system, purification equipment and compressor, each 24 sets; 4320 groups of bacteria.	IFAD	Tianzhu County	Prior Review	NCB	1	166.67

AWPB/Component Ref AWPB	№	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	19	Procurement of office equipment, office furniture, office supplies, conference equipment, printing equipment, storage equipment, computers, shooting equipment, network equipment	IFAD	Jingtai County	Post Review	NCB	1	5.56
Works								
	1	Maiji District Dangchuan Town in the bee culture industry efficiency improvement construction project: the bee experience hall to upgrade, improve the functional area and product display area.	IFAD	Maiji District	Post Review	NCB	1	11.11
	2	Maiji District edible fungus production base construction project: construction of 3 bacterial workshops of 6,000 square meters, raw material warehouse of 1750 square meters.	IFAD	Maiji District	Prior Review	NCB	1	138.89
	3	Maiji District intelligent greenhouse construction project: the construction of 15,000 square meters of intelligent greenhouse.	IFAD	Maiji District	Prior Review	NCB	1	241.67
	4	Maiji District Maiji Town agricultural tourism promotion project: The new Jingtai Temple gate to Shilian Valley water into the village 2500 meters, water mill and agricultural products exhibition hall beside the water outlet Shilian Valley Square.	IFAD	Maiji District	Prior Review	NCB	1	277.78

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	5	Xianping River flood control project in Liqiao Town, Maiji District: 4.02km of Xianping River flood control project was implemented in Liqiao Town, and the length of levees was 3,291m and the wave wall was 137m.	IFAD	Maiji District	Prior Review	NCB	1	136.11
	6	Cedipo and Shibaozi eco-tourism road construction project in Cedipo Town: repair 7.48 kilometers of road from Cedipo to Guanliang Village, and build 5.5 kilometers of Shibaozi road.	IFAD	Huating City	Prior Review	NCB	1	208.33
	7	Wangjiagou and Hualong Road Rural tourism road construction project: Build Wangjiagou to Moping rural tourism road 12.4 km, repair Hualong road 21.4 km.	IFAD	Huating City	Prior Review	NCB	1	250
	8	Donghua Town Yuguang village farm restaurant construction project: New farm restaurant 2.	IFAD	Huating City	Post Review	NCB	1	11.11
	9	Maxia Town Chenjiagou Rural economic complex project: In Maxia Village Chenjiagou community maintenance of oil construction road 3580 square meters.	IFAD	Huating City	Post Review	NCB	1	13.89
	10	Dannanyu Village farm restaurant construction project: The Dannanyu Primary School in Cedi Town will be transformed into a village-run collective farm restaurant.	IFAD	Huating City	Post Review	NCB	1	9.31
	11	Y Yanxia Township Mijiagou infrastructure reconstruction project: supporting hydropower road reconstruction, repair	IFAD	Huating City	Post Review	NCB	1	13.89

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
		hardened courtyard 480 square meters, retaining wall 700 meters and other infrastructure.						
	12	Ankou Town Zhujiapo infrastructure supporting project: building 0.5 kilometers of road, laying 900 square meters of lawn bricks.	IFAD	Huating City	Post Review	NCB	1	6.94
	13	Xihua Town Niutongue Fort to Xingshu Tsui eco-tourism road construction (Phase I) project: construction of 3 kilometers of road.	IFAD	Huating City	Prior Review	NCB	1	277.78
	14	Xihua Town Niutongue Fort to Xingshu Tsui eco-tourism road construction (Phase I) project: construction of 3 kilometers of road.	IFAD	Huating City	Prior Review	NCB	1	225.28
	15	Majiapu - Shimin industrial development road construction project: build a widening road for 5 kilometers.	IFAD	Huating City	Post Review	NCB	1	27.78
	16	Walnut, Chinese herbal medicine industry base public production road upgrading project: sand industry road 10 km.	IFAD	Huating City	Post Review	NCB	1	11.67
	17	Huating City and the United States village construction project: to build 20 kilometers of road greening in the village, to build 30 kilometers of water channels in the village.	IFAD	Huating City	Prior Review	NCB	1	143.89
	18	Xihua Town Gongyang Village residential environment improvement project: new asphalt concrete pavement 8800 m ² , hardened roadway 360 m ² , green belt 6440 m ² , repair and planting green belt 622 m ² , etc.	IFAD	Huating City	Prior Review	NCB	1	222.22

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD'0000)
	19	Rui River water environment comprehensive regulation project in Huating City: ① 2km river channel cleaning in Nanrui River City section; ② Binhe North Road oil construction project.	IFAD	Huating City	Prior Review	NCB	1	208.33
	20	Weiyuan County Luojiemo Village rural tourism health upgrading project: parking lot transformation 500 square meters, rural tourism reception center, etc.	IFAD	Weiyuan County	Post Review	NCB	1	50
	21	Weiyuan County Qinqi Township Yangchuan village vegetable industry base road construction project: Qinqi Township Yangchuan village vegetable industry base road construction, etc.	IFAD	Weiyuan County	Post Review	NCB	1	24.97
	22	Weiyuan County Shangwan Town agricultural irrigation facilities upgrading project: Shangwan Town Yanchuan village agricultural irrigation facilities upgrading.	IFAD	Weiyuan County	Prior Review	NCB	1	62.5
	23	Weiyuan County Tianjiahe Township Yuangudui Village residential renovation and upgrading project: indoor and outdoor decoration, toilet renovation, connecting upstream and downstream water, circuit transformation, yard hardening.	IFAD	Weiyuan County	Post Review	NCB	1	11.11
	24	Weiyuan County human beverage pipe network Internet + information transformation and upgrading project: the construction of	IFAD	Weiyuan County	Prior Review	NCB	1	69.25

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
		valve Wells in the southwest and southeast areas.						
	25	Weiyuan County Weiheyuan Village residential renovation project: toilet renovation: indoor toilet retrofitting (toilet, water heater, wash basin, etc.).	IFAD	Weiyuan County	Post Review	NCB	1	9.31
	26	Shiyang River basin water supply security project: construction of 4 water sources, 7 reservoirs, 36.45km of water supply pipelines, installation of 247 sets of household metering facilities.	IFAD	Tianzhu County	Prior Review	NCB	1	225.97
	27	The Yellow River Basin water supply guarantee project: build 13 water sources, 8 reservoirs, 62.35km water supply pipeline, 12.77km household pipeline, and install 4865 sets of household metering facilities.	IFAD	Tianzhu County	Prior Review	NCB	1	216.67
	28	Tianzhu County 2025 high-standard farmland construction project: the construction of high-standard farmland 0.34 million mu, the main implementation of land capacity improvement, machine-cultivated roads, irrigation canal system and other projects.	IFAD	Tianzhu County	Prior Review	NCB	1	117.22
	29	Rural road water damage industrial road maintenance and renovation project (Phase I) : repair water damage 111 kilometers.		Tianzhu County	Prior Review	NCB	1	220
	30	Rural road water damage industrial road maintenance and renovation project (Phase II) : maintenance of water damage 148.8 km.	IFAD	Tianzhu County	Prior Review	NCB	1	135

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	31	Industrial road safety facilities fine engineering: fine construction of some industrial road safety facilities 180 kilometers.	IFAD	Tianzhu County	Prior Review	NCB	1	76.67
	32	Construction project of intelligent edible fungi mycelium culture base: 6 fungus houses.	IFAD	Tianzhu County	Prior Review	NCB	1	179.17
	33	Gobi facility agricultural industrial cluster demonstration construction project: New steel frame structure high-temperature arch shed.	IFAD	Jingtai County	Prior Review	NCB	1	277.78
	34	Jingtai County Agricultural Industry incubation Center construction project: total construction area of 8275.5 square meters.	IFAD	Jingtai County	Prior Review	NCB	1	277.78
	35	Modern factory fruit and vegetable seedling base construction project: This project covers an area of 15 acres, a total construction area of 10080 square meters.	IFAD	Jingtai County	Prior Review	NCB	1	138.89
	36	Jingtai County fine flowers joint agricultural belt agricultural demonstration planting base construction project: This project covers an area of 15 acres, a total construction area of 10080 square meters.	IFAD	Jingtai County	Prior Review	NCB	1	138.89
	37	Jingtai County saline-alkali land treatment project (Shangshawo Area) : transformation of dry ditches, etc.	IFAD	Jingtai County	Prior Review	NCB	1	277.78
	38	Jingtai County grain storage logistics base construction project: Total construction area: 6095.6 square meters (capacity area).	IFAD	Jingtai County	Prior Review	NCB	1	208.33

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	39	Jingtai County Jingdian irrigation district drought emergency water supply security reservoir project	IFAD	Jingtai County	Prior Review	NCB	1	272.22
	40	Jingtai County live poultry and livestock agricultural and sideline products trading processing center project	IFAD	Jingtai County	Prior Review	NCB	1	277.78
Consulting Services								
	1	Management Information System (MIS) development	IFAD	PPMO	Post Review	CQS	1	11.11
	2	Business Plan (BP) of new fruit rootstock cultivation and off-season fruit and vegetable planting project in Maiji area	IFAD	Maiji District	Prior Review	Selection (Design/PIM)	1	54.17
	3	Practical skills training for farmers	IFAD	Maiji District	Post Review	CQS	1	2.78
	4	Entrepreneurship training for youth and women	IFAD	Maiji District	Post Review	CQS	1	1.39
	5	Project management training, financial management level procurement training, gender mainstream training, SECAP related training, technical training	IFAD	Maiji District	Post Review	CQS	1	5.83
	6	Technical assistance and short-term personnel: technical consulting services	IFAD	Maiji District	Post Review	CQS/ICS	1	1.39
	7	Monitoring and evaluation and Knowledge Management: Monitoring and evaluation, knowledge management	IFAD	Maiji District	Post Review	CQS	1	3.33

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	8	Other operating costs: Office operating costs	IFAD	Maiji District	Post Review	CQS	1	3.33
	9	Project management training, financial management level procurement training, gender mainstream training, SECAP related training, technical training	IFAD	Huating City	Post Review	CQS	1	1.94
	10	Technical assistance and short-term personnel: technical consulting services	IFAD	Huating City	Post Review	CQS/ICS	1	8.33
	11	Monitoring and evaluation and Knowledge Management: Monitoring and evaluation, knowledge management	IFAD	Huating City	Post Review	CQS	1	2.01
	12	Other operating costs: Office operating costs	IFAD	Huating City	Post Review	CQS	1	1.39
	13	Good Village Governance and the "Ten Million Project" training programme	IFAD	Huating City	Post Review	CQS	1	4.17
	14	Business Plan (BP) of high yield and high quality storage feed base construction and deep processing project	IFAD	Huating City	Post Review	Selection (Design/PIM)	1	13.61
	15	Project management training, financial management level procurement training, gender mainstream training, SECAP related training, technical training	IFAD	Weiyuan County	Post Review	CQS	1	1.94
	16	Technical assistance and short-term personnel: technical consulting services	IFAD	Weiyuan County	Post Review	CQS/ICS	1	8.33

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	17	Monitoring and evaluation and Knowledge Management: Monitoring and evaluation, knowledge management	IFAD	Weiyuan County	Post Review	CQS	1	2.01
	18	Other operating costs: Office operating costs	IFAD	Weiyuan County	Post Review	CQS	1	1.39
	19	Weiyuan County women employment and entrepreneurship empowerment project	IFAD	Weiyuan County	Post Review	CQS	1	5.99
	20	Weiyuan County "youth live to help farmers" brand construction project	IFAD	Weiyuan County	Post Review	CQS	1	12.22
	21	Weiyuan County human beverage pipe network Internet + information transformation and upgrading project: smart water information system platform software development and equipment installation in the southwest and southeast areas, technical consulting fees.	IFAD	Weiyuan County	Prior Review	QCBS	2	152.16
	22	Weiyuan County rural construction training project: Organize mass training, exchange and investigation	IFAD	Weiyuan County	Post Review	CQS	1	2.50
	23	Weiyuan County organic Chinese herbal medicine scientific research demonstration base construction project: used for organic planting technology training, product certification and product testing.	IFAD	Weiyuan County	Post Review	CQS	1	2.22

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	24	Business Plan (BP) of Weiyuan County Huichuan town New town village Chinese herbal medicine finishing project	IFAD	Weiyuan County	Post Review	Selection (Design/PIM)	1	13.89
	25	Business Plan (BP) of Weiyuan County Huichuan town wormwood industry intensive processing project	IFAD	Weiyuan County	Post Review	Selection (Design/PIM)	1	13.89
	26	Business Plan (BP) of Weiyuan County Wuzhu potato industry cluster construction project potato storage	IFAD	Weiyuan County	Post Review	Selection (Design/PIM)	1	13.89
	27	Business Plan (BP) of Weiyuan County Xinzhai town Yaoji Wangqiang planting farmers cooperative Chinese herbal medicine processing equipment purchase and upgrade project	IFAD	Weiyuan County	Post Review	Selection (Design/PIM)	1	11.11
	28	Business Plan (BP) of Weiyuan County Lianfeng town wormwood processing and upgrading project	IFAD	Weiyuan County	Post Review	Selection (Design/PIM)	1	13.89
	29	Business Plan (BP) of Weiyuan County Shangwan town Houjiasi village facilities agricultural irrigation upgrading project	IFAD	Weiyuan County	Post Review	Selection (Design/PIM)	1	16.67
	30	Business Plan (BP) of Weiyuan County Zhaoyu town Caojiazhuang village facility agricultural base intelligent upgrading project	IFAD	Weiyuan County	Post Review	Selection (Design/PIM)	1	16.74
	31	Business Plan (BP) of Weiyuan County authentic Chinese herbal medicine deep processing project	IFAD	Weiyuan County	Prior Review	Selection (Design/PIM)	1	277.78
	32	Project management training, financial management level procurement training,	IFAD	Tianzhu County	Post Review	CQS	1	1.81

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
		gender mainstream training, SECAP related training, technical training						
	33	Monitoring and evaluation and Knowledge Management: Monitoring and evaluation, knowledge management	IFAD	Tianzhu County	Post Review	CQS	1	5.28
	34	Shiyang River basin water supply security project: third-party consulting service fee	IFAD	Tianzhu County	Prior Review	CQS	1	20.14
	35	Water conservancy science knowledge publicity project	IFAD	Tianzhu County	Post Review	CQS	1	9.44
	36	High standard farmland construction project: Third party consulting service fee.	IFAD	Tianzhu County	Post Review	CQS	1	7.78
	37	Tianzhu County women skills training project	IFAD	Tianzhu County	Prior Review	CQS	1	16.56
	38	Third party consulting service for the repair and renovation project of rural road damaged by water industry (Phase I)	IFAD	Tianzhu County	Prior Review	CQS	1	24.44
	39	Third party consulting service for the repair and renovation project of rural road damaged by water industry (Phase II)	IFAD	Tianzhu County	Prior Review	CQS	1	15.00
	40	Industrial road safety facilities refined engineering third party consulting services	IFAD	Tianzhu County	Post Review	CQS	1	8.06

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	41	Intelligent edible fungi mycelium culture base construction project consulting services	IFAD	Tianzhu County	Prior Review	LCS	1	25.42
	42	Garden flower planting technology training program	IFAD	Jingtai County	Post Review	CQS	1	13.28
	43	Blueberry production professional training program	IFAD	Jingtai County	Prior Review	CQS	1	15.33
	44	Modern factory fruit and vegetable seedling production professional training project	IFAD	Jingtai County	Prior Review	CQS	1	16.74
	45	Entrepreneurship training program for women and youth	IFAD	Jingtai County	Prior Review	CQS	1	16.74
	46	Training program on basic knowledge of disaster prevention and drought relief	IFAD	Jingtai County	Post Review	CQS	1	2.78
	47	Project management training, financial management level procurement training, gender mainstream training, SECAP related training, technical training	IFAD	Jingtai County	Post Review	CQS	1	4.17
	48	Technical assistance and short-term personnel: technical consulting services	IFAD	Jingtai County	Post Review	CQS/ICS	1	6.94

AWPB/Component Ref AWPB	Nº	Description	Funding	Project Area or Procuring Entity	Prior or Post Review	Procurement Method	Envelopes	Budget (USD' 0000)
	49	Monitoring and evaluation and Knowledge Management: Monitoring and evaluation, knowledge management	IFAD	Jingtai County	Post Review	CQS	1	3.06
	50	Other operating costs: Office operating costs	IFAD	Jingtai County	Post Review	CQS	1	4.17

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 8: Project Implementation Manual (PIM)

Mission Dates: 03/09/2023-16/09/2023

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Project No. 2000003837

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Asia and the Pacific Division
Programme Management Department

People's Republic of China

**Gansu Demonstrative Rural Revitalization Project
(GD2RP)**

Final Design

Annex 8 – Project Implementation Manual (PIM)

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Currency equivalents

Currency Unit	=	CNY
US\$1.0	=	CNY7.3

Weights and measures

1 kilogram	=	1000 g
1 000 kg	=	2.204 lb.
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres

Abbreviations and acronyms

AWPB	Annual Work Plan and Budget
BARA	Bureau of Agriculture and Rural Affairs
BOF	Bureau of Finance
BP	Business Plan
BRAM	Borrowed Resources Access Mechanism
CCA	Climate Change Adaptation
CSPE	Country Strategy and Program Evaluation
CNY	China Yuan
COSOP	Country Strategic Opportunities Programme
CSPE	Country Strategy and Programme Evaluation
DARA	Department of Agriculture and Rural Affairs
DLIs	Disbursement Linked Indicators
DOF	Department of Finance
DPF	Disabled Persons Federation
DRM	Design Review Meeting
ESCMF	Environmental, Social and Climate Management Framework
ESCMP	Environmental, Social and Climate Management Plan
ENRM	Environment and Natural Resource Management
EUR	EURO
EURIBOR	Euro Interbank Offered Rate
FA	Financing Agreement
4P	Public-Private-Producer Partnership
GAP	Gender Action Plan
GD2RP	Gansu Demonstrative Rural Revitalization Project
GDP	Gross Domestic Production
GPN	General Procurement Notice
GNI	Gross National Income
GRM	Grievance Redress Mechanism
HDI	Human Development Index
IACM	Inter-Agency Coordination Mechanism
IFAD	International Fund for Agricultural Development
IGA	Income Generating Activities
IPRM	Integrated Project Risk Matrix
KM	Knowledge Management
LIBOR	London Inter-bank Offered Rate
MARA	Ministry of Agriculture and Rural Affairs
M&E	Monitoring and Evaluation
MEE	Ministry of Ecology and Environment
MIIT	Ministry of Industry and Information Technology
MIS	Management Information System
MGT	Matching Grant for Transformation
MNR	Ministry of Natural Resources
MOF	Ministry of Finance
MoT	Ministry of Transport
MPI	Multidimensional Poverty Index
MTR	Mid-Term Review
MWR	Ministry of Water Resources
NDRC	National Development and Reform Commission

O&M	Operations and Maintenance
OSC	Operational Strategy and Policy Guidance Committee
PCN	Project Concept Note
PCR	Project Completion Report
PDR	Provincial Development and Reform Commission
PDR	Project Design Report
PIM	Project Implementation Manual
PPA	Project Procurement Arrangement
PPMO	Provincial Project Management Office
PPS	Project Procurement Strategy
PPU	Production and processing upgrade
PRRB	Provincial Rural Revitalization Bureau
PMO	Project Management Office
RBL	Result-Based Lending
RDMT	Resilience Design and Monitoring Tool
REDC	Rural Economic Development Cooperatives
RRB	Rural Revitalization Bureau
RRS	Rural Revitalization Strategy
SDG	Sustainable Development Goals
SECAP	Social, Environment and Climate Procedures
SEP	Stakeholder Engagement Plan
SO	Strategic Objective
SOFR	Secured Overnight Financing Rate
SSTC	South-South Triangulation Cooperation
TA	Technical Assistance
ToC	Theory of Change
UN	United Nations
USD	United States dollar
VIG	Village Implementation Group
WF	Women's Federation
YL	Youth League

1.0 Purpose of the manual

1. This Project Implementation Manual (PIM) provides guidelines for implementation of the Gansu Demonstrative Rural Revitalization Project (GD2RP). The PIM indicates the overall project framework and highlights the principles of engagement for the project. It provides a project description detailing components, sub-components, and activities as project interventions in support of the pursue of movements towards project’s development objective and expected outcomes. The PIM also provides guidance on the structure and operations of the planning, monitoring, evaluation and knowledge management, policy engagement, and South-South Triangulation Cooperation (SSTC) functions which will be put in place by the project. A chapter on project management highlights the key management instruments, including financial management, procurement (to be inserted on the basis of future LTB and FA). The PIM should be revised with participation of PMOs at project start up to engender ownership and updated to respond to the evolving implementation context.

2.0 Overall project framework

2.1 Key information about the project

Project ID	2000003837
Date of Effectiveness	October 2024 (Tentative)
Date of Completion	31 December 2030
Date of Loan Closure	30 June 2031
Project Objective	Support the country’s ongoing Rural Revitalization by demonstrating inclusive and innovative business models that promote sustainable and climate-resilient agriculture and building community adaptive capacities
Project financing	<ul style="list-style-type: none"> - Gansu Provincial Government contribution equivalent to US\$ 130.5 million for productive support, infrastructure, capacity building and project management - private sector contribution of US\$ 9.9M for eco-friendly transformation and O&M of infrastructures
Project Components	<ul style="list-style-type: none"> - Component 1: Sustainable green agricultural development, to promote and safeguard the socio-economic inclusiveness of smallholders in agricultural modernization and Rural Revitalization and will have three subcomponents focusing on (1.1) inclusive support to smallholder farmers, (1.2) eco-friendly transformation, and (1.3) public productive infrastructure. - Component 2: Building community resilient capacities. It aims to build the community-based well-being assets and capacities as an integral part of the improved rural livelihoods under the ongoing Rural Revitalization programme. - Component 3: Policy and institutional capacity building. Overall project management, institutional capacity building, Monitoring and Evaluation (M&E), Knowledge Management (KM), South-South Triangulation Cooperation (SSTC) activities and policy engagement
Project Counties	Tianzhu, Jingtai, Huating, Maiji, Weiyuan
Target beneficiaries	The project has the potential of directly serving and supporting 108,000 rural households, extending its benefits

	to a total of 351,500 of household members. Female direct participation is estimated at more than 50%, youth at 30%. Former registered poor, low-income, women, and youth will therefore be the primary participants and beneficiaries of the project. Special needs of ethnic groups and elderly will also be addressed where applicable.
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Table 1: Key timelines for planning and reporting

Tasks	Responsible party	Timeline
Annual Workplan and Budget	County PMOs Provincial PMO	15 October 31 October
Procurement Plan for 18 months	County PMOs Provincial PMO	15 October 31 October
Half-year Progress report	County PMOs Provincial PMO	10 th Jan, 10 th July 30 th Jan, 31 st July
Baseline, mid-term and end-line Surveys	PPMO and/or service provider	By March 2025
Annual M&E results report	PPMO and/or service provider	31 January
Unaudited Financial Statement	County PMOs Provincial PMO	10 March 31 March
Audit Report	PPMO and Provincial Audit Office	30 June
Project completion review	County PMOs Provincial PMO	TBC

2.2 Project's strategic alignment

2.2.1 SDGs alignment.

2. The project is expected to contribute to the achievement of four Sustainable Development Goals (SDGs), such as SDG 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality) and SDG 13 (climate action).

2.2.2 Alignment with government policies and strategies

3. The project is in line with the key objectives of the ongoing 14th-Five Year Plan¹, especially in : (i) ensure food security and supply of important agricultural products, (ii) promote green development of agriculture and ecological civilization construction, (iii) promote agricultural scientific and technological innovation and digital transformation, (iv) deepen rural reform and improve governance system; and (v) improve farmers' well-being through increased income and improved access to social economic services and opportunities among others. The project aims to contribute to the achievement of goal and objectives of the ongoing Rural Revitalization, which are the chief strategy and development

¹ The 14th Five-Year Plan (FYP) is a strategic document that outlines China's development goals and priorities for the period of 2021-2025. It also sets long-range objectives for 2035, aiming to build China into a modern socialist country in all respects. The FYP covers various aspects of economic, social, environmental, and political development, with a focus on innovation-driven growth, domestic market expansion, digital transformation, green development, and people's well-being.

programme of the country since 2018, and its primary outcomes are closely associated with the Rural Revitalization's strategic objectives of (i) promoting agricultural modernization, (ii) improving farmers' living standards, and (iii) protecting the ecological environment and inheriting excellent culture, especially fully in line with its policy measures of strengthening rural community improvement with necessary infrastructure construction and upgraded rural governance and community service system, developing specialized sectors, promoting emerging agrobusiness entities, and stimulating rural vitality. These priorities were further elaborated through the No.1 document of the central government in 2023.

4. The alignment with relevant strategies in Gansu is also observed, namely the "Several Opinions on the implementation of Rural Revitalization Strategy" launched in February 2018, "Implementation Plan for Rural Revitalization Strategy of Gansu Province" in February 2019, and "Comprehensively Promoting Rural Vitalization and Speeding up Agricultural Rural Modernization" launched by Gansu in Jan 2021.

2.2.3 Alignment with IFAD policies and strategies

5. The project is fully in line with the three Strategic Objectives (SOs) set in the IFAD's Strategic Framework 2016 – 2025, namely: (i) Increase poor rural people's productive capacities, (ii) Increase poor rural people's benefits from market participation and, (iii) Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities. It is in full compliance with the IFAD's principles of engagement and mainstreaming priorities, articulating on its investments and interventions in the areas of innovation, learning, scaling up and partnership, being gender transformative, including climate finance and building adaptive capacity. The GD2RDP design is also in line with IFAD's COSOP 2016-2020 in China extended to 2024. Specifically, it is aligned to the SOs 1 and 2 of the COSOP, reflecting IFAD's continued support in enhancing income opportunities and increasing resilience, giving thematic focus on inclusive agri-value chain development, support of inclusive rural agro-entities, natural resources management, climate resilience and renewable energy.

2.2.4 Rationale for IFAD involvement

6. The rationale for IFAD investments is pillared on several development challenges and opportunities that have emerged from the transition period of the Rural Revitalization since the nation-wide eradication of rural absolute poverty declared in 2020.

7. The ongoing Rural Revitalization presents good opportunities for investments in modernizing the large-scale agricultural production, and in revitalizing the rural livelihoods in a climate-resilient and community-governed manner. The modernization of agriculture can lead to improved agricultural efficiency, reduced operating and financial costs, and increased income for the leading players of agri-value chains, the revitalization of rural livelihoods through improved living conditions to increased well-being assets for both the rural community and individual households. However, it also presents the risk of marginalization of smallholder farmers and their organizations lagging in active participation and equitable sharing of development opportunities and benefits in the middle of industrialized agricultural sector modernization, agri-value chain development, and rural livelihood reengineering. Specific associated challenges arise, and they could be summarized as follows:

- Reduced discourse power of the smallholder farmers and their organizations in the middle of increasingly larger scale production and corporate-led marketing,
- uneven agricultural productivity due to limited modern technical capacities and inefficient on-farm infrastructures,
- risks of environmental pollution, non-sustainable use of natural resources, increased losses and wastes derived from production and post-harvest management leading to negative impacts on the ecosystem and biodiversity,
- difficulties in accessing markets due to scale of production but of low value-addition and underdeveloped value chains,

- limited capital inputs because of difficulties in accessing financial resources and services,
- lack of environment-friendly, climate-resilient community and sustainable capitalization at both community and household levels, and absence of adaptive capacity building for beneficiary-governed management system, and
- Critical funding gap in government budget for some rural infrastructure and public services, especially rural waste water and solid waste management, and the sustainable management of the natural capital, such as agricultural landscapes and ecosystems.

8. These challenges highlight the need for green agriculture, and inclusive and sustainable rural development in the country and especially in Gansu where factors mentioned above are very present.

9. IFAD has the country comparative advantages of pro-poor and inclusive rural development, targeting of the vulnerable and disadvantaged people, sustainable O&M and community-governed mechanisms, climate-smart and value chain-led agricultural development, and capacity building of smallholder farmers and their organizations including cooperatives, rural economic entities, and other agro-business entities under various public-private partnership models. These advantages enable IFAD to support smallholder farmers and rural communities in the mainstreams of organized agricultural production and rural revitalization, to adopt more efficient, resilient and environmentally friendly practices, to access markets and services, and to participate in decision-making processes that affect their socio-economic discourse power and well-being.

10. It was in this context and in recognizing IFAD's comparative advantage and relevant long-term experience, that the Government expressed a demand for IFAD to continue to support its agriculture and rural development agenda. IFAD is expected to bring expertise in innovative approaches into the country in support of the ongoing Rural Revitalization, especially by piloting and demonstrating replicable development business models of innovative and scaling-up potential. In addition, the project will foster the building of sustainable rural institutions, leveraging financing to project areas, and contribute to global public goods in terms of reducing carbon emission, environmental improvement, knowledge and experiences in arid and semi-arid agriculture and adaptive rural community building and governance;

11. The addition of GD2RDP to the portfolio of IFAD-funded projects could be viewed as: To safeguard and ensure that in the middle of the ongoing industrialization of agriculture, rural men and women and especially the small-scale producers are not to be crowded out but still have their ownership, participation and voices in the rural economic activities, in the community decision making, and the development values of social, economic and environmental dimensions stipulated in government-led Rural Revitalization Programmes are genuinely promoted, demonstrated, and proven to be of true value of reference for future development during the RRP and beyond.

12. The main opportunities or project responses for IFAD are identified as: (i) increasing demand of the rural men and women for capacity building in organized production and processing, and in participation in decision-making; (ii) strong needs of the rural people in access to development opportunities, technologies and services in order to share the benefits of rural growth; (iii) emphasis on socio-economic inclusiveness, environment-sensitivity and climate-resilience for industrialized scale agri-production; (iv) needs of new technologies and management models in production and post-harvest management; and (v) introduction of sustainable O&M and adaptive capacity building and innovative models for rural community management.

2.3 Thematic focus

13. The project will invest in promoting the mainstreaming themes of **gender transformative approaches, youth sensitivity, Climate action** and building adaptive capacity. Climate-resilient activities will mainly relate to the adoption of green technologies and stress-tolerant varieties, and the building of climate-smart infrastructures.

14. **Gender.** According to the Statistic Bureau, women comprised 49.2% of the total population in Gansu in 2022, while the national figure was 48.9%. In the process of urbanization, the structure of agricultural labor force in central and western provinces in China has changed, and the opportunities and wages of men to go out to work are significantly higher than those of women, while women tend to take care more of housework, including the elderly and children, resulting in more women remaining in the agricultural field.

15. The Fourth Survey on the Social Status of Chinese Women (2020) showed that rural women played more important role in economic and social development than 10 years ago. Among rural women, 28.9% employed by non-agriculture sector, 37.8% had experience of migrant work, and 52.6% of women who returned from migrant work engaged in non-agricultural labor. The average years of schooling of rural women in western China were 7.44 years, while those in eastern China were 0.61 years more. 87.5% of rural women participated the election of villagers' committee, and about 1/3 of rural women with age between 18 - 34 would like to run for villagers' committee membership in the future².

16. In 2021, The State Council issued Programme for Chinese Women's Development (2021-2030), and Gansu Provincial Working Committee of Women and Children issued Gansu Women's Development Programme (2021-2030) afterwards. This Programme seeks to advance equality between women and men in eight priority areas, namely; health, education, the economy, participation in decision-making and management, social security, family building, the environment, and the law. It also pointed out the challenges of women's development including, (i) gaps in women's development between urban and rural areas, regions and groups, and greater efforts should be made to ensure the livelihood of women in rural areas, especially in remote areas and ethnic minority areas; (ii) women still face practical difficulties in ensuring their equal rights in employment, personal property, marriage and family; (iii) the level of women's participation in the management of economic, cultural and social affairs needs to be comprehensively improved; (iv) various forms of discrimination against women exist to varying degrees, the concept of gender equality needs to be further popularized, and the social environment for women's development needs to be further optimized. However, the statistic monitoring of the National Programme showed that the first year of the implementation was successfully, women's health level continued to improve, the level of education steadily increased, women's economic and social status continued to improve, the scope of social security continued to expand, and the legal protection system further improved³.

17. Women's Federation (WF) is the leading women's organization through the country as well as in the project area. It has positioned itself as the organization representing women, protecting women's rights, and promoting gender equality. WF has offices and representatives at the national, provincial, prefecture and county levels, and has very strong linkages down to the grassroots levels with representatives in townships and administrative villages.

18. **Youth.** Since 1980s when China economic reform started, rural labor has been being migrated to urban on a large scale majorly due to the income gap between rural and urban. Data from State Statistic Bureau showed there was 187.05 million rural labor⁴. Rural youth move to cities in pursuit of good jobs and higher incomes to gain higher socio-economic status.

19. In Gansu, rural youth typically face challenges such as low educational attainment, limited employment opportunities, lack of social services, environmental degradation, and cultural

² Main Data of the 4th Chinese Women's Social Status Survey. China Women's News, December 27, 2021. http://paper.cnwomen.com.cn/html/2021-12/27/nw.D110000zgfnb_20211227_1-4.htm

³ The National Bureau of Statistic. Statistic Monitoring Report of Chinese Women's Development Programme (2021-2030) in 2021. http://www.nwccw.gov.cn/2023-04/24/content_311453.htm

⁴ <https://data.stats.gov.cn/search.htm?s=%E5%8A%B3%E5%8A%A8%E5%8A%9B%E8%BD%AC%E7%A7%BB>

marginalization. Many rural youth migrate to urban areas in search of better livelihoods, but often encounter issues of social exclusion. Some rural youth stay in their hometowns but struggle to adapt to the changing economic and social conditions. Rural youth in Gansu need special support and empowerment from the government, civil society, and the private sector to overcome these challenges and unleash their potential.

20. Youth League (YL) is the most extensive youth organization through the country, and it has positioned itself as the organization systematically serving for youth development widely on youth's ideology and morality, education, health, marriage, career-orientation and employment, culture, social security, social inclusion and participation. The Youth League in Gansu has established very strong structure and linkage at all the administrative levels and in villages.

21. IFAD's country experiences in addressing the needs of rural youth showed good practices in its past and ongoing projects, mainly by providing trainings in entrepreneurship incubation and start up, fostering young returned graduated in modern agro-farms and cooperatives of production and marketing, skills and technologies of precision and digital agriculture, promotion of youth leadership in e-commerce centers and traceability system maintenance. The project will continue these good practices and address the rural youth's needs. The project will also update its youth focus in line with the possible needs identified by the ongoing COSOP exercise.

22. **Nutrition in Gansu.** In recent years, the nutritional and health of residents in Gansu Province has improved significantly. Compared with the balanced dietary guidelines for Chinese residents, the residents' grains, potatoes and beans have basically reached the standard, and the intake is sufficient, but the intake of foods rich in vitamins, minerals, high-quality protein and other nutrients is still insufficient and the intake of condiments has increased significantly. The daily intake of fat per standard person is only 68 grams, and dietary fiber, thiamine and riboflavin are not significantly different from the results of the 2002 national nutrition survey of residents. The prevalence of standardized anemia in Gansu province is 28.3%, of which 24.5% are men over 60 years old and 30.1% are women over 15 years old. The prevalence of standardized vitamin D deficiency in the population was 50.7%, of which 43.6% were men and 57.6% were women, and the general deficiency was common in people over 6 years old, especially in adults over 18 years old.

23. They still face problems such as the coexistence of insufficient and excess nutrition and frequent nutrition-related diseases. Unhealthy dietary problems such as high salt, high sugar, and high fat cannot be ignored. Therefore, in recent years, Gansu has continued to promote reasonable dietary actions, advocating "three reductions" (oil reduction, salt reduction, sugar reduction) healthy diet, carrying out targeted dietary guidance and nutrition publicity and education, etc., to improve the nutrition and health literacy of the whole people, and improve the nutritional health of key groups such as "one old and one small".

24. By promoting reasonable dietary actions, the nutritional structure of the elderly in Gansu has been improved. Through family doctor contracting services and other means, increase healthy diet guidance and intervention for patients with chronic diseases such as hypertension and diabetes and the elderly, strengthen the concept of balanced nutrition, balance dietary nutrition, improve the effect of chronic disease control and control, and gradually realize "from treatment to prevention" for geriatric diseases. The anemia rate of the elderly is less than 10%, and the average life expectancy has increased significantly.

25. **Climate change and environment.** Gansu province is highly exposed to climate change challenges. Gansu is in the northwest of China, where the climate is arid and semi-arid, and the precipitation is scarce and uneven. Gansu also faces increasing risks from extreme weather events, and desertification due to rising temperatures and droughts, which can reduce the forest coverage, increase the urban-rural income gap, and affect the information technology development.

26. Gansu province is also one of the most geographically diverse and environmentally fragile provinces in China. Besides the climate change, it is facing challenges such as water scarcity, soil erosion and pollution. However, in recent years, the province has made good efforts to protect and restore its ecological environment, while promoting sustainable and low-carbon development. Some of the achievements include:

- Lifting 5.52 million people out of poverty and improving their living conditions through ecological compensation, relocation and rural revitalization programs;
- Developing a modern industrial system that relies on renewable energy sources such as wind, solar and hydro power, which accounted for 59% of total electricity generation in 2020.
- Implementing farmland protection policies and measures to control urban land expansion and improve land use efficiency.
- Carrying out ecological restoration projects for mountains, forests, fields, lakes and grasslands, such as the Grain for Green Program, the Three-North Shelterbelt Program and the Yellow River Ecological Corridor Program.

27. **Ethnic minorities.** Ethnic minorities in Gansu present a diversity of socio-cultural heritage. According to the 2020 Census, Gansu is home to 44 minority ethnic groups totaling 2.38 million people, 9.3 percent of the region's total population. Most people from the ethnic minority groups are living in the two ethnic autonomous prefectures, seven ethnic autonomous counties and dozens of multinational counties. Yugu, Baoan and Dongxiang are ethnic groups unique to Gansu.

28. The social and economic development of rural ethnic minorities in Gansu faces both challenges and opportunities. On one hand, some rural areas have been affected by globalization, a rapidly changing economy, job instability and even unemployment. In some areas, education level of rural ethnic minorities can be lower than that of the majority Han population. On the other hand, rural ethnic minorities and their living areas have benefited from the policy of developing northwest China, which has supported infrastructure construction, ecological protection, cultural preservation and tourism development. leading to improved living conditions, increased income and enhanced social participation of rural ethnic minorities through various interventions.

2.4 Theory of change

29. The modern agricultural transformation and rural reengineering as core parts of the Rural Revitalization are not only the most important drivers of growth and rural development in Gansu, but also a key determinant factor in consolidation of the eradication of extreme poverty, and improved food security and nutrition especially from the supply side. While the transformation is leading to increased scale in agri-production and helping the province in laying down better foundations for increased production and improved productivity, adoption of digital agriculture and other advanced technologies risk leading to the reduced use of rural labour and could lead to the smallholder farmers being marginalized in the overall agricultural transformation process. Other challenges and risks are summarized as: (i) uneven agricultural productivity and under-developed agri-value chains, (ii) lack of sufficient and inclusive capital investments as organized scale production bases are mostly invested and led by large corporates, (iii) gaps in public infrastructure system (iv) risks of negative impacts on ecosystem and biodiversity, and (v) absence of adaptive capacity building for beneficiary-governed management systems in rural development. These challenges highlight the need for sustainable green agriculture, and an inclusive rural development for the province.

30. In response, The Government-IFAD-supported GD2RP will address these challenges through the following measures: (i) enhancing agricultural productivity and transformation to modern agriculture, (ii) supporting new agribusiness entities, (iii) building infrastructure and public services, (iv) fostering rural industries and tourism, (v) strengthening ecological protection and restoration, and (vi) preserving and

promoting rural culture and traditions⁵. The activities of GD2RP have been designed following the theory of change outlined below. In brief, it will:

31. Provide inclusive support to smallholder farmers and their organizations by: (i) upgrading production and processing of grassroots agribusinesses, (ii) promoting women-led courtyard economy, (iii) capacity building and IGA diversification, (iv) strengthening women and youth entrepreneurship, and (v) mitigating risk through Agri-insurance. Women and youth will benefit from differentiated and even exclusive support and access to development opportunities.

32. Strengthen smart and eco-friendly agricultural transformation by promoting the adoption of green and modern technologies through the introduction of technologies, practices, and business models that support eco-environment protection, diversification, and improved efficiency, quality, competitiveness of agribusinesses. This will also include support to the protection of ecological environment through rural eco-tourism and rural labour transformation.

33. Support the construction and rehabilitation of public productive infrastructures to address some of the major gaps in the current infrastructure system in the project target areas. This would contribute to improving agricultural productivity, agricultural diversification, and climate resilience in the project areas.

34. Interventions in fostering community participatory planning and good governance will respond to the Gansu government's guiding principle in the good governance of Rural Revitalization, especially regarding giving play to the basic role of villages' self-governance. The project will give emphasis on promoting a resident-centered participatory process of village planning, and defining and implementing the good governance, which should result at least in activity and budget planning of village-level investments and activities. The establishment of villagers-governed and socially inclusive O&M committees for related projects will be part of the continued efforts for long-term sustainability and the project exit strategy.

35. Climate-resilient community infrastructures and service facilities will address some of the gaps in the current infrastructure system in the project area, which may limit or constrain the implementation of the proposed project activities. The gaps include incomplete rural road network, lack of safe drinking water, appropriate sewage and solid waste systems, and renewable energy. The project's investment will include but not exclusively (i) safe and clean water supply system, (ii) construction and upgrade of wastewater treatment networks to facilitate recycling, (iii) eco-environment friendly community liquid and solid waste management, (iv) toilet upgrade integrated into waste management system, and (v) application of clean and renewable energies.

36. Community adaptive capacities and innovative management models, which will support: (i) establishment and upgrade of community tailored services for elderly care, culture and heritage promotion and easy-access groceries; and (ii) innovative models of community good governance, and sustainable O&M mechanisms.

37. The ToC argues that **IF** these interventions are implemented in the context of the following assumptions: (i) Sustained investment from government's own resources to rural revitalization in the sectors/areas of this project is a key assumption for the success of the project during implementation and after completion, (ii) the right institutional set-up will and the necessary convening power and coordinating mechanisms, will ascertain the proper adoption, generation and adaptation of new ideas and mechanism's introduction by the project, (iii) community engagement and beneficiary participation desired by the project in its design will need to be fully explored, to guarantee the effectiveness of project interventions in benefiting the target groups, and (iv) social, environment and climate risks

⁵ Report on Strategic Research of Rural Revitalization in Gansu (甘肃乡村振兴战略研究报告), Gansu DARA and Gansu institute of Agricultural Sciences

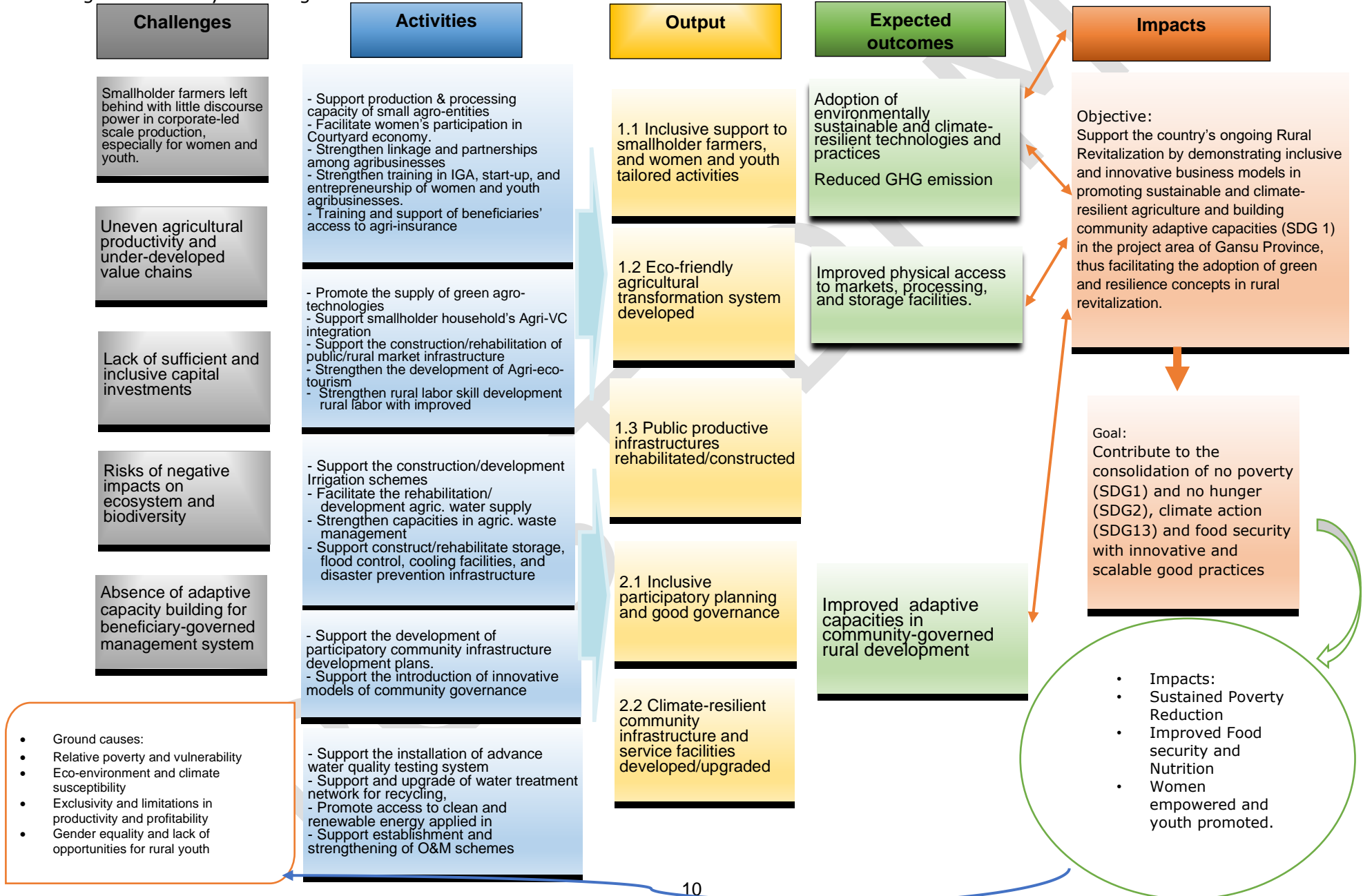
identified will be properly managed through implementation necessary management plans along the project implementation.

38. **THEN**, (i) women and youth income generating capacity will be built (ii) access to finance and rural public infrastructure (markets, green tools, and technologies) and services improved (iii) capacity of cooperatives and agribusinesses strengthened. As a result, the availability of finance and increased start-ups through entrepreneurship will lead to new jobs and employment opportunities (particularly for women and youth) created, improved climate adaptation, increased use of financial products and services. In addition, increased income will improve social cohesion through women empowerment.

39. Consequently, the project will support the country's ongoing Rural Revitalization in the project area of Gansu Province, contributing to the overall goal of consolidating the results of no poverty (SDG1), no hunger (SDG2), gender equality (SDG5), climate action (SDG13), and innovative and scalable good practices and reference.

POST DRAFT

Figure 1: Theory of Change



3.0 Project description

3.1 Project goal, objectives and expected outcomes

40. **Project duration.** The Gansu Demonstrative Rural Revitalization Project (GD2RP) will be implemented in Gansu province in Northwest China in support of the country's development strategy priority for the Rural Revitalization, which aims to deepen the country's rural reform and agriculture transformation. The project is expected to be implemented for a period of six years from 2025-2030.

41. **The project goal** is to contribute to the consolidation of no poverty (SDG1) and no hunger (SDG2), climate action (SDG 13), and food security with innovative and scalable good practices and reference.

42. **The development objective** is to support the country's ongoing Rural Revitalization by implementing inclusive and innovative business models that promote sustainable and climate-resilient agriculture and building community adaptive capacities (SDG 11), thus facilitating the adoption of green and resilience concepts in rural revitalization in the project area of Gansu Province.

43. **The primary expected outcomes** will be to (i) Improve access of rural households to opportunities of participation and benefit sharing of rural economic growth with use of climate-smart technologies and practices in sustainable and green agriculture, and (ii) Build adaptive capacities in community-governed and sustainable rural development.

44. The following core outcome indicators will be applied in the project M&E among others: (i) Individuals demonstrating an improvement in empowerment (IE.2.1), (ii) Supported households reporting growth rate of per capita disposal income with above national average level, (iii) Beneficiaries especially women, youth, ethnic minorities and persons with disabilities reporting new jobs/employment opportunities (CI 2.2.1), (iv) Households reporting adoption of new/improved inputs, technologies or practices (CI 1.2.2), (v) Households reporting improved physical access to markets, processing and storage facilities (CI 2.2.6), and (vi) Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices (CI 3.2.2).

3.2 Geographic coverage, target group and targeting.

45. **Geographic coverage and target population.** Five counties (out of the total 86 counties/districts and county-level municipalities in the province) have been proposed by the Government as project counties, on the basis of primary criteria of (i) risk of continued vulnerability of the former nationally and provincially designated poor counties, (ii) relative geographic concentration for future implementation efficiency, (iii) opportunities for inclusive and climate-resilient green agricultural development, (iv) potential for innovative eco-system protection and conservation, and (v) strong commitment of county government to participate in the project implementation. The counties are:

Table 2: Geographical Targeting

Prefecture	Wuwei 武威	Baiyin 白银	Pingliang 平凉	Tianshui 天水	Dingxi 定西
Counties	Tianzhu 天祝	Jingtai 景泰	Huating 华亭	Maiji 麦积	Weiyuan 渭源

46. Among the five counties, Tianzhu, Jingtai, Maiji and Weiyuan are the former nationally designated poor counties; and Huating is a former provincially designated poor county.

47. **Outreach and scope and targeting.** The project has the potential of directly serving and supporting 108,000 rural households, extending its benefits to a total of 351,500 of household members. Female direct participation is estimated at more than 50%, youth at 30%. The estimate on women and youth participation was made in accordance likely increased trend of feminization of rural labour, and declining trend of rural youth in Gansu and elsewhere in rural China. Special attention will be given in the project targeting to include the ethnic minorities. The estimation is provided in the table 3 below:

GD2RP Beneficiaries Estimation					
Components	Titles	No. of HH	No. of person	women	youth
Component 1	Sustainable green agriculture	93 588	300 144	146 981	87 720
Subcomponent 1.1	Inclusive support to smallholders	36 162	104 516	50 739	31 550
Subcomponent 1.2	Climate-resilient and inclusive sectorized base transformation	13 288	45 179	20 774	13 554
Component 2	Building Community Resilient Capacities	52 244	174 710	80 127	67 324
Subcomponent 2.1	Participatory planning and governance models	1 280	1 280	625	234
Subcomponent 2.2	Climate-resilient community infrastructures and service facilities	50 964	173 430	79 502	67 090
Total beneficiaries (net of possible duplication)		108 000	351 506	180 836	113 091

48. **Targeting strategy and target group.** The project will continue IFAD's core targeting approach in the country, by applying the ongoing geographic and inclusive targeting strategy in the selection of vulnerable and disadvantaged target groups **such as women, youth, and ethnic minorities**. After the declared eradication of extreme poverty in February 2021, the government has redefined the focus support group in its state's well-being register system as vulnerable smallholder farmer households, which constitute of five categories, or: (i) households of subsistence allowance, (ii) households of marginal subsistence allowance, (iii) households with extreme difficulties, (iv) former registered poor households under continued monitoring, and (v) low-income households. Typically, the first three categories lack active labour, and they receive welfare allowances from the government. The project will therefore target the former registered poor and the low-income segments, which remain vulnerable and risk falling back to poverty once natural and socio-economic uncertainty takes place and external shocks occur. Overall, the first three vulnerable are covered by the government welfare system with financial and non-financial support packages; the former registered poor and the low-income segments will be targeted by project interventions through inclusiveness and focus training where required. The project intends to address the target groups' needs through inclusion in capacity building and differentiated skill training where applicable, ensuring voices and participation in decision making processes, and ensuring equitable membership in cooperatives and rural development entities.

49. An inclusive targeting strategy for G2RDP aims to foster inclusive access to resources and opportunities provided by the projects for the rural men and women living in the project area. It is the foundation for differentiated targeting for the disadvantaged target group segments mentioned. While selecting the eligible households, clear income threshold will need to be established either for the whole project or by each county to enhance the target of the project. Example of other IFAD China projects may be applied, e.g. adopting the average rural household income in the project areas as the threshold in the project targeting strategy.

50. The primary segments of target group present the following characteristics that are worthy of special attention during the project implementation:

51. **Smallholder farmer households** are not well involved in the agribusiness in the project area. According to the data provided by county PMOs, only 167,000 farmers owned the membership of cooperative, and 141,000 rural households connected their production to leading businesses. Farmers access to capacity building is also limited with only 99,000 farmers having the opportunity to acquire technical training in 2022. Of these, marketing skill training was even less and only two project counties provided training in 2022 for 2,700 farmers.

52. **Rural women** are the primary labor force in the project counties due to the long-term out-migration of rural labor to urban areas. In general, rural women have gained more opportunities to participate in agricultural development and community affairs and are also gaining greater social and economic status. However, with the burden of both agriculture and housework, rural women are mostly confined to earning income from on-farm production and labor work available. This limits their ability to acquire knowledge and skills, and there is still a need for them to fully participate in decision-making on community development. According to the data provided by county PMOs, rural women had fewer opportunities for technical training, marketing access and capacity building, and community decision-making. Despite these challenges, rural women are eager for development opportunities locally, and Their umbrella organization - Women's Federation (WF) is a grassroots organization dedicated to promoting the women's rights and interests.

53. **Rural youth** are the most active force for rural revitalization. However, due to a lack of employment opportunities and investment capital to make a satisfying income in rural areas, they often migrate to urban areas in search of better income. To address this, it is essential to explore entrepreneurship and employment opportunities in agribusiness to attract and sustain youth in rural and agricultural sectors. Youth are however dynamic, and they are often more skilful with IT and digital technologies and their application. They are also a growing force in rural entrepreneurship by starting up their businesses for self-employment and providing employment opportunities to the others. IFAD's country experiences in addressing the needs of rural youth showed good practices in its past and ongoing projects, mainly by providing trainings in entrepreneurship incubation and start up, fostering young returned graduated in modern agro-farms and cooperatives of production and marketing, skills and technologies of precision and digital agriculture, promotion of youth leadership in e-commerce centers and traceability system maintenance. The project will make linkage with relevant ongoing IFAD-assisted projects, training agencies of public and private nature to tailor and coach the rural youth participating in the project implementation.

54. **Ethnic minorities** are integrated into the mainstreams of the society in China, and the government provides favorable policies and support to them in social, cultural, and economic development compared to the majority of Han population. In the project counties, minorities are concentrated in Tianzhu (40.6% of the total population) and Huating (11.6% of the total population), with Tianzhu being a Tibetan autonomous county⁶. The project will apply its FPIC in working with the ethnic groups to ensure their genuine participation and ownership of the social, cultural and economic assets protected and enhanced.

55. **Inclusive and differentiated targeting.** While the overall project's inclusive targeting will apply, differentiated and some exclusive targeting will be introduced in some of the project interventions, mainly in relation to activities under component 1 while addressing needs of women, youth, and other identified target segments. Former registered poor, low-income, women, and youth will therefore be the primary participants and beneficiaries of the project alongside other smallholders in the areas of their production and marketing organizations, capacity building and income generating activities of diversification, rural labour skill transformation, and community-governed management set-up. Special needs of ethnic groups and elderly will also be addressed where applicable, particularly in capacity building and community-based services.

56. **Gender transformative strategy.** The GD2RP is strategically aligned with the Government of China's Rural Revitalization Strategy (2018-2025), the 14th Five-Year Plan of the Provincial Government of Gansu, and the Gansu Women's Development Programme (2021-2030). The project aims to strengthen gender equality and women's empowerment through a variety of initiatives focused on women's socio-economic empowerment and inclusive capacity building. Emphasizing women's roles in decision-making and planning, GD2RP also aligns with IFAD's GEWE framework and its three strategic objectives. Tailored support will be provided to women in target segments to ensure they benefit equitably from the project.

57. Key initiatives under GD2RP include promoting women's leadership in agribusinesses through financial incentives, supporting women-led courtyard economies and income-generating activities, and providing tailored technical training on climate change adaptation and income diversification. The project will also offer exclusive training for women and youth entrepreneurs, facilitating business start-ups and mentorship. Additionally, GD2RP will encourage the active participation of women and youth in village planning, support peer-to-peer learning, and integrate gender equality modules in all technical training. Efforts to promote equal pay, gender sensitization training for cooperatives and staff, and partnerships with organizations like the Women's Federation will further amplify women's collective voice. The project aims to foster healthy gender relationships, reduce women's workload, increase recognition of unpaid work, and support the transformation towards gender equality.

58. **Youth-sensitive approach** will be applied by the project in response to identified specific needs, aspirations, and challenges faced by young people in the agricultural modernization and rural revitalization. It will start by recognizing the young rural people as key actors by including them in related policy engagements, organizations and relevant levels. The design concluded that Youth is one of the driving forces of rural revitalization and there are increasing needs of youth entrepreneurship and employment in the project area. The project will invest in the youth entrepreneurship training and business start-up for both self-employment and employment opportunities in sustainable green agriculture

⁶ ADB. Gansu Environmentally Sustainable Rural Vitalization and Development Project.
<https://www.adb.org/projects/53077-001/main#project-pds>

development. The adoption of green technologies and support to grassroots agribusinesses will attract more young people, and especially young graduates or the urban-business experienced ones to return and take leadership in the ongoing agricultural transformation and ensure equitable representation in rural community life. To ensure that the different/diverse needs of young men and women are taken into account, the project during start up will assess these components, capturing the heterogeneity within this group on the basis of the good practices generated from IFAD's past and ongoing projects.

Components/outcomes and activities

59. Components, subcomponents and activities. Two technical components were designed based on the project framework proposed in the PCN mission, namely: Component 1 – Sustainable green agricultural development, and Component 2 – Building community resilient capacities, supported by a Component of Policy and institutional capacity building.

3.2.1 Component 1 – Sustainable green agriculture

60. Component 1 of Sustainable green agriculture will promote and safeguard the socio-economic inclusiveness in the middle of agricultural modernization and Rural Revitalization, while green technologies will be introduced to support the agriculture's market-led and industrialized transformation and productive capitalization. Three subcomponents were designed in support, entailing related technical interventions and investments.

61. Subcomponents 1.1, 1.2, and 1.3 targets agribusinesses and village development entities as key beneficiaries. These subcomponents will provide BP grants of maximum CNY 1 million (1.1) and matching grant of average CNY 4 million (1.2.1 and 1.2.2). These subcomponents will apply the project inclusive targeting approach in mainstreaming the priority target group segments into project support and ensuring the compliance of the applicant agribusinesses and village development entities with the government's regulatory requirement of social inclusion in their membership composition.

62. Subcomponent 1.1 – Inclusive support to smallholder farmers aims to reach the most disadvantaged segments of the project's target group through several tailored interventions, so that the smallholder farmers will participate in the agriculture and rural development sector through their grassroots organizations such as farmers' cooperatives, Rural Economic Development Cooperatives (REDC), family farms and small agro-enterprises. Women and youth will benefit from differentiated support and access to development opportunities.

Activity 1.1.1 – Production and processing upgrade (PPU) of grassroots agribusinesses.

63. Purpose of the activity: This investment aims to strengthen the smallholder farmers' market negotiation power by supporting their production and marketing organizations such as cooperatives, REDC, family farms and village-based small agro-businesses. Drawn from the good practices and lessons learnt of Business Plan (BP) financing from the ongoing IFAD-assisted projects in the country, a grant package of maximum CNY 1 million will be provided to the eligible grassroots agribusinesses to help upgrade their production and processing capacities to gain better market competitiveness. Farmers' production and marketing cooperatives will be the primary beneficiaries or grant support recipients as compared to the other business entities, in view of their increasingly important part in engaging the

member and non-member farmers in enhanced agricultural production and primary processing, mostly with high rate of participation from women. In concrete terms, it is anticipated that at least 50% of the support in number and in amount would be channelled to the cooperatives. It is further anticipated that an average total of 19 grassroots agribusinesses could be foreseen as support recipients in each county.

64. Process of Implementation: The implementation of this activity involve the following process: (i) Identify the interested and potential agro-entities (also types of agro-entities acceptable, with preference to farmer cooperatives, village collective economic organizations) in the project areas through a combination of advocacy and mobilization exercises such as stakeholder workshops, call for express of interest, recommendations by technical bureaus or benefiting villages etc. ; (ii) Assess the potential for smallholder participation/benefit in the relevant agro-entities and related sub-sectors, with particular focus on women and youth, ensuring engagement and free and prior informed consent of village committees; (iii) Assess smallholder cooperatives willing to collaborate with an assessment of capacity and training plan especially with women in leadership positions; (iv) Develop Business Plans for the inclusive and sustainable management of the selected value chain commodity, ensuring that climate and environmental issues are taken into consideration; and (v) Select BPs based on technical review and approval by county committees specifically composed to review these BPs; and (vi) Enter implementation agreement with clear financing and activity plan and BP targets especially outreach and benefiting mechanism to associated target groups, for subsequent implementation.

65. Implementation strategy of the activity will mainly focus on the following key aspects:

66. Eligibility of Agro-entities: (i) be legally registered in the county for at least three years from the date of application and operate in agricultural production and processing in the project villages; (ii) be able to directly engage at least 80 smallholder farmers in the agri-production and post-harvest operations; (iii) be operationally sufficient for the last two years proven by audited or certified financial statements, and (iv) submit a business plan proposal in the form required by the project; and (v) agree to comply with the project's social, financial and environmental requirements among others.

67. Promoting gender and youth leadership. In order to promote the project's beneficiary outreach and special focus on women and youth leadership, it will set up in each project county, 10 bonus package of CNY100,000 each, to reward the recipient agribusiness that is both: (i) led by a women or youth leader (18 – 45 years old) as stipulated in its formal organizational registration, and (ii) able to directly involve more than 150 beneficiaries in the forms of cooperative members, full-time employment, and part-time job opportunities of more than six months during the PPU grant implementation time.

68. Competitive selection and transparency: The selection of agribusiness candidates for the support package will be undertaken through a transparent public process, reviewed by a technical panel composed by local experts of different technical profiles, and approved by the county PMO or its designated approval committee.

SECAP screening to derisk business plans: The preparation of production and business plans will integrate climate, environment and social risks and mitigation measures, which will subject to monitoring and supervision during implementation by the specialists and/or parties responsible for. The SECAP requirements in the (Annex 3) to the PIM will be followed

in approving and implementing the business plan. *Eligible areas of grant support include:* (i) improved quality and quantity of agricultural inputs such as stress-tolerant seeds, organic fertilizers, bio-pesticides, (ii) precision or smart irrigation equipment for sustainable water management such as drip and mist systems; (iii) equipment and materials for processing, packaging, branding the provide value addition and diversification of agricultural products, with emphasis on environmental friendliness and recycling; (iv) technical training, access to specialized extension services, agri-insurance, participation to agricultural trade fairs and access to e-commerce. Civil work-related expenditures will not be eligible.

69. *Eligible agribusinesses* need to: (i) be legally registered in the county for at least three years from the date of application and operate in agricultural production and processing in the project villages; (ii) be able to directly engage at least 80 smallholder farmers in the agri-production and post-harvest operations; (iii) be operationally sufficient for the last two years proven by audited or certified financial statements, and (iv) submit a business plan proposal in the form required by the project; and (v) agree to comply with the project's social, financial and environmental requirements among others.

70. *The selection of agribusiness candidates* for the support package will be undertaken through a transparent public process, reviewed by a technical panel composed by local experts of different technical profiles, and approved by the county PMO or its designated approval committee.

71. *The operational procedure review and approval process* for the selection should include the following steps:

- (a) Release of BP financing information through public media and platforms, with deadline for express of interest for at least 14 days. Outline the required key contents in the written express of interest such as identification of business entity, state of legal registration, business scope in agri-sector and market, current state of engaging rural labor, full-time and part-time employment, intended areas to be financed by the project BP, expected duration of the BP financing, expected socio-economic benefits for member and non-member households;
- (b) Review of expresses of interest received and invitation for detailed discussions on BP proposal drafting, on the basis of i) profile and will of social inclusion and environmental friendliness, ii) potential for reaching the target beneficiaries and iii) perspective of business viability;
- (c) Screening of candidates for BP drafting on the basis of i) perspective of extended benefits to target groups, ii) business viability of the proposed project for BP financing, iii) business entity's stability and potential for the next three years (7 days);
- (d) Recommendation on TA in support of BP financing proposal for the candidate agribusinesses, on the basis of the AWPB and flexibility of adjustment in case of mismatch. In the absence of local technical expertise that is supposed to be available from the local SHRSIB, WF and Youth League's business start-up programmes and provide direct technical assistance or recruited consultancy service to help candidate agribusiness entities in their BP proposal drafting, the CPMO will recruit service consultancy to support the BP proposal drafting for the selected agribusinesses (7 days). *Annex 5* shows the outlines of a BP proposal

for consideration, subject to revision at the project start up in conjunction with related training;

- (e) Establishing BP review committee that is composed of uneven number of at minimum five members, representing mainly the local expertise on corporate organization, business promotion/marketing, private sector, financial sector and agricultural sector. One of the members should be from the CPMO itself or the BARA (expertise in agricultural sector or private business development for example). Members of the review committee should not be the same who have been involving in assisting directly or indirectly the drafting of BP proposals;
- (f) Review of BP proposals will apply the review processing tool as *Annex 6*; minimum score is set at 70/100 to be qualified for recommendation for CPMO approval. The review committee will recommend the qualified candidates to the CPMOs within one week starting from the review date; (7 days);
- (g) Assessment of recommended BP proposals will be held by CPMO with a team of three officials on the basis of the processing tool, and availability of AWPB allocations. In the absence of three knowledgeable CPMO members present, one of the technical section chiefs of the local BARA could be invited to join the assessment, which should lead to approval, invitation for review or revision, or rejection of the recommended BP proposals. (7 days)
- (h) Notice of assessment results should be sent separately to each applicant agribusiness; result of approved BP financing recipients should be made at least on one of the public media or government media platforms. And this within 7 days from the assessment/approval date;
- (i) Signing of agreement on BP financing will be held within 14 days from the date of approval, and for immediate effectiveness on the date of signing. The agreement should stipulate and attach as integrated part of the signed agreement among others, i) the approved BP financing proposal, and ii) the monitoring requirements as reflected in the tables related to beneficiaries and recipient agribusiness. (7 days).

72. *Monitoring* of BP implementation will be undertaken by CPMO during the term of agreement, mainly on effectiveness of reaching out to the expected beneficiaries and timeliness and compliance of implementing the agreed project financing and its matching.

73. Three-month progress report should be submitted by the recipient agribusiness in a concise format that reflects the related M&E needs as outlined in the project logframe.

74. One month before the end of the BP financing agreement, the recipient agribusiness shall submit a completion progress report outlining its physical and financial results, quantifying the associated state of benefit of the participating farmers, disaggregated by sex, by range of ages (elder, youth), and socio-economic status (former registered poor, returned migrant, returned graduate, disabled, ethnic group)

75. *Acceptance of BP completion* will be based on conditions stipulated in the approved BPs, which is an integrated part of the agreement signed between the project (CPMO) and the recipient business entity. Verification of compliance will be undertaken by CPMO or its designated agency or authorized person, subject to supervisory verification of IFAD missions and government regular auditing and inspection.

Table 4: Monitoring on BP beneficiaries

	Beneficiaries			Benefits and participation					
#	Items	Engaged before BP	Engaged since BP	Shareholding if any	land lease	wages	Training & service	Inputs and in kind	Others
1	Total								
2	M								
3	F								
	Former poor								
	Youth								
	Elder								
	Disabled								
	Ethnic minorities								
	Returned migrants								
	Returned graduate								

Table 5: Monitoring on BP recipient agribusiness

II	Recipient agribusiness	Before BP	Year 1 BP	Year 2 BP	Year 3 BP	Year 4 BP	Year 5 BP		
1	Total assets								
2	Total production assets								
3	Total processing and storage assets								
4	Total volume of sales								

5	Total sales revenue								
6	Total profit								
7	Total equity (shares)								
8	# of certified products								
9	Value of e-commerce sales								
10	Total corporate social responsibility fund (CSR)								
11	Total CSR used								
12	Total CSR beneficiaries								
13	Environment-related facilities and technologies introduced (soil, water, air...)								
14	Climate change adaptation facilities and technologies introduced								
15	Any environment and pollution violation filed (Y/N)								
16	Any complaints by beneficiaries filed (Y/N)								
17	Women in corporate leadership								
18	Youth in corporate leadership								

Activity 1.1.2 – Women-led courtyard economy.

76. **Purpose of the activity:** The courtyard economy follows the similar government support to a diversified economic form in rural areas of Gansu, providing a grant package ranging from CNY 1,000 to 5,000 in project counties to support the rural households to use their own courtyard space especially the idle land to grow or breed various crops, fruit trees, flowers, medicinal herbs, poultry, livestock, etc. according to local natural conditions and consumption habits, forming a combination of a variety of products to improve the added value and competitiveness of products. It is part of the coping strategy of diversifying and increasing farmers' income therefore their livelihoods who are also in the forefront of the impact of climate change. Nutrition-rich varieties will be highly promoted in combination of diversification training.

77. Courtyard economy will be promoted and aligned with the government matching programme which contributes part of the project funding. The project will put emphasis on active women's participation and skills development in undertaking the related income generating activities (IGAs). While government grant packages will be provided in accordance with the county government programme, the project will carefully record and monitor the disbursements to the project beneficiaries, and the related outcomes such as reduced cash expenses for self-consumption and increased liquidity income among others. It is estimated that the six project counties will each support at least 1,000 beneficiary households led by women.

78. **Process of implementation:** The activity will be an integrated part of the government programme and it is implemented by the local county BARA. From year 1, the CPMO will include the government programme in its AWPB exercises in financial and physical targets.

79. The project will inform the BARAs regarding its objective in gender empowerment, brief the project M&E requirements, especially in terms of expected outcomes and outputs in relationship with the logframe indicators. The project PPMO and CPMOs will establish a M&E table and BARA technical section in charge of the courtyard economy programme will apply the table to regularly monitor the progress and results of activity, including the government's funding as part of the matching.

80. **Implementation strategy:** The project will apply the existing criteria and procedure of the government programme in the selection of activity beneficiaries, which are made to be inclusive and pro-disadvantaged households. Amounts or support packages allocated to the beneficiaries are subject to the county BARA's annual decision on the basis of local context; the project will communicate the varieties of nutrition-rich varieties as identified and promoted under activity 1.1.3 and sensitize the linkage between training under 1.1.3 and production under activity 1.1.2.

81. In general, the county BARA implements its courtyard economy programme by ensuring the following steps:

- a. Research the households' gardening skills and experiences and propose what are available as programme support;
- b. See the available space and decide on the support package;
- c. Soil testing to ensure compatibility of intended varieties;
- d. See options of companion varieties or inter-cropping for advantages;
- e. Give priority to high-yield varieties and easy to handle small livestock to help maximize the harvest mainly for consumption;

- f. Plan the watering and irrigation system, and also explore rain harvest option where appropriate;
- g. Set agenda for light extension support if new varieties and species are involved.

82. Women Federations in the counties will be associated closely with this activity to enable them to play a leading role in its implementation.

Activity 1.1.3 – Capacity building, diversification.

83. **Purpose of the activity:** In view of the increasing challenges of climate change, and in the context of agricultural industrialization in the project area, the project will provide tailored technical training on climate change adaptation and income diversification to smallholder farmers. Women participants will constitute the majority of related training activities, given their increasingly important roles in climate change adaptation and on-farm and off-farm diversification.

84. **Process of implementation:** *Training on climate change adaption* will focus on practical knowledge and practices of coping that have the potential of immediate application or effect on enhanced resilience and adaptive capacity, and in the context of project areas, namely knowledge, skills, and tools to cope with droughts, floods, pests, and diseases.

85. *Training on income diversification* will focus on on-farm green practices, and basic farm management knowledge and skills. Such training can focus on market analysis, value addition, financial management for on-farm and off-farm businesses, techniques of agroforestry, livestock production, beekeeping, aquaculture, and even off-farm activities depending on the project county's market context. Green practices such as small-farm application of renewable energies, crop rotation and intercropping, mulching and groundcovers, organic fertilizers, eco-friendly pest management, precision micro-irrigation, livestock with minimum impacts on the natural resources, will be promoted. Nutrition-rich varieties for both consumption and the market will be promoted in the training, highlighting those already grow well in Gansu such as Zinc-enriched potatoes, Millet, Sweet Potatoes, cauliflower, broccoli, cabbage, bamboo shoots, and celery.

86. **Implementing strategy:** Trainings will be promoted in preference through demonstration or interactive field sessions the sustainable and adaptive agricultural practices that reduce greenhouse gas emissions and conserve natural resources.

87. Following are the key steps in the organization and conduct of related capacity building:

- a. **Identify the Target Group:** Determine the specific group of women and youth targeted for the training, taking into consideration factors such as age, location, education level, etc.;
- b. **Needs Assessment:** Conduct a rapid needs assessment to understand the specific challenges and opportunities for income diversification within the target group. This could involve surveys, interviews, or focus group discussions;
- c. **Develop the Curriculum:** Based on the needs assessment, develop a training curriculum that addresses the identified needs. The curriculum should cover topics related to market analysis, and specific income-generating activities that are viable in the local context;
- d. **Recruit Trainers:** Identify and recruit trainers who are knowledgeable about the topics in the curriculum and who can effectively engage with the target group. Ideally, these trainers should also be sensitive to the specific needs and experiences of women and youth; and

- e. **Schedule Training Sessions:** Plan and schedule the training sessions. Consider the availability of the participants and the trainers, and choose a location that is accessible to the target group.
- f. **Conduct the Training:** Implement the training according to the schedule. Use interactive and participatory methods to engage the participants and facilitate learning;
- g. **Monitor and Evaluate:** Throughout the training, monitor the progress and gather feedback from the participants. After the training, conduct an evaluation to assess the effectiveness of the training and identify areas for improvement;
- h. **Follow-up Support:** After the training, provide follow-up support to the participants as they apply what they've learned to diversify their income. This could involve mentoring, access to resources, or additional training sessions.

88. *Diversifying methodologies to ascertain training results:* The project will incorporate the practice of post-training coaching and accompany-ship by local successful lead farmers and agribusiness entrepreneurs, who will also be part of the trainers recruited by the project. This will help the good application of knowledge and skills gained and the reduction of knowledge loss. Depending on the nature of subject and training, methodologies such as Training of Trainers and Farmer Field School may also be explored to enhance the training effect.

89. This activity will be co-funded by IFAD resources and government matching that comes from the BARAs' programme for professional farmer training. While the training will be delivered through various existing methods of the government programme combining class learning and field coaching, IFAD funding will mainly but not exclusively support the recruitment of required experts on knowledge and techniques of climate change adaptation, green-driven diversification, and sustainable farm management.

Activity 1.1.4 – Women and youth entrepreneurship

90. **Purpose of the activity:** This aims to empower women and youth who constitute two important players of the Rural Revitalization economically and socially. Rural women and youth entrepreneurs can create jobs not only for themselves but also for the others, contribute to the reduction of climate, social and economic vulnerability, foster innovations, promote gender equality and youth active participation in agriculture and rural development and build resilience to climate change. They however need more tailored support and opportunities to overcome the barriers they face and to unleash their full potential.

91. **Process of implementation:** *Exclusive training on women and youth business start-up* will be coordinated by the CPMO with the local WFs, Youth League and the Human Resources and Social Security Bureaus (HRSSB) for potential women and youth entrepreneurs jointly identified. Existing training programmes already in use by the latter will be applied but adapted to better fit the rural women and youth's context and needs. The training will be fully funded by WFs, Youth League and HRSSB under their designated mandates and attributed budgets. Potential entrepreneurs will be screened through the training and supported to draft and propose a business start-up proposal for the project grant financing.

92. The project will continue the good practice of mentorship by engaging successful entrepreneurs and professional coaches of the local business start-up incubation services, WF, YL and HRSSB technical resource persons, and ensuring an accompanying time of six months or more to help the newcomers' start-up.

93. The WF, YL and HRSSBs will undertake needs assessment in the project areas to prioritise the themes and modalities preferred by rural women and youth. Capacity building plans will be made based on these assessments, and notifications will be distributed to project communities for enrolment of potential participants. Curricula will be developed based on the common interest and profiles of the registered trainees. CPMOs will review and approve the capacity building plans, for these agencies to implement. Monitoring and reporting for these exercises will be made by the responsible agencies

94. Implementing strategy: This activity is scheduled to be implemented during the first three years of project life in order to quickly maximize its social and economic effects. The Key steps in start-up will include:

- a) Develop an entrepreneurial mind set by stimulating creativity, risk-taking, resilience, leadership, and communication skills;
- b) Focus training with mentor and successful entrepreneur leaders, coach on leadership, marketing, finance, and communications;
- c) Establish peer support system and accessible technical support from the local business community, including education programmes, mentorship, trade association and network, and financial resources;
- d) Facilitate networking opportunities with markets of proximity and possible connections to other supply chain or value chain players, including potential investors and successful entrepreneurs;
- e) Promote ICT skills, and not only for business needs but also as means to access health and education to benefit themselves and their family members;
- f) Integrate a gender lens by considering the unique challenges faced by women entrepreneurs, especially when there is mixed gender programme.

95. All these would aim to empower women and youth to gain better knowledge and financial independence and foster a conducive environment for their entrepreneurial journey.

96. The project will also seek available resources to support the growth of women and youth-led agribusinesses start-ups, by the following where possible:

- a) Gender and youth rewarded and responsive support to champion women and youth-led agribusinesses;
- b) Promoting digital leap through the promising digital and e-commerce channels; Continued capacity building and partnership with intermediate agencies such as women business association, youth entrepreneur club to strengthen the operational management capacities, access to networks and market platforms, and extend access to financial support.

97. Maximum alignment with existing programs of WF and Youth League and HRSSBs will be explored to benefit from the proven effective procedures. It is anticipated that all businesses developed would have a leveraging effect to benefit additional target groups in the project areas, through expanded marketing and value addition of local products, employment and/or improved productivity etc.

Activity 1.1.5 – Agri-insurance

98. Purpose of the activity: This will be promoted in the GD2RP in view of the rising needs for agri-insurance in rural area, extensive risk protection of the government's policy programme in Gansu, and good practices drawn from the IFAD-assisted SPRAD project in Shaanxi. The activity will be fully financed by government as part of its matching, GD2RP will take advantage of the prevailing government ag-insurance

program in Gansu to provide risk mitigation to the target groups and entities in their agricultural production. The operation mechanism of Gansu agricultural insurance is jointly participated by the government, insurance companies and farmers, each performing its own duties and sharing risks.

99. Process of implementation: This activity would be financed with government funds. According to the Implementation Measures for Policy-based Agricultural Insurance in Gansu Province,⁷ the national and provincial finances provide premium subsidies to farmers participating in policy-based agricultural insurance, large farming and breeding households, family farms, farmer cooperatives and other business entities. Prefecture and county-level governments may, based on actual local conditions, formulate specific local subsidy standards and methods, and arrange special funds within the budget of related level.

100. The government insurance program provides premium subsidy as high as 80% to insurance of the dominating cereal and cash crops and livestock production in the counties, ranging from maize, potato medicinal plants to hogs, cattle, lamb, and chicken etc. The risk insured include natural disasters such as flood, waterlogging, wind, hail, frost, drought, landslide, and animal pandemics etc. There are already in place well-established procedures and protocols for contracting insurance companies, certifying damages and claiming insurance payouts etc. which would be followed.

101. Implementing strategy: The project is expected to promote the agri-insurance through its awareness building and technical training to the farmers, and ongoing insurance scheme of government would be able to extend to about 108,000 households in the project areas during the project life. Currently, five provincial departments in Gansu have already issued "2024-2025 Implementation plans for Agricultural Insurance to Foster Rural Revitalization " to all the project counties.

102. As this is a government investment programme with social mandate in human and social development, the marketing of insurance policies involve several facets in its approach, such as:

- a) Education and awareness through village workshops and tours to help farmers to understand the benefits and working mechanism of agri-insurance;
- b) Possible preferential premium support for low-income farmers in some counties;
- c) Integration with agricultural policy and ongoing support programmes;
- d) Public-private partnership with approved insurance providers;
- e) Tailored coverage set for the regional particularities.

103. The PMOs will work closely with the insurance companies operating in their counties, support the matching of premium subsidy with agricultural development programmes including the project interventions for farmers, especially these who are engaged in high-value crops and livestock production under the organized production in activity 1.1.1, and these who work in contract farming under activity 1.2.1. Agents and focal points of the insurance companies will be invited to provide information briefing in related training conducted by the project. The project will monitor the state of insurance coverage of the project beneficiaries.

104. Subcomponent 1.2 – Eco-friendly transformation aims to promote the adoption of green and modern technologies, so that the introduced technologies, practices, and business models in the process of transformation will not compromise the

⁷ Gan Zhengfa [2019] No. 9

protection of eco-environment while searching improved efficiency, quality, competitiveness, and diversification.

Activity 1.2.1 – Adoption of green technologies and market access.

105. **Purpose of the activity:** Under this activity, the public and private agro enterprises will be supported to upgrade their capacities with emphasis on the adoption of green technologies by using renewable energy; managing, conserving and protecting the natural resources; reducing waste and pollution and enhancing environmental quality. Some examples of applicable green technologies in the project area relate to solar-powered irrigation systems, biogas digesters, precision farming practices, organic farming, agroforestry, and integrated pest management. These technologies can help the agro-enterprises under transformation and the participating farmers increase productivity, reduce costs, improve incomes, build resilience to climate change, and protect the environment.

106. **Process of implementation:** The project will consider grant-matching financing proposals from the candidate agro-enterprises under this activity, only if they intend to capitalize themselves in applicable green technologies while sharing the related risks by co-funding and meet other eligibility criteria as elaborated under the matching grant for transformation (MGT) below in order to achieve the multiple goals of sustainable agricultural transformation.

107. In the recent years, some of the local agro-enterprises have emerged as leaders in the development of local agri-value chains, playing a pivotal role in strengthening the linkages between different value chain actors, especially in the enhanced production, processing, and marketing of local agricultural products. Meanwhile, improved market access has become critical to secure consistent access to local, regional, and even international markets, and complying with quality, safety, and environmental standards of the targeted markets. Typically, in the project counties, examples of expressed needs for support relate to access to e-commerce, promotion of on-farm and off-farm digital technologies such as for bee farming, energy-saving greenhouses for extended production seasons, upgrades in capacities of post-harvest management, localized seed and nursery including fungus culture cultivation and fungus stick provision, storage capacities for prolonged product life and better market premium. While primary criteria of MGT will be met, the key tune, or the investment's value addition related to market access needs to be well justified in the grant matching proposal, especially in the enhancement of local agri-value chains with improved financial viability and market efficiency.

108. **Implementing strategy:** This activity is planned to be implemented during the first three years of project life, with one MGT-BP per county as learning, then to be deployed in the following two years. The recruitment process of candidates is similar to the grant-supported BP under activity 1.1.1 but give more emphasis on the capacity of associated participating agri-business entities in production and post-harvest for improved market access, with the potential of increased outreach to the rural producers.

Activity 1.2.2 – Agro-ecotourism

109. **Purpose of the activity:** It aims to provide economic, social, and environmental benefits for the local communities and the visitors by combining agriculture, nature, and culture in a sustainable way. While the development of rural eco-tourism as emerging tourism means in Gansu relies mostly on the rich natural resources and diversified ethnic culture, having the tendency of taking the potential rural areas as main destinations to help share experiences of agricultural production, rural life and customs, the project

support will give emphasis on the protection of ecological environment and the promotion of rural labour transformation in the middle of diversified rural livelihoods.

110. *Eligible areas of project financing* will include : (i) capacity building and process for participative and inclusive planning and management; (ii) training for village residents in tourism service knowledge and skills; (iii) protection and rehabilitation of village farmland and cultural heritage as part of the scenery, (iv) small equipment and facilities related to the demonstration of rural and agricultural life, especially in the preservation of traditional knowledge, public awareness building on environmental protection and food security (v) upgrade of infrastructure especially those present as main hindrances to ecotourism development in the project target groups, such as main access roads or courtyard with special cultural and ethnic features.

111. While project investments would seek to build the facilities and capacities of services, special attention should be given on the sustainably operational model, which need to include under the capacity building, process, planning and management the key elements of identification of unique product and service (anchor product), development of marketing strategy, working in alliance with the local tourism sector actors, and leverage of effective social media, and participation in sector fairs and events where relevant. Moreover, all-season activities combining agro-ecological farming and tourism attractions and services should be planned to cope with seasonal variability and associated risks. Sustainable practices, community consent and involvement with full inclusiveness will be the best practices of risk management in addition to necessary insurance coverage.

112. **Process of implementation:** The project will start its implementation during years 2 and 3, mainly taking into consideration of the possibly long process for community consultations and planning.

113. Similar to activity 1.1, the implementation of these two activities will follow the Business Plan approach, except that in sub-component 1.2 the agro-entities will mostly be enterprises or community collective economic organization in terms of eco-tourism development. The Implementer will be the BARA in the counties, or otherwise another technical bureau of the county government in line with their distribution of government responsibilities.

114. Business partners and proposals will be determined following a competitive and transparent process, including (i) Identify the interested and potential agro-entities in the project areas through a combination of advocacy and mobilization exercises such as stakeholder workshops, call for express of interest, recommendations by technical bureaus or benefiting villages etc.; (ii) Assess the potential for smallholder participation/benefit in the relevant agro-entities and related sub-sectors, with particular focus on women and youth, ensuring engagement and free and prior informed consent of village committees; (iii) Develop Business Plans for the inclusive and sustainable management of the selected value chain commodity, ensuring that climate and environmental issues are taken into consideration; and (v) Select BPs based on technical review and approval by county committees specifically composed to review these BPs; and (vi) Enter implementation agreement with clear financing and activity plan and BP targets especially outreach and benefiting mechanism to associated target groups, for subsequent implementation.

115. **Implementing strategy:** Matching grant mechanism for transformation to leverage parallel self-financing of agro-entities will be the key strategy. The MGT mechanism will also enhance transparency and viability assessment through a BP financing proposal. This financing instrument aims to help speed up the adoption of

green technologies among the agro-enterprises that are leaders of the development of selected agri-value chains, as identified in the local economic development plan in the project counties. The mechanism itself is also applicable for the Agro-Ecotourism.

116. Based on the good practices of the IFAD Country Programme in China, a matching grant will be provided to stimulate both public and private investments to help the transformation of agro-enterprises' upgrading into trading, warehousing, processing, and wholesaling (excluding transporting) of local agri-value chains as strategically identified in the county government's economic development plan. Most importantly, this will promote stronger association of these agro-enterprises with the local agri-value chain players at downstream, which are typically the smallholder farmers organized in different business forms at village level, and therefore engaging the latter in enhanced production and primary processing, securing their linkages with selected agri-value chains.

117. *Guiding principals – Outreach to target beneficiaries.* The MGT will provide a project financing of maximum CNY 4 million, to be matched at 1:1 at least by the private and public recipient business, which needs to be locally registered and located, proven in direct business association with at least five agro-businesses since the last two years starting from the date of application for the matching grant, and engaging directly and/or through the agro-businesses in association of a minimum of 500 rural households in production or in primary processing in the project villages.

118. *Possible scale up of BP to 5 packages:* In view of the emerging financing needs for the enhanced scale of production bases and agro-industrial parks identified in the local economic development plan in the project counties, and expressed to the final design mission, the MGT could be combined in a bundle of up to five packages (CNY 4 million*5 packages) that could maximize a total financing of CNY 20 million to finance one single BP proposal in the project counties. The conditions to be met include among other MGT criteria are on: (i) strategic agri-investment priority identified by the county government, (ii) critical role in leading the county's identified agri-value chains or agri-sector development, (iii) incremental capacity in reaching out to both associated agro-businesses and directly benefiting the participating rural households, and (iv) leveraging direct co-funding from the private sector. Note that other remaining GMT financing packages can also be provided in single or bundled form to address the relevant financing needs, but the combined investment should not seek to make a second jumbo allocation but allowing other agribusiness candidates to benefit from the project support, therefore spread the project's investment risks at the same time.

119. *BP model to be applied.* There have been several projects including all the ongoing ones applied the Business Plan model. The application for the MGT financing should be in the form of investment business plan model, prepared and submitted by the candidate business. The selection of MGT candidates should be undertaken through a transparent public process, reviewed by a technical panel composed by local experts of different technical profiles, and approved by the county PMO, or its designated approval committee. More than 50% of the MGT in amount and in number should be channelled to recipients of private sector. Lessons would be drawn from the PIM of other ongoing projects such as the SPRAD-Shanxi project to elaborate on procedures, criteria, and management requirements of the BP model.

120. *Ownership/benefit of the grant in BPs.* Given the sizeable amount of grants being channelled to agri-business entities, it is prudent to have adequate arrangements for how the grant will benefit the recipients and in what extents. For private enterprises, the grant could be either part of the government co-investment in joint businesses, or village collective investment in such joint business with the ownership belonging to village

community collectively. Private enterprises will have the right to use these funds, details will need to be elaborated on how the benefit will be shared.

121. The particulars on the ownership and benefit of grant finances to the BPs will need to be elaborated in the BP Implementation Agreements, which will need to be reviewed and given No-Objection by IFAD. Project loan financing in the end will need to be treated as public financing to generate public benefit, but through a public-private-producer partnership.

122. The ownership of acquired assets will follow the weight of matching, i.e.: if 100% matched by the lead applicant, the acquired assets will 100% belong to the lead; if a certain percentage is matched by another or other associated agribusinesses, the same percentage(s) of acquired assets will be proportionally owned by the participating matching investor(s). Matching and distribution of acquired assets should be agreed between the co-matching investors in association before and being part of the BP financing proposal and the signed agreement with the project.

123. *Requirement on association.* The lead cooperative or lead public or private company needs to associate itself with at least four cooperatives/private companies in executing the investment plan for the same investment project, therefore in total five as minimum agro-businesses in association to access MGT;

124. *Minimum requirement on beneficiaries reached.* At least a total of 500 direct beneficiary households reached by all the associated participant agribusinesses.

125. *Eligibility of lead applicant:* Legally registered agri-business entity leading the local organized production, processing, and marketing of the market-led agri-value chain. In addition to the compliance with the operational framework stipulated above, and it should meet the following qualification criteria in table 1 that are the entry point for MGT submission and review:

- (a) Agribusiness entities formally registered as legal person with the county or higher-level Bureau of Industry and Commerce (BIC) under the organizational forms of sole proprietorship, partnership, company, family farm for at least three consecutive years,
- (b) Registered business scope related to agribusiness, and registered address in the project county for at least one year,
- (c) Presently working with at least four agro-businesses including cooperative in association for organized scale production, cooperative farming, contract farming, post-harvest management and market access;
- (d) Commit themselves to directly engage at least 500 beneficiary households with the associated agri-business entities either as employees, producers of contract farming, or in the form of other modality for business benefit or revenue sharing.

Table 6: Profile of eligible lead applicant:

1	Applicant agribusiness
1.1	Legally registered at supervisory agency and obtained its standard social credit code issued by the market supervisory bureau
1.2A If cooperative	Comprehensive records and public dissemination of meetings of the Annual Member Assembly, Board and Executive Committees of last year
1.2B Private company	<i>Previous Annual Report (published). Annual report (publicity) submitted through the National Enterprise Credit Information Publicity System</i>
1.3	Financial statements (Assets and liabilities, Income and losses, and cash flow) generated from the standard accounting system of the last year
1.4A Cooperative	Plan of dividend distribution within last three years approved by Annual Member Assembly
1.4B Private company	<i>Commitment to establish an internal social responsibility reserve fund. From the year of the start of the business plan (including the current year), at least until the project completion date, at least 1% of the annual business income will be retained in the reserve. The reserve is mainly used to help the emergency cases of vulnerable rural employees within the business entity, or to support vulnerable groups in the community or respond to natural disasters. (Attached a stamped resolution of the Board of directors)</i>
1.5	Automatized/computerized financial and accounting system
1.6	No bad record of environment violation, pollution and misuse of water and soil resources

126. IFAD fund cannot be used for recurrent expenses of salaries and wages, rental, facility charge such as electricity, office rental. The matching contribution from the applicant should include new investments (already existing assets cannot be considered) incurring from the date of agreement signed with the project.

127. Matching ratio will be 50:50. The project (IFAD) funding ceiling is CNY 4 million, and subject to the fulfillment of at least 500 beneficiary households reached by the MGT.

128. Review and approval process of the MGT financing are as follows:

- (a) Release of BP financing information through public media and platforms, with deadline for express of interest for at least 10 working days. Outline the required key contents in the written express of interest such as identification of business entity, state of legal registration, business scope in agri-sector and market, current state of engaging rural labor, full-time and part-time employment, intended areas to be financed by the project MGT, expected matching setting, expected duration of the MGT financing, expected socio-economic benefits for member and non-member households.
- (b) Review of expresses of interest received and invitation for detailed discussions on MGT proposal drafting.
- (c) Screening of candidates for BP drafting on the basis of i) perspective of extended benefits to target groups, ii) business viability of the proposed project for MGT financing, iii) business entity's stability, its actual association with other cooperatives or private companies, and potential for the next three years.
- (d) Recommendation on TA in support of BP financing proposal for the lead candidate applicant, cooperative or private company. In the absence of quality drafting by the applicant, the CPMO can use not more than CNY 40,000 per MGT proposal to recruit service consultancy to complete the draft for the applicant. The amount will be paid by the project directly by CPMO through service contract. Note the payment of this consultancy fee for the draft proposal is not a commitment for the MGT financing, whose proposal can be rejected or approved by the CPMO based on the review recommendations.

- (e) GMT BP review will be processed by a review committee composed of uneven number of at minimum five members, representing expertise on cooperative, business promotion/marketing, private sector, financial sector and agricultural sector. One of the members should be from the CPMO itself (expertise in agricultural sector or cooperative development for example). Members of the review committee should not be the same who have been involving in assisting directly or indirectly the drafting of BP proposals.
- (f) Review of MGT BP proposals will apply the review processing tool; minimum score is set at 70/100 to be qualified for recommendation for CPMO approval. The review committee will recommend the qualified candidates to the CPMOs within one week starting from the review date, which should not be later than 10 working days after the reception of the MGT proposal;
- (g) Assessment of recommended BP proposals will be held by CPMO with a team of three officials. In the absence of three knowledgeable CPMO members present, one of the technical section chiefs of the local BARA could be invited to join the assessment, which should lead to approval, invitation for review or revision, or rejection of the recommended ABP proposals.
- (h) Notice of assessment results should be sent separately to each lead applicants; result of approved MGT BP financing recipient should be made at least on one of the public media or government media platforms. And this within 7 days from the assessment/approval date.
- (i) Signing of agreement on MGT BP financing will be held within 7 days from the date of approval, and for immediate effectiveness on the date of signing.

129. Annex 7 on MGT BP review tool will be applied in the review and approval process.

130. *Monitoring* of MGT BP implementation will be undertaken by CPMO during the term of agreement, mainly on effectiveness of reaching out to the expected beneficiaries and timeliness and compliance of implementing the agreed project financing and its matching. Tables 1 and 2 in the PIM will be applied for MGT BP M&E.

131. Three-month progress report should be submitted by the lead recipient in a concise format that reflects the related M&E needs.

132. One month before the end of the MGT BP financing agreement, the recipient shall submit a completion progress report outlining its physical and financial results, quantifying the associated state of benefit of the participating farmers, disaggregated by sex, by range of ages (elder, youth), and socio-economic status (former registered poor, returned migrant, returned graduate, disabled, ethnic group)

133. *Acceptance of MGT BP completion* will be based on conditions stipulated in the approved BP, which is an integrated part of the agreement signed between the project (CPMO) and the recipient business entity. Verification of compliance will be undertaken by CPMO or its designated agency or authorized person, subject to supervisory verification of IFAD missions and government regular auditing and inspection.

134. The eligible areas of investment should be as following: (i) rural labour transformation, (ii) establishment or consolidation of post-harvest management capacity for strategically established agri-value chain(s), in the project county (for agro eco-tourism, refer details under activity 1.2.2); (iii) extended or diversified market access; (iv) incremental adoption of green technologies and application.

135. SECAP screening to derisk business plans: The preparation of production and business plans will integrate climate, environment and social risks and mitigation

measures, which will subject to monitoring and supervision during implementation by the specialists and/or parties responsible for. The SECAP requirements in Annex 3 to the PIM will be followed in approving and implementing the business plans.

136. **Subcomponent 1.3 - Public productive infrastructures.** This sub-component will address some of the major gaps in the current infrastructure system in the project area, which may limit or constrain the implementation of the proposed project activities. This sub-component will support improving and expanding the public infrastructure systems in the productive development through a combination of physical improvements, institutional strengthening, and technical assistance to expanding high standard farmland and improve saline land, sustainable irrigation system, improve road access, enhance market trade, processing, and storage capacities. This would contribute to improving agricultural productivity, agricultural diversification, and climate resilience in the project area; Ownership of those facilities improved and developed under the project will belong to the beneficiary villages, or farmers' cooperatives. The ownership groups will receive training in the operation, maintenance, and water management.

137. All the infrastructures will be implemented by the county technical line agencies (Water Resources Bureau, Transport and Communications...) and technical design and standards applied will follow the state's regulations and guidelines. The PMO will ensure the interlinkage of the civil works or facilities are well connected with production and post-harvest management projects that are supported under other subcomponents to ensure due efficiency and interlinkage for mutual leverage.

138. Activity 1.3.1 - Sustainable irrigation. The Irrigation systems will be designed to cope with water scarcity and variability, reduce water losses and waste, and enhance water productivity and efficiency. The methods employed are drip irrigation, rainwater harvesting and deficit irrigation when less water is applied than the full crop water requirement. This would enhance agricultural productivity, agricultural diversification, and climate resilience in the project area.

139. The project will (i) assist in the development and improvement of the irrigation water supply system (e.g. canals), water harvesting and water source facilities (e.g. water ponds and water pools), and pumping stations and delivery systems (e.g. Water pipelines to provide irrigation water to agribusiness entities and farmers and drinking water to certain villages. This would contribute to improving agricultural productivity, agricultural diversification, and climate resilience in the project area; and (ii) support selected cooperatives, in areas with periodic water scarcity, in the development of a digital water monitoring and management system that would allow for continuous adaptation of irrigation systems and optimization of water use.

140. Ownership of the irrigation and the water source facilities improved and developed under the project will belong to the beneficiary villages, water users' associations, or farmers' cooperatives, depending on the decision of respective county project management offices. The ownership groups will receive training and be involved in the planning of the infrastructure. An operation, maintenance and water management plan with roles and responsibilities, budget and financing sources must be agreed before the investments are made to ensure sustainability.

141. The ownership of the improved irrigation and water source facilities will be transferred to the beneficiaries' villages, Water Users Associations, or farmers' cooperatives. The owners of the subprojects will receive training in operation, maintenance and management.

142. Activity 1.3.2 - Construction of high standard farmland. Farmland is enhanced to increase food security and agricultural sustainability. The project will enhance Land

levelled, fertility improved, strong resistance to disasters with good and stable yields. Research and development, combined with demonstration and training of cooperatives and agricultural enterprises, are part of this activity.

143. Activity 1.3.3 - Improvement of saline-alkali land. The project will provide assistance to saline-alkali land through the construction of drainage system, including main and branch ditch and ancillary building.

144. Saline land is low in productivity and can be improved by leaching salts from the soil with irrigation water and drainage systems. In some instances, amendments such as gypsum, lime, and organic matter can further enhance the soil structure. When water is scarce, pastures, trees, or scrubs can be grown and reduce salt accumulations in the soil surface. Managing the water table and groundwater replenishment to prevent salt mobilization and accumulation.

145. These methods require thorough planning, water table assessment, monitoring and evaluation to ensure their effectiveness and sustainability.

146. Activity 1.3.4 - Production-linked road. The project will facilitate the development and improvement of village and production roads, which will serve both agribusiness entities and village farmers. Along with the improving access to market in all seasons, production linked road will improve farmers access to resources, services, tools, and technologies to cope with adverse impact of climate change. Moreover, it helps to prepare in the event of climate induced disasters.

147. Activity 1.3.5 - Enhancement of market trade, processing and storage capacities. The project will assist in establishing agricultural products market trading and diffusion center, processing and packaging workshop, and cold storage. The cold storage and processing centers are helpful for farmers to withstand during extreme weather conditions and build resilience in the supply chain.

148. The capacity is enhanced through policies and guidelines, research and development, demonstration and training, cooperative participations, financial support and extension services. These efforts aim to enhance productivity, efficiency, and sustainability in agriculture and to provide rural development in Gansu province.

149. **Implementation processes and strategy:** These activities are of public benefit nature and support the usual government activities in enhance rural infrastructure, therefore implementation process should be quite familiar to the implementing agencies. Here the relevant technical agencies will be the implementors of the public infrastructure, e.g. BARA will be responsible for irrigation and land related infrastructure, Bureau of Transportation and BARA will be responsible for road depends on the division of function in the roads. Trade and processing facilities might be commissioned to state-owned enterprises or technical bureaux in the respective thematic areas.

150. SECAP screening to derisk infrastructure development: Due procedures will be followed in infrastructure construction, to minimize potential social and environmental risks on target groups. Such details relating to farmland, road, irrigation, and industry structure are elaborated in the SECAP related narratives and Annex 3 to this PIM. The compliance to SECAP requirement is also subject to monitoring and supervision during implementation by the specialists and/or parties responsible for. Meanwhile, government rules and regulations for infrastructure activities will also be followed, especially when they relate to land acquisition, economic disruption to rural communities etc.

3.2.2 Component 2 – Building community resilient capacities

151. This aims to build the community-based well-being assets and capacities as integrated part of the improved rural livelihoods under the ongoing Rural Revitalization. While government-funded programmes will provide the majority of investments in support, IFAD will invest in the assurance non-productive capacities adapted to related green technologies and encouraging to pursue innovations in community-governed management models. This will be translated into IFAD funding in support of participatory planning and the process of establishing sustainable O&M mechanisms where applicable.

152. **Subcomponent 2.1 – Participatory planning and good governance.**

153. **Purpose of the activity:** This intervention supports the Gansu government's objectives of fostering good governance of rural areas and rural development under the Rural Revitalization process, especially regarding giving full scope to the basic role of villages' self-governance⁸.

154. **Implementation strategy:** The project relies on the principles and good practices of good governance in Gansu and in the country. The key elements of good governance under China's rural revitalization program focus on several core principles, including accountability, incentive, and sustainability:

- Established responsibilities and duties for all-level governments and participating agencies including their senior officials, ensuring they are answerable for their actions and decisions made that impact the rural development;
- Similarly, incentives have been designed and applied for motivating the local authorities and villagers. This includes financial incentives to good performance, policy support and recognition of successful initiatives by additional funding and promotion;
- All relative initiatives aim to a balanced approach promoting economic growth while preserving the environment. The PCN mission was exposed to example of community good governance in the project area; good practices can be drawn from the Green Rural Revival Programme in the country, which recently won the UN's highest environmental honor as it showcased the emphasis on green and sustainable development as core element of the Rural Revitalization Strategy.

155. Some examples of good practices in rural governance may include:

- Giving full scope to the role and autonomy of villagers as the main body, establish and improve participatory management mechanisms such as village councils and village supervisory committees, and guarantee villagers' rights to participation, expression, and joint supervision;
- Making rural revitalization the goal and combining with local resource endowment, recognising cultural inheritance and development needs, formulation of scientific and reasonable rural planning, highlighting rural characteristics, and improving rural quality of life;
- Establish social co-governance as the guarantee, actively promote the participation of the government, social organizations, enterprises and individuals

⁸ Notice of Gansu Province's 14th-Five Plan to Promote Agricultural and Rural Modernization (Gan Zheng Fa 2022, #17), Chapter 9 – Strengthening Rural Governance and Striving to Cultivate Civilized Rural Customs (In Chinese and non-official translation).

in rural governance, and form a joint force to solve various problems in rural development; and

- Regulate rural governance in accordance with the rule of law, establish and improve the rural rule of law system, and improve the standardization, transparency and fairness of rural governance.

156. **Process of implementation.** County BARA will be the implementer for this activities, as it squarely addresses rural affairs in its designated responsibilities. The activity will be implemented in selected villages to serve for learning and piloting purpose, for subsequent improvement and scaling up by government.

157. Once the villages are selected by the BARA, the following key steps will be followed: (i) community awareness and mobilization, (ii) problem identification and analysis, (iii) identification of coping strategies and responsive measures, (iv) action plan development, (v) action plan implementation and its M&E, and (vi) assessment of effectiveness and efficiency of implementation.

158. Participatory planning through VIGs. The project supports the participatory process of planning as a way of doing planning that puts villagers at the centre of decision making in the community, identifying common issues and problems relevant to the well-being of the village, analyzing their related causes, and agreeing upon the coping strategies to addressing and resolving the problems for the sake of community livelihood improvement. VIGs will be assigned leading role in undertaking the participatory exercises. Facilitators will be assigned by BARA (ideally recruited as service provider) to train the VIGs and facilitate the participatory process. BARA will act as approver and supervisor for collective planning and the planned community activities.

159. Key steps include: (i) community awareness and mobilization, (ii) problem identification and analysis, (iii) identification of coping strategies and responsive measures, (iv) action plan development, (v) action plan implementation and its M&E, and (vi) assessment of effectiveness and efficiency of implementation.

160. Community good governance. The participatory process will be part of the good governance, which is a key factor for ensuring the well-being and development of rural communities. The project will seek to promote and document the good practices of sustainable village management models, which should include at least: (i) participation of all stakeholders, (ii) transparency and accountability of decision-making processes, (iii) inclusive safeguard and expression of interests and needs of villagers of all socio-economic categories, (iv) respect of the rules of law, and (v) effective delivery of public services. Improved capacities in village-level good governance will contribute to strengthened resilience of the village residents, especially in fostering social cohesion, reducing climate and socio-economic vulnerability, and promoting environmental sustainability.

161. The project will finance the participatory process of village planning, and defining and implementing the good governance, which should result at least in activity and budget planning of village-level investments and activities including these under the project's subcomponent 2.2. Similarly, the establishment of villagers-governed and socially inclusive O&M committees for related projects will undergo the participatory process, for example when it relates to the project activity – 2.2.6, but with emphasis on long-term sustainability and as part of the project exit strategy.

162. **Sub-component 2.2: Climate-resilient community infrastructures and service facilities.** This subcomponent will address some of the gaps in the current infrastructure system in the project area, which may limit or constrain the

implementation of the proposed project activities: incomplete rural road network, lack of safe drinking water, sewage and solid waste systems, and renewable energy.

163. The key steps to prepare and implement related infrastructures and community facilities will follow the government's guidelines in building community capacities under the programme of Rural Revitalization, which could be summarized as:

- a) Strategic planning that involves the identification of community needs, setting targets and developing strategies to achieve;
- b) Coordinating the funding resources from a mixed sources and programmes and integrate them into the annual and five-year development plans;
- c) Implementation of the plans that involves the construction or improvement of the identified infrastructures as outlined as subcomponent activities;
- d) Evaluation that assesses the effectiveness of the implemented projects and making necessary adjustments. Impacts of the built facilities will be highlighted;
- e) Community engagement that not only stresses on planning and implementation process, but also ensuring the identified needs are met, fostering community ownership and ensuring sustainable O&M; and
- f) Development of emergency preparedness to address all hazards, for both response and recovery.

164. The sub-component will support building climate-resilient community infrastructures. All infrastructures that are supported under this sub-component will be climate-resilient communities. Key activities under this sub-component include:

165. Activity 2.2.1 - Improving and developing safe drinking water supply system. Domestic water supply systems will be upgraded by limiting water losses and improve the water quality and delivery. This project will support the installation of advanced online water quality testing system, replacement of old underground leaking water pipes, installation of automatic control valves and smart water meters, to facilitate water management, minimize waste and control the costs.

166. Activity 2.2.2 - Rural sewage treatment and garbage disposal. The project will assist in the construction and upgrading of wastewater treatment networks to improve the water quality of the rivers and facilitate recycling, eco-environment friendly community liquid and solid waste management. This will also address community drainage system impacted by erratic and heavy rainfall. Different technologies are utilized and will depend on the local environment, the availability of resources and the cost of implementation.

167. Activity 2.2.3 - Application of clean and renewable energies. The project will support the use of solar streetlights and the replacement of coal with electricity or natural gas for heating, cooking, and bathing.

168. Solar power can be used in some instances to reduce greenhouse gas emissions, reduce operational costs, and provide reliable and clean energy for remote areas. Coal will be replaced with electricity or natural gas for heating, cooking, and hot water.

169. Activity 2.2.4 - Flood-control and disaster-prevention infrastructures. The project will support dredging river channels and improving riverbanks, using ecological seepage prevention technology to strengthen the banks and raise the height of the banks, raising the standard of embankments from once every 10 years to once every 20 years.

170. River embankments will be strengthened to avoid soil bank erosion, flooding of outer bank fields and damage of infrastructure near the river. Gabion mattresses will be installed that are eco-friendly, resilient to climate impact, and more durable than

concrete lining. The height of the banks will be determined based on the maximum observed river level.

171. Activity 2.2.5 - Tailored community services. The establishment and upgrade of community tailored services for elderly care, culture and heritage promotion. The project will assist in the construction of senior activity centers, convenience service centers, and demonstration of beautiful villages. Public and private partnership in cofinancing and complementary service capacities should be explored by the project.

172. Activity 2.2.6 - Supporting infrastructures' operation & maintenance (O&M). The project will support (i) the establishment of and strengthening of O&M organizations; and (ii) the implementation of any necessary environmental and social safeguards, including the participation and representation of target group beneficiaries in the mechanism and process of decision making.

173. **Implementation processes and strategy**: These are activities in the category of public-goods that benefit of community and offsetting gaps that government support lags in selected villages for improved rural livelihood. For this type of public infrastructures, implementing agencies mainly the responsible technical agencies would be familiar with the implementation process. The relevant technical agencies in this case would be the implementors of the public infrastructure, e.g. BARA, Bureau of Water Conservancy, Township government, Bureau of Transportation etc. Rural communities will benefit from collective and participatory planning support of the project to be involved in the planning and monitoring of the civil works.

174. SECAP screening to derisk infrastructure development: Due procedures will be followed in infrastructure construction to minimize potential social and environmental risks on target groups. Such details are elaborated in the SECAP related narratives and annexed to this PIM. Stakeholder Engagement and Grievance Redress Mechanism will be fully given plan. The compliance to SECAP requirement is also subject to monitoring and supervision during implementation by the specialists and/or parties responsible for. Government rules and regulations for infrastructure activities will also be followed, especially when they relate to land acquisition, economic disruption to rural communities etc.

175. IFAD's investment would focus on awareness creation, community participation, management development, and developing O&M arrangements for public infrastructure. The community infrastructure and services would promote the adoption of climate resilient adaptation measures, the improvement of the environment and the use of renewable energy: 1) climate-resilient activities, such as irrigation and drainage projects in the construction of high-standard farmland. 2) Safe drinking water projects and flood control and disaster reduction projects. 3) application of clean and renewable energies activities. Other public infrastructure activities in the project are proposed by Government investment.

176. Community Ownership and sustainability of infrastructures. Community infrastructures in production activities are of public importance, they should be implemented by the relevant government branches or township governments of the county where the project is situated. After completion of the project, the engineering shall be transferred to the village collective or cooperative or related association (such as the Rural Water Users Association) and shall be managed and maintained by the village collectively in the selected O&M organizational form.

177. **Interlinkage between components 1 and 2**. The two components of the project are interlinked in several ways. Both invest in financial, social, human and physical capitalization but with different instruments and priorities. Under component 1, emphasis

will be given on the socio-economic empowerment through improvement of agricultural productivity and market access while introducing green technologies and reducing their environmental footprint. Component 2 stresses on the strengthening of community resilience by building the well being assets and capacities, including community capacities in health, education, social protection and disaster risk management. The two components' interlinkage will be assured by:

1. Integrated planning while incorporating the project activities into the local provincial and county-level development planning and ensuring the income generating activities and productive asset building under component 1 are in line with and within the same agenda of both economic growth and community development that component 2 promotes on the social and human angle, with due inclusiveness and targeting focus.
2. Investing in human capital under both components through skills and knowledge enhancement at individual and community levels, therefore the balance will be maintained between the agricultural productivity, sustainable use of natural resources, and social wellbeing. Capacity building under both components will lead to the increased value of human capital, which in turn leads to improved socio-economic outcomes;
3. Community engagement through organized production, marketing and value chain integration supported by cooperative and contract farming and marketing, supported by productive and well-being physical infrastructures. The participation in community decision-making process under component 2 will enhance the inclusiveness and mainstreaming prioritization under component 1.
4. Both components align policy priorities under the ongoing Rural Revitalization Programme in Gansu, namely the five key areas of development such as: ensuring national food security, improving rural industries' development (sectorized agriculture and value chain development), strengthening rural construction (infrastructures), enhancing rural governance, applying the green rural revival philosophy, and facilitating various means for rural residents in their income increase.

178. Such capitalization will enable the target groups and communities to cope with shocks and stresses, as well as to benefit from the opportunities created with promotion of inclusiveness participation and good governance, which will foster social cohesion, accountability and ownership of the project outcomes. IFAD's role will be to ensure that the green technologies are appropriate and accessible to the target groups, and that the community-based management models are innovative and sustainable as part of the government's holistic approach in rural development.

3.2.3 Component 3 of policy and management

179. **Component 3 of policy and management** will highlight its actions in policy engagement, SSTC and institutional capacity building, M&E and KM that includes in-country learning and sharing, Prudential Financial management, effective procurement management and overall project management. The following paragraphs will highlight the

key areas for management's attention, other areas of arrangement regarding the project's operational management and coordination will be addressed in the following chapters or sections where related.

180. **Policy engagement.** The project's policy engagement will give emphasis on evidence-based learning and advisory forms or methods, and closely linked to the project's KM while working on the project's interventions of innovative potential as outlined under the related section in this PDR, i.e.: (i) Evolving Business Plan (BP) financing for inclusive participation of smallholder farmers and their organizations in agri-value chain development; (ii) Sustainable community management model; (iii) Adoption of green technologies by value chain actors of different levels; and (iv) Rural eco-tourism for diversification and rural labour transformation. Areas of engagement on Gender Equality and Women's Empowerment will be determined in conjunction with the Women's Federation.

181. The project management will involve the multiple stakeholders where relevant, foster dialogue, collaboration, and evidence-based decision making among these actors, to address the complex and interrelated challenges facing the ongoing Rural Revitalization, particularly those occurring during the GD2RP implementation. In addition to the potential evidence drawn from the project's pursuit of innovations as outlined above, the project will pay special attention to food security, climate change, trade, and agricultural industrial transformation, public-private producer partnership, and social inclusiveness for the participation and benefit sharing of the disadvantaged groups.

182. Policy engagement should be planned and implemented throughout the project cycle, from design to completion, and it should be tailored to the evolving context of Rural Revitalization while referencing to the above-mentioned topics.

183. **South-South Triangular Cooperation (SSTC).** Similarly, SSTC will build its partnership by fostering evidence-based innovation, capacity building and policy dialogue among farmers, researchers, extension workers and policymakers, with specially attention on the good practices generated mainly from the GD2RP. As part of the ICO's SSTC function, the lessons learnt from GD2RP will contribute to related thematic priorities, events and activities of other IFAD regional hubs in Asia, Africa, South America and the Pacific. Further partnerships with related government agencies and other stakeholders will also be fostered. The project will focus on the three strategic thrusts of innovation, scaling up, and knowledge management to inform policy and support SSTC, supported by the KM.

184. **Institutional capacity building** in GD2RP will focus on PMOs and their host technical agencies involved in project management. Capacity building to agri-businesses and rural entities are integrated as part of the related activities under the two technical components.

185. Institutional capacity building will be closely related to the ongoing Rural Revitalization and GD2RP implementation. The project will give priority to the forms of training, mentoring, coaching, networking, benefiting the PMO staff and related technical staff from the participating and supporting technical agencies; special attention will be given on areas of project financial management, M&E and MIS, knowledge management, agricultural green technologies, social inclusiveness, gender transformation approaches, youth promotion, rural entrepreneurship, and sustainable agri-tech extension.

3.3 Organizational set-up

186. **The Ministry of Finance (MOF)** is IFAD's country counterpart. It leads the management and coordination with the IFAD country programme implementation on behalf of the Government. The MOF assumes effective coordination with central

government agencies and international donors. The MOF carries out its responsibilities through the Departments of Finance (DOF) at provincial level, the Bureaux of Finance (BOF) at prefecture and county levels. The Ministry of Finance as representative of the borrower of IFAD loan receives and passes on the loan proceeds to the provincial DOF of Gansu, subsequently to project prefecture and counties for financing the execution of the GD2RP. The Department of Finance (DOF) and relevant Bureaux of Finance in the prefectures of Wuwei, Baiyin, Pingliang, Tianshui and Dingxi and the six project counties will be responsible for the following: (i) opening and management of the Project Accounts; (ii) administering the project resources including the IFAD loan and counterpart funds; (iii) review and approval of the financing needs of project implementation; (iv) overseeing the use of project resources; (v) ensuring effective flow of funds for project implementation; (vi) providing appropriate training to the financial officers of PMOs in terms of financial management; and (vii) preparing Withdrawal Applications (WAs) and reimbursement of eligible project expenditures on a timely basis.

187. The adequacy of the institutional setting, capacity and staffing, budgetary resources and various management plans and coordinating mechanisms is key for the success of the project. In view of this and to ensure the successful implementation of the project, GD2RP will put in place the appropriate organizational set up commensurate with the needs and requirements called for in such multi-layer and cross-sector project. This would also be in line with the existing practices of IFAD operations in the country and the best practices of past and ongoing projects, and of other IFIs in Gansu. The adequacy of the institutional setting, capacity and staffing, budgetary resources and various management plans and coordinating mechanisms is key for the success of the project. The Organization set up shall be concluded before or otherwise at the very early stage of project effectiveness, with some requirements may be defined by IFAD as conditions for disbursement.

188. **The Department of Agriculture and Rural Affairs (DARA)** in Gansu is a provincial-level government agency that is responsible for promoting the development of agriculture and rural areas in Gansu province. The Department of Agriculture and Rural Affairs in Gansu aims to achieve the goals of modernizing agriculture, increasing farmers' income, improving rural living standards, and building a harmonious society in Gansu province. According to its official website, some of its main functions are to:

- formulate and implement policies, plans, standards, regulations, and laws related to agriculture and rural affairs, and supervise their enforcement;
- formulate and implement policies, plans, standards, regulations, and laws related to agriculture and rural affairs, and supervise their enforcement;
- guide and support the development of various types of agricultural production and processing enterprises, farmer cooperatives, family farms and other new business entities;
- promote the construction of agricultural infrastructure, such as irrigation, water conservancy, rural roads, electricity, information, and logistics facilities.
- enhance the quality and safety of agricultural products and improve the agricultural product market system and circulation network.
- implement rural poverty alleviation and development programs, and coordinate rural social security, education, health, culture, and other public services.
- strengthen the capacity building of agricultural science and technology, innovation and extension, and foster new types of agricultural professionals.
- cooperate with relevant departments and agencies in the management of land resources, ecological environment, animal and plant quarantine, disaster prevention and mitigation, and food security in rural areas.

3.3.1 Operational management structure

189. **Lead Project Agency.** The project will be implemented by the Provincial Department of Agriculture and Rural Affairs (DARA) of the of Gansu Province in China at Provincial level⁹. Gansu DARA has successfully implemented an IFAD project (South-Gansu Poverty Reduction Project) during the early 2000s, and has implemented, and currently implementing a number of IFI and UN agencies projects including WB, ADB, WFP. There is therefore an experienced team of staff in place for implementing IFI projects. There is also a proven and mature project management structure from province to villages to implement IFI projects, and GD2RP will adopt same institutional arrangements at the different levels during its implementation.

190. **PMO roles and responsibilities.** The PMOs represent the project at the level of operational management, focuses on planning, coordinating, monitoring, and reporting of the project. Their key specific responsibilities (see Annex 1) include:

- Ensure that the project strategy is applied through the implementation of all activities,
- Coordinate the programming of planned activities under the Project,
- Assume the inter-project coordination with the ongoing IFAD-assisted projects and other stakeholders,
- Prepare and consolidate AWPBs,
- Coordinate the timely and proper implementation of approved AWPBs by each of the implementing line agencies, and in all the project counties,
- Ensure the compliance of SECAP requirements,
- Consolidate project-related budgets, statements of expenditure and progress reports,
- Ensure timely project M&E and progress reporting,
- Lead the project KM and SSTC participation.
- Prepare withdrawal applications and facilitate disbursement.
- Manage procurement and contract execution monitoring.
- Preparing withdrawal applications,
- Ensure the undertaking of the annual auditing of the Project, and
- Other mandates and tasks that the Government and IFAD agree to assign.

191. The Department/Bureau of Finance (DOF/BOF) at Provincial/prefecture and county level will be responsible for administering project resources, including the IFAD loan and counterpart funds. They will also support the project implementation by a) overseeing the use of project resources; (b) ensuring effective flow of funds for project implementation; (c) providing appropriate training to the financial officers of PMOs in terms of financial management; and (vii) preparing Withdrawal Applications (WAs) and reimbursement of eligible project expenditures on a timely basis.

192. A **Provincial Project Management Office (PPMO)** will be set up in DARA, which will be staffed adequately with key functions necessary for the management of the project, including but not limited to:

- a) An (Executive) Project Director,
- b) A Planning, M&E and Knowledge Management Officer,
- c) A Procurement Officer,

⁹ Provincial Rural Revitalization Bureau (PRRB) was leading the project design process during 2023 but has been merged into DARA since February 2024. The reference of DARA in the PDR implies both PRRB and DARA. Similarly, the same applies at the county level, where County Bureau Agricultural and Rural Affairs (BARA) also implies the inclusion of county level RRB.

- d) A focal point coordinating SECAP-related work including Gender and Youth/ Social Inclusion,
- e) An Agricultural and Agribusiness Development Officer,
- f) A Finance Officer and Accountant;
- g) Other supporting staff

193. **County Project Management Office (CPMO)** will also be set up in county Bureau of Agriculture and Rural Affairs (BARA) with similar staffing structure, with the key positions of CPMO Director and Deputy Director, M&E and KM, Procurement and Agricultural and Agribusiness Development assigned or recruited by the county BARA, and officers responsible for Gender and Youth Development and Climate Change Adaptation could be seconded from the line agencies such as the county WF, Youth League and Environment Bureau. A senior leader from the DARA/BARA shall be appointed as the PMO Director for the project, for overall management and coordination. Short-term technical assistance may be procured through a consultant or service provider when required. Relevant technical bureaus in the counties will also be mobilized to support implementation of the related project activities.

194. **Inter-agency coordination mechanism (IACM)**. Considering the cross-agency nature of the project, inter-agency coordination mechanism at both provincial and county levels will be established, to exercise the essential supervisory and coordination functions on issues critical for project implementation, such as counterpart financing, project supervision and issue-specific coordination between participating agencies. Such mechanism may convene on demand basis but at least once every year in a manner considered appropriate by involved parties. The agencies involved should at least include DARA, Finance, and/or Development Reform Commission (DRC) at the provincial level. At the county level, other relevant agencies should include technical bureaus such as those responsible for water, land and environment protection. A vice-governor of the project county should be designated to chair such coordination mechanism. The Women's Federation (WF) and Youth League (YL) in the counties will be assigned due responsibilities in supporting women and youth related activities and leverage opportunities for further supporting women and youth in the project areas.

195. **Township government** will be assigned responsibility for supporting project implementation. At village level, despite the diverse coverage of the project, in view of the implementation modality, coordinate project interventions at village level.

196. **Village Implementing Group (VIG)** will be set up at each of the project administrative village. It will be headed by the Chief of the village committee and composed of 7-8 people, including a couple of the village committee members and 4-5 farmer representatives from different household categories of well-being. Farmer representatives will be elected by local farmers, and they will be no less than 50% of the total members of the VIG. Of the farmer representatives, women will be no less than 50% and at least two thirds will be from the former registered poor, or the community-recognized vulnerable households. Youth especially young farmer entrepreneur will have at least one representation seat at VIG.

197. The VIGs' major responsibilities include: (i) a regular participatory and inclusive targeting of the beneficiary households within the village; (ii) providing advices on the selection of private sector and village-based rural entities' participation, (iii) identifying project activities prioritized by eligible target groups through participatory approaches, and reporting to the PMOs for the development of AWPB implementation; (iv) organizing the vulnerable households to participate in project activities; (v) assisting PMOs monitor project implementation and collecting M&E data where required; and (vi) organising the operation and maintenance of community infrastructure built by the project.

198. **Partnership.** In addition to the enhanced partnership between IFAD and the Government, the GD2RPD will explore value-added partnerships as fostered by the IFAD Country Programme in China and through the implementation of the IFAD-assisted projects in the country, building possible synergy and partnership with the UN community in the country, participating line agencies, private sector, and technical players of the civil society where relevant. For example, partnership should be explored with the China Social Entrepreneur Foundation that has successfully provided women entrepreneurship training and incubation to ongoing IFAD-assisted projects in China with its own financing.

199. Another potential avenue will be the partnership with the International Centre for Agricultural Research in Dry Areas (ICARDA) that has been involved in several projects related to arid and semi-arid agriculture in various provinces in China including Gansu. As GD2RP will promote Good Agricultural Practices such as crop-livestock system and water-efficient cropping system, it will include ICARDA as part of its capacity building roster and regular knowledge sharing platform. The project should make efforts to know better the ICARDA's business scope and field of expertise, exploring possible partnership in technical assistance and innovative farming models.

200. *Partnership with County WF* will be established under the overall coordination of the project county government governor overseeing the G2RDP, cooperation will primarily relate to diversified income generation, women entrepreneurship, adoption of green technologies, and gender empowerment and equalities in agri-business and community affairs. The project will leverage the WF's training resources and expertise in off-farm IGAs as mostly established and in entrepreneurship start-up, invite them as part of the review and/or approval committees for BP processing.

201. *Partnership with County Youth League* will play a significant role in support of the project's youth-sensitive activities, especially in the areas of youth employment and entrepreneurship, access to ICT, youth leadership. Youth League's mentorship programme will be considered where experienced professionals in the fields of agriculture, business operations and technology adoption.

202. CPMO composition and staffing will primarily follow the provincial set-up, with the key positions of CPMO Director and Deputy Director, M&E and KM, Procurement and Agricultural and Agribusiness Development assigned or recruited by the county BARA/RRB, and officers responsible for Gender and Youth Development and Climate Change Adaptation could be seconded from the line agencies such as the county WF and Environment Bureau.

203. **Project Implementation Responsibilities** will be spread across the CPMO, and technical agencies involved in the counties, and are indicated in table 7:

Table 7: Summary of implementation responsibilities

Activities	Implementing agencies	Supporting agencies if any
<u>Activity 1.1.1 – Production and processing upgrade (PPU) of grassroots agribusinesses</u>	BARA	Line agencies in counties
<u>Activity 1.1.2 – Women-led courtyard economy</u>	BARA	
<u>Activity 1.1.3 – Capacity building, diversification</u>	BARA	WF, YOUTH LEAGUE
<u>Activity 1.1.4 – Women and youth entrepreneurship</u>	BARA	WF, HRSS, YOUTH LEAGUE

<u>Activity 1.1.5 – Agri-insurance</u>	BARA	INSURANCE PARTNERS
<u>Activity 1.2.1 – Adoption of green technologies and market access</u>	BARA	Line agencies in counties
<u>Activity 1.2.2 – Agro-ecotourism</u>	BARA	BCT
<u>Activity 1.3.1 - Sustainable irrigation</u>	Water Resources, BARA	
<u>Activity 1.3.2 - Improvement of saline-alkali land</u>	Water Resources, BARA	
<u>Activity 1.3.3 - Construction of high standard farmland</u>	BARA	
<u>Activity 1.3.4 - Production-linked road</u>	BARA, Bureau of Transport	
<u>Activity 1.3.5 - Enhancement of market trade, processing and storage capacities</u>	BARA	
<i>Subcomponent 2.1 – Participatory planning and good governance</i>	BARA	
<u>Activity 2.2.1 - Improving and developing safe drinking water supply system</u>	Water Resources	
<u>Activity 2.2.2 - Rural sewage treatment and garbage disposal</u>	BARA	
<u>Activity 2.2.3 - Application of clean and renewable energies</u>	BARA	
<u>Activity 2.2.4 - Flood-control and disaster-prevention infrastructures</u>	Water Resources	
<u>Activity 2.2.5 - The establishment and upgrade of community tailored services</u>	BARA	
<u>Activity 2.2.6 - Supporting infrastructures' operation & maintenance (O&M)</u>	BARA	BARA, Water Resources, VIGs, WUAs, Village Councils/committees cooperatives...

3.4 Project financing

204. The total project cost is estimated to be USD 228.43 million over the six-year project period. IFAD will provide a loan of USD 88.00 million. The balance of USD 140.43 million will be jointly financed by the government, and private sector (enterprises).

Table 8: Programme/project costs by component (and sub-components) and financier

	The Government		IFAD		Private Sector		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
A. Sustainable green agriculture								
1. Inclusive support to smallholder farmers	19,077	84.8	3,420	15.2	-	-	22,496	9.8
2. Eco-friendly transformation	36,851	45.9	34,433	42.9	8,932	11.1	80,215	35.1
3. Public productive infrastructures	37,051	60.9	23,746	39.1	-	-	60,797	26.6
Subtotal	92,979	56.9	61,599	37.7	8,932	5.5	163,509	71.6
B. Building community resilient capacities								
1. Participatory planning and good governance	0	-	241	100.0	-	-	241	0.1
2. Climate-resilient community infrastructures and service facilities	34,535	58.9	23,083	39.4	993	1.7	58,611	25.7
Subtotal	34,535	58.7	23,324	39.6	993	1.7	58,852	25.8
C. Management and capacity building								
1. Project management and capacity building	2,993	49.3	3,077	50.7	-	-	6,070	2.7
Total PROJECT COSTS	130,507	57.1	88,000	38.5	9,925	4.3	228,431	100.0

4.0 Project management

4.1 Implementation plan

205. The design considered government's processing timeline for review and approval, and anticipated possible budgetary allocations for the project life, especially during start-up, i.e., the first year of project effectiveness after the financing negotiation and agreement. Once the design has been consulted and agreed in principle between IFAD and the Government, DoF, DARA and PRRB, and the six project counties will proceed to incorporate the designed activities and related budgetary projections in its budgeting and action planning.

206. The financing agreement will have factors as preconditions to IFAD's financing proceeds release, such as the set-up of effective PMO structure and its primary staffing including IACM, the opening of Designated Account, No-Objection of revised PIM, to help ensure the readiness of management structure.

207. The start-up plan will include technical training workshops for PMOs as well as for related field operatives to ensure that the principal implementing parties are fully aware and ready for action implementation while target groups will be mobilised for engagement. Budget allocations mostly under the expenditure category of consultancies but covering training and workshop under related activities will cover the costs. The project M&E system will be set to monitor the progress and feedback on the needs of adjustments to assist operational decision-making.

208. The implementation schedule will be outlined by the detailed cost tables (DTs), the proposed first AWPB for 18 months, and the related procurement plan, which should be revisited by PMOs and make necessary updates with adjustments where required before their submission to IFAD China Office for No-Objection.

4.2 M&E, Learning, KM and Communication

4.2.1 Monitoring and Evaluation (M&E)

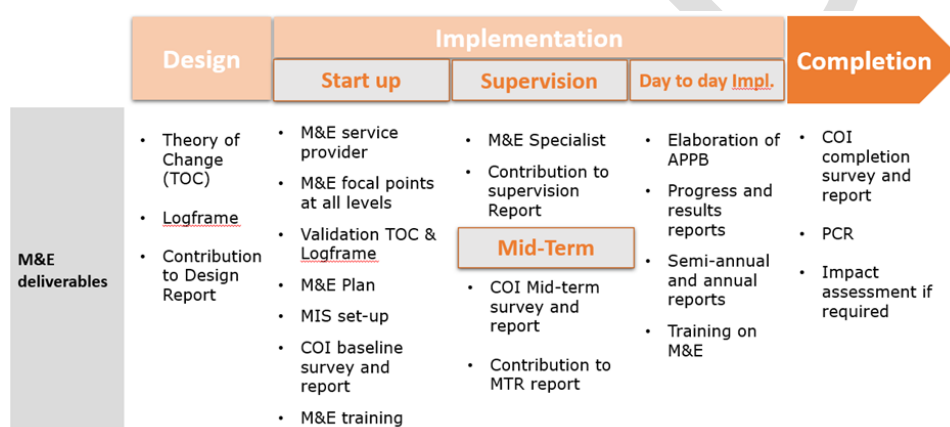
209. The M&E system for GD2RP will be developed as a tool for effective project implementation management. PPMO will lead the process with the assistance of IFAD within the first year of the project. The M&E system will enable IFAD, the Government and the stakeholders to monitor Project's internal performance. The objective of the tool is to collect reliable data and information for measuring performance and progress towards achievement of results; and to provide information about success and failures, so that corrective measures can be taken for successful implementation of project activities. It will be also used as a learning tool to provide information for critical reflection on project

strategies and operations and supporting decision-making at various levels as a basis for results-based management.

210. **Setting up the M&E system.** GD2RP will establish an effective M&E system from PPMO through county PMOs down to the VIGs. The M&E system is the set of planning, information gathering and synthesis, reflection and reporting processes, along with the necessary supporting conditions and capacities required for the outputs of M&E to make a valuable contribution to decision-making and learning. The system will operate in line with IFAD’s M&E guideline and as much as possible on provincial existing M&E systems, statistics and databases. The M&E system for GD2RP will be based on the project ToC and Logframe, in which a series of key performance indicators (core indicators and project specific indicators) have been defined in project design report.

211. A **M&E Plan** will be developed to guide M&E processes within the project. The M&E Plan to be developed at the beginning of implementation will detail the scope, organization and contents of the M&E system; roles and responsibilities; a plan for data collection, analysis, reporting, use and management; timeline for M&E-related activities; staffing and capacity building plan; budget; etc.; The M&E Plan will also set out guidelines for progress monitoring of implementation as well as evaluation of the performance of the Programme in relation to the indicators in the Project Logframe. The below figure presents the different M&E-related requirements and deliverables expected throughout the GD2RP project cycle by project stage (design and review process, implementation, and completion).

Figure 2: M&E delivery plan



Monitoring

212. Implementation monitoring will focus on the project outputs, the physical and financial progress of activities. Population and household-based monitoring indicators need to be disaggregated by sex, age, ethnic minorities, and activity area or value chain, where applicable. For this purpose, monitoring data should be collected at the grassroots level (VIG), depending on the nature of indicators. In general, the state of benefits and participation at the levels of households and individual beneficiaries will be undertaken through the grassroots recording and reporting by VIGs and producer cooperatives.

213. Rural business entity capacity development and related improved performance will be recorded and reported by implementing partners, and through an annual survey of all programme-supported agribusiness entities. The CPMOs will organize the collection of data in accordance with the agreed indicators and report annually through the provincial PMO to IFAD. For this purpose, an operational data collection system of monitoring indicators will be established from the grassroots level (VIG and cooperatives) up to the PPMO.

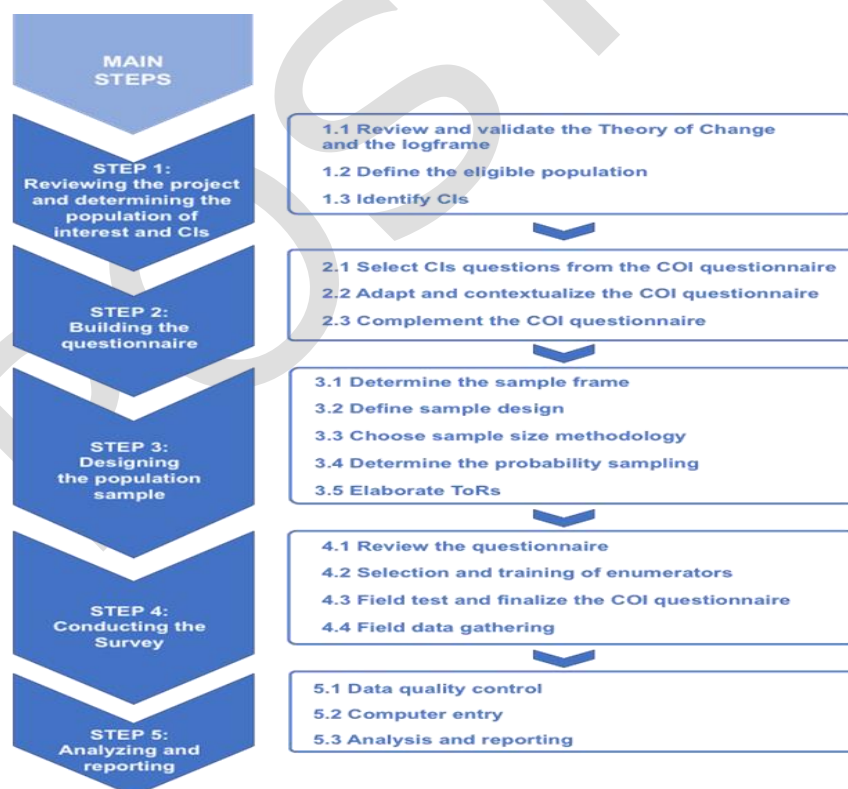
Frequency of reporting and responsibility is further defined in the appropriate log-frame columns.

214. Semi-annual Project Progress Report. On semi-annual basis, CPMO will submit progress report to PPMO. The reports will record the financial and physical activities against Annual Work Plan & Budget (AWPB) targets. The PPMO will prepare the reporting formats and contents to be submitted and be responsible for the compilation of annual reports. The annual report should address (i) quantitative and qualitative progress made in implementing the Project and achieving its objectives, (ii) problems encountered during the reporting period, (iii) steps taken or proposed to be taken to remedy these problems, and (iv) the proposed programme of activities and the progress expected during the following reporting period. Sufficient information must be made available about what money is spent on, how much is spent on what, and what the results are. The progress report will be submitted to IFAD no later than two months after the end of each reporting period.

Evaluation

215. To evaluate the results of outcome, objective and goal indicators as defined in the Project Logframe, the project will conduct three rounds of core outcome surveys (baseline, mid-term and end-line). The surveys will consist of two modules, namely household survey and enterprise survey. The three-wave surveys will be conducted in compliance with IFAD Core Outcome Indicator (COI) Measurement Guidelines, which provide a step-by-step explanation on how to plan for, design, conduct and analyze Core Indicators (CIs) outcome surveys over the project cycle. To avoid having separate surveys for the Core Indicators and for the other project-specific indicators, the guidelines are meant to guide the collection of data on all outcome indicators (core and project-specific) at baseline, mid-term, and end-line. Figure 3 presents main steps to develop and conduct a project-specific COI survey.

Figure 3: Main steps to develop and conduct a project-specific COI survey



216. The surveys will be conducted by adopting the following approaches:

- **Sample-based survey.** A representative sample of the desired population^[1] should be defined prior to conducting the survey.
- **Quantitative survey.** Collect data through quantitative surveys in order to measure and quantify the effects of project’s interventions.
- **Comparison group**^[2]. Sample-based surveys are intended to collect data on two differentiated groups over time: the treatment group (sample of beneficiaries) and the comparison group (sample of non-beneficiaries). Attribution can only be determined through surveys contemplating the existence of a treatment and a comparison group reflecting the situation with and without project’s intervention. Note that the comparison group is mandatory only at the project completion stage^[3].

^[1] The desired population is a generic term representing the population from which the sample is drawn. For instance, the desired population corresponds to the group of beneficiaries at baseline (when beneficiaries are identified).

^[2] **The Comparison group** is the name given to the group of individuals not receiving the treatment or intervention in a quasi-experimental design, while the **control group** is the name of the group not receiving the treatment in an experimental design such as Random Control Trial. The COI measurement guidelines propose using a quasi-experimental design.

^[3] Comparison groups are not mandatory at baseline and mid-term stages. Surveys including comparison groups at baseline and mid-term may be conducted if resources are available since they provide additional information for the analysis.

217. The annual outcome survey (AOS) is a simple household survey that will be undertaken annually by project staff and will cover a small sample of at least 300 households selected randomly. The survey will be conducted exclusively in villages targeted by the project or receiving project interventions and will include both project beneficiaries and non-beneficiaries (the latter used as control group). Overall, the exercise is expected to take no more than 3 months and can be implemented by project staff and extension officers, with or without external support. The main objectives of the survey are to: (i) measure changes happening at the household level in terms of livelihoods and food security during the project life; (ii) assess targeting efficiency; (iii) provide evidence of project success or failure; and (iv) provide timely performance information necessary to undertake corrective actions.

218. The AOS will provide information on “why” and “how” some outcomes were or were not achieved. The project will use the standard AOS questionnaire as the main frame for conducting the survey and will modify it accordingly as per the project thematic areas of intervention. The AOS will be implemented starting from the end of PY2.

M&E organizational arrangement.

219. The M&E Officer designated in the PPMO and CPMOs will be responsible for monitoring project implementation, sharing progress, experience and lessons learnt semi-annually and annually with all stakeholders in order to improve project implementation and finally achieve project objectives. In the project start-up workshop, a session for M&E training will be provided by IFAD M&E specialist or officer to the PMO M&E staff, the latter will then train relevant officers and staff of implementing partners and VIGs. During project implementation, M&E training will be held on as required basis, but at least once a year before MTR.

220. The designated M&E staffs of CPMOs, under the guidance and support of the provincial M&E Officer, will arrange the collection of monitoring data in accordance with agreed indicators. They are responsible for conducting an initial quality review on data collected before reporting to the PPMO, after consolidation at county level. VIG members will assist in collecting the household-level M&E data where required, disaggregated by gender, age, and by activities. Implementing partners will be involved in the collection of

M&E data concerning institutions and staff training. The PPMO will review and consolidate M&E data reported by CPMOs and report semi-annually and annually to IFAD. The PPMO is also encouraged to develop complementary data collection and quality assurance tools and methods as needed. The project will engage a third party on a retainer contract to support the PPMO on a continuous basis for some weeks each year with data analysis, report preparation and baseline / midline / endline surveys. The third party will ensure analysis of surveys is properly done and presented in a useful and applicable manner, and do further data analysis, as needed. In addition, the third party shall analysis data from the MIS system to understand underlying causes of well-performing townships, villages, companies, etc. and share positive lessons with project management at various levels.

Table 9: Responsibilities and the basic results reporting mechanism for GD2RP project.

Result hierarchy	Tool of data generation	Frequency	Presentation	Responsibility
Impact and Outcome	HH and enterprise surveys	3 rounds Y1 – Y4 – Y6	Survey reports; Logframe	Third party (contracted), PMOs
Output	MIS system: PMO collection	Semi-annually reported to IFAD	Progress report and MIS automated tables	PPMO, CPMOs, VIGs
Financial flow	MIS system: Self- reporting & PMO collection	Quarterly reporting to PPMO	MIS automated tables / charts Dashboard Progress reports	PMOs

221. A web-based Management Information System (MIS) will be developed to integrate information regarding project management, financial management and physical progress, allowing real-time reporting. All project related data will be recorded in the MIS, starting from the village and county level upwards, so that no parallel data systems have to be maintained and reconciled (in Excel or other offline mechanisms). Data in the MIS will be accessible at all levels of the GD2RP Project, which means that PPMO and CPMO staff can log into the system and see data that is relevant to their county.

222. The project will design the MIS tailored to its specific needs, building on positive past experiences from on-going IFAD-financed projects. The MIS system will basically have three sub-systems that integrate information and allow real-time reporting: Project Management, Financial Management, and Progress Monitoring.

223. **Operational Results Management System (ORMS):** The ORMS is a full-fledged online system in IFAD that builds on interconnected templates for the online presentation, analysis, reporting, and approval of project design, supervision and completion documents. Although, the data entered into the system for the project will be done at IFAD level, yet the project will have to provide this data on an annual basis thus ensuring that the performance of IFAD operations is measured across the results chain, i.e. at the output, outcome and impact levels. The M&E unit will compile the progress of all indicators under the project log frame and send it to IFAD no later than the 31 January of the following year.

Complementary M&E activities

224. In addition to the above, the project is encouraged to develop other parallel in-depth monitoring and evaluation activities. For instance, project household tracking survey (by

tracking a small number of selected households to obtain relevant information for comparison before and after the project interventions), control group survey, individual case analysis (an in-depth analysis of an individual agribusiness entity, or farmer, or youth/women entrepreneur), thematic research, etc. Findings through these activities can provide a multi-perspective reference for project management and can capture more comprehensive project effectiveness.

B.2 Knowledge Management

225. IFAD defines Knowledge Management (KM) as a set of processes, tools and behaviors that connect and motivate people to generate, use and share good practice, learning and expertise to improve IFAD's efficiency, credibility and development effectiveness¹⁰. KM as a management tool will help the project to build practical and actionable knowledge and skills that lead to improved project performance and results, and supports innovation, scaling up and country-level policy engagement. Knowledge Management (KM) will be an integral part of GD2RP to ensure that project implementation is a continuous learning process in which quantitative and qualitative data will be compiled, analysed and disseminated as good practices and lessons learned, together with thematic studies and stories from the field that document successful approaches, explain challenges encountered and results achieved. The Project M&E system will form the foundation of KM and learning system and will thus be a primary instrument of information capture and storage, based on the indicators detailed in the results framework.

226. The specific **objectives of the project KM** are as follows: 1) improve project performance and results; 2) develop knowledge products and raise visibility; 3) support innovations and trigger action that contributes to effective scaling-up; 4) raise awareness and engagement of key stakeholders; 5) contribute to policy engagement in the sector development

227. **Main KM activities/approaches** could focus on, but not limited to:

- capturing and documenting experiences, lessons, and successful cases resulting from project activities, especially regarding the project's innovative models and approaches that could be replicated and scaled-up, inform policymaking or shared with other developing countries through South-South and Triangular Cooperation (SSTC);
- study tours, exposure and exchange visits, for peer learning and sharing knowledge.
- organizing and participating in workshops to share knowledge, innovations and best practices; and
- well designed and operational information management systems, including electronic archives that enable easy access to data, reports and other documentation.

228. Key **knowledge deliverables** are suggested but not limited as follows: 1) progress reports: the project will generate progress report on semi-annual basis, which shall be served as Knowledge product to inform interested stakeholders on projects progress, achievements and lessons learnt; 2) three wave outcome survey reports: the reports will assess the project impact and draw experiences for subsequent implementation and for other IFAD projects; 3) documented good practices and lessons learned which shall be disseminated through various channels and media platforms, including interviews, case studies, news clipping, video clips, and television programmes; 4) thematic study reports and publications on lessons learned from project implementation; 5) workshops organized

¹⁰ IFAD [Knowledge Management Strategy and Action Plan \(2019-2025\)](#)

or participated to share positive lessons, highlight areas that face challenge during implementation; 6) exchange visits to facilitate cross-learning of counties/sibling IFAD projects in other provinces and share good practices with other interested stakeholders; 7) a systematic Management Information system (MIS).

229. **KM responsibilities:** PPMO and CPMOs shall designate KM focal points/Officers when in the process of PMO establishment. In some cases, the M&E focal points/Officers in PMOs will also cover KM responsibilities. KM focal points/Officers within the PMOs will be responsible for all KM activities and ensure KM related activities included and budgeted in AWPBs. Collaboration with relevant research and learning institutions led by PPMO to design and undertake studies and analyses as well as communicate lessons learnt will be encouraged.

230. A draft KM plan has been provided in the appendix section. After start-up, the KM plan will be completed and refined with support from IFAD. The KM strategy and plan will be validated by project stakeholders through a national workshop. The workshop will be an opportunity to refine the thematic focus and dissemination strategy of policy relevant studies, but also to better understand the key information needs for GD2RP to be successful.

231. A knowledge management and communication (KMC) strategy, and related action plan will be formulated before start-up workshop. Besides extracting experiences from the ground, the strategy and planned actions would address knowledge and learning demands of PMOs as well. PMOs will participate and be closely consulted during the formulation process. The strategy and the action plan will include which thematic areas of learning the project will be focusing on and outline how the knowledge generated will be disseminated through the most appropriate channels. Suggested contents for the KMC strategy and action plan are given as below.

Contents for the KMC strategy and action plan

I. Introduction

- 1) KM Definition
- 2) Project KM Goal, Objectives, and activities

II. KM Role in GD2RP

- 1) Knowledge management structure
- 2) SWOT analysis in the KM context
- 3) Monitoring of KM activities
- 4) Innovation & Experimentation
- 5) Useful KM tools and templates can be accessed on the IFAD KM Resource Centre, accessible through this link: <https://ifadkmcentre.weebly.com/integrating-km-in-projects.html>

Knowledge Management Action Plan (to be updated on annual basis)

Table 10: Template for Knowledge Management action plan

Activities and themes	Expected outcomes	Target audience	Output	Dissemination Channels/Events	Timeframe	Action by	Budget
Example: Videos on climate	Best practices of the project	Potential and existing	Number of videos (X mins /each)	Social media: WeChat, Weibo	By Q4 2025	PPMO/XX CPMO	CNY XX

change adaption -Theme: climate change adaption	three selected value chains adaption to climate changes	beneficiaries Practitioners in the three value chains Provincial and County Bureau of Forestry	on best practices of the project three selected value chains adaption to climate changes	Story in IFAD website Local government websites			
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4.3 Financial management

232. The Financial management manual is attached as a separate file to the PIM due to its large volume.

4.4 Procurement (details available ad to be updated with LTB)

233. Procurement. Legal, regulatory and policy frameworks in China are clear and mainstreamed with international procurement practices. Procurement of Goods, Works and Consulting Services financed by the IFAD will be involved in Procurement Plan (PP) prior to their implementation that should be in accordance with the IFAD Procurement Guidelines, IFAD Procurement Handbook, and relevant procurement policy, as well as national procurement Laws/Regulations. China National Procurement Laws and corresponding implementation manuals will be applied for the procurement financed by government counterpart.

234. The first 18-months PP and General Procurement Notice (GPN) will be established based on the Project Procurement Strategy (PPS), in which the procurement needs, market and procurement risks will be analyzed to produce the procurement objectives. The Project Procurement Arrangement (PPA), which specified the thresholds and prior review arrangements, will be established to guide the project procurement activities.

235. The procurement implemented by state-owned enterprises or other public sector involving IFAD's funds must comply with IFAD Procurement Guidelines, IFAD Procurement Handbook and its subsequent. While the procurement processes are implemented on the government public trading platform, the PMOs should coordinate with the platform to ensure that operable and flexible processes and procedures are applied. The platform should be able to implement the electric procurement processes that could serve as an alternative procurement approach.

236. A provincial procurement agency of proven track record in projects funded by international development agencies, should be recruited to provide technical assistance through professional services for project procurement for both provincial and county levels as early as possible. This is to facilitate and support PPMO and CPMO project level procurement activities. The provincial procurement agency should also provide procurement capacity building for PPMO and CPMO project level procurement and other staff in managing procurement and its associated risks for the entire project lifecycle.

4.5 Supervision, Mid-term Review and Completion plans

4.5.1 Supervision

237. IFAD will conduct direct supervision to the project, in close cooperation with the government. IFAD's annual direct supervision will relate to the project's financial management, its physical and financial progress, implementation management's efficiency and implementing agencies' performance at all levels. Supervision missions will primarily address issues related to (i) Effectiveness and development focus, (ii) Sustainability and scaling up, (iii) Project management, and (iv) Financial management and execution.

4.5.2 Mid-term review

238. A *Mid-term review* will be conducted by IFAD. This is tentatively scheduled for 2027. A key function of the MTR will be to review outreach to target groups and target segments' capture issues and to adjust project focus, approach, budget, and design if considered necessary.

4.5.3 Implementation support

239. *Implementation support* will be provided by IFAD as follow-up of its direct supervision and progress review and as a response to support required by the project. Support will be conducted on a demand-driven basis and in accordance with needs identified.

4.5.4 Project completion report

240. A *project completion report (PCR)* exercise will be carried latest three months after the project completion date to fully capture and assess: (i) the project's performance, including its relevance, effectiveness, efficiency and sustainability, and (ii) rural poverty impacts mainly under the aspects of households' income and assets, human and social capital, food security, agricultural productivity, institutional and policies, (iii) partners' performance including IFAD's and government's, and (iv) additional development aspects related to gender equity and women's empowerment, access to markets, innovations, scaling up, environment and NRM, adaptation to climate change, targeting and outreach.

4.6 Innovation and scaling-up

4.6.1 Innovative potential

241. The project will identify relevant innovations from designed activities, participating public and private partners and other non-GD2RP or non-IFAD funded programmes. It will promote selected activities that present the potential of innovation in the IFAD Country Programme in China, working on their adaptation, replication and scaling up among government and other donor-assisted projects and programmes. The GD2RP will give special attention to a number of project interventions considered as of innovative potential, as follows:

- a) Evolving Business Plan (BP) financing for inclusive participation of smallholder farmers and their organizations in agri-value chain development. The project inherited a number of good practices of the recently completed and ongoing project of the IFAD Country Programme in China in its design. The GD2RP design will adapt this business model to balance in one hand the continued support to the grassroots production and processing of small agribusinesses, and in another the leading trend of industrialized modern agriculture where larger rural public and private agro-enterprises are overriding in the project counties. **Ultimately, the project will build**

on enhancing the planning and execution of the cooperative business-led approach as part of strengthening the rural agricultural cooperative institution.

- b) Sustainable community management model should be another innovative potential that the project will pursue, based on proven good governance of inclusiveness and sustainability in support, and for possible policy engagement also. Ongoing good practices tend to focus on the ownership of physical assets built and the participation under the leadership of village council or committee. The project aims to promote a genuine participatory process in planning, execution and management as part of the governance, pursuing a well-documented and replicable business model that gives priority on sustainability, which encompasses not only the effectiveness of operational governing, but also the environmental, economic and social dreams of the villagers while maintaining sound efficiency in participatory and collectively managing the community's equity and tangible and intangible assets, preserving the environment for the future generation, safeguarding the food and nutrition security for at both household and community levels, and therefore ensuring in long run the rural livelihoods;
- c) Adoption of green technologies by value chain actors of different levels. The project promotes the awareness building and adoption of agricultural green technologies by smallholder farmers and their organizations, small-size agri-businesses (subcomponent 1.1), and by larger-size agro-enterprises and agri-industrial parks (subcomponent 1.2). All present different dynamics in acceptable costs of learning, adaptation and adoption. The project will differentiate the introduction of green technologies in accordance with order to help observe and achieve results of various levels. Meanwhile, component 2 will also introduce a series of planned and informed actions in the adoption of green technologies in the community service facilities; its process from conceptual awareness to actual application or utilization will also be indicative for the Rural Revitalization, either at community or individual household levels. If successfully implemented, the related processes and outcomes should be of reference value for the country and elsewhere regarding the adoption of agricultural and service-led green technologies.
- d) Rural eco-tourism for diversification and rural labour transformation. The project also invests in the promotion of transforming the potential village from the conventional farming into diversified rural eco-tourism site, with the bio-diversity and eco-environment protected and rehabilitated for diversified incomes of the villagers. The transformation will not only comply with regulations and good practices in the protection of natural resources, but also undergo a capacity building to help transform the rural men and women into tourism labour force in both management and service operations. Such intervention would present a good potential of innovative practices in the evolving Rural Revitalization.

4.6.2 Scaling-up

242. This project was designed by taking advantage of a selected number of implementation knowledge and lessons learnt generated from the recently completed and ongoing IFAD-assisted projects in China as scalable good practices. These include activities related to BP financing, promotion of women and youth entrepreneurship, adoption of digital and other modern technologies, agri-value chain integration, and linkage between productive infrastructures and market-led agri-production bases. The project will seek to elaborate an in-built scaling up strategy once the project's operations have been rolled out and potential of good practices and innovation are indicative enough. This should go along closely with the project's KM, policy engagement, and SSTC among others in terms of planning and execution. The project management will engage itself in scaling-up in other

government and non-government development programmes, leverage the SSTC exchange platform for regional learning and sharing.

4.7 Compliance with Social, Environmental and Climate Change Procedures (SECAP)

243. The Social and Environmental Risk Category for the Gansu project is rated as Moderate, following the results of the Environmental and Social Safeguards Screening Checklist. The project will invest in activities that are limited in scale, i.e. mostly small-scale farm-level activities as opposed to larger infrastructural developments. Yet the broad ranges of activities and value chains to be supported under the integrated farming approach increase the number of areas of risk, and therefore the overall risk profile is rated as moderate. The climate risk classification for this project is moderate. As the project will be implemented in six counties which are defined as arid and semi-arid areas, the exposure to climate-related hazards is identified and includes drought, flooding, low temperature, and hail disasters. The Environmental, Social and Climate Management Plan (ESCMP) has been developed during design and will be further finalized and implemented after project effectiveness, to ensure the environmental and social risks of the project are consistently identified, assessed, and managed during project implementation.

Gender, youth, and social inclusion

244. The project is designed as gender transformative and youth sensitive. Specific activities are designed in the project and logframe indicators and targets are set to measure project adherence to these thematic focuses. Subsequently, a Gender and Social Inclusion Strategy and Action Plan will be prepared by the PMU during start-up phase to realise these thematic prioritisation. The PIM Annex 2 provides the outline of the related strategy and plan, which will need to be developed at project start-up for implementation.

245. Key initiatives promoting gender equality under GD2RP include:

- Activity 1.1.1: Promoting Women's Leadership in Agribusinesses - Each project county will establish 10 bonus packages of CNY 100,000 each to reward women-led agribusinesses.
- Activity 1.1.2: Women-led Courtyard Economy – Besides women led courtyard economy, women's active participation in income-generating activities (IGAs) will be promoted. Each of the six project counties will support at least 1,000 women-led beneficiary households. Efforts will be made to strengthen women farmers' linkages with local markets to ensure fair prices for their agricultural products.
- Activity 1.1.3: Capacity Building and Diversification - Women will be the majority of participants in tailored technical training on climate change adaptation and income diversification for smallholder farmers.
- Activity 1.1.4 – Women entrepreneurship - Exclusive training for women and youth entrepreneurs will be coordinated by the CPMO, with the local WFs and SHRSIBs. Potential entrepreneurs will be screened, trained, and supported to draft business start-up proposals for project grant financing. Selected entrepreneurs will be connected with successful mentors.
- Participatory Planning and Good Governance - Under Component 2.1, the project will actively seek the participation of women and youth in the village planning process. The project aims to involve all household members in joint visioning and plan development. This approach ensures that both men and women participate equally, thereby capturing and addressing the specific needs and challenges of women.

- Peer Learning and Knowledge Building: The project will facilitate peer-to-peer learning, especially focusing on women and youth, by identifying peers from other IFAD projects in the country.
- Gender Equality Training: All technical trainings under components 1 and 2 will include a module on gender equality to raise awareness about women's roles in agriculture, equitable workload distribution, and benefit sharing.
- Promoting Equal Pay among men and women: Sensitization will be built and support will be sought from different service providers, implementing agencies, private and public actors on promoting equal pay among men and women.
- Cooperative and Staff Training: Gender sensitization training for cooperatives and staff to ensure gender mainstreaming across interventions.
- Women constitute 50% of outreach beneficiaries. Partnerships with organizations like the WF will facilitate gender mainstreaming and amplify women's collective voice. Community governance structures, including the VIG, will prioritize gender-balanced representation, empowering women and youth in decision-making processes. The project has allocated dedicated human resources to ensure the effective implementation of these gender-focused interventions.
- This comprehensive strategy aims to foster healthy gender relationships within households and communities, reduce women's workload, increase recognition of their unpaid work, and ultimately support the transformation towards gender equality.

4.8 Strategy for working with ethnic minorities/IPPE

246. Ethnic minorities in the project area are in general well integrated in the existing socio-economic context, have livelihood strategies similar to those of the other rural populations, are not excluded from existing economic opportunities. Given their unique conditions and traditions for developing featured agriculture and cultural products, minorities in the project counties require tailored support for skill development and value chain improvement.

247. The project will further utilize **IFAD's core targeting approach** in the country and would apply the ongoing geographic and inclusive targeting strategy in the selection of smallholder farmers and disadvantaged target groups. While the overall project's inclusive targeting will apply, differentiated and some exclusive targeting will be introduced in some of the project interventions, mainly in relation to activities under component 1 while addressing needs of women, youth, ethnic minorities, and other identified target segments. Former registered poor, low-income, women, and youth will therefore be the primary participants and beneficiaries of the project alongside other smallholders in the areas of their production and marketing organizations, capacity building and income generating activities of diversification, rural labor skill transformation, and community-governed management set-up. Special needs of ethnic groups, people with disabilities and elderly will also be addressed where applicable, particularly in capacity building and community-based services.

248. From preliminary estimates provided by the county PMOs, it is expected that the GD2RP will be able to reach around 259,000 smallholder households. It is expected that women and youth beneficiaries of the project will comprise 50% and 30% of the total beneficiaries respectively.

249. The project includes that all people-centred indicators will be disaggregated by sex, age, **and ethnic groups**. The implementation of the project can promote ethnic communication and exchanges within project and with outside, and thus obtain more development opportunities. It will also improve the development capacity of ethnic

minorities and help them to increase income from project. Overall project the participation opportunity for minorities and mainstream society (Han) is equal. The implementation of the project will impact on regional economic development in ethnic minority areas. The project can effectively promote the sustainable development of ethnic minorities involved.

250. The Free Prior Informed Consent (FPIC). Both central and Gansu governments made systematic planning and arrangement in ethnic minority development to create job opportunities for minority residents and improve their living standard and it's required to conduct prior public consultation for relevant plans and projects in accordance with the Interim Regulations on Major Administrative Decision-making Procedures. The Free Prior Informed Consent (FPIC) plan follows the government regulation cited above and the IFAD How-To-Do-Note (2021) on Seeking free, prior and informed consent in IFAD investment projects.

251. What is free, prior, and informed consent? Ethnic minorities have the right to self-determination, as well as the right to develop priorities and strategies for exercising their right to development – in other words, the right to participate fully and effectively in decision-making processes that affect them.

252. IFAD has a duty to ensure they can exercise these rights – and that includes ensuring free, prior and informed consent (FPIC) for grant and loan recipients.

- Free means no coercion, intimidation, or manipulation was used to obtain consent.
- Prior means that consent is sought sufficiently in advance, with enough time given to respect indigenous peoples' consensus processes.
- Informed means that the information provided covers (at least) the nature, size, pace, duration, reversibility, and scope of the proposed project or activity.

253. FPIC aims at improving the effectiveness of investments and at enhancing the community ownership of the investment, its results, and moreover, its sustainability. Under GD2RP, the PPMO is responsible for seeking and obtaining FPIC. FPIC is methodologically solicited through consultation and the participation of communities and local institutions at specific stages of the project cycle. Under GD2RP, the CPMO will be responsible for seeking FPIC with technical support from the PPMO.

254. Free, prior and informed consent should be sought sufficiently in advance of commencement or authorization of activities, taking into account ethnic minority' own decision-making processes, in phases of assessment, planning, implementation, monitoring, evaluation and closure of a project.

255. FPIC is a proactive approach to identify development pathways with local communities and it is applied in two scenarios (IFAD, 2021):

- When IFAD-funded projects are likely to have an impact on the land access and use rights of rural communities
- When IFAD-funded projects are targeting rural areas that are home to indigenous peoples.

256. Based on the above two scenarios, FPIC needs to be sought either during project design or during project implementation.

Step 1: Developing socio-cultural and land use Assessments. The socio-cultural assessments will establish:

- The community members in the project area who and where might be affected and who can gain more rights through careful scheme design based on FPIC process, and who have the right to give or withhold consent;

- Customary laws, informal rules and organizing practices;
- Types of livelihoods and resources communities depend upon; including the mapping of existing ethnic minorities traditional knowledge and practices that can be potentially promoted;
- Land use mapping indicating existing land use and land use as proposed by the communities to accommodate the project, and as agreed with the village authorities;
- Institutions, governance systems and decision-making process;
- Existing dimensions of traditional leadership (roles and status) and traditional mutual support and solidarity/reciprocity mechanisms etc.;
- Social, economic, cultural and spiritual relations with lands; and,
- Possible consequences for local communities resulting from the change on the status of land and resources emerging from the proposed schemes.

Step 2: Identifying Decision-Making Institutions and Representatives. In line with the existing governance system of the minority community, the key institution is the villagers' committee which is elected by the villagers according to Organic Law of villagers' Committees, other key institutional actors identified by social-cultural assessment will also be involved.

Step 3: Consultations leading to FPIC on the proposed project interventions. Following steps 1 and 2 above, consultations will be held with the target communities in selected villages before planning of interventions is initiated. The consultations will:

- Confirm that the project will support community-driven initiatives;
- Share the objective and scope of the proposed activities and investments with the communities directly, or with villagers' committee and identified community's representatives;
- Clearly inform the community on the actors financing and implementing the project and their respective responsibilities;
- Provide clear and transparent information on the benefits and risks of the project;
- Share the findings of the socio-cultural, land use and environmental assessment and reality check/confirmation of findings;
- Ensure inclusive participation of all groups (men, women, young people, the elderly, etc.);
- Confirm project related land tenure status of the land in the selected village;
- Record and address questions, concerns, opinions and comments and seek agreement.

Step 4: Formalizing the Consent Agreement. Once project activities and project sites requiring FPIC agreement are identified, this will be formalised in a written form. The effective time at which the consent agreement would be formalised will be agreed upon during the consultation process and needs to be formalised before any investment is made. The format for a consent agreement would, among others, include:

- Project activities on which consent is provided;
- Respective expectations;
- Proposed project duration, expected results and activities;
- Participatory monitoring and verification plan and procedures;
- Identification of grievances procedures and mechanisms;
- Terms of withdrawal of consent;

257. The FPIC Agreement and record of process will be made available through means that are accessible to all stakeholders and parties involved.

- i. **Disclosure.** IFAD's Policy on the Disclosure of Documents enables project design documents to be disclosed prior to the Executive Board session at which the project is to be considered. Thus, this FPIC Implementation Plan will be disclosed together with the Programme Design Report (PDR), the SECAP and ESCMP, to be submitted for IFAD review before the Executive Board.
- ii. **Documenting the FPIC Process.** FPIC process will be documented through minutes of consultations, videos and audio where feasible, and FPIC agreements documents, also keep records of consultations undertaken:
 - how participants were selected;
 - their roles or accountability links to their communities;
 - how they were invited;
 - which consultations they participated in;
 - what documentation/information they received beforehand, and in which mean;
 - who participated;
 - what was discussed.
- iii. **FPIC agreements.** Often FPIC is expressed as an agreement between CPMO and the involved local communities. These agreements should clearly articulate: what has been agreed (e.g. issues, commitments, time frames, budgets, roles, responsibilities); who entered into the agreement (clearly identifying the individuals involved as well as their title and role); and what mechanisms have been set up to maintain dialogue and address disagreements.
- iv. **Monitoring and evaluation.** FPIC will be included in the monitoring and evaluation by ethnic minority disaggregation of project indicators, and taking track the implementation of FPIC mechanisms.
- v. **Budget.** The budget for IPPF and FPIC related activities are included in management budget.

4.9 Project Target Group Engagement and Feedback, and Grievance Redress Governance and anti-corruption measures

4.9.1 Engagement and feedback

258. Engagement of project target groups will ensure achievement of project objectives. In principle, GD2RP will utilize and enhance the institutional mechanism of target groups feedback through the vertical institutional structure of GD2RP and its associated departments and agencies. The needs of beneficiaries and their involvement in project implementation will be ensured from the start-up to the completion, and Stakeholder Engagement Plan (SEP) will be developed for the project implementation. Staffs of PMO at all levels and members of Village Implementing Group (VIG) will be trained with awareness, procedure and working methods of SEP and Grievance Redress Mechanism (GRM), and project information will be transparently and timely publicized to the target groups; project activities will be disclosed to the beneficiaries and project villages, and channels/phone numbers for submitting their complaints will also be publicized. Setting up and operation of VIG will ensure the participatory planning and implementation of the project at village level. Additionally, county PMOs will conduct periodic interactions with beneficiaries and villages during project implementation. The issues of review for IFAD's annual supervision missions will be addressed.

4.9.2 Grievance redress

259. Implementation of the project may generate several challenges and complaints. Therefore, a system of GD2RP will be created, by which queries or clarifications about the

project will be resolved, problems with implementation will be resolved, and complaints and grievances will be addressed efficiently and effectively. IFAD requires that all borrowers adopt an easily accessible grievance mechanism at the project-level to receive and resolve concerns and complaints of people who may be adversely affected or potentially harmed by IFAD-supported projects that fail to meet the SECAP Standards and related policies. The project will further assess existing mechanisms at national and local levels and establish them to establish a project-level Grievance Redress Mechanism (GRM). The GRM requires: (i) working actively with the affected parties to resolve complaints; (ii) ensuring that the complaints procedure is responsive and functioning effectively; and (iii) maintaining records of all complaints and their resolutions.

260. In addition to the project-level GRM, affected people may also access IFAD's Complaints Procedure which ensures that appropriate mechanisms are in place to allow individuals and communities to contact IFAD directly and file a complaint if they believe they are or might be adversely affected by an IFAD-funded project not complying with IFAD's Social and Environmental Policies and mandatory aspects of SECAP. The project-level GRM and IFAD's Complaints Procedure shall be fully informed to stakeholders during the project start-up and beneficiaries during the awareness gathering on project activities. Details of the complaint procedure can be found at <https://www.ifad.org/en/accountability-and-complaints-procedures>.

261. Moreover, there are existing grievance system in Chinese Government from central to county levels, and project stakeholders can access the government complaint system of project counties, prefecture and province through websites, telephone and WeChat In Gansu. Similarly, the grievance system of Rural Revitalization Bureau (RRB) and Department/Bureau of Agricultural and Rural Affairs (DARA/BARA) at above-mentioned levels are also accessible by publicized channels.

262. Further information on the principles and steps to develop and operationalize the project-level GRM are included in the project's ESCMF.

263. The GRM needs to be elaborated upon and will address how grievances will be addressed across different levels of governance and institutions. The composition of the machinery and role of each member as GRM focal person will be duly recorded in a written format and widely disseminated. This will be jointly discussed and finalized with the PMU and relevant stakeholders within the early implementation stages of the project (6months). More information about the GRM mechanism, responsibilities and procedures is illustrated in the Annex 4 to the PIM.

4.9.3 Anti-corruption measures

264. The PMOs will comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations while implementing the project. The policy document can be found on the IFAD website with this link (<https://www.ifad.org/en/-/document/policy-on-preventing-fraud-and-corruption-in-its-activities-and-operations>).

265. More specifically, when participating in an IFAD-financed project, GD2RP project management will take appropriate action to prevent, mitigate and combat prohibited practices. In particular, they will:

- a) Adopt appropriate fiduciary and administrative practices and institutional arrangements in order to ensure that the proceeds of any IFAD financing are used only for the purposes for which they were provided;
- b) During selection processes and/or prior to entering into a contractual relationship with a third party, conduct appropriate due diligence checks of the selected bidder or potential contractor, including by verifying whether the selected bidder or

potential contractor is publicly debarred by any of the IFIs and if so notify this to IFAD country office;

- c) Take appropriate action to inform third parties and beneficiaries relating to the project of the present policy as well as IFAD's confidential and secure e-mail address for the receipt of complaints concerning prohibited practices;
- d) Include necessary provisions in procurement documents and contracts with third parties which require them to disclose and report any issues of misconduct and prohibited practices, maintain procurement related documentations, cooperate with investigations, and agree to terminations proposed by project. It is suggested to adopt the templates for bidding document and contracts okayed by IFAD;
- e) Promptly inform the IFAD of any allegations or other indications of Prohibited Practices that come to their attention;
- f) Fully cooperate with any investigation conducted by IFAD, including by making personnel available for interviews and by providing full access to any and all accounts, premises, documents, and records (including electronic records) relating to the relevant IFAD-financed activity and to have such accounts, premises, documents and records audited and/or inspected by auditors and/or investigators appointed by IFAD;
- g) Maintain all accounts, documents and records relating to an IFAD-financed activity for an adequate period of time, and
- h) Maintain strict confidentiality regarding any and all information received as a consequence of their participation in an IFAD investigation or sanctioning process.

266. Where IFAD finds that prohibited practices have occurred, recipients will:

- a) Take appropriate corrective measures in coordination with IFAD; and
- b) Give full effect to any temporary suspension or sanction imposed or recognized by IFAD, including by not selecting a bidder, not entering into a contract, or suspending or terminating a contractual relationship.

267. Prior to the implementation of an IFAD-financed activity, government recipients will inform IFAD of the arrangements that they have made for receiving and taking action in response to allegations of fraud and corruption relating to the IFAD-financed and/or IFAD-managed operation or activity, including by designating an independent and competent local authority to be responsible for receiving, reviewing and investigating such allegations.

268. When participating in an IFAD-financed operation or activity, government recipients will, in consultation with IFAD, take timely and appropriate action to launch a local investigation into allegations and/or other indications of fraud and corruption relating to the IFAD-financed activity; inform IFAD of the actions taken in any such investigation at such intervals as may be agreed upon by the recipient and IFAD on a case-by-case basis; and, upon the completion of such investigation, promptly share the findings and results thereof, including the supporting evidence, with IFAD. Government recipients will work with IFAD to coordinate any actions other than investigations that they may wish to undertake in response to an alleged or otherwise indicated prohibited practice.

269. Government recipients are encouraged to have in place, in accordance with their laws and regulations, effective whistle-blower protection measures and confidential reporting channels in order to appropriately receive and address allegations of fraud and corruption relating to IFAD-financed activities.

4.10 Modifications of the PIM

270. The PIM is to be read in conjunction with the main Project Design Report and its annexes or working/ background papers where applicable. Any changes if required during the process of implementation, IFAD will be requested for concurrence on the changes.

POST D D R M

Annex: 1 Terms of Reference for Key Functions of Project Management

1. For successful implementation of the Project, a project management system, PMOs, will be established at county levels and at province level which will operate under the guidance of Provincial Department of Agriculture and Rural Affairs (DARA) as lead agency.
2. Specifically, the dedicated Provincial Project Management Office (PPMO) will be set up in DARA to take lead responsibility for project implementation management, coordination and supervision. Additional support will be mobilized from the relevant technical divisions of DARA, and other departments whenever needed. Major implementation responsibilities of the project lie with the counties. County Project Management Offices (CPMOs) will be established at the County Bureau of Agriculture and Rural Affairs. Relevant technical bureaus in the counties (such as water conservancy, metrological, transportation bureaus, etc.) will be mobilized to support the project implementation in the related activities of the project as per need.
3. The prime responsibilities of a PMO, inter alia, are to consolidate annual work plan and budget (AWPB) at their respective level, coordinate project implementation, manage the project resources, monitor project implementation, report on implementation progress on a six-monthly basis and project impact on required basis, and to ensure that project's implementation strategy is effectively applied in all activities. Generally, the overall responsibilities of the CPMO/PPMO staff are similar to that of a project management office. However, each PMO staff has his/her specific tasks and responsibilities in accordance with the post he/she holds. The main responsibilities of the key PMO staff are as follows:
4. **PMO Director/Officer:** He/she shall report to the Project Steering Committee (PSC) and will be the *ex-officio* member of the PSC. The director will be responsible for the overall management and coordination of the day-to-day responsibility for the operation of the PPMO, and all the related activities including the provision of strategic guidance. The director will directly supervise the work of all senior officers working within the PPMO and take responsibility for the overall performance of the project as well as ensuring that all the financial and technical reports are accurate and completed and disseminated in a timely manner. He/she will ensure that the project implementation complies with the project Loan Agreement, strategy, and requirements for reaching its objectives and goal. Similarly, the director of each PMO will undertake the overall responsibility of project implementation. The overall responsibility is to coordinate the PMO staff, relevant institutions and implementing agencies to ensure that the project implementation complies with the project Financing Agreement, strategy, and requirements for reaching its objectives and goal. Their specific responsibilities mainly include the following:
 - Staff the PMO with qualified personnel in accordance with the requirements set forth in the Financing Agreement, work out the responsibilities of PMO staff, organize performance appraisal of PMO staff by the end of each year through linking the responsibilities with achievements of each PMO staff;
 - Work out management/administration regulations of the PMO to ensure that all PMO staff perform their duties properly and that project property, documentations, data, and records are filed and kept properly;
 - Plan and organize necessary trainings and workshops for PMO staff and other relevant project personnel to raise their capacity, awareness, and responsibility senses of project implementation, particularly the trainings on project management, implementation modalities, M&E, gender sensitization, participatory planning, and targeting;
 - Facilitate PMO staff executing their duties properly and ensure that all reports will be submitted to IFAD timely as required;

- Coordinate relevant institutions and implementing agencies to formulate project implementation plan, particularly AWPBs, in accordance with project strategy and approach, including the identification and selection of target villages and beneficiaries for each module and the adaptation of project modules to local conditions;
 - Coordinate relevant institutions to ensure timely allocation of project resources to the implementing agencies to carry out the project, including IFAD loan and counterpart funds, and monitor the use of project resources to ensure that the project fund are not misused;
 - Supervise the implementation of AWPBs to ensure that the project is implemented and appropriately targets to the eligible beneficiaries;
 - Coordinate relevant institutions to ensure that SECAP related aspects are fully taken into consideration during implementation, including the implementation of ESCMP, including full inclusion of gender and vulnerable groups, stakeholder engagement plan, Grievance Redress Mechanism, plans for engaging Ethnic minorities etc.
 - Plan and organize assessments/evaluations of project outcomes and impact, including the benchmark/baseline, mid-term, and completion surveys, and report the results to IFAD as required;
 - Work out adjustment proposal of implementation and submit it to IFAD for “no objection” when needed, based on the up-to-date situation and results, for achieving project objectives.
5. **M&E Officer:** The M&E officer, under the guidance of project director, will undertake the responsibility of monitoring the project implementation, including project progress, achievements, availability of resources, expenditures, targeting, and gender mainstreaming, and collecting relevant data and reporting to project director to ensure that the project activities are implemented in accordance with project strategy and with approved AWPBs. The specific responsibilities are as follows:
- Develop project monitoring strategy and action plan, by component and by module, through consulting with relevant implementing agencies and related village implementing groups, including the methodology, channels, and procedures of data collection;
 - Monitor the physical and financial progress and achievements of the project by component and by module;
 - Monitor the allocation and flow of project resources including IFAD loan proceeds and counterpart funds, and their uses, to see if the funds are available to implementing agencies on time for carrying out the project and if the funds are used properly;
 - Cooperate with relevant implementing agencies to monitor if the implementation of project modules targets to the poor and women appropriately in accordance with the project strategy;
 - Assist project director to plan and organise assessments/evaluations of project outcomes and impact, including the benchmark/baseline, mid-term, and completion surveys as well as other irregular assessment activities;
 - Plan and organize M&E training for relevant personnel to improve their capacity in performing M&E activities, including M&E methodology and techniques, RIMS, data collection, data analysis, and reporting;
 - Prepare M&E report and project progress report and submit them to IFAD on time as required, after confirmation and approval of relevant PMOs;

- Report to PMO director regularly with proposals based on the analysis of M&E data to ensure that the project activities are implemented in accordance with the project strategy and approach.

6. **Project Accountant:** The project accountant, under the guidance of project director, will take the responsibility of managing the Project Account, i.e. maintaining a separate account and records, preparing financial statements of the operations, resources and expenditures related to the project, setting up accounting subjects, transferring project resources to relevant implementing agencies, preparing withdrawal application and documents, to ensure that the project resources are well managed and used for project implementation in line with the Financing Agreement and the approved AWPBs. His/Her specific responsibilities are as follows:

- Work out, under guidance of project director, financial management regulation, and set up accounting subjects for the management of project resources;
- Open a project account under the guidance of project director, maintain a separate account and records and thereafter prepare the financial statements of the operations, resources and expenditures related to the project, and the prefecture PMO accountant will submit the financial statements through provincial PMO to IFAD timely as required after confirmation and approval of PMO and relevant departments;
- Well manage the flow and expenditures of project funds by subjects, and properly file and retain the records evidencing project expenditures for annual audit by independent auditors and for inspection by the representatives of IFAD;
- Prepare withdrawal application and related documents of IFAD loan proceeds on a frequent basis, well manage the funds in the project account, timely transfer of project funds to relevant implementing agencies for carrying out the project;
- Supervise the use of project resources through cooperation with the M&E officer;
- Plan and organize necessary trainings or hold workshops for relevant accountants to improve their capacity in the management of project account and in the preparation of financial statements of the operation, resources and expenditures related to the project and withdrawal applications.

7. **Gender and Youth Officer.** The Gender and Youth/Social Inclusion officer(s) will be responsible to coordinate and facilitate the implementation of the gender transformative programming and youth interventions defined in the programme at different levels. She/he will work closely with the IFAD Gender and Social Inclusion specialists (country and regional) to ensure the operationalization of gender transformative programming and youth mainstreaming in the project investments. Under the general supervision of the project director, the project Gender and Youth officer will perform activities in five main areas to mainstream gender and social inclusion:

Project Implementation:

- Advise and support the project director, other members of the PMU and field officers in the effective mainstreaming of targeting, gender and social inclusion in project activities.
- Conduct the analysis of gender and social inclusion situation in the project locations, tailor the project's gender and social inclusion strategy and develop the action plan (that needs to be updated regularly) in coordination with the other PMU experts
- Facilitate the implementation of the gender transformative programming and youth activities in close collaboration with relevant stakeholders
- Work with other PMU experts to critically review project design to see how each component and subcomponent addresses gender and social inclusion issues, and identify opportunities for strengthening implementation for a gender and social inclusion perspective

- Review basic project implementation processes to provide feedback and suggestions on how to achieve the best possible project outcomes with respect to targeting, gender equality and women's empowerment, and social inclusion
- Ensure that activities of the gender, targeting and social inclusion strategy are reflected in the following:
 - Preparation of the AWP/B
 - Design and implementation of the project M&E system
 - Project progress reports
 - Project supervision
 - Participate in the development of detailed ToRs and tender documents of national and local service providers to various project components to ensure that target groups will be able to participate effectively in all components and meet the project's targets

M&E and Knowledge Management:

- Together with the M&E and knowledge management staff, establish an M&E system that captures disaggregated data on gender and social inclusion (age, sex, etc)
- Document and share M&E, learning and communication products
- Analyse data to ensure that there are no adverse impacts on target groups as a result of project implementation and suggest remedial measures if necessary

Capacity Building:

- Undertake regular capacity assessment on gender and social inclusion issues and provide capacity-building for staff at the field level, PMU, implementing partners and service providers

Communication:

- Liaise with the IFAD country office and gender and social inclusion team on questions regarding gender transformative programming and social inclusion in implementation, knowledge sharing and other aspects
- Serve as a channel of communication between the project and others working on gender and social inclusion issues in government, implementing agencies, other development partners and IFAD
- Help project colleagues access the information they may need on gender and social inclusion issues and share good practices

Advocacy and networking:

- Be familiar with gender and social inclusion policies of the institutions linked to the project, including national policies and those of ministries, implementing institutions and financing agencies, including IFAD
- Establish linkages with other gender and youth stakeholders, as relevant
- Develop strategic partnership with relevant agencies from the government, CSOs, and other service providers engaged in gender, women's and social inclusion programmes and youth
- Document evidence-based information on good practices in gender transformative programming, youth empowerment, and social inclusion

8. **SECAP Focal Point** has a role in the PMO to continuously monitor the prevailing and emerging risks of the project in relation to the dimensions articulated by the IFAD SECAP guideline. The focal point will facilitate and follow up the implementation of the related plans (ESCMP, IPP/IPF, SEP, GRM) to mitigate the potential risks of the project. The focal point will also provide capacity and awareness building to the involved stakeholders of the project. Specifically, he/she will:
- Acquaint him/herself of the SECAP guideline and project SECAP review to have adequate understanding of the risk dimensions, mitigation suggestions and actions, inherent and residue risks;

- Update the various plans and actions suggested by the design, follow up with the implementation of these plans by clarifying actions, actors, resources, timeline and monitor the undertaking and results of these actions;
- Interact with or collect feedback from project beneficiaries on their perception of project risks and mitigating actions taken or to be taken, relating to social, environmental and climate factors. On the social aspects, special attention will be given to the inclusion, benefit and rights of special groups such as women, ethnic minorities and employees to enterprises
- Monitor evolving and emerging situations in the project area in relevant to the project risk factors, report and update risks to the project management and IFAD as appropriate;
- Organize advocacy and training activities to relevant stakeholders to build their awareness and understanding of SECAP, including the risks and responses;
- Support the project management and IFAD in the annual update of the IPRM;
- Inform project directors on the considerations for risks during the making of AWPB and management decisions;

9. **Agricultural and Agribusiness Development Officer (ADO):** The ADO is an important member and function of the program management team both at the provincial and county levels, given that the success of the program is largely footed on the inclusion of target groups in agribusinesses and value chains with locally competitive advantages in the program area. Under the overall guidance of the program director(s), the ADO will take the main responsibilities of overseeing program implementation in the areas relating to inclusive agribusiness development, especially in areas of target group engagement and inclusion, development of fair relations, business development services, support to farmer cooperatives and value chain related knowledge dissemination and management.

The specific tasks of this function will include, but not limit to:

- support the identification of agribusiness clusters in line with the program targeting strategy;
- finalize/improve the eligibility criteria for agribusinesses and identify/screen the eligible agribusinesses for participation in program;
- develop terms of reference for various advisory/training/studies called for by the program, identify and process the recruitment of service providers, supervise their work to ensure quality of results;
- support the need assessment and business plan development of agribusinesses;
- organize the program support to implement the business plans and related capacity development and business enhancement services;
- conduct and facilitate training to the agribusinesses, beneficiaries and participating program institutions/township/villages;
- monitor program implementation in relation to business plan development and implementation, participation of and program benefit to target groups;
- coordinate and oversee any value chain studies, visits and related activities, initiate and implement follow up actions for developing pro-poor value chains in the program area;
- coordinate the development of workplan and budget relating to the agribusiness elements of the program activities. Contribute to regular program reporting on program progress and achievements;
- support the knowledge management officer of the PMO to capture, document and disseminate related experiences and lessons from implementation. Organize the reporting and publication of learning from the related capacity building, studies and business plan implementation;
- receive training and enhance own capacity to better support the implementation of the program.

Annex 2: GENDER AND TARGETING STRATEGY Template

A Template with Key Elements

1. Context (0.5 page): The context presents a very short summary description of the project, loan size and duration, location, objectives, components and implementing partners. National and state level policy and social context.

2. Rationale (1-2 pages): The rationale highlights poverty characteristics of the population that are of specific relevance to the project and explains why addressing these issues will help achieve project objectives. The rationale highlights gender, youth and returnee migrant's issues that are of specific relevance to the project and explains why addressing these issues will help achieve project objectives.

3. Targeting strategy (2 pages): Target groups plus profile matrix; Targeting mechanisms and implementation arrangement. Outreach of project activities by target group (pyramid – see HTDN on design of IFAD).

4. Rationale for gender mainstreaming (1-2 pages): This section explains what the project will deliver from a targeting, gender and social inclusion perspective and identifies expected impacts on gender equality and women's empowerment (in terms of economic empowerment, decision-making and equitable workload balance).

5. Targeting and gender mainstreaming within project components – checklist for components and subcomponents (5 pages): This section details requirements to establish a more pro-poor, socially inclusive and gender-responsive project delivery mechanism. Each subcomponent is discussed and key activities noted to help field-level implementers ensure that implementation is pro-poor, youth focused and gender responsive.

6. Gender mainstreaming at the organizational level (13 pages): This section should detail requirements to establish pro-poor, youth focused and gender-responsive systems within the organization that will have an impact at the field level. It will look at human-resource service rules, project staff sensitized on targeting, youth, gender inclusion.

7. Implementation arrangements and time frame (2 pages): This section details roles, responsibilities, and a time frame for implementation of the strategy.

8. Costs and financing (2 pages): This section presents an estimate of costs associated with implementing the strategy within the specific time frame, and identifies sources of funds (through project financing, in-kind contributions, extra-budgetary resources, etc.).

9. Risk management (0.5 page): This section records possible risks that may impede successful implementation of the gender strategy, for example frequent staff turnover. It identifies what will be done to mitigate or minimize those risks, such as investment in long-term staff development and promotion from within.

10. Results framework (1 page): A results framework is a good tool for communicating the essence of the strategy and monitoring.

Objective	Activities	Required Inputs	Expected Outputs	Expected Outcomes	Indicators	Assumptions	Time	Responsibility
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Annex 3: Environmental, Social and Climate Management Plan (ESCMP) **Gansu Demonstrative Rural Revitalization Project (GD2RP)**

2. Project review and approval process

The project will work following 2 type of plans: **Production and business plans** will be developed at provincial level by the Provincial Agriculture & Rural Department for the inclusive and sustainable management of the selected value chain commodity. Such plans will integrate safeguards and will include safeguards as well:

- **Inclusive & Sustainable Production Management Plans**, for the production part. The PIM specifies that stakeholders will “Jointly develop an overall plan at provincial level with 7 plans for the inclusive and sustainable management of the selected value chain commodity in the county, ensuring that climate and environmental issues are taken into consideration” and;
- **Business Plans** for the transformation part (mostly by enterprises) specifying That essential assessment and safeguards for potential social, environmental and climate risks will be elaborated in the BPs in line with government and IFAD requirements, including assessments to be done through qualified service providers if relevant. Ensure that companies have required environmental and social management system (ESMS) in line with China recently updated framework for disclosure of environment and social governance system for companies, providing standards for them to report and disclose environment and social elements and get them certified externally. In addition, capacity to implement ESMS will be screened and provision for capacity development made in case of capacity gaps.

AWPB. Annual Work Plan and Budgets (AWPBs) is a planning and management tool for the project implementation that review progress and plans for budget, activities and procurement. AWPB will include review of implementation of safeguards and integrate safeguard activities within general planning. **AWPB review and approval is done with full consultations with the upper bureaus and departments of the same line will be necessary before submitting the draft AWPBs to CPMOs.** The CPMOs should consult with relevant agencies in finalising the draft AWPBs prepared by the IAs and submit them to the PLGs for review and clearance, prior to submitting them to the PPMOs. PPMO should consult with relevant departments in consolidating the AWPBs and submit them to the provincial PLG for review and clearance before submitting them to IFAD for “no objection” review.

A step-wise participatory process will be adopted for implementation of each infrastructure sub-project, including: (i) participatory need assessment on infrastructure development based on local development plans on poverty reduction, agriculture industry production and their requirements on infrastructure services; (ii) identification/establishment and training of infrastructure management organizations; (iii) system planning, engineering survey and design of infrastructure systems including required social and environmental safeguards study / impact assessment; (iv) consultation and finalization of system planning and engineering designs, including discussion and agreement on the O&M responsibilities of infrastructure management organizations; (v) implementation of construction and supervision; (vi) inspection of construction completion and handing-over of O&M responsibilities to infrastructure management organizations; (vii) implementation of normative O&M by infrastructure management organizations; and (viii) facilitation of women’s involvement in each of the above steps and ensuring that village committees are well engaged; ensure free and prior informed consent sought;

The system planning and engineering design of the proposed infrastructure shall follow the technical specifications issued by the relevant government agencies. County Agriculture & Rural Bureaus should work closely with Water Bureaus, Transportation Bureaus, Power Bureaus, and Environmental Protection Bureaus to ensure that construction programs are in line with government strategies and policies. Qualified experts should be selected to provide technical assistance and training to the project. Prior

to the commencement of each infrastructure project, a corresponding infrastructure management body should be identified/established to fully participate in the whole process of system planning, design and construction supervision, and assume the responsibility for operation and maintenance after the completion of the project.

3. **Safeguard provisions built in to the project cycle**

The project cycle has integrated safeguard provisions in different parts of the project cycle:

- **Integrated climate resilient and socially inclusive planning:** the preparation of production and business plans will integrate climate, environment and social risks and measures and therefore ensure a overall framework for investments and infrastructure specifications and requirements. Such plan development shall closely involve beneficiary (including women, youth, and ethnic minorities, where relevant) and village committee and seek prior and informed consent. Such step will also provide an opportunity to ensure **integration of climate, environment and social issues & consultation in feasibility and preparatory study.**
- **The project infrastructures activities will be subjected to the government planning and management process which requires the "3 simultaneous",** meaning that safeguards are always conducted and implemented together with the project. Government social and environmental regulations have been evaluated as satisfactory by IFAD against their safeguards in terms of environmental impact assessment and follow-up supervision system, to oversee projects' performance in avoiding, reducing, or mitigating negative impacts on the environment.
- **Monitoring system** includes environmental and social indicators and additional SECAP related indicators are proposed;
- **Project planning and reporting framework (i.e. annual work plan and budget, yearly report)** includes provision to review implementation of safeguards
- **Bidding and procurement** will include criteria related to ESCMP / environmental and social management (see SECAP procurement plans) and shall ensure that qualified / certified enterprises are selected with capacities to implement safeguards
- **Maintain government and people participation in operation and management of investments and build their capacities to manage safeguards:** The project will mainly invest in public infrastructure belonging either to the cooperative / village entity (road and irrigation). The ownership of the industrial park will belong to the township government and the county government. The county and township governments are responsible for the maintenance and management of the park's infrastructure according to government social and environmental safeguards.

4. **How consultations, disclosure and grievance mechanisms will be undertaken**

Stakeholder consultation, public disclosure and grievance mechanisms are all detailed in the Annex of the PDR and are part of the overall project process (see stakeholder engagement plan & Grievance and FPIC) and will also be leveraged for safeguards.

Enterprise shall disclose their environmental and social management plans and submit annual report on their activities as well as implementation of ESMS and be subjected to routine visits by project and entities responsible for that at government level. The enterprise shall also increase awareness of GRM and ensure its accessibility and availability.

To strengthen consultation and voice of women, the Women's Federation (WF) will be invited to facilitate project implementation at the local level. At county level, the WF will be assigned the role of Deputy Director of the CPMO to oversee the gender related aspects and activities of the project and facilitate and support elements that could help in transforming awareness about the positive role that women can play in rural revitalization

and to create greater support for them in all decision-making forums and providing them greater access to decision-making and leadership roles, and access to assets, resources and markets. At the village level, the WF will participate in the Village Implementation Group (VIG) which will include other women as its key members. The WF will also be expected to use the various GD2RP platforms to publicize and create awareness about gender issues, protection of women's rights and other aspects such as gender-based violence, etc.

To **strengthen youth participation** and roles: At county level, the CYL will be expected to work closely with the PMO on supporting project activities related to youth and coordinating the participation of youth associations and related platforms to encourage youth participation.

In addition, the **project will use government own procedures:**

- For sub-projects requiring environmental and social impact assessment as per government procedures, Information on EIA instruments and pollutant discharge are open to the public through various online platforms such as the EIA Information Disclosure, the Pollutant Discharge Permit Management, and the Pollution Source Monitoring Center, etc.
- In addition, the project will use MEE other channels to ensure public disclosure and consultation to such as the National Ecological and Environmental Complaint and Reporting Platform, the minister's mailbox, the 12369 Environmental Hotline, the 12369 WeChat account, and the 12345 Government Service Hotline for the public to report environmental complaints, track feedback, and voice their opinions

5. Procedure for ESC Screening and Management for sub-projects

Overview of procedures

Pre-screening: The preparation of production and business plans will integrate climate, environment and social risks and measures and therefore ensures an overall framework for investments and infrastructure specifications and requirements.

- **Such plan development shall closely involve beneficiaries and village committee** and seek prior and informed consent, therefore providing an entry point to update and re-evaluate social risks and proposed measures.
- **Such plan shall include climate and environmental assessment.** For instance, this may include local agro-ecological and climate analysis to support adapted geo-spatial planning and zoning in collaboration with communities in order to have tailored advisory. This shall include the review of the impacts of climate change on water supply, water demand, frequency and intensity of floods and droughts. Based on such assessment, appropriate adaptation and mitigation options will be integrated into system design and operation, including the use of adaptive technology models and engineering, and the application of energy-efficient technologies and equipment to support effective water resources management.
- **Exclude any investments of IFAD exclusion list¹¹**
- **Avoid IFAD substantial risk categories:** Specifically, interventions will not take place in ecological red zones and the following interventions will be excluded i) New construction, rehabilitation or upgrade of medium dam/reservoir (between 10-14 metre high wall and/or with a reservoir of between 100,000-3 million cubic meters); (ii) use of ground water , ensure limited extraction of surface water and no drainage or regulation of natural water bodies (e.g. river regulation);; (iii) Restoration or development of medium-scale irrigation schemes (between 300-999 hectares); (iii) new construction of rural roads (AADT between 400-1000), or iv) activities that entail 10-15 % reduction in a farmer' or community's assets.

¹¹ Social, Environmental and Climate Assessment Procedures (SECAP) Volume 1, Annex 5 (page 109)

- **Carry out due diligence with proposed partner enterprise which may be directly benefiting from the project. Ensure due diligence assessment to ensure that companies have required environmental and social management system (ESMS)** in line with China recently updated framework for disclosure of environment and social governance system for companies, providing standards for them to report and disclose environment and social elements and get them certified externally.

The project infrastructures activities will be subjected to screening, planning and management process. The “3 simultaneous” approach will be used, in line with government regulations, meaning that safeguards are always conducted and implemented together with the project. This includes the following general steps with details provided later for each major type of sub-projects. An assessment will be conducted to identify gaps with IFAD’s SECAP Policies, and an adequate sub-project screening, management and monitoring will be designed to ensure consistent compliance with national regulation and IFAD Policies. If necessary, screening will be conducted separately but if possible, synergies will be explored to streamline the process.

- **Screening** level of risk of project to identify type and magnitude of environmental and social risks at sub project level: for instance, the water and soil conservation laws provide detailed threshold on size of infrastructure requiring no assessment, environmental impact form or environmental impact report or full study. IFAD’s SECAP thresholds for moderate risk projects will also be considered.
- **Depending on the screening, different types of environmental and social impact assessment will be conducted;** For instance, for infrastructure, a Project Environmental Impact Report Form (before the factory building), which is conducted by a third party. The Form specifies in detail the environmental risks and mitigation measures for the terrestrial ecosystem, surface and groundwater environment, acoustic environment, atmospheric environment, solid waste, and other aspects during the construction process of the factory building. Once developed, the identified measures will be assessed to identify consistency with IFAD’s SECAP Policy requirements. As necessary, top up measures will be considered to ensure compliance with both applicable policy frameworks.
- **Design of infrastructure needs to follow up government standards** which includes measures for social and environmental safeguards; for instance, road constructions standards provide a framework to reduce the impact on the ecological environment, save land resources, avoid bad geological areas, avoid high filling and deep digging, prevent soil erosion, minimize foot print on arable land and nature, and protect the environment. It encourages repairing old road before constructing new ones and promotes the use of green materials and processes, build ecological canal systems, buffer zones, etc., to reduce adverse impacts on the environment. Also, it promotes associating roads and water infrastructure to minimize footprint. Project interventions with infrastructure will be in line with the exclusion criteria of pre-screening, ensuring consistency with IFAD’s SECAP Policy for moderate risk projects). PMU will ensure compliance with both applicable policy frameworks.
- **Evaluation and Approval of project** is carried by different entities depending on size and risks associated to the project. Provincial EEBs have EIA and Pollution Control Division (4-5 staff members) responsible for approval of larger scale or more sensitive EIAs for government programs, strategies, and projects. Municipal EEBs also have divisions of EIA approval (4-5 staff members) that are responsible for approving EIAs. County EEBs are branches of municipal EEBs and have divisions of EIA approval (2-5 staff members). They are responsible for approving EIA forms for projects that are approved by county/city governments. All projects will ensure approval by corresponding authority.

- **Bidding and procurement** will include criteria related to ESCMP / environmental and social management (see SECAP procurement plans) and shall ensure that qualified / certified enterprises are selected with capacities to implement safeguards; due diligence is to be conducted with partner enterprise benefiting from investments and which shall disclose their ESG.
- **Contracting:** Township governments working with the County PMO will manage the contracting process which shall include provisions for safeguards in line with national regulations and IFAD SECAP Policy. In addition to the constructing company, a supervision company will be contracted to oversee the works and its acceptance. A warranty is included in the construction contract, which makes the constructing company responsible for fixing any failures in the works, including the failure to apply proper soil erosion control and drainage measures, within the 1st year after the end of the project.
- **Quality implementation:** County Agriculture & Rural Bureaus should work closely with Water Bureaus, Transportation Bureaus, Power Bureaus, and Environmental Protection Bureaus to ensure that construction programs are in line with government strategies and policies. Qualified experts should be selected to provide technical assistance and training to the project.
- **Quality operation and maintenance:** Prior to the commencement of each infrastructure project, a corresponding infrastructure management body should be identified/established to fully participate in the whole process of system planning, design and construction supervision, and assume the responsibility for operation and maintenance after the completion of the project in accordance with government safeguards.
- **Monitoring and reporting:** project and government have dedicated monitoring and reporting framework which shall be implemented to ensure safeguards are effectively implemented and plan for corrective actions. Such measures will be assessed against IFAD's monitoring and reporting requirements in its SECAP Policy. If necessary, additional measures will be identified to ensure consistency with both applicable policy frameworks.

The above will be developed ensuring consistency with IFAD's SECAP Policy requirements, to ensure consistent tracking of: (i) implementation and performance of social, environmental and climate adaptation or mitigation measures (including adaptive management processes) included in the ESCMP; (ii) plans such as the IPPF; (iii) bidding documents; and (iv) relevant clauses of the financing agreement.

Data monitoring for safeguards will be integrated in the general monitoring and evaluation system proposed by the project:

- **Grassroots level (VIG) data**, depending on the nature of indicators. In general, the state of benefits and participation at the levels of households and individual beneficiaries will be undertaken through the grassroots recording and reporting by VIGs and producer cooperatives. This data will be disaggregated by age and sex.
- **Grievance mechanisms** will be an important source of stakeholder feedback and identification of issues / risks to be addressed, including on safeguards aspects.
- **Rural business entity capacity development** and related improved performance will be recorded and reported by implementing partners, and through **surveys** of all programme-supported agribusiness entities. The CPMOs will organise the collection of data in accordance with the agreed indicators and report annually through the provincial PMO to IFAD. For this purpose, an operational data collection system of monitoring indicators will be established from the grassroots level (VIG and cooperatives) up to the PPMO. Such data collection will also include indicators to monitor implementation of safeguard plans (I.e. compliance with labor

law, environmental protection etc.) and of the enterprise environmental and social management plans.

- **Partners in charge of developing infrastructure and other activities will be required to disclose geo-spatial** location of all infrastructure / activities to ensure supervision of appropriate location of such activities and facilitate monitoring.
- **Semi-annual Project Progress Report.** On semi-annual basis, CPMO will submit progress report to PPMO that will need to include a section on implementation of safeguards.
- The project will conduct three rounds of **outcome surveys** (base-line, mid-term and end-line) which will include both household survey and enterprise survey.

Considering the large scope of infrastructure investments, the project should invest in quality Geospatial and climate informed planning and monitoring management across investments to enable decision-makers to make more informed, evidence-based decisions that consider spatial relationships and environmental factors and better monitor impact of project.

- o Geographic information systems (GIS) may be used for the investigation and evaluation of high standard farmlands, greenhouses and agriculture infrastructures. By collecting data on distribution and site conditions of high standard farmlands, greenhouses and agriculture infrastructures, more scientific tending plans can be developed to determine measures.
- o Structural design will take climate change considerations into account as appropriate.

In addition, safeguards monitoring could include specific thematic monitoring, in alignment with government safeguards monitoring and IFAD's SECAP Policy and over the key risks identified:

- o **Climate:** Indicators related to climate change, weather patterns and tracking / reporting any natural disasters.
- o **Energy consumption and emissions:** as the project include an outcome indicator on GHG emissions, it will need to track energy consumption and GHG emissions throughout activities.
- o **Biodiversity:** tracking localization of all project activities and land use change with geospatial coordinate to ensure activities are far from ecological zones as planned by government.
- o **Road:** Collect geographic information system (GIS) data showing planned and completed transects of new and rehabilitated roads ; Monitoring and evaluating traffic and road safety risks to affected local communities and other road users throughout the project life cycle.
- o **Labor influx:** monitor sourcing of labor and eventual risks and potential impacts on the health and safety of communities arising from the influx of project workers, including through grievance mechanisms analysis.
- o **Water:** Monitoring and analysing water productivity and water use efficiency throughout the irrigation system and for implementing improved and adaptive water management and use efficiency. This will build on the network of digital water meters and instant water flow data registration and analysis system installed in strategic places of the irrigation system subjected to water scarcity, the project will collect and analyse data on water flows combined with collected data influencing crop water needs, crops and varieties cultivated in the various fields, their yields and type of irrigation equipment used.
- o **Enterprise monitoring:** there shall be regular inspection to control that enterprise go by their environmental and social governance frameworks and that all social and environmental provisions are followed.

Finally, the project could coordinate and leverage government environmental monitoring system to manage overall ecological risks related to pollution, environmental degradation, enforcement of environmental regulations in enterprise:

- Provincial Environmental Monitoring Divisions that manage the ecology and environment monitoring networks; and they have subsidiary monitoring centers to organize monitoring exercises (in terms of environmental quality, pollution sources, law-enforcement, etc.), manage monitoring data, and provide technical guidance and training to the monitoring teams within provincial jurisdictions. Such unit could also support training of project monitoring unit.
- At county level, the subsidiary environmental LETs (5-42 staff members) are responsible for having spot checks, special inspections, and surprise inspections by means of drones, third-party services, maps, and site visits to supervise physical projects over their construction pollution control, "Three Simultaneousness", environmental acceptance check, pollutant discharge permitting, and other environmental management work, etc.

Reporting and Reviewing

The Project Management Office (PMO) will be responsible to conduct periodic compliance monitoring and evaluation of the SECAP related reports. To this effect, a generic reporting template and guidelines will be prepared and reporting periodicity will be defined with the view to (i) determine whether the proponent is carrying out the project in conformity with the ESCMP, (ii) identify problems, and (iii) develop plans for corrective action. AWPB, including safeguards provision, will be prepared and implemented by the PMO. The PMO is specifically responsible to consolidate reports and submit them to IFAD.

In addition, Women and youth association will play specific roles in reviewing and reporting on progress related to gender and youth inclusion.

IFAD supervision mission will consistently and regularly monitor, review and report (i) implementation and performance of social, environmental and climate adaptation or mitigation measures (including adaptive management processes) included in the ESCMP; (ii) plans such as the IPPF; FPIC; GRM (iii) bidding documents; and (iv) relevant clauses of the financing agreement.

4.4 Specific requirements of different sub-projects

Each infrastructure has different regulations and standards which will be embedded in the above steps. In relation to IFAD, any infrastructure will be proposed in line with the exclusion criteria outlined in section 4.1 and consistent with thresholds for moderate risk projects.

4.4.1 Specific requirement for warehouse and factory building

The selection of the location of the warehouse should meet the requirements of Planning and design parameter of general warehouse and warehouse area (GB/T 28581-2021)¹². The warehouse should be far away from water sources and residential areas, should be built in a place with high terrain and no water, should be equipped with fire equipment and first aid medicine boxes, should have good ventilation conditions and install lighting system.

Based on Property Law of the People's Republic of China, Certificate of Real Estate Use Rights¹³ (Figure 2) was released by the Department of Natural Resources of the county to get the land use rights of factory building. Construction Engineering Planning Permit Certificate based on Urban Rural Planning Law of the People's Republic of China and Construction Project Implementation Permit Certificate (Figure 3) based on Construction Law of the People's Republic of China released by the Housing and Urban Rural Development Bureau is also need. Several authorizations are required from above

¹² [国家标准\[GB/T 28581-2021 \(sam.gov.cn\)\]](http://www.sam.gov.cn)

¹³ https://www.gov.cn/gongbao/content/2016/content_5103156.htm

institutions and meet urban planning regulations. These two permits clearly specify the area, building area, building structure, and quality requirements for the newly built factory building. Construction Project Environmental Impact Report Form is also needed before the factory building, which is conducted by the third party. The Form specifies in detail the environmental risks and mitigation measures for the terrestrial ecosystem, surface and groundwater environment, acoustic environment, atmospheric environment, solid waste, and other aspects during the construction process of the factory building.

Table A1: Construction Project Environmental Impact Report Form

Contents 内容 Elements 要素	Construction period 施工期		Operating period 运营期	
	Environmental Protection Measures 环境保护措施	Acceptance requirements 验收要求	Environmental Protection Measures 环境保护措施	Acceptance requirements 验收要求
Terrestrial ecology 陆生生态				
Aquatic ecology 水生生态				
Surface water environment 地表水环境				
Groundwater and soil environment 地下水及土壤环境				
Acoustic environment 声环境				
Vibration 振动				
Atmospheric environment 大气环境				
Solid waste 固体废物				
Electromagnetic environment 电磁环境				
Environmental risk 环境风险				
Environmental monitoring 环境监测				
Others 其他				

4.4.2 Specific requirements for irrigation work

Water Infrastructure construction shall comply with the basic engineering construction procedures and technical specifications (such as the Regulations on the Management of Hydraulic engineering Construction Procedures (2017)).

Reservoir: Reservoir shall be configured according to the standard of not less than 1 per 100 mu (capacity more than 50m³) . Ecological tourism can be combined in the planning of forest road construction. The structure of the reservoir can be soft structure, PVC pipe is used in the field pipe, and PE pipe is used in the moving pipe.

Equipment selection, system design, operation and maintenance can refer to the national standards "Micro-irrigation Engineering Technical Specification (GB/T 50485-2020)" and "Sprinkler Irrigation Engineering Technical Specification (GB/T 50085-2007)".

4.4.3 Specific requirement for roads

The construction of traffic lanes will be under the guidance of the Transportation Bureau, and the route selection and design will be carried out by a qualified professional design team according to the national traffic lane standards (Design Specifications for Low Volume Rural Roads, JTG/T 3311-202, Ministry of Transport of the People's Republic of China), and by a professional construction team. Environmental impact assessment is carried out to minimize the ecological impact. Land expropriated for the construction of traffic roads, if it is the land of individuals or enterprises, will be with the consent of the landowner, and will be given land compensation fees in accordance with the Regulations on the Implementation of the Land Administration Law of the People's Republic of China (Standing Committee of the National People's Congress, Order of the President No. 32, 2020-01-01).

Road constructions is guided by various standards: National standard, Technical code for village road engineering (GBT_51224-2017); National standard, Well-facilitated farm land construction—General rule (GB/T 30600-2022); Ministry of transportation standard, Design Specifications for Low Volume Rural Highway Engineering¹⁴ (JTG/T3311—2021). Such different standards include several environmental requirements which are included in the ESMP/F:

- 1) The selection of road routes should reduce the impact on the ecological environment, save land resources, avoid bad geological areas, avoid high filling and deep digging, prevent soil erosion, and protect the environment.
- 2) Adapt to local conditions and terrain.
- 3) Demolition of farm houses and occupation of arable land should be minimized as much as possible.
- 4) Encourage the use of green materials and processes, build ecological canal systems, buffer zones, etc., to reduce adverse impacts on the environment.
- 5) If the original road can be used, it should be maintained and utilized as far as possible, and the repaired road should meet the corresponding design standards.
- 6) New roads should be arranged along irrigation, drainage channels and field edges to reduce crossing buildings.
- 7) On the main, branch canal, the top of one side can be widened as a road.
- 8) For production roads in the farm, the pavement should use sand, mud, plain soil pavement and other permeable pavement. In heavy rainfall areas, concrete pavement can be used.

4.4.4 Specific process for potential ecological impacts of physical works and agricultural activities

Ecological Environment Protection System. Implementation of the physical works and agroforestry activities may relate to local natural ecosystem and ecological protection redlines and cause site-specific soil erosion in construction which are covered under different laws and framework:

- Water and Soil Conservation Law (2010 Amendment): For any production or construction project that may lead to soil erosion, the responsible PIU should prepare a water and soil conservation (WSC) plan and submit it to the corresponding WRB for approval. For any production or construction project that is subject to WSC plans, the related WSC works must be designed, constructed, and put into operation simultaneously with the project main parts. Once the

¹⁴ [交通运输部关于发布《小交通量农村公路工程设计规范》的公告_国务院部门文件_中国政府网 \(www.gov.cn\)](http://www.gov.cn)

construction is completed, the WSC works must be checked for acceptance. The project is not allowed to put into operation if the check is not conducted or accepted. Accordingly, Gansu developed and issued provincial measures on enforcing the "Water and Soil Conservation Law" and highlight the necessity of preparing WSC plans proportionate to the impacts of production or construction projects

- Wild Plants Protection Regulations (2017 Amendment): If a construction project may have adverse impacts on growing environment of national or local protection wild plants, the PIU must ensure the impacts be assessed appropriately in the EIA. Any entities or individuals are prohibited to illegally collect wild plants or damage their growing environment.
- Mechanism of WSC plan management:
 - o (i) Classification: All construction projects that are subject to WSC plans should finish the WSC plan development and approval procedures as required. A project with land acquisition/occupation over 5 ha, or earthwork or stonework over 50,000 m³ is subject to preparation of a WSC report; a project with land acquisition/occupation below 5 ha but over 0.5 ha, or earthwork or stonework below 50,000 m³ but over 1,000 m³ is subject to preparation of a WSC form; and a project with land acquisition/occupation below 0.5 ha, or earthwork or stonework below 1,000 m³ is exempted from preparation of WSC plans proper measures should be taken to prevent soil erosion.
 - o (ii) Approval: For a project that is subject to approval by central government, the WSC reports should go to national or provincial WRB for approval. For a project that is subject to approval by local governments, the WSC reports should be approved by the same level WRBs, while WSC forms should be approved by county level WRBs.
 - o (iii) WSC check at construction completion: PIUs are responsible for organizing WSC monitoring and supervision during project implementation, fulfilling WSC "three simultaneousness" requirements, carrying out WSC check for acceptance prior to completion acceptance or project operation, preparing WSC check reports, disclosing relevant information to the public, and submitting the WSC check reports and materials to and get feedback from local WRBs.
 - o (iv) Supervision and inspection: WRBs are responsible for overseeing the WSC performance of construction projects, in terms of the compliance of the WSC plans, and the implementation of the WSC check, etc.

4.4.5 Specific requirements for High standard farmlands construction

General rules for the construction of high standard farmland, High standard farmland construction standards, technical specifications for high standard farmland construction. Such different standards include several social and environmental requirements which are included in the ESMP/F:

- 1) Before the construction of high standard farmland, the current status of land ownership should be investigated, and the farmland included in the project database should not have any ownership disputes. If the construction of high standard farmland involves land ownership adjustment, it is necessary to fully respect the wishes of the rights holders. After the construction of high standard farmland, land ownership should be confirmed in accordance with the law, land change registration procedures should be handled, land rights certificates should be issued, and cadastral archives should be updated in a timely manner.
- 2) After the completion of high standard farmland construction projects, the project supervisory department should organize acceptance in accordance with the current management regulations of the project. Relevant management,

- technical and other materials should be promptly filed and archived, and the archival materials should be truthful and complete.
- 3) After the completion and acceptance of high standard farmland construction projects, evaluation should be carried out in accordance with relevant regulations.
 - 4) If the construction of supporting facilities such as irrigation and drainage facilities, field roads, and farmland protective forests leads to a reduction in the permanent basic farmland area in the construction area, it should be supplemented or allocated.
 - 5) Before and after the construction of high standard farmland, the evaluation of farmland quality level should be carried out. The evaluation should be carried out in accordance with the provisions of GB/T33469. If the newly added cultivated land generated by construction is used for occupation and compensation balance, it needs to be connected with the relevant management regulations of the natural resources department in the evaluation of cultivated land quality.
 - 6) High standard farmland quality monitoring should be carried out in accordance with NY/T1119 regulations.
 - 7) According to the principle of "who benefits, who manages, who uses, and who manages", implement the main body of management and protection, consolidate management and protection responsibilities, handle transfer procedures, and sign management and protection contracts. The management body should conduct regular inspections and maintenance of various engineering facilities to ensure long-term effective and stable utilization.
 - 8) Newly built high standard farmland should be prioritized for inclusion in the permanent basic farmland reserve area.
 - 9) The construction of high standard farmland should carry out comprehensive integration and demonstration promotion of green (new) processes, products, technologies, equipment, and models.
 - 10) After the construction of high standard farmland, it is necessary to strengthen the supporting and application of agricultural technology, and promote the cultivation of good varieties and methods. The comprehensive operation level, coverage rate of excellent varieties, and coverage rate of disease and pest control in mechanized farming should exceed the national average level. Where conditions permit, green pest prevention and control, conservation tillage, scientific water and fertilizer application technology, and information technology such as the Internet of Things, big data, mobile Internet, intelligent control, satellite positioning should be promoted.

4.4.6 Specific requirements for greenhouses construction

Load code for agricultural greenhouse structures, Design Specification for Greenhouse Ventilation and Cooling, Ethylene vinyl acetate copolymer (EVA) blown greenhouse film for agricultural use, Code for Construction and Acceptance of Concrete Structures, Code for Design of Masonry Structures, Technical conditions for solar greenhouses, Environmental conditions of pollution-free food and vegetable production areas, Technical standards for the construction of solar greenhouses, Technical specifications for design, construction, and acceptance of greenhouse foundation, Construction regulations for energy-saving sunlight greenhouses in cold regions. Such different standards include several social and environmental requirements which are included in the ESMP/F:

- 1) The construction of greenhouse should comply with building design specifications, including requirements for building materials, structure, waterproofing, fire prevention, earthquake resistance, etc;
- 2) The construction of greenhouse should comply with environmental protection requirements, including the treatment of wastewater, exhaust gas, noise, and other aspects;
- 3) The construction of greenhouse should consider safety factors, including safety measures in fire protection, electrical, mechanical, and other aspects.

6. Environmental, Social and Climate Management Plan

5.1 Proposed mitigation and enhancement measures

5.1.1 Mitigation and enhancement measures for primary natural resources utilization

According to the project activities, primary natural resources may include soil, sandstone, timber, water for construction of roads and Greenhouses. The project activities will refer to a series of constructions, such as intelligent connected greenhouse, edible mushroom production base, improvement and renovation of irrigation facilities, emergency water source guarantee in Maiji county; demonstration of Gobi Facility Agriculture Industry Cluster, agricultural industry incubators, construction of Modern Industrialized Fruit and Vegetable Seedling Base, saline alkali land treatment, grain storage and logistics base in Jingtai county; homestay renovation and upgrading in Weiyuan county; ecological tourism road construction in Huating county; high standard farmland construction, industrial road maintenance and renovation in Tianzhu. All the construction activities should comply with < Unified standard for civil building design>, < Technical standards for road engineering>, < Technical specifications for design, construction, and acceptance of greenhouse foundation>, < Design standards for irrigation and drainage engineering>, etc. In these documents, the obtain, application, disposal of primary natural resources are clearly regulated and defined. Besides these regulations, the measures of Energy saving and water-saving should be taken in the activities.

Building Energy Conservation. The architectural design is concise, ensuring that the main buildings have as much sunlight as possible, and minimizing the external wall area as much as possible to reduce the heat diffusion area; Try to use composite materials or lightweight exterior walls with good thermal insulation effect in building construction; The roof and pipes of the building are made of insulation materials, and the exterior walls and windows are made of insulated glass to increase thermal resistance and save energy. Using new energy sources in buildings to reduce the use of electricity, utilizing solar photovoltaic power generation technology to convert solar energy into electricity for the use of some electrical equipment in the building. In addition, wind energy can also be utilized, and new energy can be reasonably utilized to minimize the energy consumption of buildings, ultimately achieving energy conservation and consumption reduction.

Energy saving of lighting equipment. Lighting source selection: Semiconductor lighting sources (LED lights) that have developed maturely in recent years are used for indoor and outdoor lighting. For example, high-efficiency and energy-saving LED lights can be used for indoor and outdoor lighting. Make full use of natural light: When conditions permit, it is advisable to automatically adjust the artificial lighting intensity according to the changes in outdoor natural light; When conditions permit, it is advisable to use various light guiding and reflective devices to introduce natural light into the interior for illumination. Selection of lighting fixtures and their accessories: Efficient and energy-saving lighting fixtures should be used while meeting glare limitations and lighting requirements; Select reflective lamps with reasonable light distribution, high reflection efficiency, and good durability; Choose lighting fixtures that are coordinated with light sources and electrical accessories. Adopting efficient and energy-saving lighting electrical accessories: replacing traditional high-energy consumption inductive ballasts with energy-saving inductive ballasts and electronic ballasts. The selection of lighting control methods: Energy saving low-voltage electrical appliances are widely used in distribution systems. Although each low-voltage electrical appliance consumes a small amount of electricity, its total power consumption is also high due to its large usage (such as contactors, thermal relays, fuses, and signal lights). Therefore, mature, effective, and reliable energy-saving low-voltage electrical appliances should be adopted.

Energy saving of power equipment. Try to arrange the power distribution in the load center as much as possible to reduce cable length and energy loss; Choose energy-saving transformers. The motor adopts reactive power on-site compensation measures to reduce the total current and reduce line losses; Improve the utilization of transformers and transmission lines. The selection of motor power should be based on load characteristics

and operating requirements, so that it operates within the economic operating range. When using a frequency converter for speed regulation, the reactive current of the motor should not cross the DC link of the frequency converter, and parallel capacitors for compensating power factor cannot be set at the motor. Strengthening regular maintenance and repair of power equipment, and using energy-saving automatic control can timely and automatically control according to the motor load situation, achieving the goal of safer system operation, energy conservation, and extending the service life of equipment.

Construction energy-saving. In terms of wastewater and sewage discharge: In the early stages of construction, that is, before the construction of new drainage ditches, efforts should be made to ensure the completeness of the original drainage system, in order to facilitate the use of the original drainage system to discharge wastewater, sewage, and precipitation generated during construction. This can reduce the cost of temporary drainage facilities and prevent sewage from overflowing, protecting the environment. In terms of construction order: strictly follow the prescribed infrastructure procedures to avoid route duplication and cost increase caused by process reversal. In terms of construction machinery: firstly, the selection of construction machinery should be tailored to the project, and the corresponding power of machinery should be reasonably selected according to the size of the project to avoid wasting energy; Secondly, it is advisable to choose new energy-saving construction machinery as much as possible to replace traditional high energy consuming construction machinery; The third is to organize the construction flow line as much as possible during the operation of construction machinery to avoid back and forth transportation of construction machinery.

HVAC Energy Conservation. Install heat metering and control devices at each main entrance of the heating system; Temperature control valves are installed at the front end of indoor radiators for temperature control in different compartments and zones; Choose a duct connection method with good airtightness, strengthen sealing treatment, and reduce energy loss caused by air leakage. All systems and equipment selection in this design are strictly carried out in accordance with relevant national and local energy-saving standards. Air volume greater than 10000m³/h The limit of power consumption per unit air volume of the mechanical ventilation system air duct system shall comply with the General Code for Building Energy Conservation and Renewable Energy Utilization (GB 55015-2021). Manual regulating valves are installed at the branches of each return water main pipe in the heating system, which can effectively avoid waste and achieve energy-saving goals. The heating pipeline adopts high-efficiency rock wool shell insulation material insulation measures to reduce heat loss. Multiple air supply and exhaust fans are connected in parallel, and the operation mode adopts timed start and stop of fans or automatic control of fan operation based on indoor CO gas concentration.

Water conservation measures. Develop water system planning schemes based on building types, climate conditions, water usage habits, etc., and reduce water usage quotas. Set up a complete water supply system, with water quality meeting national or industry standards, and stable and reliable water pressure. The selection and operation of water supply facilities such as pipes, pipeline accessories, and equipment should not cause secondary pollution to the water supply. And set up water measuring instruments and take effective measures to prevent and monitor pipeline leakage. Try to use plastic water supply pipes with smooth inner walls, use low resistance valves and backflow preventers, etc., to reduce local head loss in the pipeline. Use water-saving valves for domestic water and cleaning water, and take effective measures to avoid phenomena such as running, emitting, dripping, and leaking. Water distribution devices and sanitary equipment are the ultimate units of water use, and their water-saving performance directly affects the effectiveness of water-saving. Therefore, water-saving equipment and appliances should be selected based on the actual situation of the usage site. If a self closing flushing valve is used, it can reduce the ineffective consumption of water resources and achieve the goal of water conservation. Strengthening water-saving management requires professional technicians to be diligent in regularly debugging, maintaining, and repairing various water supply

equipment and pipelines. Water meters are installed in centralized water supply areas such as inlet pipes to ensure adequate water usage. In terms of agricultural water-saving. In agricultural production, in order to improve the production efficiency of crops and the utilization efficiency of water resources, some crop varieties with strong drought resistance and yield retention ability are selected in seed selection, resulting in a significant reduction in water consumption. Adopting integrated water and fertilizer technology, the irrigation water is finely atomized and sprayed in facility agriculture using a micro spray mode; Drip and sprinkler irrigation are commonly used in field crop cultivation to reduce flooding and achieve water conservation and cost reduction.

The management of these measures should be taken and the monitor and evaluation should be carried out by PMO. Establish and improve an energy-saving management system, establish energy management positions, and clarify tasks and responsibilities. Organize energy-saving training for energy management personnel, equipment operators, and other relevant personnel. In order to standardize and coordinate various energy management activities, various meeting minutes, technical plans, and other documents are systematically formulated and strictly implemented. Strengthen energy management, establish and improve energy-saving assessment systems, adjust operational plans in a timely manner based on changes in various factors during the operation process, and maintain efficient and energy-saving operations. Strengthen operation scheduling and command, establish and improve job responsibility system and energy consumption quota management system, and improve energy utilization efficiency. Establish a ledger and conduct regular statistics. According to relevant national regulations, equip energy measuring instruments that meet management needs, formulate and implement relevant documents, and manage the purchase, installation, maintenance, and regular calibration of measuring instruments to ensure their accuracy and reliability. Establish a system for analyzing energy consumption and usage, promptly identify areas or processes with abnormal energy consumption, and take timely measures to solve them. Energy consuming devices should be operated in optimal conditions based on their characteristics and operational scheduling. We must strictly implement operating procedures, continuously improve operating methods, strengthen daily maintenance and regular inspections, and ensure the normal operation of energy consuming equipment. After the project operation, strictly implement various energy-saving measures and systems.

5.1.2 Mitigation and enhancement measures for pollutants treatment

In terms of the impact of project construction, during the construction period, the project may generate noise, dust, wastewater, exhaust gas, solid waste, etc., which will have adverse effects on the regional environment. In the later stage of project construction, strict environmental management and protection plans can be formulated and implemented to ensure funding investment and reduce potential environmental impact risks. < Environmental Protection Law of the People's Republic of China > is released to protect and improve the environment, prevent and control pollution and other public hazards, and ensure public health. All the project activities and its impacts would be implemented complying with the Environmental Protection Law. Waste from the different activities is complied with <Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution>; it defines the disposal process and regulations for waste from road rehabilitation and canal construction, use of agro-chemicals, solar powered batteries, oils, etc from the various activities. The waste must be uniformly recycled and processed by professional departments.

Atmospheric environmental protection measures during construction period. (1) Select construction machinery and transportation vehicles that comply with relevant national health standards to ensure that their emissions meet relevant standards. And regularly inspect construction machinery and vehicles, pay attention to the maintenance of machinery and vehicles, keep them in good operating condition, use light fuel as much as possible, and avoid fuel leakage. (2) Dust from mixing plants, transportation roads, and storage yards can be suppressed by watering and cleaning measures. If only sprinkled with water, the amount of dust can be reduced by 70-80%. If sprinkled after cleaning, the

suppression efficiency can reach over 90%. Experiments have shown that watering and dust suppression operations 4-5 times a day on the construction site can reduce the distance of TSP pollution caused by dust to a range of 20-50 meters. (3) Cement and fine sand are transported in closed containers to avoid running or leaking during transportation. Regular maintenance, repair, and cleaning of construction roads to ensure that the road surface is clean and in good working condition. (4) Timely compact the loose site, and after the temporary land use is completed, the exposed land should be restored to its original terrain as soon as possible to avoid dust. (5) Management should be strengthened, civilized construction should be carried out, and building materials should be loaded and unloaded lightly.

Sound environment protection measures. Noise is mainly generated during the construction process, with equipment such as excavators, bulldozers, concrete mixers, and transportation vehicles. The main prevention and control measures include: (1) The construction unit must select low-noise construction machinery and transportation vehicles that comply with relevant national standards, and set up noise control devices for strong sound sources. Strengthen equipment maintenance and upkeep, maintain mechanical lubrication, and reduce operating noise. (2) Crushers, sand making machines, air compressors, and other facilities should use porous sound-absorbing materials as much as possible to establish sound barriers, covers, and compartments. Construction personnel working in high noise environments should always wear noise proof earplugs, earmuffs, or helmets. (3) Implement closed management of the construction area to reduce traffic pollution caused by external vehicles. (4) Reasonably arrange construction time, prohibit high-intensity construction at night, determine the construction layout reasonably, and try to keep high noise source equipment away from sensitive points.

Solid waste prevention and control measures. During project construction, solid waste comes from various types of waste generated from excavation of engineering foundations and the household waste of construction workers. (1) All excavation waste is required to be promptly cleared and disposed of, and prevention and control measures should be taken in accordance with soil and water conservation requirements. (2) For the domestic waste generated during the construction period, multiple garbage collection bins will be installed in each work area and living camp according to the situation of construction personnel in the construction area. After centralized collection, household waste is regularly covered and transported to the designated disposal location designated by the environmental sanitation department for unified disposal.

Ecological Environment Protection Measures. Due to the excavation and filling of soil, there is certain damage to the vegetation ecology. After the completion of the project, vegetation restoration and afforestation will be carried out to beautify the environment and prevent soil erosion. During construction, try to minimize vegetation damage and minimize the width of the work. After the construction is completed, restore the surrounding vegetation as much as possible. Strictly implement soil and water conservation measures to prevent and control soil erosion.

Population Health Protection Measures. Disinfect the pre entry area and cut off the source of disease transmission. During the construction period, rodent and mosquito control activities should be carried out in the living area, with a frequency of once per month; During peak construction periods and summer, the frequency of mosquito and fly control is once per week. Strengthen the hygiene management of collective dormitories for construction personnel in the construction area, conduct regular hygiene inspections, clean clothes in a timely manner, and regularly disinfect dormitories; Before the construction personnel enter the construction site, conduct a comprehensive health survey and file the epidemic for the construction personnel; Regularly take preventive measures such as medication and vaccination for the construction population; The construction unit should strengthen hygiene publicity and education, as well as food hygiene management, and do a good job in environmental hygiene to prevent the occurrence of infectious diseases in the construction area. The drinking water for construction personnel mainly comes from groundwater. To ensure the quality of drinking water, it is necessary to monitor the water quality. Canteen cooks must obtain a hygiene and health certificate before they can start working and do a good job in disinfecting the canteen. Food

procurement personnel should strictly control the quality of food and prevent expired food from entering the cafeteria.

5.1.3 Mitigation and enhancement measures for fertilizers utilization

The project involves crop production which naturally requires inputs of fertilizers. But impact can be appropriately managed as the project will be introducing efficient measures such as integrated irrigation-fertilization, responding to its objective of facilitating the adoption of green and resilience concepts in rural revitalization. According to Gansu Yearbook 2023, during the 13th Five Year Plan period, the comprehensive utilization rate of livestock and poultry manure in the province reached 78%, and the scientific fertilization technology mainly based on soil testing and formula was promoted to 36.8 million ha. The application area of formula fertilizer was 16 million ha, and the application area of organic fertilizer was over 20 million ha. The project will privilege the non-chemical/organic/green options and, as relevant, consider the use of agro-chemicals. The amount of fertilizer reduction would rely on the rate of the non-chemical/organic/green options.

Precision fertilization reduces dosage. Strengthen the investigation of fertilization situation, nutritional diagnosis, field experiments and other soil testing formula fertilization foundations, accurately formulate and release fertilizer formula information, improve the application ratio of formula fertilizer and specialized fertilizer, and reduce unreasonable nutrient input.

Optimize the structure to reduce quantity. Increase the promotion of green technologies and inputs, optimize the ratio of nitrogen, phosphorus, and potassium, adjust nutrient forms, and promote efficient absorption. Targeted supplementation of moderate and trace elements can alleviate symptoms of nutrient deficiency. Guide the optimization and upgrading of fertilizer products, vigorously promote new functional and high-efficiency fertilizers.

Improving methods by reducing quantity and increasing efficiency. Improve traditional fertilization methods such as surface application, sprinkling, and high water flushing, develop advanced and applicable fertilization equipment, promote the application of high-efficiency fertilization machinery such as seed fertilizer co seeding machines and side deep fertilization machines, and match slow-release fertilizers and specialized fertilizers, transform traditional fertilization methods, and reduce fertilizer usage.

Diversified substitution reduces quantity and increases efficiency. Reasonably utilize organic nutrient resources, promote diversified alternative fertilizer methods such as increasing organic fertilizer application, planting green manure, returning straw to the field, and biological nitrogen fixation, and promote the combination of organic and inorganic fertilizers. By using techniques such as topsoil regulation and microbial activation, the effectiveness of soil nutrients can be stimulated, replacing chemical fertilizer inputs.

Scientific regulation reduces quantity and increases efficiency. Establish a sound system of institutional standards covering the entire chain of fertilizer production, use, and supervision, establish and improve nitrogen fertilizer application quotas for major crops, promote fertilization quota system and ledger management, develop scientific fertilization guidance opinions based on regions, crops, and agricultural seasons, and guide farmers to control the fertilization amount within a reasonable range.

Targeting the background of cultivated land in Gansu Province, vigorously promote new types of fertilizers such as slow-release fertilizers, water-soluble fertilizers, and microbial fertilizers, and improve the implementation rate of soil testing formula fertilization, mechanical deep application, integrated water and fertilizer, and straw returning technology; Implementing conservation tillage, returning straw to the field, and planting green manure, increasing the application of organic fertilizer, and improving saline alkali and sandy soils; Promote slow-release fertilizers and formulated fertilizers in rain fed and arid areas, and expand the area of deep mechanical application; Adopting integrated water and fertilizer technology in irrigation areas, promoting crop specific fertilizers, and controlling the amount of nitrogen and phosphorus fertilizers used.

5.1.4 Mitigation and enhancement measures for pesticide utilization

The project requires use of pesticides, but the project is aimed to green the agriculture sector by promoting available options to replace potentially polluting pesticides with alternatives, while increase production quality for better market premium. Training will be provided to farmers on green technologies and sustainable practices. The project activities refer to wheat, maize, medicinal herbs, potatoes, fruit trees, vegetables, cash crops and livestock. The pesticides used for these crops and livestock are strictly regulated and managed by the government. <The 14th Five Year Plan for the Development of National Pesticide Industry > released in 2023, put forward that vigorously developing biopesticides, phasing out old pesticide varieties, strict controlling high toxic and high-risk pesticides and additives, promoting the reduction of chemical pesticide use, and replacing chemical control with biological control of pests and diseases, ecological control, physical and chemical induction control, and scientific medication. All the types of pesticides are clearly regulated in the document, which would guarantee the security and reduce the risk.

Accurate prediction and prediction, precise timely prevention and control, precise targeted pesticide application. Strengthen the automation and intelligent monitoring and early warning of crop diseases and pests, and improve the ability and level of accurate forecasting; Strengthen drug resistance monitoring and management, promote symptomatic drug selection, rotation of medication, and appropriate and timely medication; Promote target application, slow release and damage control, low volume spray and other efficient and accurate application technologies to improve the prevention and control effect. Intensify the deployment of grassroots monitoring stations. Intensify the deployment of monitoring stations in the source areas of major pests and diseases, transition zones for migration, high-risk areas at the border, and high-risk areas. Install automated and intelligent monitoring facilities to enhance real-time monitoring, continuous tracking, and early warning capabilities at the end of the line. Accelerate the application of information technology. Strengthen the R&D and application of information technologies such as "Internet plus" and big data, establish and improve the pest monitoring and early warning information system, realize digital monitoring, network transmission, and modeling prediction, and improve the ability of automatic perception of disease and insect conditions. Promote precise prediction and forecasting. Improve the technical standard system for monitoring and reporting, standardize the behavior of monitoring, investigation, and forecast release, establish a regular consultation mechanism, accurately analyze the occurrence situation, and improve the timeliness and accuracy of guiding prevention and control.

Green prevention and control of diseases and pests. Fully utilize ecological regulation measures. Optimize crop layout, promote resistant varieties according to local conditions, promote healthy cultivation, crop rotation, deep tillage and weed control, and other agricultural measures to control the occurrence of diseases and pests. Vigorously promote biological control. Promote the application of natural enemy insects, plant-based pesticides, microbial pesticides, and fermented biopesticides, gradually reducing the intensity of chemical pesticide use. Reasonably use physical and chemical induction and control techniques. Using techniques such as light lure, sex lure, color lure, and food lure, promoting measures such as plastic film coverage for weed control and insect prevention nets to reduce the use of chemical pesticides. Promote scientific and safe medication. Promote efficient and low-risk pesticides with good preventive effects and low dosage, guide rotation and alternation of medication, and comply with safe interval medication to improve the effectiveness and efficiency of pesticide use. Strengthen demonstration and leadership. According to the standard of achieving a green prevention and control coverage rate of over 60%, 500 integrated green prevention and control counties will be established to demonstrate, lead, and radiate the promotion and application of green prevention and control on a large scale.

Biological pesticides replace chemical pesticides, efficient and low-risk pesticides replace old pesticides, and efficient and precise pesticide machinery replaces old pesticide machinery. Promote the application of biopesticides, high-

efficiency and low-risk pesticides with high activity and low usage per unit area, as well as their water-based and nanomaterialized formulations, and eliminate inefficient and high-risk pesticide varieties; Promote the application of efficient and energy-saving pesticide spraying machinery, gradually eliminate outdated pesticide spraying machinery, and improve pesticide utilization efficiency.

5.1.5 Mitigation and enhancement measures for climate risk

In response to the potential impact of various natural disasters on the development of the agricultural industry and project construction, it is necessary to prepare the "Strengthening Emergency Management Plan for Natural Disaster Prevention" in advance. Strengthen the construction site environmental protection and safety guarantee mechanism construction, prepare the "Environmental Management Plan" and "Emergency Plan for Major Safety Accidents" for project construction, and establish a sound prevention system from every link such as infrastructure, process flow, site zoning, and environmental facilities.

The project will target key areas and impoverished populations affected by natural disasters such as drought, floods, low temperatures, wind and hail, and carry out disaster identification, monitoring, early warning, and emergency preparedness. The project will adopt water-saving irrigation technology to reduce losses caused by drought disasters. The renovation and upgrading of embankments will reduce the risks posed by floods to crop cultivation and ecosystems. Agricultural meteorological index insurance can also be used to address climate change risks and reduce farmer losses, especially in the fields of animal husbandry and crop cultivation.

5.2 Monitoring

The project will coordinate with provincial Environmental Monitoring Divisions that manage the ecology and environment monitoring networks; and they have subsidiary monitoring centers to organize monitoring exercises (in terms of environmental quality, pollution sources, law-enforcement, etc.), manage monitoring data, and provide technical guidance and training to the monitoring teams within provincial jurisdictions. Such unit could also support training of project monitoring unit.

5.2.1 Roles and responsibilities

The PMOs will include a staff responsible to ensure proper implementation of social and environmental safeguards of the project in coordination with government institutions responsible for it. In addition, procurement unit / staff will be responsible to implement the safeguards plan for procurement, ensuring that procurement process for goods, service and consultancy follow proposed safeguards procedures, integrated specific criteria in bid document and selection process and reviewing enterprise capacities and mechanisms to implement required safeguards. Partner enterprise will also be screened against their social and environmental governance framework and capacities.

In addition, PMOs will work closely with the different institutions engaged in infrastructure development to ensure project is in line with all construction standards and associated safeguards:

- **At the national level**, the National Development and Reform Committee (NDRC), the Ministries of Water Resources (MOWR), the Ministry of Agriculture and Rural Affairs (MARA), the Ministry of Transport (MOT) are responsible for overall social-economic & agriculture development planning, irrigation and water resources management, agriculture, rural roads respectively. They provide respective policy advice, technical guidance and programme supports to provincial and local governments and relevant institutions.
- **At provincial level**, the Provincial Development and Reform Committee (PDRC), Department of Water Resources (DOWR), Agriculture and Rural Department (ARD) and the Department of Transport (DOT) are the line agencies respectively. They

issue provincial sector development strategies, policies, plans and technical guidelines, formulate and implement work and budget plans for provincial government funded programmes and projects. In addition, the project will engage with Provincial Ecology and Environment Bureau (EEBs) EIA and Pollution Control Division and The provincial Environmental Assessment Centers.

- **At County level**, the counterpart agencies are the Bureau of Development and Reform (BODR), the Bureau of Water Resources (BOWR), the Agriculture Bureau, the Bureau of Transport (BOT), Power Bureaus, and Environmental Protection Bureaus. They formulate and implement county level sector development plans and projects, review and approve system planning and project designs for relevant investment activities, supervise their implementation, and advice system operation and management to ensure that construction programs are in line with government strategies and policies. They will support socio-environmental impact assessments, for relevant investment activities, supervise their implementation, and advice system operation and management.
- **At Township level:** Agricultural Extensions Stations at township level are responsible for agriculture services and technical extension at field level and shall therefore be trained / engaged to implement proposed environmental safeguards in production.

Qualified experts should be selected to provide technical assistance and training to the project. The PMO safeguard specialists will also work closely with institutions in charge of environmental safeguards who will be in charge of screening environmental risks, leading and approving dedicated environmental impact assessment for sub-projects triggering it, ensuring application of environmental safeguards and supervise environmental pollution (see section on M&E), More specifically, the following agencies have different roles:

- Provincial EEBs have EIA and Pollution Control Division (4-5 staff members) responsible for approval of larger scale or more sensitive EIAs for government programs, strategies, and projects, coordination and management of pollutant discharge permitting, supervision on pollution prevention and control, and preparation and implementation of provincial environmental entry lists, etc.
- The provincial Environmental Assessment Centers (about 20 staff) provide coordination services to the provincial EEBs in EIA approval. The provincial Environmental Law Enforcement Bureaus (about 40 staff members), responsible for organizing and guiding lower-level EEBs' work in EIA follow-up management, coordinating interprovincial environmental disputes, and investigating significant environmental issues within the province etc. Under the provincial EEBs.
- Municipal EEBs also have divisions of EIA approval (4-5 staff members) that are responsible for approving EIAs. Under each municipal EEB, there is an environmental law enforcement team (LET, about 20 staff members) responsible for EIA follow-up management within the municipal jurisdiction.
- County EEBs are branches of municipal EEBs and have divisions of EIA approval (2-5 staff members). They are responsible for approving EIA forms for projects that are approved by county/city governments.
- In addition, at township governments there are 1-2 full-time environmental staff to coordinate with higher-level EEBs.

Finally, Prior to the commencement of each infrastructure project, a corresponding infrastructure management body should be identified/established to fully participate in the whole process of system planning, design and construction supervision, and assume the responsibility for operation and maintenance in accordance with proposed safeguards after the completion of the project. They shall therefore be trained early to implement such safeguards, including dedicated training to adapt to climate change, mitigate environmental risk, manage waste, minimize input use and promote water-saving irrigation technology. In addition, hand over / exit plan will need to ensure continuous

technical and financial support from relevant government departments. Composition of such committee depend on infrastructure types:

- **The ownership of the industrial park and industrial facilities** belongs to the township government and the county government. The county and township governments are responsible for the maintenance and management of the park's infrastructure. After the completion of the infrastructure, the County Project Management Office shall be transferred right of use to the corresponding management agency in time. The management agency shall be responsible for the operation and maintenance of the infrastructure, and can receive technical and financial support from government departments and relevant agencies to ensure compliance with all safeguards.
- **Ownership of the farm houses and greenhouses** improved under the project will belong to a user committee including the beneficiary villages (Cooperative organization), famers and enterprises, who will be responsible for O&M of these facility in a sustainable and safe way in line with the requirements of GB/T 42958-2023 "Instructions for the Use of Fertilizer Products".
- **Ownership of the irrigation systems and the water source facilities** improved and developed under the project will belong to the beneficiary villages, water users' associations or farmers' cooperatives depending on the decision made by respective county project management offices during the project implementation, based on the size and benefiting scope of the systems. After the completion of the project, continuous technical and financial support is required from government departments and relevant irrigation management agencies.
- **Ownership of the rural industrial roads** improved under the project will belong to user committee including the beneficiary villages (Cooperative organization), famers and enterprises, who will be responsible for O&M of these road systems with continuous technical and financial supports from government transportation department.

5.2.2 Capacity Building

The capacity development on safeguards will include the following:

- Technical assistance from IFAD on SECAP implementation, with initial training at start up and follow up during missions
- Capacity building line of the project will integrate environmental, climate and social safeguards training for staff, committees operating and managing infrastructures and activities and technical service network to be established

5.2.3 Costs and budgetary considerations

Cost of such interventions are embedded in Project implementation costs and specific SECAP trainings for the PMOs are included in the budget. AWPBs developed annually will incorporate necessary budgetary provisions for implementing the procedures and plans to mitigate SECAP risks.

Government financing: As per government regulations, feasibility study report and environmental impact assessment will be prepared approved before loan negotiation can take place, which is compulsory for loan requests to international financing institutions. The total amount for such initial studies is estimated at 1 million CNY, i.e. around 137,000 USD financed by the government from. In addition, each institution submitting sub-project will need to prepare and finance a feasibility study and any environmental and impact assessment report-study required by government environmental and social safeguards. Such preparatory work is also embedded in the process of preparing production and business plans but any additional cost shall likely be borne by the institution submitting sub-project (i.e. government institutions or private enterprises), integration of environmental measures in infrastructure will be included in the investment proposals. Implementation of such safeguards measures embedded in government procedures have been estimated to be around 3 million CNY, meaning 411,000 USD to be provided by

government fund. In addition, the project will have to carry out additional screening against IFAD safeguards and prepare adapted ESMP for all major investment projects. This would require about 365,000 CNY, meaning around 50,000 USD. Budget provisions are made for safeguards staff at PMO and county level and compliance budget had been included which may cater for some additional costs of CNY 600,000 (82,000 USD) to be covered by government counterpart financing for such PMO staff. In total, a commitment on the government of USD 680,000 is expected to ensure SECAP compliance.

IFAD financing: Capacity development plans on more specific IFAD safeguards and to ensure compliance have been estimated at 290,000 CNY, meaning 40,000 USD. Additional safeguard indicator and reporting requirements have been integrated in the general M&E and reporting process and costs of the project. Only additional costs are foreseen for the collection of additional data on pollution, use of pesticides (about 73,000 CNY so around 10,000 USD as well as additional data collection for monitoring traffic/accident. Therefore, the total indicative budget pertaining to IFAD additional safeguards to be financed from IFAD loan (within technical and management component costs) would amount to about 100,000 USD.

6 ESCMP Matrix

Table A2: Summarized ESCMP matrices.

Impacts can be presented by nature, location, activity/component or SECAP standard. See below:

ESCMP Matrix						
Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution In Implementation Phase	Means of Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate
Agricultural surface source pollution	Zero-growth action of fertilizers and pesticides Integration of water and fertilizer Recycling of used agricultural film Recycling of livestock and poultry manure Utilization of planting waste	Meetings with stakeholders and field visits	Agriculture and Rural Bureau Ecological and Environmental Protection Bureau	Monitoring reports Status of mitigation measures verified at field	Annually and ongoing as project is implemented	Project implementation costs
Climate change related risks and impacts						
Increased droughts	Undertake drought risk assessment and zoning	Meetings with stakeholders and field visits	Gansu Meteorological Bureau; Gansu Water Resources Department; Department of Agriculture and Rural Affairs of Gansu	Monitoring reports; Status of mitigation and adaptation actions verified at field	Annually and ongoing as project is implemented	Project implementation costs
	-Develop drought monitoring and warning network - Promote the constructions of supporting facilities in irrigation areas				Annually and ongoing as project is implemented	Project implementation costs

	<ul style="list-style-type: none"> - Promote water-saving transformation in irrigation areas - Develop climate smart irrigation system - Promote water-saving techniques for dry farming mainly focused on rainwater harvesting and supplementary irrigation - Develop ridge and ditch coverage for rainwater harvesting planting - Promote the ability of water resources management 					
Increased rainstorm and flooding	Undertake zoning to identify risk areas and avoid construction of agricultural infrastructure in climate risk hotspots	Meetings with stakeholders and field visits	Gansu Water Resources Department; Gansu Meteorological Bureau; Department of Agriculture and Rural Affairs of Gansu	Monitoring reports; Status of mitigation and adaptation actions verified at field	Annually and ongoing as project is implemented	Project implementation costs
	<ul style="list-style-type: none"> - Develop rainstorm monitoring and warning network - Develop small and medium-sized river governance - Promote trench management for mountain flooding - Promote comprehensive management of soil and water loss in Slope farmland - Develop smart water conservancy 				Annually and ongoing as project is implemented	Project implementation costs

	<ul style="list-style-type: none"> - Develop pilot insurance products that cover agricultural equipment - Build capacity of farmers in sustainable land management to reduce flooding loss 					
Social risks						
Exclusion of most vulnerable women, youth and persons with disabilities	<ul style="list-style-type: none"> - Targeting, gender and social inclusion strategy is developed and fully applied - Quotas will be applied to ensure adequate participation of women, youth, persons with disabilities in project activities and leadership positions. - The project addresses all components of IFAD GEWE including that of ensuring workload distribution among men and women. Measures will be adopted to address women's workload burden and save women's time and labour. <p>All trainings will include a module on gender equality</p> <p>Data on project interventions will be duly monitored using sex and age disaggregation.</p>		Department of Agriculture and Rural Affairs of Gansu GD2RP Implementing partners	Number of women, youth and persons with disabilities in project activities	Annually and ongoing as project is implemented	Project Implementation costs
Gender-based violence	<ul style="list-style-type: none"> - Create safe spaces/cooperatives to encourage women's meaningful participation 		Department of Agriculture and Rural Affairs of Gansu	Gender equality	Annually and ongoing as project is implemented	Project Implementation costs

	<ul style="list-style-type: none"> - Integrate gender sensitization in all training packaged delivered to MMR, implementing partners and beneficiaries - Sensitize project beneficiaries of grievance redress mechanisms - Gender awareness building including awareness raising of gender-based violence will be involved in the training for project organizations. 		GD2RP Implementing partners			
Child labor	<ul style="list-style-type: none"> - Youth targeting those above 18 years to avoid engagement of minors - Regular assessment of child labor risks and response mechanism. Increase awareness amongst beneficiaries on child labour free supply and value chains 		Department of Agriculture and Rural Affairs of Gansu GD2RP Implementing partners		Annually and ongoing as project is implemented	Project Implementation costs

Annex 4 Grievance Redress Mechanism (GRM) and Stakeholder Engagement Plan for the GD2RP Project

1. IFAD requires an easily accessible grievance mechanism at project-level in order to receive and resolve concerns and complaints of people who may be adversely affected or potentially harmed by IFAD-supported projects that fail to meet the SECAP Standards and related policies. Furthermore, IFAD requires that project-affected people are informed about the existence and functioning of this mechanism in any easily understandable form and language, and to integrate it into the overall community engagement strategy. The grievance redress mechanism should incorporate existing formal and informal grievance mechanisms, strengthened or supplemented as needed for each specific project, and in proportion to the expected risks and impacts of the project. Project-affected people may use the grievance mechanism without retribution or reprisal, and the grievance mechanism should not impede access to other judicial or administrative remedies available under national law or through existing arbitration procedures or other accountability mechanisms.

2. The Project will establish a Grievance Redress Mechanism (GRM) designed to seek/generate feedback from and to project stakeholders and address/ respond to grievances, problems, issues or complaints related to project activities and project environmental and social performance. The Project will ensure through the GRM that all project stakeholders will be aware of their rights to access and/or will have access to the GRM at all project management levels, which will be provided in a transparent manner free of costs and without fear of reprisal or retribution on the part of aggrieved parties. In addition, the Project's GRM will help ensure that the rights and interests of project stakeholders are protected from unforeseen lapses in said project performance and that all concerns arising therefrom in all project phases will be effectively addressed. To achieve these ends, the Project will regularly engage project stakeholders and provide them information on the processes and means of raising and addressing grievances through the GRM.

Project level machinery and composition

3. The project management responsibilities are assigned to DARA at the provincial and BARAs at the county levels. The Provincial PMO (PPMO) will assume the actual project management and coordination. It represents the project at the level of operational management, focuses on planning, coordinating, monitoring and reporting of the project.

1) PMO Staffing:

For GD2RP that will intervene in multiple dimensions in both agriculture and Rural Revitalization, The PPMO's key functions will be assumed by a composition of positions such as: (i) a Project Director (PD), (ii) a Deputy Project Director (DPD) with well designated mandate on Rural Revitalization and Climate Change Adaptation, (iii) a Planning and Financial Officer, (iv) a M&E and KM Officer, (v) a Procurement Officer, (vi) a Gender and Youth Development Officer, (vii) an Agricultural and Agribusiness Development Officer, and (viii) support staff.

2) At the county PMO:

CPMO composition and staffing will primarily follow the provincial set-up, with the key positions of CPMO Director and Deputy Director, M&E and KM, Procurement and Agricultural and Agribusiness Development assigned or recruited by the county BARA/RRB, and officers responsible for Gender and Youth Development and Climate Change Adaptation could be seconded from the line agencies such as the county WF and Environment Bureau.

3) Inter-agency coordination mechanism (IACM):

Considering the cross-agency nature of the project, an inter-agency coordination mechanism at both provincial and county levels will be established to exercise the essential supervisory and coordination functions on issues critical for project implementation, such as counterpart financing, project supervision and issue-specific coordination between participating agencies. The agencies involved should at least include DARA, Finance, and/or DRC at the provincial level, and at the county level the relevant implementing agencies including Women Federation and Youth League should be included. Such mechanism may convene on demand basis but at least once every year in a manner considered appropriate by involved parties. At county level, a vice-governor of the project county should be designated to chair such coordination mechanism. Township government will be assigned responsibility for supporting project implementation.

4) Village Implementing Group (VIG):

VIGs will be set up at each of the project administrative village. It will be headed by the Chief of the village committee and composed of 7-8 people, including a couple of the village committee members and 4-5 farmer representatives from different household categories of well-being. Farmer representatives will be elected by local farmers and they will be no less than 50% of the total members of the VIG. Of the farmer representatives, women will be no less than 50% and at least two thirds will be from the former registered poor, or the community-recognized vulnerable households. Youth especially young farmer entrepreneur will have at least one representation seat at VIG.

5) Partnership:

In addition to the enhanced partnership between IFAD and the Government, the GD2RPd will continue to value-added partnerships as fostered by the IFAD Country Programme in China and through the implementation of the IFAD-assisted projects in the country, building possible synergy and partnership with the UN community in the country, participating line agencies, private sector, and technical players of the civil society where relevant.

Next Steps:

4. Based on the above, the GRM needs to be elaborated upon and will address how grievances will be addressed across different levels of governance and institutions. The composition of the machinery and role of each member as GRM focal person will be duly recorded in a written format and widely disseminated. This needs to be jointly discussed and finalized with the PMU and relevant stakeholders within the early implementation stages of the project (6months).

Role of GRM Officers:

Overall, the GRM officers will perform the following role, as appropriate:

- a) Document and maintain a registry of grievances
- b) Screen/determine validity of grievance/concerns
- c) Initiate resolution process through referral to the next GRM level
- d) Refer issues to concerned project personnel for technical advice
- e) Organize team for validation of concerns, as necessary
- f) Assist in the resolution process through validation of concerns and technical assistance in crafting mitigation measures
- g) Provide written response to concerned project personnel/units, contractors and complainants
- h) Refer unresolved complaints to the next higher GRM level, as appropriate

All GRM focal points will undergo proper training on the GRM, relevant national laws, regulations, and the relevant IFAD SECAP Standards.

GRM Channels

5. The PMU shall provide appropriate channels for submission of grievances, which may include the following: (i) Grievance Drop Box: This provides a means for anonymous complainants to raise concerns without revealing their identities. Labelling the grievance box to a more culturally-sensitive term will be encouraged. (ii) Through the Project GRM media platform (iii) An official physical address for Grievance Desk with Contact Persons/GRM Focal persons at every grievance level will be established and publicly disclosed, where complainants may send complaints through letters via personal, postal or courier delivery. (iv) A hotline number or call center at each level will also be established and can be publicly accessed via voice calls or SMS.

6. There is existing grievance system in Chinese Government from central to county levels, and project stakeholders can access the government complaint system of project counties, prefecture and province through websites, telephone and WeChat In Gansu. Similarly, the grievance system of Rural Revitalization Bureau (RRB) and Department/Bureau of Agricultural and Rural Affairs (DARA/BARA) are also accessible by publicized channels. Alignment and synergies with these existing channels will also be sought.

Note – This list is not exhaustive and other channels may be added as appropriate with due regard for cultural sensitivity, language, and accessibility. The overall responsibility for operationalizing the GRM will rest with PMU.

Grievance redress Mechanism (GRM) stages

7. The Project proposed the following stages of GRM which need to be validated and institutionalized during early implementation stage.

1) Intake:

- Step 1: Individuals or groups file complaints, feedback, or queries using a Grievance Receipt Form.
- Grievances can be submitted via different channels.
- Anonymity is allowed with contact information provided for verification.
- Grievances are recorded in a registry/database.

2) Verification:

- Step 2: Grievance Coordinator assesses the validity of the grievance.
- Non-project-related grievances are addressed promptly with explanations or education.
- Project-related grievances are referred to the relevant level for further action.
- Serious grievances are handled separately by highest level for prompt action.

3) Assessing Validity and Organizing Fact-Finding:

- Step 3: Assessing validity of the query, feedback, or complaint.
- Organizing fact-finding meetings/interviews with relevant parties.
- Valid grievances are categorized into types based on complexity (exact duration for answering complaints needs to be established in consultation with PMU¹⁵)

4) Action:

- Step 4: Resolution of the grievance.

¹⁵Type 1 Grievance: Response or referral within 5 working days from the date the complaint was received.

Type 2 Grievance: Organize meetings/consultations/interviews within 10 working days from the date the complaint was received. Resolve the grievance within 15-30 working days upon receipt of the grievance.

Type 3 Grievance: Organize meetings/consultations/interviews within 10 working days from the date the complaint was received. Resolve the grievance within 30-60 working days upon receipt of the grievance.

- Agreed resolutions are implemented, documented, and signed by both parties.
 - Anonymous complainants are confirmed through provided contact information.
- 5) Feedback:
- Step 5: Providing feedback to the complainant.
 - Status updates or redress documents are communicated to the complainant.
- 6) Follow-Up:
- Determination of the outcome of resolved grievances.
 - Follow-up to ensure satisfaction with the resolution.
 - GRM officers at PMU conduct audits to review the handling of grievances by other levels
- 7) Appeal:
- Step 6: Filing an appeal if the complainant disagrees with the resolution.
 - Appeals are resolved by the next higher level within 30 working days.

IFAD Complaints Procedure

8. IFAD Complaints Procedure also place mechanism to allow individuals and communities to contact IFAD directly if stakeholders or non-stakeholders believe that they are or might be adversely affected by an IFAD-funded project or program not complying with IFAD's Social and Environmental Policies and mandatory aspects of SECAP. They may submit a request to SECAPcomplaints@ifad.org and request that an impartial review be carried out by IFAD's Office of the Vice-President.

9. As provided by IFAD's Policy on prevention and response to Sexual Exploitation and Abuse (SEA, 2018), all contracts with project personnel, contractors, service providers and other third parties, that are funded with IFAD funds, must include provisions: (i) for prohibiting acts of SEA; (ii) that establish the obligation to immediately report to IFAD or the Government incidents of SEA; and (iii) that establish immediate termination of contract based on proven acts of SEA. All contracts with contractors and service providers and other third parties will include provisions for the protection of labour rights and working conditions.

10. All grievances (including reports on SEA and violations of worker rights and conditions) received and action taken to address them will be reported to the relevant CPMO, PPMO and the steering committee. The CPMOs and the PPMO shall ensure that all complaints received and actions taken are included in the progress reports to IFAD.

Monitoring and Reporting

11. Meetings with stakeholders shall be documented, highlighting agreements and ways forward which will be monitored throughout project implementation.

Sample Formats

Sample Good Practice Guides and Forms are attached for reference. These include

- Figure A1: Record of Stakeholder Concerns;
- Figure A2: Sample Grievance Receipt Form;
- Figure A3: Case Record Matrix;
- Figure A4: Sample Reply Format to Complainant;
- Figure A5: Case Closure/Resolution Form.

These samples will be translated into local language ensuring due regard for cultural sensitivity.

Figure A1: Record of Stakeholder Concerns

POST DRM

L. Attachment 3. Record of Stakeholder Concerns

No	Query or Comment	Issue	Parties making comments	Reply by the Project
1				
2				
3				
4				
5				

- Provide the summary of the main concerns regarding the project, its environmental and social impacts and risks, and the environmental and social management measures and instruments.
- Descriptive record of the main concerns raised by the parties concerned and other stakeholders of the Project.
- Provide signed attendance, disaggregated by gender and ethnicity.
- Include section on photo-documentation

Figure A2: Sample Grievance Receipt Form

N. Attachment 5. Sample Grievance Receipt Form

RECEIPT FORM # ___			
Indicate Name of the Executing Unit:			
Indicate Project Name:			
REGISTRATION OF THE GRIEVANCE			
Date and time received			
Place received			
Party receiving it	Name		
	Position		
Means of reception	a) Verbal		
	b) Telephone		
	a) Written	Letter (Registration N ^o . assigned)	
		E-mail:	
	d) Office providing Permanent Attention		
e) [Indicate other means]			
I. PERSONAL DATA			
Does the person want to identify itself? Otherwise			
		Yes	No
Name and surnames			
Address		District	
Tel. #		E-mail	
[Add other information]			
II. INFORMATION ABOUT THE CASE			
2.1 Type of case			
a. Grievance		c. Query	
b. Claim		d. Other	
2.2 Subject of the case		2.3 Details of the grievance	
a. [Indicate topic. For example: "Environmental aspects of the Project"]			
b. [Indicate topic]			
2.4. Request concerning the grievance (indicate)		<i>(indicate)</i>	
2.5 Documentation provided by the complainant (reports, photographs, among others) (indicate)		<i>(indicate)</i>	
III. ADDITIONAL REMARKS			
Name of the person responsible for case		Name of the party presenting grievance	
Position	Signature	Position	Signature
The information contained in this form has been provided voluntarily and authorized by the above signer. The institution guarantees the confidentiality of the information registered and its use for the corresponding purposes.			
Note: A copy of this form is given to the person who filed the complaint.			

Figure A3: Case Record Matrix

O. Attachment 6. Case Record Matrix

Case No	Information on the Complainant						Info on grievance		Forwarded			Case closure			
	Date registered	Name	Tel #	E-mail	Address	Anonymous	Issue	Request	Area forwarded to	Date of forwarding	Date of reply from the area	Issuance of reply to complainant	Closure date	Days for processing	Amount executed for case processing
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															

Figure A4: Sample Reply Format to the Complainant

P. Attachment 7. Sample Reply Format to the Complainant

REPLY FORM TO GRIEVANCE # ____			
Executing Unit:			
Project Name:			
Date of Reply:			
I. PERSONAL DATA			
Name			
Address		Bgy/Mun	
II. REPLY TO GRIEVANCE FILED			
<p><u>SITUATION 1 - ACCEPTED:</u> We inform you that your grievance has been ACCEPTED, considering that (explain the reasons for the answer).</p> <p>Therefore, in order to act on what was filed, [Executing Unit] will carry out the following actions (indicate the actions):</p> <p><u>SITUATION 2 - DECLINED:</u> We inform that, considering (explain the reasons / support for the answer), your claim has been DECLINED.</p>			
Name of the person responsible for case		Name of the complainant who filed the grievance	
Position		Position	
Signature		Signature	

Figure A5: Sample Case Closure/Resolution Form

Q. Attachment 8. Sample Case Closure/Resolution Form

CASE CLOSURE FORM # ____			
Indicate Name of the Executing Unit:			
Indicate Project Name:			
Delivery Date:			
I. PERSONAL DATA			
Name and surnames			
Address		District	
II. GENERAL DESCRIPTION OF THE CASE			
IV. SUMMARY OF MEASURES IMPLEMENTED			
1.			
2.			
3.			
4.			
5.			
Name of the person responsible for case		Name of the complainant who filed the grievance	
Position		Position	
Signature		Signature	

STAKEHOLDER ENGAGEMENT PLAN

1. INTRODUCTION

1.1 Project Rationale

The rationale for IFAD investments is pillared on several development challenges and opportunities that have emerged from the transition period of the Rural Revitalization since the nation-wide eradication of rural absolute poverty declared in 2020.

The ongoing Rural Revitalization presents good opportunities for investments in modernizing the large-scale agricultural production, and in revitalizing the rural livelihoods in a climate-resilient and community-governed manner. The modernization of agriculture can lead to improved agricultural efficiency, reduced operating and financial costs, and increased income for the leading players of agri-value chains, the revitalization of rural livelihoods through improved living conditions to increased well-being assets for both the rural community and individual households. However, it also presents the risk of marginalization of smallholder farmers and their organizations lagging in active participation and equitable sharing of development opportunities and benefits in the middle of industrialized agricultural sector modernization, agri-value chain development, and rural livelihood reengineering. Specific associated challenges arise and they could be summarized as follows:

- Reduced discourse power of the smallholder farmers and their organizations in the middle of increasingly larger scale production and corporate-led marketing,
- uneven agricultural productivity due to limited modern technical capacities and inefficient on-farm infrastructures,
- risks of environmental pollution, non-sustainable use of natural resources, increased losses and wastes derived from production and post-harvest management leading to negative impacts on the ecosystem and biodiversity,
- difficulties in accessing markets due to scale of production but of low value-addition and underdeveloped value chains,
- limited capital inputs because of difficulties in accessing financial resources and services,
- lack of environment-friendly, climate-resilient community and sustainable capitalization at both community and household levels, and absence of adaptive capacity building for beneficiary-governed management system, and
- Critical funding gap in government budget for some rural infrastructure and public services, especially rural waste water and solid waste management, and the sustainable management of the natural capital, such as agricultural landscapes and ecosystems.

These challenges highlight the need for green agriculture, and inclusive and sustainable rural development in the country and especially in Gansu where factors mentioned above are very present.

IFAD has the country comparative advantages of pro-poor and inclusive rural development, targeting of the vulnerable and disadvantaged people, sustainable O&M and community-governed mechanisms, climate-smart and value chain-led agricultural development, and capacity building of smallholder farmers and their organizations including cooperatives, rural economic entities, and other agro-business entities under various public-private partnership models. These advantages enable IFAD to support smallholder farmers and rural communities in the mainstreams of organized agricultural production and rural revitalization, to adopt more efficient, resilient and environmentally friendly practices, to access markets and services, and to participate in decision-making processes that affect their socio-economic discourse power and well-being.

It was in this context and in recognizing IFAD's comparative advantage and relevant long-term experience, that the Government expressed a demand for IFAD to continue to support its agriculture and rural development agenda. IFAD is expected to bring expertise in innovative approaches into the country in support of the ongoing Rural Revitalization,

especially by piloting and demonstrating replicable development business models of innovative and scaling-up potential. In addition, the project will foster the building of sustainable rural institutions, leveraging financing to project areas, and contribute to global public goods in terms of reducing carbon emission, environmental improvement, knowledge and experiences in arid and semi-arid agriculture and adaptive rural community building and governance;

The main opportunities or project responses for IFAD are identified as: (i) increasing demand of the rural men and women for capacity building in organized production and processing, and in participation in decision-making; (ii) strong needs of the rural people in access to development opportunities, technologies and services in order to share the benefits of rural growth; (iii) emphasis on socio-economic inclusiveness, environment-sensitivity and climate-resilience for industrialized scale agri-production; (iv) needs of new technologies and management models in production and post-harvest management; and (v) introduction of sustainable O&M and adaptive capacity building and innovative models for rural community management.

1.2 Project Development Objective and Project Components

1.2.1 Project development objective

At the request of the Government of the People's Republic of China, the International Fund for Agriculture Development designed a new project titled *The Gansu Demonstrative Rural Revitalization Project (GD2RP)* in close coordination with the Provincial Rural Revitalization Bureau in the Gansu Province. Despite the transformation in the agriculture sector, China's production base still relies extensively on smallholder participation. However, the smallholders face constraints in increasing productivity and accessing markets due to the small size of their landholding, limited access to capital, poor productivity, high levels of vulnerability to climate risks and poor integration with markets. The current production practices are not well adapted to climate risks and lead to poor soil management practices, high losses due to inability to withstand the impact of droughts and other climate risks.

The goal of the GD2RP is to contribute to the consolidation of no poverty (SDG1) and no hunger (SDG2), and food security with innovative and scalable good practices and reference. **The development objective** is to support the country's ongoing Rural Revitalization by piloting inclusive and innovative business models that promote sustainable and climate-resilient agriculture and building community adaptive capacities (SDG 17), thus facilitating the adoption of green and resilience concepts in rural revitalization in the project area of Gansu Province.

1.2.2 Project components

Two technical components were designed on the basis of the project framework proposed in the PCN mission, namely: Component 1 – Sustainable green agricultural development, and Component 2 – Building community resilient capacities, supported by a Component of Policy and institutional capacity building.

Component 1 of Sustainable green agriculture will promote and safeguard the socio-economic inclusiveness in the middle of agricultural modernization and Rural Revitalization, while green technologies will be introduced to support the agriculture's market-led and industrialized transformation and productive capitalization. Three subcomponents were designed in support, entailing related technical interventions and investments.

Subcomponent 1 – Inclusive support to smallholder farmers aims to reach the most disadvantaged segments of the project's target group through several tailored interventions, so that the smallholder farmers will participate in the agriculture and rural development sector through their grassroots organizations such as farmers' cooperatives, Rural Economic Development Cooperatives (REDC), family farms and small agro-enterprises.

Subcomponent 1.2 – Eco-friendly transformation aims to promote the adoption of green and modern technologies, so that the introduced technologies, practices, and business models in the process of transformation will not compromise the protection of eco-environment while searching improved efficiency, quality, competitiveness, and diversification.

Subcomponent 1.3 - Public productive infrastructures. This sub-component will address some of the major gaps in the current infrastructure system in the project counties, which may limit the effectiveness of the proposed project activities related to the development of green agriculture and its transformation into eco-friendly, market-led and diversified modern agriculture. The sub-component will assist to improve and expand the public infrastructure systems in its productive capitalization through a combination of physical improvements, institutional strengthening and technical assistance. The expected immediate results will be high standard farmland secured and expanded, sustainable irrigation system constructed, saline land improved, production road access consolidated, market trade enhanced, processing and storage capacities upgraded among others.

Component 2 – Building community resilient capacities aims to build the community-based well-being assets and capacities as integrated part of the improved rural livelihoods under the ongoing Rural Revitalization. While government-funded programmes will provide the majority of investments in support, IFAD will invest in the assurance non-productive capacities adapted to related green technologies, and encouraging the pursue of innovations in community-governed management models. This will be translated into IFAD funding in support of participatory planning and the process of establishing sustainable O&M mechanisms where applicable.

Subcomponent 2.1 – Participatory planning and good governance. This intervention will follow the government guiding principle in the good governance of Rural Revitalization, especially in relationship with villagers' autonomy as the core and recognizing the villagers' council as supervisory committee in the safeguard of villagers' rights to participation, expression and supervision. The project will finance the participatory process of village planning and governance definition and implementation, which should result in activity and budget planning of investments and activities under subcomponent 2.2, and the establishment of villagers-governed and socially inclusive O&M committees for related projects, in close relationship with *activity – 2.2.6*, but with emphasis on long-term sustainability and as part of the project exit strategy.

Sub-component 2.2 - Climate-resilient community infrastructures and service facilities will support the building of climate-resilient community infrastructures. All infrastructures supported under this sub-component will be climate-resilient community infrastructures.

Component 3 of policy and management will highlight its actions in policy engagement, institutional capacity building, domestic and south-south knowledge exchange, M&E and KM, Prudential Financial management, effective procurement management and overall project management.

1.3 Purpose of the Stakeholder Engagement Program

The Stakeholder Engagement Program for the GD2RP project serves as a crucial framework for managing interactions with various stakeholders. It ensures that the project's objectives align with stakeholder expectations, promotes open communication, mitigates potential risks, and fosters inclusive decision-making. Stakeholders, including local communities, government entities, and international organizations, play a pivotal role in determining the project's success. This plan seeks to identify and engage with all relevant stakeholders, understand their interests and concerns, and develop tailored strategies for effective communication and collaboration.

Moreover, the Stakeholder Engagement Plan serves as a risk mitigation tool, helping anticipate areas of potential conflict and resistance due to conflicting interests or lack of information. This approach fosters a collaborative environment where stakeholders feel valued and included, increasing their likelihood to support the project and advocate for its success. Additionally, involving stakeholders in the decision-making process enhances the project's legitimacy and ownership, leading to more sustainable and acceptable results.

2. STAKEHOLDER IDENTIFICATION AND ANALYSIS

2.1 Affected Parties

The main target groups of the project will be smallholders especially women and youth, cooperatives, enterprises involved in the three selected value chains.

A majority of the direct beneficiaries of GD2RP will be smallholders who manage their own production, out-rent their land or work as paid labour in the production of the selected agricultural activities, participate in the various training programmes for strengthening their technical and management capacity. Direct beneficiaries will also include those who have benefited through increased sales or employment in the enterprises supported by the project. The project will include cooperatives as a key institution for smallholder farmers and capitalize on their role as investor-owned enterprises or land-shareholding cooperatives which enables members an opportunity to earn wages, secure land rents or a share in the profits.

A special effort will be made to ensure that women farmers are part of the decision making and that women led cooperatives, women-led courtyard economy and women entrepreneurship have preferential access to training, production inputs and access to markets. A gender strategy has been detailed and included as part of the design. An inclusive targeting strategy will also apply with sensitivity for youth and ethnic minorities, where youth entrepreneurship and employment opportunities in sustainable green agriculture development will be promoted. Furthermore, mid-term and endline project targets for benchmarking gender and youth focus of the project will be developed for inclusion in the log-frame and measured through the project M&E system.

2.2 Disadvantaged Groups

Whilst rural poverty has been eliminated in China, rural areas have experienced massive urban migration of the active workforce due to the large gap between urban and rural salaries and the limited income-generating opportunities in the rural areas. Rural villages today are characterized by a population which mainly comprises elderly, some middle-aged women taking care of the elderly parents, who represent about 60% of the labour force in rural areas, young children, and sick and/or people with disabilities. Rural families are often dependent on remittances provided by migrant worker family members, complemented by some income from small-scale production and local labour. The contribution of agriculture to the rural household income has declined over time, and income-generating opportunities are mostly in value added activities such as processing or high value crops. There is urgent need to revitalize rural areas to stem the tide of urban migration.

2.3 Analysis of Stakeholders

2.3.1 Direct Beneficiaries

Estimation of Beneficiaries: From preliminary estimates provided by the county PMOs, it is expected that the GD2RP will be able to reach around 259,000 smallholder households. It is expected that women and youth beneficiaries of the project will comprise 50% and 30% of the total beneficiaries.

Smallholder farmer households in China have very smallholdings and 90% of smallholders farm on less than 1 ha of land. Many of them have adopted a model of part-time management of agricultural production which allows them to alternate between farming in busy seasons with working in cities in slack seasons. Given the peculiar land ownership and use rights pattern in China, smallholders rent-out or rent-in land based on their livelihood strategies, and they are not well involved in the agribusiness in the project area. After the declared eradication of extreme poverty in February 2021, the government has redefined the focus support group in its state's well-being register system as **vulnerable smallholder farmer households**, which constitute of five categories, or: (i) households of subsistence allowance, (ii) households of marginal subsistence allowance, (iii) extremely difficulty households, (iv) former registered poor households under continued monitoring, and (v) low-income households. Typically, the first three categories lack active labour and they receive welfare allowances from the government. In 2022, More than 2.25 million people live in the six project counties, of which, 48.4% live in the rural area. 35.1% of the population in the counties are classified as active agricultural labour, and 18.0% considered as vulnerable households which are being monitored in the state's well-being register system due to the potential risk of slipping back into poverty. On average, the landholding of arable land in the counties varies between 1.45 mu to 8.5 mu per person, and the forest landholding in the counties varies between 0 mu to 39.5 mu per person. While farming is a key source of income, households also rely on off-farm

income. smallholder farmer households are not well involved in the agribusiness in the project area. According to the data provided by county PMOs, only 167,000 farmers owned the membership of cooperative, and 141,000 rural households connected their production with leading enterprises. Meanwhile, farmers access to capacity building is limited. In 2022, only 99,000 farmers obtained the chance for technical training; and marketing skill training was even far more less, only two project counties provided training in 2022, and covered 2,700 farmers. The average net income per capita in rural of seven project counties is CNY14,486, which is 72.0% of national level.

Rural women are the primary labor force in the project counties due to the long-term massive rural labor migration to urban areas. Overall, rural women have accessed to more opportunities to participate in agricultural development and community affairs, and gaining improved social and economic status. However, with the burden of both agriculture and housework, rural women are mostly restrained to gain income from on-farm production and labor work nearby. This limits their opportunity to obtain knowledge, skills and information, and there is still a distance for them to fully participate in decision-making on community development. Despite these challenges, rural women are eager for development opportunities locally, and Their umbrella organization - Women's Federation (WF) is a grassroots agency dedicating in promoting the women's rights and interests. Rural women take 49.1% of the population in six project counties with a vulnerable position. With limited income generation opportunities in rural, about 60% of women labors have to stay in rural playing the role of taking care family instead of engaging in urban migrant job. Only 16.4% of village heads is shared by women; women-led cooperative and women-led enterprises take 8.5% and 6.7% in the project counties. With only 11.9% household head positions, the cooperative membership and contract with enterprise normally signed under the name of male household head, even women are the majority of the production; and women only shared 29.4% of technical training opportunities in 2022.

Rural youth are the most active force for rural revitalization, and youth accounts for 35.1% in six project counties. However, due to a lack of opportunities and investment capital to make a satisfying income in rural areas, they often migrate to urban areas for better income. Limited employment options often lead to unsustainable situation either they seek urban or rural employments. To address this issue, it is worth exploring entrepreneurship and employment opportunities in agribusiness to attract and sustain youth in rural and agricultural sectors. Youth are however dynamic and often more skilful with IT and digital technologies and their application. They are also a growing force in rural entrepreneurship by starting up their businesses for self-employment and providing employment opportunities to the others. There will a need of further providing tailored training to encouraging and coaching the youth in their agricultural venture and entrepreneurship.

Ethnic minorities are integrated into the mainstreams of the society in China, and the government provides preferential policies and support to them in social, cultural, and economic development compared to the majority of Han population. In the project counties, minorities are comparatively concentrated in Tianzhu (40.6% of the total population) and Huating (11.6% of the total population), with Tianzhu being a Tibetan autonomous county. Similarly as the report of ADB ongoing project in Gansu stated, there is no significant differences exist between ethnic minorities and Han residents in terms of language and socioeconomic conditions. Given their unique conditions and traditions for developing featured agriculture and cultural products, minorities in the project counties require tailored support for skill development and value chain improvement.

2.3.2 Government Departments and international Organizations

At the national level, the National Development and Reform Committee (NDRC), Rural Revitalization Bureau (RRB), the Ministry of Agriculture and Rural Affairs (MARA), the Ministries of Water Resources (MOWR), the Ministry of Transport (MOT) is responsible for overall social-economic development planning, forestry development planning, irrigation and water resources management, agriculture, rural roads respectively. They provide respective policy advice, technical guidance and programme supports to provincial and local governments and relevant institutions. At the provincial level, the Provincial

Development and Reform Committee (PDRC), Rural Revitalization Bureau (RRB), Agriculture and Rural Department (ARD), Department of Water Resources (DOWR), and the Department of Transport (DOT) are the line agencies respectively. They issue provincial sector development strategies, policies, plans and technical guidelines, formulate and implement work and budget plans for provincial government funded programmes and projects. At county levels, the counterpart agencies are the Bureau of Development and Reform (BODR), the Bureau of Water Resources (BOWR), the Agriculture and rural Bureau, the Bureau of Transport (BOT) respectively. They formulate and implement county level sector development plans and projects, review and approve system planning and project designs for relevant investment activities, supervise their implementation, and advice system operation and management.

The government institutions especially the Rural Revitalization Bureau (RRB) will benefit from project implementation in enhancing their capacity for sector development policy analysis, technology exploration and networking with all stakeholders of public and non-public nature to support the sector development.

Cooperating with Gansu Provincial Government, Asian Development Bank supported Gansu Environmentally Sustainable Rural Vitalization and Development Project during 2022 to 2028.

2.3.3 Private Sector entities

There are a 465 dragon head enterprises are active in the agro-business in six project counties. These enterprises are very important smallholder farmer households linking to the market.

Farmers' cooperative has been being strongly promoted by the government at all levels, it is important organization for farmers to link their production with the market, especially for smallholder farmers.

2.3.4 Project level entities

The project will be executed and coordinated by the Provincial Rural Revitalization Bureau (PRRB) in Gansu. A Provincial Project Management Office (PPMO) will be set up in the PRRB, and PPMO will undertake the day-to-day coordination and management of the project. The PPMO in the PRRB will be staffed adequately with the key functions necessary for the management of the project. The Department/Bureau of Finance (BOF) at Provincial/County level will be responsible for administering project resources, including the IFAD loan and counterpart funds.

An Inter-departmental coordinating mechanism will be established at the provincial level for this purpose composed of departments/bureau including rural revitalization, finance, development reform at the least. At the county level, the Vice Governor will lead the county level coordination with member agencies including rural revitalization, finance, agriculture and rural affairs, development reform, water, land, environment protection. The Women's Federation (WF) and Youth League (YL) in the counties will be assigned responsibilities in supporting women and youth related activities and leverage opportunities for further supporting women and youth in the project area.

County Project Management Offices (CPMO) will be established at the County Rural Revitalization Bureau (CRRB) in each county taking charge of overall and detail project management tasks. Specifically, county Women Federation (WF) will be assigned as a deputy director member of the CPMO to facilitate women's participation. Relevant technical bureaus in the counties will also be mobilized to support implementation of the related project activities.

Village Implementation Groups (VIGs) will be established in the administrative villages targeted by GD2RP. VIGs, with the guidance of township government office, will support the project implementation in functions such as beneficiary engagement and targeting, monitoring and grievance redress, facilitating households' partnership with enterprises, O&M of project supported public infrastructure at community level, etc.

Annex 5 – Proposed outlines of Business Plan proposal

1. PROPOSING UNIT:

- 1.1 NAME OF THE VILLAGE(S) AND COOPERATIVE
- 1.2 DATE OF REGISTRATION
- 1.3 PRODUCT OR INDUSTRY CATEGORY
- 1.4 CURRENT BUSINESS ACTIVITIES
- 1.5 CURRENT FINANCIAL SITUATION
- 1.6 CURRENT BUSINESS RELATIONSHIPS

2. BACKGROUND SITUATION OF THE RELATED ‘INDUSTRY’

- 2.1 CURRENT INDUSTRY STATUS IN THE PROJECT AREA
- 2.2 EXISTING PROBLEMS
- 2.3 BUSINESS OPPORTUNITIES

3. PURPOSE, OBJECTIVES AND LOGICAL FRAMEWORK

- 3.1 PURPOSE
- 3.2 OBJECTIVES
- 3.3 LOGICAL FRAMEWORK OF PROJECT DESIGN

4. RATIONAL OF THE PROPOSAL

5. MAIN BENEFICIARIES

- 5.1 DIRECT BENEFICIARIES
- 5.2 INDIRECT BENEFICIARIES

6. DESCRIPTION OF THE INVESTMENT

- 6.1 INVESTMENT IN MANAGEMENT FACILITIES OF BUSINESS ENTITY
- 6.2 INVESTMENT IN PRODUCTION FACILITIES, TYPE, AREAS (MU), HOUSEHOLDS (NO.)
- 6.3 INVESTMENT IN PROCESSING AND MARKETING FACILITIES, TYPE, SIZE, LOCATION, ETC.
- 6.4 INVESTMENT IN SERVICES AND TRAINING, INCLUDING WHO IS PROVIDING SERVICES AND TRAINING, CONTENTS, TIMING, NUMBER OF HOUSEHOLDS RECEIVING SERVICES/TRAINING, ETC.
- 6.5 PRODUCT BRAND/CERTIFICATION
- 6.6 INVESTMENT IN OTHER ACTIVITIES, PLEASE DESCRIBE HERE ANY OTHER PROPOSED INVESTMENTS NOT COVERED ALREADY IN THE ABOVE SECTIONS
- 6.7 DETAILED COST TABLES, FOLLOWING THE SAME STRUCTURE ABOVE

7. FINANCING ARRANGEMENTS

8. ORGANIZATIONAL ARRANGEMENTS

9. CASH FLOW AND FINANCIAL ANALYSIS

10. BENEFIT SHARING AND POVERTY IMPACT

11. MARKET ANALYSIS AND COMPARATIVE PRODUCTION COST ANALYSIS

12. SAFEGUARDS

- 12.1 ENVIRONMENTAL SAFEGUARDS
- 12.2 MARKET SAFEGUARDS
- 12.3 TECHNICAL SAFEGUARDS
- 12.4 FUND SAFEGUARDS
- 12.5 SOCIAL SAFEGUARDS

Annex 6 - Review tool for Business Plan (BP) financing

Name of Business entity:

xxx

#	Descriptions	Remark	Verification	Results	score	weight
		Supporting materials	In addition to the text description and data, select Yes, No, or Not Sure from the checklist.	Verify the specific results for the items that are "uncertain" in the verification, and select "Yes" or "No" by the option box.		
1	Applicant entity				6	6%
1.1	Registered with Business Regulatory Bureau/Dept., and the Market Supervisory Bureau with a Unified Social Credit Code, no record of business closure or termination	A copy of the business license, in the National Enterprise Credit Information Publicity System	Yes/No/Not sure	Yes/No	1	0~1%
1.2	Previous Annual Report (published)	Annual report submitted through the National Enterprise Credit Information Publicity System (published)	Yes/No/Not sure	Yes/No	1	1%~2%
1.3	Use computerized accounting system for the previous year and the three statements (assets and liabilities, profit, cash flow) and the statement of changes in equity are complete.	The financial system generates reports	Yes/No/Not sure	Yes/No	1	2%~3%
1.4	Commitment to establish an internal social responsibility reserve (fund). The reserve will be included at least 1 per cent of annual operating income from the year of commencement of the business plan	A copy (seal) of the official decision of the business entity and the relevant plan	Yes/No/Not sure	Yes/No	1	3%~4%

	(including the current year) and at least until the end of project completion year. The reserve is mainly used to help the emergency accidents of vulnerable rural employees within the business entity, or to support the vulnerable groups in the community or respond to natural disasters					
1.5	Accept the normalization of financial accounting automation	Encourage the use of financial accounting software as promoted by MARA	Yes/No/Not sure	Yes/No	1	4%~5%
1.6	No bad records related to environmental pollution and water and soil resources	There is no record of environmental penalties or has been rectified	Yes/No/Not sure	Yes/No	1	5%~6%
2	Beneficiary groups				6	6%
2.1	At least 50 people are currently provided with production and employment opportunities (at least 6 people in family farms, including family members who are self-employed)		Yes/No/Not sure	Yes/No	1	0~1%
2.2	At least 80 people will be directly engaged in production or employment at the start of the project	Draft a plan and indicate what kind of production the new recruits are engaged in, or what kind of employment they are engaged in, whether they are full-time or part-time	Yes/No/Not sure	Yes/No	1	1%~2% plus 4%-5%.
2.3	40% women from new beneficiaries	Draw up a plan and indicate the number of villages and villages from which the new personnel are engaged in production or employment	Yes/No/Not sure	Yes/No	1	2%~3%
2.4	12% of former registered poor	Former registered poor as in the state system	Yes/No/Not sure	Yes/No	1	3%~4%
2.5	25% of youth members (18-45 years old)		Yes/No/Not sure	Yes/No	1	5%~6%
3	Business operations				20	20%
3.1	The business in operation for at least three years	At least three years up to the time of application, legally registered or non-registered.	Yes/No/Not sure	Yes/No	5	0~5%

3.2	Business Strategy (Lead, Follow, Join.....)	Refer to the business plan proposal	Brief description	Brief description	5	5%~10%
3.3	Main sources of operating income: production, processing, services, others (indicated)	Income statement	Brief description	brief description	10	10%~20%
4	Expected purpose				20	20%
4.1	Improve the current production, processing, marketing, service model, and others (indicated)		Yes/No/Not sure	Yes/No	10	0~10%
4.1	New production, processing, marketing, service, and others (indicated)		Yes/No/Not sure	Yes/No	10	10%~20%
5	Organizational and operational reliability				20	20%
5.1	At present, the property rights and creditor's rights are clear, and the financial structure is reasonable	Equity/Total Assets \geq 50%	brief description	brief description	4	0~4%
5.2	Debt repayment within two years, debt repayment ability secured	Balance sheet	brief description	brief description	6	4%~10%
5.3	Last year's profit (positive after break-even)	Income statement	Yes/No/Not sure	Yes/No	4	10%~14%
5.4	Last year's cash flow results were positive	Cash flow statement	Yes/No/Not sure	Yes/No	3	14%~17%
5.5	Positive cash flow forecast for the next six months		Yes/No/Not sure	Yes/No	2	17%~19%
5.6	Currently bank loans	If so, what is the loan amount	Fill in the data	Fill in the data	1	19%~20%
6	BP investment				10	10%
6.1	Presentation of the project that is expected to generate revenue in the business plan (see Chapter 6)	The name of the revenue-generating project and the amount of expected revenue	brief description	brief description	2	0~2%
6.2	The BP project is in line with the local agri-sector development priorities		Yes/No/Not sure	Yes/No	1	2%~3%
6.3	Procurement method and pre-completion date (March, June, December)	Clarify the procurement method and the planned completion time	brief description	Textual description	2	3%~5%
6.4	Proposed project investment amount		Fill in the data	Fill in the data	2	5%~7%
6.5	The amount and proportion of self-investment (including bank loans or other external financing). (No matching required)		brief description	Textual description	2	7%~9%

6.6	Proportion of bank loans or other external financing		brief description	Textual description	1	9%~10%
7	Success factors				8	8%
7.1	Operating cash flow	Cash flow statement	Fill in the data	Fill in the data	3	0~3%
7.2	Repayment of short-term (current) liabilities if any	Current Assets/Current Liabilities ≥ 1	Fill in the data	Fill in the data	3	3%~6%
7.3	Profit-making assets increased or decreased in 24 months		Fill in the data	Fill in the data	2	6%~8%
8	Analysis of potential risks and mitigations	Asset quality, liquidity, financing and debt repayment, and social risks	brief description	brief description	10	10%
9	Bonus points				6	6%
9.1	Women and youth as leaders or directors of the Board		Yes/No/Not sure	Yes/No	1	0~1%
9.2	Farmers have contract farming arrangements and/or formal contracts for the currently employed		Yes/No/Not sure	Yes/No	1	1%~2%
9.3	Ethnic minorities are included		Yes/No/Not sure	Yes/No	1	2%~3%
9.4	Quantified commitments on profit sharing with the target groups		Fill in the data	Fill in the data	1	3%~4%
9.5	Potential of expanding or improving the local agri-value chains and increase the price premium		Yes/No/Not sure	Yes/No	1	4%~5%
9.6	Coherence with environment safeguard and climate resilience building		Yes/No/Not sure	Yes/No	1	5%~6%

Annex 7 – MGT BP review tool

MGT BP review tool (1.2.1 and 1.2.2)						
Name of applicant business entity:		xxx				
#	Descriptions	Remark	Verification	Results	score	weight
		Supporting materials	In addition to the text description and data, select Yes, No, or Not Sure from the checklist.	Verify the specific results for the items that are "uncertain" in the audit situation and select "Yes" or "No" by the option box.		
1	Applicant agribusiness				6	6%
1.1	Legally registered at supervisory agency and obtained its standard social credit code issued by the market supervisory bureau	A copy of the business license, the National enterprise credit information publicity system	Yes/No/Not sure	Yes/No	1	0~1%
1.2A If cooperative	Comprehensive records and public dissemination of meetings of the Annual Member Assembly, Board and Executive Committees of last year	Copy of registration	Yes/No/Not sure	Yes/No	1	1%~2%
1.2B Private company	Previous Annual Report (published). Annual report (publicity) submitted through the National Enterprise Credit Information Publicity System	Annual report submitted through the National Enterprise Credit Information Publicity System (Published)	Yes/No/Not sure	Yes/No	1	1%~2%
1.3	Financial statements (Assets and liabilities, Income and losses, and cash	The financial system generates reports	Yes/No/Not sure	Yes/No	1	2%~3%

	flow) generated from the standard accounting system of the last year					
1.4A Cooperative	Plan of dividend distribution within last three years approved by Annual Member Assembly	copy	Yes/No/Not sure	Yes/No	1	3%~4%
1.4B Private company	Commitment to establish an internal social responsibility reserve fund. From the year of the start of the business plan (including the current year), at least until the project completion date, at least 1% of the annual business income will be retained in the reserve. The reserve is mainly used to help the emergency cases of vulnerable rural employees within the business entity, or to support vulnerable groups in the community or respond to natural disasters. (Attached a stamped resolution of the Board of directors)	A copy (seal) of the official decision of the business entity and the relevant plan	Yes/No/Not sure	Yes/No	1	3%~4%
1.5	Automatized/computerized financial and accounting system	Use financial accounting software	Yes/No/Not sure	Yes/No	1	4%~5%
1.6	No bad record of environment violation, pollution and misuse of water and soil resources	There is no record of environmental penalties or has been rectified	Yes/No/Not sure	Yes/No	1	5%~6%
2	Beneficiary groups				6	6%
2.1	At present, at least 50 people are provided with production and employment opportunities, including joint business plans, all participating cooperatives and private companies, including family members who are self-employed).		Yes/No/Not sure	Yes/No	1	0~1%
2.2	At least 500 households will directly benefit from the start of the project	Draft a plan and indicate what kind of production the new personnel are	Yes/No/Not sure	Yes/No	1	1%~2% plus 4%-5%.

		engaged in, or what kind of employment they are engaged in, whether they are full-time or part-time				
2.3	Increase the number of people directly engaged in production and employment by at least 40% women	Draw up a plan and indicate the number of villages and villages from which the new personnel are engaged in production or employment	Yes/No/Not sure	Yes/No	1	2%~3%
2.4	At least 12% of the number of people directly involved in production and employment are former registered poor	Poverty alleviation households and "three types of households" in the state-run system	Yes/No/Not sure	Yes/No	1	3%~4%
2.5	Participating youth members (18-45 years old) at least 15%		Yes/No/Not sure	Yes/No	1	5%~6%
3	Business Operations				20	20%
3.1	The property has been in operation for at least two years	At least two years up to the time point at which the business plan is submitted; Calculated from the actual business activities, it is not related to the registration.	Yes/No/Not sure	Yes/No	5	0~5%
3.2	Market Management Strategy (Lead, Follow, Join.....)	To be assessed by the reviewers from the business plan	brief description	Textual description	5	5%~10%
3.3	Main sources of operating income: production, processing, services, others (indicated)	Income statement	brief description	Textual description	10	10%~20%
4	Intended objective				20	20%
4.1	Improve the original production, processing, marketing, service model, and others (indicated)		Yes/No/Not sure	Yes/No	10	0~10%

4.1	New production, processing, marketing, service, and others (indicated)		Yes/No/Not sure	Yes/No	10	10%~20%
5	Organizational and operational reliability				20	20%
5.1	At present, the property rights and creditor's rights are clear, and the financial structure is reasonable	Equity/Total Assets \geq 50%	brief description	Textual description	4	0~4%
5.2	Debt repayment within two years, debt repayment ability secured	Balance sheet	brief description	Textual description	6	4%~10%
5.3	Last year's profit (positive after break-even)	Income statement	Yes/No/Not sure	Yes/No	4	10%~14%
5.4	Last year's cash flow results were positive	Cash flow statement	Yes/No/Not sure	Yes/No	3	14%~17%
5.5	Positive cash flow forecast for the next six months		Yes/No/Not sure	Yes/No	2	17%~19%
5.6	Number of other cooperatives/business entities participating in the Joint Business Plan	Less than 4 or greater than 4 (less than 4=0 value; Greater than 4 = 1	Fill in the data	Fill in the data	1	19%~20%
6	BP investments				10	10%
6.1	Presentation of the project that is expected to generate revenue in the business plan (see Chapter 6 of BP proposal outlined in annex 5)	The name of the revenue-generating project and the amount of expected revenue	brief description	brief description	2	0~2%
6.2	The investment project is in line with the local development in agri-sector		Yes/No/Not sure	Yes/No	1	2%~3%
6.3	Procurement method and pre-completion date (March, June, December)	Clarify the procurement method and the planned completion time	brief description	brief description	2	3%~5%
6.4	Proposed project investment amount		Fill in the data	Fill in the data	2	5%~7%
6.5	The amount and proportion of self-investment (including bank loans or other external financing) as matching		brief description	brief description	2	7%~9%

6.6	Proportion of bank loans or investments from other entities participating in joint business plans		brief description	brief description	1	9%~10%
7	Success factors				8	8%
7.1	Operating cash flow	Cash flow statement	Fill in the data	Fill in the data	3	0~3%
7.2	Repayment of short-term (current) liabilities	Current Assets/Current Liabilities \geq 1	Fill in the data	Fill in the data	3	3%~6%
7.3	Profit-making assets increased or decreased in 24 months		Fill in the data	Fill in the data	2	6%~8%
8	Analysis of potential risks and mitigations	Asset quality, abundant funds, financing and debt repayment, and social risks	brief description	brief description	10	10%
9	Bonus points				6	6%
9.1	Women and young people as leaders or directors of the Board		Yes/No/Not sure	Yes/No	1	0~1%
9.2	Farmers have contract farming arrangements and/or formal contracts for those currently employed		Yes/No/Not sure	Yes/No	1	1%~2%
9.3	Ethnic minorities are included		Yes/No/Not sure	Yes/No	1	2%~3%
9.4	Quantified commitments on profit sharing with the target groups		Fill in the data	Fill in the data	1	3%~4%
9.5	Potential of expanding or improving the local agri-value chains and increase the price premium		Yes/No/Not sure	Yes/No	1	4%~5%
9.6	Coherence with environment safeguard and climate resilience building		Yes/No/Not sure	Yes/No	1	5%~6%

POST DRM

Annex 8: Project Implementation Manual (PIM)

Part II: Financial Management Manual

The Gansu Demonstrative Rural Revitalization Project (GD2RP)

People's Republic of China

Currency equivalent

Currency unit = Chinese Yuan (CNY)
USD 1.0 = 7.1 CNY (November 2023)
USD 1.0 = CNY (November 2023)

Weights and measures

International metric system, unless specifically described in text, except:

- 1 Ha = 15 mu
- 1 mu = 0.067 Ha
- 1 kg = 2 jin
- 1 jin = 0.5 kg

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Chapter 1: FINANCIAL MANAGAMENT MANUAL

1. GD2RP will benefit from the ongoing IFAD funded projects in China. Based on the previous experience to avoid delays are at start-up the project will ensure that: (a) qualified finance staff be appointed at each county PMOs; (b) PIM and FMM be properly prepared, translated and distributed to PPMO and all county PMOs; (c) an accounting software in compliance with international standards be procured (d) retroactive financing will be used to speed up the initial activities as needed (e) continued capacity building for staff at the implementing agencies be conducted at an early phase.

Organization and staffing

2. The PMOs will be staffed with experienced and qualified officers in project management, financial management and procurement. They will also be assisted by officers from the technical line bureaus at each corresponding level. The PPMO and CPMOs will be in charge of the day-to-day management of project activities, overseeing the implementation and supervising the financial progress.
3. The PPMO organization structure will be composed of a Project Director who has the overall responsibility for the project, and a Planning & Financial Officer (Finance Manager) who has financial responsibility. A Finance assistant / consultant can also be staffed as the finance team of the PPMO. The technical officers in the PPMO will have review and pre-approval functions, similarly at the county PMOs.
4. The finance team of each CPMO will be composed of one Accountant with overall financial responsibility at the county level.

Budgeting

5. China has undertaken extensive reforms to its budgeting system over the past ten years. These have encompassed the entire budgeting cycle: formulation, approval, implementation and audit. Under its budgeting system, provincial, and local government, all activities of the government are predetermined and are set out in plans and programs.
6. The Gansu PPMO, after consultations with project stakeholders, shall prepare its annual budget, linking all the planned activities to the disbursement categories of the Schedule II of the Financing Agreement. This exercise will take place in advance of the preparation of the national budget to ensure that the required Government funds are timely allocated. All financing sources of the project should be clearly stated in a consolidated budget.
7. Counterpart funding will be allocated for the project by province, counties and districts. The government will ensure that counterpart funds are contained in the domestic fiscal allocations for each county and that they are released for the project on time. The counterpart funding will be maintained in the Treasury Accounts of the counties and will be used to pre-finance eligible expenditures of the project as well.

Internal controls

8. The internal control arrangements for the project should consider: (a) competent personnel with clear responsibilities and adequate segregation of duties; (b) adequate financial records management system with complete and accurate audit trail; (c) physical safeguard including

regular verifications and controls for assets and financial documents of the project; (d) random independent reviews; (e) clear procedures for timely monitoring and financial reporting from the Implementing Agencies of the project.

In the case of the project it is expected that for each payment sufficient reviews and checks and oversight will be carried out by the County Finance Bureaus.

The accounting software will be used by the project to strengthen the internal control of transactions.

Accounting and Financial Reporting

9. The project will procure a web-based integrated software to support the core management functions at the central and county levels, such as business plan development, financial management and project monitoring and evaluation. The financial management module of the integrated software will comply with the IPSAS Cash Basis of Accounting and will have the functionality to report by disbursement category, project component and financing sources at each level of implementation.
10. The Gansu PPMO will be responsible for the consolidation of the financial information produced in each county. The project will maintain separate accounts or ledgers at every level of implementation and for each financier to be able to generate independent financial information.

External Audit

11. GD2RP's annual accounts will be audited by the Gansu Provincial Audit Office (HPAO) on an annual basis in accordance with International Standards on Auditing (ISA) and following the requirements of the IFAD Handbook for Financial Reporting and Auditing. The audited project financial statements together with the auditor's opinion (following ISA 700) will be submitted to IFAD in the language of the financing agreement between IFAD and China, in this case, the official language of the Financing Agreement is English which should be the main language for reporting. The audit report and separately the management letter, both documents in English and signed by the auditor should be submitted to IFAD within six months from the end of the fiscal year. The Gansu PAO is constituted as an independent body under the National Audit Office (NAO). The NAO delegates to the Provincial Audit Offices (PAOs) the external audits of provincial donor-funded projects in China. IFAD has previous experience with other PAOs, and these audit arrangements are deemed acceptable to IFAD.
12. The objective of the project's annual audit is to enable the auditor to express an opinion on whether the project's financial statements present fairly, in all material respects, its financial position at the end of the fiscal year, and if the results of its operations and cash flows are in conformity with the accounting standards applied by the project as well as the confirmation by auditors whether the funds have been spent on the purposes intended. Compliance with financial reporting, auditing requirements and performance of the auditor will be monitored regularly and during supervision missions.
13. IFAD promotes public disclosure of projects financial information to enhance transparency and accountability. IFAD will disclose GD2RP's audit reports, as appropriate, in line with the IFAD's disclosure policy. Management Letters issued by auditors are not subject to public disclosure by IFAD and therefore, the auditors should separate their main audit report with audited financial statements from the Management letter.

Disbursement

14. GD2RP's withdrawal and utilization of loan proceeds are governed by the IFAD's Financial Management and Financial Control Handbook (FMFCH) and the Financing Agreement between IFAD and the Government of China. Applicable procedures for disbursement, financial reporting and maintenance of appropriate project records will be described in detail in the Financial Management & Financial Control Arrangements Letter (FMFCL) subsequently after the signature of the Financing Agreement.
15. Once the Financing Agreement of GD2RP enters into force, the Ministry of Finance will on-lend the funding to the Gansu Provincial Department of Finance (DoF). At the same time – under the same terms and financing conditions - the DOF will on-lend the funding to the County Finance Bureaus.
16. According to the new Budget Law and the Decree 85 issued by MoF, IFAD loan is required to be included in government budgeting system. However, IFAD funds will be managed by the government treasury. The County PMOs are responsible for preparing the project annual plan and submitting to PPMO for consolidation. Since the required counterpart funds will be fully raised by county government, the CPMOs will be responsible for ensuring that the required counterpart funds committed in county government's annual budget be available.
17. An online guided overview of the practices and procedures of IFAD is available for project staff. Project staff is encouraged to avail this training to ensure an efficient disbursement and an appropriate fiduciary control.

Advance withdrawal

18. This disbursement procedure is used to advance funds to a bank account as designated by the borrower. IFAD will place a ceiling on the amount to be advanced, which will be sufficient to cover the average projected eligible expenditures of GD2RP for a period of six months.

The ceiling amount will also depend on the level of expenditure reported, and the projections established on the AWPBs. IFAD will ascertain and certify clearance of the figure to be advanced, which may vary during the implementation of the project.

The advance withdrawal will be the principal method to be used for the disbursement of GD2RP. The main conditions precedent to withdrawal the initial advance are: (i) evidence that the DA has been opened, and (ii) delegation of authority of the persons who will sign the withdrawal applications on behalf of the borrower as well as other pre-conditions that will be specified in section E of the Financing Agreement. GD2RP will use the IFAD Client Portal (ICP) for the submission of withdrawal applications.

Reimbursement

19. This disbursement procedure will be applicable when eligible expenditures have been pre-financed by the project for suppliers of goods, works, consulting or other services that have been incurred by the project from its own funds. Currency of such reimbursements will be identified during negotiations but can also be discussed and agreed between Government and IFAD during implementation.

Flow of Funds

20. The Gansu Provincial Department of Finance (DOF) will open and maintain a Designated Account (DA) for the exclusive use of the loan proceeds of GD2RP. The DOF will be directly responsible for the management, maintenance and reconciliation of the DA. The DA will be administered following revolving fund arrangements, in which the advance will be provided based on the cash forecasted amount reported in the IFR and the project would need periodically report justified expenditures against every reporting quarter when the expenditure incurs. Additional requirements to the revolving fund arrangements can be provided in Appendix 1 to the FMFCL.

21. The counties PMOs will prepare execution reports that will be reviewed by its corresponding County Finance Bureau before submission to the PPMO for additional review and consolidation. The DOF will provide final approval and transfer funds to the County Finance Bureaus. Then the finance bureaus at the request of the CPMOs will transfer funds to the Implementing Agencies (IAs) or pay Service Providers.

Detail Procedural Protocols of FMM

1.0 Introduction

22. The following manual outlines the financial procedures to be followed by the Project Management Offices (PMOs) during the following stages of the project cycle: i) preparation and planning, ii) implementation and iii) completion of the project. The manual aims to describe in detail the necessary steps to be undertaken by the relevant project staff and the Finance Manager (FM) (interchangeably identified as the Planning and Financial Officer or Finance Controller - FC) in particular, when undertaking actions related to a) planning and budgeting, b) accounting, c) records management, d) internal controls, e) flow of funds, f) withdrawal of financing proceeds, g) processing of payments, h) financial reporting, i) fixed asset management, j) audit arrangements, k) supervision by IFAD and l) project completion and loan closure.
23. This manual is to be considered a living document and it is to be reviewed at least once a year and updated as needed. It is to be read together with the Project Implementation Manual, the Procurement Manual, and the HR-manual. It is also important to note this manual makes references to the following IFAD key documents: Financing Agreement, IFAD General Conditions, FMFCL, IFAD Handbook for Financial Reporting and Auditing of IFAD Financed Projects as well as the FMFC Handbook. Therefore, it is fundamental that the project staff, especially the PD and the FM master these documents before the implementation of the project begins.

1. Project Overview

Project name: **Gansu Green Development Project (GD2RP)**

Project loan number: xxxxx

Effective date: xxxxx

Completion date: xxxxx

Closing date: xxxxx

Project costs: The Borrower and IFAD have agreed within the Financing agreement (FA) to allocate the financing to categories of eligible expenditures shown in the Schedule 2 of the FA. The schedule 2 also specifies the percentages of such eligible expenditures to be financed by the Financing: 100% net of tax (this will be updated after the loan negotiations)

Category	IFAD loan (*000 USD)	Eligible expenditures (%) net of Tax
Works	41,613	100%
Goods, Services & Inputs	21,071	100%
Grants & Subsidies	25,316	100%
Total	88,000	

(Table 1: Schedule 2 of the financing agreement – eligible expenditures by expenditure category)

24. In addition to IFAD financing the Project will also receive counterpart financing from the Government, equivalent to approximately USD 133,6 million. The counterpart financing will include 133,6 million in the form of taxes and duties. The private sector will also contribute approximately USD 6,8 million to the project.

1.2 Organizational Framework

25. **(a) Lead implementing Agency:** The Department of Agriculture and Rural Affairs (DARA) of Gansu Province Gansu has been appointed as a lead implementing agency. Specifically, the Provincial Rural Revitalization Bureau (PRRB) within DARA would take lead responsibility for project design, management, supervision and evaluation, and will act as the Provincial Project Management Office (PPMO). The PPMO will not be using IFAD loan to carry out its functions. It will mobilize adequate budgetary resources from the government budget to carry out its overall management responsibilities.

(b) County Project Management Offices: Major implementation responsibilities of the project lie with the counties. County Project Management Offices (CPMOs) will be

established at the DARA, and adequately staffed – including through the acquisition of capacity and services from the market.

(c) Department/Bureaus of Finance: The Department/Bureau of Finance at Provincial/County level will be responsible for administering programme resources, including the IFAD loan and counterpart funds.

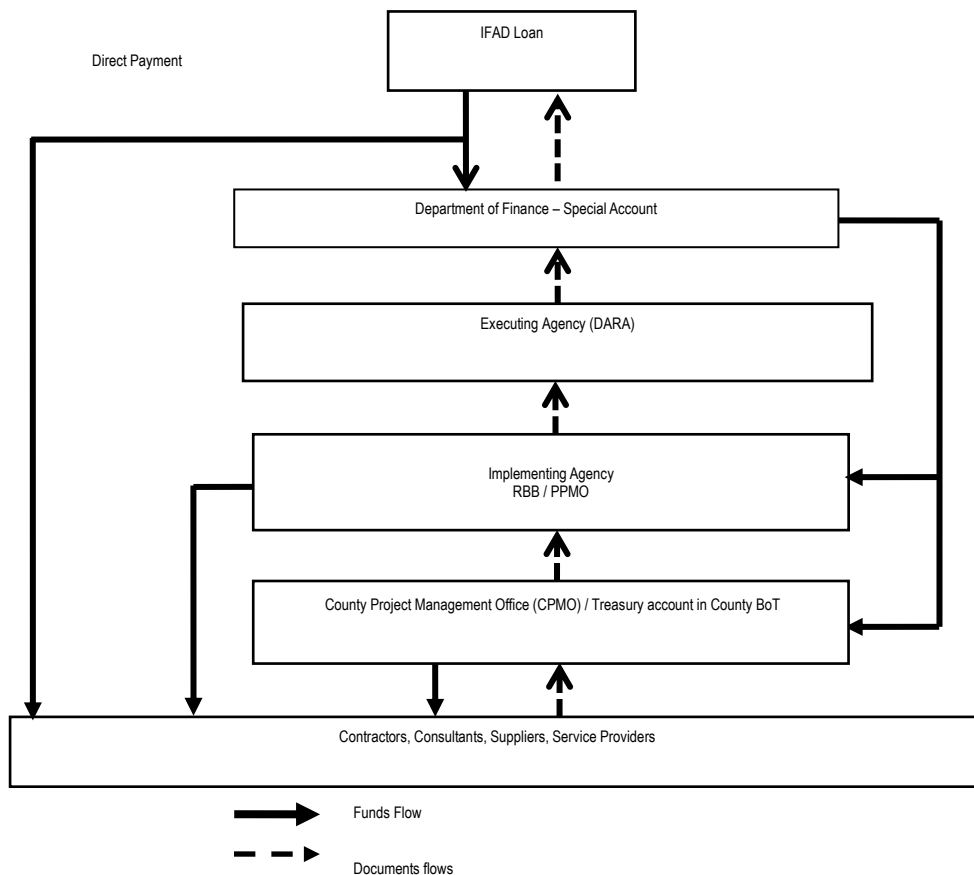
(d) Monitoring and Information System: A management information system (MIS) which will be specifically developed for the project, and that will integrate information regarding project management, financial management and physical progress, allowing real-time monitoring, evaluation and reporting, will be established to support the core project management functions at the provincial and county levels.

The project will (i) establish a control framework integrating periodic internal audits, independent external audits, and social safeguards to be adopted based on IFAD policies; (ii) adopt a good governance and mutual accountability framework to strengthen accountability and transparency in line with international best practices; (iii) outline the project specific financial management procedures and disbursement requirements in the PIM; (iv) establish a Management Information System (MIS) to support the core project management functions

1.3 Project Management Office

26. The overall responsibility for the implementation of the project will be with the PPMO and County (CPMO) levels. PPMO / CPMO will coordinate with other line departments/offices such as Finance etc. to provide support and inputs for the project.
27. Specifically, the RRB within Gansu DARA would take lead responsibility for project design, management, supervision and evaluation, and will act as the Provincial Project Management Office (PPMO). The PPMO will not be using IFAD loan to carry out its functions.
28. PMOs are staffed with officers who need to have experience in project management, financial management, procurement, and monitoring and evaluation. They will also be assisted by officers from the technical line bureaus of Finance at the corresponding level. PPMOs and CPMOs will be in charge of day to day management of project activities, overseeing project designs, implementing and supervising project activities, arranging for counterpart-funding and local labor contribution, preparing annual work plans, financial plans, procurement plans, monitoring and reporting on project progress, outputs, and outcomes.
29. To implement the project and its components, the project will receive funds from the financiers (IFAD, the government and beneficiaries), which will be channeled through designated and project accounts to cover project expenditures, in accordance to the Annual Work Plan and Budget (AWPB) and the expenditure categories as per Schedule 2 of the FA.

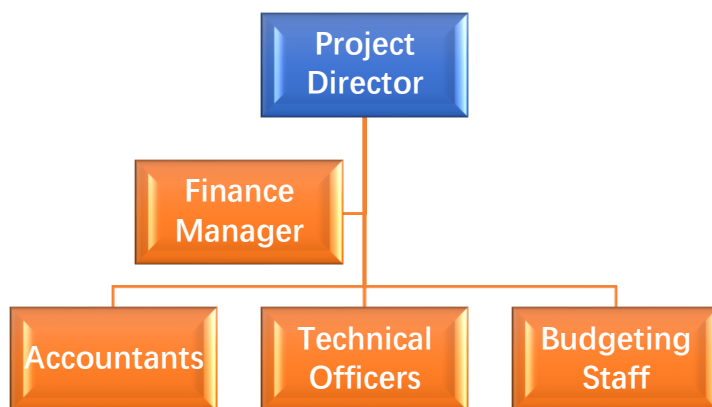
(Chart 2: The Financial operations environment of the PPMO)



30. PPMO and the CPMOs will assign financial staff responsible for the financial management of the project. The financial team at province level will be composed of Financial manager and assistant, at county level there will be an accountant.
31. The PPMO organization structure is composed of the director who has overall responsibility and a Finance Manager who has financial responsibility overseeing an assistant. The technical officers in the PPMOs will have review and pre-approval functions, similarly in the counties PMOs.
32. Financial Manager is responsible for the project financial management. The manager will be assigned based on the track records of experience in managing projects of international cooperation in the years of implementation of the World Bank and / or other IFI projects.

Budgeting staff are responsible for the allocation of project plan funds, procurement personnel, accountants are responsible for calculating and reviewing the fund inflow and disbursement

Financial accountants are personnel of state organizations, all of whom have been selected and recruited through examinations.



(Chart 3: Organogram of the staff involved in financial operations)

33. In order to ensure that the financing proceeds are used for the intended purpose and as efficiently as possible, it is essential that the FM sets up and maintains adequate financial management arrangements in each stage of the project cycle: i) preparation and planning, ii) implementation as well as iii) completion and closing, as illustrated in the chart below.

Preparation and Planning	Implementation	Completion and Closing of the Financing
a) Setting up and proper staffing of the PIU b) Setting up accounting and systems and financial management procedures c) Annual work plan and budget d) Opening of a designated and project accounts e) Training of staff (IFAD procedures etc.)	a) Record keeping and accounting b) Withdrawal applications c) Bank reconciliations d) Periodic reporting, comparison with actual expenses and forecasts e) Auditing arrangements f) Amendments and budget reconciliations g) IFAD supervision missions	a) Expenditures (eligible) claimed by the borrower by closing date b) Final inventory (disposal/handover) c) Closure of bank accounts and refund balances e) Final audit and financial reporting f) Budget wrap up

(Chart 4: Financial management arrangements in the different stages of the project cycle)

Sample Job descriptions for the PD, Financial Manager, Assistant (Finance) are provided in Appendix I.

1.4 Anticorruption policy

34. The management of the project funds shall be sufficiently rigorous to safeguard against Fraud and Corruption. Fraud and corruption include, but are not limited to:
- corrupt practice - offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party
 - fraudulent practice - any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation
 - collusive practice - an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party
 - coercive practice - impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party
35. IFAD applies a zero-tolerance policy towards fraudulent, corrupt, collusive or coercive actions in projects financed through its loans and grants. ‘Zero tolerance’ means that IFAD will pursue all allegations falling under the scope of this policy and that appropriate sanctions will be applied where the allegations are substantiated. IFAD takes all possible actions to protect individuals who submit allegations of fraudulent or corrupt practices in its activities from reprisal. The IFAD anticorruption policy is available on IFAD website at www.ifad.org/governance/anticorruption/index.htm). The IFAD website also provides instructions on how to report any alleged wrongdoing to the Office of Audit and Oversight (<http://www.ifad.org/governance/anticorruption/how.htm>).

It is the PD’s and the Financial Manager’s responsibility to make sure that all staff including the financial department are aware of IFADs and the lead project agency’s anticorruption policy and whistle blowing procedures.

2.0 Budgeting and Planning

36. China has undertaken extensive reforms to its budgeting system over the past 10 years. These have encompassed the entire budgeting cycle: formulation, approval, implementation and audit. The early challenge was fundamentally to create the institutional infrastructure for a modern budget process where none had previously existed. Under its budgeting system, provincial, and local government. All activities of the government are predetermined and are set out in plans and programs. The annual estimates of expenditure detail the financial commitment of the government for the next year's program of activities.
37. The AWPB is expected to contain several key elements such as:
- i) Introduction and brief background;
 - ii) Strategic focus and outputs;
 - iii) Major risks and mitigation actions;
 - iv) Budget and Financing plan;
 - v) Procurement plan;
 - vi) Training and technical assistance schedule and,
 - vii) PMO staff development plan

38. The LPA should make adequate annual budgetary provisions for IFAD funds and Counterpart funds in the National Budget, based on the AWPB of the Project.

Counterpart funding will consist of allocations made by the project province and counties/districts. Government will ensure that counterpart funds are contained in the domestic fiscal allocations for the counties, and that they are released for the project on time. The counterpart funding maintain in the Treasury Accounts of the counties will be used to pre-finance the project expenditures as well.

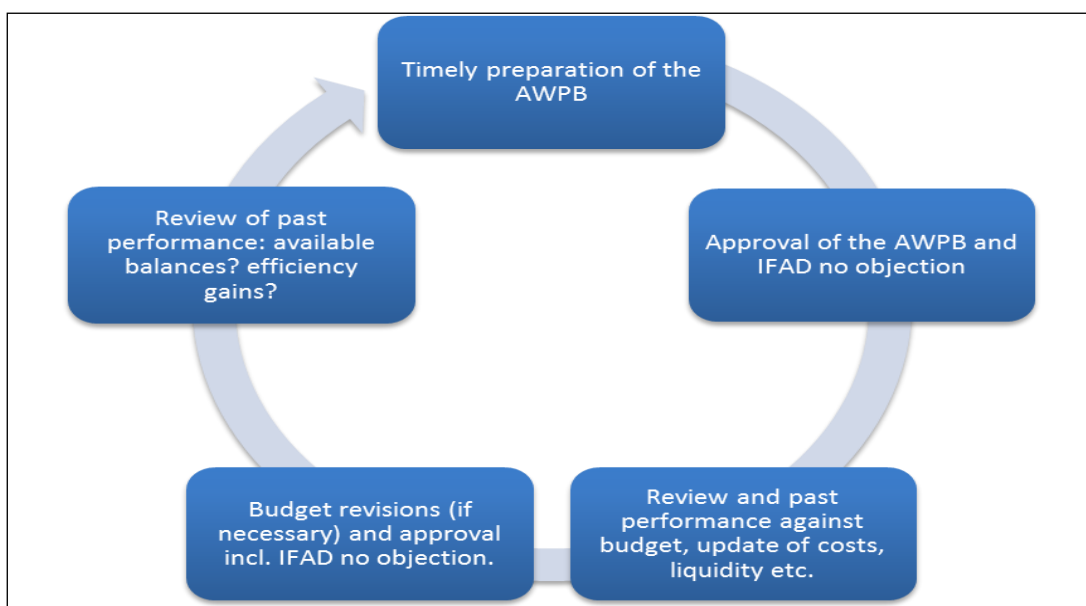
Budget allocations will be made to enable the function of the provincial and county PMOs, to cover investment and recurrent expenses, office and training equipment, capacity building, M&E, knowledge management, and agribusiness facilitation services. Modest project support will also be reserved for function at township where existing government staff and facilities will be used. Recurrent costs for all PMOs will be ensured by government counterpart funding, which will cover staff salaries, travel costs, administrative costs, and operation and maintenance of vehicles etc.

39. The budget and financing plan can be described as a detailed statement of the expected resources available to the project and the planned use of those resources for the upcoming project year. The AWPB and especially the budget and financing plan is an important tool for managing the financial performance of the project and to ensure sufficient cash flow.

The budgeting and planning process comprises of the following parts:

- Preparation of annual, semi-annual, quarterly and even monthly financial plans including procurement, receipts, expenditures and cash flows.

- Review of past performance against budgets and the procurement plan, to promote an understanding of the project cost base;
- Identification of potential efficiency savings; and
- Review of the main expenditure headings in light of the project implementation plan, procurement plan, and expected variations in cost e.g. pay increases, inflation and other anticipated changes.



(Chart 5: The project budget cycle)

2.1 Development of the AWPB

40. During the last quarter of the previous year - before the beginning of each fiscal year for the project, The PPMO, after consultations with project stakeholders, shall prepare its annual budget, linking all the planned activities to the cost categories outlined in Schedule II of the Financing Agreement; this exercise will take place in advance of the preparation of the national budget, to ensure that the required Government funds will be allocated and available on time. All financing contributions should be clearly stated in the budget to be submitted to internal for approval and to IFAD for non –objection.
41. The budget and financing plan should be prepared and presented on a quarterly basis. The data on the number of activities to be implemented in the coming year and the estimates of the total funds needed to finance them should be presented by component and sub-component, by expenditure category as well as by financier. The estimates should be based on the project’s (up to date) cost tables. In addition to the financial information described above, the budget should also take into account the physical outreach of the project (number of farmer’s to be trained etc.).
42. When preparing the AWPB the following aspects should be taken into consideration:
 - Consistency with other financial reports: It is practical to prepare the budget and financing plan in the same format as the periodic (financial) progress reports and the project financial statements of the project.

- Contingency provisions (physical and price) and allocation of funds from the unallocated expenditure category.
 - Post implementation activities e.g. arrangements for after life of project, disposal of project assets (computers, vehicles etc.), future repair and maintenance.
 - Availability for funds and arrangements for all audits.
43. After preparing the draft AWPB, the FM will send it to the PD and Steering Committee/LPA for review and clearance/approval before sending it to IFAD for no objection. In accordance with the FA, a draft AWPB has to be submitted to IFAD no later than 60 days before the beginning of the relevant fiscal year of the project. If required the /LPA could propose adjustments in the AWPB during the relevant project year, which would become effective after IFAD' approval.
44. The AWPB must be accompanied by a procurement plan prepared by the Procurement Officer. The first Procurement plan should cover the first 18 months of the project lifecycle while the subsequent procurement plans should cover 12 months of the project lifecycle.



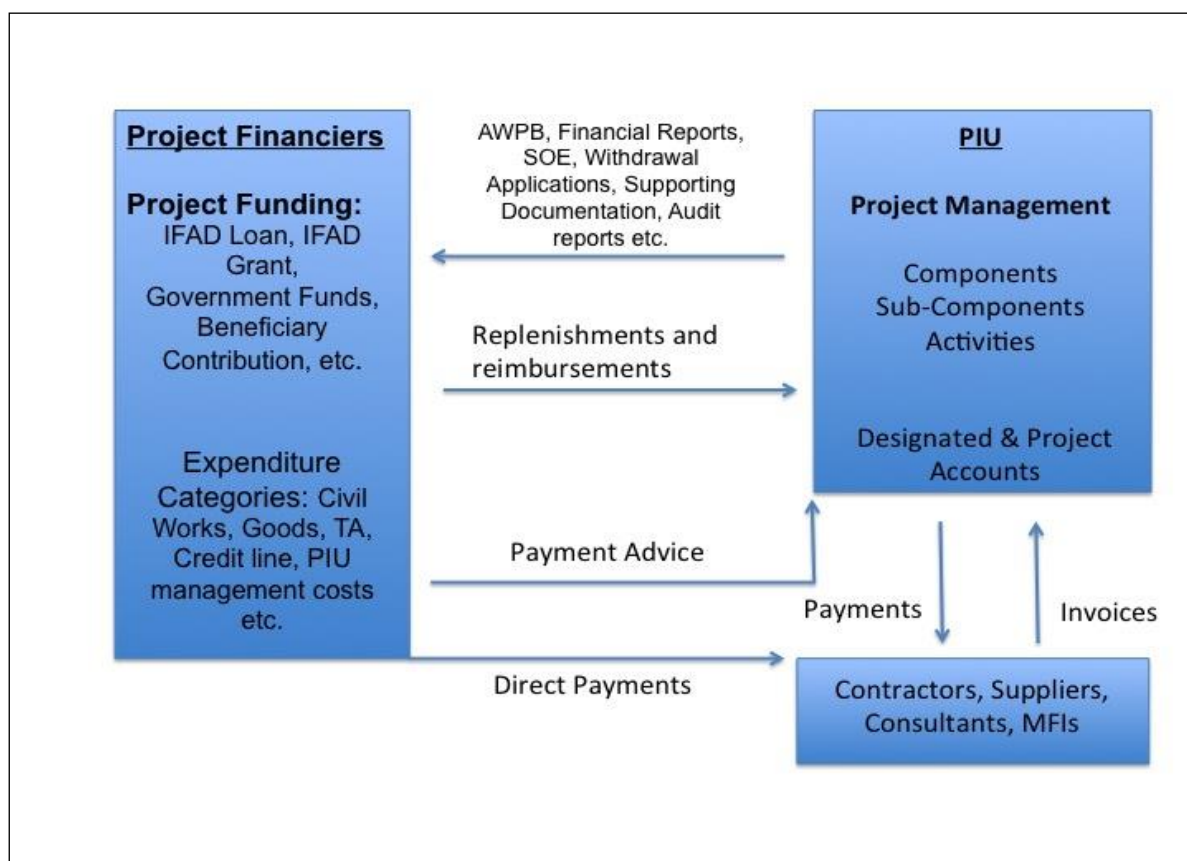
A sample of a budget and financing plan, procurement plan as well as a staff development plan is provided in Appendix II.

2.2 Review of the AWPB

45. Every quarter, the FM should review the costs incurred during this time period. In case of differences between the planned and actual costs presented in the Annual Budget, the FM and the Programme Managers heading each component should collectively identify the reasons for those differences and detail them in the periodic Financial Reports presented to IFAD. In case of internal problems identified during the costs review, the FM and Programme Managers should take the necessary steps to eliminate them. Otherwise, the budget for the next quarters should be readjusted to reflect the difference between actual and planned figures.

3.0 Accounting system

46. The majority of project activities result in the receipt, commitment or expenditure of funds. The accounting system records, processes and organises this data in order to produce useful financial information in form of AWPB, Financial Reports, Withdrawal Applications, Financial Statements etc. needed by the Project Financiers (IFAD, Government, Co-financiers, Beneficiaries) as well as the management. The accounting system should reflect the project’s needs and be designed to provide the financial information required by all interested parties (DOF/BOFs, PPMOs, CPMOs and IFAD). It should also fulfil all the legal and regulatory requirements of the borrower. The accounting system is a critical part of the project’s financial management system and its design.



(Chart 6: The operating environment of the project accounting system)

The FM is responsible for the following key areas related to the accounting system of the project:

- Designing the accounting system of the project
- Selection and maintenance of an accounting software.
- Suggestions for amendments in the FM manual

3.1 Designing the project accounting system.

47. When designing the accounting system of the project the FM must undertake the following steps:

Step one: Identify the different kind of reports the system is expected to generate, based on the different stakeholder requirements. - What information and in what format need to be produced by the PMU? As a minimum requirement the Accounting system will need to produce the following reports:

- Statement of cash receipts and payments (by category and by financier),
- Statement of cash receipts and payments (by component),
- Statement of comparative budget and actual amount by component,
- Statement of Special Account movements,
- Statement of Special Account Reconciliations,
- Withdrawal Application Statement.

Step two: List the transactions and activities, which the system must account for. As a minimum requirement the accounting system must include:

- a) Purchase orders, receipts, check books and other similar documents evidencing receipt, commitment or expenditure of funds.
- b) A journal for primary entry of all transactions, including adjustments, destined to be posted to the ledger.
- c) A petty cash book (PCB) for small cash expenditures below a certain low threshold. The credit side of the PCB should be analyzed into columns, one for each project component. The totals to be posted to ledger accounts monthly.
- d) A bank cash book (one for each source of financing). The credit side should also be analyzed into columns, one for each project component (like PCB). Total of these columns should be posted to their respective ledger accounts monthly.
- e) A ledger containing separate ledger accounts for each project component. The debit side of each ledger account should be analyzed into the expenditure categories defined in the IFAD Financing Agreement (Works, Equipment, Goods, PMU Management cost). The ledger accounts should be closed and trial balance prepared at the end of each month.
- f) Fixed asset register to record location, price and date of acquisition (or completion) of all buildings, vehicles, computers, printers, major equipment and furniture. There register should have a separate section for each type of fixed asset.

Step Three: Design the specific accounting books, including a chart of accounts and records to be maintained, the transactions to be recorded therein and the precise accounting entries on the occasion of each transaction.

Step Four: Incorporate the systemic accounting issues as agreed with IFAD and the government including the used accounting standards and valuation criteria. - In accordance with the project design document, all project accounts will be kept on a double entry system and the used accounting standards will be IPSAS Cash Basis Accounting, although if by legislations the local

accounting standards are required instead then they must enable to produce the minimum required financial statements by IFAD.

Step Five: Resolve accounting issues (if any) rising from the fact that the project is being implemented and expenditures are being incurred in different locations (HQ vs. field office). - The field office is to provide monthly reports and to HQ by electronically by using the internet connection or by hand carrying a USB-stick.

Step Six: Determine a tentative list of users and user rights for each staff member in line with their terms of reference in order to maintain a proper level of security.

Step Seven: In the light of steps 1-5 decide, select and procure the accounting software that is able to satisfy the needs of the project. The FM needs to have an answer to steps from 1 to 5 before approaching a software company.

Step Eight: Incorporate all decisions of the previous seven steps in an accounting manual. This manual will need to be reviewed and updated once a year.

3.2 The Selection of an Accounting Software

48. The accounting software of the Project is an important tool for collecting, analysing, storing, and disseminating information that is vital for decision making. In addition, it enhances transparency and accountability of the project activities, provides timely reports, helps detecting errors and shortfalls during project implementation and indicates necessary corrections.

When choosing an accounting software, the FM should ensure that the software is able to meet the following criteria:

- Reflect project needs and be designed to provide the minimum financial information required by all interested parties (PPMO/CPMOs, LPA, IFAD) including the provision of accurate, timely, complete, reliable and consistent information and reports as well as fulfil the legal and regulatory requirements of MOF/PPMO;
- The accounting software should be configured as a modular solution and the different modules should be suitably integrated. The software should contain the following modules: i) general ledger module, ii) accounting module incl. petty cash, iii) budget module, iv) fixed asset module, v) contract management and procurement management module. - The integration of budgeting module accounting module/system is important to enable comparison of the actual performance with budgets/targets (quarterly, annual, and cumulative for the Project).
- Ability to account under different bases of accounting (cash, modified accrual, accrual)
- Use the double-entry system of transactions;
- Have multi-currency and multi-lingual capabilities and reporting;
- Allow for multi-period and multi-user processing and reports;
- Able to output financial reports in a variety of formats including hard copy printouts, as

an excel spread sheet and as an HTML file;

- Provide adequate documentation and complete audit trail to facilitate audit.
- Have security settings and different access levels for different users
- Be user friendly. Technical support, training and installation & configuration should be offered by the supplier and be easily accessible during project implementation.
- For procurement needs, the accounting software should capture and report on the following: Prior review thresholds; Procurement methods thresholds; Procurement reference; Activity description; Component (as per the description schedule of the Loan); Category (as per disbursement schedule); Estimated amount; Procurement method used; Prior/Post review; Date of issuance of advertisement; Bank no objection on bidding documents (Goods/works) or RFP (consultants); Date of bid (Goods/works) or RFP (consultants) submission; Bid opening date (goods/works) or Financial Proposal opening date(consultants); Bank No objection to evaluation report; Bank no objection to contract draft; Date of submission to the Fund of the Copy of signed contract; Contract related data (date of signature, date of completion, contract amount, contract amendments and payments terms).

49. In the installation phase of the accounting system, FM will need to determine the following:
- access level and different user rights e.g. (i) active use for inputting/editing of data for different modules; (ii) read-only use; or (iii) no-access.
 - Information storage and back-up.
 - Design of the chart of accounts and the detailed list ledger accounts required to account for transactions under the project.
 - Design the detailed formats of various accounting books, records, and statements (e.g., cash and bank books, journals, various ledgers, trial balance, voucher formats, etc.).



A sample of a TORs for an accounting software is provided in Appendix IV.

3.3 Accounting procedures

50. The Accounting procedures are an integral part of the financial management manual of the project. They are to be prepared by the FM. The procedures are to be reviewed once a year and updated as needed.
51. The accounting procedures should as a minimum address the following subtopics:

Used accounting standards:

- International Public Sector Accounting Standards (IPAS) – cash basis or CAS if required by the local legislation.

Chart of Accounts

The Chart of Accounts is used to: (i) capture the financial data under the appropriate headings and (ii) classify and group financial data for the various financial reports. The structure of the Chart of Accounts caters data to be captured by: (i) the Project components, sub-components, activities (ii) expenditure items under each component and sub-component, (iii) The IFAD expenditures categories for the Project, and (iv) sources of funding. Expenditure categories may also be recorded by using “cost centre” functionality which is commonly available in accounting software.

The structure of the Chart of Accounts should conform closely to the project cost tables (as presented in the project design report) to enable comparison of actual project costs during implementation with those estimated during the project preparation.

Budgeting and budgetary control

The project budget will be recorded in the budget module of the accounting software. Budgeting is discussed more in detail in section 2 of this manual.

Recording and processing of transactions

52. Whenever a transaction takes place under the Project, it should be recorded and processed using the accounting software that meets the project’s specific accounting requirements. Processing of payments is discussed in detail in section 8 of this manual.

The recording of transactions under the Project follows the Cash basis of accounting with allows for the recognition of cash inflows in the period they are received and the reporting of expenses in the period those expenditures are paid.

Individual records of transactions are treated as source documents. For the project accounting purposes, the following source documents are considered:

- Purchase orders/ Contracts
- Purchase invoices
- Service invoices
- Consultants/engineers’ reports

53. All transactions occurred should be registered in the accounting software in accordance with the date of occurrence and under the form of journals. The journal should contain sufficient and detailed information about the date of the transaction, its type, amount and reference to the source document. All the transactions should be entered on the accounting software using the principle of double entry, which means that each transaction should be recorded twice, once on the debit side of the transaction and once on the credit side of the transaction. The accounting software will automatically process those transactions and post them to the ledger accounts, which are accounts where all transactions of similar type are recorded. This processing of transactions also allows for the production of timely reports.

54. The FM Assistant should reconcile the project accounts on a monthly basis. In case certain adjustments of entries in the accounting process have to be made, the FM Assistant should produce a memorandum in which the reasons and the way in which the adjustment has been

made is explained. The memorandum will be authorized by the PD after being cleared by the FM.

Petty cash management (not applicable if the project will not use petty cash)

The FM Assistant will manage and periodically reconcile the petty cash account. The petty cash account is discussed more in detail in the section 6.2 of this manual.

Bank account reconciliations

The FM will need to perform monthly bank account reconciliations between the different accounts. The reconciliation is discussed more in detail in section 6.3 of this manual.

Withdrawal of funds

The FM will be responsible for preparing withdrawal applications to be submitted to IFAD. The necessary procedures are explained in section 7 of this manual and in the IFAD FMFCH.

Financial reporting:

The FM is in charge for summing up the expenditures made under each component and sub-component and for each activity under those and posting the data on accounting/financial reports on a periodic basis during the reporting periods specified in the Letter to the Borrower and in the Financing Agreement. The FM will also need to keep track and report on the availability of project funds in the different accounts (Designated accounts, project accounts and petty cash) as well as the commitments made by the PMU. The produced reports will be cleared and approved by the PD. The different financial reports are discussed more in detail in section 9 of this manual.

Fixed asset register

The FM needs to maintain a fixed asset register recording all fixed assets in the fixed asset module of the accounting software. Fixed asset management is discussed more in detail in section 8 of this manual.

Period for which records are to be kept

The DFM needs to file the original records in an organised way to be maintained by the PMU/LPA for a minimum 10 years after the project completion. Record management is discussed more in detail in section 4 of this manual.

Access Levels

The access to the accounting system should be governed by the privileged metrics defining the levels of access by different users: (i) active use for inputting/editing of data; (ii) read-only use; or (iii) no-access. This would allow a separated and controlled access to the Accounting module (i.e. Journal recording, posting to the General Ledger). Each accounting transaction records the user's ID, preventing unauthorized access to the system and an adequate level of protection against the input of false data or the destruction of the records. At the same time, the data-sharing nature of the system involves a strict coordination and active data exchange among its various users (primarily the PMU). In this respect the system should ensure the reliability in information storage and fast data processing.

4.0 Records Management

55. Financial records must be created and preserved for every financial transaction performed under the project. Financial records are defined as any financial information including written, computer data, internal forms, e-mails, or any other form of storage information originated from the PMU such as internal forms, journal vouchers financial reports (Monthly & quarterly) copies of checks and withdrawal applications etc. or received by the PMU such as supplier invoices and receipts, bank statements, IFAD documents etc. within the framework of the project's official activities. The objective of this procedure is to preserve the financial records and files for further official use by the LPA, for financial audit and for review by the Fund during the supervision missions. The projects financial records are the property of the LPA/MoF and cannot be removed or destroyed.
- It is important to note that in accordance with the IFAD general conditions, the recipient/borrower has to maintain the original records for a minimum 10 years after the project completion.

4.1 Filing of the financial records

56. The FM is responsible for filing the financial records created or received by the project. To fulfil this responsibility, the FM must maintain chronological files in which the financial documents have to be filed for future reference. Filing should be performed daily to prevent the accumulation of papers and to ensure that the financial records are maintained in an up-to-date manner at all times. Each financial record should be filed under its code in a chronological order, with a sequential number assigned to every document. Any kind of additions or amendments to the financial document should be filed in a chronological order immediately following the principal document.

4.2 Storage of financial records

57. The financial records of the project should be stored in the PMU office, at the LPA for a minimum 10 years after the project completion. The data should be stored within the accounting software, as paper copies, as scanned copies and as computer disc copies. The Financial manager should allocate an appropriate storage area for the financial records in paper format and maintain them in locked cabinets, safe from water and fire, to which access is controlled and limited. The Financial manager should also classify the financial records as "Confidential", or "General". All important correspondence should be filed.

4.3 Archiving of financial records

58. In order to prevent an unnecessary pile-up of files in a limited office space, the FM should make sure that the financial records are archived on a regularly basis. Once a year, the FM should make sure that the completed or inactive files are archived in a manner that will allow for easy retrieval of the files in case they are required at some future date.

4.4 Back-up procedures

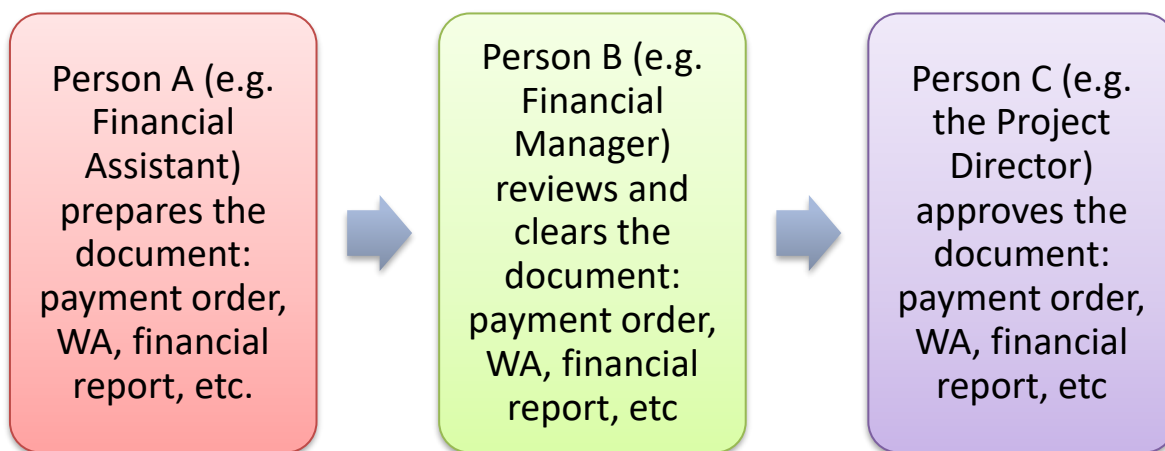
59. To avoid the loss or damage of financial data, the information should be kept in two copies: i) at the computer server of the PMU/LPA and ii) in the locked cabinets of the PMU office. Only the PD and the FM are allowed to access the financial records without authorization. The access of external persons is prohibited except for the auditors & IFAD staff.

5.0 Internal controls

60. Designing, installing, and maintaining a system of internal financial control is an integral part of the Financial management function. Internal financial controls aim to ensure) efficiency, ii) reliability, of financial reports and iii) compliance with applicable laws and regulations including the conditions set forth in the financing agreement. The key features of the internal control system are summarized below:
- Segregation of duties;
 - Authorization;
 - Reconciliations and checks;
 - Restricted access; and
 - Monitoring and review.

5.1 Segregation of duties

61. An important element in any control system is the separation of those duties which would, if combined, enable one individual to record and process a complete transaction. It is the FM’s responsibility to ensure that the following duties are segregated under the project: preparation, authorization, execution, custody, recording and the and operation of systems.



(Chart 7: Example of Segregation of duties)

5.2. Authorization

62. Authorization controls require the certification that a transaction or event is acceptable for further processing. Several types of authorization are in effect at the project, mainly in the procurement cycle, payment cycle, bank and cash management cycle including reconciliation. The FM should ensure that the authorizations of PMU staff ensure efficient implementation while keeping the risk as low as possible. The authorization of project staff should be in line with their respective job descriptions.

5.3 Reconciliations and Checks

63. Reconciliations between independent, corresponding sources of data are a key control for identifying errors and discrepancies in balances. The FM should perform the following reconciliations each month:
- Bank reconciliation
 - Reconciliation between system and special account receipts and payments statement
 - Any reconciling or balancing amounts should be promptly cleared. Unusual or long outstanding reconciling items must be brought to the attention of the financial officer. The financial officer will review and sign all reconciliations as evidence of his review.

In addition, physical checks should be performed on assets held and on petty cash.

5.4 Restricted Access

64. All data, records and assets should be kept in a physically secure environment. This should cover safe keeping of finance records such as official order forms and bank details. In addition, any petty cash should be kept securely. Financial data and other records should also be protected in the form of back up procedures. All work should be regularly backed up and copy records stored securely off site.

5.5 Monitoring and Review

65. As detailed in financial reporting section 9, periodic financial reports must be prepared and submitted to the fund. For the purposes of internal control the same information should be prepared and monitored by the PD on a monthly/quarterly basis. The reports should be prepared on a timely basis and should normally be available for distribution two weeks after the end of the reporting period to which they relate. The periodic reports should be reviewed by the FM and the PD as a minimum. Where necessary, corrective action should be taken to ensure the authorized budget and procurement plan is not exceeded.

6.0 Flow of funds, cash and bank account management

66. The IFAD Loan will be disbursed over project duration of 6 (six) years. The Loan Closing Date is the 6th anniversary of the date when the project was declared effective. IFAD disbursement procedures and the accompanied forms are outlined in detail in the FMFCL and the FMFC handbook which should be read in parallel with this manual. Please refer to section 7 of this manual for more detailed information on the IFAD Disbursement procedures.

6.1 Flow of Funds, opening of special accounts and project accounts

67. In accordance with the section 4.04(d) of the General Conditions, immediately after entry into force of the Financing Agreement, there shall be a Designated Account (DA) for the IFAD Loan denominated in the currency of the loan (USD/EURO) to be opened, through which IFAD funding shall be channeled. The DA is to be set up at and managed by DOF. DOF will be directly responsible for the management, maintenance and reconciliation of the DA activities. Supporting documents required for IFAD disbursements will be prepared and submitted by CPMOs through PPMO for review and verification before sending to DOF for further disbursement processing.
68. The PPMO and county CPMOs are responsible for reviewing the Disbursement Request as well as the supporting documentation required for IFAD disbursements. Disbursement Requests will be prepared and submitted by CPMOs to PPMOs for review and verification before sending the Disbursement Request to DOF for further disbursement processing. Once approved, project resources will be channeled directly from provincial level to county level.

In accordance with FMFC Handbook, the Designated Account will be administered following Revolving Fund arrangements. Advances from this Financing must be segregated from other funds of the Project.

69. **Additional general conditions precedent to withdrawal:** The following are designated as additional general conditions precedent to withdrawal.
- (a) In the Provincial Project Management Office (PPMO”) and in at least 3 County PMOs, the respective key Project staff shall have been selected;
- (b) The Borrower, through the Lead Project Agency, shall have submitted, and the Fund shall have received, an official document confirming the availability of adequate counterpart funds for the first Project Year;
- (c) The Designated Account shall have been duly opened: Documentation evidencing the opening of the Designated Account, with details of the names and titles of the persons authorized to operate the DA, must reach IFAD before withdrawal from the loan account can begin;
- (d) The designated representative a letter designating the names of officials authorized to sign withdrawal applications which includes their authenticated specimen signature(s). The project is eligible and authorised to use the IFAD Client Portal (ICP), the applicable form is included in FMFCL.
- (e) A draft PIM shall have been prepared and is acceptable to the Fund and;
- (f) A computerized accounting system acceptable to the Fund shall have been identified and selected by the Provincial PMO.

70. Upon fulfilment of conditions precedent to withdrawal and the Borrower's request, the Fund will make one (or more) withdrawal(s) of up to the ceiling USD/EURO 8,0 million for the loan, and deposit such amount(s) into the Designated Account; DOF shall submit withdrawal applications to replenish the Designated Account from time to time, based on expenditures, provided that the amount claimed is within the IFR cash forecast. All withdrawals must be in line with projected expenditures as detailed in the approved AWPBs.

The following are the SOE thresholds that apply for withdrawal application under procedure (i) "Advance Withdrawal" and under procedure (iii) "Reimbursement": USD 300,000 for all expenditure categories.

71. PMOs and IAs shall maintain Implementation ledger Accounts in local currency in the Treasury System or commercial banks to receive the proceeds of the IFAD financing and/or the counterpart funding respectively. The County PMOs and BOFs will ensure that funds received at each level are transferred without delay. Separate bookkeeping is maintained by each of the IAs where Project activities will be implemented.
72. FM procedures for the annual audit, verification on missions are still as part of the annual process. Project needs to ensure that verification on the funds used for the intended purpose, for efficiency, social equity, basically value-added principles.
73. **Retroactive financing:** As an exception to the General Conditions for Agricultural Development Financing, IFAD will be seeking IFAD Executive Board approval that for retroactive financing from the loan up to a maximum of 10% of the total IFAD financing (i.e. \$US 8,0 million) for eligible expenditures incurred as from the date which the design document got approval by Quality assurance group or equivalent IFAD management level to the date of the entry in force of the financing agreement. Eligible expenditures for retroactive financing are considered those incurred to finance the start-up and preparation project activities such as: (i) purchase of essential items (including equipment and procurement of MIS system) for the PMOs; (ii) recruitment of project staff; (iii) costs related to tendering, selection, and recruitment of service providers; (iv) costs related to the finalization of the program implementation manual, customization of accounting software to fit IFAD requirements and license fees, start-up trainings and workshops; (v) establishment of the M&E system, including carrying-out of the baseline survey and development of MIS; (vi) exposure visits for knowledge and experiences sharing; (vii) surveys and feasibility studies; (viii) training and technical assistance for cooperatives, including recruitment of service providers.
74. **Financing of taxes:** In order to improve the efficiency of funds flow and better support project implementation, IFAD's funds may be used to finance taxes that are not "excessive, discriminatory or otherwise unreasonable". In case the Government intends to use IFAD financing to finance taxes that is impossible or impractical to exempt, the Government would need to formalize such request in writing. The amount of IFAD's financing to be used to finance taxes will be further confirmed upon finalisation of project costs and taxes.

6.2 Bank reconciliation

75. The FM must perform monthly reconciliations between the designated account(s) balance recorded on bank statements and local cash book balance, recorded on the system. Performance of the monthly reconciliation should follow the following steps:

- i) Designate Account balance recorded on bank statement on reconciliation date is taken as starting figure;
- ii) Add reimbursements/replenishments/other deposits that have been processed and are due to designated account, but not yet recorded on bank statements;
- iii) Subtract undelivered cheques. Any long-outstanding cheques should be identified and investigated
- iv) Following these adjustments, the bank statement and local finance system cash totals should agree. Any remaining difference should be reported and investigated;
- v) The completed bank reconciliation statement should be signed by the FM; and
- vi) The reconciliation should be reviewed and countersigned by independent finance team member who understands the reconciliation process.

Periodic designated account reconciliations will be submitted to IFAD as part of periodic progress report as outlined in section 9.



Please refer to Appendix XII for a standard Designated Account Reconciliation Statement.

7.0 IFAD Disbursement Procedures

76. The IFAD disbursement procedures are governed by the FMFCL and the FMFC Handbook, which will be sent the PMU/LPA upon the project effectiveness. The handbook is also available on the IFAD site.

As stated in the FMFCL and the FMFCH, a few standard disbursement procedures may be used for withdrawal of financing:

Procedure I

77. **Advance withdrawal** (using revolving funds with replenishment to a bank account(s) designated to receive financing resources in advance). This modality is used to advance and/or replenish funds to a bank account as designated by the borrower. The Fund may place a limit on the amount to be advanced and/or replenished. Relevant details on the modality – which is project specific – are agreed between the borrower and the Fund, and detailed in the FMFCL.

Procedure II

78. **Reimbursement.** This is applicable when eligible project expenditures, reimbursable under the financing, have been pre-financed by the Borrower. Such reimbursements are expected to be claimed no later than 90 calendar days from the date of payment by the borrower.

7.1 Evidence of Authority to Sign Withdrawal Applications

79. The Fund requires the borrower's (or recipient's) representative, as designated in the financing agreement, to furnish satisfactory evidence of the authority and authenticated specimen signatures of the individuals who will sign WAs on behalf of the borrower. This evidence must reach the Fund before the first WA is presented by the borrower and should be the original (photocopies, facsimiles or other means of transmission are not acceptable). Each WA should be signed by such duly authorized individuals, and the Fund must be notified of any change in the signatories authorized to withdraw funds from the loan/grant account.

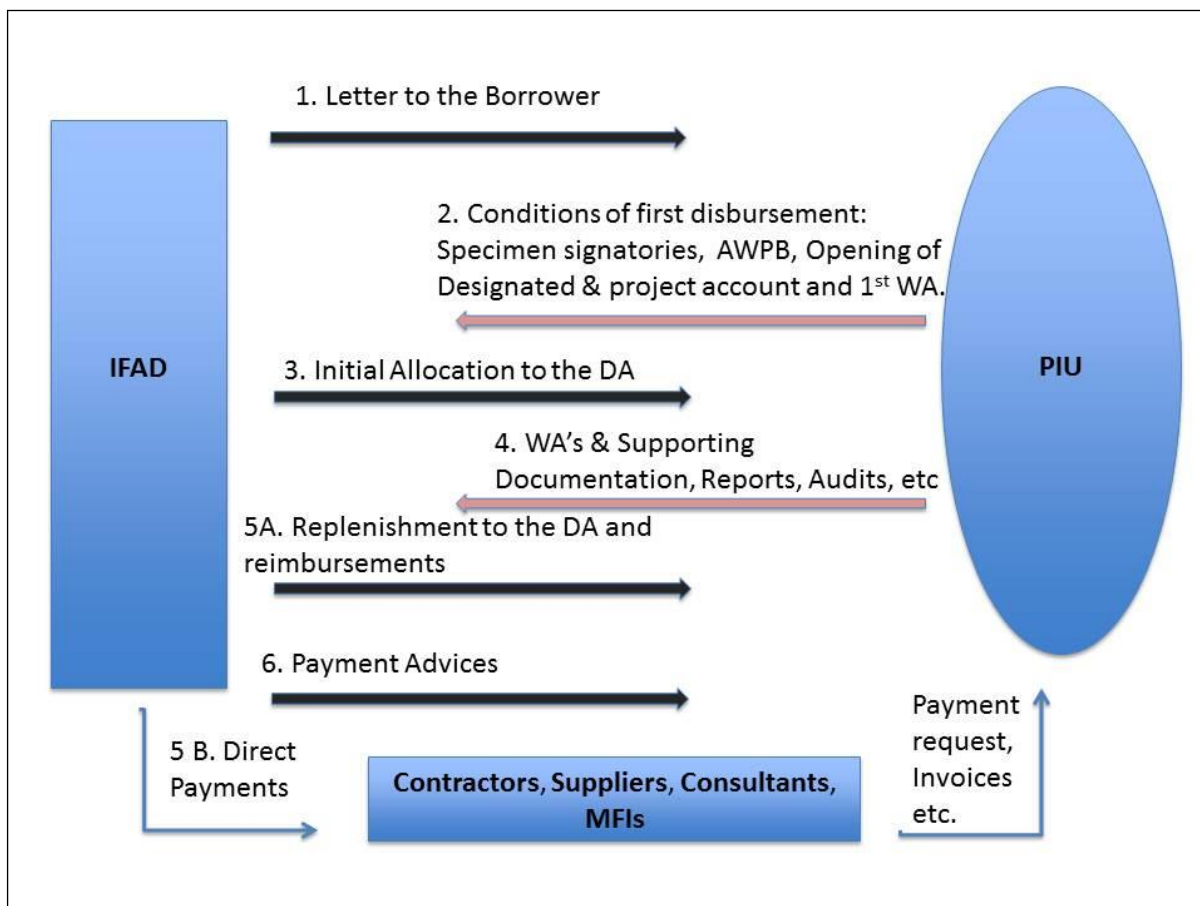
The Fund must also be notified of the designated signatories for operating any designated and/or programme or other accounts, including changes thereto, whether or not these authorized signatories are included in the financing agreement. Such changes, as effected during the life of the project, must be communicated promptly to the Fund. The borrower, guided by the sample WA, should provide the names and specimen signatures of the newly appointed signatories and include the date when such change is to take effect. The original of such changed documentary evidence is to be provided to the Fund.

7.2 The Designated Account

80. The flow of funds for the Project starts with the opening of the project Designated Account (DA), denominated in the currency of the loan (USD/EURO) through which IFAD funding shall be channeled. The DA is to be set up at and managed by DOF. The FM is responsible for opening and managing the Designated Account including receiving on a monthly basis the DA Statement of Account from the bank and reconciling it against PPMO records. Disbursements from the DA should be recorded in the PPMO account records as of the date they are made, that is when the checks are issued.

7.3 Withdrawal of Financing Proceeds and Supporting Documentation

81. Based on the FMFCL and the FMFCH, the withdrawal of all Project financing proceeds (direct payments to contractors from IFAD, and to reimbursements and replenishments to the designated account) is done through the use of Withdrawal Applications (WA) -form 100.
82. It is the FMs and the Financial Assistant’s responsibility to make sure that the WAs are correctly prepared, the documentation is complete and submitted to IFAD in a timely manner. The necessary forms and supporting documentation are to be attached to the WA (form 100).
83. Upon Project entry into force and after sending to IFAD, the letter designating the two officials authorized to sign Withdrawal Applications (WA) with their names and specimen signatures, the FM will prepare the first Withdrawal application together with the necessary supporting documentation requesting the IFAD to transfer an initial advance to the designated account up to a ceiling of USD xxxxxxxxxxxxxx. Disbursement from the DA may then start for eligible expenditures under the Project.



(Chart 8: Withdrawal of IFAD Funds)

84. For the subsequent WAs, prepared by the Financial assistant, the Financial manager must ensure that the right supporting documentation is attached to the WAs before providing clearance. When submitted supporting documentation to IFAD should be copies the while the original documentation is to be retained by the PMU/LPA and securely located to enable

inspection by IFAD representatives and auditors for a period of at least 10 years after the project completion date in accordance with the IFAD General conditions.

85. As specified in the IFAD FMFC handbook, for all payments (Works, goods, consultants' and other services) the following supporting documentation is required:
- a) The signed contract or confirmed purchase order (Showing the specified amount that is due paid. If this has been sent earlier to the fund a reference to the accompanying letter or document should be given in a footnote to the relevant Application summary Sheet – form 100)
 - b) The bank guarantee for advance payment, as specified in the contract documents
 - c) The bank guarantee for performance, as specified in the contract documents
 - d) Copies of communications sent by the IFAD country programme manager to the lead project agency (LPA) providing the IFAD's no objection (post or Prior) to the contract award, and
 - e) Evidence of payment.

For payments of goods, in addition to a-e:

- f) Supplier's invoice duly certified for payment by the PD – specifying the goods, their quantities and prices
- g) Bills of lading or similar documents; and
- h) As appropriate, the certificate of delivery (to include condition of goods to delivery)

For Payments of Consultants' and other services, in addition to a-e:

- i) The supplier's or consultant's claim, duly certified for payment by the PD and showing sufficient detail. If such Services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable IFAD to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and
- j) As appropriate, a certificate of delivery of satisfactory services

For progress and retention payments of civil works in addition a-e:

- k) the claim if the contractor, including a financial progress report, stating the work performed and the amount due;
- l) A certificate signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract, and
- m) A copy of the contract payment monitoring form signed in original by the certifying officer.

86. Together with each WA received for replenishment to the designated account, the project must submit the designated account reconciliation Statement, prepared by the project finance staff for the same reporting period in which the eligible expenditures are being claimed. This form needs to be accompanied by bank statements of the designated account and that of any other operating, district, project accounts ensuring that the closing bank balances for all these accounts correspond to the balances at the end of the same reporting period as indicated in the WA period.

In order to minimize transaction costs, the FM must make sure that withdrawals from the loan and/or grant account shall be made in amounts of no less than US\$ xxxxxxxx or its equivalent, or such other amount as IFAD may designate in an advice to the borrower from time to time.

7.4 Use of Statements of Expenditures (SOE) and SEO Thresholds

87. The statement of expenditure (SOE) procedure is normally used for those expenditure types where it is impracticable or unduly burdensome to require submission of full documentation. However, the supporting documentations for the Statements of Expenditures must be maintained by the PMO/LPA and made available for review by IFAD supervision missions upon request and to external auditors during their annual review of project accounts to enable issuing of an independent audit opinion.

Details regarding the use of the Statement of Expenditure (SOE) are provided in the FMFC handbook. In accordance with the FMFCL the SOE threshold applies for all project expenditures up to a threshold of USD 300 000.

The SOE thresholds above may be amended by the Fund during the course of project implementation.

8.0 Processing of payments

88. The Project will mainly finance, small works (rural roads, irrigation infrastructure etc.), consultants' services (design, supervision and studies), goods (office supplies, computers, cars), investments in the form of grants and credit as well as PMU operating costs (salaries, travel expenditures etc.). Last section outlined how the PMU will receive funds from IFAD to cover the incurred expenditures related. This section will outline the different steps involved in the outflow of funds from the PMU to the Contractors, Suppliers, and Consultants etc. The procurement process of these items, including the hiring process for consultants is detailed in the project procurement manual.

8.1 General instructions

89. For all payments, the FM should ensure that the following steps are performed:
- i) Preparation of Payment request voucher. A payment request voucher should be prepared for each payment.
 - ii) Validation of invoice. The following validation checks should be performed by the FM on invoice:
 - Invoice arithmetically correct; and
 - Quantity and price recorded on invoice should be checked back to contract, order, certification of completion/delivery

If there is any discrepancy identified, it should be raised with the vendor prior to proceeding with invoice processing,

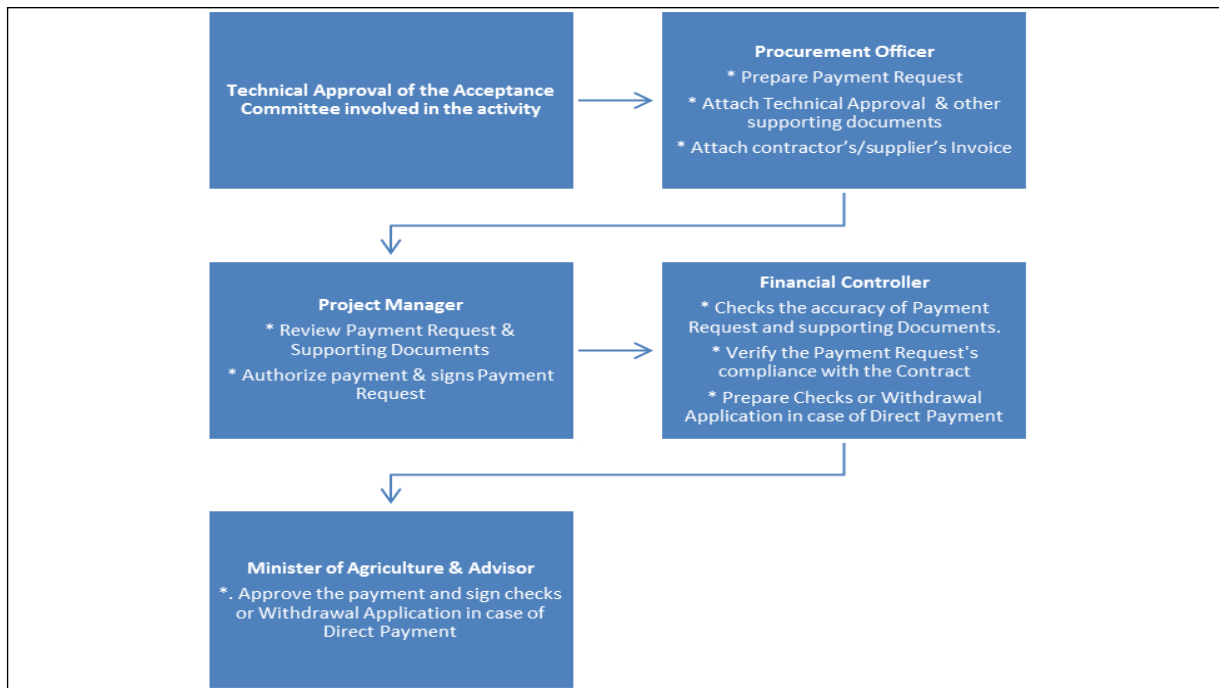
- iii) Supporting documentation: the following documents should be attached to the payment voucher to support validation:
 - Copy of invoice;
 - Copy of letter of approval from technical committee or the specialist, minister;
 - Copy of purchase order, goods received note and contract if applicable; and
 - Copy of required guarantees

All vouchers are authorized by the Minister after signatures of the FM, PD the and Director General of the LPA.

8.2 Processing of payments for Civil Works and Goods

90. Project will incur expenditures related to works in the form of irrigation infrastructure etc. and goods in the form of fixed assets.

The Expenditure Cycle for works and goods is detailed in the following chart:

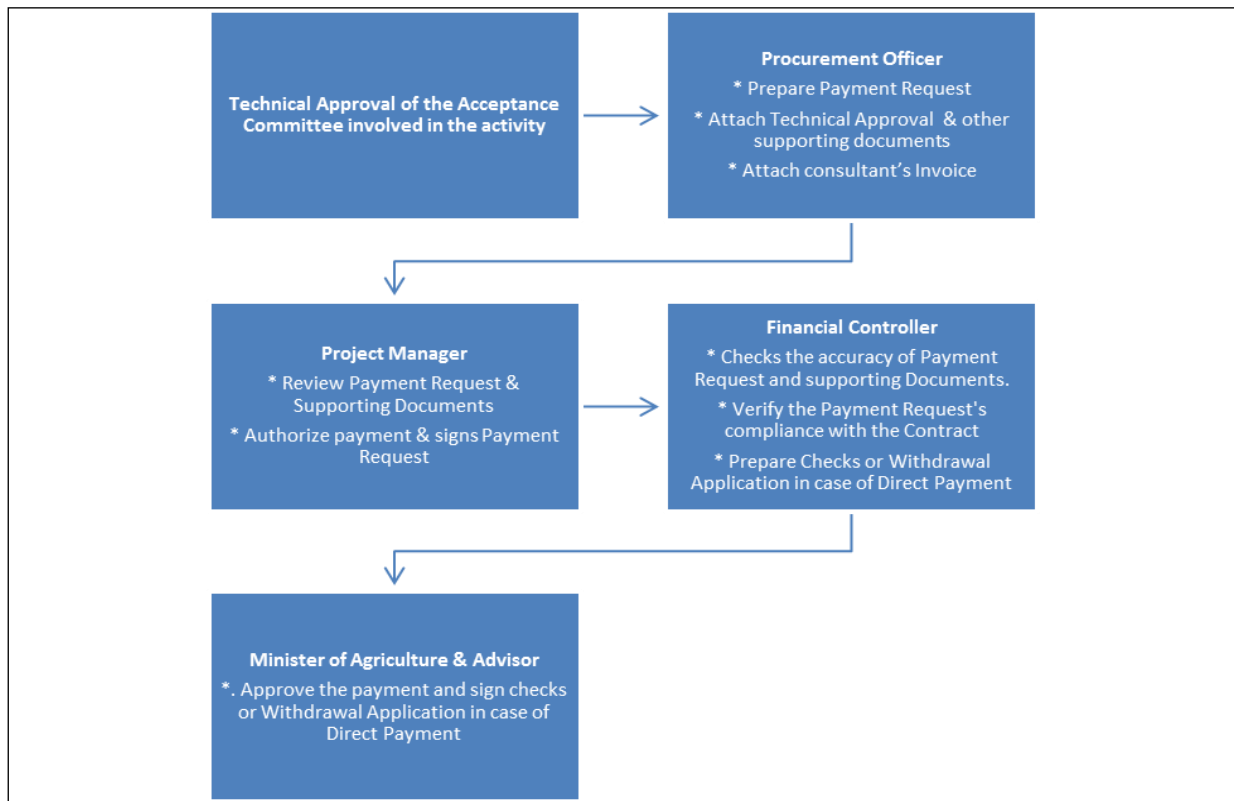


(Chart 9: Processing of payments for Works and Goods)

91. Before releasing the payment to the contractor or supplier, the FM will make sure the following processes are followed:
 - A. The quantity of goods is checked back to the purchase order and to contract and bid award letter (if applicable). The committee members, assigned by steering committee/LPA after being assured that quality of goods is compliant with the contract conditions deliver an accepted delivery sheet or a compliant report to the Procurement Officer. The FM will ensure that the Procurement Officer provides all the necessary documents including the invoice and the acceptance/compliant report before proceeding with the payment.
 - B. The condition of the goods is reviewed for any damage or impairments. Damaged goods are to be identified and returned to the supplier/replaced. If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the FM should be notified. FM must keep a central record of all goods returned to suppliers and maintain a separate record of all goods and equipment delivered by suppliers by contracts funded by the IFAD financing.
 - C. All the works, are to be monitored by an architect or engineer. It is good practise to assign the architect/engineer responsible for the design to monitor and assess the works of the contractor. The architect or engineer is responsible for sending compliant reports/certificate of completion to the Procurement Officer in the PMU which includes the percentage of completion of the construction and if the construction materials are compliant with the contract conditions and specifications. A request for payment is prepared by the Procurement Officer to be send to the FM. The FM will ensure that the payment request includes all the necessary documents including the invoice and the compliant reports/certificate of completion before proceeding with the payment to the contractor for the completed phase.

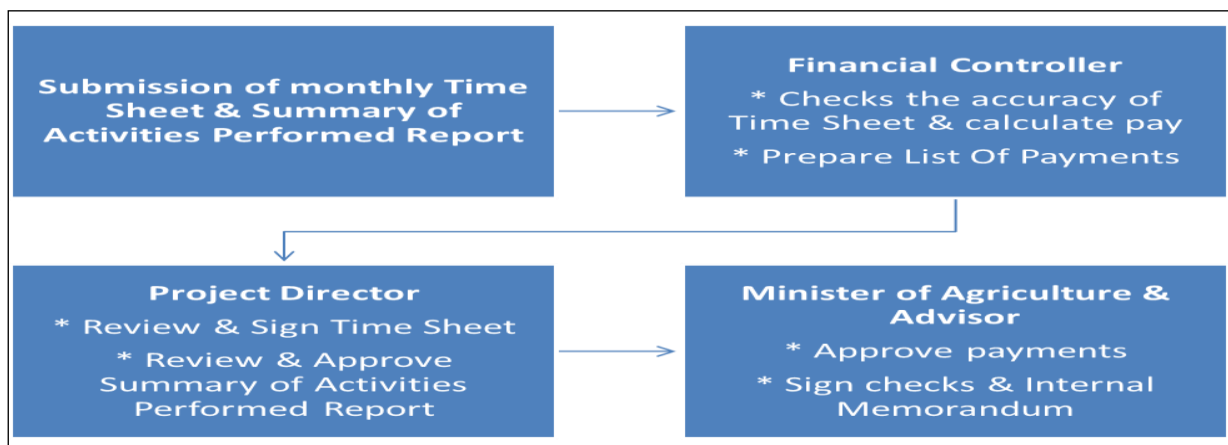
8.3 Processing of payments for Consultants' Services

92. Under the Project there are two types of consultants' services; a) Consultants with a lump sum contract, and b) Consultants with a time-based contract. For type (a) consultants, payments will be made against the delivery of outputs as detailed in their contracts. For type (b) consultants, payments will be made against the submission of a time sheet and a summary of activities performed. PMU members will be paid against the submission of a monthly time sheet. The Expenditure Cycle for type (a) consultants is detailed in the following chart:



(Chart 10: Processing of Payments for consultants - type A)

The Expenditure Cycle for type (b) consultants is detailed in the following chart:



(Chart 11: Processing of Payments for consultants - type B)

93. Before releasing the payment to the consultant (firms), the FM will undertake the following steps:
- A) The consulting services reports are monitored by technical committees, assigned by the steering committee/LPA for the purpose of evaluating the deliverables submitted by the consultant (firms). Therefore, the FM will ensure that no payment to the consultant is prepared unless an approved committee report or letter of approval received from the committee assures that the deliverable submitted by the consultant is compliant with the contract conditions, these documents should be passed first through the Procurement Officer.
 - B) The consulting services reports are monitored by the specialist responsible for the activity for the purpose of evaluating the deliverables submitted by the consultant (Individual Consultant). Therefore, the FM will ensure that no payment to the consultant is prepared unless an approved report received from the specialist assures that this report is compliant with the contract terms and conditions, these documents should be passed first through the procurement officer.

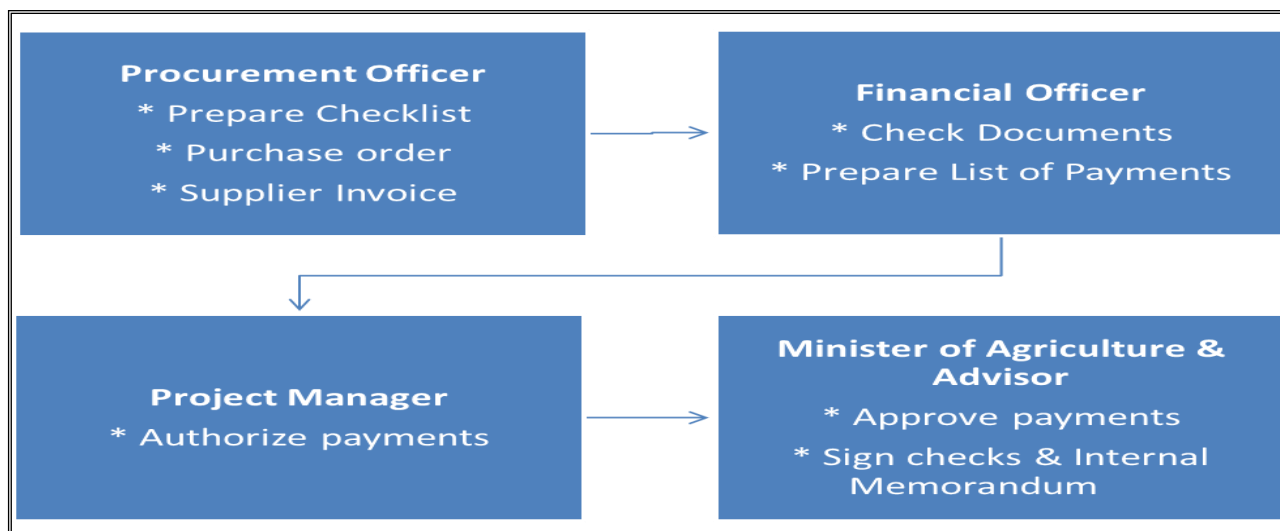
All Supporting Documents and Internal Forms must be retained at the PMU Office in the LPA and must be maintained and archived in accordance with the maintenance of records section of this manual.

8.4 Processing of Payments for Office Supplies and Other Operating Costs

94. The payment for office supplies and operating cost will be against the preparation by the procurement officer of a serially numbered checklist evidencing the receipt of office supplies, and the presentation of the Purchase order and supplier invoice. The FM will compare the information on the checklist to the purchase order and supplier invoice, then sign the checklist. The payment for services is against the presentation by the supplier performing the service of a service invoice.

At the end of each month, the FM will prepare a serially numbered "List of Payments" that detail all the incurred costs for office supplies and operating costs during the month and present it to the PD for review and authorization. After the PD's authorization of the payments, the FM will prepare the checks and send them to the PD who will prepare an "Internal Memorandum" detailing the check numbers, amounts, suppliers and explanation of payments. The "Internal Memorandum" and the checks will be presented to the Minister of Finance and his Advisor to approve the payments and sign the checks.

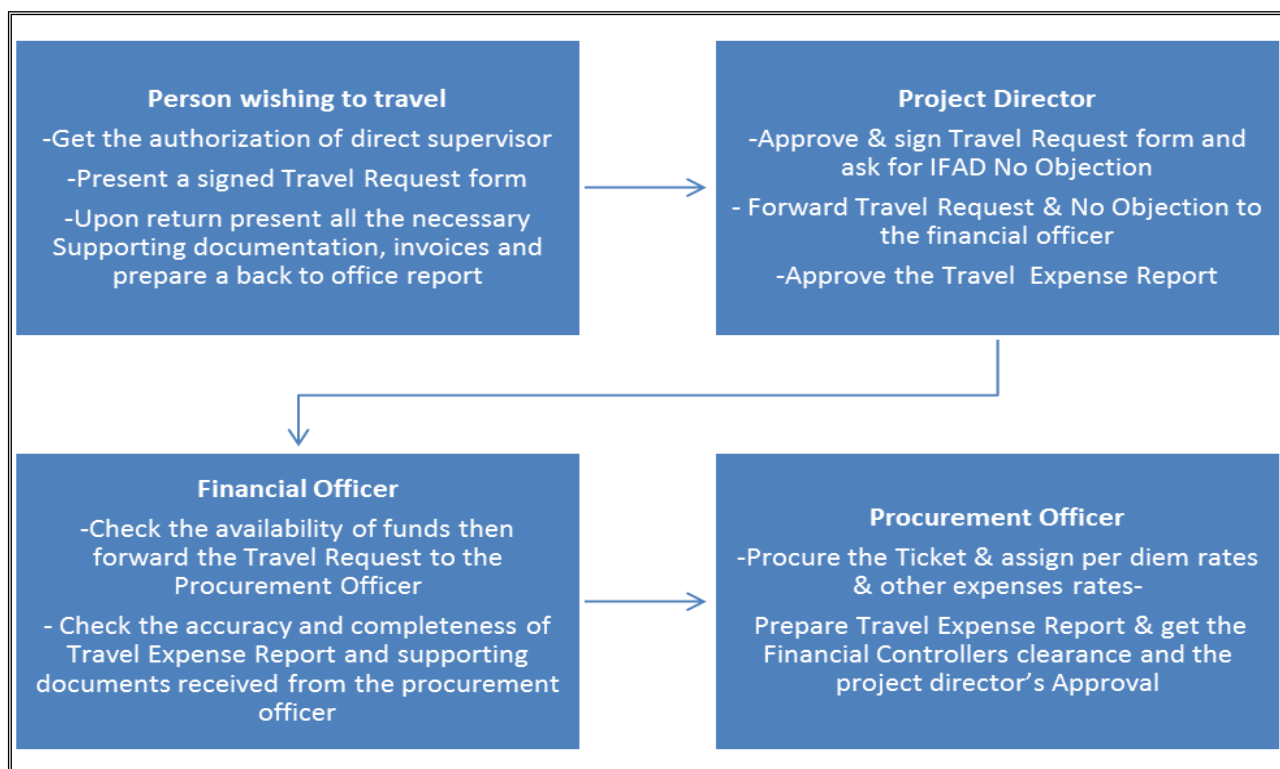
The following chart summarizes the process detailed above:



(Chart 12: Processing of Payments for Office supplies and operating costs)

8.6 Travel Arrangements & Processing of Travel Related Expenditures

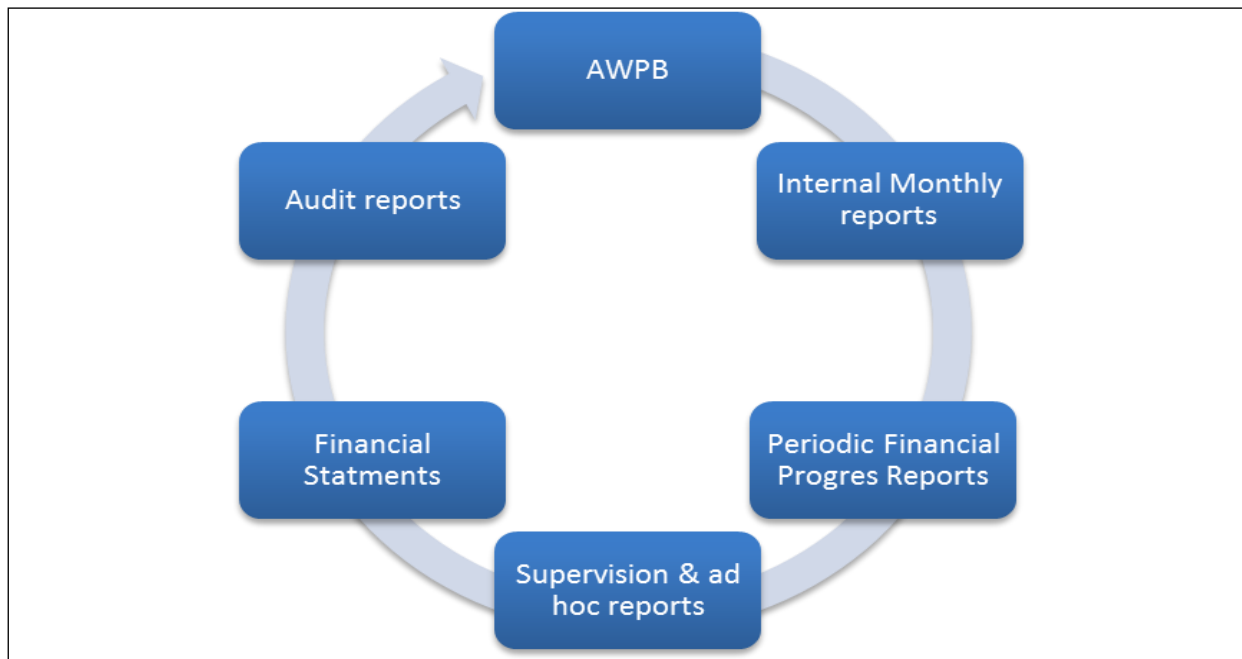
95. Under the Project there is a budget allocated for workshops and study tours as well as staff training courses. The following chart summarizes the transaction cycle that should be followed to get approval for the travel and the expenditures related to it:



(Chart 13: Processing of Payments for Travel and Training)

9.0 Financial Reporting

96. Periodic financial progress reports are a formal requirement of the IFAD Financing Agreement. Sufficient information must be made available about what money is spent on, how much is spent and what the results are. The major financial reports include the following: AWPB, monthly financial reports, periodic financial progress reports, supervision reports, annual financial statements and audit reports.



(Chart 14: Project Financial reporting cycle)

In addition to the AWPB, supervision reports and audit reports (discussed in detail in section 2, 11 and 12 of this manual), the FM will ensure that the following financial reports are prepared in a timely manner and submitted to IFAD in due time (applicable to reports 2-4 only):

1. Monthly financial reports for PPMO internal use only. These reports will be verified during IFAD supervision missions.
2. Periodic (quarterly) interim financial reports (IFR), to be provided to IFAD within 30 days after the reporting period.
3. Annual financial statements, to be provided to IFAD within 3 (three) months after the end of the project fiscal year.
4. Annual financial statements audited by an independent auditor acceptable to the Fund and in accordance with internationally accepted auditing standards and terms of reference cleared by IFAD, to be provided to IFAD within 6 months after the project fiscal year (explained in detail in section 11).

9.1 Monthly Reports

97. In accordance with best practices, the FM will prepare monthly financial reports based on the accounting system to aid management decision and control. The monthly management accounts will include the following.
- Monthly Budget Execution Report, summarizing the budget-actual comparison of the expenditures incurred, component-wise and category-wise. The report will also include a list of commitments entered into and still to be paid, by component and by category.
 - Bank Reconciliation Statements.
 - Petty Cash reconciliation forms.



Please see a sample of the above mentioned report in Appendix V.

9.2 Periodic Progress Reports

98. Quarterly interim financial reports (IFRs) should be submitted to IFAD no later than 30 days after the end of reporting period during the programme implementation period.

The importance of the periodic progress reports lies in the fact that they provide IFAD with sufficient information to determine whether the funds disbursed to the project are being used as intended, the project implementation is on track and the budgeted costs will not be exceeded. The financial information should be linked to the information on physical progress and procurement to give assurance that the financial and physical progress are consistent.


The IFRs include the following:

- **Project Statement of Cash Receipts and Payments by Category:** This report summarizes the sources of project financing, with the uses of funds in accordance with the disbursement categories foreseen in the Financing agreement with the Fund. This report also states the cumulative expenditures from the start of the project until the date of the report as well as the cash flow forecast for the following quarterly period. The automated accounting system has been tailored to generate the report with all required details.
- **Uses of Funds by Project category:** This report details the project expenditures by each expenditure category or sub category and by financier.
- **Uses of Funds by Project Activity:** This report details the project expenditures by each component or sub-component consistent with those foreseen in the Financing Agreement. The total planned, actual and cumulative expenditures in this report should correspond to those mentioned in the uses of funds section of the “Sources and Uses of Funds” report presented above.
- **Cash flow forecast:** This report summarizes the cash inflow and outflow for the following semi-annual period (split by quarters) and is explained in detail in section 9.3.

- **Designated Account Reconciliation Statement**

 A sample of a quarterly IFR is provided in Appendix VI.

- **Withdrawal Application Statement:** This report summarizes the claimed and received WA from IFAD during the reporting period.

 A sample of a WA statement is provided in Appendix VII, Table 2.

- **Contract Expenditures:** This report details all the contracts signed and amounts paid during the quarter by category.

 A sample format for this report is provided in Appendix VII.

9.3 Cash Flow Forecast

99. Preparing periodic cash flow forecasts is essential to ensure the project has sufficient funds to meet its commitments (expenditures to contractors, service providers, suppliers of goods, salaries of the PMU staff, operating and maintenance cost of the PMU such as rent, electricity, internet etc.) as they fall due. It is the FM's responsibility to prepare periodic cash flow forecasts by undertaking the following steps:

1. Determining the opening balance of the time period
2. Determine (as accurately as possible) all the cash inflow already secured from different sources during the time period on a monthly basis.
3. Determine (as accurately as possible) all the payments due during the time period on a monthly basis.
4. Based on the calculation (steps 1-3) determine the estimated cash need for time period in question.

When preparing the cash-flow analysis, key sources for information include the AWPB (up-to-date), the procurement plan (up-to-date), disbursement timetable of all signed contracts and historic expense reports for PMU management costs as these can be assumed to stay relatively constant over the implementation period.

Based on the estimated cash flow needs, the FM in consultation with the PD will prepare and submit for approval the required withdrawal applications in a timely manner in order to ensure sufficient liquidity and avoid any delays to the project implementation.

 Sample of a cash flow forecast is provided in Appendix VI.

9.4 Annual Financial Statements and Audit Reports

100. IFAD requires that the financial statements are prepared in accordance with IPSAS cash (National Standards are also acceptable as long as they meet the minimum requirements) and that the annual statements are provided to IFAD within 3 (three) months after the end of the fiscal year. In accordance with the Project Design Report, the project will prepare its financial statements in accordance with applicable accounting standards (IPSAS cash or CAS).

The project financial statements should include the following information:

- Project Information and performance,
 - Statement of project management responsibilities,
 - Statement of cash receipts and payments (by category and by financier),
 - Statement of cash receipts and payments (by component),
 - Statement of comparative budget and actual amount,
 - Statement of Special Account movements,
 - Statement of Special Account Reconciliations,
 - Statement of Fixed Assets;
 - Withdrawal Application Statement and Notes to the Financial Statements.



A sample of financial statements are provided in Appendix XV.

It is important to note that IFAD financing proceeds should be disclosed separately from the other financiers (donors, government, beneficiaries etc.). It is also important to note that where the project consists of more than one entity the lead-PMU must provide consolidated financial statements.

10.0 Fixed Asset Management

101. Fixed asset management is an important process that seeks to track fixed assets for the purposes of financial accounting and to ensure preventive maintenance, and theft deterrence. Adequate Fixed asset maintenance also increases the sustainability of the project.

There are three elements in fixed asset management that require the attention of the FM:

- Purchase of equipment;
- Setting up and maintaining an asset register including verification;
- Setting up a plan for disposal and/or handover of the asset once the project is completed.

10.1 Purchase of Equipment

102. All procurement and payments for project equipment will be processed in line with the guidance provided in the procurement section of the PIM. The financial officer should assign a unique, sequential asset number to all furniture and equipment items purchased (excluding minor items such as stationary). This must be clearly labelled on each item. Each item of equipment must be recorded in the fixed asset register.

10.2 Asset Register

103. The Financial manager must maintain a register of all (material) project equipment. This will be recorded on the asset management module of the accounting software. The asset register should record the following information for each individual piece of equipment: 1) Asset description, 2) Asset number, 3) Serial number of the item, 4) Officer responsible for asset, 5) Funding of asset (IFAD, government etc.), 6) Location; Date of purchase; and 7) Estimated life.



A sample of a fixed asset register is provided in Appendix VIII.

10.3 Asset Verification Review

104. The FM must ensure that a verification count of all equipment recorded in the fixed asset register is performed at least once a year. This should include the following checks:
- Verify that all equipment is still held in the location recorded on the register; and
 - Check that equipment is still in a reasonable state of repair.
 - Discrepancies between the verification exercise and the fixed asset register should be investigated. Where assets are missing or seriously damaged, they should be removed from the asset register. The removal should be formally documented and approved by the financial officer and by the LPA.

The verification review must be performed by different staff from those who use the equipment, to ensure adequate segregation of duty. At the end of the project the assets purchased at the expense of Loan proceeds should be verified, listed and handed over to the LPA administered by the Government.

10.4 Vehicle Maintenance and Fuel

105. The drivers are required to record all trips and fuel refills in a logbook and collect all the supporting documentation (invoices etc.). The vehicle logbook provides control over the use of the cars as well as fuel consumption. Fuel distribution is handled by the FM. Fuel is purchased on an as-needed basis by giving coupons to the drivers who must use the selected fuel station. The PMU is billed by the station twice a month. Unused coupons are kept in the office safe in the custody of the FM. For official missions, a special cash provision is given to mission leaders to allow them to purchase fuel (at reputable gas stations) during the trip.
106. The safety of cars is the responsibility of the recipient staff members and drivers assigned to the vehicles. Consequently, they must ensure that the cars are parked in a secure area when not in use or outside working hours. The drivers are required to monitor the maintenance of their assigned vehicles under the supervision of the PMU. The drivers must notify the PMU of maintenance needs so that the cars can be serviced on a timely basis. The cars must always be taken to the selected PMU garage for repairs and maintenance
107. The DFM should on a monthly basis review the mileage and fuel usage as well as any undertaken service as reported in the log book of each car and compare these with the official invoices and travel authorizations etc. to make sure the numbers are accurate.
108. An insurance policy must be taken by the PMU to ensure all cars and passengers against all risks, including damage, theft, fire, as well as injury and property damage to third parties. The insurance must also cover the same risks when the cars are used by the recipient staff members outside of normal working hours.



A sample of a vehicle log and vehicle history record log is provided in Appendices X A & X B.

11.0 Audit Arrangements

109. The project audit is an ex-post review of financial statements, records of transactions & financial systems; It examines the adequacy of accounting systems & procedures, capacity to maintain appropriate accounts & documentation of the project/grant expenditures. The objective of the project audit is to provide credibility and assurance of accountability.
110. The auditing is conducted by the DAO which is constituted as an independent body under the National Audit Office (NAO) and responsible for the audit for all IFIs projects in China. The Provincial Audit Office will be delegated to be responsible for auditing the project. PAO has rich experiences with WB, ADB and IFAD project auditing. The audited financial statements in English and a detailed audit report in English along with a separate Management Letter in English not later than six months after the end of each financial year.
111. IFAD will publicly disclose project financial statements and audit reports of projects financed by IFAD. In line with the standards of the International Aid Transparency Initiative, the government is encouraged to publish relevant financial information on their own websites, for increased accountability. The audit TORs shall explicitly mention the right of the borrower/recipient and of IFAD to publish the audit report, with no limitation-of-use clause.
112. The Audited financial statements need to be sent to IFAD no later than 6 months after the end of the fiscal year. The detailed instruction regarding project audit are outlined in the IFAD guidelines for project audits available at <http://www.ifad.org/pub/basic/index.htm>

11.1 The Audit Cycle and Appointing the Auditor

113. The complete audit cycle can be divided into the three main roles carried out by the FM/PPMO, the Auditor and IFAD.

The PPMO and the financial officer will:

- Prepare the financial statements for reporting period
- Make available all the financial information necessary to the auditors.
- Respond to the audit findings and recommendations.
- Submit the audit report to the fund no later than 6 months after the end of the project fiscal year.

The Auditor will:

- perform the audit work including the audit opinion
- Indicate any ineligible expenditures
- Provide a management letter

The Fund will:

- Indicate / appoint the auditor by FMFCL

- Monitor timely submission and review of audit reports
- Follow up on remedial action\apply sanction and /or remedies if relevant including suspension of disbursement and or cancellation of loan balance (Legal Notice is sent to the LPA after 3 months of delay. Suspension of disbursement to the project after 6 months delay.)

11.2. TORs of the Auditors

114. When the auditor is appointed by FMFCL, the IFAD provides the IFAD Handbook for Financial Reporting and Auditing with full description of TOR for auditor describing the scope of audit and responsibility of auditor.
115. The following additional information can be provided to the auditor upon request:
 - a) Organizational charts;
 - b) Names and titles of senior managers;
 - c) Names and qualifications of officers responsible for financial management, accounting and internal audit;
 - d) name and address of any existing external auditor, if a change is made;
 - e) Description of information technology facilities and computer systems in use and
 - f) Copies of the latest financial statements, financing agreement, minutes of financing negotiations, project design document, and annual work programme and budget, if it is available.

11.3 The Audit Report

116. The Audit Report must include the following elements which are also be reflected in the IFAD Handbook for Financial Reporting and Auditing:
 - An opinion on the Project's financial statements
 - In addition to the audit report, the independent auditor will prepare a management letter. This will include comment and recommendations on the adequacy of the financial management system, and on the system of internal control. The management letter should also include a follow up section on the status of implementation of previous years recommendations and the observations should be presented in a priority level e.g. High, Medium and Low. The Management letter should also provide management response to the auditor's observations.
 - All audit report package listed below should be provided in English and English version should be certified and signed by the auditor:
 - Audit report: Audited Financial Statements with Audit opinion;
 - Management letter.

12.0 IFAD Supervision

117. The project will be subject to extensive supervision from IFAD during the whole implementation period to ensure that the PMU fiduciary requirements are completed on time and to minimize the project's fiduciary risk.
118. If financial arrangements of the PMU are deemed acceptable, IFAD will rely on them to provide assurance that the financing proceeds are being used for the intended purposes. In the case that IFAD identifies weaknesses in the financial arrangements, it will require the PMU/LPA to take the appropriate measures to mitigate those risks e.g. changing the design and operation of internal control processes or modifying the disbursement arrangements for an operation.

The IFAD supervision of the project includes the following measures:

- Monitor of timely submission of audit reports and review of these reports
- Verify compliance to audit recommendations and recommendations made by past supervision missions.
- Monitor the submission of timely periodic financial reports and review of these reports
- Monitor disbursements rate and the quality of the received Withdrawal Applications
- Annual or semi-annual financial management supervision missions.

12.1 Supervision missions by the Fund

119. Throughout project implementation, IFAD will conduct annual financial supervisory missions to develop financial management ratings and ensure compliance with the IFAD's requirements. During the supervisory missions, IFAD will assess and monitor the adequacy of the PMU/LPA financial management arrangements such as accounting, budgeting, internal controls, flow of funds, financial reporting and the auditing practices. The key findings and recommendations of the mission will be captured in the Aid Memoire.
120. When preparing for and during an IFAD supervisions mission, the necessary supporting actions by the FM will include the following:
 - Update and make available for the mission, the project financial information and especially the incurred expenditures by component, by category and by financier as of the last day of the preceding month.



Please refer to Appendix XI for the financial tables required for the aid memoire.

- Update and make available reports on the status of counterpart funding (has the Borrower/Lead Project Agency made available financing proceeds to the Project as planned?).

- Provide a walkthrough of the existing accounting system including its main modules, budgeting, accounting, financial reports, fixed asset register as well as the security settings in use.
- Facilitate checking of the internal controls, by system “walk through” to ensure that approved procedures are consistently being followed.
- Make available Withdrawal Applications, Statement of Expenditures and all supporting documentation regarding expenditures claimed under the SOE thresholds to facilitate the verifying of adequacy, completeness and validity of claims.
- Make available evidence of qualifications and educational background of the financial staff including, organogram of the PMU, CVs, TORs of each position and PMU training plan.
- Update and make available a complete a fixed asset register and facilitate sample test check of physical existence of the asset.
- Make available written procedures regarding financial operations such as processing of transactions, financial administration manual, accounting manual, fixed asset maintenance and records management as well as the lead project agency’s anticorruption policy and whistle blowing procedures.
- Prepare and make available the updated bank account reconciliation statement and bank account statements for all designated and project accounts.
- Arrange meeting with the auditors and any other selected party requested by the mission.
- Make available all necessary documentation and contracts regarding procurement not subject to prior review.
- Provide an update on the actions taken regarding past audit recommendations as well as action points outlined in the past aide memoires.
- Make available the most recent AWPBs, annual and semi-annual reports.
- Participate in report writing if necessary.

13.0 Loan completion and Closing

121. The closing of the loan/grant is due six months after the project completion date. Both the completion and the closing date of the loan have financial implications on the project management such as: development and submission of a recovery plan, ensuring eligibility of expenditures and submission of the necessary documents outlined below.

13.1 Recovery plan

122. To ensure that the designated account is completely and timely justified, the financial officer/PMU has to develop and submit to the Fund a so-called recovery plan outlining the percentages per withdrawal application that will be recovered and paid respectively. The recovery plan should be submitted to the Fund around 6 months before the completion date or when the outstanding balance (amount still undisbursed by IFAD) is less than the double of the authorized allocation).



Please refer to Appendix XII for a sample recovery plan.

13.2 Loan Completion

123. As defined in the Financing agreement the completion date of the loan is its 6th anniversary; that is six years after it entered into force. By the completion date all the project activities must have been finalised. The payments can be done also after the completion date, as long as the commitments/ contracts are signed prior to the completion date. Activities that have continued after the completion date are not considered as ineligible expenditures and can therefore not be financed by the IFAD funds.
124. After the completion date but no later than the closing date (six months after the completion date) the PMU can still incur expenditures related to so-called winding up expenditures e.g. Final Audit, Project completion report, Project staff salaries involved in the winding up activities, PMU maintenance cost, project completion workshop.

13.3 Loan Closure

125. The Fund requires the following to be provided by the PMU in order to close the loan:
- Confirmation of last withdrawal application
 - Submission of final audit report
 - Submission of project completion report

The Final Audit Report has to cover, the final project year up to the final expenditures.

Appendices to the Financial Manual:

Appendix I: Sample Job descriptions related to Financial Management and Administration

Appendix II: Sample Annual Work Plan and Budget

Appendix III: Sample Chart of accounts

Appendix IV: Sample TORs for an accounting software

Appendix V: Sample Monthly Budget Execution Report

Appendix VI: Interim Financial Reporting (all reports)

Appendix VII: Sample Periodic Progress Report

- Table 1: SOE-Withdrawal Application Statement.

- Table 2: Signed Contract Listing

- Table 3: Physical Progress Report

Appendix VIII: Fixed asset register

Appendix IX A: Petty Cash Request Form

Appendix IX B: Petty Cash Reconciliation Form

Appendix X A: Vehicle Log

Appendix X B: Vehicle History Record

Appendix XI: Required Aide Memoire tables for IFAD Supervision missions

Appendix XII: Sample recovery plan

Appendix XIII: Designated account reconciliation statement

Appendix XIV: Checklist for Withdrawal Application

Appendix XV: Sample of financial statements

Appendix I: Sample Job descriptions related to Financial Management and Administration

A. Project director (PD)

126. Responsible for all aspects of IFAD projects implementation under direct supervision of the Steering Committee and the Lead Project Agency. Specific duties:
- Plan, organize and coordinate project implementation in line with rules and regulations and provisions of the loan/grant agreements.
 - Elaborate and review project documents as well as IFAD standard procurement and disbursement documents.
 - Organize, coordinate, monitor, and control the work plan, budget and procurement plan to ensure delivery of project outputs.
 - Ensure the efficient management of project resources in a transparent manner.
 - Supervise project disbursement, accounting and financial management and ensure eligibility of funds use in accordance with the loan/grant agreements.
 - Ensure that procurement of goods, services and works is carried out according to project design and IFAD procedures.
 - Manage the PMU staff to ensure efficiency, including appraising their performance annually.
 - Communicate the projects' objectives and components, to target groups including stakeholders to ensure sustainability and ownership of the project.
 - Assess qualifications and pre-qualifications of implementing partners, consultants, and contractors that may be selected for project implementation.
 - Negotiate contractual arrangements with various implementing partners and contractors.
 - Evaluate performance of implementation by governmental and non-governmental implementing partners, consultants and contractors.
 - Prepare agreements with beneficiaries, stipulating the conditions of their participation.
 - Ensure a close cooperation and coordination with other national and international development partners at national and district level.
 - Update the Project Implementation Manual if and when necessary,
 - Prepare quarterly and annual reports to IFAD, the steering committee and LPA as well as other stakeholders (if any).
 - Develop and maintain a M&E and MIS to monitor project progress and performance.
 - Ensure full compliance with directives issued by the Project Steering Committee and the LPA.

B. Financial manager (FM)

127. Under the direct supervision of the PD, and within the framework of projects appraisal reports and loan/grant agreements, responsible for the financial and administrative management of the PMU, including Accounting, Budgeting, financial reporting, internal controls, auditing arrangement, flow of funds and the efficient management of projects resources. Specific duties:
- Prepare together with the PD the Annual work plan and budget and the budget and financing plan in particular.
 - Master IFAD key documents such as, the FMFC handbook, procurement guidelines and handbook, IFAD guidelines for project audits, the Financing Agreement (FA) and the FMFCL.
 - Develop and maintain an efficient accounting system and reliable internal control procedures and guidelines for financial reporting and recordkeeping.
 - Responsible for the preparation, review and monitoring of projects budgets including financing plan, procurement plan (together with the Procurement Officer), and staff development plan (together with the training focal point)

- Prepare/verify all withdrawal applications for submission to IFAD, and ensure the availability of funds for all planned activities. Manage the projects bank accounts, approve and co-signs all payments.
- Responsible for all project procurement, either directly or by delegation.
- Consolidate data from counties, prepare and timely submit quarterly interim financial reporting (IFR) as per the IFAD requirements.
- Prepare and provide financial reports including the sources and uses of funds statement, incurred expenditures by component, expenditure category and financier, designated account reconciliation statement, fixed asset list and cash flow forecast etc. for submission to the Project steering committee, LPA and IFAD on a semi and annual basis, and maintain all records in a form appropriate for audit.
- Lead the process of contracting an external audit firm to conduct an independent audit of the annual project accounts, ensuring that annual audits are carried out within the specified timeframe.
- Develop and maintain a system of financial control over all expenditure incurred by implementing partners.
- Responsible for developing and managing an effective and performance based human resources management system.
- Supervise and coordinate the work of staff placed under his/her direct authority.
- Review and regularly update the Financial Manual of the PMU.
- Responsible for the organization and supervision of the PMU office, assets, logistics, and all administrative matters.
- Undertake any other activities assigned by the PD.

C. Financial Assistant (FA)

128. Under the direct supervision of the FM; specific duties include:

- Assist the FM in the implementation of a sound financial management system.
- Prepare financial reports, including monthly funds reconciliation, and monthly, quarterly, semi-annual and annual expenditure statements;
- Prepare transaction vouchers, and input all transactions into the PMU accounting system before submission to the FM for approval;
- Process all payments, ensuring that PMU procedures are strictly adhered to;
- Process monthly payroll, payment of salaries to staff and project contributions;
- Manage and report on the use of Petty Cash in accordance with the approved procedures;
- Assist the FM in the preparation of withdrawal applications;
- Prepare cash flow forecasts as required;
- Monitor financial returns from Implementing Partners, including periodic visits to their offices;
- Assist in the preparation and monitoring of annual operational budgets
- Functional supervision and training of Accounts & Administrative Assistants in PMU.
- Maintenance of a well-organized and up-to-date filing system for accounting and financial records as well as an fixed asset tagging system;
- Perform physical inventory of project assets each year;
- Assist the FM in the preparation of the accounting manual of the PMU
- Provide assistance to the external auditors as required;
- Undertake any other activities assigned by PMU management.
- Assist the FM in the implementation of a sound financial management system.
- Assist the Financial DFM in preparing financial reports, including monthly funds reconciliation, and monthly expenditure statements;
- Assist the FA in prepare transaction vouchers, and input all transactions into the PMU accounting system before submission to the FM for approval;

- Assist the FA in process all payments, ensuring that PMU procedures are strictly adhered to;
- Assist the FA in process monthly payroll, payment of salaries to staff and Project contributions;
- Assist the FM in the preparation of withdrawal applications;
- Assist the FA and FC in prepare cash flow forecasts as required;
- Assist in reviewing and monitor financial returns from Implementing Partners, including periodic visits to their offices;
- Assist in the preparation and monitoring of annual operational budgets
- Collate data received from colleagues into the system.
- Manage a well organized and up-to-date filing system for accounting and financial records;
- Assist in providing assistance to the external auditors as required;
- Undertake any other activities assigned by PMU management.
- Supervise the driver(s) and office attendant.
- Perform secretarial duties, including maintenance of a well organized filing system.
- Collect and review financial reports from implementing partners at district level.

Appendix II: Sample Annual Work Plan and Budget

Tables 1-4: Sample Budget and Financing Plan

Summary table 1: Planned Project Expenditures by Component and Financier

Component	Total		Financing Source				Beneficiaries
	Local	USD	IFAD Loan	IFAD Grant	Government (Budget)	Government (Tax)	
1. Rural Market Development							
1 a. Rural Market innovation strategy							
1b. Rural Market infrastructure							
1c. Women Capacity Building							
2. Irrigation Infrastructure							
3. Rural Finance							
4. Programme Management							
Total							

Summary table 2: Planned Project Expenditures by Expenditure Category and Financier

Category	Total		Financing Source				Beneficiaries
	Local	USD	IFAD Loan	IFAD Grant	Government (Budget)	Government (Tax)	
I. Civil Works							
II. Equipment, Goods and vehicles							
III. Technical assistance and Studies							
IV. Training and Workshops							
V. Credit line							
VI. Incremental Operating Costs							
Total							

Summary table 3: Planned Project Expenditures by Component and Expenditure Category

Component	1. Rural Market Development	1 a. Rural Market innovation strategy	1b. Rural Market infrastructure	1c. Women Capacity Building	2. Irrigation Infrastructure	3. Rural Finance	4. Programme Management	Total
Category								
I. Civil Works								
II. Equipment, Goods and vehicles								
III. Technical assistance and Studies								
IV. Training and Workshops								
V. Credit line								
VI. Incremental Operating Costs								
Total								

Table 4: Detailed Tables per Component, Expenditure Category and Financier

Category	Description of activity by Component/subcomponent	Items				Physical Outreach	Timeline					Financing Source					
		Unit	Unit cost	Quantity	Total		Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total	IFAD Loan	IFAD Grant	Gov. (Budget)	Gov. (Tax)	Benef.	
III. Technical assistance and Studies	1. Rural Market Development																
	1 a. Rural Market innovation strategy																
	value chain expert Awareness building Workshop Baseline study Local Market survey Seminar Publications and booklets																
III. Technical assistance and Studies	1b. Rural Market infrastructure																
	Feasibility study																
	Awareness building seminar Publications																
I. Civil Works	Rural roads																

Table 5: Sample Procurement Plan

Table 5: Procurement plan																						
									Preparation of Tendering Process			Bidding Process					Evaluation Process				Contract	
Component	Subcomponent/Activity	Item	Unit	Quantity	Unit cost estimate (USD)	Total cost estimate (USD)	Financing Source	Procurement Method	Bid Document	IFAD no objection	Publication (date)	EOI	Response Time	Closing Date	Opening Session	Bid/quote evaluation (date)	Prior review required	Final report	No Obj	Notification of Award	Signature	End Date
WORKS																						
	item1																					
	item2																					
GOODS																						
	item3																					
SERVICES																						
	item4																					

Table 6: Sample Staff Development Plan

Table 6: Staff Development Plan								
Category	Component	Name and description of person(s)	Description of training activity	Proposed trainer/training institution	Loaction of the training activity	Estimated cost of the training activity (USD)	Additional costs (e.g. travel, accomondation. DSA)	Financing source
IV. Training and Workshops	4. Programme Management	Financial controller of the PIU	Financial Management Course	ITC/ILO	Turin Italy	4 000	3 500	IFAD Loan
IV. Training and Workshops	4. Programme Management	Administrative assistant of the PIU	advanced course in English	Professional Language Institute	Local	2000	na	IFAD Loan

Appendix III: Sample chart of account (This will be adjusted once the cost tabs are finalized)

Chart of Accounts

<u>Account code</u>	<u>Account name</u>
1-00-0-0	Establishment of a Macro-Fiscal Analysis Unit
1-01-0-0	International Advisory Services
1-01-0-1	Macroeconomic Analysis & Modeling Advisor
1-02-0-0	Local Advisory Services
1-02-0-1	Full-Time Macroeconomic Analysis & Modeling Advisor
1-02-0-2	Fiscal Team Support Advisor
1-02-0-3	Public Enterprise Coverage Advisor
2-00-0-0	Public Expenditure Management
2-10-0-0	Cross-Cutting Issues
2-11-0-0	International Advisory Services
2-11-0-1	Legal Consistency Advisor
2-11-0-1	Senior Advisor PIP/ Loi-Programme
2-20-0-0	Expenditure Planning & Budget Formulation
2-21-0-0	International Advisory Services
2-21-0-1	Resident Budget Planning Advisor
2-21-0-2	Visiting Budget/ Sectoral MTEF Advisor
2-21-0-3	High-Level Review of BC / CoA Advisor
2-22-0-0	Local Advisory Services
2-22-0-1	Budget Preparation Advisor
2-22-0-2	Sectoral Economist A
2-22-0-3	Sectoral Economist B
2-22-0-4	Review of BC / CoA Advisor
2-30-0-0	Budget Execution, Monitoring & Audit
2-31-0-0	International Advisory Services
2-31-0-1	Senior Public Audit Expert
2-31-0-2	Treasury Management Strengthening Advisor
2-31-0-3	Budget Execution System Diagnostic & Solutions Advisor
2-32-0-0	Local Advisory Services
2-32-0-1	Treasury Management Strengthening Advisor
2-32-0-2	Development of a Cash Forecasting Tool (Software Development)
2-32-0-3	Budget Execution System Diagnostic Advisor
3-00-0-0	Debt Management
3-01-0-0	International Advisory Services
3-01-0-1	Debt Strategy Formulation Advisor
3-01-0-2	Cost Risk Analysis Advisor
3-01-0-3	Debt Strategy Implementation Advisor
3-01-0-4	Data & Debt Recording Advisor
3-02-0-0	Local Advisory Services
3-02-0-1	Debt Management Advisor
3-02-0-2	Legal Advisor
4-00-0-0	Aid Coordination & Management
4-01-0-0	International Advisory Services
4-01-0-1	Resident Aid Coordination & Management Advisor
4-02-0-0	Local Advisory Services
4-02-0-1	Aid Coordination & Management Advisor
4-03-0-0	Miscellaneous Expenses
4-03-0-1	Representation at Donor Meetings
5-00-0-0	Training & Capacity Building

5-01-0-0	International Advisory Services
5-01-0-1	Training Design & Implementation Advisor
5-02-0-0	Local Advisory Services
5-02-0-1	Training Coordinator
5-03-0-0	Miscellaneous Expenses
5-03-0-1	Workshops
5-03-0-2	Study Tours
6-00-0-0	Project Management
6-01-0-0	Local Advisory Services
6-01-0-1	Project Manager
6-01-0-2	Financial Management Specialist
6-01-0-3	Procurement Specialist
6-02-0-0	Miscellaneous Expenses
6-02-1-0	Operating Costs
6-02-1-1	Accounting Software
6-02-1-2	Office Equipment
6-02-1-3	Office Equipment Maintenance Expense
6-02-1-4	Stationary & Office Supplies
6-02-1-5	Advertising Expense
6-02-1-6	Post Expense
6-02-1-7	Translation Expense
6-02-1-8	Printing Expense
6-02-1-9	Bank Charges
6-02-2-0	Project Audit
7-00-0-0	A/C Payables
8-00-0-0	Bank & Related Accounts
8-01-0-0	BDL Designated Account
8-02-0-0	IFAD Account
8-03-0-0	Foreign Exchange Difference

Appendix IV: Sample TOR for an accounting software

IFAD Project XXXX

Accounting Information System

A. Background

The LPA is currently in the process of implementing an IFAD Project XXXX. The project is implemented through a project implementation unit (PMU) within the LPA. In order to comply with IFAD's reporting requirements, the LPA will need to procure an Accounting Software to be used by the PMU for the Project for the following purposes:

- 1) to collect, analyze, store, and distribute information that is useful for decision making
- 2) to provide transparency and accountability of the project activities,
- 3) to provide timely reports, help detect errors and deficits during project implementation and indicate necessary corrections, and
- 4) to prepare and present progress reports to the PMU, LPA and IFAD.

The project will be managed from the PMU/LPA located in the Changsha and in selected counties where the project will be implemented. The main functions will be run from the PPMO in the capital but accounting entries will also be executed from the regional offices in the selected counties.

B. Specifications of the Software

General features

1. The Accounting software should be configured as a modular solution and the different modules should be suitably integrated, the following are the basic modules:
 - a. Chart of Account
 - b. Accounting
 - c. Financial Reporting
 - d. Budget
 - e. Assets
 - f. Withdrawal Application
 - g. Contract Management, and integrating other modules if needed.
2. classifying the levels of the Chart of account into four levels;
 - a. Type (Assets – Liabilities – Expenses)
 - b. General Ledger Account
 - c. Subsidiary Accounts
 - d. Subsidiary -1 Accounts, to end up with auxiliary accounts.
3. Handling all the financial transactions of the Project according to the chart of account, that is used to:
 - a. Capture the financial data under the appropriate headings
 - b. Classify and group financial data for the various financial reports. The structure of the Chart of Accounts caters data to be captured by:
 - i. the Project components and sub-components

- ii. expenditure items under each component and sub-component
 - iii. The IFAD disbursement category for the Project
 - iv. Sources of funding
4. All vouchers used in the system are based on double entries.
 5. Ability to account under different bases of accounting (cash, modified accrual, Accrual)
 6. using adjusting entry when needed
 7. Handling the definition of various currencies used by the system
 8. Holding multi – donor’s information, with notification that no contract will have more than two donors.
 9. recording the daily currency rates for all the predefined currencies, if reports can be demanded by Lebanese Government currency
 10. Recording the loan number and source of fund.
 11. Capacity to customize reports by e.g. exporting data to excel.

Financial reporting

12. Produce the quarterly IFRs as requested by IFAD:
 - a. Statement of Cash Receipts and Payments per Project components showing quarterly, yearly and cumulative balances for the quarter and cumulative;
 - b. Statement of Cash Receipts and Payments per Project categories showing quarterly, yearly and cumulative balances for the quarter and cumulative;
 - c. Statement of Designated Account reconciling period-opening and end balances;
 - d. Statement of Analysis of AWPBs with factual expenditures;
 - e. Statement of fixed assets,
 - f. Statement of Withdrawal Applications.
13. produce other financial statements on a quarterly and annually basis, which are as follows;
 - a. Journal and Payment Vouchers
 - b. Statement of Special Accounts
 - c. Cost Center Statements
14. Progress report (physical) and not financial by contract, component and category (all projects). This request will involve:
 - a. A function will be designed and developed to allow the user to define the planned (estimated) physical % completion on each period (year, Quarter).
 - b. A function will be designed and developed to allow the user to enter/modify the actual reported on physical % completion on each period (year, Quarter).
 - c. An Inquiry function to display physical progress on each contract
 - d. A report showing detailed physical progress reporting per period
 - e. A report showing up-to-date physical progress reporting per period
15. Consolidated report (financial report) of all projects managed under the software.
16. Recording the budget of all the activities of the project, and enable comparison of the actual performance with budgets/targets (quarterly, annual, and cumulative for the Project).
17. a fixed asset listing report indicating all relevant information (such as description, location, quantity, serial number, etc.) which needs to be updated and include any discrepancies between the regular physical inspection and the accounting records

18. Enhancement on the Withdrawal Application report to include the SOE and Summary sheet.

Procurement

19. Keeping detailed records for all the contractors and consultants (ID number, Name, Nationality, Address, Phone, Fax, e-mail, contact name “position, phone number, fax, bank account bank address” and other information needed), and the accounting system should afford information regarding the procurement cycle that took place before contract signature and report on the following:.
- a. Prior review thresholds;
 - b. Procurement methods thresholds;
 - c. Procurement reference;
 - d. Activity description;
 - e. Component (as per the description schedule of the Loan);
 - f. Category (as per disbursement schedule);
 - g. Estimated amount;
 - h. Procurement method used;
 - i. Prior/Post review;
 - j. Date of issuance of advertisement;
 - k. Bank no objection on bidding documents (Goods/works) or RFP (consultants);
 - l. Date of bid (Goods/works) or RFP (consultants) submission;
 - m. Bid opening date (goods/works) or Financial Proposal opening date(consultants);
 - n. Bank No objection to evaluation report;
 - o. Bank no objection to contract draft;
 - p. Date of submission to the Bank of the Copy of signed contract;
 - q. Contract related data (date of signature, date of completion, contract amount, and contract amendments and payments terms).

Security

20. Handling the required security according to predefined system security and privileges.
21. The program has adequate security features including password protection, not possible to delete a posted transaction, controlled access
22. Includes proper backup and system maintenance procedures.

Training and support

23. Training of the Financial manager, Financial assistant, and seven counties financial officers on all features of the software.
24. Provide a complete and a user-friendly manual.
25. Configuration and Full installation of the software in project computers, in PPMO and CPMOs.

C. Delivery time table

The commencement of services for this assignment is expected to be no later than the end of the first week of the signing of the contract.

The main objective of the firm is to deliver a well designed software, that facilitates reflection of project needs and be designed to provide the financial information required by all interested parties (the LPA, Ministry of Finance and IFAD) and fulfil the legal and regulatory requirements of the DARA.

The firm is expected to deliver the system during the phase mentioned below:

Ref	Deliverable's Title	Duration
	Deliverable 1: install the present system	1 week
	Deliverable 2: needed modifications should be applied on the system	3 weeks
	Deliverable 3: Training sessions on the system	1 week.

Appendix V: Sample Monthly Budget Execution Report

6. Monthly Budget Execution Report												
			ACTUAL			Planned/Budgeted			Variance			Commitments Entered (not payed) To - Date
			Current Quarter	Year-To Date	Cumulative To-Date	Current Quarter	Year-To Date	Cumulative To-Date	Current Quarter	Year-To Date	Cumulative To-Date	
Cash Payments per Component												
1-	Component 1											
		Sub Component 1.1										
		Sub Component 1.2										
		Sub Component 1.3										
2-	Component 2											
3-	Component 3											
4-	Component 4											
Total												
Cash Payments per Expenditure category												
	Category 1:Works											
	Category 2: Goods											
	Category 3: Consultancy Services											
	Category 4: Credit line											
	Category 5: PIU cost											
Total												

Appendix VI: Quarterly Interim Financial Reporting

INTERIM FINANCIAL REPORT											
USER GUIDE											
Protection Password:			<u>1234</u>								
Tips:											
Provide information in cells highlighted with this color											
Text in blue: Provide period for the reporting statement											
The cells containing sums and analysis shall be updated automatically.											
Cash Forecast:											
Provide project information in the highlighted Cells of the Sheet. The "Descriptions" of Categories and Components in this sheet are linked with other sheets. Once provided in this statement will automatically update the "Descriptions in all other statements.											
Projects are to provide Cash Forecasts, if disbursements are approved under IFR based disbursements method. For other projects, this statement would be optional.											
Provide funds forecast for the next two quarters along with anticipated direct payments, in line with approved Annual Work Plan & Budget for current year and, if not approved, draft Annual Work Plan & Budget for first quarter of subsequent financial year.											
Summary of Sources and Uses of Funds-DA Account:											
Provide actual data in cells highlighted with this color.											
Provide the amounts received in/paid out from the Designated Account only.											
Provide required information in the cells highlighted with this color											
Variance Analysis - Reporting Quarter:											
Provide forecasted figures in the highlighted cells for the reporting quarter. The Planned figures for the Quarter are to be taken from " Cash Forecast " of last submitted IFR.											
The Columns for actual data are linked with relevant columns for actual figures in "Summary of Sources and Uses of Funds" statement.											
Variance Analysis - Financial Year:											
Provide approved AWPB figures in the highlighted cells for the respective year.											
The Columns for actual data are linked with relevant columns for actual figures in "Summary of Sources and Uses of Funds" statement.											
The Columns for Cash Forecast are linked with relevant columns of "Cash Forecast" statement.											
Variance Analysis - Cumulative:											
Provide overall project allocations as per Project Design/Revisions (if any) in the highlighted cells.											
The Columns for actual data are linked with relevant columns for actual figures in "Summary of Sources and Uses of Funds" statement.											
Please provide brief comments to explain significant variances in extra sheet											
Optional additional information (High, Substantial Risk Projects)											
Trial Balance											
Bank Reconciliation Statements											
Transaction Lists for selected expenditure categories											

Report I: AWPB and Cash Forecast for next 2 quarters									
Country									
Name of the Project:									
IFAD Instrument number:									
List other instruments if applicable									
Expressed in Designated Account Denomination Currency									
For the Period:									
			<u>Starting Date</u>	To		<u>End Date</u>			
			IFAD Instrument n. (add more columns for other instruments)						
			Annual Allocations	Actual cash outflow as of (current. Qtr. End)...	Annual Balance	Cash Forecast Next Quarter	Cash Forecast Following Quarter	Total Cash Forecast for the two quarters	
			Ref.	A	B	C = A-B	D	E	F = D+E
Category:									
1 Category 1									
2 Category 2									
3 Category 3									
4 Category 4									
5 Category 5									
Total			I	-	-	-	-	-	
Component:									
1 Component 1								-	
2 Component 2								-	
3 Component 3								-	
4 Component 4								-	
Total			II				-	-	
Total Cash Forecast Expenditure			III				-	-	
Less: Planned Direct Payments/Reimbursements			IV					-	
Net forecast expenditure from DA			V=III-IV				-	-	
Opening balance available funds (DA+Project Banks +petty			VI						
Forecast: DA Replenishments (After reducing Advance Re			VII						
Projected closing balance			VIII=VI-V+VII					-	
<p>Note 1: (VII) may be higher than (V) when there is need to have an extra amount in the DA to cover potential delays in future disbursements</p> <p>Note 2: The AWPB data covers Project Financial Year. Please note that Cash forecasts are rolling for next 2 quarters, which may not be within the same Financial Year for the</p> <p>Note 3: In Role VII, if a part of the advance is to be recovered in the period prior to Project Completion, reduce the recovery amount proposed.</p>									
Date			Approver Name			Approver Signature			

Report II: Summary of Sources and Uses of Funds - DA Account				
Country				
Name of the Project:				
IFAD Instrument number:				
List other instruments if applicable				
For the Period:	<u>Starting Date</u>	To	<u>End Date</u>	
Currency:				
	Ref.	IFAD Instrument n. (add more columns for other instruments)		
Opening Balance Reporting Quarter: DA				
Opening balance Operating / Project account(s)				
Opening Balance Petty cash				
Opening Balance Total Funds available	I	-		
Funds Received	II			
Total Funds Available	III=I+II			
Uses of Funds by Category:		Actual expenditures Quarter	Actual expenditures YTD	Actual expenditures Inception To Date
Category 1		-	-	-
Category 2		-	-	-
Category 3		-	-	-
Category 4		-	-	-
Category 5		-	-	-
Category not yet identified/advance		-	-	-
Total Funds Used	IV	-	-	-
Funds Closing Balance (I minus II):	V=III-IV	-		
Represented by:				
DA Closing Balance				
Operating account Closing Balance				
Petty cash Closing Balance				
Uses of Funds by Component		Actual expenditures Quarter	Actual expenditures YTD	Actual expenditures Inception TD
Component 1		-	-	-
Component 2		-	-	-
Component 3		-	-	-
Total Funds Used (must equal II)	VI	-	-	-
Note 1: this Form to include IFAD Financing & Other Financing that is administered by IFAD				
Note 2: Total IV must equal Total II				
Note 3: If figures are stated in the functional / reporting currency that is different from DA currency, please show equivalent figures in DA currency in ac				
Date	Approver Name			Approver Signature

Report III: Designated Account Activity Statement		
Country		
Name of the Project:		
IFAD Instrument number:		
List other instruments if applicable		
For the Period:		Starting Date To End Date
Expressed in Designated Account Denomination Currency		
		Notes
PART I (Advances and Expenditure)		
1. Cumulative Advances by IFAD to the end of current Reporting period / quarter		Total advances received from IFAD (into the DA or equivalent in Govt. Treasury) to the end of current reporting period / Quarter. State last WA Number and Date through which advance was received
2. Cumulative Expenditure justified by IFAD since project start till the beginning of Reporting Quarter		Total Amount of eligible Project expenditure justified / Reported in IFRs till previous quarter end. This should <u>not</u> include direct payments / reimbursements to other accounts if any
3. Outstanding Advances to be accounted for (Line 1 minus Line 2)		This balancing figure should be matched to IFAD's Loan Account record
PART II (Designated Account - DA - Activity)		
4. DA balance at beginning of Reporting Quarter		Match to Report II (Ref. I)
5a. Advances disbursed by IFAD during the Reporting Quarter		To support this figure, please attach a List of WAs processed by IFAD.
5b. Add/Subtract cumulative adjustments, if any		This may be reconciling items, e.g. funds recalled or any refund of ineligible expenditures during the quarter, if any.
5c. Total amount of Advances received during current reporting Quarter, net of adjustments (Line 5a plus Line 5b)		
6. Outstanding Advances to be accounted for (Line 4 plus Line 5c)		This is the total amount to be justified / accounted for. This should normally be same as Line 3. If not, difference to be explained in notes below
7. DA balance at end of Reporting Quarter		Match to Report II (Ref. I)
8a. Expenditure incurred during the Reporting Quarter		Match to Report II (Ref. II)
8b. Add/Less Adjustments, if any		This may be reconciling items, e.g. WAs submitted but not yet justified / recorded by IFAD at quarter-end. Adjustment details to be noted below
8c. Total expenditure reported (net of adjustments) Expenditure (Line 8a plus 8b)		Match to Report II (Ref. II)
9. Total Advance accounted for: Add Line 7 and Line 8c		This should normally be same as Line 3 and Line 6. If not, difference to be explained in notes below
10. Difference if any (Line 6 minus Line 9)		This represents advance that has not yet been explained. This should ideally be zero. If not, explain reconciliation in note below
PART III (CASH FORECASTS and REPLENISHMENT REQUIREMENT)		
11. Net Forecast Spend from Designated Account		Match all figures to Report I
12. Replenishment Requirement for Subsequent 2 Reporting Quarters		Figures from Report I (REF V). This excludes planned direct payments and Reimbursements)
13. Advance Recovery, if any		Figures from Report Ref VII
14. Disbursement requested this quarter		Recovery will be processed during the 6 months preceding the Completion Date
		Give WA Reference Number
NOTES		
Explanation for item 5b (if not zero):		IFR, WA Ref
Explanation for item 8b (if not zero):		IFR, WA Ref
Explanation for item 10 (if not zero):		IFR, WA Ref
Note 1: IF the Reports II and II are in functional currency other than the DA currency, equivalent amounts in DA currecy in this report and Report I should be prepared using forex rates on a FIFO basis		
Date		Approver Name

Report IV: Variance Analysis of Use of Funds by Quarter				
Country				
Name of the Project:				
IFAD Instrument number:				
List other instruments if applicable				
Reporting period:				
Currency				
		IFAD Instrument (add more columns for other instruments)		
		Planned (AWPB)	Actual	Variance*
		A	B	C = A-B
				D=C/A (%)
Expenditure by Categories:				
Category 1				
Category 2				
Category 3				
Category 4				
TOTAL	I			
Expenditure by Components:				
Component 1				
Component 2				
Component 3				
Component 4				
TOTAL	II			
* Note 1: Provide reasons if the quarterly variances are equal to or more than 10%				
Note 2: Figures in column B (Actuals) should match corresponding figures in Report II and III				

OPTIONAL								
NAME OF THE PROJECT IFAD LOAN/GRANT NUMBER Cash Forecast for Next 2 Reporting Periods Ending on _____								
Interim Financial Report No. ____								
Annex: I.B								
Disbursement Category	Ref	Government			Beneficiaries			
		Next Reporting Quarter	Following Reporting Quarter	Total for 2 Reporting Quarters	Next Reporting Quarter	Following Reporting Quarter	Total for 2 Reporting Quarters	
		A	B	C	D	E	F	
		Currency			Currency			
Forecast by Category:								
1	Category 1	-	-		-	-		
2	Category 2	-	-		-	-		
3	Category 3	-	-		-	-		
4	Category 4	-	-		-	-		
5	Category 5	-	-		-	-		
6	Category 6	-	-		-	-		
7	Category 7	-	-		-	-		
Total	I	-	-	-	-	-	-	
Forecast by Component:								
1	Component 1	-	-		-	-		
2	Component 2	-	-		-	-		
3	Component 3	-	-		-	-		
4	Component 4	-	-		-	-		
5	Component 5	-	-		-	-		
6	Component 6	-	-		-	-		
7	Component 7	-	-		-	-		
Total	II	-	-	-	-	-	-	
Total Expected payments	III	-	-	-	-	-	-	
Less Forecast: Inkind contributions	IV	-	-	-	-	-	-	
Forecast: Cash to be received	III - IV	-	-	-	-	-	-	

Appendix VII: Sample Periodic Progress report

Table 1: Financial performance per component and per financier

3. Financial performance by financier by component (USD '000)																																
Component	IFAD loan						IFAD grant						Government (Budget & tax)						Beneficiaries						Total						Total Allocation per design report	Revised allocation
	Reporting period			Cumulative			Reporting period			Cumulative			Reporting period			Cumulative			Reporting period			Cumulative			Reporting period			Cumulative				
	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance	Planned	Actual	Variance		
Component 1																																
Sub-component 1																																
Sub-component 2																																
Sub-component 3																																
Component 2																																
Component 3																																
Component 4																																
Total																																

Table 2: Withdrawal Application Statement

2. Statement Of Expenditures Withdrawal Application Statement							
By category of Expenditures in Local Currency							
WA submitted to IFAD							
		WA n..	WA n..		WA n..	WA n..	Total
Category	Category Description						
1	AAAA	xx	xx		xx	xx	xx
2	BBBB	xx	xx		xx	xx	xx
3	CCCC	xx	xx		xx	xx	xx
<i>Total</i>		xx	xx		xx	xx	
In USD equiv/		xx	xx		xx	xx	
Rejected from IFAD		xx	xx		xx	xx	
<i>Net Reimbursed</i>		xx	xx		xx	xx	
WA pending submission to IFAD							
		WA n..	WA n..		WA n..	WA n..	
Category	Category Description						
1	AAAA	xx	xx		xx	xx	
2	BBBB	xx	xx		xx	xx	
3	CCCC	xx	xx		xx	xx	
<i>Total</i>		xx	xx		xx	xx	

Withdrawal applications are submitted for reimbursement to IFAD using the historical exchange rate of the transfers to the Operating Account.

Expenditures partially or totally rejected by IFAD (if any) should be detailed here.

This statement should be reconciled with the Statement of Receipts and Payments

Table 3: Signed Contract Listing

3. Signed Contract Listing

Reporting period:		Contract Information							
Disbursement Category	Contract Description	Contract Start	Contract End	Supplier/ Contractor Name	Contract No.	Total Contract Value	Total Contract Amount Invoiced to date	Total Disbursed on Contract	Total Undisbursed Amount
Description									
Category 1: Works									
Category 2: Equipment, goods And Vehicles									
Category 3: Consultancy services									
Category 4									
Total									

Table 4: Physical Progress Report

Table 4: Physical Progress Report										
Description of activities		Progress and Cost					Plan to completion			
Category	Project activity by component/Sub-component	Physical Progress to date		Cost to date			Revised		Original	
		Actual	Planned	Actual	Planned	Actual as % of Plan	Total cost	Completion date	Total cost	Completion date
1. Works	2. Irrigation Infrastructure Road infrastructure Road works Design Civil works -site clearance Civil works - construction Civil works finishing									
3. Consultancy services	1 a. Rural Market innovation strategy feasibility studies market survey									
4. Training and Technical assistance	1c. Women Capacity Building Workshops Training courses									
5. Credit line	3. Rural Finance Micro Credit Grants									

Appendix VIII: Fixed Asset Register

Fixed Asset Register													
ASSET REF. NO.	ASSET DESCRIPTION	COMPONENT	FINANCING SOURCE	BENEFICIARY AGENCY	LOCATION	ASSIGNED TO	TAG NUMBER	SUPPLIER NAME	PMT/INV. REFERENCE	DATE OF PURCHASE	DATE OF RECEIPT	PURCHASE VALUE	REMARKS
Total													

Appendix IX A: Petty Cash Request Form

Date: _____ Requested by : _____

Name

Mode of payment _____

Signature

Reimbursement

Advance

Description of purchases (goods/services)	Unit price	Quantity	Total cost**	Budget/ Activity code	Explanation / Comments
TOTAL AMOUNT*					

Approved by _____ Processed by FM _____ Payment received by FA _____

* Total amount cannot exceed xxxxx.

** Attach supporting document (invoice, receipt, etc.).

Appendix IX B: Petty Cash Reconciliation Form

Project _____ **Date of reconciliation** _____

Part i. Petty cash reconciliation

Petty cash balance brought forward (a) _____
 Replenishments during the current month (b) _____
 Total petty cash balance (c = a + b) _____
 Disbursements during the current month (d) _____
 Petty cash book balance (e = c - d) _____
 Cash count balance (f) – see part ii. below _____
 Difference (G = E - F) _____

Explanation Of Difference

Part ii - Cash Count

Description	Quantity	Total amount
bank notes		
500		
1 000		
2 000		
coins		
10		
20		
50		
total in local currency		

Counted/reconciled by (FA) _____ Reviewed by (FM) _____

Date _____

Appendix X B: Vehicle History Record

Vehicle registration number

Assigned driver

Date	Repairs			Service & maintenance			Insurance			Fitness tests	
	Description of repair	Garage	Cost	Description of service	Garage	Cost	Type	Period covered	Cost	Checked by	Cost

Report accidents in the space below, providing all relevant details for each occurrence:

- Date:
- Place:
- Name of driver:
- Circumstances:
- Damage to PMU vehicle:
- Damage to other vehicles:
- Injuries (indicate name of victims and describe injuries):
- Insurance settlement:

Appendix XI: Required Aide Memoire tables for IFAD Supervision missions**Table 1: Cumulative expenditures by component and Financier -as at DD/MM/YYYY (USD '000)**

	IFAD Loan	IFAD Grant	Benef.	Government	Total
1. Rural Market Development					
1 a. Rural Market innovation strategy					
1b. Rural Market infrastructure					
1c. Women Capacity Building					
2. Irrigation Infrastructure					
3. Rural Finance					
4. Programme Management					
Total					

Table 2: Budgeted Expenditures and Performance against previous year's AWPB (USD '000)

	IFAD Loan	IFAD Grant	Benef.	Government	Total	Financial Performance (%)
1. Rural Market Development						
1 a. Rural Market innovation strategy						
1b. Rural Market infrastructure						
1c. Women Capacity Building						
2. Irrigation Infrastructure						
3. Rural Finance						
4. Programme Management						
Total						

Table 3A: Financial performance by financier - as at DD/MM/YYYY

Financier	Approval (USD '000)	Current (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan				
Government				
Private sector				
Beneficiaries				
Total				

Table 3 B. Financial performance by financier by component - as at DD/MM/YYYY (USD)

	IFAD Loan			Govern ment			Private sector			Beneficiaries			Total		
	Ap pr.	Act ual	%	Ap pr.	Actual	%	Ap pr.	Act ual	%	Ap pr.	Act ual	%	Ap pr.	Act ual	%
1. Supporti ng inclusive rural developm ent															
a. Improv ing Chanye fupin model															
b. Stimulati ng entrepren eurship															
c. Improv ing access to finance															

a. Improv g infrastruct ure climate resilience					
b. Improv g rural infrastruct ure					
4. Program me Managem ent					
TOTAL					

TABLE 3 C: Expenditures by category - as at DD/MM/YYYY (USD)

Category description	Original Allocation	Revised Allocation	Expenditures	W/A pending	Balance	Per cent Spent
I. Civil Works						
II. Equipment, Goods and vehicles						
III. Technical assistance and Studies						
IV. Training and Workshops						
V. Credit line						
VI. Incremental Operating Costs						
Unallocated						
Total						

Appendix XII: Sample recovery plan

Recovery Plan								
Designated Account								
IFAD Loan No.:			IFAD Loan Amount (SDR)			20 000 000.00		
Project Completion Date:			31-Dec-12			Loan Closing Date: 30-Jun-13		
Particulars Reporting Period	WA No.	Date	US \$	EUR	SDR	Unjustified balance USD SDR		
Authorized Allocation	1	18/01/2006	\$ 250 000.00	€ -	172 648.51	0.00	(77 351.49)	
				€ -	172 648.51			
				0.00	#VALUE!			
Exchange Rate:								
Justification:								
Ref. No.	WA No.	Date	Estimated WA value (SP)	Estimated WA value (USD)	Proposed Recovery %	Recovery Amount (USD)	Commulative Recovery Amount (USD)	Commulative Unjustified balance (USD)
1	40	21-Feb-12		111 832.56	45%	50 324.65	50 324.65	(50 324.65)
2	41	3-Mar-12		72 685.11	35%	25 439.79	75 764.44	(75 764.44)
3	42	5-May-12		74 685.11	35%	26 139.79	101 904.23	(101 904.23)
4	43	7-Jul-12		70 885.11	42%	29 771.75	131 675.98	(131 675.98)
5	44	5-Sep-12		64 885.11	40%	25 954.04	157 630.02	(157 630.02)
6	45	31-Dec-12		82 627.66	80%	66 102.13	223 732.15	(223 732.15)
7	46	10-Jun-13		26 065.11	100%	26 267.85	250 000.00	(250 000.00)
8								
				TOTAL	503 665.77 USD	250 000.00 USD		
In accordance with IFAD procedures, any amount unjustified at the time of loan closing date will be promptly refunded to IFAD.								
Prepared by:						15-Oct-11		
						Date		
Confirmed by:								
						Date		

Appendix XIII: Designated account reconciliation statement

5 A. Designated Account Reconciliation Statement				
Designated Account No:				
Bank Name:				
1. Total Advanced by IFAD				USD
2. Less total amount recovered by IFAD				USD
3. Equals present outstanding amount advanced to the designated account (line 1 less line 2)				USD
<hr/>				
4. Balance of designated account per attached bank statements as of (Date: day/month/year)				USD
5. Plus balance of the project account(s) (listed separately)				USD
Plus balance of sub accounts (listed separately)				USD
Plus balance of Cash in Hand				USD
Total of Bank Balances (designated A/C, PA, SUB accounts& cash in hand balance) (line 4+line 5)				USD
6. Plus total amount claimed in this WA no.				USD
7. Plus total amount withdrawn from the designated/PA/Grant account and not yet claimed for replenishment) or WAs pending submission				USD
8. Plus amounts claimed in previous applications but not yet created at the date of bank statement and/or claimed after date of bank statement				USD
<hr/>				
	Application			
	No.	Date	USD	Amount
			\$	
			\$	
			\$	
9. Minus Interest earned (to be completed. If zero, please enter zero)				USD
10. Total Advance accounted for (line 5 through line 9)				USD
<hr/>				
11. Explanation of any difference between the totals appearing in Lines 3 and 10				USD
e.g.	Non eligible amount to be refunded to the designated account			USD
e.g.	calculation errors in application of percentage financing			USD

Appendix XIV: Checklist for Withdrawal Application

XXX Loan/Grant No.	XXX WA No.
FORM 100 APPLICATION FOR WITHDRAWAL	
1. Sequential numbering of withdrawal application	
2. Withdrawal application amount aligns with sequentially numbered summary sheets	Yes <input type="checkbox"/> No <input type="checkbox"/>
3. Categories/subcategories charged according to schedule of financing agreement	Yes <input type="checkbox"/> No <input type="checkbox"/>
4. Percentage of financing applicable for each category or subcategory	Yes <input type="checkbox"/> No <input type="checkbox"/>
5. Availability of funds in categories and the overall financing amount	Yes <input type="checkbox"/> No <input type="checkbox"/>
6. Currency of payment	Yes <input type="checkbox"/> No <input type="checkbox"/>
7. Completeness and accuracy of banking instructions	Yes <input type="checkbox"/> No <input type="checkbox"/>
8. Complete name and address of correspondent bank	Yes <input type="checkbox"/> No <input type="checkbox"/>
9. WA is signed by authorized representative	Yes <input type="checkbox"/> No <input type="checkbox"/>
10. Expenditure summary sheet by category attached	Yes <input type="checkbox"/> No <input type="checkbox"/>
STATEMENT OF EXPENDITURE	
1. Eligibility of expenditures claimed	
(a) Within SOE financial ceiling	
(b) Expenditures under specific category [] eligibility	
2. Form 102 signed by designated Project Accountant, Project Director, Authorized Representative	
3. Form 102 supported by signed Form 101 for items reported in 2, but over the financial ceiling	
DESIGNATED ACCOUNT REPLENISHMENT REQUESTS	
1. Amount within ceiling figure agreed as reasonable limit [--US\$ or B--]; or per AWP/B period	
2. Amount at least equal to 30 percent of the advance or 3 months of expenditure; or	
3. Amount agreed sufficient to cover specific reporting period (revolving fund option)	
4. Exchange rate used	
5. Completeness of designated account banking and account details	
6. Enclosed designated account reconciliation and bank statements	
SUPPORTING DOCUMENTATION (attached when/if required)	
1. Copy of contract	
2. Copy of invoice, certified by Project Director	
3. Copy of bank guarantee and performance guarantee (for advance payment)	
4. Copy of delivery receipt	
5. Copy of evidence of payment	
6. Completed Form 101	
7. Completed Form 102 (A or B) including reference to AWPB, name of the supplier, invoice/contract number, total contract value, date of payment, list of supporting documentation, and payment reference (bank/cash)	
PROCUREMENT	
1. Copy of no objection(s) provided by IFAD (attached)	
2. Copy of Contract Payment Monitoring Form(s) duly signed (attached) and Copy of Register of contracts with reference to the procurement plan duly signed (attached)	
COMPLIANCE WITH CONDITION(S) FOR DISBURSEMENT	
1. In accordance with terms in Section 1 of the Financing Agreement	
2. In accordance with terms in the Letter to the Borrower/Recipient	
EXPENDITURE INCURRED/COMMITTED BEFORE PROJECT COMPLETION DATE	
1. Expenditure verified as eligible:	
(a) Contract signed before project completion date	
(b) Goods delivered before project completion date	
(c) Services completed and/or rendered before project completion date	

Remarks:

Prepared by: Project Accountant

Dated: xx/xx/xx

Certified by: Project Director

Dated: xx/xx/xx

Appendix XV: Sample Project Financial Statements

Project Name.....

Implementing Agency.....

IFAD Loan/Grant Number.....

PROJECT FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 200X

Prepared in accordance with the Cash Basis of Accounting Method of the International Public Sector Accounting Standards (IPSAS)

PROJECT NAME AND NUMBER

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 200X

CONTENTS	PAGE
Project Information and performance	1
Statement of project management responsibilities	2
Report of the independent auditor	3
Statement of cash receipts and payments (by category)	4
Statement of cash receipts and payments (by component)	5
Statement of comparative budget and actual amount	6
Statement of Special Account movements	7
Statement of Special Account Reconciliations	8
Withdrawal Application Statement	9
Notes to the Financial Statements	10-11

PROJECT NAME AND NUMBER

PROJECT INFORMATION AND PERFORMANCE

PROJECT NAME AND NUMBER

- **Institutional Details/Information:** Implementing agency, status, location, names, account numbers and address of bankers (Special and Project accounts) name and address of independent auditors
- **Members of the Project Coordinating Unit:** Names and roles
- **Background Information on the Project:** Source of financing: size of Loan/Grant(s), effective and closing date(s)
- **Project Objectives:** As per Design Completion/Appraisal Report
- **Project Costs:** By component and category of expenditures as per Financing Agreement and Design Completion/Appraisal Report
- **Summary of Performance:** Physical progresses as per Progress/Supervision Reports

PROJECT NAME AND NUMBER

STATEMENT OF ACCOUNTING OFFICER AND PROJECT COORDINATOR'S RESPONSIBILITIES

PROJECT NAME AND NUMBER
STATEMENT OF RECEIPTS AND PAYMENTS (BY CATEGORY OF EXPENDITURES)
FOR THE YEAR ENDED DECEMBER 31, 200X

		Notes	200X Local currency	200X-1 Local currency	Cumulative to date Local currency
	Balance B/F	4	XXX	XXX	
FINANCING					
IFAD Credit					
	Initial Deposit				XXX
	Replenishments to SA		XXX	XXX	XXX
	IFAD Direct Payments	5	XXX	XXX	XXX
	Government Funds	6	XXX	XXX	XXX
	Other Donors	7			
	Other Receipts	8			
	TOTAL FINANCING		XXX	XXX	XXX
PROJECT EXPENDITURES: (BY CATEGORY OF EXPENDITURES)					
Cat	IFAD CREDIT				
1	AAA	9	XXX	XXX	XXX
2	BBB	9	XXX	XXX	XXX
3	CCC		XXX	XXX	XXX
4	DDD		XXX	XXX	XXX
5	EEE		XXX	XXX	XXX
6	GGG		XXX	XXX	XXX
7	HHH		XXX	XXX	XXX
8	LLL		XXX	XXX	XXX
			XXX	XXX	XXX
	Government Funds				
1	AAA		XXX	XXX	XXX
2	BBB		XXX	XXX	XXX
	TOTAL		XXX	XXX	XXX
	TOTAL PROJECT EXPENDITURES		XXX	XXX	XXX
	BALANCE C/F	4	XXX	XXX	XXX

PROJECT NAME AND NUMBER
STATEMENT OF RECEIPTS AND PAYMENTS (BY COMPONENT)
FOR THE YEAR ENDED DECEMBER 31, 200X

		Notes	200X	200X-1	Cumulative to date
			Local currenc y	Local currenc y	Local currency
	Balance B/F	4	XXX	XXX	
	FINANCING				
	IFAD Credit				
	Initial Deposit				XXX
	Replenishments to SA		XXX	XXX	XXX
	IFAD Direct Payments	5	XXX	XXX	XXX
	Government Funds	6	XXX	XXX	XXX
	Other Donors	7			
	Other Receipts	8			
	TOTAL FINANCING		XXX	XXX	XXX
	PROJECT EXPENDITURES:				
	(BY COMPONENT)				
Comp	IFAD CREDIT				
A	AAA		XXX	XXX	XXX
B	BBB		XXX	XXX	XXX
C	CCC		XXX	XXX	XXX
			XXX	XXX	XXX
	Government Funds				
A	AAA		XXX	XXX	XXX
B	BBB		XXX	XXX	XXX
	TOTAL		XXX	XXX	XXX
	TOTAL PROJECT EXPENDITURES		XXX	XXX	XXX
	BALANCE C/F	4	XXX	XXX	XXX

PROJECT NAME AND NUMBER
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED DECEMBER 31, 200X

		200X Budget	200X Actual	Variance
		Local currency XXX	Local currency XXX	Local currency XXX
	Notes			
FINANCING				
IFAD Credit				
	Replenishments to SA	XXX	XXX	XXX
	IFAD Direct Payments	XXX	XXX	XXX
	Government Funds	XXX	XXX	XXX
	TOTAL FINANCING	XXX	XXX	XXX
PROJECT EXPENDITURES: (BY CATEGORY OF EXPENDITURES)				
Cat	IFAD CREDIT			
1	AAA	XXX	XXX	XXX
2	BBB	XXX	XXX	XXX
3	CCC	XXX	XXX	XXX
4	DDD	XXX	XXX	XXX
5	EEE	XXX	XXX	XXX
6	GGG	XXX	XXX	XXX
7	HHH	XXX	XXX	XXX
8	LLL	XXX	XXX	XXX
		XXX	XXX	XXX
	Government Funds			
1	AAA	XXX	XXX	XXX
2	BBB	XXX	XXX	XXX
	TOTAL	XXX	XXX	XXX
	TOTAL PROJECT EXPENDITURES	XXX	XXX	XXX
	Surplus/Deficit for the period	XXX	XXX	XXX

The excess/deficit of actual expenditures over the Budget of X% was due to....

**PROJECT NAME AND NUMBER
STATEMENT OF SPECIAL ACCOUNT ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 200X**

Account No: _____

Bank: _____

Address: _____

		USD (or as otherwise denominated)	Local Currency Equiv
Opening Balance	Notes	XXX	XXX
Add:			
IFAD Replenishments:			
Date	WA No	XXX	
Date	WA No	XXX	
		<u>XXX</u>	
Bank Interests		XXX	XXX
Total		<u>XXX</u>	<u>XXX</u>
Deduct:			
Transfers to Operating Accounts:			
Date		XXX	
Date		XXX	
		<u>XXX</u>	
Bank Charges		XXX	XXX
Exchange Rate Difference		XXX	XXX
Closing Balance as at 31/12/200X		<u>XXX</u>	<u>XXX</u>

(as per Bank Statement)

Include reconciliation with IFAD records

**PROJECT NAME AND NUMBER
STATEMENT OF SPECIAL ACCOUNT RECONCILIATION
FOR THE YEAR ENDED DECEMBER 31, 200X**

Account No: _____

Bank: _____

Address: _____

		USD (or as otherwise denominated)	Local Currency Equiv
		Notes	
1	Initial Deposit	XXXX	XXXX
2	Less amount(s) recovered:	XXXX	XXXX
3	Outstanding Amount advanced	XXXX	XXXX
Represented by:			
4	Special Account Balance as at 31/12/200X	XXXX	XXXX
5	Plus amounts claimed but not yet credited as at 31/12/200X:		
	WA	XXX	Date
	WA	XXX	Date
		XXX	
		XXXX	XXXX
Plus amounts withdrawan not yet claimed, composed of:			
Was Prepared not yet submitted:			
	WA	XXX	
	WA	XXX	
		XXX	
Was not yet prepared:			
		XXX	
6	Total amount withdrawan not yet claimed	XXXX	XXXX
7	Less Interest earned and/or plus Bank charges (if included in the Special Account)	XXXX	XXXX
8	Total Special Account Advance as at 31/12/200X	XXXX	XXXX
8	Difference between Line 3 and line 8	XXXX	XXXX
Notes:			

PROJECT NAME AND NUMBER
SOEs-WITHDRAWAL APPLICATION STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 200X
by Category of Expenditures in Local Currency

Notes	Category description	Category description	Total	In USD Equivalent	Rejected from IFAD	Net Reimbursed
	1	2				
	XXX	XXX	XXX	XXX	XXX	XXX
	XXX	XXX	XXX	XXX	XXX	XXX
	XXX	XXX	XXX	XXX	XXX	XXX
	XXX	XXX	XXX	XXX	XXX	XXX
	Total					XXX
	WA Pending for Submission:					
	XXX	XXX	XXX	XXX	XXX	XXX
	XXX	XXX	XXX	XXX	XXX	XXX
						XXX
	TOTAL	XXX	XXX	XXX	XXX	XXX

Withdrawal Applications are submitted for reimbursement to IFAD using the historical exchange rate of the transfers to the Operating Account

Expenditures rejected by IFAD (if any) should be detailed here.

This statement should be reconciled with the Statement of Receipts and Payments and include reconciliation with IFAD records

PROJECT NAME AND NUMBER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 200X

1. FINANCIAL REPORTING UNDER INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS) Cash basis of accounting,

In accordance with International Public Sector Accounting Standards (IPSAS) Cash basis of accounting, notes to the financial statements of an entity should:

Present any information about the basis of preparation of the financial statements and the specific accounting policies selected and applied for significant transactions and other events, and

- Provide additional information **which is not presented on the face of the financial statements but is necessary for a fair presentation of the entity's cash receipts, cash payments, cash balances and other statements as statement of financial position**

2 SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

A Basis of Preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting

B Cash Basis of Accounting

The cash basis of accounting recognizes transactions and events only when cash is received or paid by the entity.

C Foreign Currency Transactions

Cash receipts and payments arising from transactions in a foreign currency are recorded in the financial statements using the average rate of exchange. Cash balances held in foreign currency are reported using the closing rate. Gains/Losses on foreign currency transactions/balances are dealt within the Statement of Special Account Activities.

3 BUDGET

The budget is developed on the same accounting basis (cash basis), same classification and for the same period as the financial statements. Material variances (above XXX) have been explained as notes to the financial statements

4 CASH / FUND BALANCES

Reconciliation

	200X Loc currency	200X-1 Loc currency
Cash Accounts	XXX	XXX
Advances	XXX	XXX
	XXX	XXX

4-a CASH DETAILS

	200X Loc currency	200X-1 Loc currency
A/c No _____ Project Operating Account	XXX	XXX
A/c No _____ IFAD Designated Account (as per DA Statement)	XXX	XXX
Petty cash	XXX	XXX
	XXX	XXX

5 DIRECT PAYMENTS

These payments were made directly by IFAD from the Loan account to the specified supplier/service provider in accordance with the terms and conditions of the financing Agreement

Include here details of direct payments

WA, Date, currency and amount received, amount in local currency

6 GOVERNMENT COUNTERPART FUNDS

Details here. Cumulative contributions, yearly contributions (compared to budget). Include details of counterpart contributions as tax exemption.

Include details of tax treatments.

7 OTHER DONOR FUNDS

200X Loc currency	200X-1 Loc currency
----------------------------------	------------------------------------

List of Donors	XXX	XXX
	XXX	XXX
	XXX	XXX
	XXX	XXX

Add details of cumulative and expected contributions

8 OTHER RECEIPTS

200X Loc currency	200X-1 Loc currency
XXX	XXX
XXX	XXX
XXX	XXX
XXX	XXX

9 NON-CURRENT ASSETS

Financial Statement Currency

	Cat 1 - Infrastructure		Cat 2 Vehicles		Cat 3- Equipment	
	200X	200X-1	200X	200X-1	200X	200X-1
Opening Balance	XXX	XXX	XXX	XXX	XXX	XXX
Additions (Statement of Receipts and Payments)	XXX	XXX	XXX	XXX	XXX	XXX
Disposals	XXX	XXX	XXX	XXX	XXX	XXX
Closing Balance	XXX	XXX	XXX	XXX	XXX	XXX

This schedule includes all assets acquired from the commencement of the Project. These assets are stated at cost. Existence and beneficial ownership to be verified by the auditors.

Apart of the summary schedule, details schedules for yearly changes to be included.

10 YEARLY PROCUREMENTS

Include here a list of the yearly procurements including methods.

Chapter 9: Project Implementation Guidelines

1. The Principle of Procurement

The procurement of Goods/Works/Consulting Services financed by IFAD will be carried out in accordance with the project Financing Agreement (FA) and with IFAD's procurement framework which consists of Procurement Guidelines, Procurement Handbook, Project Procurement Arrangement (PPA), Procurement Tools and National Procurement Framework of People's Republic of China. The procurement activities financed by government will align with the national procurement legislations and regulations including China Bidding Law, China Government Procurement Law and other relevant manuals and guidance. The following specific principles will be complied with:

(1) All procurement activities financed by IFAD must be contained within the Procurement Plan (PP) under corresponding three categories (Goods, Works and Consulting Services). The borrower/recipient must implement the procurement procedures to be in consistent with the IFAD Project Procurement Guidelines;

(2) The project procurement activities must comply with the mandatory references to IFAD's policy on Preventing Fraud and Corruption, policy to prevent and respond to SH/SEA, Anti-Money Laundering and Countering the Financing of Terrorism, and SECAP.

(3) The principle of Ethics, Accountability, Competition, Fairness, Transparency, 3E (Efficiency, Effectiveness and Economy) and Value For Money will be applied throughout the entire project life-cycle to facilitate procurement activities and ensure the maximum benefit of project construction;

(4) Detailed provisions on procurement (e.g. procurement methods, prior review arrangements, the thresholds, and award-related protests and appeals) will be prescribed in the PPA.

2. The Institutional Framework of Procurement

The Provincial Project Management Office (PPMO) located at the Department of Agriculture and Rural Affairs (DARA) of Gansu Province is in charge of the provincial procurement activities with the function of management, guidance, supervision and coordination. A procurement unit or the procurement staff should be designated to implement procurement activities at provincial level. The specific staff or consultant designated/recruited by PPMO will be responsible for managing and operating the OPEN, CMT and other relevant IFAD's Procurement Tools. The detailed management mechanism of procurement should be established by PPMO.

At the county level, County Project Management Offices (CPMO) will be established in the six counties by the Bureau of Agriculture and Rural Affairs

(BARA). Each CPMO will undertake the management and implementation of procurement activities within the county and will be supervised by PPMO. The corresponding procurement unit or procurement staff should be designated for the procurement implementation, management and coordination at county level.

A provincial procurement agency should be recruited to provide technical assistance through professional services for project procurement for both provincial and county levels. This is to facilitate and support PPMO and CPMO procurement activities at project level. The provincial procurement agency should also provide procurement capacity building for PPMO and CPMO procurement and other staff in managing procurement and its associated risks for the entire project lifecycle.

3. The Procurement Plan (PP)

Prior to preparing the PP, the Project Procurement Strategy (PPS) is established by analyzing procurement needs, market and procurement risks in order to produce the procurement objectives. The PP covering a period of first 18-months and General Procurement Notice (GPN), which should be in line with the AWPB, are prepared on the basis of the well-elaborated PPS identifying the needs and risks with proper justification of the selection of the optimal procurement method for each package/contract that is conducive to achieve optimal Value For Money. IFAD's latest PP format will be applied. (The first 18-months PP please see Annex 7)

The PPMO should register in IFAD's OPEN system in order to ensure the Annual PP to be uploaded into the OPEN following its requirements, in which the PP should be managed and kept updating and upgrading accordingly during the course of project as per the actual needs and IFAD's "No Objection" might be sought when necessary. The project will, during the project implementation period, use national procurement regulations and items of specific applicability will be identified clearly in procurement plans that are submitted to IFAD along with AWP&B.

In PP, the nature, quantity together with the procurement schedule of Goods/Works/Consulting Services should be consistent with the activities and implementation schedules in the AWPB. The procurement activities in PP will be systematically and logically grouped into packages based on the analysis incorporated in the PPS and according to the categories of the procurement (Goods/Works/Consulting Services). Packaging will be done in a way that generally facilitates the use of the most competitive and efficient procurement method, which ensures the best value for money.

The GPN should be publicly advertised on national press or the free and open-access national websites prior to the first procurement activity initiation.

4. Procurement Methods and Thresholds

As per the characteristics of the project and the type of the subject matter to be procured, the procurement activities of the project are classified into three categories: Works, Goods and Non-consulting Services, Consulting services. IFAD's procurement framework and regulations prescribe that procurement methods including International Competitive Bidding (ICB), National Competitive Bidding (NCB), and National Shopping are applied for Works, Goods and Non-consulting Services; The procurement of Consulting Services applies the procurement methods including Quality and Cost-Based Selection (QCBS), Least-Cost Selection (LCS), Consultant Qualification Selection (CQS), Individual Consultant (IC) and Sole-Source Selection (SSS). (See detailed thresholds of each method in PPA, Annex I below).

Other Procurement Methods or Arrangements: Extensions of contracts funded by IFAD for Goods, Works or related Non-Consulting Services to cover items of similar nature not listed in the original contract may not exceed 10% of the contract value and require IFAD's No Objection (such extension will be considered as Direct Contracting). However, extensions of existing contracts, issued in order to increase/decrease items already listed in the original contract as a result of evolutionary changes during contract execution and subject to the contractual clauses governing such change may exceed 10%. In this case, the extension is subject to IFAD's No Objection. (See detailed other procurement arrangements in PPA, Annex I below).

5. SECAP Related to Procurement

Both procurement activities financed by IFAD and government need to comply with the IFAD's SECAP requirements. All procurement documentations should contain the SECAP risks and relevant mitigations related to procurement. See detailed SECAP related Environmental and Social Safeguards at the end of procurement chapter.

6. Grant and Subsidy

The project will provide technical and financial support as an incentive to selected cooperatives to stimulate them to establish inclusive and fair relationship with the project target group. Practically, the project will co-finance competitively-selected business plans as a means to efficiently allocate public resources to cooperatives or enterprise-cooperative joint ventures to promote the inclusion of the project target group in sustainable and profitable value chains through mutually beneficial contractual arrangements. The selection of the business plans will be on a competitive basis and will be based on selecting criteria, including: (i) project target group outreach; (ii) definition of fair and sustainable contractual arrangements with the project target group; and (iii) viability and sustainability of the proposal, among other criteria to be elaborated and approved in the Project Implementation Manual.

When the BPs are reviewed by a Technical Advisory Group (TAG) and approved, there would be a standard agreement between the project and the company or cooperative that submitted the BP on the financing of the BP. The Project then finances the BPs approved by the County PLG/PMO and the cooperative or companies (as third parties) would undertake the procurement. Such procurements by third parties are not subject to IFAD prior review and they would not be reflected in the PP. However, if the amount for reimbursement exceeds the established SOE thresholds, when seeking Withdrawal Application from IFAD the same requirement for supporting document would apply.

In the procurement activities of the BP, the implementing entities (cooperatives or agro-enterprise) as the main body of the procurement are responsible body for the procurement processes and results. The procurement activities should be carried out in accordance with the relevant laws and regulations of domestic bidding. The implementing entities could seek assistance from the third-party procurement agency for the organization and implementation of the BP bidding work. The BP procurement activities should be guided and supervised by each CPMO.

7. Standard Bidding Documents & Standard Contract

The Borrower/Recipient should adopt and use the Standard Bidding Documents (SBDs) issued by IFAD (for ICB and (if applicable) for consulting services) and the ones issued by National Authorities (the SBDs issued by Ministry of Finance in 1991 and newly revised in 2017) for other methods as long as the latter are supplemented/adapted to meet IFAD's SECAP standards, IFAD's policy on Preventing Fraud and Corruption, and grievance mechanisms and the IFAD's Project Procurement Guidelines and IFAD Procurement Handbook. This includes adding the IFAD self-certification form at bidding and at contract stage. Similarly, Standard Contracts will adopt and use the templates contained in corresponding SBDs, and also be supplemented/adapted to meet the aforementioned components and policies.

8. Procurement Procedures

The procurement procedure should be consistent with China Bidding Laws/Regulations and IFAD's Procurement Guidelines. The processes of Prior Review contracts will be conducted in OPEN system follow its proposal steps of various procurement methods. PMOs should reasonably and realistically estimate the timelines of procurement procedure for each contract. The advertising time limits of various procurement methods are recommended as follow:

- Minimum of 40 days for ICB and QCBS;
- Minimum of 30 days for NCB, LCS and FBS;
- Minimum of 20 days for CQS, NS and ICS;
- Minimum of 10 days for DC and SSS;

- Minimum of 15 days for Shortlisting of QCBS, LCS, FBS, CQS and ICS.

9. Evaluation of Bids

The procedure of bids evaluation should be consistent with China Bidding Laws/Regulations and IFAD's Procurement Guidelines. The contracts conducted on the local Public Resource Trading Platform should comply with IFAD's Guidelines/Handbook/Policies and should reflect the value for money and efficiency required by IFAD. The evaluation must apply the criteria specified in the bidding document, and no new or altered criteria, methods and factors may be introduced. No information about the examination, clarification, or evaluation of bids or proposals (or decisions about the contract award) can be disclosed by the evaluators to any party not officially involved with the selection process at any time, before or after the contract award. The clarification submitted by a bidder in respect to its bid and that is in response to a request by Bid Evaluation Committee (BEC) shall be in writing. It is proposed that the clarification duration will be not less than 5 work days to ensure bidders having sufficient time to collect, prepare and submit the clarification documents. If there is a conflict between local rules and IFAD's during the evaluation which leads to the suspending of evaluation process, the pending issues should be sought for IFAD's review. Follow-up action will not be undertaken until receiving the IFAD's recommendation.

10. Review of Procurement Decisions by IFAD

Details on procurement review by IFAD, including Prior and Post Reviews; modifications etc. In accordance with Section G paragraph 66 of the 2019 IFAD Project Procurement Guidelines, IFAD will undertake to review the provisions for the procurement of Good, Works and Consulting Services to ensure that the procurement process is carried out in conformity with the IFAD Project Procurement Guidelines.

The Borrowers/Recipients and vendors are required to: 1) fully cooperate with any review/investigation/audit conducted by IFAD or its representatives; 2) adhere to the National and IFAD procurement requirements and maintain all relevant documents, bids, purchase orders and payment vouchers for Post Review by IFAD and for audit purpose. In addition, the bidders and contractors are obliged to participate in due diligence checks and disclose required information.

- 11. Requests for IFAD Prior Review and No Objection**, should be routed through OPEN system. The OPEN as an independent system enforces a step-by-step documentation of the workflow for the process for the entire procurement process (expression of interest, IFAD No-Objection, to contract signature) according to the type (e.g. NCB, QCBS) and object of procurement (Works, Goods, Consulting Services). For the non-procurement workflow (e.g. Project Implementation Manual – PIM), the requests for IFAD prior review and No Objection should be routed through OPEN. The Sub-loan and Subsidy Business Plan Proposals should be

submitted through OPEN as non-procurement workflow uploading the related supporting documentation. (See detailed review requirement in PPA).

12. **All Contracts** must be managed through ICP-CMT and periodically updated, which aims to capture contract data related to a project directly from the project source. This data will feed dashboards, which facilitate transparency, efficiencies in project performance monitoring, and enhanced reporting in reference to project financed contracts. The data will also enable projects to generate the contract register as per the requirement of the Loan Disbursement Handbook (LDH). The project must engage staff to undertake data entry and ensure the system is updated including the BP contracts.

13. **Maintenance of Procurement Records and Files**

The project must establish a procurement file for each procurement process/activity. In addition to information documentation of the procurement process (cost estimate to contract signing), the file must include all information required to successfully administer the contract. Any issues of clarification or change of the contract must be fully documented in this file. In order to provide their input throughout the contract administration phase, the PMO will normally have a separate file with a copy of the contract as part of each procurement activity.

The project should maintain all procurement documents and records related to the bid and contract for at least five years after the completion of the bid or contract.

14. **Procurement Staff Training and Capacity Building**

The project procurement staff should be aware of IFAD's procurement framework, policy, principles and basic processes, as well as the domestic procurement laws and regulations. The mechanism of procurement capacity building will be established as a project objective. The project needs to organize regular procurement training for procurement staff at all levels. Practically for CPMOs' staff, BP participants and other stakeholders, the training focusing on operational processes and methodology will be organized. IFAD will organize training on IFAD's online procurement management systems/tools (OPEN, ICP-CMT) for relevant personnel prior to the implementation of the project. The IFAD BuildProc Training will be provided where possible.

The Terms of Reference for the Procurement Officer can be found below, as Annex II.

Environmental and Social Safeguards			
Biodiversity conservation	Risk Rating	Consequence	Guidance for Project
1.8 Could the project involve or lead to procurement through primary suppliers of natural resource materials?	Moderate	Moderate Project requires procurement of natural resources through primary suppliers, and resource extraction is tightly regulated	No major construction envisaged however depending on type of construction project in discussion with PPMU will incorporate adequate requirement as part of bid document. These provision does not need to be incorporated for types of construction work or activities where it is not feasible to obtain nor identify sources of materials in remote rural locations.
Resource Efficiency and Pollution Prevention	Risk Rating	Consequence	Guidance for Project
2.1 Could the project involve or lead to the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Moderate	Minor Pollutants may possibly be released, either routinely or by accident, but treatment systems are proven and verified. Receiving environment has absorptive capacity.	No major construction envisaged however depending on the type of construction and activity bid document and specification shall require contractor or implementer of planned activities ensure adequate provision to measure to minimise the release of pollutants to the environment and to manage waste.
2.4 Could the project involve or lead to significant consumption of raw materials, energy, and/or water?	Moderate	Minor The project will require consumption of raw materias, energy, and/or water, but this will be a small component of the project, and impacts can be	No major construction envisaged however depending on type of construction or activity, project in discussion with PPMU will incorporate adequate requirement as part of bid document to favour ethical and efficient use of raw materials. These provision does not need to be incorporated for

		appropriately managed.	types of construction work or activities where its does not identify significant use of raw materials, energy, and/or water materials in remote rural locations. Develop impact assessment tool in term of water usage to identify use of water resources based on type of construction or activity.
2.6 Could the project involve inputs of fertilizers and other modifying agents?	Moderate	Minor The project only requires minimal amounts of fertilizer	Project to include in the tender document a list of approved/certified chemicals and incorporate them in the tender. The list of approved/certified would be based on existing national regulation.
2.7 Could the project involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry?	Moderate	Minor The project only requires minimal amounts of pesticide.	Include in the technical specifications that the project will only use approved pesticides and respect WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides. Include the list of approved pesticides in the tender documents.
Labour and Working Conditions	Risk Rating	Consequence	Guidance for Project
5.4 Could the project: (a) operate in a sector, area or value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risks, and/or (b) promote or use technologies or practices that pose occupational safety and health (OSH) risks for farmers, other rural workers or rural populations in	Moderate	Minor The project operates in a sector, area, or value chain where workers are occasionally exposed to significant OSH risks, and where regulation is known	Project to include contract clauses for OSH measures to protect project's workers from injury, illness or impacts encountered in the workplace or while working to be included contract provision Bid evaluation criteria to favour contractors with a

<p>general? (Note: OSH risks in agriculture might include: dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals, reptiles and insects. Psychosocial hazards might include violence and harassment.)</p>		<p>to be effective.</p>	<p>high-quality Health and Safety Management Plan (HSMP) may be introduced as applicable in consultation with PPMU for specific value chain actors based on assessed risk factors and exposure. Provisions to be incorporated in consultation with local government and PPMO</p>
<p>Community Health, Safety and Security</p>	<p>Risk Rating</p>	<p>Consequence</p>	<p>Guidance for Project</p>
<p>6.5 Could the project involve or lead to transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?</p>	<p>Moderate</p>	<p>Moderate The project will most probably involve the transport, storage and use and/or disposal of hazardous or dangerous materials. However, regulation of hazardous materials is effective, and there is no recent evidence of accidents.</p>	<p>Ensure relevant safety measures and emergency preparedness against natural or human hazards is included in the procurement documents. Bid and contract requires contractor to erect adequate warning signage's and also take up 3rd party insurance and construction insurance. Independent assessment of structural integrity would be undertaken by government during construction. Contractor's HSMP is to include safe disposal of construction waste and worker camp waste, mitigation of risks to and impacts on the community resulting from the contractor's work, safety of deliveries and transportation, and disposal of hazardous materials and waste; Contractor's HSMP is to incorporate emergency preparedness against natural or human hazards.</p>

6.7 Could the project lead to the potential for gender-based violence, including sexual harassment, exploitation and abuse, as a result of labour influx, land redistribution, or other actions that alter community dynamics?	Low	<p>Minor Minor changes to community dynamics. Resulting serious recorded cases of gender-based violence and/or sexual exploitation. Gender-based violence protocols in place.</p>	<p>Include code of conduct as part of PIM and self certification mandatory in contract document. Contract Conditions should include provision mitigation and actions:</p> <ul style="list-style-type: none"> - Gender-based violence, sexual harassment and sexual exploitation and abuse will lead to an employee's termination of contract under the contractor's code of conduct.
6.8 Could the project lead to increases in traffic or alteration in traffic flow?	Moderate	<p>Minor The project will result in minor increases to traffic volume. Only minor increase in risk of injury or death.</p>	<p>Applicable traffic rules and road safety measures in the rural road network will need to be adhered to and road signs installed as needed according to the national regulations.</p>
6.9 Could the project lead to an influx of project workers?	Moderate	<p>Minor The project requires the employment of new labour, but workers can be sources from local communities, and so influx is kept to a minimum, and risks are effectively managed.</p>	<p>Contract Conditions:</p> <ul style="list-style-type: none"> - Gender-based violence, sexual harassment and sexual exploitation and abuse will lead to an employee's termination of contract under the contractor's code of conduct. - Influx of workers from outside project area limited to the minimum necessary. - Fair and equal wages along and living conditions
Financial Intermediaries and direct investments	Risk Rating	Consequence	Guidance for Project

8.1 Could the investment be granted to an institution that does not have an environmental and social policies and an associated environmental and social management system (ESMS) in place (transparent, publicly available)?	Moderate	Minor The institution has an ESMS in place. Reports are not publicly available.	Detailed ESGMS (Environment, Social and Governance Management System) based on Government of China policies. Incorporate validation as part of due diligence exercise prior to approval of direct investment agreement. Provision in PIM for FIs and Direct Investment. Adoption of measure and monitoring and reporting
8.2 Could the investment be granted to an institution with insufficient capacities (i.e. unqualified personnel e.g. ES Officer) to implement the ESMS?	Moderate	Minor The institution employs an ES Officer, and employs field staff to implement the ESMS.	Project ES To provide support and oversight to and potential hire additional consultants to support implementation, monitoring and reporting.

The IFAD Self Certification which includes IFAD Right to Audit, Anticorruption and SEA/SH Safeguards is mandatory for all projects. This is simply to ensure that these provision which are not necessarily adequately referenced in the National SBD's (Standard Bidding Documents) are included and adhered to, in line with provision of the GC and IFAD policy documents.

For WB and ADB Projects, the e-GP allows WB and ADB funded projects to select WB/ADB SDB's instead of the National SBD however the e-GP does not provide or allow similar arrangement for IFAD SBD's which we only developed last year. We should explore the potential to incorporate IFAD SBD's in the e-GP. This would minimise the need to include the Self-Certifications.

ANNEX I

Date -----

Project Procurement Arrangements

Country (Full Name): People's Republic of China

IFAD Financing (Loan and/or Grant Number(s)): -----

Project (Full Name of Project): Gansu Demonstrative Rural Revitalization Project

Excellency,

1. I refer to the Financing Agreement between Government of People's Republic of China ("Borrower/Recipient") and the International Fund for Agricultural Development (IFAD), dated [*insert date of FA*] ("Agreement"). The Agreement [*entered into force as of that date*]/[*will enter into force when IFAD receives an instrument of ratification*].
2. The instructions contained in these Project Procurement Arrangements govern the execution of project procurement operations with respect to the acquisition of goods, works and services under the Agreement. These arrangements replace and supersede any procurement guidance that has previously been issued to the project. In case these instructions conflict with those of the IFAD Project Procurement Handbook, the instruction of these Procurement Arrangements shall prevail.
3. Capitalised terms defined in the Financing Agreement and General Conditions shall have the same meaning in these Arrangements unless expressly defined otherwise in this document.
4. Section 7.05 of the General Conditions provides that the procurement of goods, works and services shall be carried out in accordance with the provisions of the **borrower/recipient's procurement regulations, to the extent such are consistent with the IFAD Project Procurement Guidelines, as amended from time to time**¹. Each Annual Work Plan and Budget must contain a Procurement Plan, which shall identify the procedures that must be implemented

¹ Any reference to IFAD Project Procurement Guidelines also includes the IFAD Procurement Handbook. Ensuring that applicable procurement rules are consistent with IFAD's Project Procurement Guidelines is mandatory; the Handbook is used as a guidance document for the borrower/recipient. The regulations set out in these Procurement Arrangements supersede the Handbook in case of conflict. For both the Guidelines and the Handbook, the latest version shall always apply.

by the borrower/recipient in order to ensure consistency with the IFAD Project Procurement Guidelines.

5. The IFAD Simplified Project Procurement Procedures for Fragile and Conflict Affected Situations guidelines shall not apply to this project.
6. Each Annual Work Plan and Budget must contain a Procurement Plan, which shall identify the procedures that must be implemented by the borrower/recipient in order to ensure consistency with the IFAD Project Procurement Guidelines. The following procurement methods² shall be used³ for:

- i. Works and works-related Non-Consulting Services:

- (i) International Competitive Bidding (ICB): This procurement method applies to contracts estimated to cost US\$ [5 000 000] or more. Under ICB, the borrower/recipient *may apply a margin of domestic preference to local contractors of 7.5% excluding industrial plants*;
 - (ii) National Competitive Bidding (NCB): might be applied to contracts estimated to cost less than US\$ [5 000 000]. A waiver for the use of this method beyond this threshold can be requested for individual activities with proper justification;
 - (iii) Shopping: might be applied to contracts estimated to cost US\$ [45 000] or less. A waiver for the use of this method beyond this threshold can be requested for individual activities with proper justification; and
 - (iv) Direct Contracting: applies to the indicated contracts in the Procurement Plan with due justification (as mentioned in the Handbook) subject to IFAD's NO under prior review⁴ or

² In case National Procurement Regulations apply and as far as these do not contradict with IFAD's Project Procurement Guidelines, the equivalent terminology for procurement methods may be used; for example, ICB is the method for a publicly advertised competition at the international level. The Project Implementation Manual (PIM) will map the procurement methods that should be applied in accordance with these Arrangements.

³ To know the applicable procurement method, the cost estimate shall be for the entire procurement activity whether it is divided into lots or not; in case of lots, the sum of the cost estimates of all lots shall be used for identifying the applicable procurement method for the procurement activity.

⁴ A sufficiently detailed justification shall be submitted to IFAD to obtain its NO and shall include the rationale for the choice of direct contracting instead of competitive procurement and the basis for recommending a particular contractor/service provider in all such cases. Direct contracting could be

alternatively without prior IFAD's NO for low-value unforeseen purchases with estimated cost per each purchase of US\$ [5 000] or less up to an aggregate amount of US\$ [400 000] per annum.

ii. Goods and Goods-related Non-Consulting Services

- (i) International Competitive Bidding (ICB): This procurement method applies to contracts estimated to cost US\$ [2 000 000] or more. Under ICB, the borrower/recipient may apply a margin of domestic preference of 15%;
- (ii) National Competitive Bidding (NCB): might be applied to contracts estimated to cost less than US\$ [2 000 000]. A waiver for the use of this method beyond this threshold can be requested for individual activities with proper justification;
- (iii) Shopping: might be applied to contracts estimated to cost US\$ [45 000] or less. A waiver for the use of this method beyond this threshold can be requested for individual activities with proper justification; and
- (iv) Direct Contracting: applies to the indicated contracts in the Procurement Plan with due justification (as mentioned in the Handbook) subject to IFAD NO under prior review⁵ or alternatively without prior IFAD's NO for low-value unforeseen purchases with estimated cost of US\$ [5 000] or less per purchase up to an aggregate amount of US\$ [200 000] per annum.

iii. Consulting Services and related Non-Consulting Services

- (i) Quality and Cost Based Selection (QCBS): This selection method is the default for contracts with firms estimated to cost US\$ [1 000 000] or more;

justified under any of the circumstances listed in section 6, Module F1: Procurement Methods for Goods, Works and Non-consulting Services of the IFAD Procurement Handbook.

⁵ A sufficiently detailed justification shall be submitted to IFAD to obtain its NO and shall include the rationale for the choice of direct contracting instead of competitive procurement and the basis for recommending a particular supplier/service provider in all such cases. Direct contracting could be justified under any of the circumstances listed in section 6, Module F1: Procurement Methods for Goods, Works and Non-consulting Services of the IFAD Procurement Handbook.

- (ii) Quality Based Selection (QBS): might be applied to contracts of any value if a proper justification is provided;
- (iii) Fixed Budget Selection (FBS), or Least Cost Selection (LCS)⁶: might be applied to contracts with firms estimated to cost less than US\$ [1 000 000]. A waiver for the use of this method beyond this threshold can be requested for individual activities with proper justification;
- (iv) Consultants Qualification Selection (CQS): might be applied to contracts with firms estimated to cost US\$ [250 000] or less. A waiver for the use of this method beyond this threshold can be requested for individual activities with proper justification;
- (v) Individual Consultants Selection (ICS): applies to contracts with individuals regardless of the value;
- (vi) Shortlisting following a Request for Expression of Interest is mandatory for all CQS and ICS procedures. In addition, Shortlisting is mandatory for all consulting services contracts estimated to cost US\$ [250 000] or more;
- (vii) Sole/Single Source Selection (SSS): applies to contracts with firms designated under SSS in the Procurement Plan with due justification (as mentioned in the Handbook) subject to prior review⁷ and/or contracts estimated to cost US\$ [5 000] or less, up to an aggregate amount of US\$ [200 000] per annum; and
- (viii) Sole/Single Source Selection (SSS): applies to contracts with individuals designated under SSS in the Procurement Plan with due justification (as mentioned in the Handbook) subject to prior review⁸ and/or estimated to cost US\$ [5 000] or less and with a

⁶ The choice among QBS, FBS and LCS shall be made by the borrower/recipient in the Procurement Plan based on the nature and circumstances of the relevant procurement activity following the guidance of the IFAD Procurement Handbook.

⁷ Any request for SSS by the borrower/recipient must be accompanied by a detailed justification, which will be carefully examined by IFAD to ensure that no alternative selection methods can be used. To receive IFAD's NO, it must be demonstrated that there is a clear advantage to SSS over competitive selection. Examples of such circumstances are listed in Section 6, Module F2: Selection Methods for Consulting Services of the IFAD Procurement Handbook.

⁸ Any request for SSS by a borrower/recipient must be accompanied by a detailed justification, which will be carefully examined by IFAD to ensure that no alternative selection methods can be used. To receive IFAD's NO, it must be demonstrated that there is a clear advantage to SSS over competitive

contract duration of three months or less and up to an aggregate amount of US\$ [100 000] per annum;.

iv. Other Procurement Methods or Arrangements:

- a. The use of Force Account is *not allowed*.
- b. Extensions of contracts funded by IFAD for Goods, Works or related Non-Consulting Services to cover items of similar nature not listed in the original contract may not exceed 10% of the contract value and require IFAD's No Objection (such extension shall be considered as Direct Contracting). However, extensions of existing contracts, issued in order to increase/decrease items already listed in the original contract as a result of evolutionary changes during contract execution and subject to the contractual clauses governing such change may exceed 10%. In this case, the extension is subject to IFAD's No Objection.
- c. Procurement with Community Participation is allowed⁹.
- d. The award of Investment Agreements (Business Plans) exceeding an amount of USD 250 000 are subject to the prior review. Any amendment to the agreement which increases the value of the financing above USD 250 000 is also subject to prior review by IFAD. The documents to be submitted for prior review include:
 - i. Business Plan proposal;
 - ii. BP proposal review/negotiation minutes (including among others the technical review group composition, review process, and recommendation; Audit reports or due diligence reports of entities and its principles to the agreement);
 - iii. BP draft agreements which include the self-declaration (certification) by parties to the Agreement on the

selection. Examples of such circumstances are listed in Section 7, Module F2: Selection Methods for Consulting Services of the IFAD Procurement Handbook.

⁹ *If the Project Design has provisioned for the involvement of communities of the borrower/recipient in the regions where the project is to be implemented in the procurement activities and has analyzed the regulatory environment, organizational capacity, skills, etc. of such communities, then community participation can be allowed for particular activities as outlined in the Project Design and details will be included here in the Procurement Arrangements.*

observation of IFAD's or Government policies on prohibitive practices;

- iv. BP amendment (for agreements/ financing exceeding USD 250 000) and if amendment increases the value of the financing above USD 250 000.
 - e. Procurement from United Nations Agencies is allowed¹⁰.
 - f. Secondary Procurement (orders against existing Long-term Agreements, national e-catalogues etc.) follows the regulations and applicable thresholds of the national legislation. The prior review threshold of the respective procurement category (goods, works, consulting services and related non-consulting services) applies.
 - g. The borrower/recipient shall adopt and use the Standard Procurement Documents issued by IFAD (for ICB and (if applicable) for consulting services) and the ones issued by National Authorities for other methods as long as the latter are supplemented/adapted to meet IFAD's SECAP standards and grievance mechanisms and the IFAD's Project Procurement Guidelines and IFAD Procurement Handbook. This includes adding the IFAD self-certification form at bidding and at contract stage and a certification that bidders have read, understood and agreed to be bound by the Privacy Policy of IFAD¹¹
12.
7. In accordance with paragraphs 49, 66 and 67 of the IFAD Project Procurement Guidelines and IFAD's Procurement Handbook, the following will be subject to prior review by IFAD and requires IFAD's No Objection:

1	Procurement Plans submitted as part of Annual Work Plans and Budget and any subsequent amendment of these plans;
2	General Procurement Notices
3	Any use of Force Account is not allowed.
4	The TOR (Job Description), Advertisement and selection

¹⁰ If the Project Design has provisioned for the procurement from United Nations Agencies (See IFAD Procurement Handbook Module F1, Section 9) then this can be allowed for particular activities as outlined in the Project Design.

¹¹ The policy is accessible at <https://www.ifad.org/en/privacy>

¹² Further detail is available in Annex 4 to Volume 1 of IFAD's Social Environmental Climate Assessment Procedure (SECAP) 2021.

	proceedings for the hiring of any staff responsible for carrying out or administering procurement processes as part of the project
5	Award of any Memorandum of Agreement irrespective of its value
6	Award of any contract for goods and goods-related non-consulting services estimated to cost US\$ [300 000] or more;
7	Award of any contract for works and works-related non-consulting services estimated to cost US\$ [600 000] or more;
8	Award of any contract for consulting services provided by firms estimated to cost US\$ [150 000] or more;
9	Award of any contract for individual consulting services estimated to cost US\$ [40 000] or more;
10	Award of any contract via Direct Contracting for Goods and related Non-Consulting Services above the low-value threshold specified in paragraph 6. b. (iv). Any contract below this low-value threshold does not need N.O. as long as the cumulative value of such low-value contracts does not exceed the cumulative threshold stated in the same paragraph;
11	Award of any contract via Direct Contracting for Works above the low-value threshold specified in paragraph 6. a. (iv). Any contract below this threshold does not need N.O. as long as the cumulative value of such low-value contracts does not exceed the cumulative threshold stated in the same paragraph;
12	Award of any contract via Single/Sole Source Selection of Consulting Services to firms above the threshold specified in paragraph 6. c. (vii). Any contract below this threshold does not need N.O. as long as the cumulative value of such low-value contracts does not exceed the cumulative threshold stated in the same paragraph;
13	Award of any contract via Single/Sole Source Selection to individuals above the threshold specified in paragraph 6. c. (viii). Any contract below this threshold does not need N.O. as long as the cumulative threshold stated in the same paragraph is not exceeded and the contract duration is three months or less.
14	Call for Investment Agreements (Business Plans) estimated to cost US\$ [250 000] or more. Any amendment to the agreement which increases the value of the financing above US\$ [250 000].

8. In addition, the following interim steps of the procurement process for Goods/Works/Services also require IFAD's No Objection for contracts designated for "**prior review**" in the project's procurement plan. For contracts designated for "**post review**" instead, IFAD reserves the right to request the review of any of the following interim steps on a sample basis and at any time. No downstream procurement action by the Borrower/Recipient can proceed

until prior NO is issued by IFAD as to the propriety and compliance of the undermentioned steps with the IFAD PPF:

	Activity / Step of the procurement process for Prior Review Contracts	IFAD "NO" is required
1	Call/Request for Prequalification document and related advertisement	Yes
2	REOI (Request for Expression of Interest) document for consultancy services and related advertisement	Yes
3	Terms of Reference for consultancy services and related non-consulting services	Yes, usually as part of NO request for issue of the RFP (step 9 below)
4	Technical Specifications for Goods/Works/NCS	Yes, usually as part of NO request for issue of the bid docs (step 9 below)
5	Composition of evaluation committees	No
6	Prequalification report for Goods/Works/NCS	Yes
7	Shortlisting report for consultants' selection	Yes
8	The use of "prior lists" for shortlisting consultants	Yes
9	Complete Bidding Documents and RFPs and CfPs and related advertisement if applicable	Yes
10	Use of a Performance Guarantee template if other than unconditional, irrevocable and on-demand guarantee	Yes
11	Amendments to the Bidding Documents and RFPs, CfPs	Yes
12	Opening bids/quotes/proposals that are less than 3 (excluding DC/SSS)	Yes
13	Technical evaluation report (in two envelope procedures)	Yes
14	The combined evaluation report (in two envelope procedures)	Yes
15	The single evaluation report (in one envelope procedures) for Goods/Works/NCS/Consulting Services (SSS)	Yes
16	Decisions concerning abnormally low bids	Yes
17	Draft contract	Yes
18	Minutes of negotiation at award for consultancy services (where applicable) or when using DC for Goods/Works/NCS	Yes

19	Rejection of all bids/proposals and cancellation of the procurement procedure	Yes
20	Failure of negotiations and proceeding to next ranked consultant	Yes
21	Proceeding to next ranked bidder if top ranked fails to sign the contract in Goods/Works/NCS	Yes
22	Determination to reject a bid/proposal because of cross-debarment	Yes, usually as part of steps 13, 14 or 15
23	Amendments to contracts exceeding 10% in value (increase/decrease in quantities as a result of evolutionary changes). Additional unforeseen new items exceeding 10% of the contract value is a new procurement subject to Single Source/DC conditions.	Yes
24	Extension of time to contracts exceeding 25% of the original contractual duration in Goods/Works/NC Services/Consulting Services	Yes
25	Termination of a contract in Goods/Works/NC Services/Consulting Services	Yes
26	The use of Force Account	Yes
27	Meeting minutes of the approval committee/evaluation report for Grants	Yes

9. Award-related Protests and Appeals: For prior-review procurements, all protests, submitted by bidders to the borrower/recipient as a result of a Notice of Intent to Award, must be communicated to IFAD before a decision on the complaint is issued. IFAD reserves the right to provide inputs or comments to the borrower/recipient to help it reach the decision. A copy of the decision must also be provided to IFAD. For post-review procurements, the borrower/recipient may - at its discretion - inform IFAD about the protest. The borrower/recipient shall inform IFAD of any related Appeal filed to competent national authorities immediately upon becoming aware of such an appeal.

10. IFAD must receive a duly completed Authorised User(s) Letter (see Annex 1), from [the designated representative specified in Section E of the Agreement or his/her delegate], designating the name(s) of official(s) authorised to undertake actions in the IFAD's client project procurement systems which includes client project submitting electronic documentation, entering and updating fiduciary data and to request IFAD's No Objection. The designated representative of the Borrower/Recipient may from time to time change the name/s of the Authorised User(s) or add new ones by written notice to IFAD.

11. The planning and implementation of all procurement activities should be routed through OPEN, IFAD's End-to-End Procurement system. OPEN enforces a step-by-step documentation of the workflow for the process for the entire procurement process (expression of interest, IFAD No-Objection if applicable, to contract signature) according to the type (e.g. national competitive bidding, international competitive bidding) and object of procurement (e.g. civil works, goods, services). OPEN also has a function as a tracking system for non-procurement workflow (e.g. Project Implementation Manual – PIM, Annual Workplan and Budget).
12. All contracts, Memorandums of Agreements,¹³ purchase orders and related payments must be recorded in the Contract Monitoring Tool of the IFAD Client Portal. The register of contracts contained within the Contract Monitoring Tool replaces the requirement to complete the Forms C-10 (Register of Contracts) and C-11 (Contract Payment Monitoring Form). Instead, an extract of the register of contracts must be downloaded from the Contract Monitoring Tool for submission together with Withdrawal Applications. The register of contracts must be kept up-to-date on a continuous basis.
13. All the above-outlined procurement terms and conditions shall also apply to project implementing partners and implementing agents approved by IFAD.
14. The aforementioned terms and conditions may be modified by IFAD during the course of Project implementation.

Anticorruption Measures

15. IFAD-financed and IFAD-managed activities and operations are governed under the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations; therefore, the Borrower/Recipient is required to familiarize itself with this Policy in order to comply with all applicable requirements therein.
16. Specifically, paragraphs 11 to 15 in Section II. D (iii) of the Policy states the actions that the Borrower/Recipient will take to prevent, mitigate and combat Prohibited Practices (i.e., fraud, corruption, collusion, obstruction and coercion, as defined by the Fund) in any IFAD-financed and/or IFAD-managed activity or operation. Borrowers/Recipients are instructed to, *inter alia*:
 - a. Prior to the implementation of an IFAD-financed and/or IFAD-managed operation or activity, inform the Fund of the arrangements made for

¹³ IFAD distinguishes between a Memorandum of Understanding, Memorandum of Agreement and a service contract in the following way:

Memorandum of Understanding: equivalent to a letter of intent, it cannot involve payments of any kind.

Memorandum of Agreement: it can involve payments but is only applicable to the public sector. It needs IFAD NO regardless of the value.

Commercial (service) contract: should be used for all private sector entities including NGOs.

receiving and taking action in response to allegations of fraud and corruption relating to IFAD-financed and/or IFAD-managed activities and operations, in particular:

- i. appoint **and inform the Fund of the** independent and competent national or local authority (or authorities, if the activities that follow fall under the jurisdiction of more than one authority) to be responsible for receiving, reviewing and investigating allegations of fraud and corruption relating to IFAD-financed and/or IFAD-managed activities and operations; and;
 - ii. provide the name(s), position(s) and contact information of a focal point within that authority (or those authorities, as appropriate) and inform IFAD of any potential changes of that focal point.
- b. Borrower/Recipients are also encouraged to have in place, in accordance with effective whistle-blower protection measures and confidential reporting channels in order to appropriately receive and address allegations of fraud and corruption relating to IFAD-financed and/or IFAD-managed operations and activities.

Sexual Harassment, Sexual Exploitation and Abuse

17. IFAD has no tolerance for acts of sexual harassment, sexual exploitation and abuse in relation to its funded activities or operations. In April 2018, IFAD released its Policy to preventing and responding to Sexual Harassment, Sexual Exploitation and Abuse (the IFAD Policy¹⁴) to define obligations and responsibilities of all individuals who are holders of a contract with IFAD as well as third parties and recipients of IFAD funding.
18. According to Section 7.07 of the General Conditions, the Borrower/Recipient and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy as may be amended from time to time. The Fund may take appropriate measures in line with such Policy.
19. In line with Section 34 of the Policy, the Borrower/Recipient shall ensure that contracts with Project Parties include: (i) provisions prohibiting acts of sexual harassment, sexual exploitation and abuse, (ii) obligation to immediately report incidents of sexual harassment, sexual exploitation and abuse to IFAD or to the Borrower/Recipient and (iii) provisions allowing for the immediate termination of the contract based on proven acts of sexual harassment, sexual exploitation and abuse.

¹⁴ <https://www.ifad.org/en/document-detail/asset/40738506>

20. Pursuant to Section 8.06. of the General Conditions, the Borrower/Recipient and Project Parties shall promptly inform the Fund of any non-compliance with the IFAD Policy. In accordance with Section 12.01 (xxv) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan and/or Grant Accounts if, after consultation with the Borrower/Recipient, it determines that acts of sexual harassment, sexual exploitation and abuse were engaged in by representatives of the Borrower/Recipient or a Project Party or by any other recipients of the proceeds of the Financing without the Borrower/ Recipient having taken timely and appropriate action, satisfactory to the Fund, to address such acts when they occur.
21. Borrowers/Recipients are also encouraged to have in place, effective whistleblower protection against retaliation measures, victim support and assistance mechanisms and confidential reporting channels in order to receive, address and respond to allegations of sexual harassment, sexual exploitation and abuse relating to IFAD-financed and/or IFAD-managed operations and activities.

Accept, Excellency, the assurances of my highest consideration.

Country Director

ANNEX II

Gansu Demonstrative Rural Revitalization Project

Terms of Reference for Senior Procurement Officer Position

Under the supervision of the Project Director and/or Project Manager:

1. In general, in close coordination with PPMO Procurement Associates and CPMO, provide strategic and operational guidance and assistance to different project procuring entities.
2. In collaboration with PPMO Procurement Associates and CPMO review project wide Procurement Plan in the IFAD OPEN (Online Procurement End to End system).
3. Monitor implementation and primarily responsible for project wide contracts management.
4. Ensure timely updating of data in IFAD Client Portal Contract Management Tool (ICP-CMT)
5. Provide technical assistance to project procuring entities in the preparation of draft bidding documents including technical specifications of goods and terms of reference for consulting services ensuring compliance with national procurement law consistent with IFAD Project Procurement Guidelines.
6. Conduct initial review of proposed bidding documents, bid evaluation reports, draft contract in procurement packages subject of request for IFAD No Objection as per applicable Project Procurement Arrangements Letter.
7. Assist the procuring entities of the GD2RP Project in the preparation of the Annual Procurement Plan (APP) taking into account the type of procurement per item and threshold requiring prior review;
8. Upload the approved APP in Provincial Government websites and in OPEN;
9. Evaluate and assess every item in the APP i.e. services, goods and works, and ensure the procurement of the same within then timelines in close coordination with the procuring entity;
10. Assist project proponents of Matching Grants in their procurement process, i.e. procurement recording/documentation, identification of suppliers, conduct due diligence and evaluation of supplied items among others. Ensures that the procurement process are completed within the timelines as agreed.
11. Maintain and update procurement records and stock inventory and indicating therein re-order points to ensure availability of needed office supplies;
12. Monitor, assess and ensure that all project procurements abides with existing national procurement regulations and procedures;

13. Require procuring entities to retain electronic copies of all project wide procurement documents for IFAD review.
14. Review purchase contracts and provide recommendation to management;
15. Conduct field visits to monitor, evaluate, conduct physical check and assess procurements process, records and stock inventories at the PPMO and CPMO level to ensure compliance to existing rules and standards;
16. Prepare Monthly Calendar of activities and Monthly Accomplishment Report of the Unit assigned and attend meetings to represent project office as required;
17. Performs other duties and responsibilities that may be assigned by the Project Director/ Project Manager.

Qualification Standard:

- Education: Bachelor's degree in either Accounting, Economics, Marketing, Public Administration, Engineering or other related discipline. Master's degree or units earned is preferred.
- Experience: At least four (4) years in position/s involving the procurement process, contract management between the suppliers, with background in project development, and evaluation, preferably in foreign assisted projects implemented by an economic government agency.
- Training: At least twenty-four (24) hours of training in planning and procurement, project development, coordination or related field.
- Competency:
- Knowledgeable in the Government Procurement Law processes
 - Knowledgeable in the procurement processes and tools from selecting vendors / due diligence, establishing payment terms, strategic vetting, selection, the negotiation of contracts and actual purchasing of goods;
 - Experience in the preparation of AWPB, APP, PPMP, and the competitive bidding process;
 - Knowledgeable in Microsoft Office (Word, Excel, and Powerpoint)

Gansu Demonstrative Rural Revitalization Project (GD2RP)

Project Procurement Strategy

April 2024

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Gansu Demonstrative Rural Revitalization Project (GD2RP)

Project Procurement Strategy

1. Project Overview

Country:	China
Full Project Name and Number:	Gansu Demonstrative Rural Revitalization Project (GD2RP)
IFAD Loan/Grant amount(\$):	The total investment of the project is US \$220 million, and IFAD loans are US \$88 million
Loan/Grant Number:	/
Summary of Project Development Objectives:	<p>The project goal is to contribute to the consolidation of no poverty and no hunger, and food security with innovative and scalable good practices and reference. Its development objective is to support the country's ongoing Rural Revitalization programme by piloting inclusive and innovative business models that promote sustainable and climate-resilient agriculture and building community adaptive capacities, thus facilitating the adoption of green and resilience concepts in rural revitalization in the project area of Gansu Province. The primary expected outcomes will be to (i) Improve access of rural households to opportunities of</p>

	<p>participation and benefit sharing of rural economic growth with use of climate-smart technologies and practices in sustainable and green agriculture, and (ii) Build adaptive capacities in community-governance and sustainable rural development.</p> <p>Six counties have been proposed by the Government as project counties. The GD2RP comprises three components, namely:</p> <p>Component 1 – Sustainable green agricultural development, and Component 2 – Building community resilient capacities, supported by a Component 3 of Policy and institutional capacity building.</p>
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1.1 Procurement Significance

Most of the procurement activities under this program are expected to be simple low to medium-value contracts, including “Sustainable and green agricultural development”, “Improve village construction planning”, “Build and renovate rural roads, water supply and drainage, power supply and other public infrastructure”, “Carry out rural toilets, sewage and garbage treatment”, “Build care and service centres for rural left-behind people, villagers' cultural activity centres and small and micro parks”, and “Build integrated, large-scale and intelligent demonstration parks for the development of special rural industries”. Project construction activities such as “Digital village” and “Digital business and agriculture” information platform aim to explore and innovate effective models and ways of inclusive rural construction and development that can be replicated and promoted through project implementation, and play a pilot and demonstration role in the implementation of rural revitalization strategy in Gansu Province.

- Procurement of Goods

Under this category it is envisioned to procure regular office logistics and production material such as supply of office equipment, new energy street lights,

intelligent information system, seedling equipment, and agricultural production facilities etc., including other items required at the initial stage of project start-up during the first 18 months. However, the exact number of all goods contracts will be ascertained at a later stage as the implementation proceeds ahead, as it is difficult to foresee at the present stage. Nevertheless, it is clear that the contract packages will be from medium to small in size. The procurement activities under sub-component 1.1 *“Inclusive support to smallholders”*, sub-component 1.2 *“Eco-friendly transformation” which carried out by government (PMOs), and sub-component 2.2 “Climate-resilient community infrastructures and service facilities”*, will be procured under Goods.

- Procurement of Works

Under this category, it includes municipal, housing construction, water conservancy, courtyard economy construction, agriculture and other related construction projects. Through the procurement of Civil Works, the program will promote the rural infrastructure construction projects to enter more villages and households, strengthen the construction of flood control and drought relief infrastructure, consolidate and improve the level of rural electricity security, promote the construction of urban and rural distribution networks, and improve the power supply security capacity in remote areas. Meanwhile, accelerate the construction of cold chain logistics facilities for storage and preservation of agricultural products, promote low-temperature treatment of fresh agricultural products and postpartum loss reduction. However, the exact number of all work contracts will be ascertained at a later stage as the implementation proceeds ahead since this is depended on the demand of PMOs. The procurement activities under sub-component 1.3 *“Productive infrastructures (Public)”* and sub-component 2.2 *“Climate-resilient community infrastructures and service facilities”* will be procured under Civil Works.

- Procurement of Consulting Services

Under this category, a sub-project is envisaged to provide technical assistance to the sub-project implementation units through the recruitment of experts, subject research and teams in the various production links of agricultural economy, rural revitalization and value chain cultivation, ecological compensation, agricultural machinery and tools. Relevant training for project managers and farmers will be involved. The budgets of estimated contract packages will be from medium to small in size. The procurement activities under sub-component 2.1 *“Participatory planning and good governance”* and component 3 *“Management and institutional capacity building”* will be procured under Consulting Services.

- Grant and Subsidy

The project will provide technical and financial support as an incentive to selected cooperatives to stimulate them to establish inclusive and fair relationship with the project target group. Practically, the project will co-finance competitively-selected Business Plans (BPs) as a means to efficiently allocate public resources to cooperatives or enterprise-cooperative joint ventures to promote the inclusion of the project target group in sustainable and profitable value chains through mutually beneficial contractual arrangements. The procurement activities under sub-component 1.1 *“Inclusive support to smallholders”* and sub-component 1.2 *“Eco-friendly transformation”* which carried out by private entities will be procured under BP.● The procurement of Big Ticket Contracts

On the basis of investigation conducted during the design stage and in conjunction with previous similar programs. The NCB Civil Works and QCBS Consulting Services contracts of high value will be regarded as the big ticket contracts in the project’s procurement portfolio, which are critical for successful project completion in time. These contracts need to be given sufficient attention at the beginning of the program. IFAD will also provide strong support by the ways of Prior Review, training and other necessary measures to immigrate the potential risks of these big ticket contracts.

2 Overview of Country, Borrower and Marketplace

2.1 Operational Context

- **Governance Aspects:** Tendering and bidding activities in China are governed by the Tendering and Bidding Law of the People's Republic of China, the Government Procurement Law of the People's Republic of China and other regulations. Legal, regulatory and policy framework in China are clear and mainstreamed with international procurement practices. Procurement of Goods, Works and Consulting Services financed by the IFAD will be involved in Procurement Plan (PP) prior to their implementation that should be in accordance with the IFAD Procurement Guidelines, IFAD Procurement Handbook and relevant procurement policy, as well as national procurement Laws/Regulations. China National Procurement Laws and corresponding implementation manuals will be applied for the procurement financed by government counterpart. The procurement implemented by state-owned enterprises or other public sector involving IFAD’s funds have to comply with IFAD Procurement Guidelines, IFAD Procurement Handbook and its subsequent. While the procurement processes are implemented on the government public trading platform, the PMOs should coordinate with the platform to ensure that operable and flexible processes and

procedures are applied.

- **Economic Aspects:** China has achieved rapid economic growth and poverty reduction over the last 20 years based on political stability, investment in infrastructure and openness to trade underpinning economic growth. But after a long period of sustained economic growth and poverty reduction, China has suffered the significant economic impact of the COVID-19 pandemic. At present, China's economy has gradually overcome the impact of the epidemic. Since 2023, the overall domestic economy has maintained stable growth, with a GDP growth rate of 5.2%. The possibility of severe inflation or exchange rate fluctuations in the China is low in the short term. The supply of raw materials, personnel, equipment and facilities is sufficient, and the cost remains stable in the short term.

The procurement price is affected by inflation, exchange rate fluctuations, raw material price fluctuations, personnel cost and construction facility input. China's economy is stable, and it is difficult to have serious inflation or exchange rate fluctuations in the short term. Affected by the economic upward trend, the supply of raw materials, personnel, equipment and facilities is sufficient, and the cost remains stable in the short term. Relevant provisions of mitigating need to be included in the solicitation documents regarding economic factors that may affect the procurement.

- **Sustainability Aspects:** In the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of the 2035 Vision Goals, "Comprehensively promoting the Rural revitalization Strategy" has been taken as one of the main goals of the 14th Five-Year Plan, and it is proposed to promote the green transformation of agriculture, continuously improve the appearance and living environment of villages, and build beautiful and livable villages. We will ensure that the achievements in consolidating and expanding poverty alleviation are effectively linked to rural revitalization, and promote the sustainable development of industries with distinctive characteristics. In May 2022, the General Office of the CPC Central Committee and The General Office of the State Council issued the Implementation Plan for Rural Construction Action, specifying the key tasks to strengthen the management of rural planning and construction. The 14th Five-Year Plan of Gansu Province and the Outline of the long-term Goals for 2035 emphasize that rural construction should be taken as an important starting point to consolidate and expand the achievements of poverty alleviation and implement the rural revitalization strategy, and industrial revitalization should be taken as the fundamental policy to consolidate and expand the achievements of poverty alleviation and implement the rural revitalization strategy, and at the same time further improve the professional and

socialized service system of agriculture. In the period of poverty alleviation, Gansu Province is one of the provinces with the heaviest task of poverty alleviation in the country, with a large area of poverty and a deep level of poverty. With the joint efforts of the whole province and all sectors of society, Gansu Province has comprehensively won the battle against poverty and entered a well-off society together with the whole country. However, due to the impact of natural conditions, Gansu has not been effectively solved for a long time, such as harsh natural conditions, fragile ecological environment, weak agricultural industry foundation, and weak self-development ability of farmers. The overall poverty alleviation standard is not high, the pressure to prevent poverty is large, and the risk of returning to poverty is high, so it is included in the national key provinces to help rural revitalization in the west.

The sustainability strategy of the project is based on the use of a private sector led model in which enterprises as the main driver of growth and expansion on the basis of viable business plans. The three value chains selected have significant potential for growth and development. The project is unlocking that potential by enabling the enterprises access to facilities which they can rent in the enterprise parks and for using their own funds for investment in equipment, packaging and working capital. In addition, some agricultural cooperatives and agro-enterprises also have the risk appetite to directly lend to the private sector or follow a private sector led by making equity investments in the sector for enhancing their production base, product diversification, market expansion and employment generation. The expansion of their production base and expansion and diversification will lead to profitable and sustainable growth for them. The small-holder farmers who own the production base are being integrated into the business model. The equitable distribution of the profits from the enterprises will ensure that the agreements that are negotiated are to the mutual benefit of both parties and will be continued. The protection of the assets of the smallholders through improved crop management techniques and protection against droughts and adaptation to climate risks will lead to a more sustainable production system.

● **Technological Aspects:** Internet access is strong. Telecommunication facility is available and growing. Electronic procurement is not in place, but efforts are being initiated to adopt it soon. In the development of agricultural economy, the lack of funds leads to slow development, and the development and management of agricultural need to spend huge capital. The economic system of agricultural is not perfect, and the support for agricultural industry is not enough, which has a great impact on the development of agricultural industry. Agricultural economic

development technology and management measures lag behind, such as backward equipment, management lag. It leads to the serious shortage of agricultural resources and the decline of agricultural quality. The project construction has an important demonstration and promotion role in the rural revitalization of province, which is conducive to the implementation of the national rural revitalization and development strategy, consolidating the effect of poverty alleviation, and improving the management experience of foreign-funded projects. It is beneficial to improve farmers' ability to participate in project construction, broaden farmers' income increase channels, and stimulate rural vitality. It is conducive to promoting the integrated development of all aspects of agricultural industries in each project county, improving rural living environment, promoting ecological environmental protection, and promoting high-quality and sustainable development of the project area.

The construction content of this program involves low-carbon and resilient road construction technology, new energy application technology (public parking lot and street lamp construction), urban waterlogging control system application technology, green and low-carbon urban management centre application technology, so increase scientific and technological investment and technological innovation in municipal facilities, green buildings, plant species, flood prevention and disaster reduction, sponge city and other aspects. Improve the quality of project technicians through technical integration and exchange seminars. In order to improve the technical support of suppliers in the follow-up procurement activities of the program, relevant provisions need to be set for technical factors and corresponding qualifications in the solicitation documents.

● **Transparency of Procurement:** The "Two Laws and two Regulations" of China have been promulgated and implemented for many years, and many ministries and commissions and executives of various industries have promulgated policies and regulations related to procurement, and China's procurement system has become increasingly mature and perfect. The procurement activities of this project are subject to the dual constraints of domestic bidding laws and regulations and IFAD procurement policies to ensure a fair and transparent procurement process. After the procurement plan has received no objection from IFAD, the Management Office of the IFAD Loan Pilot Rural Revitalization Demonstration Project in Gansu Province will submit a general procurement announcement to IFAD, and the procurement announcement of each tender section will be published on the relevant IFAD website in China and in IFAD. The evaluation results and award announcement of the procurement will also be posted on the relevant website. Bidders and relevant participants may report any

issues in the procurement process to the Gansu Rural Vitalization Pilot Demonstration Project or IFAD, and the Gansu Rural Vitalization Pilot Demonstration Project will handle queries or complaints in accordance with the procedures set out in the procurement policy.

- **Key Conclusions of IFAD-PRM Part A:** Legal, regulatory and policy framework are clear and mainstreamed with international procurement practices. Few sub-indicators exhibit gaps that have limited impact on procurement performance. The national procurement framework has limited provisions on SPP and obligations deriving from international agreement. Institutional Framework and Management Capacity exhibit some gaps and weaknesses. In particular, the capacity of developing and improving the public procurement system are relatively weak. Public procurement operations and market practices is effective and efficient. The public procurement system operates with integrity, that has appropriate controls, and that has appropriate anti-corruption measures in place. There are some constraints on engagement of civil society and stakeholder support to strengthen integrity for procurement policy development, provisions on fraud, corruption and other prohibited practices in consistence with IFAD policies. Overall, the assessment of procurement at Country Level of China exhibits risks and impacts which are limited and controllable. The project will eliminate or reduce these risks and impacts by fully understanding and flexible use of policies, optimizing management methods, and refining implementation plans.

2.2. IA Capability Assessment

- **Experience:** Since 1981, China has borrowed from the World Bank, ADB and other international financial organizations as well as foreign governments for a total of 3,865 projects, with a promised loan amount of about US \$180.3 billion, covering the country's key areas of energy, transportation, forestry, agriculture and rural development, education, health and industry. It has played a positive role in promoting China's economic and social development. Currently, Provincial Rural Revitalization Bureau (PRRB) of the Department of Agriculture and Rural Affairs (DARA) of Gansu Province is responsible for implementation and coordination. The DARA has previous experience of working with several international partners including the World Bank and ADB. These partnerships have gone well and indicate the strong implementation capacity of the Department. An Inter-departmental coordinating mechanism will be established at the provincial level to address the need for any strategic and operationally critical coordination

and guidance, both at the provincial level or vertically to the counties. At the county level, project management and coordinating responsibilities will be assigned to County Project Management Offices (CPMO) to be established in the Bureau of Agriculture and Rural Affairs (BARA) in each of the six counties. The competent departments of the six projects' counties have a strong willingness to actively apply for and implement the project. The main leaders at the county level attach great importance to and support the project. The relevant departments of development and reform and finance at the county level have experience in the management and implementation of foreign-funded projects, which can lay a solid foundation for the smooth implementation of the project, standardized management and efficiency.

- **Need for hands-on support:** Department of Agriculture and Rural Affairs (DARA) of Gansu Province requires services of expert consultants or firm to assist them in planning (Feasibility studies, Detailed Engineering Designs) and implementing (Project Management Consultant) for the proposed projects. There is no specialized procurement training program for the staff involved for undertaking procurement. The Department of Agriculture and Rural Affairs (DARA) of Gansu procurement staffs have experience with ADB/WB procurement procedures but limited knowledge and experience on IFAD procurement frameworks. Trainings and on-the-job coaching during project implementation on IFAD procurement framework (Project procurement guidelines, ICP contract monitoring tool, NOTUS/OPEN system for procurement management etc.), are needed. Agricultural cooperatives and agro-enterprises who receive the IFAD loan will work in partnership with the BARAs and the two will coordinate their efforts on the production and processing aspects of the selected value chain in each county. The BARAs will seek the assistance of the relevant technical bureaus such as Water Resources Bureau, Transportation Bureau, Municipal Administration Office, the Women's Federation, Youth League and others as appropriate in the implementation of project especially in activities where counterpart financing is involved. Responsibilities of the CPMOs will include beneficiary targeting and implementation planning, overseeing business planning, coordinating with farmer cooperatives for value chain investment from either government or private sector at the farm level. In addition, the CPMOs will undertake generic project management tasks such as financial management, procurement, knowledge management and project monitoring and evaluation etc.

- **Contract management capability and capacity:** Department of Agriculture

and Rural Affairs (DARA) of Gansu Province through dedicated project staff monitors the performance of the contractors and the consultants or firms hired for project development and implementation. The agencies diligently track its contractual payment obligations. Payments to contractors/suppliers are often made without delays. However, there is still need of improvement in follow up mechanism and timely processing withdrawal applications and release of payment.

- **Complaints management and dispute resolution systems:** A sound complaint and dispute handling mechanism has been established by DARA. The portal websites of all units have set up complaint telephone numbers/email addresses to ensure that all links related to the project are subject to public supervision. At the same time, the International Fund for Agricultural Development loan rural revitalization pilot demonstration project in Gansu Province will provide complaints and questioning channels in the subsequent bidding documents, so as to handle complaints related to bidding and procurement and ensure that the bidding and procurement work of the entire project is carried out in a fair and orderly manner.

- **Key Conclusions of IFAD-PRM Part B:** 1) The project complexity is low and is similar to previous projects in China. Project area is geographically spread in different locations. The governance structures of project exists a certain fragile risk. The project needs to continually put the necessary personnel, resources, and qualified consulting agency into project to mitigate the relevant risks. 2) Main risks of IA's Procurement Legal & Regulatory Frameworks involve the aspect of SECAP, Bid Evaluation and advertised time of bid. These risks will lead limited impact on project. The project will adopt effective management measures, reasonable procedural arrangement and appropriate rule adaptation to mitigate the corresponding risks. 3) IA's Procurement Strategy and Procurement Planning Process exhibit some risks in terms of procurement personnel and procurement strategy analysis. Project has to ensure the input of procurement personnel. The project complexity, IA's own internal capacity, experience as well as market supply capacity should be accurately addressed. 4) Procurement Management and Contract Administration systems and internal control /audit procedures exhibit some risks in terms of IA's payment procedures and Contractual Dispute Settlement procedures. Project should optimize procedures and settlement under the IFAD's and domestic relevant legal and regulatory frameworks to address these challenges as far as possible. 5) There are some risks of non-standard and

loose management in the Record Keeping management of the project. The requirement of Record Keeping will be specified in PIM. In addition to information documentation of the procurement process (cost estimate to contract signing), the file must include all information required to successfully administer the contract. 6) In general, shortage of procurement staff, especially the personnel with international-funded experience, pervasively extend through the project from provincial to county level. The project should set up procurement units with adequate procurement personnel, and should recruit experienced procurement agencies who will provide professional procurement service for the project. The project needs to organize regular procurement training for procurement staff at all levels. 7) Overall, IA's organization structure and management system are relatively complete. However, there are some limited impacts on the project in terms of personnel, experience, partial management approaches and customary implementation procedures. Project will improve procurement staffing, secure resource inputs, strengthen institutional capacity building and recruit the necessary consulting agencies to mitigate these adverse impacts and risks.

2.3 Market Analysis

- Market sector dynamics (Nature and extent of competition, levels of experience, capability and innovation, external influences and factors, Supplier Preferencing): The contracts procured for the project are mainly related to Civil Works, Goods and Consulting Services. There are a large number of contractors with the ability to undertake similar projects in the domestic market, and the competition is full. Through open competitive bidding, qualified contractors can be fully attracted to join and the level of competition can be increased.

During the implementation of this project, domestic competitive bidding is open to domestic and international contractors, and procurement principles, requirements, and transparency of procurement can meet IFAD's standards.

According to the experience of similar projects, the raw materials and labour required by contractors are mostly from the domestic market. There is a high degree of competition among raw material suppliers and market prices are transparent. The purchaser has a good understanding of the supply market and the market unit price. ● **Supplier capability and resource requirements:** Capacity and resource requirements, where sufficient competition exists, consider the reasons for an open competitive procurement approach at the national/international level.

There are many domestic participants who meet the requirements on the basis of market analysis of collecting the data from previous similar projects. These

potential contractors/vendors are basically domestic companies, and the procurement is oriented to domestic bidders. However, it is not excluded that foreign companies bid. According to the implementation of the project, similar projects have achieved great results in China, and there are many experiences to learn from, so the overall adoption of domestic open competitive procurement (NCB) is feasible.

● **Market Analysis of Civil Works:** Domestic construction enterprises undertaking housing construction projects, municipal projects and flood control and water conservancy projects within the territory of China shall have the general contracting qualifications for construction projects, municipal projects and water conservancy and hydropower projects respectively. In accordance with the division of enterprise assets, main personnel and experiences of the construction enterprises, the qualifications are divided into Special Grade, First Grade, Second Grade and Third Grade to determine the scope of project contracting. There are sufficient enterprises with the above qualifications in construction market of China and Gansu Province. According to the latest data released by the Ministry of Housing and Urban-Rural Development of China, the number of construction enterprises with various qualifications is as follows:

There are 815 Special Grade enterprises with general contracting for construction projects in China, of which 7 are in Gansu, and 119 Special Grade enterprises with general contracting for municipal engineering construction in China, of which 1 is in Gansu. There are 11,512 enterprises with First Grade or above general contracting for construction projects nationwide, 111 of which are in Gansu; 4,458 enterprises with First Grade or above municipal engineering construction contracts nationwide, 30 of which are in Gansu; 304 enterprises with First Grade or above hydraulic engineering construction contracts nationwide, 5 of which are in Gansu. At the same time, there are 98 enterprises with the above three qualifications nationwide, including 2 in Gansu. There are 66,163 enterprises with Second Grade or above general contracting for housing construction projects in China, of which 1,535 are in Gansu; 44,144 enterprises with Second Grade or above municipal engineering construction contracts in China, of which 1,196 are in Gansu; 6,740 enterprises with Second Grade or above hydraulic engineering construction contracts in China, of which 103 are in Gansu. Meanwhile, there are 3,346 general contractors of housing construction projects, municipal projects and water conservancy projects in China, of which 75 are in Gansu.

In line with the scale and content of the program, the project generally requires the bidder to have Second Grade (including) or above qualifications for the general contracting of construction, municipal or water conservancy and hydropower

projects. Partial packages have higher requirements which is First Grade (including) or above qualifications. It could conclude that potential bidders with the corresponding capabilities and qualifications required by this project are fully competitive.

From the analysis of the experience and performance of various construction enterprises in the past five years, there are many construction enterprises that have successfully implemented the special experience and general experience and performance of the same type and scale as this project. Judging from the implementation of IFAD and other related infrastructure projects in China in recent years, there is a sufficient number of domestic contractors in China who can substantially respond to contracts of all types and amounts. The domestic market is sufficient to meet the needs of project construction and ensure sufficient procurement competition. The domestic market can meet the construction requirements of the recipient and meet the adequacy of competition from the above qualifications and performance.

- **Market Analysis of Goods:** In recent years, Gansu Government has made new breakthroughs in equipment research and development by strengthening its support for agricultural mechanization, greatly increasing the amount of subsidized machinery and fast progress, continuously expanding the scope of agricultural machinery operation and service. The relevant technical indicators of the agricultural machinery and equipment demonstrate that there are at least 400 suppliers/vendors who meet the technical standard. The domestic market can meet the procurement requirements of the recipient to ensure the adequacy of competition which simultaneously supported by the performance of the similar projects in type and scale in the past five years.

The Goods of the program have mature technology, which results a number of domestic suppliers that meet the qualification requirements and financial capacity for the Goods that will be procured in the program. Many equipment manufacturers (including joint ventures) and suppliers can provide relevant equipment and services to meet the technical performance requirements. Domestic market procurement has ensured the adequacy of competition.

- **Market Analysis of Consulting Services:** The procurement of Consulting Services for the program mainly includes the selection of project management firms and consulting and training personnel/institutions. Both domestic and foreign consulting companies can provide guiding management and supervision concepts and services for the project implementation unit. In comparison, foreign consulting companies have more advantages in terms of advanced service concept and experience, but the consulting cost is also higher. Domestic project

companies are more familiar with the domestic market, and their experience and prices are more competitive. There are a large number of domestic training companies with perfect qualifications and full performance. According to the analysis of their qualifications and performance completed in the past five years, the domestic market is sufficient to meet the requirements of the adequacy of competition. The above analysis adequately show that the procurement of consulting services for this project can meet the market competitiveness.

- **Financial (Sources of cost and value, cost stability, pricing strategies and mechanisms, cost and financial benchmarks):** Over the last decade, there were a number of donor-financed investment projects in Agricultural department of Gansu Province with a number of projects having project cost of more than US\$100 million. Some of main donors are ADB, WB, ADF, JICA, EIB. Values of awarded contracts are below or above the original cost estimates of the packages. It is noted that there were significant cost escalations of construction materials, fuels, labors over the 2021-2022 period due to Covid-19 pandemic. As results, for some projects, work contract prices were increased at a ranged 10% - 25% compared with the initial estimated costs at the project design stage.

- **Procurement trends** (Procurements of other entities procuring similar contracts, typical contract terms, common issues that inhibit or contribute to achieving value for money, typical responses and lessons learned): For donor-financed projects in agricultural department, there are both ICB and NCB procurement for contracts. For the procurement of ADB financed contracts under OCB with national advertising procedures, the standard documents under the Standard Operational Procedures (SOP) were reviewed and approved by ADB, and are used to the extent possible. For the procurement of IFAD financed contracts, the standard bidding document under the Standard Operational Procedures (SOP) were adopted and used with additional provisions (for compliance with anticorruption policies, safeguard requirements).

- SWOT Analysis

1. SWOT Analysis Sheet

Market Analysis	Strength	Weakness	Opportunity	Threat
Civil Works	<ul style="list-style-type: none"> - Stable social environment; - Political stability; - The availability of simple construction labour (earthmoving, excavation), especially unskilled workers; - Rich experience in construction, especially housing construction, municipal public works, flood control, urban drainage, water environment management, ecological landscape construction projects; - The number of construction enterprises that meet the project requirements and the qualification requirements of domestic construction enterprises is sufficient, experienced and mature in the market. 	<ul style="list-style-type: none"> - Restrictions on the preparation of tender documents and lack of familiarity with the IFAD model domestic open competitive procurement documents; - Subject to unforeseen factors such as extreme weather. 	<ul style="list-style-type: none"> - Given the open nature of IFAD project procurement, the implementation of the project will contribute to further promoting orderly competition in local markets; - China's economic growth is stable. 	<ul style="list-style-type: none"> - Due to the sufficient number of construction enterprises and sufficient competition, it is easy to have malicious low-price competition, which affects the implementation of the project; - The contractor is affected by economic changes at home and abroad; - Price changes, unforeseen price increases, especially for building materials such as sand, stone and cement; - There is a national labor market, yet there is still a relative shortage of skilled workers.
Goods	<ul style="list-style-type: none"> - Stable social environment; - Experienced in goods delivery and equipment installation; - Suppliers with sufficient quantities of domestic goods and IT systems at competitive prices. 	<ul style="list-style-type: none"> - Restrictions on the preparation of tender documents and lack of familiarity with the IFAD model domestic open competitive procurement documents; - The PMOs is not familiar with 	<ul style="list-style-type: none"> - Opportunity to use advanced technology to serve the research and construction of the project; - Project implementation could cultivate personnel 	<ul style="list-style-type: none"> - Due to the complexity of the goods to be purchased and the PMOs' unfamiliarity with the technical requirements, the prepared procurement documents may be unclear, which is not conducive to

Market Analysis	Strength	Weakness	Opportunity	Threat
		<p>the technical requirements of the goods, and it is difficult to prepare the technical requirements.</p>	<p>with experience in IFAD project procurement, finance and project management to meet local development needs for PMOs.</p>	<p>the bidder's preparation of tender documents. In addition, it may affect the execution of the contract.</p>
<p>Consulting Services</p>	<ul style="list-style-type: none"> - The consulting services market is mature, most of the domestic IFAD projects employ project management consulting services, and international consulting firms are highly involved; - In order to enter the international market, international experts may be attracted, and through research and cooperation with international experts, the client can benefit from their advanced science and technology and concepts, for example, in the selection of project management consultants; - Domestic consultants are cheaper than international firms. For example, domestic supervisors have lower salaries and reimbursable expenses; - In the domestic market, the supervisor must have the corresponding qualification. 	<ul style="list-style-type: none"> - Despite that domestic consulting firms have rich experience and expertise, there is still a gap between them and international consulting firms in terms of experience in some special areas; - Compared with international consulting firms, the number of strong domestic consulting firms is relatively small; - The scale of consulting firms is still very small, some of which are self-owned or joint ventures; - Language ability, social environment and other factors may lead to inadequate communication between foreign consulting experts and clients. 	<ul style="list-style-type: none"> - With the development of the general market, the demand for consultants is huge; - Fierce competition in consulting services is conducive to enhancing the capacity of consulting experts; - The government usually has an open policy, and the participation of joint venture consulting companies will promote domestic consulting companies to improve their own capabilities and provide optimal services, thereby improving the overall level of domestic consulting companies. 	<ul style="list-style-type: none"> - In accordance with the technical complexity and project characteristics of certain projects, domestic consulting firms are less competitive than international consulting firms with a relatively high level of competence; - Domestic consulting firms may encounter difficulties in dealing with relevant issues due to their relatively low familiarity with international standards.

3 Procurement Risk Analysis for above mentioned contract/group of similar contracts

Risk Description	Description of Mitigation	Risk Owner
Procurement processes (planning, bidding, contract award and contract implementation) are often delayed. Lengthy government internal procurement reviewing and approval processes that could cause delays in project implementation.	(i) Prepare contract management plans for high value and high risk contracts; (ii) Monitoring closely procurement (using the excel procurement tracking forms in addition to IFAD's ICP Contract Monitoring Tool) and contract implementation progress with periodic progress reports and follow-up actions;	PPMO, CPMOs
Inadequate and poor technical inputs (upstream activities) such as design, drawing, bill of quantity, specifications often lead to complication during the contract implementation. This results in time and cost overrun, substandard output and dispute between the parties.	Ensure design, drawing, bill of quantity, specifications are prepared properly. Less possibility of time and cost overrun, substandard output and dispute between the parties.	PPMO, CPMOs
The engineer/officer working on this project/contract may not have the necessary qualification and practical experience.	Recruit qualified, experienced and dedicated officials to ensure efficient implementation of the project activities.	PPMO, CPMOs
Risk of less competition due to the preparation bid documents and specifications without market survey	Prepare bid document and specification only after the proper market survey	PPMO, CPMOs
Risk of abnormally low bid prices. Due to high competition.	Include the relevant provisions in the bidding document to deal with abnormally low bids like seeking higher performance security, provision of frequent site supervision, written warning and demolition of work at site, if found not as per the given specification.	PPMO, CPMOs

<p>Risk of substantially high bid prices beyond the contract budget.</p>	<p>Include relevant provision in the bidding document on-the acceptance or cancellation of bids mentioning the threshold value considering the value for money. The budgets for each contract, in addition to the Gansu quota, will be based on similar projects that have been completed or are being procured in China, with sufficient unforeseen costs.</p>	<p>PPMO, CPMOs</p>
<p>Risk of slow in work progress/delay in implementation.</p>	<p>Prepare realistic contract management plan and close monitoring of the contract execution. Use early warning clause in contracts.</p>	<p>PPMO, CPMOs</p>
<p>Risk of counterpart funds of government. The implementation of various activities in the project requires supporting funds, especially land expropriation and demolition work. If the supporting funds are insufficient, the contract or project will not be completed on time, which will lead to the delay of the project schedule.</p>	<p>The PMOs need to provide a commitment letter of supporting funds, and should first arrange the implementation of supporting funds for IFAD loan projects according to the project implementation plan and the financial revenue of the local government to ensure the smooth implementation of various activities.</p>	<p>PPMO, CPMOs</p>
<p>Risk of rising prices. Affected by domestic and international economic conditions and inflation, the rising price of civil construction, equipment and manpower may lead to insufficient budget funds.</p>	<p>At the design stage of each contract package, factors such as rising prices will be fully considered to ensure the smooth implementation of the project under the influence of market price fluctuations and other factors.</p>	<p>PPMO, CPMOs</p>
<p>Risk of exchange rate. The appreciation of the RMB against the US dollar may result in projects implemented in the later stages of the project not being able to fully utilize IFAD loans and meet all the stated objectives of the project.</p>	<p>If the appreciation of the US dollar is too large during the project implementation period, the project unit should actively do a good job of supplementing the matching funds to ensure that the project achieves the established objectives.</p>	<p>PPMO, CPMOs</p>

4 Procurement Objective

- 1) Effective procurement and contract management to ensure on-time delivery of goods, works, non-consulting services of consultants, within estimated costs, and planned timeframe.
- 2) On time delivery of contractually obligated deliverables as per the approved plans.
- 3) Establish the mechanism of procurement capacity building throughout the project. From continuous procurement activities and necessary procurement training, procurement participants (including both government procurement staff and private entities procurement personnel) could accumulate experience and extract lessons to be learnt.
- 4) Introduce internationally advanced experience and concepts, building resilience in the rural development of community governance;
- 5) Improving access for rural households to participate and share in rural economic growth;
- 6) Introduce climate-smart technologies and practices in sustainable green agriculture to support private sector actors, farmer specialized cooperatives and village-based rural economic development entities.

5. Recommended Procurement Approach

5.1 Recommended procurement approach for Works and Goods packages.

Attribute	Selected arrangement	Justification Summary/Logic
Specifications (SECAP compliance)	Conformance	Need to mention the requirement in the PIM for the incorporation to ensure this is addressed by the borrower/recipient when procurement is undertaken.
Sustainability Requirements	Yes	Need to mention the requirement in the PIM for the incorporation in each procurement cycle (bidding document, specification, evaluation criteria) to ensure this is addressed by the borrower/recipient when procurement is undertaken.
Contract Type	A. Traditional B. Design and Build C. Design, Build, Operate, Maintain	

Attribute	Selected arrangement	Justification Summary/Logic
Pricing and Costing Mechanism	A. Unit Rate Contract B. Lump Sum Remuneration Contract C. Percentage (payment) Contract	Competitive
Price Adjustments	A. None, fixed price.	Contract will be of fixed priced
Supplier Relationship	A. Adversarial	Strong competition in the market with a number of qualified national/international contractors.
Form of Contract (Terms and Conditions)	D. State any special conditions of contract	Additional provisions to be included in the bidding/contract documents in compliance with IFAD's policy on anti-corruption, SH SEA, ES safeguards.
Selection Method	B. Request for Bids (RFB) C. Requests for Quotations (RFQ) D. Direct Selection	Open Tendering is most common competitive method that prescribed in China Tendering and Bidding Law, of which the thresholds are not less than CNY4 million for Works, CNY2 million for Goods.
Selection Arrangement	C. Commercial practices	Competitive method
Market Approach	A. Type of Competition 1. Open 2. Limited 3. International 4. National 5. No Competition – Direct Selection B. Number of Envelopes/Stages 1. Single Envelope 2. Single Stage C. Negotiations (No)	Procurement limited to national competitive method due to maturity of market and size of packages.
Pre / Post Qualification	B. Post-Qualification	
Evaluation Method	Evaluated lowest quotation.	
Evaluation of Costs	A. Adjusted Bid Price (corrected for bidder's minor deviations) B. Life-Cycle Costs	Life-cycle costs criteria will be applied for large-scale mechanical equipment.
Domestic Preference	No	Domestic preference not applied.

Attribute	Selected arrangement	Justification Summary/Logic
Rated Criteria	List the type of criteria to be used (mandatory/desired)	Rated criteria not applied.

5.2 Recommended procurement approach for Consulting Service packages.

Attribute	Selected arrangement	Justification Summary/Logic
Specifications (SECAP compliance)	Conformance	Need to mention the requirement in the PIM for the incorporation to ensure this is addressed by the borrower/recipient when procurement is undertaken.
Sustainability Requirements	Yes	Need to mention the requirement in the PIM for the incorporation in each procurement cycle (bidding document, specification, evaluation criteria) to ensure this is addressed by the borrower/recipient when procurement is undertaken.
Contract Type	A. Traditional B. Design and Build	
Pricing and Costing Mechanism	B. Lump Sum Remuneration Contract C. Time-Based Remuneration Contract D. Percentage (payment) Contract	Competitive
Price Adjustments	A. None, fixed price.	Contract will be of fixed priced
Supplier Relationship	A. Adversarial	Strong competition in the market with a number of qualified national/international contractors.
Form of Contract (Terms and Conditions)	D. State any special conditions of contract	Additional provisions to be included in the bidding/contract documents in compliance with IFAD's policy on anti-corruption, SH SEA, ES safeguards.

Attribute	Selected arrangement	Justification Summary/Logic
Selection Method	A. Requests for Proposals (RFP) D. Direct Selection	Open Tendering is most common competitive method that prescribed in China Tendering and Bidding Law, of which the thresholds are not less than CNY1 million for Services.
Selection Arrangement	C. Business Plan (BP) Selection D. United Nations (UN) Agencies	The selection of the Business Plans will be on a competitive basis.
Market Approach	A. Type of Competition 1. Open 2. Limited 3. International 4. National 5. No Competition – Direct Selection B. Number of Envelopes/Stages 1. Single Envelope 2. Two Envelopes 3. Single Stage 4. Multi Stage C. Negotiations (Yes)	International competitive bidding applied for Consulting Service packages with estimated cost US\$ 1,000,000 or more.
Pre / Post Qualification	B. Post-Qualification	
Evaluation Method	A. Quality Cost Based Selection (QCBS) B. Fixed Budget Based Selection (FBS) C. Least Cost Based Selection (LCS) D. Quality Based Selection (QBS) E. Consultant's Qualifications Based Selection (CQS) F. Single Source Selection G. BP Selection	
Evaluation of Costs	A. Adjusted Bid Price (corrected for bidder's minor deviations)	
Domestic Preference	No	Domestic preference not applied.
Rated Criteria	List the type of criteria to be used (mandatory/desired)	Rated criteria not applied.

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 9: Integrated Project Risk Matrix (IPRM)

Mission Dates: 03/09/2023-16/09/2023

Document Date: 22/07/2024

Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Moderate	Moderate
<i>Fragility and Security</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Macroeconomic</i>		<i>No risk envisaged - not applicable</i>
<i>Governance</i>		<i>No risk envisaged - not applicable</i>
<i>Political Commitment</i>		<i>No risk envisaged - not applicable</i>
Sector Strategies and Policies	Moderate	Low
<i>Policy Development and Implementation</i>	<i>Moderate</i>	<i>Low</i>
<i>Policy alignment</i>		<i>No risk envisaged - not applicable</i>
Environment and Climate Context	Moderate	Moderate
<i>Project vulnerability to climate change impacts</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Project vulnerability to environmental conditions</i>	<i>Moderate</i>	<i>Low</i>
Project Scope	Moderate	Moderate
<i>Technical Soundness</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Project Relevance</i>	<i>Moderate</i>	<i>Low</i>
Institutional Capacity for Implementation and Sustainability	Moderate	Moderate
<i>Monitoring and Evaluation Arrangements</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Implementation Arrangements</i>	<i>Moderate</i>	<i>Moderate</i>
Project Financial Management	Moderate	Moderate
<i>Project External Audit</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Project Accounting and Financial Reporting</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Project Internal Controls</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Project Funds Flow/Disbursement Arrangements</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Project Budgeting</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Project Organization and Staffing</i>	<i>Substantial</i>	<i>Substantial</i>
Project Procurement	Moderate	Moderate
<i>A.1 Legal, Regulatory and Policy Framework</i>	<i>Moderate</i>	<i>Moderate</i>
<i>A.2 Institutional Framework and Management Capacity</i>	<i>Moderate</i>	<i>Moderate</i>
<i>A.3 Accountability, Integrity and Transparency of the Public Procurement System</i>	<i>Low</i>	<i>Low</i>
<i>A.4 Public Procurement Operations and Market Practices.</i>	<i>Low</i>	<i>Low</i>
<i>B.1 Assessment of Project Complexity</i>	<i>Moderate</i>	<i>Moderate</i>
<i>B.2 Assesment of Implementing Agency Capacity</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Project Procurement Overall</i>	<i>Moderate</i>	<i>Moderate</i>
Environment, Social and Climate Impact	Moderate	Low
<i>Vulnerability of target populations and ecosystems to climate variability and hazards</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Greenhouse Gas Emissions</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Physical and Economic Resettlement</i>	<i>Low</i>	<i>Low</i>

Risk Category / Subcategory	Inherent risk	Residual risk
<i>Community health, safety and security</i>	<i>Moderate</i>	<i>Low</i>
<i>Labour and Working Conditions</i>	<i>Moderate</i>	<i>Low</i>
<i>Indigenous People</i>	<i>Moderate</i>	<i>Low</i>
<i>Cultural Heritage</i>	<i>Low</i>	<i>Low</i>
<i>Resource Efficiency and Pollution Prevention</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Biodiversity Conservation</i>	<i>Moderate</i>	<i>Moderate</i>
Stakeholders	Moderate	Moderate
<i>Stakeholder Grievances</i>	<i>Moderate</i>	<i>Low</i>
<i>Stakeholder Engagement/Coordination</i>	<i>Moderate</i>	<i>Moderate</i>
Overall	Moderate	Moderate

Country Context	Moderate	Moderate
Fragility and Security	Moderate	Moderate
<p>Risk:</p> <p>The main risks pertain to: i) Swine fever that has been prevailing and poses some impact to pig production in many places of the country; ii) risk of COVID-19 comeback but unlikely with restrictive control as before. Uncertainty however remains with regard to human and animal epidemics, as globally.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>(i) Government is promoting preventive measures for pig farms, meanwhile trying to limit household and small-scale pig raising business in consideration of environmental impact and economic viability; (ii) The project has limited if not no exposure to pig production at this design stage.</p>		
Macroeconomic		No risk envisaged - not applicable
<p>The macroeconomic situation and prospect of the country has been favorable and optimistic. Despite slowed pace of GDP growth during the last years and some trade frictions, Annual GDP growth has been forecast for more than 5% by several international financial agencies. The quality of development has been increasing as result of economic restructuring and boosting of domestic markets and consumption. Rural development continues to be given increased attention and support through various favorable policies and additional resource allocations. The macro economy shall maintain a stable and steady progress and is generally resilient to external shocks. The economy bounced back from slow-down in COVID-19 pandemic of 2019-2022 and recorded steady improvement. Consumption and market demand will remain steady growth and continue to anticipate increasing demand on quantity and quality agro-products from rural areas, as result of Government's strategy in boosting both domestic and export markets. Transportation and logistics condition continue to improve providing conducive marketing environment for rural products. As Chinese economy is integrated into global markets and with strong links with countries of One-Belt-One-Road; no major risks are foreseen so far in terms of macroeconomic dimension.</p>		
Governance		No risk envisaged - not applicable

<p>Overall governance at the relevant levels (primary province and county) is strong. There are relevant and adequate rules and procedures guiding the planning and budgeting, management of finance, procurement, staff and institutional performance and accountability, fraud and corruption prevention and conviction. Particularly for rural revitalization and agricultural development related projects, government attaches higher emphasis in accountability and performances. The ongoing rural revitalization strategy envisages continued improvement of rural governance. For this project, the institutional set up and vertical/lateral coordination has been conducive for project management as the PMO was designed to be embedded in the structure of Rural Revitalization Bureau and Agriculture and Rural Affairs. No major risks are foreseen so far in terms of governance.</p>		
<p>Political Commitment</p>		<p>No risk envisaged - not applicable</p>
<p>The political commitment of both central and local governments to the project goals/objectives have been and will remain persistently strong during the project life. The Rural Revitalization is a state strategic policy and development programme that the project supports. Necessary policies, various resources, and institutional performances are geared at the provincial and county levels towards aligning with these strategic goals and directions. No. 1 document of 2023 continues to give spotlight to rural development and rural revitalization support for disadvantaged areas and households will continue for the next 5 years. Meanwhile, there is strong stability and continuity of political party and government leadership and strategies. No major risks are foreseen in terms of political commitment by governments.</p>		
<p>Sector Strategies and Policies</p>	<p>Moderate</p>	<p>Low</p>
<p>Policy Development and Implementation</p>	<p>Moderate</p>	<p>Low</p>
<p>Risk:</p> <p>Government's strategies and policies, especially those relating to modernization and rural revitalization, are highly responsive to the needs of the rural people and visionary in making rural areas more attractive places for people to live. Nevertheless, there is some risk in the responsive and thorough implementation of central policies to their full effect, e.g. the Farmer Cooperative Law. China's agricultural development has traditionally focused on production/productivity enhancement, with emphasis on infrastructure, with limited attention to post-production/marketing. This resulted in cases of local overproduction, which led to possibly reduced value add and farmers' income when the market efficiency is less. Supply-side reform was called for to the agricultural sector but there is still strong tendency at project area of focusing on production. Despite favourable and upper level government policies, at the local level there can be unwanted impediments in serving and facilitating the agribusiness entities and agribusiness sector.</p>	<p>Moderate</p>	<p>Low</p>
<p>Mitigations:</p> <p>The project places great emphasis to inclusive enhanced production and post-production and to developing agricultural value chains that promote equitable organizational arrangements, different channels/opportunities to farmers to link with market opportunities, and increased incomes for the target households. The project also invests in diversified income generating for the target groups, and call for extended application of agri-insurance in the project area. The project is well in line with government development policies and contributing to generating benefits for the vulnerable target group</p>		
<p>Policy alignment</p>		<p>No risk envisaged - not applicable</p>

<p>The project is well aligned with the government strategy and policies relating to rural development and modern agricultural modernization. The core focus of the project “Sustainable and inclusive green agriculture and building community resilient capacity” is a top priority of government’s most recent rural revitalization strategy. Governments expect IFAD project to add value by demonstrating innovative ideas and practices that can contribute to the consolidation of no poverty and no hunger, and food security as part of the ongoing rural transformation in the country. The focuses of the project on sustainable benefit generation for and sharing with vulnerable groups of the population, role of women and youth as well as thriving private sector and farmer organizations etc.. are also at the core of the government policies for rural transformation. No major risks are identified in terms of policy alignment of the project.</p>		
<p>Environment and Climate Context</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Project vulnerability to climate change impacts</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Risk:</p> <p>Gansu Province has been experiencing climate change impacts including irregular ups and downs of temperature and declining precipitation. Extreme weather events such as drought, floods, heavy precipitation, snow, sudden frost and hail have become more frequent and intense . However, the natural hazard data has shown no relation to the total annual precipitation since serious droughts have also been reported for years with normal or above normal rainfall amount. Nevertheless, Climate change risks and predicted impacts directly relevant to the project areas are relatively low and do not pose significant threats in the short and medium terms. The most significant seasonal trends occurred during spring (March–May) and winter (December–February) for both mean temperature and for precipitation. Major climate risks are exposure to natural disasters, particularly flooding and landslide. Extreme temperature occasionally impact agricultural production for short periods.</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Mitigations:</p> <ul style="list-style-type: none"> • Climate smart infrastructure development is a priority of local government for agricultural production, as well an important intervention of the project especially relating to climate-smart irrigation, quality road building to improve productive conditions and mitigate climate related risks; • Project will introduce climate related services as part of the interventions, which includes training and advocacy activities as well as extension of climate adaption technologies; • Project supported climate-smart infrastructures and other productive assets for both the communities, agri-businesses and individual households; • Stress-tolerant seed development, courtyard economy, rural eco-tourism will help increase the overall resilience of agricultural production and rural life to the climate change. • Digital agriculture will also feature the climate-resilience of the industrialized agri-production 		
<p>Project vulnerability to environmental conditions</p>	<p>Moderate</p>	<p>Low</p>
<p>Risk:</p> <p>In the project areas, water loss and soil degradation are regarded as the primary environmental concerns. A high percentage of the farmland in the project area is slope land, the risk of loss of organic substance and other nutrients can be high if environment friendly and conservative measures are not applied, causing the increasing infertile of soil in the farmland and its ability to preserve water and nutrients drops.</p>	<p>Moderate</p>	<p>Low</p>

<p>Mitigations:</p> <p>(i) The project will introduce sustainable water management techniques and combined management of irrigation and fertilizer will be one of the techniques for example. (ii) Organic fertilizer and low-carbon farming methods will be promoted, with renewable energy used where possible. (iii) Diversification of farmer income from other agricultural and economic activities that are not so demanding from the land is also supported by the project, such as herbal medicine, mushroom and fungus, tea, etc., and (iv) Facility agriculture will minimize the negative impacts on natural resources</p>		
Project Scope	Moderate	Moderate
Technical Soundness	Moderate	Moderate
<p>Risk:</p> <p>At the PCN stage no detailed technical design has been made. The final design will analyze the situation in this regard. The moderate level is given on the basis of possible technical complexity</p>	Moderate	Moderate
<p>Mitigations:</p> <p>Will be further elaborated at final design</p>		
Project Relevance	Moderate	Low
<p>Risk:</p> <p>The mains risks pertain to the fact that the benefit generated by the project may not adequately support those economically less active households for their increased income, also their overall benefit sharing is to some extent ensured by the country's rural development policy and programmes, because: (i) income from agricultural production constitute a relative declining proportion of the rural people, the project's contribution to their household income increase could be limited; (ii) many remaining vulnerable with low income either have their land transferred or are lack of labour; (iii) inadequacy of project in fully capturing and adapting to post-poverty reduction strategy evolvments</p>	Moderate	Low
<p>Mitigations:</p> <p>(i) Encouraging contract farming, labor employment, land rent and dividend generated from project invest assets in order to benefit different kind of vulnerable households. (ii) Encourage development business models of cooperative linking to disadvantaged people, company-cooperative/REE-households target the active vulnerable and provide preferential access with project incentive; (iii) allow reallocation of resource to better performing counties and diversify business models to suit evolving context under the key criteria of inclusiveness and market access; (iv) promotion of women and youth entrepreneurship and capacity building tailored to the disadvantaged target segments.</p> <p>The project will also bridge between the current and future COSOPs, ensure the continuity of support in the Country Programme. If necessary, the project will make due adjustments in order to be fully compliant with the new COSOP expected in 2024-2025</p>		
Institutional Capacity for Implementation and Sustainability	Moderate	Moderate
Monitoring and Evaluation Arrangements	Moderate	Moderate
<p>Risk:</p> <p>Risk of delayed implementation of MIS and M&E system is present</p>	Moderate	Moderate

<p>Mitigations:</p> <p>The Project should set up the MIS and M&E system at the first months of implementation before operations roll out. PMOs should take full ownership and accountability of the M&E work to ascertain quality and more importantly make use of the M&E information. Periodical reports, internal workshops and knowledge products will need to make full use and build on the M&E information.</p>		
<p>Implementation Arrangements</p>	Moderate	Moderate
<p>Risk:</p> <p>While overall institutional setting with the RRB structure will be in line with the ongoing Rural Revitalization, the transition from poverty alleviation to sustainable rural development and modern agricultural transformation could experience some learning curve. Coordination and networking capacity is required to management such development project with high expectation on innovation. Some counties may have technical capacities and staffing of various levels; Knowledge and experience of managing IFAD project can be lagging; Technical knowledge and experience in working with and supporting agribusinesses can also be a weakness for several counties; risk of unpredictable staff rotation is also present in some counties.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>Continued capacity building is essential for the project to be well implemented. Recruitment of technical expertise to support the technical parts of the project interventions, review and implementation should help minimize changes of business failure.</p>		
<p>Project Financial Management</p>	Moderate	Moderate
<p>Project External Audit</p>	Moderate	Moderate
<p>Risk:</p> <p>The Provincial Audit Office will be delegated to be responsible for auditing the project. PAO has rich experiences with WB and ADB project auditing. The annual audit report of project financial statements will be due to IFAD within 6 months after the end of each calendar year. The provincial SAI capacity cannot be of an acceptable level and quality of audit reports cannot be acceptable, reports are provided in local language and not in the FA official language, the reports provided with delay.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>The Gansu provincial NAO will be responsible for external audit and IFAD will communicate IFAD requirements on financial reporting and auditing to the auditors.</p>		
<p>Project Accounting and Financial Reporting</p>	Moderate	Moderate
<p>Risk:</p> <ul style="list-style-type: none"> • Financial reporting is not produced properly and timely due to manual accounting. • Cost categories cannot be properly reflected in the financial reporting. • Risk that accounting systems – including polices and standards – are not integrated and reliable, leading to inaccuracies in financial records and that reasonable records are not prepared, issued and stored, leading to lack of informed decision-making. <p>The administration, accounting and reporting of the project will be set up in accordance with Circular No. CAIJI (2011)-10: “Provisional Measures for Financial Management of Projects Financed by Loans and Grants from International Financial Organizations” issued in 2011 by Ministry of Finance.</p>	Moderate	Moderate

<p>Mitigations:</p> <p>The administration, accounting and reporting of the project will be set up in accordance with Circular No. CAIJI (2011)-10: "Provisional Measures for Financial Management of Projects Financed by Loans and Grants from International Financial Organizations" issued in 2011 by Ministry of Finance.</p> <p>It is planned to adopt the "Information Management System" developed by project accounting and project funds for each level of the project and its implementing agencies. An integrated accounting/information (MIS) system is used for other two projects financed by IFAD The MIS is able to record all expenditures transactions by categories, components, project activities and sources at all level of this project the county makes advance payments to start the construction; the detailed construction information then is recorded in the MIS immediately; when applying for disbursement, after the expenses have been verified and approved, the application will be submitted to the provincial level after approving.</p>		
<p>Project Internal Controls</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Risk:</p> <p>The Treasury Department in DOF, is responsible for checking and approving the funds /disbursement from designated accounts; DOF is responsible for reconciliations such as bank statement, accounting statements. Monthly bank reconciliation will be performed at each level by DOF and Project PMU.</p> <ul style="list-style-type: none"> • Limited suppliers for goods and services and less capacity may lead to overpayment for services. • Staff capacity and awareness of anti-corruption policy. 	<p>Moderate</p>	<p>Moderate</p>
<p>Mitigations:</p> <ul style="list-style-type: none"> • Detailed PIM with detailed FM and Procurement procedures along with extensive training on PIM will be provided to the project staff. • Segregation of duties in the project will be set up. • External audit of the project to be conducted annually. • IFAD anti-corruption policy will be included in PIM and training delivered to staff and stakeholders. • Effective computerized software shall be used to ensure the reconciliation of account and chasing of payment. 		
<p>Project Funds Flow/Disbursement Arrangements</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Risk:</p> <ul style="list-style-type: none"> • Delay during the start-up of project activities. • Delay in submission of IFRs and WAs to IFAD. • DA and project account arrangements cannot be clear to the project staff. 	<p>Moderate</p>	<p>Moderate</p>
<p>Mitigations:</p> <ul style="list-style-type: none"> • Retroactive financing will be suggested to ensure the timely launching of the project. • Ensure good accounting system that capable to provide IFR and WA in required formats. • Capacity building workshops on preparation of IFRs. • IFR timing will be set 30 days rather than 45 in FMFCL. • FM manual will provide detailed guidance on DA and PA arrangements. 		
<p>Project Budgeting</p>	<p>Moderate</p>	<p>Moderate</p>

<p>Risk:</p> <p>The specific budget of the project shall be prepared by the project personnel (CPMOs) at the county level according to the local needs which shall be submitted to the provincial finance department for examination and approval by (PMO) after summarization by the provincial project office. The annual budget is issued by DOF and MOF by the annual plan. The counterpart funds shall be included in the budget of each level according to the total annual project financing. Preparation of AWPB might be delayed due to staff capacity and approval procedures. AWPB might not be realistic or not achievable. The budget preparation and revision process have rigorous procedures within the entity and may cause strict control but some delays in loan disbursement.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>The PPMO shall apply standard form for AWPB shared by IFAD based on good practices of other projects in China. Budget allocation for each activity will be specified for subsequent monitoring. Training to PPMO and CPMO staff on preparation of AWPB. A mechanism in place to timely capture the progress of expenditure Vs. budget.</p>		
Project Organization and Staffing	Substantial	Substantial
<p>Risk:</p> <p>A provincial PMO (PPMO) shall be set up within the Rural Revitalization Bureau (RRB) under DARA/BARA. It will be responsible for project coordination, management support, monitoring and reporting, ensuring adherence to agreed standards, guidelines, and procedures, providing overall guidance on operational aspects to the various implementing units, and facilitating intra-knowledge transfer among project provinces and with external domestic and international agencies. There is a risk that the implementing entity does not have the necessary number of adequately qualified and experienced financial management staff in the national and county levels.</p>	Substantial	Substantial
<p>Mitigations:</p> <p>PMOs are staffed with officers who need to have experience in project management, financial management, procurement, and monitoring and evaluation. PPMOs and CPMOs will be in charge of day to day management of project activities, overseeing project designs, implementing and supervising project activities, arranging for counterpart-funding and local labour contribution, preparing annual work plans, financial plans, procurement plans, monitoring and reporting on project progress, outputs, and outcomes.</p>		
Project Procurement	Moderate	Moderate
A.1 Legal, Regulatory and Policy Framework	Moderate	Moderate
<p>Risk:</p> <p>Legal, regulatory and policy framework are clear and mainstreamed with international procurement practices. Few sub indicators exhibit gaps that have limited impact on procurement performance. The national procurement framework has limited provisions on SPP and obligations deriving from international agreement.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>When needed, make reference to the IFAD procurement framework.</p>		
A.2 Institutional Framework and Management Capacity	Moderate	Moderate

<p>Risk:</p> <p>Institutional Framework and Management Capacity exhibit some gaps and weaknesses. In particular, the capacity of developing and improving the public procurement system are relatively weak.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>N/A</p>		
<p>A.3 Accountability, Integrity and Transparency of the Public Procurement System</p>	Low	Low
<p>Risk:</p> <p>Overall, public procurement operations and market practices is effective and efficient.</p>	Low	Low
<p>Mitigations:</p>		
<p>A.4 Public Procurement Operations and Market Practices.</p>	Low	Low
<p>Risk:</p> <p>Overall, the public procurement system operates with integrity, that has appropriate controls, and that has appropriate anti-corruption measures in place. There are some constraints on engagement of civil society and stakeholder support to strengthen integrity for procurement policy development, provisions on fraud, corruption and other prohibited practices in consistence with IFAD policies.</p>	Low	Low
<p>Mitigations:</p>		
<p>B.1 Assessment of Project Complexity</p>	Moderate	Moderate
<p>Risk:</p> <p>The project complexity is low and is similar to previous projects in China. Project area is geographically spread in different locations. The governance structures of project exists a certain fragile risk.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>The PMU needs to continually put the necessary personnel, resources, and qualified consulting agency into project to mitigate the relevant risks.</p>		
<p>B.2 Assesment of Implementing Agency Capacity</p>	Moderate	Moderate
<p>Risk:</p> <p>Main risks of IA's Procurement Legal & Regulatory Frameworks involve the aspect of SECAP, Bid Evaluation and advertised time of bid. These risks will lead limited impact on project.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>The project will adopt effective management measures, reasonable procedural arrangements and appropriate rule adaptation to mitigate the corresponding risks.</p>		
<p>Project Procurement Overall</p>	Moderate	Moderate

<p>Risk:</p> <p>Overall country framework and project level framework identifies moderate risk which have been adequately mitigated.</p> <p>Basically, IA's organization structure and management system are relatively complete. However, there are some limited impacts on the project in terms of personnel, experience, partial management approaches and customary implementation procedures.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>The Project will improve procurement staffing, secure resource inputs, strengthen institutional capacity building and recruit the necessary consulting agencies to mitigate these adverse impacts and risks.</p>		
Environment, Social and Climate Impact	Moderate	Low
<i>Vulnerability of target populations and ecosystems to climate variability and hazards</i>	<i>Moderate</i>	<i>Moderate</i>
<p>Risk:</p> <p>The project area belongs to the arid and semi-arid zone, which is a climate change sensitive and ecologically fragile zone with complex climate hazards, mainly drought, torrential rainfall and flooding, wind and hail (wind, dust and hail) and low temperature, etc. Climate hazards account for 88.5% of natural disasters, which is higher than the national average of 18.5%. Climate disaster losses accounted for 3.5% of GDP in Gansu Province, and the average of 3% in the 21st century, which is about three times of the national level.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>The project will take advantage of proven interventions and experiences in mitigating the vulnerability of the target groups to ecosystem and climate impacts in the country programme and incorporate the good practices in the final design</p>		
<i>Greenhouse Gas Emissions</i>	<i>Moderate</i>	<i>Moderate</i>
<p>Risk:</p> <p>The risk that the project may significantly increase greenhouse gas emissions and thereby contribute to anthropogenic climate change.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>The project will contribute to the reduction of Greenhouse Gas as result of promoting low-carbon agriculture. The project activities will not involve excessive CO2 emissions.</p>		
<i>Physical and Economic Resettlement</i>	<i>Low</i>	<i>Low</i>
<p>Risk:</p> <p>No project activities are anticipated to result in the physical or economic displacement of the local population. Minor Temporary restrictions may apply in the context of some activities (re-route of traffic due to road or canal rehabilitation) . No changes will be caused by the project to land tenure, or adverse impacts to property rights. The project may contribute to increase of farmers' property rights with project invested assets assigned to them through quasi share-holding arrangements or relevant benefiting mechanism. The land rights of households and community including ethnic minorities are strictly protected by Land Administration Law of the People's Republic of China. The project will not lead to temporary or permanent and full or partial physical displacement.</p>	Low	Low

<p>Mitigations:</p> <p>In the rare and isolated case that land acquisition may be required in relation to the project, there will be a compensation and consultation process in line with the Law of the People's Republic of China on Land Administration and materially consistent with the requirements of Standard 7. The compensation standards for land expropriation include compensation for the loss of production and business caused by the expropriation of houses. Under the principle of the national unified guarantee of the basic living standards and property rights and interests of the expropriated farmers, each province and city formulated specific compensation standards for road construction according to the different levels of local economic development.</p>		
<p>Community health, safety and security</p>	Moderate	Low
<p>Risk:</p> <p>Community health and safety has been considered. Measures have been taken to reduce the exposure of workers and community members to hazardous materials in the environment during the implantation of the project, to safeguard human health and community safety. In the construction of public infrastructure, the design, construction, and operation of structural elements comply with national legal requirements and the IFAD's "Environmental, Health and Safety Guidelines", while also considering the safety risks to third parties and affected communities. Construction insurances are purchased as required. The residents in the project area provided material support in accordance with the local government's emergency plan, which included funding and material assistance for various activities.</p>	Moderate	Low
<p>Mitigations:</p> <p>The project also intends to invest in building the community adaptive resilience and differentiated services for elderly, women and youth are foreseen.</p>		
<p>Labour and Working Conditions</p>	Moderate	Low
<p>Risk:</p> <p>Labour and Working Conditions are highly regulated and there is no evidence of violation or deviation reported in relationship with the project design. The project implementation manual would have standard contract templates for labor and require strict implementation during project implementation. The project's beneficiary feedback and grievance redress system are in place in complementarity with the government's vertical complaint system. The personal safety protection would be strictly implemented to ensure the safety of labor. The workers involved in the project will sign contracts. Wages and salaries are negotiated by both parties and implemented according to industry standards. There are early warning and defensive measures for emergencies. If necessary, arbitration and appeal can be conducted.</p>	Moderate	Low
<p>Mitigations:</p> <p>Default mitigation text</p>		
<p>Indigenous People</p>	Moderate	Low
<p>Risk:</p> <p>The project area has limited number of ethnic minority people (4.17%), furthermore they are integrated in the mainstream of the society and almost no differentiation is made to the ethnic people. The government applies preferential policies and support to ethnic minorities in social, cultural and economic development as compared to the majority of Han. There is no risk anticipated of the project to the ethnic people in the project areas</p>	Moderate	Low

<p>Mitigations:</p> <p>The project will likely contribute to the safeguard of livelihoods of the ethnic minorities, in including their voices and interests in the village committee or councils. The project includes an IPPF and FPIC.</p>		
<p>Cultural Heritage</p>	Low	Low
<p>Risk:</p> <p>The project activities do not foresee impact to degradation or loss of resources of historical, religious or cultural significance. During design, the team has confirmed that the project will not involve alterations to landscape and natural features with cultural significance, nor there is significant excavations, demolitions, movement of earth or alterations that could incur in adverse impacts to features of cultural significance.</p>	Low	Low
<p>Mitigations:</p> <p>The project has confirmed that no impacts on cultural, artistic, traditional or religious values or intangible forms of culture will be affected by project activities.</p>		
<p>Resource Efficiency and Pollution Prevention</p>	Moderate	Moderate
<p>Risk:</p> <p>Resource efficiency and pollution prevention have been taken into consideration in the project design. As additional information on exact interventions and activities has been made available during design, the project team has been able to ensure that all risks in relation to resource efficiency and pollution are predictable in nature, site-specific and with low probability of serious adverse effects to human health or the environment, therefore able to confirm residual risk as moderate. All risks in relation to this aspect have identified mitigation measures that are known to the local population. For example, in terms of the impact during the construction period, it is anticipated that the project may generate noise, dust, wastewater, exhaust gas, solid waste, etc., which will have moderately adverse effects. All the project activities and its impacts will be implemented in compliance with the Environmental Protection Law, ensuring mitigation measures are materially consistent with the objectives of Standard 2 on Pollution prevention.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>Overall, the project will ensure to consistently integrate all necessary mitigation measures to ensure all risks in relation to pollution prevention and resource efficiency are implemented. Modern integrated water and fertilizer irrigation systems would be taken to expand irrigation coverage, improve irrigation reliability and the efficiency of irrigation water use, thereby improving agricultural productivity, climate resilience and income generation for farmers, while reducing greenhouse gas emissions. For farming of yak, sheep, and cattle, the pollution mainly lies in the pollution of manure on farmland and groundwater. The faecal treatment technologies would be adopted to avoid the environmental pollution of livestock manure. For example, the project would support the smallholders in Huating county to carry out harmless treatment on beef cattle manure with compost fermentation technologies, which would be utilized as fertilizer for maize planting. The manure treatment facilities would meet environmental requirements. The pipeline network of sewage treatment would be improved to avoid the environmental pollution of agricultural products processing and rural sewage in project areas; the toilets would be constructed and transformed to improve the rural environment. In this context, the residual risk can be considered moderate. The project involves crop production which naturally requires inputs of fertilizers. But impact can be appropriately managed as the project will be introducing efficient measures such as integrated irrigation-fertilization, responding to its objective of facilitating the adoption of green and resilience concepts in rural revitalization</p>		
<p>Biodiversity Conservation</p>	Moderate	Moderate

<p>Risk:</p> <p>No evidence on biodiversity threatened in the project design. The biodiversity and habitat protection status in the Gansu project area is good, and the project would consider ecological vulnerability assessment. There are no ecological problems such as biodiversity reduction, land fragmentation, overexploitation, biological invasion, etc. in the project area.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>The project will not undertake activities that may cause significant threats to or the loss of biodiversity and ecosystem and its services. In fact the project activities will help to conserve soil and water resources, promote the production of quality and diversified locally specialize products/food. By adopting good agricultural practices, the project will also be conducive to the sustainable use of natural resources.</p>		
Stakeholders	Moderate	Moderate
Stakeholder Grievances	Moderate	Low
<p>Risk:</p> <p>Systems and opportunities are in place for stakeholders to express their opinions and complaints emerged during their interaction and participation of the project. Major project procurements are disclosed for publicity before deals are confirmed. Project Apps accepts feedback from users. Government agencies have open channels to receive complaints and reports of misconduct during project implementation. Regular project workshop involves relevant stakeholders. The risk of suppressed or unattended stakeholder complaints is moderate.</p>	Moderate	Low
<p>Mitigations:</p> <p>VIGs will conduct regular notifications to the villagers on the planned activities and means/criteria of participation</p>		
Stakeholder Engagement/Coordination	Moderate	Moderate
<p>Risk:</p> <p>There is risk that some stakeholders are not adequately engaged due to the limitation in their business coverage, such as rural finance and insurance providers, technical extension providers, participating line agencies and other entities along the value chains that the project promoting.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>(i) IFAD supervision mission will continuously encourage counties to expand their diversity of PPP to avoid narrowly focusing on a few products; (ii) Project workshop will be organized back to back with SIS missions to enhance clarity of project implementation requirements and allow participation and coordination with relevant stakeholders; (iii) Project management offices are encouraged to reach out to relevant partners to support the implementation of business plans; (iv) Apps developed to allow better dissemination of project related information and feedback/response from stakeholders.</p>		

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex 10: Exit Strategy

Mission Dates: 03/09/2023-16/09/2023

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Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Annex 10: Exit Strategy

Exit strategy. The proposed project's exit strategy and sustainability are built on the ongoing government's programmatic Rural Revitalization, and the project's sustainable approach and interventions will be complementary to the government's agenda in this regard. Principal participating and supporting technical agencies such as the Ministry of Agriculture and Rural Affairs, Nature Resources, Ecological Environment, Water Resources, Women's Federation, and Meteorology will continue their improved services and civic responsibilities after the project completion. The assumption is that improved institutional support system will be more efficient with its improved capacities and service efficiency, which will be more catalytic in fostering public-private partnership for climate-resilient and sustainable modern agriculture with adoption of green technologies, and community-governed management models.

Sustainability. Several operational features are foreseen to help ensure the project's sustainability at different dimensions.

The social sustainability will be ensured mainly through social inclusion, differentiated targeting of disadvantaged target segments, and promotion of active participation and leadership. Under its two technical components and institutional capacity building and management, the project designed:

- interventions in inclusiveness of smallholders (1.1.1. Production and processing upgrade of grassroots agribusinesses, 1.1.3. Capacity building and diversification, 1.1.5. Agri-insurance, 1.2.1. Adoption of green technologies and market access, and 1.2.2. Rural eco-tourism regarding equal access to technologies, labour transformation and contract farming in market access);
- differentiated targeting of women and youth in their capacity building and diversified IGAs,
- promotion of women and youth entrepreneurship (1.1.1 regarding women and youth leadership, 1.1.2 Women-led courtyard economy, 1.1.4 Women and youth entrepreneurship, 1.2.2 Rural eco-tourism when promoting leadership positions and application of digital and other modern technologies);
- community-wise access to productive and non-productive assets and services with O&M mechanisms in place (Subcomponent 1.3 and subcomponent 2.2), and
- villagers of different socio-economic wellbeing categories being engaged in the community participatory process of planning, execution and evaluation while the project gives emphasis on piloting and experimenting sustainable model of community management (2.1. Participatory planning and good governance, 2.2.6. O&M)

The financial sustainability will be pursued adopting strategies, such as:

- improving productivity under activities of support to smallholder farmers and their organizations for enhanced production and processing,
- awareness building on and adoption of green and sustainable technologies,
- development of agri-value chains and improved market access for public and private agro-enterprises under industrial transformation,
- diversified incomes from courtyard economy, women and youth entrepreneurship, villages of conventional agriculture transformed into rural eco-tourism, and agricultural labour trained with upgraded skills for diversified

- on-farm and off-farm activities, and knowhow of management and operations in service sector such as tourism, and
- increased access to agri-insurance by individual smallholders and agribusinesses of different dimensions will enhance resilience.

The environmental sustainability remains as a long-term objective to achieve but it impacts the daily livelihoods of rural men and women. As the project aims to adopt green technologies and good practices to increase productivity, but without degrading the natural resources and ecosystems that support human well-being and biodiversity. The project design therefore:

- raise awareness on agroecological practices and adopt green technologies that enhance soil health, water quality, crop diversity, integrated pest management, and carbon sequestration,
- promote circular economy practices that reduce both agricultural and daily-life waste, reuse and recycle production and household materials and related resources,
- support smallholder farmers and their organizations, project villages in their conservation and restoration of agriculture and community landscapes and cultures,
- fostering innovation and collaboration among agri-value chain actors, influencers and supporters, including public and private sectors, civil advocacy organizations, and technical service providers,
- strengthen the project villages for sustainable development, such as market access, awareness on and compliance practices with environmental regulations at the levels of both productive capitalization and community livelihoods.

All these will contribute to the improvement of rural livelihoods, reduce poverty and vulnerability, ensure food and nutrition security, and the achievement of global goals including climate change mitigation and adaptation.

Risk-sharing co-financing from private sector. The likelihood of increased private sector's total matching in the BP financing business model is high as indicated in the ongoing experiences of the Country Programme in China. The design projected a conservative co-financing of 1:1 with matching grants for transformation granted to the private sector players. Meanwhile, public agro-enterprises show a higher matching capacity, conservatively estimated for at least 1.3. The project will continue to explore additional co-financing from other government programmes active in agricultural development and Rural Revitalization in the country.

More comprehensive exit and sustainability strategy will be developed by the PMOs with all the stakeholders at start up to ensure a common vision and understanding of sustainability requirements. Movements towards improved sustainability and exit will be regularly monitored and evaluated, particularly at MTR to help analyse the readiness and identify the preliminary indications for later strengthening interventions during the second half of implementation. Monitoring of exit strategy will include specific sustainability assessment of the main private and public institutions supported by the project, including farmers' organizations, small and larger agribusinesses participating in the project implementation, local service providers, entrepreneurs and value chain partnership supported in components 1 and 2. Such rapid and participatory assessment will include among others review of economic viability and capacity for sustainable operation and maintenance of the various activities initiated.

China

Gansu Demonstrative Rural Revitalization Project

Project Design Report

Annex 11: Mainstreaming themes – Eligibility criteria checklist

Mission Dates: 03/09/2023-16/09/2023

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Asia and the Pacific Division
Programme Management Department

Mainstreaming themes – Eligibility criteria checklist						
	<input checked="" type="checkbox"/> Be gender transformative	<input checked="" type="checkbox"/> Be youth sensitive	<input type="checkbox"/> Be nutrition sensitive	<input type="checkbox"/> Prioritize persons with disabilities	<input type="checkbox"/> Prioritize indigenous peoples	<input checked="" type="checkbox"/> Include climate finance <input checked="" type="checkbox"/> Build adaptive capacity
Situation analysis	<input type="checkbox"/> National gender policies, strategies and actors <input type="checkbox"/> Gender roles and exclusion/discrimination <input type="checkbox"/> Key livelihood problems and opportunities, by gender	<input type="checkbox"/> National youth policies, strategies and actors <input type="checkbox"/> Main youth groups <input type="checkbox"/> Challenges and opportunities by youth group	<input type="checkbox"/> National nutrition policies, strategies and actors <input type="checkbox"/> Key nutrition problems and underlying causes, by group <input type="checkbox"/> Nutritionally vulnerable beneficiaries, by group	<input type="checkbox"/> National policies, strategies and actors <input type="checkbox"/> Main groupings among PwDs <input type="checkbox"/> Context-based barriers and opportunities for PwDs	<input type="checkbox"/> International standards, national policies, strategies and key IPs' organizations <input type="checkbox"/> Main IPs communities, demographic, social, cultural and political characteristics <input type="checkbox"/> Important livelihoods constraints and opportunities for IPs and their cultural heritage	
Theory of change	<input type="checkbox"/> Gender policy objectives (empowerment, voice, workload) <input type="checkbox"/> Gender transformative pathways <input type="checkbox"/> Policy engagement on GEWE	<input type="checkbox"/> Pathways to youth socioeconomic empowerment <input type="checkbox"/> Youth employment included in project objectives/activities	<input type="checkbox"/> Nutrition pathways <input type="checkbox"/> Causal linkage between problems, outcomes and impacts	<input type="checkbox"/> Pathways to PwDs' socioeconomic empowerment using a twin-track approach	<input type="checkbox"/> Pathways to IPs' socioeconomic empowerment	
Logframe indicators	<input type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input type="checkbox"/> Women are > 40% of outreach beneficiaries <input type="checkbox"/> IFAD empowerment index (IE.2.1)	<input type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input type="checkbox"/> Persons with new jobs/employment opportunities (CI 2.2.1)	<input type="checkbox"/> Outreach disaggregated by sex, youth and IPs (if appropriate) <input type="checkbox"/> Targeted support to improve nutrition (CI 1.1.8) Outcome level CIs <input type="checkbox"/> CI 1.2.8 MDDW <input type="checkbox"/> CI 1.2.9 KAP	<input type="checkbox"/> Outreach disaggregated by sex, youth, disability and IPs (if appropriate)	<input type="checkbox"/> Outreach indicator disaggregated by sex, youth and IPs <input type="checkbox"/> IPs are > 30% of target beneficiaries	
Human and financial resources	<input type="checkbox"/> Staff with gender TORs <input type="checkbox"/> Funds for gender activities <input type="checkbox"/> Funds for IFAD empowerment index in M&E budget	<input type="checkbox"/> Staff with youth TORs <input type="checkbox"/> Funds for youth activities	<input type="checkbox"/> Staff or partner with nutrition TORs <input type="checkbox"/> Funds for nutrition activities	<input type="checkbox"/> Staff with disability inclusion-specific TORs <input type="checkbox"/> Funds for disability inclusion-related activities (including accessibility)	<input type="checkbox"/> Staff with IPs-specific TORs <input type="checkbox"/> Funds for IPs related activities, including FPIC	IFAD Adaptation Finance \$53,748,000 IFAD Mitigation Finance \$0 Total IFAD Climate-focused Finance \$53,748,000

ECG Remarks	Gender Nutrition Youth Persons with Disabilities Indigenous Peoples <input type="checkbox"/> No social inclusion themes
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China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex: Annex 5.1 Ippf Fpic Grm

Mission Dates: 03/09/2023-16/09/2023

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Annex 5.1: Indigenous Peoples Planning Framework (IPPF), Free, Prior and Informed Consent (FPIC), and Grievance Redress Mechanism (GRM)

Executive summary

At the request of the Government of the People's Republic of China, the International Fund for Agriculture Development designed a new project titled *The Gansu Demonstrative Rural Revitalization Project (GD2RP)* in close coordination with the Provincial Rural Revitalization Bureau in the Gansu Province. Despite the transformation in the agriculture sector, China's production base still relies extensively on smallholder participation. However, the smallholders face constraints in increasing productivity and accessing markets due to the small size of their landholding, limited access to capital, poor productivity, high levels of vulnerability to climate risks and poor integration with markets. The current production practices are not well adapted to climate risks and lead to poor soil management practices, high losses due to inability to withstand the impact of droughts and other climate risks.

The goal of the GD2RP is to contribute to the consolidation of no poverty (SDG1) and no hunger (SDG2), and food security with innovative and scalable good practices and reference. **The development objective** is to support the country's ongoing Rural Revitalization by piloting inclusive and innovative business models that promote sustainable and climate-resilient agriculture and building community adaptive capacities (SDG 17), thus facilitating the adoption of green and resilience concepts in rural revitalization in the project area of Gansu Province. The main target groups of the project will be smallholder farmer households especially women, youth and ethnic minorities who will be aggregated / linked to cooperatives, enterprises involved in the project. A special effort will be made to ensure that women farmers are part of the decision making and that women led cooperatives and enterprises, and women entrepreneurs have preferential access to training, production inputs and access to markets. A gender strategy has been detailed and included as part of the design. An inclusive targeting strategy will also apply with sensitivity for youth and ethnic minorities, where youth entrepreneurship and employment in the value chains will be promoted.

Two technical components were designed on the basis of the project framework proposed in the mission, namely: Component 1 – Sustainable green agricultural development, and Component 2 – Building community resilient capacities, supported by a Component of Policy and institutional capacity building. **Component 1 of Sustainable green agriculture** will promote and safeguard the socio-economic inclusiveness in the middle of agricultural modernization and Rural Revitalization, while green technologies will be introduced to support the agriculture's market-led and industrialized transformation and productive capitalization. Three subcomponents - Inclusive support to smallholder farmers, Eco-friendly transformation, and Public productive infrastructures were designed in support, entailing related technical interventions and investments. **Component 2 – Building community resilient capacities** aims to build the community-based well-being assets and capacities as integrated part of the improved rural livelihoods under the ongoing Rural Revitalization. While government-funded programmes will provide the majority of investments in support, IFAD will invest in the assurance non-productive capacities adapted to related green technologies, and encouraging the pursue of innovations in community-governed management models. This will be translated into IFAD funding in support of participatory planning and the process of establishing sustainable O&M mechanisms where applicable. **Component 3 of policy and management** will highlight its actions in policy engagement, institutional capacity building, domestic and south-south knowledge exchange, M&E and KM, Prudential Financial management, effective procurement management and overall project management.

Project area. Five counties (out of the total 86 counties/districts and county-level municipalities in the province) have been proposed by the Government as project counties, they are Tianzhu County in Wuwei Prefecture, Jingtai County in Baiyin Prefecture, Huating Municipality in Pingliang Prefecture, Maiji District in Tianshui Prefecture, and Weiyuan County in Dingxi Prefecture.

Table 1. Project area of GD2RP

Prefecture	Wuwei 武威	Baiyin 白银	Pingliang 平凉	Tianshui 天水	Dingxi 定西
Counties	Tianzhu 天祝	Jingtai 景泰	Huating 华亭	Maiji 麦积	Weiyuan 渭源

In five project counties/districts/municipality, the ethnic minorities constitute 4.8% of total population, among them, 75.6% live in Tianzhu County and Huating Municipality. Tibetan, Hui and Tu are major ethnic minorities in Tianzhu County and Huating Municipality.

Tianzhu Tibetan Autonomous County was the first ethnic minority autonomous county after the founding of the People's Republic of China with 40.6% of minority population in 2022. There are 27 ethnic minorities in Tianzhu County including Tibetan, Tu, Hui, Mongolian, etc., and Tibetan took 30.3% of total population in 2021¹. Tibetan distributes widely in all townships of the county, but majorly in pasturing area; Tu lives through the county with 15.1% of ethnic minority population in 2005; Hui only took 1.9% of ethnic minority population in 2005².

According to county PMO, **Huating Municipality** is a mixed area of Han and Hui nationalities. There are Hui, Man, Tibetan, Zhuang, Dong, Mongolian, Xibe, Bai, Li, Chaoxian and Buyei ethnic minorities in the municipality, accounting for 13.01% of the total population. There are two Hui townships and 13 Hui villages/communities. Among the ethnic minorities, Hui takes for 13% of the total population of the municipality, accounting for 99% of the total minority population³.

The project activities include edible fungi cultivation, high-standard farmland development, production road maintenance, and safe water supply in Tianzhu County; equipment of silage production and processing, walnut and apple orchard improvement, standard Chinese herb production base, beef rearing, agricultural infrastructure development, road construction and safe water supply in Huating Municipality. The survey of mission team, consider predictably possible risks cannot be found, and the implementation of GD2RP will improve economic status and development capacity of ethnic minority people and communities involved.

The Free Prior Informed Consent (FPIC) plan follows the IFAD How-To-Do-Note on Seeking free, prior and informed consent in GD2RP in a culturally sensitive manner. Four steps are formulated - developing socio-cultural and land use assessments, identifying decision-making institutions and representatives, consultations leading to FPIC on the proposed project interventions, and formalizing the consent agreement.

¹ GD2RP Feasibility Study Report of Tianzhu County.

² Composition and distribution of ethnic population in Tianzhu County. http://www.gstianzhu.gov.cn/art/2021/7/20/art_3514_566837.html

³ Information from Huating CPMO.

1. A sociocultural and land tenure assessment

1.1 Policies and laws relevant to ethnic minority development

In the Preamble of the *Constitution of the People's Republic of China* amended in 2018, it states that: "The People's Republic of China is a unified multi-ethnic country founded by the people of all ethnic groups. Socialist ethnic relations featuring equality, solidarity, mutual assistance and harmony have been established and will continue to be strengthened. In the struggle to maintain national unity, we must oppose big nationalism, mainly Han chauvinism, as well as local nationalism. The State makes every effort to promote the common prosperity of all ethnic groups in the country". Constitution Article 4 indicated that "All nationalities in the People's Republic of China are equal. The state protects the lawful rights and interests of the ethnic minorities and upholds and develops a relationship of equality, unity and mutual assistance among all of China's ethnic groups. Discrimination against and oppression of any nationality are prohibited; any act which undermines the unity of the nationalities or instigates division is prohibited. The state assists areas inhabited by minority nationalities in accelerating their economic and cultural development according to the characteristics and needs of the various minority nationalities. Areas where ethnic minorities live in concentrated communities shall exercise regional autonomy and set up organs of self-government to exercise the right of autonomy. All ethnic autonomous areas are inalienable parts of the People's Republic of China. All ethnic groups have the freedom to use and develop their own spoken and written languages and to maintain or reform their own customs and habits."

About the nationality affairs, either national or provincial government has a series of laws and regulations. *The Law of the People's Republic of China on Regional National Autonomy* clarifies the state policies on ethnic affairs. The White Paper Book on this law was officially publicized in 2004. *The Law of the People's Republic of China on Regional National Autonomy* is fully applicable to GD2RP. Article 2 in Chapter 1 points out that ethnic autonomy shall be applied in areas inhabited by minorities; Article 28 in Chapter 1 indicates that the ethnic autonomy governments should manage and protect local natural resources, and it has the priority to utilize local natural resources in suitable ways for local development in accordance with the planning of laws or national government. Article 65 also stipulates that when the state to utilize resources in autonomous minority area for development, the interests of minority autonomous region and arrangements in favor of local economic development, local minorities' life and production shall be taken into account. The State should compensate for when natural resource export happens in ethnic autonomous regions.

In addition, the Ethnic Affairs Commission as one of the government departments from central government down to county government has the duties to implement the guidelines, policies, decisions and arrangements of the CPC Central Committee on ethnic affair; to manage the specific affairs of the coordination mechanism related to ethnic work, coordinating and promoting the relevant departments to perform the duties related to ethnic work, and guiding and supervising the implementation of the decision-making and deployment of the CPC Committee on ethnic work and ethnic laws and regulations in all regions and departments; to organize the researches related to ethnic works and proposing relevant suggestions⁴.

1.2 Related land tenure and land management laws

⁴ Duties of State Ethnic Affairs Commission. <https://www.neac.gov.cn/seac/mwjs/201012/1009121.shtml>

Land Administration Law of the People's Republic of China issued in 1986 and amended in 1988, 2004 and 2019, which stated "Land in the rural and suburban areas of cities shall be owned collectively by farmers, except for those that belong to the State as prescribed by law" (article 9); and "Land collectively owned by farmers that is collectively owned by village farmers according to law shall be operated and managed by village collective economic organizations or villagers' committees" (article 11). "The cultivated land, woodlands and grasslands owned by farmer collectives or by the state and used by farmer collectives according to law, as well as other land used for agriculture according to law, shall be contracted by means of farmer household contracting within rural collective economic organizations, and barren hills, ditches, hills and beaches that are not suitable for household contracting may be contracted by means of bidding, auction and public consultation. Engaged in planting, forestry, animal husbandry, fishery production. The contract period for cultivated land contracted by households shall be 30 years, the contract period for grassland shall be 30 to 50 years and the contract period for forest land shall be 30 to 70 years. The contract period for cultivated land shall be extended for another 30 years after the expiration of the contract period for grassland and forest land shall be extended correspondingly after the expiration of the contract period according to law." (article 13). In addition "The state protects cultivated land and strictly controls the conversion of cultivated land into non-cultivated land" (article 30).

Law of the People's Republic of China on the Contracting of Rural Land issued 2002 and amended in 2009 and 2018, the law provided that "where land collectively owned by farmers is collectively owned by villagers according to law, it shall be contracted out by village collective economic organizations or villagers' committees" (article 13), and "The contractor of the household contract is the farmer household of the collective economic organization" (article 16). The Contractor shall have the following rights: (i) enjoy the right to use and profit from contracted land according to law, and have the right to independently organize production, operation and disposal of products; (ii) Exchange and transfer of contracted land management rights according to law; (iii) Transfer the right to use land according to law; (iv) Where the contracted land is expropriated, requisitioned or occupied according to law, it shall have the right to receive corresponding compensation according to law; and (v) Other rights provided for by laws and administrative regulations. (article 17)

Therefore, The land rights of households and community including ethnic minorities are strictly protected by *Land Administration Law of the People's Republic of China* , and *Law of the People's Republic of China on the Contracting of Rural Land*. The target households and communities including ethnic minorities will voluntarily participate GD2RP with their land to improve their income generating capacity and resilience to climate change according to project design and plan.

2. The specific characteristics of each ethnic minority

2.1 Ethnic minorities in Gansu Province

There are 55 ethnic minorities in China, the rights protection of Chinese ethnic minorities has its distinctive characteristics. Comprehensive safeguards, focusing on subsistence rights and development rights, the ethnic regional autonomy system as institutional foundation, the implementation pattern based on the combination of equal protection and special treatment are four main features of Chinese ethnic minorities' rights protection. Therefore, they are integrated in the mainstream of the society, and the government applies preferential policies and support to ethnic minorities in social, cultural and

economic development as compared to the majority of Han⁵. According to Gansu Ethnic Affair Commission, Gansu Province is a multi-ethnic province. There are 55 ethnic minorities living in Gansu, including Hui, Tibetan, Dongxiang, Baoan, Yugu, Mongolian, Sala, Hazakh, Tu and Man. Among them, Dongxiang, Baoan and Yugu are unique ethnic groups in Gansu Province. There are two ethnic minority autonomous prefectures and another seven autonomous counties in Gansu, and which cover 43% of the total area of the province. In addition, there are 36 ethnic minority townships in the province. In 2019, ethnic minorities accounted for 9.9% of the province's total population. In terms of population distribution, the Hui people mainly live in Linxia Hui Autonomous Prefecture and Zhangjiachuan Hui Autonomous County, and scattered in Lanzhou, Pingliang, Dingxi and other cities; Tibetans mainly live in the Gannan Tibetan Autonomous Prefecture and the east and middle parts of the Qilian Mountains in the Hexi Corridor. The Dongxiang, Baoan and Sala people are mainly distributed in the Linxia Hui Autonomous Prefecture. The Yugu, Mongolian and Hasake are mainly distributed in the middle and west parts of the Qilian Mountains along the Hexi Corridor. Besides, there are scattered ethnic minorities in the remaining 65 counties⁶.

2.2 Ethnic minorities in the project area

In five project counties/districts/municipality, the ethnic minorities take 4.8% of total population, among them, 75.6% live in Tianzhu County and Huating Municipality. Tibetan, Hui and Tu are major ethnic minorities in Tianzhu County and Huating Municipality.

Tianzhu County, known as the land of heroes in Tibetan, was the first ethnic minority autonomous county after the founding of the People's Republic of China with 40.6% of minority population in 2022. There are 27 ethnic minorities in Tianzhu County including Tibetan, Tu, Hui, Mongolian, etc., and Tibetan took 30.3% of total population in 2021⁷. Tibetan distributes widely in all townships of the county, but majorly in pasturing area; Tu lives through the county with 15.1% of ethnic minority population in 2005; Hui and Mongolian only took 1.9% and 1.0% of ethnic minority population in 2005⁸.

According to county PMO, **Huating Municipality** is a mixed area of Han and Hui nationalities. There are Hui, Man, Tibetan, Zhuang, Dong, Mongolian, Xibe, Bai, Li, Chaoxian and Buyei ethnic minorities in the municipality, accounting for 13.01% of the total population. There are two Hui townships and 13 Hui villages/communities. Among the ethnic minorities, Hui takes for 13% of the total population of the municipality, accounting for 99% of the total minority population.

2.3 Specific characteristics of each ethnic minority

2.3.1 Tibetan⁹

Tibetans are one of the most populous ethnic minorities in Gansu Province, and is also the oldest ethnic minority in the province. The ethnic origin of Tibetan in Gansu Province is complicated, one of the ancestors of the Tibetan people is called Qiang in Chinese history. Around Chunqiu Period, the Qiang group gradually flourished, and obtained a chance to

⁵ Hao Yaming. On Chinese Characteristics of Human Rights Protection of Ethnic Minorities. Guangxi Ethnic Studies, Sum No. 113, No. 3, March 2013.

⁶ https://mzsw.gansu.gov.cn/mzsw/c109582/infodisp_mwgz.shtml

⁷ GD2RP Feasibility Study Report of Tianzhu County.

⁸ Composition and distribution of ethnic population in Tianzhu County. http://www.gstianzhu.gov.cn/art/2021/7/20/art_3514_566837.html

⁹ Gao Xiaoqiang and Tie Wenying. Introduction to Culture of Ethnic Minorities in Gansu. China Minzu University Press. April 2015.

thrive in Qin Dynasty. In the seventh century, Qiang people in Hehuang area integrated into Tibet under the strong military force and cultural impact of Tibet. In Tang Dynasty, Tibet occupied a dozen prefectures of Hexi and Longyou in Gansu, and those Tibetan left in the northeastern margin of the Qinghai-Tibetan Plateau was the origin of Gansu Tibetan.

The living style of Tibetan people in Gansu could be divided into two categories - agricultural area and pastoral area. In agricultural areas and semi-agricultural-pastoral areas, the housing was mostly small buildings and bungalows with civil structures. The building was generally two floors, the upper floor for people, the lower floor for warehouses or livestock. The house was small, with two large rooms in the inner room, a Buddhist niche in the outer room and a kitchen in the inner room. In the pastoral area, Tibetan more lived in yak tents, most of the tents were woven and sewn with black cow hair.

Unmarried Tibetan men and women in Gansu are more free to love, but formal marriage requires the consent of both parents. When a girl is 17 or 18 years old, her parents will give her a "head" ceremony, indicating that she has grown up, can be free to choose a desirable partner. When the right person is found, it is customary for the man to proposed marriage to the woman's family through relatives and friends. When proposing marriage, the man gave the woman's family a Hada, with two bottles of wine, if the woman's family accepted Hada, opened the bottle cap and drank wine, indicating that they agreed to the marriage; If you do not accept the gift, it means the proposing was not agreed. When the marriage is confirmed, then an auspicious day is chosen for the wedding. The day before the wedding, the man's family should send bride a beautiful Tibetan dress or a good quality new dress, as well as ornaments such as bracelets, rings, etc., for her dressing up in the wedding. On the wedding day, relatives and neighbors came to celebrate, the host prepared ample foods including wine and meat entertaining guests.

Gansu Tibetan clothing can be called the museum of Tibetan clothing. Different regions, different climates, different producing methods, different tribes, are reflected in the clothing, constitute a colorful Tibetan clothing culture. Robes are the daily dress with the right opening and a belt; The summer folder is cloth or silk, and the winter folder is white lamb skin and black fur. Two to four inches of otter fur sewn on the hem. Shirt usually made of silk or other materials, bright color for youth, simple light color for old people. The shirt is also the right opening, from the neckline to the armpit a total of four buttons, the best also set an inch wide brocade skirt. The belt is an essential part of Tibetan clothing, which is made of good red, yellow and green silk. All Gansu Tibetan wear wide-brimmed hats in summer, most of which are brown and red, and wear hats of fox fur bonnet with brim in winter.

Tibetan food in Gansu mainly consists of Zanba, flour, beef and mutton, and dairy products, which are slightly different in pastoral areas and agricultural areas. Zanba is mainly made of barley stir-fried and ground, put ghee in the bowl when eating, pour Songpan tea or milk tea plus Zanba, knead into a group. When eating cooked beef and mutton, holding a knife in one hand and grasping meat in the other hand, it is called "hand grasping meat". When slaughtering cattle and sheep, breast meat, black sausage, liver sausage and noodle sausage are first eating. Yogurt is a daily drink in summer and fall. Wheat, small beans, potatoes are Tibetan staple food in Agricultural areas of Gansu.

2.3.2 Hui^{10,11}

¹⁰ Information from Tianzhu County PMO.

¹¹ Gao Xiaoqiang and Tie Wenying. Introduction to Culture of Ethnic Minorities in Gansu. China Minzu University Press. April 2015.

Tianzhu is a necessary place on the ancient Silk Road, and the Hui ancestors have long been active here. From the beginning of the Qing Dynasty, there were Hui people living in Tianzhu, mainly concentrated in the area of the Silk Road passage from Chakouyi to Songshan and from Chakouyi to Anyuan. Before Tongzhi Emperor of Qing Dynasty, the Hui people in Tianzhu were closely related to the Hui people in Yongdeng today, which was called "Pingpan Hui" in history. Most of them are mainly engaged in business, and a few are engaged in agricultural and animal husbandry production. In the first year of Guangxu Emperor (1875), Zuo Zongtang adopted a policy of inviting the Hui people to disperse and move to designated places, and prohibited the Hui people from living in cities and towns. The Hui people who fled from Pingpan County to Lanzhou dug caves on the slopes of Baita Mountain and named them Pingpan Tai (now called Hepingtai). In the 21st year of Guangxu Emperor (1895), the Hehuang Hui and Sala people rose up against the Qing Dynasty, which was called the Hehuang Incident in history. The following year, more than 300 Hui people in Pingpan County moved to Minhe, Qinghai, and the rest dispersed to various places, and the Hui people in Tianzhu basically disappeared. After entering the Republic of China, Tianzhu area was relatively stable. Hui businessmen and gold prospectors were also active in Tianzhu territory, and the number of residents was gradually increasing, mainly concentrated in Anyuan, Jiqiangyi, Dachaigou, Chakouyi, Tiantangkela and other places. Most of the Hui from Tangwang of Dongxiang, Guanghe, Linxia, Wuzhong were engaged in catering, hotels and fur business; those from Dadong of Qinghai were gold mining workers, some of the Pingpan Hui people found their roots back to Tianzhu.

The houses of the Hui in Gansu mainly have brick and wood structure, or civil structure. The house is composed of upper room, wing room, kitchen and gate. The main room/upper room in a house is the most important, because the main room/upper room is not only an important place for the master and all family members to live, but also for severing guests. Generally the main room/upper room is divided into three rooms. Some people also like to bring a suite next to the main room/upper room, with a door connected to the main room, mostly the master's living in. Wing room is generally for the younger generation to live, compared with the main house is relatively lower. The kitchen is for a family to cook, Hui people like double cooker, a pot of cooking, a pot of steamed bread below, economical and practical. In terms of indoor layout and furnishings, because Hui in Gansu is located in the northwest region, are affected by climate and other factors, most of them like to sleep on hot kang, and most of the houses have Datong Kang, which is covered with mat, felt, blankets and so on. There are some boxes at the end of the kang, which contain clothes, and put bedding on the boxes. The room is generally furnished with tables and chairs.

The Hui people should marry as soon as possible when they reach an appropriate age. Marriage procedures include proposing, booking, giving gifts, marrying, returning home. Some basic conditions should be met, such as both bride and bridegroom are Hui, both parties and parents must agree, having the religious wedding.

The best way to reflect the characteristics of Hui clothing is the "Hao hat". It's a little beanie with a flat top, generally three kinds of white, black and brown. Among them, white hats are very common, and black and brown are mostly worn by elderly people. The clothing of Hui women in Gansu is characterized by headwear of hood which covers the head, ears, and neck. The hood is usually green, black, white three colors, the texture is mainly silk, with gilt lace, weaving style of simple elegant flowers and flowers patterns, looking fresh, beautiful, and bright. Girls like to wear green hood, appear youthful and lively; middle-aged women like to wear black, appear elegant and dignified; and old women like to wear white to look clean. The traditional clothes of Hui women in Gansu are generally based on the big front cheongsam, young women usually insert lines, inlaid colors, piping, etc., which appear bright and smart, and the elderly women are mainly

green, blue and gray, with loose, comfortable and beautiful standards. Hui women like embroidery for decoration. Usually like to wear jewelry, most Hui women wear earrings since seven or eight years old, but also like to wear rings, bracelets and so on.

Hui people in Gansu like to eat pasta and meat, and then corn, potato and other grains, exquisite workmanship, beautiful flavor. The diet generally presents the following characteristics: first, in the staple food to pasta, its variety, new patterns, beautiful taste, fine technology; Second, in the dishes like cattle, sheep, chicken and other dishes, and the production method is sophisticated; Third, like to drink tea; Four is good at making a variety of flavor snacks.

2.3.3 Tu^{12,13}

The Tu nationality is an ethnic group with a small population in China, mainly concentrated in Qinghai Province. In Gansu, Tu people resident in Tianzhu County, Sunan County, Yongdeng County, Jisishan County and Zhuoni County.

The Tu people have lived and multiplied in the northeast of the Qinghai-Tibet Plateau, the southeast foot of the Qilian Mountains, and the Yellow River, Huangshui, Datong River and Taohe River basins.

About the origin of the Tu, there are various theories in the academic circle, mainly: Tuyuhun said, Yinshan Baidadan said, Mongols and He'er integration said, Shatuo Tujue said, multi-ethnic integration said. From the current academic research results, the main view is that the Tu people are mainly descendants of the ancient Tuyuhun people, absorbed the elements of Mongolia, Tibet and other ethnic minorities, and gradually formed in the long-term development and change.

The Tu people have their own language, which belongs to the Altai family of Mongolian languages. There are three dialects within the Tu language, the dialect spoken in Tianzhu area belongs to Huzhu dialect, and the Tu language spoken in Jishishan area belongs to Minhe dialects. The Tu people in Zhuoni have lost their native language in history, and use a dialect of the Tibetan branch of the Tibetan-Burman language family, which is close to the local Tibetan language. In addition to the Tibetan language, the Zhuoni Tu people also use Chinese, and in other areas, the Tu people live together with the Han and Tibetan, and no longer use their own languages, but use Chinese and Tibetan.

The old men wear blue and black robes with small diagonal collars, black velvety jackets, blue and black cloth belts around the waist, blue and black pants, white socks and shallow cloth shoes. Young and middle-aged men wore a small collar and a white sweatshirt, embroidered collar, black cuff edging, auspicious pattern on the chest, and a blue T-shirt with an embroidered pocket above the collar, and embroidered straps at both ends; Wear blue wide waist big crotch pants, white cloth socks and shoes; Wearing a white felt hat with woven cotton trim or a "hawk-pecked" felt hat. The elderly and the young and middle-aged wear cotton-padded jackets and trousers in winter, as well as brown coats, leather coats, large fur coats, wool stockings and leather shoes, and leather hats. The women wore undershirt, which consisted of two layers collar, each embroidered, trimmed with otter fur, and a cape collar. Wear a small collar and slit robe, two sleeves are made of red, yellow, white, green, black 5 color cloth pieces of "flower sleeve", waist tie belt, robe on a black or purple vest, pants below the knee set with a trouser tube, married people are black, unmarried people are red, some wear scarlet pleated skirt, feet wear flower shoes, The heel of the shoe is decorated with a red cloth. The girl wears a braid. There are many

¹² Information from Tianzhu County PMO.

¹³ Gao Xiaoqiang and Tie Wenying. Introduction to Culture of Ethnic Minorities in Gansu. China Minzu University Press. April 2015.

kinds of headgear (called Niuda) with different shapes for married women, such as Tuhun Niuda, Naren Niuda, Shige Niuda, Hanxue Niuda, Jiansi Niuda, Suobu Niuda, etc. Among them, Shige Niuda is more common. Earrings are large earrings with two layers of silver spikes. A common makeup bundle is two braids, braids together, hanging down the back; One is to part the hair left and right at the top of the back of the head, with a black T-shaped strip of cloth to hold the hair. Women wear a black felt hat or a flower-arranged wide-brimmed hat with a brocade border in hot days, and a fox fur hat in cold days.

The wedding ceremony of the Tu consists of proposing marriage, greeting Nashijing, changing hair style, embarking on a horse, attending a banquet, and wedding. The husband's family would invite a matchmaker to propose the marriage to the girl's family, and the gifts would be wine, Hada and rolls or steamed buns. If the girl's family agrees the marriage, the gift can be accepted, exchanging the wine in the bottle for food, and return it to the matchmaker. Then drink the wedding wine, talk about the bride gift, send the bride gift.

The diet of the Tu people is mainly divided into three categories, namely pasta, meat and drinks. The main pastas include the oil Guozi, cooking pot and oil cake, which are basically the same as other local ethnic groups. Meat is cattle, sheep, pork, the original used to stew meat, after the development of frying, braising, frying, roasting and other practices. Drinks include liquor and tea.

3. Possible risks posed by the project and strategy for working with ethnic minorities

3.1 Possible risks posed by the project

The project activities include edible fungi cultivation, high-standard farmland development, production road maintenance, and safe water supply in Tianzhu County; equipment of silage production and processing, walnut and apple orchard improvement, standard Chinese herb production base, beef rearing, agritainment infrastructure development, road construction and safe water supply in Huating Municipality.

The project activities were selected according to development needs of project targets including vulnerable farmers' households, women, youth and ethnic minorities. With similar natural conditions and multi-ethnic mixed status, ethnic minorities and Han share similar development needs which GD2RP will response to. The report of ADB ongoing project in Gansu stated, there is no significant differences exist between ethnic minorities and Han residents in terms of language and socioeconomic conditions¹⁴. Given their unique conditions and traditions for developing featured agriculture and cultural products, minorities in the project counties require tailored support for skill development and value chain improvement as Han population in the project area.

The target households and communities including ethnic minorities will voluntarily participate GD2RP with their land to improve their income generating capacity and resilience to climate change according to project design and plan, by their land right keeping unchanged. The rights of ethnic minorities is protected by *the Constitution of the People's Republic of China* and *The Law of the People's Republic of China on Regional National Autonomy*. The land rights of households and community involved in GD2RP is strictly protected by *Land Administration Law of the People's Republic of China*, and *Law of the People's Republic of China on the Contracting of Rural Land*.

¹⁴ ADB. Gansu Environmentally Sustainable Rural Vitalization and Development Project.

Therefore, with the institutional safeguard and GD2RP design, the project would not affect ethnic minorities' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage.

Through the discussion with county PMO staff of Tianzhu and Huating, other possible risk to the ethnic minorities posed by the project cannot be found. The survey of mission team, consider predictably possible risks cannot be found, and the implementation of GD2RP will improve economic status and development capacity of ethnic minority people and communities involved.

3.2 Strategy for working with ethnic minorities/IPPF

Ethnic minorities in the project area are in general well integrated in the existing socio-economic context, have livelihood strategies similar to those of the other rural populations, are not excluded from existing economic opportunities. Given their unique conditions and traditions for developing featured agriculture and cultural products, minorities in the project counties require tailored support for skill development and value chain improvement as Han population in the project area.

The project will further utilize **IFAD's core targeting approach** in the country, and would apply the ongoing geographic and inclusive targeting strategy in the selection of smallholder farmers and disadvantaged target groups. While the overall project's inclusive targeting will apply, differentiated and some exclusive targeting will be introduced in some of the project interventions, mainly in relation to activities under component 1 while addressing needs of women, youth, ethnic minorities and other identified target segments. Former registered poor, low-income, women, and youth will therefore be the primary participants and beneficiaries of the project alongside other smallholders in the areas of their production and marketing organizations, capacity building and income generating activities of diversification, rural labor skill transformation, and community-governed management set-up. Special needs of ethnic groups, people with disabilities and elderly will also be addressed where applicable, particularly in capacity building and community-based services.

From preliminary estimates provided by the county PMOs, it is expected that the GD2RP will be able to reach around 259,000 smallholder households. It is expected that women and youth beneficiaries of the project will comprise 50% and 30% of the total beneficiaries respectively.

The project includes that all people-centred indicators will be disaggregated by sex, age and ethnic groups.

The implementation of the project can promote ethnic communication and exchanges within project and with outside, and thus obtain more development opportunities. It will also improve the development capacity of ethnic minorities and help them to increase income from project. Overall project the participation opportunity for minorities and mainstream society (Han) is equal. The implementation of the project will impact on regional economic development in ethnic minority areas. The project can effectively promote the sustainable development of ethnic minorities involved.

4. The Free Prior Informed Consent (FPIC)

Both central and Gansu governments made systematic planning and arrangement in ethnic minority development to create job opportunities for minority residents and improve their living standard and it's required to conduct prior public consultation for relevant plans and projects in accordance with the Interim Regulations on Major Administrative Decision-making Procedures. The Free Prior Informed Consent (FPIC) plan follows the government

regulation cited above and the IFAD How-To-Do-Note (2021) on Seeking free, prior and informed consent in IFAD investment projects.

What is free, prior, and informed consent?

Ethnic minorities have the right to self-determination, as well as the right to develop priorities and strategies for exercising their right to development – in other words, the right to participate fully and effectively in decision-making processes that affect them.

IFAD has a duty to ensure they can exercise these rights – and that includes ensuring free, prior and informed consent (FPIC) for grant and loan recipients.

- Free means no coercion, intimidation, or manipulation was used to obtain consent.
- Prior means that consent is sought sufficiently in advance, with enough time given to respect indigenous peoples' consensus processes.
- Informed means that the information provided covers (at least) the nature, size, pace, duration, reversibility, and scope of the proposed project or activity.

FPIC aims at improving the effectiveness of investments and at enhancing the community ownership of the investment, its results, and moreover, its sustainability.

Under GD2RP, the PPMO is responsible for seeking and obtaining FPIC. FPIC is methodologically solicited through consultation and the participation of communities and local institutions at specific stages of the project cycle. Under GD2RP, the CPMO will be responsible for seeking FPIC with technical support from the PPMO.

Free, prior and informed consent should be sought sufficiently in advance of commencement or authorization of activities, taking into account ethnic minority' own decision-making processes, in phases of assessment, planning, implementation, monitoring, evaluation and closure of a project.

FPIC is a proactive approach to identify development pathways with local communities and it is applied in two scenarios (IFAD, 2021):

- When IFAD-funded projects are likely to have an impact on the land access and use rights of rural communities
- When IFAD-funded projects are targeting rural areas that are home to indigenous peoples.

Based on the above two scenarios, FPIC needs to be sought either during project design or during project implementation.

Step 1: Developing socio-Cultural and land use Assessments

The socio-cultural assessments will establish:

- The community members in the project area who and where might be affected and who can gain more rights through careful scheme design based on FPIC process, and who have the right to give or withhold consent;
- Customary laws, informal rules and organizing practices;
- Types of livelihoods and resources communities depend upon; including the mapping of existing ethnic minorities traditional knowledge and practices that can be potentially promoted;
- Land use mapping indicating existing land use and land use as proposed by the communities to accommodate the project, and as agreed with the village authorities;
- Institutions, governance systems and decision-making process;

- Existing dimensions of traditional leadership (roles and status) and traditional mutual support and solidarity/reciprocity mechanisms etc.;
- Social, economic, cultural and spiritual relations with lands; and,
- Possible consequences for local communities resulting from the change on the status of land and resources emerging from the proposed schemes.

Step 2: Identifying Decision-Making Institutions and Representatives

In line with the existing governance system of the minority community, the key institution is the villagers' committee which is elected by the villagers according to Organic Law of villagers' Committees, other key institutional actors identified by social-cultural assessment will also be involved.

Step 3: Consultations leading to FPIC on the proposed project interventions

Following steps 1 and 2 above, consultations will be held with the target communities in selected villages before planning of interventions is initiated. The consultations will:

- Confirm that the project will support community-driven initiatives;
- Share the objective and scope of the proposed activities and investments with the communities directly, or with villagers' committee and identified community's representatives;
- Clearly inform the community on the actors financing and implementing the project and their respective responsibilities;
- Provide clear and transparent information on the benefits and risks of the project;
- Share the findings of the socio-cultural, land use and environmental assessment and reality check/confirmation of findings;
- Ensure inclusive participation of all groups (men, women, young people, the elderly, etc.);
- Confirm project related land tenure status of the land in the selected village;
- Record and address questions, concerns, opinions and comments and seek agreement.

Step 4: Formalizing the Consent Agreement

Once project activities and project sites requiring FPIC agreement are identified, this will be formalised in a written form. The effective time at which the consent agreement would be formalised will be agreed upon during the consultation process and needs to be formalised before any investment is made.

The format for a consent agreement would, among others, include:

- Project activities on which consent is provided;
- Respective expectations;
- Proposed project duration, expected results and activities;
- Participatory monitoring and verification plan and procedures;
- Identification of grievances procedures and mechanisms;
- Terms of withdrawal of consent;

The FPIC Agreement and record of process will be made available through means that are accessible to all stakeholders and parties involved.

(i) Disclosure

IFAD's Policy on the Disclosure of Documents enables project design documents to be disclosed prior to the Executive Board session at which the project is to be considered. Thus, this FPIC Implementation Plan will be disclosed together with the Programme Design

Report (PDR), the SECAP and ESCMP, to be submitted for IFAD review before the Executive Board.

(ii) Documenting the FPIC Process

FPIC process will be documented through minutes of consultations, videos and audio where feasible, and FPIC agreements documents, also keep records of consultations undertaken:

- how participants were selected;
- their roles or accountability links to their communities;
- how they were invited;
- which consultations they participated in;
- what documentation/information they received beforehand, and in which mean;
- who participated;
- what was discussed.

(iii) FPIC agreements

Often FPIC is expressed as an agreement between CPMO and the involved local communities. These agreements should clearly articulate: what has been agreed (e.g. issues, commitments, time frames, budgets, roles, responsibilities); who entered into the agreement (clearly identifying the individuals involved as well as their title and role); and what mechanisms have been set up to maintain dialogue and address disagreements.

(iv) **monitoring and evaluation**

FPIC will be included in the monitoring and evaluation by ethnic minority disaggregation of project indicators, and taking track the implementation of FPIC mechanisms.

(v) Budget

The budget for IPPF and FPIC related activities are included in management budget.

5. Grievance Redress Mechanism (GRM) for the GD2RP Project

Introduction

IFAD requires an easily accessible grievance mechanism at project-level in order to receive and resolve concerns and complaints of people who may be adversely affected or potentially harmed by IFAD-supported projects that fail to meet the SECAP Standards and related policies. Furthermore, IFAD requires that project-affected people are informed about the existence and functioning of this mechanism in any easily understandable form and language, and to integrate it into the overall community engagement strategy. The grievance redress mechanism should incorporate existing formal and informal grievance mechanisms, strengthened or supplemented as needed for each specific project, and in proportion to the expected risks and impacts of the project. Project-affected people may use the grievance mechanism without retribution or reprisal, and the grievance mechanism should not impede access to other judicial or administrative remedies available under national law or through existing arbitration procedures or other accountability mechanisms.

The Project will establish a Grievance Redress Mechanism (GRM) designed to seek/generate feedback from and to project stakeholders and address/ respond to grievances, problems, issues or complaints related to project activities and project environmental and social performance. The Project will ensure through the GRM that all project stakeholders will be aware of their rights to access and/or will have access to the

GRM at all project management levels, which will be provided in a transparent manner free of costs and without fear of reprisal or retribution on the part of aggrieved parties. In addition, the Project's GRM will help ensure that the rights and interests of project stakeholders are protected from unforeseen lapses in said project performance and that all concerns arising therefrom in all project phases will be effectively addressed. To achieve these ends, the Project will regularly engage project stakeholders and provide them information on the processes and means of raising and addressing grievances through the GRM.

Project level machinery and composition

The project management responsibilities are assigned to DARA at the provincial and BARAs at the county levels. The Provincial PMO (PPMO) will assume the actual project management and coordination. It represents the project at the level of operational management, focuses on planning, coordinating, monitoring and reporting of the project.

1. PMO Staffing:

For GD2RP that will intervene in multiple dimensions in both agriculture and Rural Revitalization, The PPMO's key functions will be assumed by a composition of positions such as: (i) a Project Director (PD), (ii) a Deputy Project Director (DPD) with well designated mandate on Rural Revitalization and Climate Change Adaptation, (iii) a Planning and Financial Officer, (iv) a M&E and KM Officer, (v) a Procurement Officer, (vi) a Gender and Youth Development Officer, (vii) an Agricultural and Agribusiness Development Officer, and (viii) support staff.

2. At the county PMO:

CPMO composition and staffing will primarily follow the provincial set-up, with the key positions of CPMO Director and Deputy Director, M&E and KM, Procurement and Agricultural and Agribusiness Development assigned or recruited by the county BARA/RRB, and officers responsible for Gender and Youth Development and Climate Change Adaptation could be seconded from the line agencies such as the county WF and Environment Bureau.

3. Inter-agency coordination mechanism (IACM):

Considering the cross-agency nature of the project, an inter-agency coordination mechanism at both provincial and county levels will be established to exercise the essential supervisory and coordination functions on issues critical for project implementation, such as counterpart financing, project supervision and issue-specific coordination between participating agencies. The agencies involved should at least include DARA, Finance, and/or DRC at the provincial level, and at the county level the relevant implementing agencies including Women Federation and Youth League should be included. Such mechanism may convene on demand basis but at least once every year in a manner considered appropriate by involved parties. At county level, a vice-governor of the project county should be designated to chair such coordination mechanism. Township government will be assigned responsibility for supporting project implementation.

4. Village Implementing Group (VIG):

VIGs will be set up at each of the project administrative village. It will be headed by the Chief of the village committee and composed of 7-8 people, including a couple of the village committee members and 4-5 farmer representatives from different household

categories of well-being. Farmer representatives will be elected by local farmers and they will be no less than 50% of the total members of the VIG. Of the farmer representatives, women will be no less than 50% and at least two thirds will be from the former registered poor, or the community-recognized vulnerable households. Youth especially young farmer entrepreneur will have at least one representation seat at VIG.

5. Partnership:

In addition to the enhanced partnership between IFAD and the Government, the GD2RPd will continue to value-added partnerships as fostered by the IFAD Country Programme in China and through the implementation of the IFAD-assisted projects in the country, building possible synergy and partnership with the UN community in the country, participating line agencies, private sector, and technical players of the civil society where relevant.

Next Steps:

Based on the above, the GRM needs to be elaborated upon and will address how grievances will be addressed across different levels of governance and institutions. The composition of the machinery and role of each member as GRM focal person will be duly recorded in a written format and widely disseminated. This needs to be jointly discussed and finalized with the PMU and relevant stakeholders within the early implementation stages of the project (6months).

Role of GRM Officers:

Overall, the GRM officers will perform the following role, as appropriate:

- a) Document and maintain a registry of grievances
- b) Screen/determine validity of grievance/concerns
- c) Initiate resolution process through referral to the next GRM level
- d) Refer issues to concerned project personnel for technical advice
- e) Organize team for validation of concerns, as necessary
- f) Assist in the resolution process through validation of concerns and technical assistance in crafting mitigation measures
- g) Provide written response to concerned project personnel/units, contractors and complainants
- h) Refer unresolved complaints to the next higher GRM level, as appropriate

All GRM focals will undergo proper training on the GRM, relevant national laws, regulations, and the relevant IFAD SECAP Standards.

GRM Channels

The PMU shall provide appropriate channels for submission of grievances, which may include the following: (i) Grievance Drop Box: This provides a means for anonymous complainants to raise concerns without revealing their identities. Labelling the grievance box to a more culturally-sensitive term will be encouraged. (ii) Through the Project GRM media platform (iii) An official physical address for Grievance Desk with Contact Persons/GRM Focal persons at every grievance level will be established and publicly disclosed, where complainants may send complaints through letters via personal, postal or courier delivery. (iv) A hotline number or call center at each level will also be established and can be publicly accessed via voice calls or SMS.

There is existing grievance system in Chinese Government from central to county levels, and project stakeholders can access the government complaint system of project counties, prefecture and province through websites, telephone and WeChat In Gansu. Similarly, the grievance system of Rural Revitalization Bureau (RRB) and Department/Bureau of Agricultural and Rural Affairs (DARA/BARA) are also accessible by publicized channels. Alignment and synergies with these existing channels will also be sought.

Note – This list is not exhaustive and other channels may be added as appropriate with due regard for cultural sensitivity, language, and accessibility. The overall responsibility for operationalizing the GRM will rest with PMU.

Grievance redress Mechanism (GRM) stages

The Project proposed the following stages of GRM which need to be validated and institutionalized during early implementation stage.

1. Intake:

- Step 1: Individuals or groups file complaints, feedback, or queries using a Grievance Receipt Form.
- Grievances can be submitted via different channels.
- Anonymity is allowed with contact information provided for verification.
- Grievances are recorded in a registry/database.

2. Verification:

- Step 2: Grievance Coordinator assesses the validity of the grievance.
- Non-project-related grievances are addressed promptly with explanations or education.
- Project-related grievances are referred to the relevant level for further action.
- Serious grievances are handled separately by highest level for prompt action.

3. Assessing Validity and Organizing Fact-Finding:

- Step 3: Assessing validity of the query, feedback, or complaint.
- Organizing fact-finding meetings/interviews with relevant parties.
- Valid grievances are categorized into types based on complexity (exact duration for answering complaints needs to be established in consultation with PMU¹⁵)

4. Action:

- Step 4: Resolution of the grievance.
- Agreed resolutions are implemented, documented, and signed by both parties.

¹⁵Type 1 Grievance: Response or referral within 5 working days from the date the complaint was received.

Type 2 Grievance: Organize meetings/consultations/interviews within 10 working days from the date the complaint was received. Resolve the grievance within 15-30 working days upon receipt of the grievance.

Type 3 Grievance: Organize meetings/consultations/interviews within 10 working days from the date the complaint was received. Resolve the grievance within 30-60 working days upon receipt of the grievance.

- Anonymous complainants are confirmed through provided contact information.

5. Feedback:

- Step 5: Providing feedback to the complainant.
- Status updates or redress documents are communicated to the complainant.

6. Follow-Up:

- Determination of the outcome of resolved grievances.
- Follow-up to ensure satisfaction with the resolution.
- GRM officers at PMU conduct audits to review the handling of grievances by other levels

7. Appeal:

- Step 6: Filing an appeal if the complainant disagrees with the resolution.
- Appeals are resolved by the next higher level within 30 working days.

IFAD Complaints Procedure

IFAD Complaints Procedure also place mechanism to allow individuals and communities to contact IFAD directly if stakeholders or non-stakeholders believe that they are or might be adversely affected by an IFAD-funded project or program not complying with IFAD's Social and Environmental Policies and mandatory aspects of SECAP. They may submit a request to SECAPcomplaints@ifad.org and request that an impartial review be carried out by IFAD's Office of the Vice-President.

As provided by IFAD's Policy on prevention and response to Sexual Exploitation and Abuse (SEA, 2018), all contracts with project personnel, contractors, service providers and other third parties, that are funded with IFAD funds, must include provisions: (i) for prohibiting acts of SEA; (ii) that establish the obligation to immediately report to IFAD or the Government incidents of SEA; and (iii) that establish immediate termination of contract based on proven acts of SEA. All contracts with contractors and service providers and other third parties will include provisions for the protection of labour rights and working conditions.

All grievances (including reports on SEA and violations of worker rights and conditions) received and action taken to address them will be reported to the relevant CPMO, PPMO and the steering committee. The CPMOs and the PPMO shall ensure that all complaints received and actions taken are included in the progress reports to IFAD.

Monitoring and Reporting

Meetings with stakeholders shall be documented, highlighting agreements and ways forward which will be monitored throughout project implementation.

Sample Formats

Sample Good Practice Guides and Forms are attached for reference. These include i) Annex 1: Record of Stakeholder Concerns; Annex 2: Sample Grievance Receipt Form; Annex 3: Case Record Matrix; Annex 4: Sample Reply Format to Complainant; Annex 5: Case Resolution Form. These samples will be translated into local language ensuring due regard for cultural sensitivity.

L. Attachment 3. Record of Stakeholder Concerns

No	Query or Comment	Issue	Parties making comments	Reply by the Project
1				
2				
3				
4				
5				

- Provide the summary of the main concerns regarding the project, its environmental and social impacts and risks, and the environmental and social management measures and instruments.
- Descriptive record of the main concerns raised by the parties concerned and other stakeholders of the Project.
- Provide signed attendance, disaggregated by gender and ethnicity.
- Include section on photo-documentation

N. Attachment 5. Sample Grievance Receipt Form

RECEIPT FORM # ___			
Indicate Name of the Executing Unit:			
Indicate Project Name:			
REGISTRATION OF THE GRIEVANCE			
Date and time received			
Place received			
Party receiving it	Name		
	Position		
Means of reception	a) Verbal		
	b) Telephone		
	a) Written	Letter (Registration N°. assigned)	
		E-mail:	
	d) Office providing Permanent Attention		
e) [Indicate other means]			
I. PERSONAL DATA			
Does the person want to identify itself? Otherwise			
		Yes	No
Name and surnames			
Address		District	
Tel. #		E-mail	
[Add other information]			
II. INFORMATION ABOUT THE CASE			
2.1 Type of case			
a. Grievance		c. Query	
b. Claim		d. Other	
2.2 Subject of the case		2.3 Details of the grievance	
a. [Indicate topic. For example: "Environmental aspects of the Project"]			
b. [Indicate topic]			
2.4. Request concerning the grievance (indicate)		<i>(indicate)</i>	
2.5 Documentation provided by the complainant (reports, photographs, among others) (indicate)		<i>(indicate)</i>	
III. ADDITIONAL REMARKS			
Name of the person responsible for case		Name of the party presenting grievance	
Position	Signature	Position	Signature
The information contained in this form has been provided voluntarily and authorized by the above signer. The institution guarantees the confidentiality of the information registered and its use for the corresponding purposes.			
Note: A copy of this form is given to the person who filed the complaint.			

O. Attachment 6. Case Record Matrix

Case No	Information on the Complainant						Info on grievance		Forwarded			Case closure			
	Date registered	Name	Tel #	E-mail	Address	Anonymous	Issue	Request	Area forwarded to	Date of forwarding	Date of reply from the area	Issuance of reply to complainant	Closure date	Days for processing	Amount executed for case processing
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															

P. Attachment 7. Sample Reply Format to the Complainant

REPLY FORM TO GRIEVANCE # ____			
Executing Unit:			
Project Name:			
Date of Reply:			
I. PERSONAL DATA			
Name			
Address		Bgy/Mun	
II. REPLY TO GRIEVANCE FILED			
<p><u>SITUATION 1 - ACCEPTED:</u> We inform you that your grievance has been ACCEPTED, considering that (explain the reasons for the answer).</p> <p>Therefore, in order to act on what was filed, [Executing Unit] will carry out the following actions (indicate the actions):</p> <p><u>SITUATION 2 - DECLINED:</u> We inform that, considering (explain the reasons / support for the answer), your claim has been DECLINED.</p>			
Name of the person responsible for case		Name of the complainant who filed the grievance	
Position		Position	
Signature		Signature	

Q. Attachment 8. Sample Case Closure/Resolution Form

CASE CLOSURE FORM # ____			
Indicate Name of the Executing Unit:			
Indicate Project Name:			
Delivery Date:			
I. PERSONAL DATA			
Name and surnames			
Address		District	
II. GENERAL DESCRIPTION OF THE CASE			
IV. SUMMARY OF MEASURES IMPLEMENTED			
1.			
2.			
3.			
4.			
5.			
Name of the person responsible for case		Name of the complainant who filed the grievance	
Position		Position	
Signature		Signature	

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex: Annex 5.2 Gd2 Rp Stakehold Engagement Plan

Mission Dates: 03/09/2023-16/09/2023

Document Date: 22/07/2024

Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Annex 5.2 STAKEHOLDER ENGAGEMENT PLAN

1. INTRODUCTION

1.1 Project Rationale

The rationale for IFAD investments is pillared on several development challenges and opportunities that have emerged from the transition period of the Rural Revitalization since the nation-wide eradication of rural absolute poverty declared in 2020.

The ongoing Rural Revitalization presents good opportunities for investments in modernizing the large-scale agricultural production, and in revitalizing the rural livelihoods in a climate-resilient and community-governed manner. The modernization of agriculture can lead to improved agricultural efficiency, reduced operating and financial costs, and increased income for the leading players of agri-value chains, the revitalization of rural livelihoods through improved living conditions to increased well-being assets for both the rural community and individual households. However, it also presents the risk of marginalization of smallholder farmers and their organizations lagging in active participation and equitable sharing of development opportunities and benefits in the middle of industrialized agricultural sector modernization, agri-value chain development, and rural livelihood reengineering. Specific associated challenges arise and they could be summarized as follows:

- Reduced discourse power of the smallholder farmers and their organizations in the middle of increasingly larger scale production and corporate-led marketing,
- uneven agricultural productivity due to limited modern technical capacities and inefficient on-farm infrastructures,
- risks of environmental pollution, non-sustainable use of natural resources, increased losses and wastes derived from production and post-harvest management leading to negative impacts on the ecosystem and biodiversity,
- difficulties in accessing markets due to scale of production but of low value-addition and underdeveloped value chains,
- limited capital inputs because of difficulties in accessing financial resources and services,
- lack of environment-friendly, climate-resilient community and sustainable capitalization at both community and household levels, and absence of adaptive capacity building for beneficiary-governed management system, and
- Critical funding gap in government budget for some rural infrastructure and public services, especially rural waste water and solid waste management, and the sustainable management of the natural capital, such as agricultural landscapes and ecosystems.

These challenges highlight the need for green agriculture, and inclusive and sustainable rural development in the country and especially in Gansu where factors mentioned above are very present.

IFAD has the country comparative advantages of pro-poor and inclusive rural development, targeting of the vulnerable and disadvantaged people, sustainable O&M and community-governed mechanisms, climate-smart and value chain-led agricultural development, and capacity building of smallholder farmers and their organizations including cooperatives, rural economic entities, and other agro-business entities under various public-private partnership models. These advantages enable IFAD to support smallholder farmers and rural communities in the mainstreams of organized agricultural production and rural revitalization, to adopt more efficient, resilient and environmentally friendly practices, to access markets and services, and to participate in decision-making processes that affect their socio-economic discourse power and well-being.

It was in this context and in recognizing IFAD's comparative advantage and relevant long-term experience, that the Government expressed a demand for IFAD to continue to support its

agriculture and rural development agenda. IFAD is expected to bring expertise in innovative approaches into the country in support of the ongoing Rural Revitalization, especially by piloting and demonstrating replicable development business models of innovative and scaling-up potential. In addition, the project will foster the building of sustainable rural institutions, leveraging financing to project areas, and contribute to global public goods in terms of reducing carbon emission, environmental improvement, knowledge and experiences in arid and semi-arid agriculture and adaptive rural community building and governance;

The main opportunities or project responses for IFAD are identified as: (i) increasing demand of the rural men and women for capacity building in organized production and processing, and in participation in decision-making; (ii) strong needs of the rural people in access to development opportunities, technologies and services in order to share the benefits of rural growth; (iii) emphasis on socio-economic inclusiveness, environment-sensitivity and climate-resilience for industrialized scale agri-production; (iv) needs of new technologies and management models in production and post-harvest management; and (v) introduction of sustainable O&M and adaptive capacity building and innovative models for rural community management.

1.2 Project Development Objective and Project Components

1.2.1 Project development objective

At the request of the Government of the People's Republic of China, the International Fund for Agriculture Development designed a new project titled *The Gansu Demonstrative Rural Revitalization Project (GD2RP)* in close coordination with the Provincial Rural Revitalization Bureau in the Gansu Province. Despite the transformation in the agriculture sector, China's production base still relies extensively on smallholder participation. However, the smallholders face constraints in increasing productivity and accessing markets due to the small size of their landholding, limited access to capital, poor productivity, high levels of vulnerability to climate risks and poor integration with markets. The current production practices are not well adapted to climate risks and lead to poor soil management practices, high losses due to inability to withstand the impact of droughts and other climate risks. **The goal of the GD2RP** is to contribute to the consolidation of no poverty (SDG1) and no hunger (SDG2), and food security with innovative and scalable good practices and reference. **The development objective** is to support the country's ongoing Rural Revitalization by piloting inclusive and innovative business models that promote sustainable and climate-resilient agriculture and building community adaptive capacities (SDG 17), thus facilitating the adoption of green and resilience concepts in rural revitalization in the project area of Gansu Province.

1.2.2 Project components

Two technical components were designed on the basis of the project framework proposed in the PCN mission, namely: Component 1 – Sustainable green agricultural development, and Component 2 – Building community resilient capacities, supported by a Component of Policy and institutional capacity building.

Component 1 of Sustainable green agriculture will promote and safeguard the socio-economic inclusiveness in the middle of agricultural modernization and Rural Revitalization, while green technologies will be introduced to support the agriculture's market-led and industrialized transformation and productive capitalization. Three subcomponents were designed in support, entailing related technical interventions and investments.

Subcomponent 1 – Inclusive support to smallholder farmers aims to reach the most disadvantaged segments of the project's target group through several tailored interventions, so that the smallholder farmers will participate in the agriculture and rural development sector through their grassroots organizations such as farmers' cooperatives, Rural Economic Development Cooperatives (REDC), family farms and small agro-enterprises.

Subcomponent 1.2 – Eco-friendly transformation aims to promote the adoption of green and modern technologies, so that the introduced technologies, practices, and business models in the process of transformation will not compromise the protection of eco-environment while searching improved efficiency, quality, competitiveness, and diversification.

Subcomponent 1.3 - Public productive infrastructures. This sub-component will address some of the major gaps in the current infrastructure system in the project counties, which may limit the effectiveness of the proposed project activities related to the development of green agriculture and its transformation into eco-friendly, market-led and diversified modern agriculture. The sub-component will assist to improve and expand the public infrastructure systems in its productive capitalization through a combination of physical improvements, institutional strengthening and technical assistance. The expected immediate results will be high standard farmland secured and expanded, sustainable irrigation system constructed, saline land improved, production road access consolidated, market trade enhanced, processing and storage capacities upgraded among others.

Component 2 – Building community resilient capacities aims to build the community-based well-being assets and capacities as integrated part of the improved rural livelihoods under the ongoing Rural Revitalization. While government-funded programmes will provide the majority of investments in support, IFAD will invest in the assurance non-productive capacities adapted to related green technologies, and encouraging the pursue of innovations in community-governed management models. This will be translated into IFAD funding in support of participatory planning and the process of establishing sustainable O&M mechanisms where applicable.

Subcomponent 2.1 – Participatory planning and good governance. This intervention will follow the government guiding principle in the good governance of Rural Revitalization, especially in relationship with villagers' autonomy as the core and recognizing the villagers' council as supervisory committee in the safeguard of villagers' rights to participation, expression and supervision. The project will finance the participatory process of village planning and governance definition and implementation, which should result in activity and budget planning of investments and activities under subcomponent 2.2, and the establishment of villagers-governed and socially inclusive O&M committees for related projects, in close relationship with *activity – 2.2.6*, but with emphasis on long-term sustainability and as part of the project exit strategy.

Sub-component 2.2 - Climate-resilient community infrastructures and service facilities will support the building of climate-resilient community infrastructures. All infrastructures supported under this sub-component will be climate-resilient community infrastructures.

Component 3 of policy and management will highlight its actions in policy engagement, institutional capacity building, domestic and south-south knowledge exchange, M&E and KM, Prudential Financial management, effective procurement management and overall project management.

1.3 Purpose of the Stakeholder Engagement Program

The Stakeholder Engagement Program for the GD2RP project serves as a crucial framework for managing interactions with various stakeholders. It ensures that the project's objectives align with stakeholder expectations, promotes open communication, mitigates potential risks, and fosters inclusive decision-making. Stakeholders, including local communities, government entities, and international organizations, play a pivotal role in determining the project's success. This plan seeks to identify and engage with all relevant stakeholders, understand their interests and concerns, and develop tailored strategies for effective communication and collaboration.

Moreover, the Stakeholder Engagement Plan serves as a risk mitigation tool, helping anticipate areas of potential conflict and resistance due to conflicting interests or lack of information. This approach fosters a collaborative environment where stakeholders feel valued and included, increasing their likelihood to support the project and advocate for its success. Additionally, involving stakeholders in the decision-making process enhances the project's legitimacy and ownership, leading to more sustainable and acceptable results.

2. STAKEHOLDER IDENTIFICATION AND ANALYSIS

2.1 Affected Parties

The main target groups of the project will be smallholders especially women and youth, cooperatives, enterprises involved in the three selected value chains.

A majority of the direct beneficiaries of GD2RP will be smallholders who manage their own production, out-rent their land or work as paid labour in the production of the selected agricultural activities, participate in the various training programmes for strengthening their technical and management capacity. Direct beneficiaries will also include those who have benefited through increased sales or employment in the enterprises supported by the project. The project will include cooperatives as a key institution for smallholder farmers and capitalize on their role as investor-owned enterprises or land-shareholding cooperatives which enables members an opportunity to earn wages, secure land rents or a share in the profits.

A special effort will be made to ensure that women farmers are part of the decision making and that women led cooperatives, women-led courtyard economy and women entrepreneurship have preferential access to training, production inputs and access to markets. A gender strategy has been detailed and included as part of the design. An inclusive targeting strategy will also apply with sensitivity for youth and ethnic minorities, where youth entrepreneurship and employment opportunities in sustainable green agriculture development will be promoted. Furthermore, mid-term and endline project targets for benchmarking gender and youth focus of the project will be developed for inclusion in the log-frame and measured through the project M&E system.

2.2 Disadvantaged Groups

Whilst rural poverty has been eliminated in China, rural areas have experienced massive urban migration of the active workforce due to the large gap between urban and rural salaries and the limited income-generating opportunities in the rural areas. Rural villages today are characterized by a population which mainly comprises elderly, some middle-aged women taking care of the elderly parents, who represent about 60% of the labour force in rural areas, young children, and sick and/or people with disabilities. Rural families are often dependent on remittances provided by migrant worker family members, complemented by some income from small-scale production and local labour. The contribution of agriculture to the rural household income has declined over time, and income-generating opportunities are mostly in value added activities such as processing or high value crops. There is urgent need to revitalize rural areas to stem the tide of urban migration.

2.3 Analysis of Stakeholders

2.3.1 Direct Beneficiaries

Estimation of Beneficiaries: From preliminary estimates provided by the county PMOs, it is expected that the GD2RP will be able to reach around 259,000 smallholder households. It is expected that women and youth beneficiaries of the project will comprise 50% and 30% of the total beneficiaries.

Smallholder farmer households in China have very smallholdings and 90% of smallholders farm on less than 1 ha of land. Many of them have adopted a model of part-time management of agricultural production which allows them to alternate between farming in busy seasons with working in cities in slack seasons. Given the peculiar land ownership and use rights pattern in China, smallholders rent-out or rent-in land based on their livelihood strategies, and they are not well involved in the agribusiness in the project area. After the declared eradication of extreme poverty in February 2021, the government has redefined the focus support group in its state's well-being register system as **vulnerable smallholder farmer households**, which constitute of five categories, or: (i) households of subsistence allowance, (ii) households of marginal subsistence allowance, (iii) extremely difficulty households, (iv) former registered poor households under continued monitoring, and (v) low-income households. Typically, the first three categories lack active labour and they receive welfare allowances from the government. In 2022, More than 2.25 million people live in the six project counties, of which, 48.4% live in the rural area. 35.1% of the population in the counties are classified as active agricultural labour, and

18.0% considered as vulnerable households which are being monitored in the state's well-being register system due to the potential risk of slipping back into poverty. On average, the landholding of arable land in the counties varies between 1.45 mu to 8.5 mu per person, and the forest landholding in the counties varies between 0 mu to 39.5 mu per person. While farming is a key source of income, households also rely on off-farm income. Smallholder farmer households are not well involved in the agribusiness in the project area. According to the data provided by county PMOs, only 167,000 farmers owned the membership of cooperative, and 141,000 rural households connected their production with leading enterprises. Meanwhile, farmers' access to capacity building is limited. In 2022, only 99,000 farmers obtained the chance for technical training; and marketing skill training was even far more less, only two project counties provided training in 2022, and covered 2,700 farmers. The average net income per capita in rural of seven project counties is CNY14,486, which is 72.0% of national level.

Rural women are the primary labor force in the project counties due to the long-term massive rural labor migration to urban areas. Overall, rural women have accessed to more opportunities to participate in agricultural development and community affairs, and gaining improved social and economic status. However, with the burden of both agriculture and housework, rural women are mostly restrained to gain income from on-farm production and labor work nearby. This limits their opportunity to obtain knowledge, skills and information, and there is still a distance for them to fully participate in decision-making on community development. Despite these challenges, rural women are eager for development opportunities locally, and Their umbrella organization - Women's Federation (WF) is a grassroots agency dedicating in promoting the women's rights and interests. Rural women take 49.1% of the population in six project counties with a vulnerable position. With limited income generation opportunities in rural, about 60% of women labors have to stay in rural playing the role of taking care family instead of engaging in urban migrant job. Only 16.4% of village heads is shared by women; women-led cooperative and women-led enterprises take 8.5% and 6.7% in the project counties. With only 11.9% household head positions, the cooperative membership and contract with enterprise normally signed under the name of male household head, even women are the majority of the production; and women only shared 29.4% of technical training opportunities in 2022.

Rural youth are the most active force for rural revitalization, and youth accounts for 35.1% in six project counties. However, due to a lack of opportunities and investment capital to make a satisfying income in rural areas, they often migrate to urban areas for better income. Limited employment options often lead to unsustainable situation either they seek urban or rural employments. To address this issue, it is worth exploring entrepreneurship and employment opportunities in agribusiness to attract and sustain youth in rural and agricultural sectors. Youth are however dynamic and often more skilful with IT and digital technologies and their application. They are also a growing force in rural entrepreneurship by starting up their businesses for self-employment and providing employment opportunities to the others. There will a need of further providing tailored training to encouraging and coaching the youth in their agricultural venture and entrepreneurship.

Ethnic minorities are integrated into the mainstreams of the society in China, and the government provides preferential policies and support to them in social, cultural, and economic development compared to the majority of Han population. In the project counties, minorities are comparatively concentrated in Tianzhu (40.6% of the total population) and Huating (11.6% of the total population), with Tianzhu being a Tibetan autonomous county. Similarly as the report of ADB ongoing project in Gansu stated, there is no significant differences exist between ethnic minorities and Han residents in terms of language and socioeconomic conditions. Given their unique conditions and traditions for developing featured agriculture and cultural products, minorities in the project counties require tailored support for skill development and value chain improvement.

2.3.2 Government Departments and international Organizations

At the national level, the National Development and Reform Committee (NDRC), Rural Revitalization Bureau (RRB), the Ministry of Agriculture and Rural Affairs (MARA), the Ministries of Water Resources (MOWR), the Ministry of Transport (MOT) is responsible for overall social-economic development planning, forestry development planning, irrigation and water resources management, agriculture, rural roads respectively. They provide respective policy advice,

technical guidance and programme supports to provincial and local governments and relevant institutions. At the provincial level, the Provincial Development and Reform Committee (PDRC), Rural Revitalization Bureau (RRB), Agriculture and Rural Department (ARD), Department of Water Resources (DOWR), and the Department of Transport (DOT) are the line agencies respectively. They issue provincial sector development strategies, policies, plans and technical guidelines, formulate and implement work and budget plans for provincial government funded programmes and projects. At county levels, the counterpart agencies are the Bureau of Development and Reform (BODR), the Bureau of Water Resources (BOWR), the Agriculture and rural Bureau, the Bureau of Transport (BOT) respectively. They formulate and implement county level sector development plans and projects, review and approve system planning and project designs for relevant investment activities, supervise their implementation, and advice system operation and management.

The government institutions especially the Rural Revitalization Bureau (RRB) will benefit from project implementation in enhancing their capacity for sector development policy analysis, technology exploration and networking with all stakeholders of public and non-public nature to support the sector development.

Cooperating with Gansu Provincial Government, Asian Development Bank supported Gansu Environmentally Sustainable Rural Vitalization and Development Project during 2022 to 2028.

2.3.3 Private Sector entities

There are a 465 dragon head enterprises are active in the agro-business in six project counties. These enterprises are very important smallholder farmer households linking to the market. Farmers' cooperative has been being strongly promoted by the government at all levels, it is important organization for farmers to link their production with the market, especially for smallholder farmers.

2.3.4 Project level entities

The project will be executed and coordinated by the Provincial Rural Revitalization Bureau (PRRB) in Gansu. A Provincial Project Management Office (PPMO) will be set up in the PRRB, and PPMO will undertake the day-to-day coordination and management of the project. The PPMO in the PRRB will be staffed adequately with the key functions necessary for the management of the project. The Department/Bureau of Finance (BOF) at Provincial/County level will be responsible for administering project resources, including the IFAD loan and counterpart funds.

An Inter-departmental coordinating mechanism will be established at the provincial level for this purpose composed of departments/bureau including rural revitalization, finance, development reform at the least. At the county level, the Vice Governor will lead the county level coordination with member agencies including rural revitalization, finance, agriculture and rural affairs, development reform, water, land, environment protection. The Women's Federation (WF) and Youth League (YL) in the counties will be assigned responsibilities in supporting women and youth related activities and leverage opportunities for further supporting women and youth in the project area.

County Project Management Offices (CPMO) will be established at the County Rural Revitalization Bureau (CRRB) in each county taking charge of overall and detail project management tasks. Specifically, county Women Federation (WF) will be assigned as a deputy director member of the CPMO to facilitate women's participation. Relevant technical bureaus in the counties will also be mobilized to support implementation of the related project activities.

Village Implementation Groups (VIGs) will be established in the administrative villages targeted by GD2RP. VIGs, with the guidance of township government office, will support the project implementation in functions such as beneficiary engagement and targeting, monitoring and grievance redress, facilitating households' partnership with enterprises, O&M of project supported public infrastructure at community level, etc.

3. STAKEHOLDER ENGAGEMENT PROGRAM

During inception and design mission of GD2RP, the mission team has discussed and consulted with staff and representatives of relevant organization, including Development and Reform Committee (PDRC), Department of Finance, Rural Revitalization Bureau, Department of Water Resources (DOWR), Agriculture and Rural Department (ARD) and the Department of Transport (DOT) at provincial and level; the Bureau of Development and Reform (BODR), the Bureau of Finance, the Bureau of Rural Revitalization, the Bureau of Water Resources (BOWR), the Agriculture and rural Bureau, the Bureau of Transport (BOT), Women's Federation (WF) and Youth League (YL) at county levels. Some villagers, cooperatives and enterprises were visited and discussed.

3.1 Purpose and Timing of Stakeholder Engagement Program

The Stakeholder Engagement Program for the GD2RP project is designed to create a structured and proactive approach to managing interactions with stakeholders throughout the project's life-cycle. It aims to ensure that the project's objectives align with stakeholder expectations, foster open communication, and promote inclusive decision-making. The program's timing is aligned with the project's various phases, from planning and implementation to monitoring and evaluation.

3.2 Proposed Strategy for Information Disclosure

Transparency plays a pivotal role in our Stakeholder Engagement Program for the GD2RP Project. The strategy for information disclosure is meticulously designed to ensure that stakeholders have ready access to accurate and timely information regarding the GD2RP Project. The strategy encompasses the following key elements:

- Public awareness campaign: A robust public awareness campaign in the project area will be initiated aiming at educating stakeholders, with a particular focus on the GD2RP, about the project's goals, expected outcomes, and their roles in the process.
- Information sharing workshops: Regular workshops will be conducted to share pertinent project-related information, update stakeholders on progress, and discuss challenges. These workshops will also provide a platform for stakeholders to pose questions and seek clarifications.
- Dedicated project website and WeChat account: A dedicated project website and WeChat account will be established, acting as a centralized hub for project updates, reports, and relevant documents. Ensuring that the website is user-friendly and accessible to all stakeholders is a top priority.
- Community broadcast and WeChat account/WeChat group: Utilizing local community broadcast stations and WeChat account/WeChat group, the project information will be disseminated to all villages in local languages.
- Information pamphlets and brochures: Create informative pamphlets and brochures, simplifying complex project details to enhance comprehension for all stakeholders.
- Exchanging meetings: Meetings will be organized to facilitate direct interaction between project representatives and stakeholders. These forums will address concerns and offer updates in an open and transparent manner.

3.3 Proposed Consultation Strategy

The proposed consultation strategy of GD2RP is geared towards proactively engaging stakeholders in the decision-making process and empowering them to contribute their insights. The strategy encompasses the following components:

- Villagers' Meetings: Regular villagers' meetings will be held to gather feedback, listen to concerns, and involve stakeholders in discussions and decision-making about project planning and implementation.

- Focus Group Discussions: Focus group discussions will be held with representatives from GD2RP and other stakeholder groups to delve deep into specific issues and identify collaboratively develop solutions.

- Participatory Workshops: Facilitative participatory workshops will enable stakeholders to actively participate in planning and decision-making processes, ensuring their voices are heard and valued.

- Surveys and Questionnaires: In different stages of GD2RP, surveys and questionnaires to stakeholders will be applied to collect structured feedback on various project aspects, providing quantifiable data to guide decision-making.

- Digital Platforms for Virtual Consultation: Digital platforms for virtual consultations will be provided to allow stakeholders who may not attend in-person meetings to actively participate.

By implementing these strategies for information disclosure and consultation, the GD2RP Project aims to ensure that all stakeholders are actively engaged and have the opportunity to shape the project's outcomes in a meaningful and inclusive manner, leading to positive impacts on their livelihoods and empowerment.

Table 1. Proposed consultation strategies

Consultation strategy	Stakeholders	Information to be shared	Information to be obtained	Frequency
Villagers' Meeting	Villagers	Project information	Villagers' feedback, decisions	When necessary
Focus Group Discussions	Relevant representatives from GD2RP and other stakeholder groups	Issues raised during project process	Information from different stakeholders, relevant coping strategies	When necessary
Participatory Workshops	Representatives from GD2RP and other stakeholder groups	Information related with the issue for decision-making	Concern from different stakeholders	When necessary
Surveys and Questionnaire	Villagers, cooperatives, and enterprises	Project information	Project progress, outputs, outcomes	Annual survey, Three rounds questionnaire (base-line, mid-term and end-line)
Digital Platforms for Virtual Consultation	who may not attend in-person meetings			As appropriate

4. Responsibilities for Implementing Stakeholder Engagement Activities

Stakeholder engagement process will be upheld by dedicated team, with specific roles and responsibilities. The gender and youth coordinator, along with the Monitoring and Evaluation (M&E) Officer at both provincial and county PMOs, will provide essential information for decision-making to achieve the objectives outlined in this Strategy.

The implementation of stakeholder engagement plan will ensure IFAD's core targeting approach, by targeting smallholder farmer households including vulnerable smallholder farmer household,

being a vehicle for women's transformation through providing them increased opportunities for income and employment in manner that is gender sensitive and empowering for them, and integrating rural youth along the selected value chains.

The PMOs will establish effective communication channels to engage stakeholders and maintain an up-to-date stakeholder database. Furthermore, the PMOs will organize and facilitate stakeholder meetings, workshops, and consultations, ensuring their seamless execution. The PMOs will also be responsible for communicating project updates, progress, and relevant information to stakeholders on a regular basis. Additionally, the PMOs will address stakeholder feedback and incorporate it into project decision-making processes.

Implementation arrangements at the provincial level will possess the capacities for planning, procurement, financial management, monitoring and evaluation, interdepartmental coordination, managing basic implementation structures in decentralized locations, and designing participatory local community operations manuals, among other functions.

5. Grievance Redress Mechanism (GRM) for the GD2RP Project

IFAD requires to adopt an easily accessible grievance mechanism at project-level in order to receive and resolve concerns and complaints of people who may be adversely affected or potentially harmed by IFAD-supported projects that fail to meet the SECAP Standards and related policies. Furthermore, IFAD requires that project-affected people are informed about the existence and functioning of this mechanism in any easily understandable form and language, and to integrate it into the overall community engagement strategy. The grievance redress mechanism should incorporate existing formal and informal grievance mechanisms, strengthened or supplemented as needed for each specific project, and in proportion to the expected risks and impacts of the project. Project-affected people may use the grievance mechanism without retribution or reprisal, and the grievance mechanism should not impede access to other judicial or administrative remedies available under national law or through existing arbitration procedures or other accountability mechanisms.

Building on existing Gansu Provincial policies and practices on information disclosure and grievance redressal, and also building on existing GRMs at community and enterprise GRMs, GD2RP will adopt an easily accessible grievance mechanism at the project-level to receive and resolve concerns and complaints of people who may be adversely affected or potentially harmed by the project or harbour any grievance in terms of their participation, any negative fallout or impact, etc. The community grievance redress mechanism (GRM) consists of four levels: firstly, grievances are reported directly to the relevant PIUs to seek a solution; second, grievances are reported to the village or community committee for address; thirdly, grievances are reported to the township government or sub-district office for coordination and address; fourthly, grievances are reported to the county RRBs or the county head's hotline/mailbox, etc., which includes a mechanism of collection, initiation within 7 days, and solving within two months. In addition, residents can resolve more serious disputes through civil actions at court. In general, the GRM is normative and effective. An enterprise GRM basically has two aspects: First, workers' grievances: Workers' grievances are handled through a three-tier labor dispute resolution mechanism, namely, the enterprise labor disputes and redressing mechanism, the township government's labor dispute mediation center and the county government's labor mediation center. On the enterprise level, workers can seek a solution through the enterprise/factory manager mailbox, or the trade union. If any dispute cannot be addressed satisfactory, the worker can go through the government mediation mechanism, or seek solution by labor arbitration. Second, the enterprise sets up an external relations department, and assigns a contact and a telephone number to collect complaints and suggestions from the public.

The Project will establish a Grievance Redress Mechanism (GRM) designed to seek/generate feedback from and to project stakeholders and address/ respond to grievances, problems, issues or complaints related to project activities and project environmental and social performance. The Project will ensure through the GRM that all project stakeholders will be aware of their rights to access and/or will have access to the GRM at all project management levels, which will be

provided in a transparent manner free of costs and without fear of reprisal or retribution on the part of aggrieved parties. In addition, the Project's GRM will help ensure that the rights and interests of project stakeholders are protected from unforeseen lapses in said project performance and that all concerns arising therefrom in all project phases will be effectively addressed. To achieve these ends, the Project will regularly engage project stakeholders and provide them information on the processes and means of raising and addressing grievances through the GRM.

The project will follow IFAD's Complaints Procedure which ensures that appropriate mechanisms are in place to allow individuals and communities to contact IFAD directly and file a complaint if they believe they are or might be adversely affected by an IFAD-funded project/programme not complying with IFAD's Social and Environmental Policies and mandatory aspects of SECAP.

IFAD's Grievance and Redress Mechanism shall be fully explained to stakeholders during the programme's start-up workshop and to beneficiaries during the programme's activities. The complainants should first bring the matter to the attention of the County Project Management Offices (CPMOs) of the County Rural Revitalization Bureau (CRRB) or the Provincial Project management Office (PPMO) of the Provincial Rural Revitalization Bureau (PRRB). If the CPMOs or PPMO do not adequately respond, the matter may be brought to the attention of IFAD. The issue may also be brought straight to IFAD if the complainants feel they might be subject to retaliation if they bring it first to the CPMOs or the PPMO.

Grievances shall be addressed at the field level by the project team which will be the first layer of redressal mechanism. If the grievance is not resolved at the field level, it will be escalated to the PPMO and then to IFAD who will be responsible for addressing grievances related to violations of the Programme's SECAP reflecting IFAD's social and environmental policies and standards.

As provided by IFAD's Policy on prevention and response to Sexual Exploitation and Abuse (SEA, 2018), all contracts with project personnel, contractors, service providers and other third parties, that are funded with IFAD funds, must include provisions: (i) for prohibiting acts of SEA; (ii) that establish the obligation to immediately report to IFAD or the Government incidents of SEA; and (iii) that establish immediate termination of contract based on proven acts of SEA.

Likewise, all contracts with contractors and service providers and other third parties must include provisions for the protection of labour rights and working conditions.

All grievances (including reports on SEA and violations of worker rights and conditions) received and action taken to address them will be reported to the relevant CPMO, PPMO and the steering committee. The CPMOs and the PPMO shall ensure that all complaints received and actions taken are included in the progress reports to IFAD.

6. Monitoring and Reporting Strategy

Effective monitoring and reporting are critical elements of the GD2RP project. They are essential for tracking progress, identifying challenges, and ensuring transparent and efficient stakeholder engagement throughout the project's life-cycle. This section outlines the structure and approach to monitoring activities and reporting to our valued stakeholders.

6.1 Stakeholder Engagement in Monitoring Activities

Monitoring and Evaluation (M&E) system for GD2RP will be developed as a tool for effective project implementation management. The M&E system will enable IFAD, the Government and the stakeholders to monitor Project's internal performance. The objective of the tool is to collect reliable data and information for measuring performance and progress towards achievement of results; and to provide information about success and failures, so that corrective measures can be taken for successful implementation of project activities. It will be also used as a learning tool to provide information for critical reflection on project strategies and operations and supporting decision-making at various levels as a basis for results-based management. The GD2RP project understands the significance of involving stakeholders in monitoring activities to secure their ownership, accountability, and continuous feedback. To achieve this, the project will implement the following steps:

- Collaborative Monitoring Framework Development: The project will engage relevant stakeholders, including representatives from VIG, cooperatives, smallholder farmers, enterprises and other key stakeholders, in the co-creation of the project's monitoring framework. This inclusive process involves identifying essential indicators, data collection methods, and the frequency of monitoring activities.
- Participatory Data Collection: Stakeholders will actively participate in data collection exercises, surveys, and assessments. The CPMO will work closely with community members to collect data on project outcomes, impacts, and challenges encountered during implementation. This participatory approach ensures that local voices are heard and considered.
- Community-Led Monitoring: The project will encourage community-based monitoring systems. This approach empowers local communities to actively track project progress, identify issues, and report back to the PMO and relevant authorities. Local ownership of the monitoring process is central to its success.
- Feedback Mechanisms: To maintain transparency and active participation, the project will establish regular feedback mechanisms. Stakeholders will be encouraged to share their observations, concerns, and suggestions concerning project activities. This feedback will be used to address any emerging issues promptly, ensuring timely adjustments.
- Joint Review Meetings: Joint review meetings will be organized at annual survey, supervision, mid-term and completion M&E, bringing together stakeholders and the M&E team. During these meetings, progress will be assessed, findings discussed, and corrective actions or adjustments to project activities will be collaboratively planned based on the shared insights.

6.2 Transparent Reporting to Stakeholders

Transparent and timely reporting is vital for maintaining stakeholder trust and keeping them well-informed about the GD2RP project's progress. The project will implement the following reporting mechanisms:

- Regular Progress Reports: The project will prepare semi-annual and annual progress reports, detailing achievements, challenges, and upcoming activities. These reports will be widely shared with stakeholders and disseminated through various communication channels, including villagers' meetings and online platforms.
- Bidding announcement: Relevant project procurement will be publicized through various channels under the government supervision and management.
- Regular M&E reports: The project will conduct annual M&E activities according to the M&E plan, and annual M&E reports will be widely shared with stakeholders and disseminated through various communication channels, including villagers' meetings and online platforms.
- Stakeholder Engagement Platforms: The project will utilize existing stakeholder engagement forums, such as PMO WeChat official account, VIG WeChat group, etc. to provide updates project progress information.
- Online Platforms and Project Website: The project website and online platforms will serve as central repositories for project reports, updates, and relevant documents. Stakeholders will have convenient access to this information anytime and from anywhere.

By involving stakeholders in monitoring activities and providing regular and transparent reporting, the GD2RP project will build a sense of ownership, accountability, and mutual learning. These efforts will contribute to fostering stronger relationships with stakeholders and lead to more effective and sustainable outcomes for the communities and the overall success of the project.

China

**Gansu Demonstrative Rural Revitalization Project
Project Design Report**

Annex: Annex 5.3 Gd2 Rp Escmp Updated 22 July Clean

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Asia and the Pacific Division
Programme Management Department

Environmental, Social and Climate Management Plan (ESCMP) **- Gansu Demonstrative Rural Revitalization Project (GD2RP)**

1 Introduction

The government of Gansu applied for IFAD financing to the rural revitalization in the province, the request was approved by the National Development Reform Commission and Ministry of Finance.

Gansu is a western province, relatively lagging in development compared to other provinces in China. Poverty rate was at 26.5% by 2013, with 75 state designated poverty counties, 7,262 poor villages and 5.52 million poor rural people. The final eight poverty counties were declared eradication of poverty by 2020. In 2022, the per capita net income of farmers in Gansu was about CNY 12,165, about 60.5% of the national average for rural people (CNY 20,133). The most recent data indicate that total GDP of Gansu ranked 27 among the 31 mainland provinces/municipalities, while per capita GDP ranked at the bottom of the list. Agriculture sector contributed to 45% of rural household income in Gansu during 2020.

Gansu still faces many challenges in the process of realising the rural revitalization strategy. The rural economy is still dominated by agricultural production with its quality still unstable and in low level of intensification and vulnerable to environment and climate related impacts. Market circulation is lagging and operates under insufficient logistics infrastructure. Business model is simple and lack of specialization and modern technology. Living space of vulnerable groups is marginalized, degraded environment including water shortage and low greening rate are ubiquitous in rural areas. Rural living infrastructures are still in its infancy. Rural governance system and capabilities need to be strengthened to better implement the Rural Revitalization Strategy.

The *Gansu Demonstrative Rural Revitalization Project (GD2RP)* was designed based on initial proposal from Gansu and finalized through two design missions by IFAD in 2023. Through the missions the main framework and the types of project interventions were defined, but the scale and specific sites for such detailed level activities are subject to final determination along with the implementation. In addition to financing public infrastructure and capacity building activities, the project will adopt business plan approach by investing for feasible pro-poor agribusiness proposals to benefit and reach out to target groups. This however left investment activities somewhat unspecified, posing some challenge for specific ex-ante SECAP risks assessment. The ESCMP is developed based on the mission consultations, literature review and additional information provided by stakeholders in Gansu.

The Gansu Demonstrative Rural Revitalization Project (GD2RP) will be implemented by the Provincial Rural Revitalization Bureau (PRRB) of the Department of Agriculture and Rural Affairs (DARA) of Gansu Province in China. A Provincial Project Management Office (PPMO) will be set up in PRRB/DARA. Similarly, County Project Management Office (CPMO) will also be set up in county Bureau of Agriculture and Rural Affairs (BARA) with similar staffing structure, whereby officers responsible for SECAP related matters could be seconded from the line agencies such as the county WF and Environment Bureau. A senior leader from the DARA/BARA shall be appointed as the PMO Director for the project, for overall management and coordination. Short-term technical assistance may be procured through a consultant or service provider when required. Relevant technical bureaus in the counties will also be mobilized to support implementation of the related project activities.

2 Project description

The goal of the GD2RP is to contribute to the consolidation of no poverty (SDG1) and no hunger (SDG2), and food security with innovative and scalable good practices and reference.

The development objective is to support the country’s ongoing Rural Revitalization by piloting inclusive and innovative business models that promote sustainable and climate-resilient agriculture and building community adaptive capacities (SDG 11), thus facilitating the adoption of green and resilience concepts in rural revitalization in the project area of Gansu Province. The main target groups of the project will be smallholder farmer households especially women, youth and ethnic minorities who will be aggregated / linked to cooperatives, enterprises involved in the project. A special effort will be made to ensure that women farmers are part of the decision making and that women led cooperatives and enterprises, and women entrepreneurs have preferential access to training, production inputs and access to markets. A gender strategy has been detailed and included as part of the design. An inclusive targeting strategy will also apply with sensitivity for youth and ethnic minorities, where youth entrepreneurship and employment in the value chains will be promoted.

Project area. Five counties (out of the total 86 counties/districts and county-level municipalities in the province) have been proposed by the Government as project counties, they are Tianzhu County in Wuwei Prefecture, Jingtai County in Baiyin Prefecture, Huating Municipality in Pingliang Prefecture, Maiji District in Tianshui Prefecture, and Weiyuan County in Dingxi Prefecture.

Table 1. Project area of GD2RP

Prefecture	Wuwei 武威	Baiyin 白银	Pingliang 平凉	Tianshui 天水	Dingxi 定西
Counties	Tianzhu 天祝	Jingtai 景泰	Huating 华亭	Maiji 麦积	Weiyuan 渭源

In five project counties/districts/municipality, the ethnic minorities take 4.8% of total population, among them, 75.6% live in Tianzhu County and Huating Municipality. Tibetan, Hui and Tu are major ethnic minorities in Tianzhu County and Huating Municipality.

Targeted beneficiaries. The project has the potential of directly serving and supporting 108,000 rural households, extending its benefits to a total of 351,500 individuals. Female direct participation is estimated at more than 50%, youth at 30%. Special attention will be given in the project targeting in order to include the ethnic minorities.

The project will continue IFAD’s core targeting approach in the country, by applying the ongoing geographic and inclusive targeting strategy in the selection of vulnerable and disadvantaged target groups. Vulnerable smallholder farmer households in the project areas are constituted of five categories: (i) households of subsistence allowance, (ii) households of marginal subsistence allowance, (iii) households with extremely difficulty households, (iv) former registered poor households under continued monitoring, and (v) low-income households. The project will primarily target the former registered poor and the low-income segments, which remain vulnerable and risk falling back to poverty once natural and socio-economic uncertainty takes place and external shocks occur. While the overall project’s inclusive targeting will apply, differentiated and some exclusive targeting will be introduced in some of the project interventions, mainly in relation to activities under component 1 while addressing needs of women, youth and other identified target segments. Former registered poor, low-income, women, and youth will therefore be the primary participants and beneficiaries of the project alongside other smallholders in the areas of their production and marketing organizations, capacity building and income generating activities of diversification, rural labour skill transformation, and community-governed management set-up. Special needs of ethnic groups, and elderly will also be addressed where applicable, particularly in capacity building and community-based services.

Project component consists of two technical components namely: **Component 1** – Sustainable green agricultural development, and **Component 2** – Building community resilient capacities, supported by a Component of Policy and institutional capacity building.

Component 1 of Sustainable green agriculture will promote and safeguard the socio-economic inclusiveness in the middle of agricultural modernization and Rural Revitalization, while green technologies will be introduced to support the agriculture's market-led and industrialized transformation and productive capitalization. Three subcomponents were designed in support, entailing related technical interventions and investments.

Subcomponent 1 – Inclusive support to smallholder farmers aims to reach the most disadvantaged segments of the project's target group through several tailored interventions, so that the smallholder farmers will participate in the agriculture and rural development sector through their grassroots organizations such as farmers' cooperatives, Village Collective Economic Development Cooperatives, family farms and small agro-enterprises. Women and youth will benefit from differentiated support and access to development opportunities.

Activity 1.1.1 – Production and processing upgrade (PPU) of grassroots agribusinesses. This investment aims to strengthen the smallholder farmers' market negotiation power by supporting their production and marketing organizations such as cooperatives, REDC, family farms and village-based small agro-businesses through Business Plans co-financed to support production improvement, processing, storage and logistics and marketing activities,

Project support may include: (i) improved quality and quantity of agricultural inputs such as stress-tolerant seeds, organic fertilizers, bio-pesticides, (ii) precision or smart irrigation equipment for sustainable water management such as drip and mist systems; (iii) equipment and materials for processing, packaging, branding the provide value addition and diversification of agricultural products, with emphasis on environmental friendliness and recycling; (iv) technical training, access to specialized extension services, agri-insurance, participation to agricultural trade fairs and access to e-commerce. Civil work-related expenditures will not be eligible.

Activity 1.1.2 – Women-led courtyard economy. Project counties will support the rural households to use their own courtyard space especially the idle land to grow or breed various crops, fruit trees, flowers, medicinal herbs, poultry, livestock, etc. according to local natural conditions and market demand, forming a combination of a variety of products to improve the added value and competitiveness of products. It is part of the coping strategy of diversifying and increasing farmers' income therefore their livelihoods. The project will put emphasis on active women's participation in undertaking the related income generating activities (IGAs), therefore the accounted participants of project-related courtyard economy should be in large majority female.

Activity 1.1.3 – Capacity building, diversification. The project will provide tailored technical training on climate change adaptation and income diversification to smallholder farmers. Women participants will constitute the majority part of related training activities, given their increasingly important roles in climate change adaptation and on-farm and off-farm diversification.

Activity 1.1.4 – Women and youth entrepreneurship. Rural women and youth will be supported to become future entrepreneurs, to create jobs not only for themselves but also for the others, contribute to the reduction of social and economic vulnerability, foster innovations, and promote gender equality and youth active participation in agriculture and rural development. However, they need more tailored support and opportunities to overcome the barriers they face and to unleash their full potential. Potential entrepreneurs will be

screened through the training and supported to draft and propose a business start-up proposal for the project grant financing.

Activity 1.1.5 – Agri-insurance will be promoted in the GD2RP in view of the rising needs for agri-insurance in rural area. The operation mechanism of Gansu agricultural insurance will be jointly participated by the government, insurance companies and farmers, each performing its own duties and sharing risks. The project was expected to promote the agri-insurance through its awareness building and technical training as well as insurance premium subsidy to the farmers, benefiting around 108,000 households during the project life.

Subcomponent 1.2 – Eco-friendly transformation aims to promote the adoption of green and modern technologies, so that the introduced technologies, practices, and business models in the process of transformation will not compromise the protection of eco-environment while searching improved efficiency, quality, competitiveness, and diversification.

Activity 1.2.1 – Adoption of green technologies and market access. Under this activity, the public and private agro-enterprises will be supported to upgrade their capacities with emphasis on the adoption of green technologies by using renewable energy; managing, conserving and protecting the natural resources; reducing waste and pollution and enhancing environmental quality. Some examples of applicable green technologies in the project area relate to solar-powered irrigation systems, precision farming practices, organic farming, agroforestry, and integrated pest management. These technologies can help the agro-enterprises under transformation and the participating farmers increase productivity, reduce costs, improve incomes, and protect the environment. There are also expressed needs for support to: access to e-commerce, promotion of on-farm and off-farm digital technologies such as for bee farming, energy-saving greenhouses for extended production seasons, upgrades in capacities of post-harvest management, localized seed and nursery including fungus culture cultivation and fungus stick provision, storage capacities for prolonged product life and better market premium.

Activity 1.2.2 – Agro-ecotourism aims to provide economic, social, and environmental benefits for the local communities and the visitors by combining agriculture, nature, and culture in a sustainable way. The project financing will support activities such as: (i) capacity building and process for participative and inclusive planning and management; (ii) training for village residents in tourism service knowledge and skills; (iii) protection and rehabilitation of village farmland and cultural heritage as part of the scenery, (iv) small equipment and facilities related to the demonstration of rural and agricultural life, especially in the preservation of traditional knowledge, public awareness building on environmental protection and food security.

Subcomponent 1.3 - Public productive infrastructures. This sub-component will support improving and expanding the public infrastructure systems in the productive development through a combination of physical improvements, institutional strengthening and technical assistance to expanding high standard farmland and improve saline land, sustainable irrigation system, improve road access, enhance market trade, processing and storage capacities. This would contribute to improving agricultural productivity, agricultural diversification, and climate resilience in the project area.

Activity 1.3.1 - Sustainable irrigation.The project will (i) assist in the development and improvement of the irrigation water supply system (e.g. canals), water harvesting and water source facilities (e.g. water ponds and water pools), and pumping stations and delivery systems (e.g. Water pipelines to provide irrigation water to agribusiness entities and farmers and drinking water to certain villages. This would contribute to improving agricultural productivity, agricultural diversification, and climate resilience in the project area; and (ii) support selected cooperatives, in areas with periodic water scarcity, in the development of a

digital water monitoring and management system that would allow for continuous adaptation of irrigation systems and optimization of water use.

Activity 1.3.2 - Construction of high standard farmland. The project will enhance Land levelled, fertility improved, strong resistance to disasters with good and stable yields. Research and development, combined with demonstration and training of od cooperatives and agricultural enterprises, are part of this activity.

Activity 1.3.3 - Improvement of saline-alkali land. The project will provide assistance to saline-alkali land through the construction of drainage system, including main and branch ditch and ancillary building. Managing the water table and groundwater replenishment helps to prevent salt mobilization and accumulation.

Activity 1.3.4 - Production-linked road. The project will facilitate the development and improvement of village and production roads, which will serve both agribusiness entities and village farmers.

Activity 1.3.5 - Enhancement of market trade, processing and storage capacities. The project will assist in establishing agricultural products market trading and logistics center, processing and packaging workshop, and cold storage.

Component 2 – Building community resilient capacities aims to build the community-based well-being assets and capacities as integrated part of the improved rural livelihoods under the ongoing Rural Revitalization. While government-funded programmes will provide the majority of investments in support, IFAD will invest in the assurance non-productive capacities adapted to related green technologies, and encouraging the pursue of innovations in community-governed management models.

Subcomponent 2.1 – Participatory planning and good governance. This intervention will support the Gansu government’s guiding principle in the good governance of Rural Revitalization, especially regarding giving play to the basic role of villages’ self-governance.

The project will finance the participatory process of village planning, and defining and implementing the good governance, which should result at least in activity and budget planning of village-level investments and activities including these under the project’s subcomponent 2.2. .

Sub-component 2.2: Climate-resilient community infrastructures and service facilities. This subcomponent will address some of the gaps in the current infrastructure system in the project area, which may limit or constrain the implementation of the proposed project activities: incomplete rural road network, lack of safe drinking water, sewage and solid waste systems, and renewable energy.

The sub-component will support building climate-resilient community infrastructures. All infrastructures that are supported under this sub-component will be climate-resilient communities. Key activities under this sub-component include:

Activity 2.2.1 - Improving and developing safe drinking water supply system.

Activity 2.2.2 - Rural sewage treatment and garbage disposal. The project will assist in the construction and upgrading of wastewater treatment networks to improve the water quality of the rivers and facilitate recycling, eco-environment friendly community liquid and solid waste management. Different technologies are utilized and will depend on the local environment, the availability of resources and the cost of implementation.

Activity 2.2.3 - Application of clean and renewable energies. The project will support the use of solar street lights and the replacement of coal with electricity or natural gas for heating, cooking, and bathing.

Solar power can be used in some instances to reduce greenhouse gas emissions, reduce operational costs, and provide reliable and clean energy for remote areas. Coal will be replaced with electricity or natural gas for heating, cooking, and hot water.

Activity 2.2.4 - Flood-control and disaster-prevention infrastructures. The project will support dredging river channels and improving river banks, using ecological seepage prevention technology to strengthen the banks and raise the height of the banks, raising the standard of embankments from once every 10 years to once every 20 years.

River embankments will be strengthened to avoid soil bank erosion, flooding of outer bank fields and damage of infrastructure near the river. Gabion mattresses will be installed that are eco-friendly and more durable than concrete lining. The height of the banks will be determined based on the maximum observed river level.

Activity 2.2.5 - Supporting infrastructures' operation & maintenance (O&M). The project will support (i) the establishment of and strengthening of O&M organizations; and (ii) the implementation of any necessary environmental and social safeguards.

IFAD's investment would focus on the following activities in order to promote the adoption of climate resilient adaptation measures, the improvement of the environment and the use of renewable energy: 1) climate-resilient activities, such as irrigation and drainage projects in the construction of high-standard farmland. 2) Safe drinking water projects and flood control and disaster reduction projects. 3) application of clean and renewable energies activities. Other public infrastructure activities in the project are proposed by Government investment.

The Social and Environmental Risk Category for the Gansu project is rated as Moderate, following the results of the Environmental and Social Safeguards Screening Checklist. The project will invest in activities that are limited in scale, i.e. mostly small-scale farm-level activities as opposed to larger infrastructural developments. Yet the broad ranges of activities and value chains to be supported under the integrated farming approach increase the number of areas of risk, and therefore the overall risk profile is rated as moderate. The Environmental, Social and Climate Management Plan (ESCMP) is developed to ensure the environmental and social risks of the project are consistently identified, assessed and managed during project implementation.

For Gansu project, the identified social and environment risks involve resource efficiency and pollution prevention, community health and safety and project areas in presence of indigenous communities. The ecological environment condition in project area is compared; the ecological environment quality of Tianshui prefecture in the project area is "good", the ecological environment quality of Baiyin prefecture, Pingliang and Dingxi prefectures as "average", the ecological environment quality of Wuwei prefecture as "fair"; no "excellent" and "poor" categories. In summary the PCN findings are:

- Low likelihood of impacts to biodiversity by project interventions;
- Resource efficiency and pollution prevention measures are to be well taken into consideration in project concept;
- The project activities will not affect Cultural Heritage
- Labour and Working Conditions are highly regulated and there is minimal likelihood of violation or deviation;
- Indigenous peoples or ethnic minorities in the context of China will be properly taken care of, mostly with preferential policies and support programmes specially made by governments;
- Community health and safety will be ascertained in line with relevant policies and institutional arrangements in place;
- No evidence that the project activities would result in physical and economic resettlement;

- Financial intermediaries and direct investments will be highly regulated to minimize the risk of investment risk.

Areas of moderate risk as identified through the screening exercise include, amongst others: non-environmentally sustainable of living natural resources; inputs of fertilizers and other modifying agents; use of pesticides; increases in traffic and alteration in traffic flow. For each of the identified risks, corresponding measures will be included in the ESCMP to avoid occurrence and to minimize any negative impact.

The climate risk classification for this project is moderate. As the project will be implemented in six counties which are defined as arid and semi-arid areas, the exposure to climate-related hazards is identified and includes drought, flooding, low temperature, and hail disasters. Drought disasters accounted for 67.4% of the climate-related disasters; flooding disasters accounted for 10.6%; low temperature disasters accounted for 9.7%; wind and hail disasters accounted for 3%. These climate-related disasters led to apparent damage and loss in the project areas in past decades. Based on future climate scenarios foreseen, climate hazards will change apparently in different regions. The project will be exposed to climate related hazards. The sensitivity and vulnerability will be cut down with the project activities implement. The adaptive capacity and climate resilience in project area will be significantly improved. The risks can be remedied through appropriate preventive or mitigation measures with the implement of project activities. Focus on key areas and vulnerable populations, hazard identification, monitoring, early warning, and emergency preparedness for areas affected by natural disasters would be implemented, which threatened by drought, flooding, low temperature, wind and hail disasters. Water-saving irrigation technologies would be utilized in the project to reduce the loss from drought hazards. Renovation and upgrade of embankment would low down the flooding risk on crop farming and ecology system. Agricultural meteorological index insurance would be used to address the risks of climate change and reduce farmers' losses, especially in the fields of livestock farming and crop cultivation.

3 Institutional and legal framework

3.1 Legal and institutional framework for the project

Including national laws, regulations and thresholds in relation to relevant environmental, social and climate issues; obligations of the country directly application to the project under relevant international treaties and agreements; and, other relevant standards of other donors and development partners.

i. Climate

Climate institution. The Ministry of Ecology and Environment (MEE) is responsible for designing and monitoring national climate policies. The Department of Climate Change Response is responsible for climate policy implementation. The Gansu Meteorological Bureau is responsible for providing early warning of meteorological disasters and providing agricultural meteorological services in this project.

Climate policy: In 2020, President Xi Jinping proposed that China would reach the peak of carbon dioxide emissions by 2030 and make carbon neutrality come true by 2060 at Climate Ambition Summit^{1,2}. In 2022, Ministry of Ecology and Environment issued National Climate

¹ Chai Q M, Fu S, Qi Y, et al. Evaluation on the Paris Agreement work program and prospects for global climate governance [J]. *Climate Change Research*, 2020 (2): 232-242.

² Wang H C, Wang Y J. The change and prospect of China's science and technology policy on adaptation to climate change[J]. *Science & Technology Progress and Policy*, 2021, <https://kns.cnki.net/kcms/detail/42.1224.G3.20210827.1621.012.html>.

Change Adaptation Strategy 2035 (Second Strategy) which includes four type of adaptation measures: 1) strengthening climate change monitoring, early warning and risk management, 2) improving the ability of adaptation of natural ecosystems, 3) intensifying the resilience of economic and social systems to adapt to climate change, 4) establishing a regional pattern of adaptation to climate change. For agriculture sector, the significant actions are proposed, such as strengthening monitoring, early warning, and disaster prevention and reduction measures, improving the adaptability of the planting industry, guiding the rational development of livestock, poultry, and aquaculture industries, strengthening guarantee system. In line with such, Gansu Province implemented the National Plan to Address Climate Change (2014-2020) in 2015, which proposed to improve the adaptability of agriculture and forestry. Firstly, in terms of planting industry, it would accelerate the efficient and water-saving transformation of the main irrigation areas in Hexi and along the Yellow River, vigorously promote water-saving irrigation, rainwater harvesting and supplementary irrigation, agricultural water-saving, dry farming and conservation tillage technologies. Adjust crop variety layout and planting system according to climate change trends, and moderately increase the multiple cropping index. Secondly, strengthen the construction of disaster prevention and reduction system. One is to strengthen the construction of prediction and comprehensive early warning systems. Intensify the collection of basic information, establish a basic database on climate change in Gansu Province, and strengthen the prediction and prediction of climate change risks and extreme climate events. Carry out climate change risk analysis in agriculture, forestry and other departments and fields, establish extreme climate event warning indices and level standards, and achieve the sharing, sharing, and effective transmission of various extreme climate event prediction and warning information.

ii. Biodiversity and environment

Biodiversity protection. In order to protect the diversity of ecosystems, the *Regulations on Nature Reserves in Gansu Province* have been issued. The *Regulations on Wetland Protection in Gansu Province* are implemented to protect species diversity. In order to protect genetic diversity, the implementation of the *Opinions on Further Strengthening Biodiversity Conservation in Gansu Province* have emerged. Gansu Province is working out a policy document on biodiversity conservation called "Gansu Province Biodiversity Conservation Plan". Gansu Province's 14th Five Year Plan for Ecological Environment Protection sets a series of goals. By 2025, the Ecological Quality Index will remain stable and improving, the forest coverage rate will remain stable at over 12%, and the proportion of ecological protection red line to national land area will not decrease. Orderly promote the background investigation of biodiversity, systematically evaluate the distribution, quantity, and richness of rare and endangered species, protected species, and invasive species. Build a biodiversity conservation network, improve the in situ conservation spatial network system, and construct ecological corridors conducive to species migration and gene exchange. Strengthen the protection and restoration of wildlife and their habitats, implement rescue conservation projects for endangered wildlife and plants, and fully incorporate rare and endangered wild populations and habitats into the protection scope. Strengthen the environmental safety management of genetically modified organisms and explore the establishment of a regulatory system for the acquisition and benefit sharing of biological genetic resources. Improve the level of prevention and control management of invasive alien species.

Environmental and social safeguards. China legal framework for environmental protection and pollution control consists of more than 80 laws, 120 departmental bylaws, more than 1,000 technical guidelines and standards, and numerous local regulations. It is run under an institutional structure led by EEBs and assisted by multi-sectoral authorities. The "Environmental Protection Law of the People's Republic of China" provides fundamental legislation, stipulating basic requirements on environmental management that were considered satisfactory in World Bank latest review of environmental management system:

The World Bank considered that the institutional arrangement was rational, with sufficient staffing, sound implementation mechanism, public consultation and information disclosure, etc. The world bank assessed that the system is capable to prevent activities from seriously affecting natural habitats and promote sustainable ecological conservation. Notably the following measures are worth noting in connection with project activities:

- **Ecological protection redlines** set in areas of ecological significance, environmental sensitivity, or vulnerability (human activities prohibited in core areas development and production construction activities are strictly prohibited in general control areas),
- **Environmental Impact Assessment**, with principle of "Three Simultaneousness" (The pollution prevention and control facilities of a construction project must be designed simultaneously, constructed simultaneously, and put into operation simultaneously with the main components of the project).
- **Pollutant discharge permitting**³ and **Solid Waste Pollution Prevention and Control Law** (amended in 2020) by which entities that generate, collect, store, transport, utilize, treat, or dispose of solid wastes should timely disclose information on pollution control. Entities that generate bamboo processing waste or other waste should promote recycling or other measures to prevent environmental pollution.
- **Ecological Environment Protection System is regulated by different law**, Water and Soil Conservation Law (2010 Amendment) ensures that project planning for work over 0.5 ha or earthwork or stonework over 1,000 m³ requires a water and soil conservation form or report to prevent soil erosion, Wild Plants Protection Regulations (2017 Amendment) to mitigate impact on local wild plants which shall be assessed in EIA and which prohibit illegal collection of wild plants.: If a construction project may have adverse impacts on growing environment of national or local protection wild plants, the PIU must ensure the impacts be assessed appropriately in the EIA. Any entities or individuals are prohibited to illegally collect wild plants or damage their growing environment.

iii. Specific laws guiding infrastructure

Rural Revitalization Promotion Law (2021) guides the overall scope and purpose of the project: Rural revitalization should include ecological protection in terms of conserving resources (e.g., water saving, energy saving), controlling NPS pollution (e.g., reduction of fertilizer and pesticide), improving rural living environment (e.g., sanitary toilets, rural domestic solid waste sorting and management, rural domestic wastewater treatment), improving safety of cropping inputs (e.g., prohibition of highly toxic and high residue pesticides), and protecting rural environment (e.g., recycling of crop straw, and utilization of livestock and poultry manure), etc

Road constructions is guided by various standards: National standard: Technical code for village road engineering (GBT_51224-2017), National standard: Well-facilitated farm land construction—General rule(GB/T 30600-2022) Ministry of transportation standard: Design Specifications for Low Volume Rural Highway Engin (JTG/T3311—2021). Such different standards include several environmental requirements which are included in the ESMP/F:

- The selection of road routes should reduce the impact on the ecological environment, save land resources, avoid bad geological areas, avoid high filling and deep digging, prevent soil erosion, and protect the environment.
- Adapt to local conditions and terrain.

³ Enterprises and public institutions subject to pollutant discharge permit management should discharge pollutants according to the pollutant discharge permit, and pollutant discharge is prohibited without qualified discharge permits.

- Demolition of farm houses and occupation of arable land should be minimized as much as possible.
- Encourage the use of green materials and processes, build ecological canal systems, buffer zones, etc., to reduce adverse impacts on the environment.
- If the original road can be used, it should be maintained and utilized as far as possible, and the repaired road should meet the corresponding design standards.
- New roads should be arranged along irrigation, drainage channels and field edges to reduce crossing buildings.
- On the main, branch canal, the top of one side can be widened as a road.
- For production roads in the farm, the pavement should use sand, mud, plain soil pavement and other permeable pavement. In heavy rainfall areas, concrete pavement can be used.

High standard farmland construction is guided by various standards: General rules for the construction of high standard farmland, High standard farmland construction standards, Technical specifications for high standard farmland construction are jointly regulating the high standard farmland construction. During the construction of high standard farmland, field remediation project, irrigation and drainage engineering, field road engineering, farmland protection and ecological environment protection engineering, farmland power transmission engineering, farmland fertility improvement project are regulated and proposed to be implemented. National High Standard Farmland Construction Plan 2021-2030 is issued in 2021. Through new construction and renovation, strive to prioritize the effective irrigation area of large and medium-sized irrigation areas into high standard farmland, ensuring that 1 billion acres of high standard farmland will be built by 2022, thereby stabilizing the production capacity of over 1 trillion kilograms of grain. By 2025, 1.075 billion acres of high standard farmland will be built and 0.105 billion acres of high standard farmland will be upgraded, which are used to stabilize and ensure a grain production capacity of over 1.1 trillion kilograms. By 2030, 1.2 billion acres of high standard farmland will be built, and 280 million acres of high standard farmland will be renovated and upgraded, in order to stabilize and guarantee grain production of over 1.2 trillion kilograms. By 2035, through continuous transformation and improvement, the national standard farmland ownership and quality will be further improved, green farmland and digital farmland construction models will be further popularized, supporting the further improvement of food production and important agricultural product supply capacity, and forming a higher level, more efficient, and more sustainable national food security guarantee foundation.

Irrigation and drainage of farmlands are guided by various regulations: Technical standards for water-saving irrigation engineering, Design Specification for Irrigation and Drainage Engineering, Technical specifications for micro irrigation engineering, Technical specifications for irrigation area renovation, Technical specifications for pipeline irrigation engineering, Water quality standards for farmland irrigation are jointly regulating the construction of irrigation and drainage of farmlands. Implementation Plan for Water Conservation Action in Gansu Province proposes that combining the development of efficient agriculture, Gobi agriculture, and characteristic agriculture, encourage new business entities such as farmer professional cooperatives and family farms to promote intensive and large-scale land management through land transfer, and promote water conservation and efficiency enhancement in agriculture. Steadily promoting the water-saving transformation and improvement of small-scale irrigation areas, and promoting efficient water-saving irrigation on a regional scale. Strengthen the water-saving efforts in the field, carry out refined management of agricultural water use, promote technologies such as sprinkler irrigation, micro irrigation, low-pressure pipeline irrigation, rainwater collection and supplementary irrigation, integrated water and fertilizer, and covering for soil moisture preservation. In irrigation areas with high automation level, high efficiency and water-saving proportion, and advanced management, pilot IoT integrated water and fertilizer technologies such as

automatic soil moisture measurement irrigation, automatic nutrient monitoring and fertilization, and automatic control.

Construction of water supply and diversion pipeline network are guided by various regulations: Regulations of the People's Republic of China on Urban Water Supply, Law of the People's Republic of China on Land Administration, Management Measures for Urban Water Supply and Use, Gansu Modern Water Network Construction Plan, Regulations for Preparation of Feasibility Study Reports for Hydroelectric Engineering, Design code for hydraulic concrete structures, Code for design of slopes in water conservancy and hydropower engineering, Specification for Environmental Impact Assessment of Hydroelectric Engineering are jointly regulating the construction of water supply and diversion pipeline network. Gansu Province's 14th Five Year Plan for Water Conservancy Development proposes that by 2035, a water conservancy support and guarantee system that is in line with the requirements of economic and social development and ecological civilization construction will be basically established. The system for rational allocation and efficient utilization of water resources will be further improved, and a comprehensive water network pattern of multi-source mutual assistance, interconnection, and coordinated allocation will be basically formed. The ability to respond to orderly, strong security, and controllable risks in flood control and disaster reduction will be significantly enhanced.

Construction of greenhouse are regulated by a series of laws and specifications: Load code for agricultural greenhouse structures, Design Specification for Greenhouse Ventilation and Cooling, Ethylene vinyl acetate copolymer (EVA) blown greenhouse film for agricultural use, Code for Construction and Acceptance of Concrete Structures, Code for Design of Masonry Structures, Technical conditions for solar greenhouses, Environmental conditions of pollution-free food and vegetable production areas, Technical standards for the construction of solar greenhouses, Technical specifications for design, construction, and acceptance of greenhouse foundation, Construction regulations for energy-saving sunlight greenhouses in cold regions are jointly regulating the construction of greenhouse. Gansu Province's 14th Five Year Plan for Promoting Agricultural and Rural Modernization proposes that the Hexi Corridor focuses on developing ecological agriculture in the Gobi region, as well as vegetable bases for supplying ports and the Greater Bay Area. The central and Yellow River irrigation areas focus on developing open plateau summer vegetables and off-season vegetables in sunlight greenhouses. The Wei River Basin focuses on developing spring early and autumn delayed vegetables planted in high standard steel frame greenhouses in the Sichuan Province. The Jing River Basin focuses on developing open plateau summer vegetables and high standard steel frame greenhouses vegetables. The "Two Rivers and One Water" Basin focuses on developing spring early and autumn delayed open field leafy vegetables and cool vegetables.

The Laws and specifications have requirements and regulations on the construction of agriculture industry infrastructure. Unified standard for civil building design, Code for Fire Protection Design of Buildings, Energy saving design standards for public buildings, Green building evaluation standards, Unified standard for reliability design of engineering structures, Code for Seismic Design of Buildings, Code for Design of Building Foundation, General Specification for Engineering Survey, combined with Law of the People's Republic of China on Land Administration⁴, Implementation Regulations of the Land Management Law of the People's Republic of China (2023 Amendment)⁵, are jointly regulating agriculture industry infrastructure. During the construction of agriculture industry infrastructure, measures should be taken to save water, energy, nature resources, and prevent environmental pollution, natural disasters such as soil erosion and landslides. In order to enhance the ability of natural

⁴ 中华人民共和国土地管理法 <http://www.npc.gov.cn/npc/index.html>

⁵ 中华人民共和国土地管理法实施条例 https://www.gov.cn/zhengce/content/2021-07/30/content_5628461.htm

resource services to ensure the use of land for rural revitalization, the Ministry of Natural Resources has formulated the "Rural Revitalization Land Policy Guidelines (2023)"⁶.

iv. Social regulations and land tenure

Labor: The Department of Human Resources and Social Security of Gansu Province has formulated regulations and policies to safeguard the labor security rights and interests of workers. **Social safeguards** are conducted to protect workers' life safety and health. Enterprises provide safety training and education to new employees, so that they understand the company's safety production rules and regulations and operating procedures, and acquire necessary safety knowledge and skills. Enterprises establish a safety production archive management system to record various activities and achievements of safety production work, providing reference and lessons for future safety production work. Enterprises follow the labor rights protection law, giving equal employment rights to female workers and prohibiting gender discrimination.

Displacement and compensation: People that will need to provide the land will have to be compensated by Law of the People's Republic of China on Land Administration. The compensation standards for land expropriation include compensation for the loss of production and business caused by the expropriation of houses. Under the principle of the national unified guarantee of the basic living standards and property rights and interests of the expropriated farmers, each province and city formulated specific compensation standards for road construction according to the different levels of local economic development.

v. Rural institutions and Stakeholder participation

All the Rural institutions and Stakeholder being part of the project as well as their participation/rules of engagement are detailed in the PDR Annex 5 Stakeholder engagement plan.

vi. Environmental and social governance of enterprise

Policy on ESG : In June 2018, the China Securities Regulatory Commission (CSRC) issued the *Code of Corporate Governance Guidelines for Listed Companies*, formally establishing a framework for Environmental and Social Governance disclosure. The CSRC revised its requirements for annual and semi-annual reports in 2021, requiring listed companies to disclose ESG information. On December 21, 2021, the Ministry of Ecology and Environment released the ***Measures for Enterprises to Disclose Environmental Information by Law*** to regulate enterprises' disclosure of environmental information by law. They came **into force from February 8, 2022**, requiring five types of enterprises to disclose environmental information. The five categories of enterprises are: key pollutant-discharging enterprises; enterprises that are subject to mandatory review for clear production; listed companies and their subsidiaries at all levels; enterprises that issue enterprise bonds, corporate bonds, and debt financing instruments for non-financial enterprises; and other enterprises that should disclose environmental information under laws and regulations. The ESG framework includes different types of policy covering financial institutions, instruments and business entities (CCDCC, 2023)

ESG standards and rating was introduced relatively late in China. However, an increasing number of companies are covered by domestic and international rating agencies which have emerged in China since 2015. Voluntary disclosure guidelines were published in June by the China Enterprise Reform and Development Society (CERDS) in June 2022. The recent guidance is comprised of three tiers of indicators with corresponding metrics to each tier, with

⁶ <http://gi.mnr.gov.cn/202311/P020231129420620076449.pdf>

ten second-level indicators, 35 third-level indicators and 118 fourth-level indicators. Most of the indicators align with ESG issues highlighted in international disclosure standards and IFAD standard 8, including review of consumption of resources & pollution, climate change, pollution, labor rights, community engagement, risk and disaster management, disclosure and stakeholder engagement mechanisms (see detailed review in Annex 2)

Disclosure requirements and trends are expected to increase, including regarding carbon to meet **three major carbon milestones** for 2025, 2030, and 2060 for China to peak carbon and become carbon neutral. Other driver includes **green finance which is the primary manifestation and driver of ESG investment in China**⁷. The People's Bank of China and six other ministries issued the *Guidelines for Establishing the Green Financial System* in 2016, which set out the basis for green finance and later on, environmental reporting compliance standards; A subsequent series of policies have been released to guide and standardize green finance, which has continuously increased the scale of the green credit and bond market. There are seven main ESG investment strategies: ESG integration, negative screening, norms-based screening, positive screening, shareholder engagement, sustainability investment and impact investment. Among these, screening strategies are the main type of ESG investment strategy used by institutional investors in China⁸.

3.2 Project review and approval process

The project will work following 2 type of plans: **Production and business plans** will be developed at provincial level by the Provincial Agriculture & Rural Department for the inclusive and sustainable management of the selected value chain commodity. Such plans will integrate safeguards and will include safeguards as well:

- **Inclusive & Sustainable Production Management Plans**, for the production part. The PIM specifies that stakeholders will "Jointly develop an overall plan at provincial level with 7 plans for the inclusive and sustainable management of the selected value chain commodity in the county, ensuring that climate and environmental issues are taken into consideration" and;
- **Business Plans** for the transformation part (mostly by enterprises) specifying That essential assessment and safeguards for potential social, environmental and climate risks will be elaborated in the BPs in line with government and IFAD requirements, including assessments to be done through qualified service providers if relevant. Ensure that companies have required environmental and social management system (ESMS) in line with China recently updated framework for disclosure of environment and social governance system for companies, providing standards for them to report and disclose environment and social elements and get them certified externally. In addition, capacity to implement ESMS will be screened and provision for capacity development made in case of capacity gaps.

AWPB. Annual Work Plan and Budgets (AWPBs) is a planning and management tool for the project implementation that review progress and plans for budget, activities and procurement. AWPB will include review of implementation of safeguards and integrate safeguard activities within general planning. **AWPB review and approval is done with** full consultations with the upper bureaus and departments of the same line will be necessary before submitting the draft AWPBs to CPMOs. The CPMOs should consult with relevant agencies in finalising the draft AWPBs prepared by the IAs and submit them to the PLGs for review and clearance, prior to submitting them to the PPMOs. PPMO should consult with relevant departments in

⁷ [Green Finance trends in China \(1\): China's Green Finance Policy Landscape – Green Finance & Development Center \(greenfdc.org\)](https://www.greenfdc.org/)

⁸ Hongtao Shen, Honghui Lin, Wenqi Han, Huiying Wu, ESG in China: A review of practice and research, and future research avenues, *China Journal of Accounting Research*, Volume 16, Issue 4, 2023, 100325, ISSN 1755-3091, <https://doi.org/10.1016/j.cjar.2023.100325>.

consolidating the AWPBs and submit them to the provincial PLG for review and clearance before submitting them to IFAD for “no objection” review.

A step-wise participatory process will be adopted for implementation of each infrastructure sub-project, including: (i) participatory need assessment on infrastructure development based on local development plans on poverty reduction, agriculture industry production and their requirements on infrastructure services; (ii) identification/establishment and training of infrastructure management organizations; (iii) system planning, engineering survey and design of infrastructure systems including required social and environmental safeguards study / impact assessment; (iv) consultation and finalization of system planning and engineering designs, including discussion and agreement on the O&M responsibilities of infrastructure management organizations; (v) implementation of construction and supervision; (vi) inspection of construction completion and handing-over of O&M responsibilities to infrastructure management organizations; (vii) implementation of normative O&M by infrastructure management organizations; and (viii) facilitation of women’s involvement in each of the above steps and ensuring that village committees are well engaged; ensure free and prior informed consent sought;.

The system planning and engineering design of the proposed infrastructure shall follow the technical specifications issued by the relevant government agencies. County Agriculture & Rural Bureaus should work closely with Water Bureaus, Transportation Bureaus, Power Bureaus, and Environmental Protection Bureaus to ensure that construction programs are in line with government strategies and policies. Qualified experts should be selected to provide technical assistance and training to the project. Prior to the commencement of each infrastructure project, a corresponding infrastructure management body should be identified/established to fully participate in the whole process of system planning, design and construction supervision, and assume the responsibility for operation and maintenance after the completion of the project.

3.3 Safeguard provisions built in to the project cycle

The project cycle has integrated safeguard provisions in different parts of the project cycle:

- **Integrated climate resilient and socially inclusive planning:** the preparation of production and business plans will integrate climate, environment and social risks and measures and therefore ensure a overall framework for investments and infrastructure specifications and requirements. Such plan development shall closely involve beneficiary (including women, youth, and ethnic minorities, where relevant) and village committee and seek prior and informed consent. Such step will also provide an opportunity to ensure **integration of climate, environment and social issues & consultation in feasibility and preparatory study.**
- **The project infrastructures activities will be subjected to the government planning and management process which requires the “3 simultaneous”,** meaning that safeguards are always conducted and implemented together with the project. Government social and environmental regulations have been evaluated as satisfactory by IFAD against their safeguards in terms of environmental impact assessment and follow-up supervision system, to oversee projects’ performance in avoiding, reducing, or mitigating negative impacts on the environment.
- **Monitoring system** includes environmental and social indicators and additional SECAP related indicators are proposed;
- **Project planning and reporting framework (i.e. annual work plan and budget, yearly report)** includes provision to review implementation of safeguards

- **Bidding and procurement** will include criteria related to ESCMP / environmental and social management (see SECAP procurement plans) and shall ensure that qualified / certified enterprises are selected with capacities to implement safeguards
- **Maintain government and people participation in operation and management of investments and build their capacities to manage safeguards:** The project will mainly invest in public infrastructure belonging either to the cooperative / village entity (road and irrigation). The ownership of the industrial park will belong to the township government and the county government. The county and township governments are responsible for the maintenance and management of the park's infrastructure according to government social and environmental safeguards.

3.4 How consultations, disclosure and grievance mechanisms will be undertaken

Stakeholder consultation, public disclosure and grievance mechanisms are all detailed in the Annex of the PDR and are part of the overall project process (see stakeholder engagement plan & Grievance and FPIC) and will also be leveraged for safeguards.

Enterprise shall disclose their environmental and social management plans and submit annual report on their activities as well as implementation of ESMS and be subjected to routine visits by project and entities responsible for that at government level. The enterprise shall also increase awareness of GRM and ensure its accessibility and availability.

To strengthen consultation and voice of women, the Women's Federation (WF) will be invited to facilitate project implementation at the local level. At county level, the WF will be assigned the role of Deputy Director of the CPMO to oversee the gender related aspects and activities of the project and facilitate and support elements that could help in transforming awareness about the positive role that women can play in rural revitalization and to create greater support for them in all decision-making forums and providing them greater access to decision-making and leadership roles, and access to assets, resources and markets. At the village level, the WF will participate in the Village Implementation Group (VIG) which will include other women as its key members. The WF will also be expected to use the various HGDP platforms to publicize and create awareness about gender issues, protection of women's rights and other aspects such as gender-based violence, etc.

To strengthen youth participation and roles: At county level, the CYL will be expected to work closely with the PMO on supporting project activities related to youth and coordinating the participation of youth associations and related platforms to encourage youth participation.

In addition, the **project will use government own procedures:**

- For sub-projects requiring environmental and social impact assessment as per government procedures, Information on EIA instruments and pollutant discharge are open to the public through various online platforms such as the EIA Information Disclosure, the Pollutant Discharge Permit Management, and the Pollution Source Monitoring Center, etc.
- In addition, the project will use MEE other channels to ensure public disclosure and consultation to such as the National Ecological and Environmental Complaint and Reporting Platform, the minister's mailbox, the 12369 Environmental Hotline, the 12369 WeChat account, and the 12345 Government Service Hotline for the public to report environmental complaints, track feedback, and voice their opinions

4 Procedure for ESC Screening and Management for sub-projects

4.1 Overview of procedures

Pre-screening: The preparation of production and business plans will integrate climate, environment and social risks and measures and therefore ensures an overall framework for investments and infrastructure specifications and requirements.

- **Such plan development shall closely involve beneficiaries and village committee** and seek prior and informed consent, therefore providing an entry point to update and re-evaluate social risks and proposed measures.
- **Such plan shall include climate and environmental assessment.** For instance, this may include local agro-ecological and climate analysis to support adapted geo-spatial planning and zoning in collaboration with communities in order to have tailored advisory. This shall include the review of the impacts of climate change on water supply, water demand, frequency and intensity of floods and droughts. Based on such assessment, appropriate adaptation and mitigation options will be integrated into system design and operation, including the use of adaptive technology models and engineering, and the application of energy-efficient technologies and equipment to support effective water resources management.
- **Exclude any investments of IFAD exclusion list** (see annex 5, SECAP volume 1 and attached as annex)
- **Avoid IFAD substantial risk categories:** Specifically, interventions will not take place in ecological red zones and the following interventions will be excluded i) New construction, rehabilitation or upgrade of medium dam/reservoir (between 10-14 metre high wall and/or with a reservoir of between 100,000-3 million cubic meters); (ii) use of ground water , ensure limited extraction of surface water and no drainage or regulation of natural water bodies (e.g. river regulation);; (iii) Restoration or development of medium-scale irrigation schemes (between 300-999 hectares); (iii) new construction of rural roads (AADT between 400-1000), or iv) activities that entail 10-15 % reduction in a farmer' or community's assets.
- **Carry out due diligence with proposed partner enterprise which may be directly benefiting from the project. Ensure due diligence assessment to ensure that companies have required environmental and social management system (ESMS)** in line with China recently updated framework for disclosure of environment and social governance system for companies, providing standards for them to report and disclose environment and social elements and get them certified externally. Prior to the approval of any direct investment the PDT must undertake the following actions:(ii) ensure that an Environmental and Social Due Diligence (ESDD) is carried out prior to commencing with activities related to financial intermediaries, (iii) carry out a gap analysis between the financial intermediary's Environmental and Social Management System (ESMS) and the requirements of Standard 8, (iv) develop an Environmental and Social Action Plan (ESAP) to address these gaps (which should also include measures for on-lendees to manage environmental and social risk, appropriate to the nature and characteristics of activities that will be supported through IFAD funding), and (v) ensure that activities supported through IFAD funding are in compliance with IFAD's Exclusion List.
- **The project infrastructures activities will be subjected to screening, planning and management process. The "3 simultaneous" approach will be used, in line with government regulations,** meaning that safeguards are always conducted and implemented together with the project. This includes the following general steps with details provided later for each major type of sub-projects. An assessment will be

conducted to identify gaps with IFAD's SECAP Policies and an adequate sub-project screening, management and monitoring will be designed to ensure consistent compliance with national regulation and IFAD Policies. If necessary, screening will be conducted separately but if possible, synergies will be explored to streamline the process.

- **Screening** level of risk of project to identify type and magnitude of environmental and social risks at sub project level: for instance, the water and soil conservation laws provide detailed threshold on size of infrastructure requiring no assessment, environmental impact form or environmental impact report or full study. IFAD's SECAP thresholds for moderate risk projects will also be considered.
- **Depending on the screening, different types of environmental and social impact assessment will be conducted;** For instance, for infrastructure, a Project Environmental Impact Report Form (before the factory building), which is conducted by a third party. The Form specifies in detail the environmental risks and mitigation measures for the terrestrial ecosystem, surface and groundwater environment, acoustic environment, atmospheric environment, solid waste, and other aspects during the construction process of the factory building. Once developed, the identified measures will be assessed to identify consistency with IFAD's SECAP Policy requirements. As necessary, top up measures will be considered to ensure compliance with both applicable policy frameworks.
- **Design of infrastructure needs to follow up government standards** which includes measures for social and environmental safeguards; for instance, road constructions standards provides a framework to reduce the impact on the ecological environment, save land resources, avoid bad geological areas, avoid high filling and deep digging, prevent soil erosion, minimize foot print on arable land and nature, and protect the environment. It encourages repairing old road before constructing new ones and promotes the use of green materials and processes, build ecological canal systems, buffer zones, etc., to reduce adverse impacts on the environment. Also, it promotes associating roads and water infrastructure to minimize footprint. Project interventions with infrastructure will be in line with the exclusion criteria of pre-screening, ensuring consistency with IFAD's SECAP Policy for moderate risk projects). PMU will ensure compliance with both applicable policy frameworks.
- **Evaluation and Approval of project** is carried by different entities depending on size and risks associated to the project. Provincial EEBs have EIA and Pollution Control Division (4-5 staff members) responsible for approval of larger scale or more sensitive EIAs for government programs, strategies, and projects. Municipal EEBs also have divisions of EIA approval (4-5 staff members) that are responsible for approving EIAs. County EEBs are branches of municipal EEBs and have divisions of EIA approval (2-5 staff members). They are responsible for approving EIA forms for projects that are approved by county/city governments. All projects will ensure approval by corresponding authority.
- **Bidding and procurement** will include criteria related to ESCMP / environmental and social management (see SECAP procurement plans) and shall ensure that qualified / certified enterprises are selected with capacities to implement safeguards; due diligence is to be conducted with partner enterprise benefiting from investments and which shall disclose their ESG.
- **Contracting:** Township governments working with the County PMO will manage the contracting process which shall include provisions for safeguards in line with national regulations and IFAD SECAP Policy. In addition to the constructing company, a

supervision company will be contracted to oversee the works and its acceptance. A warranty is included in the construction contract, which makes the constructing company responsible for fixing any failures in the works, including the failure to apply proper soil erosion control and drainage measures, within the 1st year after the end of the project.

- **Quality implementation:** County Agriculture & Rural Bureaus should work closely with Water Bureaus, Transportation Bureaus, Power Bureaus, and Environmental Protection Bureaus to ensure that construction programs are in line with government strategies and policies. Qualified experts should be selected to provide technical assistance and training to the project.
- **Quality operation and maintenance:** Prior to the commencement of each infrastructure project, a corresponding infrastructure management body should be identified/established to fully participate in the whole process of system planning, design and construction supervision, and assume the responsibility for operation and maintenance after the completion of the project in accordance with government safeguards.
- **Monitoring and reporting:** project and government have dedicated monitoring and reporting framework which shall be implemented to ensure safeguards are effectively implemented and plan for corrective actions. Such measures will be assessed against IFAD's monitoring and reporting requirements in its SECAP Policy. If necessary, additional measures will be identified to ensure consistency with both applicable policy frameworks.

4.2 Monitoring and evaluation

Key elements of the monitoring and evaluation system will be aligned to the logframe and include specific responsibilities for monitoring targeted performance on environment and climate (including GhG emissions, adoptions of sustainable practices, training of groups on sustainable natural resource management etc.) and for beneficiary tracking, especially women, youth and vulnerable groups (e.g. persons with disabilities). To that end, all people-centred indicators will be disaggregated by sex and age. Outcome Indicators, including IE2.1, SF 2.1 and SF 2.2 for empowerment, CI 2.2.1 for youth, and Environmental Sustainability and Climate Change indicators (CI 3.2.2), will be tracked at baseline, mid-term, and end-line as part of the COI surveys.

The above will be developed ensuring consistency with IFAD's SECAP Policy requirements, to ensure consistent tracking of: (i) implementation and performance of social, environmental and climate adaptation or mitigation measures (including adaptive management processes) included in the ESCMP; (ii) plans such as the IPPF; (iii) bidding documents; and (iv) relevant clauses of the financing agreement.

Data monitoring for safeguards will be integrated in the general monitoring and evaluation system proposed by the project:

- **Grassroots level (VIG) data**, depending on the nature of indicators. In general, the state of benefits and participation at the levels of households and individual beneficiaries will be undertaken through the grassroots recording and reporting by VIGs and producer cooperatives. This data will be disaggregated by age and sex.
- **Grievance mechanisms** will be an important source of stakeholder feedback and identification of issues / risks to be addressed, including on safeguards aspects.
- **Rural business entity capacity development** and related improved performance will be recorded and reported by implementing partners, and through **surveys** of all programme-supported agribusiness entities. The CPMOs will organise the collection of

data in accordance with the agreed indicators and report annually through the provincial PMO to IFAD. For this purpose, an operational data collection system of monitoring indicators will be established from the grassroots level (VIG and cooperatives) up to the PPMO. Such data collection will also include indicators to monitor implementation of safeguard plans (I.e. compliance with labor law, environmental protection etc.) and of the enterprise environmental and social management plans.

- **Partners in charge of developing infrastructure and other activities will be required to disclose geo-spatial** location of all infrastructure / activities to ensure supervision of appropriate location of such activities and facilitate monitoring.
- **Semi-annual Project Progress Report.** On semi-annual basis, CPMO will submit progress report to PPMO that will need to include a section on implementation of safeguards.
- The project will conduct three rounds of **outcome surveys** (base-line, mid-term and end-line) which will include both household survey and enterprise survey.

Considering the large scope of infrastructure investments, the project should invest in quality Geospatial and climate informed planning and monitoring management across investments to enable decision-makers to make more informed, evidence-based decisions that consider spatial relationships and environmental factors and better monitor impact of project.

- o Geographic information systems (GIS) may be used for the investigation and evaluation of high standard farmlands, greenhouses and agriculture infrastructures. By collecting data on distribution and site conditions of high standard farmlands, greenhouses and agriculture infrastructures, more scientific tending plans can be developed to determine measures.
- o Structural design will take climate change considerations into account as appropriate.

In addition, safeguards monitoring could include specific thematic monitoring, in alignment with government safeguards monitoring and IFAD's SECAP Policy and over the key risks identified:

- o **Climate:** Indicators related to climate change, weather patterns and tracking / reporting any natural disasters.
- o **Energy consumption and emissions:** as the project include an outcome indicator on GHG emissions, it will need to track energy consumption and GHG emissions throughout activities.
- o **Biodiversity:** tracking localization of all project activities and land use change with geospatial coordinate to ensure activities are far from ecological zones as planned by government.
- o **Road:** Collect geographic information system (GIS) data showing planned and completed transects of new and rehabilitated roads ; Monitoring and evaluating traffic and road safety risks to affected local communities and other road users throughout the project life cycle.
- o **Labor influx:** monitor sourcing of labor and eventual risks and potential impacts on the health and safety of communities arising from the influx of project workers, including through grievance mechanisms analysis.
- o **Water:** Monitoring and analysing water productivity and water use efficiency throughout the irrigation system and for implementing improved and adaptive water management and use efficiency. This will build on the network of digital water meters and instant water flow data registration and analysis system installed in strategic places of the irrigation system subjected to water scarcity, the project will collect and analyse data on water flows combined with collected

- data influencing crop water needs, crops and varieties cultivated in the various fields, their yields and type of irrigation equipment used.
- **Enterprise monitoring:** there shall be regular inspection to control that enterprise go by their environmental and social governance frameworks and that all social and environmental provisions are followed.

Finally, the project could coordinate and leverage government environmental monitoring system to manage overall ecological risks related to pollution, environmental degradation, enforcement of environmental regulations in enterprise:

- Provincial Environmental Monitoring Divisions that manage the ecology and environment monitoring networks; and they have subsidiary monitoring centers to organize monitoring exercises (in terms of environmental quality, pollution sources, law-enforcement, etc.), manage monitoring data, and provide technical guidance and training to the monitoring teams within provincial jurisdictions. Such unit could also support training of project monitoring unit.
- At county level, the subsidiary environmental LETs (5-42 staff members) are responsible for having spot checks, special inspections, and surprise inspections by means of drones, third-party services, maps, and site visits to supervise physical projects over their construction pollution control, "Three Simultaneousness", environmental acceptance check, pollutant discharge permitting, and other environmental management work, etc.

4.3 Reporting and Reviewing

The Project Management Office (PMO) will be responsible to conduct periodic compliance monitoring and evaluation of the SECAP related reports. To this effect, a generic reporting template and guidelines will be prepared and reporting periodicity will be defined with the view to (i) determine whether the proponent is carrying out the project in conformity with the ESCMP, (ii) identify problems, and (iii) develop plans for corrective action. AWPB, including safeguards provision, will be prepared and implemented by the PMO. The PMO is specifically responsible to consolidate reports and submit them to IFAD.

In addition, Women and youth association will play specific roles in reviewing and reporting on progress related to gender and youth inclusion.

IFAD supervision mission will consistently and regularly monitor, review and report (i) implementation and performance of social, environmental and climate adaptation or mitigation measures (including adaptive management processes) included in the ESCMP; (ii) plans such as the IPPF; FPIC; GRM (iii) bidding documents; and (iv) relevant clauses of the financing agreement.

4.4 Specific requirements of different sub-projects

Each infrastructure has different regulations and standards which will be embedded in the above steps. In relation to IFAD, any infrastructure will be proposed in line with the exclusion criteria outlined in section 4.1 and consistent with thresholds for moderate risk projects.

4.4.1 Specific requirement for warehouse and factory building

The selection of the location of the warehouse should meet the requirements of Planning and design parameter of general warehouse and warehouse area (GB/T 28581-2021)⁹. The warehouse should be far away from water sources and residential areas, should be built in a

⁹ [国家标准|GB/T 28581-2021 \(samr.gov.cn\)](http://www.samr.gov.cn)

place with high terrain and no water, should be equipped with fire equipment and first aid medicine boxes, should have good ventilation conditions and install lighting system.

Based on Property Law of the People’s Republic of China, Certificate of Real Estate Use Rights¹⁰ (Figure 2) was released by the Department of Natural Resources of the county to get the land use rights of factory building. Construction Engineering Planning Permit Certificate based on Urban Rural Planning Law of the People’s Republic of China and Construction Project Implementation Permit Certificate (Figure 3) based on Construction Law of the People’s Republic of China released by the Housing and Urban Rural Development Bureau is also need. Several authorizations are required from above institutions and meet urban planning regulations. These two permits clearly specify the area, building area, building structure, and quality requirements for the newly built factory building. Construction Project Environmental Impact Report Form (Table 2) is also needed before the factory building, which is conducted by the third party. The Form specifies in detail the environmental risks and mitigation measures for the terrestrial ecosystem, surface and groundwater environment, acoustic environment, atmospheric environment, solid waste, and other aspects during the construction process of the factory building.

Contents 内容 Elements 要素	Construction period 施工期		Operating period 运营期	
	Environmental Protection Measures 环境保护措施	Acceptance requirements 验收要求	Environmental Protection Measures 环境保护措施	Acceptance requirements 验收要求
Terrestrial ecology 陆生生态				
Aquatic ecology 水生生态				
Surface water environment 地表水环境				
Groundwater and soil environment 地下水及土壤环境				
Acoustic environment 声环境				
Vibration 振动				
Atmospheric environment 大气环境				
Solid waste 固体废物				
Electromagnetic environment 电磁环境				
Environmental risk 环境风险				
Environmental monitoring 环境监测				
Others				

¹⁰ https://www.gov.cn/gongbao/content/2016/content_5103156.htm

其他				
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4.4.2 Specific requirements for irrigation work

Water Infrastructure construction shall comply with the basic engineering construction procedures and technical specifications (such as the Regulations on the Management of Hydraulic engineering Construction Procedures (2017)).

Reservoir: Reservoir shall be configured according to the standard of not less than 1 per 100 mu (capacity more than 50m³) . Ecological tourism can be combined in the planning of forest road construction. The structure of the reservoir can be soft structure, PVC pipe is used in the field pipe, and PE pipe is used in the moving pipe.

Equipment selection, system design, operation and maintenance can refer to the national standards "Micro-irrigation Engineering Technical Specification (GB/T 50485-2020)" and "Sprinkler Irrigation Engineering Technical Specification (GB/T 50085-2007)".

4.4.3 Specific requirement for roads

The construction of traffic lanes will be under the guidance of the Transportation Bureau, and the route selection and design will be carried out by a qualified professional design team according to the national traffic lane standards (Design Specifications for Low Volume Rural Roads, JTG/T 3311-202, Ministry of Transport of the People's Republic of China), and by a professional construction team. Environmental impact assessment is carried out to minimize the ecological impact. Land expropriated for the construction of traffic roads, if it is the land of individuals or enterprises, will be with the consent of the landowner, and will be given land compensation fees in accordance with the Regulations on the Implementation of the Land Administration Law of the People's Republic of China (Standing Committee of the National People's Congress, Order of the President No. 32, 2020-01-01).

Road constructions is guided by various standards: National standard, Technical code for village road engineering (GBT_51224-2017); National standard, Well-facilitated farm land construction—General rule (GB/T 30600-2022); Ministry of transportation standard, Design Specifications for Low Volume Rural Highway Engineering ¹¹(JTG/T3311—2021). Such different standards include several environmental requirements which are included in the ESMP/F:

- 1) The selection of road routes should reduce the impact on the ecological environment, save land resources, avoid bad geological areas, avoid high filling and deep digging, prevent soil erosion, and protect the environment.
- 2) Adapt to local conditions and terrain.
- 3) Demolition of farm houses and occupation of arable land should be minimized as much as possible.
- 4) Encourage the use of green materials and processes, build ecological canal systems, buffer zones, etc., to reduce adverse impacts on the environment.
- 5) If the original road can be used, it should be maintained and utilized as far as possible, and the repaired road should meet the corresponding design standards.

¹¹ [交通运输部关于发布《小交通量农村公路工程设计规范》的公告_国务院部门文件_中国政府网 \(www.gov.cn\)](#)

- 6) New roads should be arranged along irrigation, drainage channels and field edges to reduce crossing buildings.
- 7) On the main, branch canal, the top of one side can be widened as a road.
- 8) For production roads in the farm, the pavement should use sand, mud, plain soil pavement and other permeable pavement. In heavy rainfall areas, concrete pavement can be used.

4.4.4 Specific process for potential ecological impacts of physical works and agricultural activities

Ecological Environment Protection System. Implementation of the physical works and agroforestry activities may relate to local natural ecosystem and ecological protection redlines and cause site-specific soil erosion in construction which are covered under different laws and framework:

- Water and Soil Conservation Law (2010 Amendment): For any production or construction project that may lead to soil erosion, the responsible PIU should prepare a water and soil conservation (WSC) plan and submit it to the corresponding WRB for approval. For any production or construction project that is subject to WSC plans, the related WSC works must be designed, constructed, and put into operation simultaneously with the project main parts. Once the construction is completed, the WSC works must be checked for acceptance. The project is not allowed to put into operation if the check is not conducted or accepted. Accordingly, Gansu developed and issued provincial measures on enforcing the "Water and Soil Conservation Law" and highlight the necessity of preparing WSC plans proportionate to the impacts of production or construction projects
- Wild Plants Protection Regulations (2017 Amendment): If a construction project may have adverse impacts on growing environment of national or local protection wild plants, the PIU must ensure the impacts be assessed appropriately in the EIA. Any entities or individuals are prohibited to illegally collect wild plants or damage their growing environment.
- Mechanism of WSC plan management:
 - o (i) Classification: All construction projects that are subject to WSC plans should finish the WSC plan development and approval procedures as required. A project with land acquisition/occupation over 5 ha, or earthwork or stonework over 50,000 m³ is subject to preparation of a WSC report; a project with land acquisition/occupation below 5 ha but over 0.5 ha, or earthwork or stonework below 50,000 m³ but over 1,000 m³ is subject to preparation of a WSC form; and a project with land acquisition/occupation below 0.5 ha, or earthwork or stonework below 1,000 m³ is exempted from preparation of WSC plans proper measures should be taken to prevent soil erosion.
 - o (ii) Approval: For a project that is subject to approval by central government, the WSC reports should go to national or provincial WRB for approval. For a project that is subject to approval by local governments, the WSC reports should be approved by the same level WRBs, while WSC forms should be approved by county level WRBs.
 - o (iii) WSC check at construction completion: PIUs are responsible for organizing WSC monitoring and supervision during project implementation, fulfilling WSC "three simultaneousness" requirements, carrying out WSC check for acceptance prior to completion acceptance or project operation, preparing WSC

- check reports, disclosing relevant information to the public, and submitting the WSC check reports and materials to and get feedback from local WRBs.
- (iv) Supervision and inspection: WRBs are responsible for overseeing the WSC performance of construction projects, in terms of the compliance of the WSC plans, and the implementation of the WSC check, etc

4.4.5 Specific requirements for High standard farmlands construction

General rules for the construction of high standard farmland, High standard farmland construction standards, Technical specifications for high standard farmland construction. Such different standards include several social and environmental requirements which are included in the ESMP/F:

- 1) Before the construction of high standard farmland, the current status of land ownership should be investigated, and the farmland included in the project database should not have any ownership disputes. If the construction of high standard farmland involves land ownership adjustment, it is necessary to fully respect the wishes of the rights holders. After the construction of high standard farmland, land ownership should be confirmed in accordance with the law, land change registration procedures should be handled, land rights certificates should be issued, and cadastral archives should be updated in a timely manner.
- 2) After the completion of high standard farmland construction projects, the project supervisory department should organize acceptance in accordance with the current management regulations of the project. Relevant management, technical and other materials should be promptly filed and archived, and the archival materials should be truthful and complete.
- 3) After the completion and acceptance of high standard farmland construction projects, evaluation should be carried out in accordance with relevant regulations.
- 4) If the construction of supporting facilities such as irrigation and drainage facilities, field roads, and farmland protective forests leads to a reduction in the permanent basic farmland area in the construction area, it should be supplemented or allocated.
- 5) Before and after the construction of high standard farmland, the evaluation of farmland quality level should be carried out. The evaluation should be carried out in accordance with the provisions of GB/T33469. If the newly added cultivated land generated by construction is used for occupation and compensation balance, it needs to be connected with the relevant management regulations of the natural resources department in the evaluation of cultivated land quality.
- 6) High standard farmland quality monitoring should be carried out in accordance with NY/T1119 regulations.
- 7) According to the principle of "who benefits, who manages, who uses, and who manages", implement the main body of management and protection, consolidate management and protection responsibilities, handle transfer procedures, and sign management and protection contracts. The management body should conduct regular inspections and maintenance of various engineering facilities to ensure long-term effective and stable utilization.
- 8) Newly built high standard farmland should be prioritized for inclusion in the permanent basic farmland reserve area.
- 9) The construction of high standard farmland should carry out comprehensive integration and demonstration promotion of green (new) processes, products, technologies, equipment, and models.

- 10) After the construction of high standard farmland, it is necessary to strengthen the supporting and application of agricultural technology, and promote the cultivation of good varieties and methods. The comprehensive operation level, coverage rate of excellent varieties, and coverage rate of disease and pest control in mechanized farming should exceed the national average level. Where conditions permit, green pest prevention and control, conservation tillage, scientific water and fertilizer application technology, and information technology such as the Internet of Things, big data, mobile Internet, intelligent control, satellite positioning should be promoted.

4.4.6 Specific requirements for greenhouses construction

Load code for agricultural greenhouse structures, Design Specification for Greenhouse Ventilation and Cooling, Ethylene vinyl acetate copolymer (EVA) blown greenhouse film for agricultural use, Code for Construction and Acceptance of Concrete Structures, Code for Design of Masonry Structures, Technical conditions for solar greenhouses, Environmental conditions of pollution-free food and vegetable production areas, Technical standards for the construction of solar greenhouses, Technical specifications for design, construction, and acceptance of greenhouse foundation, Construction regulations for energy-saving sunlight greenhouses in cold regions. Such different standards include several social and environmental requirements which are included in the ESMP/F:

- 1) The construction of greenhouse should comply with building design specifications, including requirements for building materials, structure, waterproofing, fire prevention, earthquake resistance, etc;
- 2) The construction of greenhouse should comply with environmental protection requirements, including the treatment of wastewater, exhaust gas, noise, and other aspects;
- 3) The construction of greenhouse should consider safety factors, including safety measures in fire protection, electrical, mechanical, and other aspects.

5 Environmental, Social and Climate Management Plan

5.1 Summary of environmental and social context and project impacts identified

5.1.1 Socio-environmental context

a. Overall poverty situation

Gansu is a western province, relatively lagging in development compared to other provinces in China. Poverty rate was at 26.5% by 2013, with 75 state designated poverty counties, 7,262 poor villages and 5.52 million poor rural people. The final eight poverty counties were declared eradication of poverty by 2020. In 2022, the per capita net income of farmers in Gansu was CNY 12,165¹², about 60.5% of the national average for rural people (CNY 20,133¹³). There are 23 key counties for national special support by 2022, 16 key counties for provincial special support. 1.495 million rural people received the minimum living guarantee subsidy in 2022, which was 6.4% higher than previous year, while the reported rural residents was 11.4 million by 2022¹⁴. The most recent data indicate that total GDP of Gansu ranked 27 among the 31 mainland provinces/municipalities, while per capita GDP

¹² Statistical Bulletin of National Economic and Social Development of Gansu Province for 2022

¹³ Statistical Bulletin of the People's Republic of China on National Economic and Social Development for 2022

¹⁴ Statistical Bulletin of National Economic and Social Development of Gansu Province for 2022

ranked at the bottom of the list. Agriculture sector contributed to 45% of rural household income in Gansu during 2020.

Gansu still faces many challenges in the process of realising the rural revitalization strategy. The rural economy is still dominated by agricultural production with its quality still unstable and in low level of intensification and vulnerable to environment and climate related impacts. Market circulation is lagging and operates under insufficient logistics infrastructure. Business model is simple and lack of specialization and modern technology. Living space of vulnerable groups is marginalized, degraded environment including water shortage and low greening rate are ubiquitous in rural areas. Rural living infrastructures are still in its infancy. Rural governance system and capabilities need to be strengthened to better implement the RRS. Six counties (out of the total 86 counties/districts and county-level municipalities in the province) have been proposed by the Government as project counties, on the basis of primary criteria of (i) risk of continued vulnerability of the former nationally and provincially designated poor counties, (ii) relative geographic concentration for future implementation efficiency, (iii) opportunities for inclusive and climate-resilient green agricultural development, (iv) potential for innovative eco-system protection and conservation, and (v) strong commitment of county government to participate in the project implementation.

Gansu Province attaches great importance to ecological environmental protection work and actively build a long-term mechanism for information disclosure, in the main environmental risk issues including pollutant emission reduction, construction projects environmental assessment, ecological environmental quality, biodiversity conservation, the construction of long-term monitoring mechanism, release of the annual ecological environment bulletin.

5.1.2 Social and environmental impacts of the project

Biodiversity conservation. Implemented major ecological projects such as the upper reaches of the Yellow River Water Containment Area in Gannan, the Hexi Corridor, ecological protection and restoration of the Qinling Mountains, and comprehensive management of soil erosion on the Loess Plateau. Continuing to promote large-scale greening of the country, the completion of forestation 3.345 million mu, the completion of sandy land comprehensive management tasks 2.212 million mu, 4.11 million mu of grass improvement. Carry out ecological restoration treatment of 16 historical abandoned mines. The ecological environment condition of 14 cities and states in the province is compared, the ecological environment quality of Tianshui City in the project area is "good", the ecological environment quality of Baiyin City, Pingliang City, Dingxi City is "average", the ecological environment quality of Wuwei City is "fair", no "excellent" and "poor" category.

For China GD2RP, the project area in 6 counties including Liangzhou, Tianzhu, Jingtai, Huating, Maiji and Weiyuan are not adjacent to Natural Reserves in Gansu, which are fully protected by Regulations of the People's Republic of China on Natural Reserves. The activities of China GD2RP are demonstrated and supported by rigorous and sufficient evaluation of environment, ecology and natural resources. It would not involve or lead to conversion or degradation of biodiversity, habitats, ecosystems and ecosystem services, which would also not increase the human-wildlife encounters/conflict or risks to endangered species/ migratory wildlife. There are no activities in the project that involve engagement in areas of forestry, such as the harvesting of natural forests, plantation development, or reforestation. According to the project activities, primary natural resources may include soil, sandstone, timber, and water for the construction of roads and Greenhouses. However, all the activities need to comply with <Technical standards for road engineering>, <Design specifications for road subgrade>, and <Technical specifications for design, construction, and acceptance of greenhouse foundation>. In these documents, the obtain, application, and disposal of primary natural resources are clearly regulated and defined. There is no evidence that any invasive

alien species of flora and fauna or genetically modified organisms is utilized in project activities. According to the field investigation, the indigenous species of flora and fauna are applied widely in project area.

Resource Efficiency and Pollution Prevention. Air environmental quality in 2021 in Gansu Province continued to improve, 14 prefecture-level cities and Lanzhou New Area are carried out in the ambient air quality automatic monitoring of six air pollutants. The average concentration of fine particles in 14 prefecture-level cities and Lanzhou New District was 23 micrograms per cubic meter, getting down 11.5% year-on-year. The average concentration of respirable particles was 55 micrograms per cubic meter, getting down 1.8% year-on-year. The ratio of good days was 90.2%, getting down 3.5 percentage points year-on-year, due to the frequent occurrence of sand and dust weather.

Water environment quality in Gansu has been steadily improving, 74 surface water state-controlled sections of good water quality (up to or better than grade III) ratio of 95.9%, the proportion of poor V-grade water bodies is 1.4%, the three major basins water quality than in 2020 to maintain stability.

Soil environment is generally safe and controllable, the quality of the sound environment remains stable, the quality of the radiation environment is in good condition, the ecological environment of the Qilian Mountains has steadily increased, the Yellow River Basin ecological protection has begun to bear fruit. For petrochemical, coal chemical development may produce soil pollution problems, promote the investigation and assessment of contaminated land and control and repair, strengthen soil pollution risk control. Construction of the province's soil environment monitoring network has been undertaken in accordance with national requirements, 1741 national soil monitoring points and 1184 provincial soil monitoring points were deployed, to achieve full coverage of all counties (cities, districts). Mapping was made to contaminated arable land, the province's contaminated arable land safety utilization rate of 98.94%.

For agricultural surface source pollution issues, Gansu province continues to consolidate the results of zero-growth action of fertilizers and pesticides, strengthens the safe use of contaminated arable land and strict control, continues to promote the recycling of used agricultural film, implements the "pesticide packaging waste recycling methods", the implementation of livestock and poultry manure resource utilization of the whole county to promote the project, and promotes the resource utilization of livestock and poultry breeding waste.

For urban and rural living pollution treatment, policies measures were made to guide urban and rural waste management. Gansu continuously promote the construction of urban sewage treatment facilities and supporting pipeline network, increase the old pipe network and rainwater and sewage combined pipe network transformation efforts, systematically promote the construction of urban sewage treatment facilities upgrading project. The province prioritized Lanzhou City, Tianshui City, Pingliang City, Zhangye City to consolidate the effectiveness of urban black smelly water rectification, explore the rural living sewage and black smelly water treatment. Rural environmental improvement projects were implemented, to improve the quality of rural ecological environment.

For GD2RP, the activities may involve the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, or transboundary impacts. Agricultural production may involve use of chemical inputs, if not properly regulated and complied, may cause local impacts. Due to the treatment systems, the adverse impacts would be controlled to the lowest. < Environmental Protection Law of the People's Republic of China > is released to protect and improve the environment, prevent and

control pollution and other public hazards, and ensure public health. All the project activities and its impacts would be implemented complying with the Environmental Protection Law. Waste from the different activities is complied with <Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution>; it defines the disposal process and regulations for waste from road rehabilitation and canal construction, use of agro chemicals, solar powered batteries, oils, etc from the various activities. The waste must be uniformly recycled and processed by professional departments.

The project however will contribute to the reduction in such applications and ensure proper compliance with government requirements in pollutant discharge to mitigate potential impact. For example, the project would support the smallholders in Huating county to carry out harmless treatment on beef cattle manure with compost fermentation technologies, which would be utilized as fertilizer for maize planting. There are no activities in the project that involve engagement in areas of forestry, such as the harvesting of natural forests, plantation development, or reforestation. The project activities would be located in the area which is never polluted by a mine, smelter, or industry. The activities will involve the consumption of energy such as electricity and petrol in the civil works such as greenhouses, irrigation systems and land improvement, but not timber or other plant based raw materials. Improving energy efficiency and reducing carbon emissions will be involved. The volume of consumption is modest and nothing extra than the ordinary level required for such civil works. The use of water for irrigation will be reduced as a result of the project, through greenhouses, water-saving irrigation systems and technologies. The water-saving technologies, low-carbon technologies and clean energy would be applied in the project which would lower the intensity of consumption on energy and water. There would not be construction of dams, reservoirs, river basin developments, or groundwater extraction in the project, which involve significant extraction, diversion or containment of surface or groundwater.

The project is situated in an existing agricultural area with low environmental and social sensitivity, which is fully dependent on the production of living natural resources. Crop farming and animal husbandry may lead to primary not environmentally sustainable production of living natural resources, either routinely or by accident, but treatment systems are proven and verified. Fertilizers and pesticides would be naturally required to input for crop farming, of which impact can be appropriately managed as the project will be introducing efficient measures such as integrated irrigation-fertilization, and biopesticides, responding to its objective of facilitating the adoption of green and resilience concepts in rural revitalization. According to Gansu Yearbook 2023, during the 13th Five Year Plan period, the comprehensive utilization rate of livestock and poultry manure in the province reached 78%, and the scientific fertilization technology mainly based on soil testing formula fertilization was promoted to 36.8 million ha. The application area of formula fertilizer was 16 million ha, and the application area of organic fertilizer was over 20 million ha. Based on the proposals of Gansu province, the total farmland in the project is about 5400 ha, which needs nearly 1800-2800 ton fertilizer each year according to the data from < Compilation of National Agricultural Product Cost Benefit Information 2022>. The integration of water and fertilizer applied in the project would save nearly 20% of the total fertilizer amount, which would reach 360-560 ton fertilizer each year. Meanwhile, the project will privilege the non-chemical/organic/green options and, as relevant, consider the use of agro-chemicals. The amount of fertilizer reduction would rely on the rate of the non-chemical/organic/green options. Meanwhile training will be provided to farmers on green technologies and sustainable practices which could increase production and quality for better market premium. For example, vegetable planting in greenhouses involves the utilization of fertilizer in Liangzhou county; the integrated technology of water and fertilizer and water-saving irrigation technology would be introduced into the project, which would reduce 20% of fertilizer usage and save 30% of irrigation water. In Maiji county, the pesticides would be applied in Chinese bee breeding to resist pests and diseases; the biological

pesticide would be considered to instead of potentially polluting pesticides in the project activities to maintain environmentally sustainable breeding. The project will involve mainly cattle raising in fenced and concentrated yards, with waste treatment facilities in place as a compulsory requirement by the government, followed by regular monitoring on such handling.

The project requires use of pesticides, but the project is aimed to green the agriculture sector by promoting available options to replace potentially polluting pesticides with alternatives, while increase production quality for better market premium. Training will be provided to farmers on green technologies and sustainable practices. The project activities refer to wheat, maize, medicinal herbs, potatoes, fruit trees, vegetables, cash crops and livestock. The pesticides used for these crops and livestock are strictly regulated and managed by the government. <The 14th Five Year Plan for the Development of National Pesticide Industry > released in 2023, put forward that vigorously developing biopesticides (including Microbial pesticides, Agricultural antibiotics, Biochemical pesticides, RNA and Small biopeptide pesticides), phasing out old pesticide varieties (including Phorate, Methyl isocarbophos, Glyphosate, Water aminothion, Diclofenac, Kebawei, Methomyl, Oxygenate, Aluminum phosphide, Chloropicrin), strict controlling high toxic and high-risk pesticides and additives (including insecticide such as Trichlorfon, Chlorpyrifos, Triazophos, Fipronil, Carbofuran, Flubenzamide, Fenvalerate, Thiamethoxam, acetamiprid; herbicide such as Glyphosate, Acetochlor, Butachlor, Atrazine, Dicamba, Alachlor, Glufosinate-ammonium, Clethodim; fungicides such as Carbendazim, Chlorothalonil, Thiram, Ziram, Triazolol, Propiconazole, Mancozeb, Lime sulfur, Iprodione), promoting the reduction of chemical pesticide use, and replacing chemical control with biological control of pests and diseases, ecological control, physical and chemical induction control, and scientific medication. All the types of pesticides are clearly regulated in the document, which would guarantee the security and reduce the risk. According to < Compilation of National Agricultural Product Cost Benefit Information 2022>, the pesticide cost per hectare of wheat was 160 yuan and the pesticide cost per hectare of maize was 220 yuan in Gansu province. The biopesticides, green prevention and control measures, target application, slow release and damage control, low volume spray and other efficient and accurate application technologies promoted in the project would save nearly 10% of the total pesticide amount.

While project anticipates the use of some pesticides in the context of its activities, chemical pesticides will be limited to strictly necessary situations and only after considering biological and organic solutions. In no case a significant volume of pesticide will be considered under this project. All relevant mitigation and monitoring measures will be included as part of the ESCMP. If an activity requires a significant volume of pesticide, it will not be considered for implementation in the context of the project.

Mainly cattle raising in fenced and concentrated yards, with waste treatment facilities in place as compulsory requirement by the government, followed by regular monitoring on such handling. In Huating city, the small farmers inclusive support project would provide subsidies for 40000 beef cattle which apply the improved technology of artificial breeding of frozen semen. Meat processing and animal products are not involved in the project. In Tianzhu county, 195 breeding greenhouses for separating humans and livestock would be constructed. But intensive/extensive livestock/aquaculture systems are not included in the project.

For water resources, sustainable water management techniques are proposed in project activities. The use of water for irrigation will be reduced as a result of the project, through greenhouses, water-saving irrigation systems, and technologies. The project would not involve significant extraction, diversion or containment of surface and groundwater. There is no construction of dams, reservoirs, river basin developments or groundwater extraction. According to <Gansu water resources bulletin in 2022>, the average precipitation of the province is 253.4mm, equivalent water volume $1079 \times 10^9 \text{m}^3$; the total water resources are

230×109m³; the total irrigated farmland area is 135×104ha and the total water consumption on farmland is about 60×109m³. The average water consumption per ha in farmland is 5900 m³; the effective utilization coefficient of irrigation water in farmland is 0.578. In Huangting, Weiyuan and Maiji counties, the annual rainfall reaches 500-600mm; crop farming is mostly relying on rainfall; the surface water would not be affected. In Weiyuan, Jingtai, Liangzhou and Tianzhu counties, the annual rainfall is between 100-400mm, in which irrigation is necessary for crop farming. The extraction of surface water for irrigation is less than 5% of the annual runoff of Yellow River System and Shiyang River System, which has a minor effect on surface water resources.

The pipeline water delivery would be applied in project activities which would save 10-15% water than canal water delivery. The drip irrigation and sprinkler irrigation would also be introduced into the project which would promote water utilization coefficient from 0.6 to 0.9 compared with canal irrigation. Based on the proposals of Gansu province, the total irrigated farmland in the project is about 5400 ha, which needs nearly 1700×104m³ water each year. The proposed project activities will reduce nearly 44.5% of water through drip irrigation, integration of water and fertilizer. The project doesn't need a considerable amount of groundwater or surface water. The construction of irrigation schemes would effectively save water and improve drought resilience in the project area.

Cultural heritage

Gansu is a province with abundant cultural heritage resources, with 16895 immovable cultural relics, including 7 World Cultural Heritage sites represented by the Mogao Grottoes and 152 national key cultural relics protection units.

The project will not be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage. The project activities will not affect indigenous peoples' rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, governance systems, and culture or heritage (tangible and intangible). There may be slight impact on traditions of indigenous peoples, such as diet and dress. The project may increase the income of indigenous peoples that would provide more choices for them on diet and dress. Significant excavations, demolitions, movement of earth, flooding or other environmental changes would not be involved in the project. There will be no adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices). The project will not involve alterations to landscapes and natural features with cultural significance, in which utilization of tangible and/or intangible forms is forbidden.

In the Preamble of the Constitution of the People's Republic of China amended in 2018, it states that: "The People's Republic of China is a unified multi-ethnic country founded by the people of all ethnic groups. Socialist ethnic relations featuring equality, solidarity, mutual assistance and harmony have been established and will continue to be strengthened. In the struggle to maintain national unity, we must oppose big nationalism, mainly Han chauvinism, as well as local nationalism. The State makes every effort to promote the common prosperity of all ethnic groups in the country". Constitution Article 4 indicated that "All nationalities in the People's Republic of China are equal. The state protects the lawful rights and interests of the ethnic minorities and upholds and develops a relationship of equality, unity and mutual assistance among all of China's ethnic groups. Discrimination against and oppression of any nationality are prohibited; any act which undermines the unity of the nationalities or instigates division is prohibited. The state assists areas inhabited by minority nationalities in accelerating their economic and cultural development according to the characteristics and needs of the various minority nationalities. Areas where ethnic minorities live in concentrated communities shall exercise regional autonomy and set up organs of self-government to exercise the right

of autonomy. All ethnic autonomous areas are inalienable parts of the People's Republic of China. All ethnic groups have the freedom to use and develop their own spoken and written languages and to maintain or reform their own customs and habits.”

About the nationality affairs, either national or provincial government has a series of laws and regulations. The Law of the People's Republic of China on Regional National Autonomy clarifies the state policies on ethnic affairs. The White Paper Book on this law was officially publicized in 2004. The Law of the People's Republic of China on Regional National Autonomy is fully applicable to GD2RP. Article 2 in Chapter 1 points out that ethnic autonomy shall be applied in areas inhabited by minorities; Article 28 in Chapter 1 indicates that the ethnic autonomy governments should manage and protect local natural resources, and it has the priority to utilize local natural resources in suitable ways for local development in accordance with the planning of laws or national government. Article 65 also stipulates that when the state utilizes resources in autonomous minority area for development, the interests of minority autonomous region and arrangements in favor of local economic development, local minorities’ life and production shall be taken into account. The State should compensate when natural resource export happens in ethnic autonomous regions.

In addition, the Ethnic Affairs Commission as one of the government departments from central government down to county government has the duties to: i) implement the guidelines, policies, decisions and arrangements of the CPC Central Committee on ethnic affair; ii) to manage the specific affairs of the coordination mechanism related to ethnic work, coordinating and promoting the relevant departments to perform the duties related to ethnic work, and guiding and supervising the implementation of the decision-making and deployment of the CPC Committee on ethnic work and ethnic laws and regulations in all regions and departments; iii) to organize the researches related to ethnic works and proposing relevant suggestions.

The target households and communities including ethnic minorities will voluntarily participate in GD2RP with their land to improve their income generating capacity and resilience to climate change according to project design and plan, by their land right keeping unchanged.

Therefore, with the institutional safeguard and GD2RP design, the project would not affect ethnic minorities’ rights, lands, natural resources, territories, livelihoods, knowledge, social fabric, traditions, governance systems, and culture or heritage.

For the context of implementation of project activities, the project has identified no impact to cultural heritage.

Indigenous peoples

The project area has limited number of ethnic minority people (4.8%), among them, 57.1% and 19.7% inhabit in Tianzhu County and Huating County, and they will share the priority of project targeting. Furthermore they are integrated in the mainstream of the society and almost no differentiation is made to the ethnic minority people. The government applies preferential policies and support to ethnic minorities in social, cultural and economic development as compared to the majority of Han nationality. There is no risk anticipated of the project to the ethnic minority people in the project areas. the ethnic minority population will be benefit from improved services and employment opportunities under the project.

In five project counties, ethnic minorities took 4.8% of total population in 2022, and they are comparatively concentrated in Tianzhu and Huating with 76.8% of ethnic population in five counties, and Tianzhu is a Tibetan autonomous county while there are two ethnic minority townships in Huating. Comprehensive safeguards, focusing on subsistence rights and development rights, the ethnic regional autonomy system as institutional foundation, the implementation pattern based on the combination of equal protection and special treatment are four main features of Chinese ethnic minorities’ rights protection. Therefore, ethnic

minorities are integrated in the mainstream of the society, and the government applies preferential policies and support to ethnic minorities in social, cultural and economic development as compared to the majority of Han. The report of ADB ongoing project in Gansu stated that there are no significant differences between ethnic minorities and Han residents in terms of language and socioeconomic conditions. Given their unique conditions and traditions for developing featured agriculture and cultural products, minorities in the project counties require tailored support for skill development and value chain improvement as Han population in the project area.

The target households and communities including ethnic minorities will voluntarily participate GD2RP with their land to improve their income generating capacity and resilience to climate change according to project design and plan. The land rights of households and community including ethnic minorities are strictly protected by Land Administration Law of the People's Republic of China issued in 1987 and amended in 1998 and 2004, and Law of the People's Republic of China on the Contracting of Rural Land issued 2002 and amended in 2009 and 2018. According to the project design, there is no land right transfer required by project activities, and the project will not result in the impact on ethnic minorities and to their lands territories and resources.

Labour and working conditions. China has established a comprehensive system to abolish forced labour, covering civil, administrative, and criminal means. The Labour Law clearly states that the right to freely choose a job is a fundamental right of workers. For employers who force labour, workers have the right to immediately terminate the labour contract and claim economic compensation in accordance with the law. For high-risk groups such as minors and women who engage in forced labour, China has also clearly protected them in the Employment Promotion Law, the Women's Rights Protection Law, and the Regulations on the Prohibition of the Use of Child Labor. The Law on Public Security Management Penalties clearly stipulates that those who force others to work through violence, threats, or other means will face administrative penalties such as detention and fines. All the project activities would comply with the related laws mentioned above which keep up with the conventions on Forced Labour and Abolition of Forced Labour. China has ratified 7 of the 10 fundamental ILO conventions and has total 22 conventions in force. These include conventions on forced labour, equal remuneration, discrimination (Employment and Occupation), minimum age, occupational safety and health, child labour, among others. Local public security administrations will be notified of project activities and involved agribusiness entities that may undertake labor recruitment. Project management offices and village implementation groups will be provided with awareness building in stop forced labor, and they will be tasked to receiving claims or complaints for such cases. Procurement documents including contracts will include self-declaration of terms to comply with essential IFAD ethics requirements including preventing forced labor. Mitigation measures would be put in place to ensure that children are not involved in practices considered hazardous. In the project activities, the related stakeholders would be trained about the knowledge of child protection and prohibition of the use of child labour.

Civil works may involve the use of machineries that, if users are not properly trained, may result in health risks. Agriculture product involves use of chemicals, if not properly handled, may also cause health risk. However, with regular code of conduct for these occupations been followed, as qualified contractors would usually do and highlighted in the contracts, the likelihood of such occurrence is minimal. Very toxic chemicals are also banned in agricultural use. Normal precaution and procedures in chemical application could mitigate occurrence of such risks. ESCMP will highlight worker safety and insurance requirement in procurement contract. Mitigation measures will be identified and taken to ensure all risks in relation to project activities are provided with adequate measures. The trainings in the operation of machinery, hygiene practices, safe handling, disposal of agro chemicals, as relevant would be

operated by the project. The toxic and harmful subsidies and insurances would be distributed to the workers and farmers who will be typically exposed to occupational safety and health (OSH) risks. **Community Health, Safety and Security.** The project will invest in activities that are relatively limited in scale, i.e. mostly small-scale farm-level activities as opposed to larger infrastructural developments (e.g. dams). There would be little possibility of harm or losses due to collapse of buildings or infrastructure in the project. All the infrastructure would be developed according to the national standards of construction. Based on the proposals of Gansu, the project may involve greenhouses, roads, canals, production buildings. All structural integrity of the required infrastructure has been independently verified by a series of documents, such as <Technical standards for road engineering>, <Design specifications for road subgrade>, <Technical specifications for design, construction, and acceptance of greenhouse foundation>, <Load code for agricultural greenhouse structures>, <Load code for the design of building structures>, <Load Code for Building Structures Unified Standard for Construction Quality Acceptance of Building Engineering>, <Code for construction and acceptance of water supply and drainage pipeline engineering>. Vector-borne diseases and non-communicable diseases have been eradicated by Epidemic Prevention Law which never endanger farmers and other stakeholders. In the project, there are no activities that would lead to the unintended negative impacts on nutrition. It would improve nutrition levels in project area by diversified farming of crops and vegetables.. The project may involve use of agro-chemicals and fuels for its activities. However, industry standards and guidelines for Environment, Health and Safety are in place for relevant sectors. Amount involved for single transaction is limited. Qualified contractors are required to follow such standards and guidelines as qualifications for winning bids. The transport, storage, use and disposal of hazardous materials would be strictly managed in project activities. The training would be carried out to make sure the safety of farmers who use it. There are no recent evidence of accidents. Ecosystems and ecosystem services relevant to communities' health would be protected rigorously. Civil work construction will take place in the project area, but mostly local workers will be employed and qualified contractors are required to commit to relevant SEA compliance. Government laws applies to deter such incidence. The project itself will not lead to incremental incidence. There would be little possibility on influx of project workers. The project may result in minor increases to traffic volume. However the road/traffic systems in the project areas are well upgraded and regulated. Any potential increase in traffic caused by the project will be within the range of handling capacity of the road system. The incremental impact of the project to local traffic and risk of injury or death of people is minimal most not noticeable. Safety level is high in the project areas. It would not involve the engagement of security personnel to protect facilities and property or to support project activities.

There is an institutional safeguard of the government and facilitation of the Women's Federation in GD2RP will prevent gender-based violence in the project process. Gender awareness building including awareness raising of gender-based violence will be involved in the training for project organizations. The Law on the Protection of Rights and Interests of Women of People's Republic of China issued in 1992, and amended in 2015, 2018 and 2022, which covers women's political rights, rights in relation to the person and person-ality rights, in relation to culture and education, work and social security, property, marriage and the family, and also provides for remedies and corrective measures and on legal responsibility, including penal provisions. The Anti-Domestic Violence Law of People's Republic of China issued in 2015, prohibiting all forms of domestic violence; placing primary responsibility on the Government for preventing and ending domestic violence and protecting family members, in particular for women; and defining the specific responsibilities of government agencies, judicial organs and social organizations. Afterwards, provincial governments issued the measures of Implementing the Anti-Domestic Violence Law of the People's Republic of China, which allocated responsibility to relevant institutes by the scope of their respective duties

according to law, including government departments of public security, civil affairs, judicial administration, education, agriculture and rural areas, human resources and social security, health, etc., and the people's courts and people's procuratorates. Implementation of Anti-Domestic Violence Law produced great achievement, a multi-departmental cooperation and consultation mechanism established in the government from central to county levels; various grass-roots linkage models such as "Public security + civil affairs + Women's Federation" and "Court + public security + community" have been established. According to the survey, in 2021, the proportion of women who suffered physical and mental violence from their spouses in marriage was 8.6%, which decreased 5.2 percent points from 2010; From 2016 to 2022, women's federations received 252,000 complaints about domestic violence through the 12338 Women's rights protection service Hotline and other channels. To provide victims of women and children legal advice, psychological counseling and other services are available. Such institutional safeguard and facilitation of Women's Federation in GD2RP will prevent gender-based violence in the project process.

Physical and economic resettlement. According to the field investigation, there would be no project activities which will result in the physical or economic displacement of the local population. Minor Temporary restrictions may apply in the context of some activities (re-route of traffic due to road or canal rehabilitation) . No changes will be caused by the project to land tenure, or adverse impacts to property rights. The project may contribute to increase of farmers' property rights with project invested assets assigned to them through quasi share-holding arrangements or relevant benefiting mechanism. The land rights of households and community including ethnic minorities are strictly protected by Land Administration Law of the People's Republic of China. The project will not lead to temporary or permanent and full or partial physical displacement.

Financial intermediaries and direct investments. The project will be implemented by the provincial Rural Revitalization Bureau (PRRB) of the provincial Department of Agriculture and Rural Affairs (DARA) of Gansu Province in China.. Communities and stakeholders can contact the institution and a process is in place for institutionalizing the communication channels (e.g. complaint-management system) and training staff accordingly. The institution offers basic training services to customers (directly or third party service providers to improve business and livelihood opportunities. All the project activities would comply with the local legal framework.

The public and private agro-enterprises will be supported through this project to upgrade their capacities through direct investments to enhance their adoption of green technologies by using energy efficient measures; managing, conserving and protecting the natural resources; reducing waste and pollution and enhancing environmental quality. Some examples of applicable green technologies in the project area relate to solar-powered irrigation systems, precision farming practices, organic farming, agroforestry, and integrated pest management. These technologies can help the agro-enterprises under transformation and the participating farmers increase productivity, reduce costs, improve incomes, and protect the environment. There are also expressed needs for support to: access to e-commerce, promotion of on-farm and off-farm digital technologies such as for bee farming, energy-saving greenhouses for extended production seasons, upgrades in capacities of post-harvest management, localized seed and nursery including fungus culture cultivation and fungus stick provision, storage capacities for prolonged product life and better market premium.

5.1.3 Climate trends and impacts

The project area (Figure 1) belongs to the arid and semi-arid zone, which is a climate change sensitive and ecologically fragile zone with complex climate types and more types of meteorological hazards, mainly drought, torrential rainfall and flooding, wind and hail (wind, dust and hail) and low temperature, etc. Meteorological hazards account for 88.5% of natural disasters, which is higher than the national average of 18.5% (Zhang et al., 2015; Zhang et al., 2018). Meteorological disaster losses accounted for 3.5% of GDP in Gansu Province, and the average of 3% in the 21st century, which is about three times of the national level (Wang et al., 2008).

Based on the available data, the climate trend in Jingtai county in the past 60 years has been analyzed (Figure2). There are apparent upward trends for the mean temperature, low temperature and high temperature in Jingtai county. The average of mean temperature in the past 60 years is 8.85°C; the average of low temperature is 3.23°C; the average of high temperature is 15.67°C. It is remarkable that the project area has become warming with global warming. Especially in the past ten years the warming trend is much more obvious; the average of mean temperature in the past 10 years is 9.69°C; the average of low temperature is 4.31°C; the average of high temperature is 16.4°C.

Due to the arid and semi-arid climate, the rainfall in Gansu province is deficient. In the past decades, the annual precipitation in Jingtai county has always been below 300mm. There is an obvious upward trend that the annual rainfall is increasing. The average of annual precipitation in the past decades is 184.4mm; however, the average of annual precipitation in the past 10 years reaches 196.3mm. There is apparent fluctuation trend for annual rainfall.

The distribution of major disaster losses in Gansu Province from 1961 to 2014 showed that drought disasters accounted for 67.4% of the meteorological disaster affected area and ranked first (Zhang et al., 2010). The rates of drought damage, disaster and crop failure (25.2%, 14.1% and 2.2%) were significantly higher than the national average (15.0%, 8.1% and 1.7%), and the rates of increase (0.16% /10a, 0.15% /10a and 0.05% /10a) were also higher than the national average (Han et al., 2019).

In addition, wind and hail disasters accounted for 3% of the meteorological disaster area and took the second place. In contrast, flooding and low temperature disasters accounted for 10.6% and 9.7%, respectively. The increase rates of wind and hail, heavy rainfall and flooding, and low temperature cold damage were 0.29% /10a, 0.45% /10 and 0.72% /10a, respectively (Han et al., 2019).

The main influencing factors of meteorological hazard risk are the hazard of the causative factor, the vulnerability of the breeding environment, the vulnerability of the carrier, and the ability to prevent disaster decisions, and in a region like Gansu, there is no doubt that the hazard of the causative factor becomes the dominant and most active factor of meteorological hazards. With climate warming, the risk of meteorological hazards in Gansu is increasing day by day (Han et al., 2019).

The expected hazards in the project intervention area have been identified. In Liangzhou, Tianzhu and Jingtai, agricultural droughts are the main hazards which would become more intensive under future climate scenarios (2040-2059). In Maiji, Huating and Weiyuan, cold spell in later spring and hail are the main hazards which would Show a fluctuating trend under future climate scenarios (2040-2059). The project would reduce greenhouse emission comparing with no activity intervention in project area.

For **exposure assessment**, crop production and livestock productivity are not frequently affected by rainfall variability, prolonged droughts, changes in temperature or pests and diseases; the existing infrastructure play an important role which have been constructed in

the past 20 years. There is no activities involved fisheries and forest in this project. The biodiversity in the project area has little possibility to be affected by changes in climate variables due to the protection measures in the project. The production, storage, processing and marketing of agricultural products would be exposed to the climate related hazards, which would be concerned in project activities design. The rural infrastructures may be also affected by flooding, which would be upgraded and reformed.

For **sensitivity assessment**, there is little conflict or displacement which exacerbate the population's sensitivity to weather related hazards. The diseases (e.g. COVID-19) would not increase the population's vulnerability and affecting their capacity to address potential weather-related hazards, which are controlled and prevented by central government and local governments. The income of the target population is diversified from agriculture, temporary employment in towns, tourism services, etc. Gender, youth, indigenous persons and other marginalized groups are the most concerned groups in the project who would receive priority protection; climate change would unlikely exacerbate the inequalities. Based on the calculation, the Human Development Index (HDI) would be above 0.6 and the Multidimensional Poverty Index (MPI) is much less than 0.1.

For **adaptive capacity and climate resilience**, according to the Disaster risk reduction progress score, China performs well to end poverty in whole country and take urgent action to combat climate change and its impacts. Relying on radio, TV, extension services etc., climate and weather information services (real-time weather data, seasonal forecasts etc.) could effectively be delivered to farmers, rural dwellers, and end users. China has issued National Climate Change Adaptation Strategy 2035 and Gansu has issued Action Plan for Adaptation to Climate Change and Meteorological Disaster Emergency Plan to mitigate the impacts of weather-related hazards once the shock occurs. The government or other institutions would support the target population/communities with the necessary social and economic resources to prepare for or respond to climate-related events, including food, cloth, tents, medicines, etc. The target community has stable economic means (government subsidies/assistants) to carry out agricultural adaptation, such as adjusting the broadcasting period, updating stress resistant varieties, etc. There are also policies/mechanisms existing that make financial credit, loans, and agricultural insurance available in project area. The rural infrastructures could effectively deliver services to farmers and rural dwellers; hardened roads provides convenience and efficiency; pipe drainage and sanitary toilet Improve living standards; cultural and sports facilities enrich the spiritual life of rural residents.

c. Climate change mitigation

In 2017, the total agricultural carbon emission in Gansu Province was 8,250,800 tons, of which the total carbon emission in the process of agricultural production was 2,204,700 tons, accounting for 26.7%, and the carbon emission from animal husbandry was 6,046,000 tons, accounting for 73.3%. The main sources of emissions in the agricultural production process are, the largest total emissions of fertilizer, followed by agricultural film, agricultural motor oil and pesticides. Animal manure in animal husbandry produces the highest carbon emissions, followed by animal intestinal fermentation (Lu, 2020). Given that Gansu Province intends to vigorously develop the six agricultural industries of "cattle, sheep, vegetables, fruits, potatoes and medicines", it is necessary to strictly manage chemical fertilizers, agricultural films, pesticides, agricultural machinery and animal breeding and manure, and it is imperative to reduce carbon emissions. In addition to the stable development of agricultural production, we should raise farmers' awareness of low-carbon production, reduce the dependence of agricultural production on chemical fertilizers, pesticides and agricultural films, and promote the model of combined farming and biogas in rural areas to increase the use of methane gas and reduce agricultural carbon emissions. In the livestock breeding industry, scientific feeding is recommended to reduce intestinal fermentation of livestock, and adopt technologies such as comprehensive utilization of livestock manure to reduce carbon emissions in manure

management. At the same time, increase the carbon sequestration by planting trees and improving soil organic matter and replace with clean Energy such as the complementary agriculture and light, menthane gas cooking.

5.2 Proposed mitigation and enhancement measures

5.2.1 Mitigation and enhancement measures for primary natural resources utilization

According to the project activities, primary natural resources may include soil, sandstone, timber, water for construction of roads and Greenhouses. The project activities will refer to a series of constructions, such as intelligent connected greenhouse, edible mushroom production base, improvement and renovation of irrigation facilities, emergency water source guarantee in Maiji county; demonstration of Gobi Facility Agriculture Industry Cluster, agricultural industry incubators, construction of Modern Industrialized Fruit and Vegetable Seedling Base, saline alkali land treatment, grain storage and logistics base in Jingtai county; homestay renovation and upgrading in Weiyuan county; ecological tourism road construction in Huating county; high standard farmland construction, industrial road maintenance and renovation in Tianzhu. All the construction activities should comply with < Unified standard for civil building design>, <Technical standards for road engineering>, <Technical specifications for design, construction, and acceptance of greenhouse foundation>, < Design standards for irrigation and drainage engineering>, etc. In these documents, the obtain, application, disposal of primary natural resources are clearly regulated and defined. Besides these regulations, the measures of Energy saving and water-saving should be taken in the activities.

Building Energy Conservation. The architectural design is concise, ensuring that the main buildings have as much sunlight as possible, and minimizing the external wall area as much as possible to reduce the heat diffusion area; Try to use composite materials or lightweight exterior walls with good thermal insulation effect in building construction; The roof and pipes of the building are made of insulation materials, and the exterior walls and windows are made of insulated glass to increase thermal resistance and save energy. Using new energy sources in buildings to reduce the use of electricity, utilizing solar photovoltaic power generation technology to convert solar energy into electricity for the use of some electrical equipment in the building. In addition, wind energy can also be utilized, and new energy can be reasonably utilized to minimize the energy consumption of buildings, ultimately achieving energy conservation and consumption reduction.

Energy saving of lighting equipment. Lighting source selection: Semiconductor lighting sources (LED lights) that have developed maturely in recent years are used for indoor and outdoor lighting. For example, high-efficiency and energy-saving LED lights can be used for indoor and outdoor lighting. Make full use of natural light: When conditions permit, it is advisable to automatically adjust the artificial lighting intensity according to the changes in outdoor natural light; When conditions permit, it is advisable to use various light guiding and reflective devices to introduce natural light into the interior for illumination. Selection of lighting fixtures and their accessories: Efficient and energy-saving lighting fixtures should be used while meeting glare limitations and lighting requirements; Select reflective lamps with reasonable light distribution, high reflection efficiency, and good durability; Choose lighting fixtures that are coordinated with light sources and electrical accessories. Adopting efficient and energy-saving lighting electrical accessories: replacing traditional high-energy consumption inductive ballasts with energy-saving inductive ballasts and electronic ballasts. The selection of lighting control methods: Energy saving low-voltage electrical appliances are widely used in distribution systems. Although each low-voltage electrical appliance consumes

a small amount of electricity, its total power consumption is also high due to its large usage (such as contactors, thermal relays, fuses, and signal lights). Therefore, mature, effective, and reliable energy-saving low-voltage electrical appliances should be adopted.

Energy saving of power equipment. Try to arrange the power distribution in the load center as much as possible to reduce cable length and energy loss; Choose energy-saving transformers. The motor adopts reactive power on-site compensation measures to reduce the total current and reduce line losses; Improve the utilization of transformers and transmission lines. The selection of motor power should be based on load characteristics and operating requirements, so that it operates within the economic operating range. When using a frequency converter for speed regulation, the reactive current of the motor should not cross the DC link of the frequency converter, and parallel capacitors for compensating power factor cannot be set at the motor. Strengthening regular maintenance and repair of power equipment, and using energy-saving automatic control can timely and automatically control according to the motor load situation, achieving the goal of safer system operation, energy conservation, and extending the service life of equipment.

Construction energy-saving. In terms of wastewater and sewage discharge: In the early stages of construction, that is, before the construction of new drainage ditches, efforts should be made to ensure the completeness of the original drainage system, in order to facilitate the use of the original drainage system to discharge wastewater, sewage, and precipitation generated during construction. This can reduce the cost of temporary drainage facilities and prevent sewage from overflowing, protecting the environment. In terms of construction order: strictly follow the prescribed infrastructure procedures to avoid route duplication and cost increase caused by process reversal. In terms of construction machinery: firstly, the selection of construction machinery should be tailored to the project, and the corresponding power of machinery should be reasonably selected according to the size of the project to avoid wasting energy; Secondly, it is advisable to choose new energy-saving construction machinery as much as possible to replace traditional high energy consuming construction machinery; The third is to organize the construction flow line as much as possible during the operation of construction machinery to avoid back and forth transportation of construction machinery.

HVAC Energy Conservation. Install heat metering and control devices at each main entrance of the heating system; Temperature control valves are installed at the front end of indoor radiators for temperature control in different compartments and zones; Choose a duct connection method with good airtightness, strengthen sealing treatment, and reduce energy loss caused by air leakage. All systems and equipment selection in this design are strictly carried out in accordance with relevant national and local energy-saving standards. Air volume greater than 10000m³/h The limit of power consumption per unit air volume of the mechanical ventilation system air duct system shall comply with the General Code for Building Energy Conservation and Renewable Energy Utilization (GB 55015-2021). Manual regulating valves are installed at the branches of each return water main pipe in the heating system, which can effectively avoid waste and achieve energy-saving goals. The heating pipeline adopts high-efficiency rock wool shell insulation material insulation measures to reduce heat loss. Multiple air supply and exhaust fans are connected in parallel, and the operation mode adopts timed start and stop of fans or automatic control of fan operation based on indoor CO₂ gas concentration.

Water conservation measures. Develop water system planning schemes based on building types, climate conditions, water usage habits, etc., and reduce water usage quotas. Set up a complete water supply system, with water quality meeting national or industry standards, and stable and reliable water pressure. The selection and operation of water supply facilities such as pipes, pipeline accessories, and equipment should not cause secondary pollution to the water supply. And set up water measuring instruments and take effective measures to prevent and monitor pipeline leakage. Try to use plastic water supply pipes with smooth inner

walls, use low resistance valves and backflow preventers, etc., to reduce local head loss in the pipeline. Use water-saving valves for domestic water and cleaning water, and take effective measures to avoid phenomena such as running, emitting, dripping, and leaking. Water distribution devices and sanitary equipment are the ultimate units of water use, and their water-saving performance directly affects the effectiveness of water-saving. Therefore, water-saving equipment and appliances should be selected based on the actual situation of the usage site. If a self-closing flushing valve is used, it can reduce the ineffective consumption of water resources and achieve the goal of water conservation. Strengthening water-saving management requires professional technicians to be diligent in regularly debugging, maintaining, and repairing various water supply equipment and pipelines. Water meters are installed in centralized water supply areas such as inlet pipes to ensure adequate water usage. In terms of agricultural water-saving. In agricultural production, in order to improve the production efficiency of crops and the utilization efficiency of water resources, some crop varieties with strong drought resistance and yield retention ability are selected in seed selection, resulting in a significant reduction in water consumption. Adopting integrated water and fertilizer technology, the irrigation water is finely atomized and sprayed in facility agriculture using a micro spray mode; Drip and sprinkler irrigation are commonly used in field crop cultivation to reduce flooding and achieve water conservation and cost reduction.

The management of these measures should be taken and the monitor and evaluation should be carried out by PMO. Establish and improve an energy-saving management system, establish energy management positions, and clarify tasks and responsibilities. Organize energy-saving training for energy management personnel, equipment operators, and other relevant personnel. In order to standardize and coordinate various energy management activities, various meeting minutes, technical plans, and other documents are systematically formulated and strictly implemented. Strengthen energy management, establish and improve energy-saving assessment systems, adjust operational plans in a timely manner based on changes in various factors during the operation process, and maintain efficient and energy-saving operations. Strengthen operation scheduling and command, establish and improve job responsibility system and energy consumption quota management system, and improve energy utilization efficiency. Establish a ledger and conduct regular statistics. According to relevant national regulations, equip energy measuring instruments that meet management needs, formulate and implement relevant documents, and manage the purchase, installation, maintenance, and regular calibration of measuring instruments to ensure their accuracy and reliability. Establish a system for analyzing energy consumption and usage, promptly identify areas or processes with abnormal energy consumption, and take timely measures to solve them. Energy-consuming devices should be operated in optimal conditions based on their characteristics and operational scheduling. We must strictly implement operating procedures, continuously improve operating methods, strengthen daily maintenance and regular inspections, and ensure the normal operation of energy-consuming equipment. After the project operation, strictly implement various energy-saving measures and systems.

5.2.2 Mitigation and enhancement measures for pollutants treatment

In terms of the impact of project construction, during the construction period, the project may generate noise, dust, wastewater, exhaust gas, solid waste, etc., which will have adverse effects on the regional environment. In the later stage of project construction, strict environmental management and protection plans can be formulated and implemented to ensure funding investment and reduce potential environmental impact risks. < Environmental Protection Law of the People's Republic of China > is released to protect and improve the environment, prevent and control pollution and other public hazards, and ensure public health. All the project activities and its impacts would be implemented complying with the Environmental Protection Law. Waste from the different activities is complied with < Law of

the People's Republic of China on the Prevention and Control of Solid Waste Pollution>; it defines the disposal process and regulations for waste from road rehabilitation and canal construction, use of agro-chemicals, solar powered batteries, oils, etc from the various activities. The waste must be uniformly recycled and processed by professional departments.

Atmospheric environmental protection measures during construction period. (1) Select construction machinery and transportation vehicles that comply with relevant national health standards to ensure that their emissions meet relevant standards. And regularly inspect construction machinery and vehicles, pay attention to the maintenance of machinery and vehicles, keep them in good operating condition, use light fuel as much as possible, and avoid fuel leakage. (2) Dust from mixing plants, transportation roads, and storage yards can be suppressed by watering and cleaning measures. If only sprinkled with water, the amount of dust can be reduced by 70-80%. If sprinkled after cleaning, the suppression efficiency can reach over 90%. Experiments have shown that watering and dust suppression operations 4-5 times a day on the construction site can reduce the distance of TSP pollution caused by dust to a range of 20-50 meters. (3) Cement and fine sand are transported in closed containers to avoid running or leaking during transportation. Regular maintenance, repair, and cleaning of construction roads to ensure that the road surface is clean and in good working condition. (4) Timely compact the loose site, and after the temporary land use is completed, the exposed land should be restored to its original terrain as soon as possible to avoid dust. (5) Management should be strengthened, civilized construction should be carried out, and building materials should be loaded and unloaded lightly.

Sound environment protection measures. Noise is mainly generated during the construction process, with equipment such as excavators, bulldozers, concrete mixers, and transportation vehicles. The main prevention and control measures include: (1) The construction unit must select low-noise construction machinery and transportation vehicles that comply with relevant national standards, and set up noise control devices for strong sound sources. Strengthen equipment maintenance and upkeep, maintain mechanical lubrication, and reduce operating noise. (2) Crushers, sand making machines, air compressors, and other facilities should use porous sound-absorbing materials as much as possible to establish sound barriers, covers, and compartments. Construction personnel working in high noise environments should always wear noise proof earplugs, earmuffs, or helmets. (3) Implement closed management of the construction area to reduce traffic pollution caused by external vehicles. (4) Reasonably arrange construction time, prohibit high-intensity construction at night, determine the construction layout reasonably, and try to keep high noise source equipment away from sensitive points.

Solid waste prevention and control measures. During project construction, solid waste comes from various types of waste generated from excavation of engineering foundations and the household waste of construction workers. (1) All excavation waste is required to be promptly cleared and disposed of, and prevention and control measures should be taken in accordance with soil and water conservation requirements. (2) For the domestic waste generated during the construction period, multiple garbage collection bins will be installed in each work area and living camp according to the situation of construction personnel in the construction area. After centralized collection, household waste is regularly covered and transported to the designated disposal location designated by the environmental sanitation department for unified disposal.

Ecological Environment Protection Measures. Due to the excavation and filling of soil, there is certain damage to the vegetation ecology. After the completion of the project, vegetation restoration and afforestation will be carried out to beautify the environment and prevent soil erosion. During construction, try to minimize vegetation damage and minimize the width of the work. After the construction is completed, restore the surrounding vegetation

as much as possible. Strictly implement soil and water conservation measures to prevent and control soil erosion.

Population Health Protection Measures. Disinfect the pre entry area and cut off the source of disease transmission. During the construction period, rodent and mosquito control activities should be carried out in the living area, with a frequency of once per month; During peak construction periods and summer, the frequency of mosquito and fly control is once per week. Strengthen the hygiene management of collective dormitories for construction personnel in the construction area, conduct regular hygiene inspections, clean clothes in a timely manner, and regularly disinfect dormitories; Before the construction personnel enter the construction site, conduct a comprehensive health survey and file the epidemic for the construction personnel; Regularly take preventive measures such as medication and vaccination for the construction population; The construction unit should strengthen hygiene publicity and education, as well as food hygiene management, and do a good job in environmental hygiene to prevent the occurrence of infectious diseases in the construction area. The drinking water for construction personnel mainly comes from groundwater. To ensure the quality of drinking water, it is necessary to monitor the water quality. Canteen cooks must obtain a hygiene and health certificate before they can start working and do a good job in disinfecting the canteen. Food procurement personnel should strictly control the quality of food and prevent expired food from entering the cafeteria.

5.2.3 Mitigation and enhancement measures for fertilizers utilization

The project involves crop production which naturally requires inputs of fertilizers. But impact can be appropriately managed as the project will be introducing efficient measures such as integrated irrigation-fertilization, responding to its objective of facilitating the adoption of green and resilience concepts in rural revitalization. According to Gansu Yearbook 2023, during the 13th Five Year Plan period, the comprehensive utilization rate of livestock and poultry manure in the province reached 78%, and the scientific fertilization technology mainly based on soil testing and formula was promoted to 36.8 million ha. The application area of formula fertilizer was 16 million ha, and the application area of organic fertilizer was over 20 million ha. The project will privilege the non-chemical/organic/green options and, as relevant, consider the use of agro-chemicals. The amount of fertilizer reduction would rely on the rate of the non-chemical/organic/green options.

Precision fertilization reduces dosage. Strengthen the investigation of fertilization situation, nutritional diagnosis, field experiments and other soil testing formula fertilization foundations, accurately formulate and release fertilizer formula information, improve the application ratio of formula fertilizer and specialized fertilizer, and reduce unreasonable nutrient input.

Optimize the structure to reduce quantity. Increase the promotion of green technologies and inputs, optimize the ratio of nitrogen, phosphorus, and potassium, adjust nutrient forms, and promote efficient absorption. Targeted supplementation of moderate and trace elements can alleviate symptoms of nutrient deficiency. Guide the optimization and upgrading of fertilizer products, vigorously promote new functional and high-efficiency fertilizers.

Improving methods by reducing quantity and increasing efficiency. Improve traditional fertilization methods such as surface application, sprinkling, and high water flushing, develop advanced and applicable fertilization equipment, promote the application of high-efficiency fertilization machinery such as seed fertilizer co seeding machines and side deep fertilization machines, and match slow-release fertilizers and specialized fertilizers, transform traditional fertilization methods, and reduce fertilizer usage.

Diversified substitution reduces quantity and increases efficiency. Reasonably utilize organic nutrient resources, promote diversified alternative fertilizer methods such as increasing organic fertilizer application, planting green manure, returning straw to the field, and biological nitrogen fixation, and promote the combination of organic and inorganic fertilizers. By using techniques such as topsoil regulation and microbial activation, the effectiveness of soil nutrients can be stimulated, replacing chemical fertilizer inputs.

Scientific regulation reduces quantity and increases efficiency. Establish a sound system of institutional standards covering the entire chain of fertilizer production, use, and supervision, establish and improve nitrogen fertilizer application quotas for major crops, promote fertilization quota system and ledger management, develop scientific fertilization guidance opinions based on regions, crops, and agricultural seasons, and guide farmers to control the fertilization amount within a reasonable range.

Targeting the background of cultivated land in Gansu Province, vigorously promote new types of fertilizers such as slow-release fertilizers, water-soluble fertilizers, and microbial fertilizers, and improve the implementation rate of soil testing formula fertilization, mechanical deep application, integrated water and fertilizer, and straw returning technology; Implementing conservation tillage, returning straw to the field, and planting green manure, increasing the application of organic fertilizer, and improving saline alkali and sandy soils; Promote slow-release fertilizers and formulated fertilizers in rain fed and arid areas, and expand the area of deep mechanical application; Adopting integrated water and fertilizer technology in irrigation areas, promoting crop specific fertilizers, and controlling the amount of nitrogen and phosphorus fertilizers used.

5.2.4 Mitigation and enhancement measures for pesticide utilization

The project requires use of pesticides, but the project is aimed to green the agriculture sector by promoting available options to replace potentially polluting pesticides with alternatives, while increase production quality for better market premium. Training will be provided to farmers on green technologies and sustainable practices. The project activities refer to wheat, maize, medicinal herbs, potatoes, fruit trees, vegetables, cash crops and livestock. The pesticides used for these crops and livestock are strictly regulated and managed by the government. <The 14th Five Year Plan for the Development of National Pesticide Industry > released in 2023, put forward that vigorously developing biopesticides, phasing out old pesticide varieties, strict controlling high toxic and high-risk pesticides and additives, promoting the reduction of chemical pesticide use, and replacing chemical control with biological control of pests and diseases, ecological control, physical and chemical induction control, and scientific medication. All the types of pesticides are clearly regulated in the document, which would guarantee the security and reduce the risk.

Accurate prediction and prediction, precise timely prevention and control, precise targeted pesticide application. Strengthen the automation and intelligent monitoring and early warning of crop diseases and pests, and improve the ability and level of accurate forecasting; Strengthen drug resistance monitoring and management, promote symptomatic drug selection, rotation of medication, and appropriate and timely medication; Promote target application, slow release and damage control, low volume spray and other efficient and accurate application technologies to improve the prevention and control effect. Encrypt the deployment of grassroots monitoring stations. Intensify the deployment of monitoring stations in the source areas of major pests and diseases, transition zones for migration, high-risk areas at the border, and high-risk areas. Install automated and intelligent monitoring facilities to enhance real-time monitoring, continuous tracking, and early warning capabilities at the end of the line. Accelerate the application of information technology. Strengthen the R&D and application of information technologies such as "Internet plus" and big data,

establish and improve the pest monitoring and early warning information system, realize digital monitoring, network transmission, and modeling prediction, and improve the ability of automatic perception of disease and insect conditions. Promote precise prediction and forecasting. Improve the technical standard system for monitoring and reporting, standardize the behavior of monitoring, investigation, and forecast release, establish a regular consultation mechanism, accurately analyze the occurrence situation, and improve the timeliness and accuracy of guiding prevention and control.

Green prevention and control of diseases and pests. Fully utilize ecological regulation measures. Optimize crop layout, promote resistant varieties according to local conditions, promote healthy cultivation, crop rotation, deep tillage and weed control, and other agricultural measures to control the occurrence of diseases and pests. Vigorously promote biological control. Promote the application of natural enemy insects, plant-based pesticides, microbial pesticides, and fermented biopesticides, gradually reducing the intensity of chemical pesticide use. Reasonably use physical and chemical induction and control techniques. Using techniques such as light lure, sex lure, color lure, and food lure, promoting measures such as plastic film coverage for weed control and insect prevention nets to reduce the use of chemical pesticides. Promote scientific and safe medication. Promote efficient and low-risk pesticides with good preventive effects and low dosage, guide rotation and alternation of medication, and comply with safe interval medication to improve the effectiveness and efficiency of pesticide use. Strengthen demonstration and leadership. According to the standard of achieving a green prevention and control coverage rate of over 60%, 500 integrated green prevention and control counties will be established to demonstrate, lead, and radiate the promotion and application of green prevention and control on a large scale.

Biological pesticides replace chemical pesticides, efficient and low-risk pesticides replace old pesticides, and efficient and precise pesticide machinery replaces old pesticide machinery. Promote the application of biopesticides, high-efficiency and low-risk pesticides with high activity and low usage per unit area, as well as their water-based and nanomaterialized formulations, and eliminate inefficient and high-risk pesticide varieties; Promote the application of efficient and energy-saving pesticide spraying machinery, gradually eliminate outdated pesticide spraying machinery, and improve pesticide utilization efficiency.

5.2.5 Mitigation and enhancement measures for climate risk

In response to the potential impact of various natural disasters on the development of the agricultural industry and project construction, it is necessary to prepare the "Strengthening Emergency Management Plan for Natural Disaster Prevention" in advance. Strengthen the construction site environmental protection and safety guarantee mechanism construction, prepare the "Environmental Management Plan" and "Emergency Plan for Major Safety Accidents" for project construction, and establish a sound prevention system from every link such as infrastructure, process flow, site zoning, and environmental facilities.

The project will target key areas and impoverished populations affected by natural disasters such as drought, floods, low temperatures, wind and hail, and carry out disaster identification, monitoring, early warning, and emergency preparedness. The project will adopt water-saving irrigation technology to reduce losses caused by drought disasters. The renovation and upgrading of embankments will reduce the risks posed by floods to crop cultivation and ecosystems. Agricultural meteorological index insurance can also be used to address climate change risks and reduce farmer losses, especially in the fields of animal husbandry and crop cultivation.

5.3 Monitoring

The project will coordinate with provincial Environmental Monitoring Divisions that manage the ecology and environment monitoring networks; and they have subsidiary monitoring centers to organize monitoring exercises (in terms of environmental quality, pollution sources, law-enforcement, etc.), manage monitoring data, and provide technical guidance and training to the monitoring teams within provincial jurisdictions. Such unit could also support training of project monitoring unit.

5.4 Roles and responsibilities

The PMOs will include a staff responsible to ensure proper implementation of social and environmental safeguards of the project in coordination with government institutions responsible for it. In addition, procurement unit / staff will be responsible to implement the safeguards plan for procurement, ensuring that procurement process for goods, service and consultancy follow proposed safeguards procedures, integrated specific criteria in bid document and selection process and reviewing enterprise capacities and mechanisms to implement required safeguards. Partner enterprise will also be screened against their social and environmental governance framework and capacities.

In addition, PMOs will work closely with the different institutions engaged in infrastructure development to ensure project is in line with all construction standards and associated safeguards:

- **At the national level**, the National Development and Reform Committee (NDRC), the Ministries of Water Resources (MOWR), the Ministry of Agriculture and Rural Affairs (MARA), the Ministry of Transport (MOT) are responsible for overall social-economic & agriculture development planning, irrigation and water resources management, agriculture, rural roads respectively. They provide respective policy advice, technical guidance and programme supports to provincial and local governments and relevant institutions.
- **At provincial level**, the Provincial Development and Reform Committee (PDRC), Department of Water Resources (DOWR), Agriculture and Rural Department (ARD) and the Department of Transport (DOT) are the line agencies respectively. They issue provincial sector development strategies, policies, plans and technical guidelines, formulate and implement work and budget plans for provincial government funded programmes and projects. In addition, the project will engage with Provincial Ecology and Environment Bureau (EEBs) EIA and Pollution Control Division and The provincial Environmental Assessment Centers.
- **At County level**, the counterpart agencies are the Bureau of Development and Reform (BODR), the Bureau of Water Resources (BOWR), the Agriculture Bureau, the Bureau of Transport (BOT), Power Bureaus, and Environmental Protection Bureaus. They formulate and implement county level sector development plans and projects, review and approve system planning and project designs for relevant investment activities, supervise their implementation, and advice system operation and management to ensure that construction programs are in line with government strategies and policies. They will support socio-environmental impact assessments, for relevant investment activities, supervise their implementation, and advice system operation and management.
- **At Township level:** Agricultural Extensions Stations at township level are responsible for agriculture services and technical extension at field level and shall therefore be trained / engaged to implement proposed environmental safeguards in production.

Qualified experts should be selected to provide technical assistance and training to the project. The PMO safeguard specialists will also work closely with institutions in charge of environmental safeguards who will be in charge of screening environmental risks, leading and approving dedicated environmental impact assessment for sub-projects triggering it, ensuring application of environmental safeguards and supervise environmental pollution (see section on M&E), More specifically, the following agencies have different roles:

- Provincial EEBs have EIA and Pollution Control Division (4-5 staff members) responsible for approval of larger scale or more sensitive EIAs for government programs, strategies, and projects, coordination and management of pollutant discharge permitting, supervision on pollution prevention and control, and preparation and implementation of provincial environmental entry lists, etc.
- The provincial Environmental Assessment Centers (about 20 staff) provide coordination services to the provincial EEBs in EIA approval. The provincial Environmental Law Enforcement Bureaus (about 40 staff members), responsible for organizing and guiding lower-level EEBs' work in EIA follow-up management, coordinating interprovincial environmental disputes, and investigating significant environmental issues within the province etc. Under the provincial EEBs.
- Municipal EEBs also have divisions of EIA approval (4-5 staff members) that are responsible for approving EIAs. Under each municipal EEB, there is an environmental law enforcement team (LET, about 20 staff members) responsible for EIA follow-up management within the municipal jurisdiction.
- County EEBs are branches of municipal EEBs and have divisions of EIA approval (2-5 staff members). They are responsible for approving EIA forms for projects that are approved by county/city governments.
- In addition, at township governments there are 1-2 full-time environmental staff to coordinate with higher-level EEBs.

Finally, Prior to the commencement of each infrastructure project, a corresponding infrastructure management body should be identified/established to fully participate in the whole process of system planning, design and construction supervision, and assume the responsibility for operation and maintenance in accordance with proposed safeguards after the completion of the project. They shall therefore be trained early to implement such safeguards, including dedicated training to adapt to climate change, mitigate environmental risk, manage waste, minimize input use and promote water-saving irrigation technology. In addition, hand over / exit plan will need to ensure continuous technical and financial support from relevant government departments. Composition of such committee depend on infrastructure types:

- **The ownership of the industrial park and industrial facilities** belongs to the township government and the county government. The county and township governments are responsible for the maintenance and management of the park's infrastructure. After the completion of the infrastructure, the County Project Management Office shall be transferred right of use to the corresponding management agency in time. The management agency shall be responsible for the operation and maintenance of the infrastructure, and can receive technical and financial support from government departments and relevant agencies to ensure compliance with all safeguards.
- **Ownership of the farm houses and greenhouses** improved under the project will belong to a user committee including the beneficiary villages (Cooperative organization), famers and enterprises, who will be responsible for O&M of these facility in a sustainable and safe way in line with the requirements of GB/T 42958-2023 "Instructions for the Use of Fertilizer Products".
- **Ownership of the irrigation systems and the water source facilities** improved and developed under the project will belong to the beneficiary villages, water users'

associations or farmers' cooperatives depending on the decision made by respective county project management offices during the project implementation, based on the size and benefiting scope of the systems. After the completion of the project, continuous technical and financial support is required from government departments and relevant irrigation management agencies.

- **Ownership of the rural industrial roads** improved under the project will belong to user committee including the beneficiary villages (Cooperative organization), farmers and enterprises, who will be responsible for O&M of these road systems with continuous technical and financial supports from government transportation department.

5.5 Capacity Building

The capacity development on safeguards will include the following:

- Technical assistance from IFAD on SECAP implementation, with initial training at start up and follow up during missions
- Capacity building line of the project will integrate environmental, climate and social safeguards training for staff, committees operating and managing infrastructures and activities and technical service network to be established

5.6 Costs and budgetary considerations

Cost of such interventions are embedded in Project implementation costs and specific SECAP trainings for the PMOs are included in the budget.

Government financing: As per government regulations, feasibility study report and environmental impact assessment will be prepared approved before loan negotiation can take place, which is compulsory for loan requests to international financing institutions. The total amount for such initial studies is estimated at 1 million CNY, i.e. around 137,000 USD financed by the government from. In addition, each institution submitting sub-project will need to prepare and finance a feasibility study and any environmental and impact assessment report-study required by government environmental and social safeguards. Such preparatory work is also embedded in the process of preparing production and business plans but any additional cost shall likely be borne by the institution submitting sub-project (i.e. government institutions or private enterprises), integration of environmental measures in infrastructure will be included in the investment proposals. Implementation of such safeguards measures embedded in government procedures have been estimated to be around 3 million CNY, meaning 411,000 USD to be provided by government fund. In addition, the project will have to carry out additional screening against IFAD safeguards and prepare adapted ESMP for all major investment projects. This would require about 365,000 CNY, meaning around 50,000 USD. Budget provisions are made for safeguards staff at PMO and county level and compliance budget had been included which may cater for some additional costs of CNY 600,000 (82,000 USD) to be covered by government counterpart financing for such PMO staff. In total, a commitment on the government of USD 680,000 is expected to ensure SECAP compliance.

IFAD financing: Capacity development plans on more specific IFAD safeguards and to ensure compliance have been estimated at 290,000 CNY, meaning 40,000 USD. Additional safeguard indicator and reporting requirements have been integrated in the general M&E and reporting process and costs of the project. Only additional costs are foreseen for the collection of additional data on pollution, use of pesticides (about 73,000 CNY so around 10,000 USD as well as additional data collection for monitoring traffic/accident. Therefore, the total indicative budget pertaining to IFAD additional safeguards to be financed from IFAD loan (within technical and management component costs) would amount to about 100,000 USD.

6 ESCMP Matrix

Summarize the ESCMP in one or more tables/matrices. Impacts can be presented by nature, location, activity/component or SECAP standard. See below:

ESCMP Matrix						
Environmental/Social and climate Impacts	Recommended Mitigation/Enhancement measures	Public Consultation Activities	Responsible Institution In Implementation Phase	Means of Verification (Monitoring and reporting)	Frequency of Verification	Cost Estimate
Agricultural surface source pollution	Zero-growth action of fertilizers and pesticides Integration of water and fertilizer Recycling of used agricultural film Recycling of livestock and poultry manure Utilization of planting waste	Meetings with stakeholders and field visits	Agriculture and Rural Bureau Ecological and Environmental Protection Bureau	Monitoring reports Status of mitigation measures verified at field	Annually and ongoing as project is implemented	Project implementation costs
Climate change related risks and impacts						
Increased droughts	Undertake drought risk assessment and zoning	Meetings with stakeholders and field visits	Gansu Meteorological Bureau; Gansu Water Resources Department; Department of Agriculture and Rural Affairs of Gansu	Monitoring reports; Status of mitigation and adaptation actions verified at field	Annually and ongoing as project is implemented	Project implementation costs
	-Develop drought monitoring and warning network				Annually and ongoing as	Project implementation costs

	<ul style="list-style-type: none"> - Promote the constructions of supporting facilities in irrigation areas - Promote water-saving transformation in irrigation areas - Develop climate smart irrigation system - Promote water-saving techniques for dry farming mainly focused on rainwater harvesting and supplementary irrigation - Develop ridge and ditch coverage for rainwater harvesting planting - Promote the ability of water resources management 				project is implemented	
Increased rainstorm and flooding	Undertake zoning to identify risk areas and avoid construction of agricultural infrastructure in climate risk hotspots	Meetings with stakeholders and field visits	Gansu Water Resources Department; Gansu Meteorological Bureau; Department of Agriculture and Rural Affairs of Gansu	Monitoring reports; Status of mitigation and adaptation actions verified at field	Annually and ongoing as project is implemented	Project implementation costs
	<ul style="list-style-type: none"> - Develop rainstorm monitoring and warning network - Develop small and medium-sized river governance - Promote trench management for mountain flooding 				Annually and ongoing as project is implemented	Project implementation costs

	<ul style="list-style-type: none"> - Promote comprehensive management of soil and water loss in Slope farmland - Develop smart water conservancy - Develop pilot insurance products that cover agricultural equipment - Build capacity of farmers in sustainable land management to reduce flooding loss 					
Social risks						
<p>Exclusion of most vulnerable women, youth and persons with disabilities</p>	<ul style="list-style-type: none"> - Targeting, gender and social inclusion strategy is developed and fully applied - Quotas will be applied to ensure adequate participation of women, youth, persons with disabilities in project activities and leadership positions. - The project addresses all components of IFAD GEWE including that of ensuring workload distribution among men and women. Measures will be adopted to address women's workload burden and save women's time and labour. <p>All trainings will include a module on gender equality</p>		Department of Agriculture and Rural Affairs of Gansu GD2RP Implementing partners	Number of women, youth and persons with disabilities in project activities	Annually and ongoing as project is implemented	Project Implementation costs

	Data on project interventions will be duly monitored using sex and age disaggregation.					
Gender-based violence	<ul style="list-style-type: none"> - Create safe spaces/cooperatives to encourage women's meaningful participation - Integrate gender sensitization in all training packaged delivered to MMR, implementing partners and beneficiaries - Sensitize project beneficiaries of grievance redress mechanisms - Gender awareness building including awareness raising of gender-based violence will be involved in the training for project organizations. 		Department of Agriculture and Rural Affairs of Gansu GD2RP Implementing partners	Gender equality	Annually and ongoing as project is implemented	Project Implementation costs
Child labor	<ul style="list-style-type: none"> - Youth targeting those above 18 years to avoid engagement of minors - Regular assessment of child labor risks and response mechanism. Increase awareness amongst beneficiaries on child labour free supply and value chains 		Department of Agriculture and Rural Affairs of Gansu GD2RP Implementing partners		Annually and ongoing as project is implemented	Project Implementation costs

China

Gansu Demonstrative Rural Revitalization Project

Project Design Report

Annex: C. Additional Annex Secap Risk Associated With Procurement Matrix. 06 May Sk

Mission Dates: 03/09/2023-16/09/2023

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Project No. 2000003837

Report No. 6875-CN

Asia and the Pacific Division
Programme Management Department

Environmental and Social Safeguards			
Biodiversity conservation	Risk Rating	Consequence	Guidance for Project
1.8 Could the project involve or lead to procurement through primary suppliers of natural resource materials?	Moderate	Minor Project may possibly require procurement of natural resources through primary suppliers, and resource extraction is tightly regulated. Alternatives to procurement of natural resources through primary suppliers exists.	No major construction envisaged however depending on type of construction project in discussion with PPMU will incorporate adequate requirement as part of bid document. These provision does not need to be incorporated for types of construction work or activities where it is not feasible to obtain nor identify sources of materials in remote rural locations.
Resource Efficiency and Pollution Prevention	Risk Rating	Consequence	Guidance for Project
2.1 Could the project involve or lead to the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	Moderate	Minor Pollutants may possibly be released, either routinely or by accident, but treatment systems are proven and verified. Receiving environment has absorptive capacity.	No major construction envisaged however depending on the type of construction and activity bid document and specification shall require contractor or implementer of planned activities ensure adequate provision to measure to minimise the release of pollutants to the environment and to manage waste.
2.3 Could the project involve or lead to engagement in areas of forestry, including the harvesting of natural forests, plantation development, and/or reforestation?	Moderate	Minor	ESMP for each subproject shall identify and incorporate mitigation measures.

		Only a small component of the project is focused on forestry, and this aspect is well regulated	
2.4 Could the project involve or lead to significant consumption of raw materials, energy, and/or water?	Moderate	<p>Minor</p> <p>The project will require consumption of raw materials, energy, and/or water, but this will be a small component of the project, and impacts can be appropriately managed.</p>	<p>No major construction envisaged however depending on type of construction or activity, project in discussion with PPMU will incorporate adequate requirement as part of bid document to favour ethical and efficient use of raw materials.</p> <p>These provision does not need to be incorporated for types of construction work or activities where its does not identify significant use of raw materials, energy, and/or water materials in remote rural locations. Develop impact assessment tool in term of water usage to identify use of water resources based on type of construction or activity.</p>
2.6 Could the project involve inputs of fertilizers and other modifying agents?	Moderate	<p>Minor</p> <p>The project only requires minimal amounts of fertilizer</p>	<p>Project to include in the tender document a list of approved/certified chemicals and incorporate them in the tender. The list of approved/certified would be based on existing national regulation.</p>
2.7 Could the project involve or lead to procurement, supply and/or result in the use of pesticides on crops, livestock, aquaculture or forestry?	Moderate	<p>Minor</p> <p>The project only requires minimal amounts of pesticide.</p>	<p>Include in the technical specifications that the project will only use approved pesticides and respect WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides.</p>

			Include the list of approved pesticides in the tender documents.
Labour and Working Conditions	Risk Rating	Consequence	Guidance for Project
5.4 Could the project: (a) operate in a sector, area or value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risks, and/or (b) promote or use technologies or practices that pose occupational safety and health (OSH) risks for farmers, other rural workers or rural populations in general? (Note: OSH risks in agriculture might include: dangerous machinery and tools; hazardous chemicals; toxic or allergenic agents; carcinogenic substances or agents; parasitic diseases; transmissible animal diseases; confined spaces; ergonomic hazards; extreme temperatures; and contact with dangerous and poisonous animals, reptiles and insects. Psychosocial hazards might include violence and harassment.)	Moderate	The project operates in a sector, area, or value chain where workers are occasionally exposed to significant OSH risks, and where regulation is known to be effective.	<p>Project to include contract clauses for OSH measures to protect project's workers from injury, illness or impacts encountered in the workplace or while working to be included contract provision</p> <p>Bid evaluation criteria to favour contractors with a high-quality Health and Safety Management Plan (HSMP) may be introduced as applicable in consultation with PPMU for specific value chain actors based on assessed risk factors and exposure.</p> <p>Provisions to be incorporated in consultation with local government and PPMO</p>
Community Health, Safety and Security	Risk Rating	Consequence	Guidance for Project
6.5 Could the project involve or lead to transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g.	Moderate	Moderate	Ensure relevant safety measures and emergency preparedness against natural or

<p>explosives, fuel and other chemicals during construction and operation)?</p>		<p>The project will most probably involves the transport, storage and use and/or disposal of hazardous or dangerous materials. However, regulation of hazardous materials is effective, and there is no recent evidence of accidents.</p>	<p>human hazards is included in the procurement documents.</p> <p>Bid and contract requires contractor to erect adequate warning signage's and also take up 3rd party insurance and construction insurance. Independent assessment of structural integrity would be undertaken by government during construction.</p> <p>Contractor's HSMP is to include safe disposal of construction waste and worker camp waste, mitigation of risks to and impacts on the community resulting from the contractor's work, safety of deliveries and transportation, and disposal of hazardous materials and waste;</p> <p>Contractor's HSMP is to incorporate emergency preparedness against natural or human hazards.</p>
<p>6.7 Could the project lead to the potential for gender-based violence, including sexual harassment, exploitation and abuse, as a result of labour influx, land redistribution, or other actions that alter community dynamics?</p>	<p>Low</p>	<p>Minor</p> <p>Minor changes to community dynamics. Resulting serious recorded cases of gender-based violence and/or sexual exploitation. Gender-based violence protocols in place.</p>	<p>Include code of conduct as part of PIM and self certification mandatory in contract document. Contract Conditions should include provision mitigation and actions:</p> <ul style="list-style-type: none"> - Gender-based violence, sexual harassment and sexual exploitation and abuse will lead to an employee's termination of contract under the contractor's code of conduct.

6.8 Could the project lead to increases in traffic or alteration in traffic flow?	Moderate	Minor The project will result in minor increases to traffic volume. Only minor increase in risk of injury or death.	Applicable traffic rules and road safety measures in the rural road network will need to be adhered to and road signs installed as needed according to the national regulations.
6.9 Could the project lead to an influx of project workers?	Moderate	Moderate	Contract Conditions: <ul style="list-style-type: none"> - Gender-based violence, sexual harassment and sexual exploitation and abuse will lead to an employee's termination of contract under the contractor's code of conduct. - Influx of workers from outside project area limited to the minimum necessary. - Fair and equal wages along and living conditions
Financial Intermediaries and direct investments	Risk Rating	Consequence	Guidance for Project
8.1 Could the investment be granted to an institution that does not have an environmental and social policies and an associated environmental and social management system (ESMS) in place (transparent, publicly available)?	Moderate	Moderate The institution does not have an ESMS in place, but several individual E&S policies. The policies are therefore not considered as transparent. The	Detailed ESGMS (Environment, Social and Governance Management System) based on Government of China policies. Incorporate validation as part of due diligence exercise prior to approval of direct investment

		reporting on E&S is available upon request.	agreement. Provision in PIM for FIs and Direct Investment. Adoption of measure and monitoring and reporting
8.2 Could the investment be granted to an institution with insufficient capacities (i.e. unqualified personnel e.g. ES Officer) to implement the ESMS?	Moderate	Moderate The institution does not employ an ES Officer, but has sufficiently trained field staff available to monitor the impact of the operations of the institution.	Project ES To provide support and oversight to and potential hire additional consultants to support implementation, monitoring and reporting.

The IFAD Self Certification which includes IFAD Right to Audit, Anticorruption and SEA/SH Safeguards is mandatory for all projects. This is simply to ensure that these provision which are not necessarily adequately referenced in the National SBD's (Standard Bidding Documents) are included and adhered to, in line with provision of the GC and IFAD policy documents.

For WB and ADB Projects, the e-GP allows WB and ADB funded projects to select WB/ADB SDB's instead of the National SBD however the e-GP does not provide or allow similar arrangement for IFAD SBD's which we only developed last year. We should explore the potential to incorporate IFAD SBD's in the e-GP. This would minimise the need to include the Self-Certifications.