
Rapport du Président**Proposition de prêt****République populaire de Chine****Projet de développement de la sylviculture
spécialisée dans le Hunan**

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Mesures à prendre: Le Conseil d'administration est invité à approuver la recommandation telle qu'elle figure au paragraphe 69.

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Résumé du financement

Institution initiatrice:	FIDA
Emprunteur/bénéficiaire:	République populaire de Chine
Organisme d'exécution:	Département des forêts de la province du Hunan
Coût total du projet:	213,5 millions d'EUR
Montant du prêt du FIDA:	72,6 millions d'EUR (Mécanisme d'accès aux ressources empruntées)
Conditions du prêt du FIDA:	Ordinaires: 18 ans, y compris un différé d'amortissement de 3 ans, à un taux d'intérêt correspondant au taux de référence du FIDA et incluant la marge variable
Contribution de l'emprunteur/du bénéficiaire:	23,6 millions d'EUR (mesures d'incitation et aide en nature et en intrants)
Contribution des bénéficiaires:	14,9 millions d'EUR
Contribution du secteur privé:	102,4 millions d'EUR
Montant du financement climatique apporté par le FIDA:	55,9 millions d'EUR

I. Contexte

A. Contexte national et justification de l'intervention du FIDA

1. **Croissance économique.** La République populaire de Chine, deuxième pays le plus peuplé au monde, compte 1,412 milliard d'habitants. Sa stabilité politique a permis de planifier le développement à long terme, et l'essor économique a débouché sur l'élimination de l'extrême pauvreté. La Chine est un pays à revenu intermédiaire de la tranche supérieure et la deuxième économie mondiale en valeur nominale. L'économie peine cependant à se relever des effets de la pandémie de COVID-19.
2. **Contexte rural.** Les quelque 600 millions de Chinoises et Chinois qui vivent dans des communautés rurales représentent 60% de la main-d'œuvre. L'exode rural massif de la main-d'œuvre active s'explique par les faibles salaires dans les zones rurales et les possibilités limitées de générer des revenus.
3. **Contexte provincial.** La province du Hunan se trouve dans le centre-sud de la Chine; elle occupe environ 2,21% du territoire national et environ 3% des terres cultivées. En 2022, l'agriculture représentait 16,8% du produit intérieur brut de la province, et le revenu net par habitant des agriculteurs tournait autour de 19 546 CNY¹. Sur les 66 millions d'habitants de la province (2022), 6,69 millions appartenaient aux 55 minorités ethniques recensées en 2020², concentrées dans ses régions ouest et sud.
4. **Éradication de l'extrême pauvreté.** La croissance économique a fortement contribué à réduire la pauvreté, qui est passée de 88% de la population en 1981 à 3,8% en 2017. Le Gouvernement chinois a annoncé l'éradication de la pauvreté extrême en 2021. La Chine a ainsi été le premier pays en développement à avoir réalisé l'objectif de développement durable n° 1 avant l'échéance mondiale. Il reste encore au pays à faire en sorte que les habitants des zones rurales ne retombent pas dans la pauvreté et à réduire les inégalités existantes et les disparités régionales.
5. **Stratégie de redynamisation des zones rurales.** La Stratégie de redynamisation des zones rurales (2017) est une stratégie à long terme qui vise à répondre à la tendance migratoire vers les zones urbaines. Elle a pour objectif de rééquilibrer la fracture entre les villes et les campagnes en accélérant le développement des zones rurales et en renforçant leur attractivité. Parmi les stratégies clés, citons l'industrialisation agricole (grâce aux principales industries rurales, au secteur privé et aux grandes agroentreprises), la création d'emplois et le développement intégral des infrastructures.
6. **Engagement sur les émissions de carbone.** En Chine, les activités de production et de transformation agricoles provoquent d'importantes émissions; le pays a donc un rôle essentiel à jouer dans la réduction des émissions mondiales de carbone, au titre de son propre engagement et de sa participation à l'engagement collectif international. En septembre 2020, le Président Xi Jinping a annoncé le double objectif de la Chine, à savoir atteindre le pic de ses émissions de carbone avant 2030 et parvenir à la neutralité carbone d'ici à 2060.
7. Au fil du temps, la participation du **secteur privé** au secteur chinois de l'alimentation et de l'agriculture s'est renforcée, tout comme la collaboration du FIDA et du secteur privé dans le cadre de la réalisation du Programme de développement durable à l'horizon 2030. Cette collaboration donne l'occasion au FIDA de nouer avec le secteur privé des partenariats qui favorisent le développement socioéconomique et rural.

¹ Bulletin statistique sur le développement économique et social national de la province du Hunan pour l'année 2022.

² Septième recensement national de la population chinoise (2020).

Aspects particuliers relatifs aux thématiques transversales prioritaires du FIDA

8. Conformément aux engagements en matière de transversalisation, le projet a été validé comme:
- incluant un financement climatique;
 - porteur de transformations en matière de genre;
 - axé sur les jeunes.
9. **Genre et inclusion sociale.** L'urbanisation a modifié la structure de la main-d'œuvre agricole dans les provinces du centre et de l'ouest de la Chine. Les perspectives accrues ainsi que les salaires plus élevés qui s'offrent aux hommes dans les zones urbaines ont fait des femmes la main-d'œuvre majoritaire du secteur agricole rural. La quatrième enquête sur le statut social des femmes en Chine (2020) a révélé que les femmes rurales jouaient à présent un rôle plus important qu'il y a 10 ans dans le développement économique et social. Malgré ces tendances, on note des préjugés sexistes liés à des raisons culturelles et historiques.
10. **Jeunes ruraux.** Les jeunes ruraux migrent vers les centres urbains à la recherche d'un meilleur statut socioéconomique. Les départements des administrations locales ont mis en place des politiques et des initiatives destinées à ramener les jeunes vers les zones rurales. On peut citer à cet égard le Plan à moyen et long terme pour le développement de la jeunesse (2016-2025) du Gouvernement chinois, visant à mobiliser et à autonomiser les jeunes.
11. **Changements climatiques.** L'augmentation des températures et l'évolution du régime des pluies dans la province du Hunan ont des incidences sur la production. Du fait de l'importance de ses activités de production et de transformation agricoles, la Chine produit aussi de grandes quantités de déchets agricoles et de gaz à effet de serre liés à l'agriculture. La Stratégie nationale d'adaptation aux changements climatiques (2035) lancée par le Gouvernement est conforme à son engagement ambitieux de poursuivre un double objectif sur le carbone.

Justification de l'intervention du FIDA

12. L'atout particulier du FIDA réside dans son expérience des activités visant à relier les petits producteurs aux marchés dans le cadre des chaînes de valeur, à les aider à s'adapter face aux risques climatiques et à adopter des pratiques agricoles durables et climatiquement rationnelles, à donner des moyens d'action aux femmes et aux jeunes dans les chaînes de valeur, et à présenter des stratégies innovantes de redynamisation des zones rurales.

B. Enseignements à retenir

13. Le FIDA compte quatre projets en cours en Chine. Il en a mis en œuvre trois dans la province du Hunan, dont le Projet expérimental de redynamisation du milieu rural dans le Hunan. Ces projets témoignent de mesures et d'approches efficaces permettant aux petits exploitants agricoles de s'intégrer dans les filières et d'améliorer leur résilience face aux chocs économiques et climatiques. Les enseignements pertinents issus de l'expérience acquise dans le cadre de ces projets et des rapports de la Division recherche et évaluation de l'impact du FIDA sont intégrés dans la conception du Projet de développement de la sylviculture spécialisée dans le Hunan.
14. Parmi les principaux enseignements, citons l'intérêt de financer la planification des activités dans les chaînes de valeur, la nécessité de soutenir les filières écologiques, la nature transformatrice de la mobilisation des femmes et des jeunes, les résultats positifs de la synchronisation avec les projets d'infrastructure publics et l'incidence positive des nominations précoces des membres du personnel affecté au projet sur l'efficacité d'exécution.

II. Description du projet

A. Objectifs, zone d'intervention et groupes cibles

15. **But et objectifs du projet.** Le projet a pour but de promouvoir la redynamisation des zones rurales et de permettre aux petits exploitants de bénéficier de la transformation rurale grâce à un modèle de croissance verte inclusive piloté par les entreprises.
16. Son objectif de développement est d'accroître la capacité de 128 000 petits exploitants bénéficiaires à améliorer leur production et leur accès aux marchés, tout en optimisant la durabilité environnementale ainsi que la résilience face aux changements climatiques, et en contribuant à l'objectif de neutralité carbone de la Chine, en se concentrant sur trois filières: le bambou, l'huile de graines de thé (*Camellia oleifera*) et les herbes médicinales. Le projet devrait réhabiliter ou développer 199 000 *mu* (13 266 hectares) pour les trois cultures. Les femmes devraient représenter 60% des bénéficiaires et les jeunes, environ 30%.
17. **Zone du projet.** Le projet couvrira sept districts: Taojiang, Hengshan, Yanling, Pingjiang, Heshan, Yuanling et Xupu. Ils ont été sélectionnés en fonction: i) de la volonté des autorités publiques et des bénéficiaires d'y participer et de leur engagement à cet égard; ii) de la capacité financière des pouvoirs publics à s'endetter et à rembourser la dette; iii) du fort potentiel des petits exploitants s'agissant de la production des produits en question; iv) de la volonté des entreprises du secteur privé d'investir dans les filières sélectionnées.
18. **Groupe cible.** Le projet ciblera principalement des ménages inscrits antérieurement sur les registres des ménages pauvres et à faible revenu, et comprendra une stratégie inclusive pour favoriser la participation des femmes, des jeunes et des minorités ethniques.

B. Composantes, résultats et activités

19. Le projet comprendra les composantes suivantes:

Composante 1. Intégration des petits exploitants dans les filières, en particulier les femmes et les jeunes: cette composante comprend quatre sous-composantes axées sur l'amélioration de la qualité de la production, de la productivité et de l'inclusivité des filières sélectionnées. Le bureau des forêts dirigera l'exécution en partenariat avec la société publique d'investissement dans le développement des districts (CDIC), l'exploitation forestière publique, des entreprises privées, des coopératives et le comité villageois de planification. La production se composera principalement de pousses et de tiges de bambou, de fruits du *Camellia oleifera* et de plantes médicinales. Elle se concentrera sur l'amélioration de la gestion des plantations existantes de bambou, la réhabilitation des terres pour la production du *Camellia oleifera* et la culture de plantes médicinales. Les principaux produits attendus au titre de cette composante seront notamment les suivants: i) des plans de gestion et des accords de partenariat pour favoriser une production inclusive et durable; ii) une augmentation de la superficie gérée au moyen de pratiques durables et climatiquement rationnelles; iii) des infrastructures pour les activités de culture; iv) un modèle de comptabilité et de suivi pour le stockage du carbone.

Composante 2. Développement commercial inclusif impulsé par les entreprises: cette composante prévoit des investissements dans des entreprises en amont et dans certaines entreprises publiques. Elle comprend trois sous-composantes axées sur: i) l'élaboration de plans d'activité améliorés intégrant les petits exploitants et favorisant la croissance des entreprises dans les filières; ii) la création d'infrastructures productives efficaces sur le plan énergétique; iii) l'accroissement des capacités de transformation des entreprises, la mise au point de produits, la diversification et la commercialisation. La CDIC investira dans des entreprises

publiques, par exemple des exploitations agricoles publiques, et dans des entreprises privées dans le cadre de coentreprises.

Composante 3. Gestion de projet et renforcement des capacités: cette composante est axée sur le renforcement des capacités de gestion pour l'exécution. Les bureaux des forêts fourniront les locaux administratifs, l'appui logistique et le personnel, et géreront le projet. Des dispositions pour le suivi-évaluation et la gestion des connaissances seront prévues, ainsi que des possibilités de coopération Sud-Sud et triangulaire avec l'appui du Réseau international sur le bambou et le rotin (INBAR). Le financement sera apporté par le prêt du FIDA ainsi que les autorités de la province et des districts.

C. Théorie du changement

20. Si les petits exploitants sont mieux intégrés dans les filières de produits de base à forte valeur marchande et si les entreprises de transformation de produits agricoles des mêmes filières bénéficient de possibilités de développement commercial inclusif, ensemble, ils peuvent augmenter la production et la qualité des produits, favoriser l'adaptation aux changements climatiques et renforcer le stockage du dioxyde de carbone, et accroître la valeur ajoutée et leur part de marché. Les raisons sont les suivantes: i) les coopératives et les petits exploitants sont organisés de manière inclusive et dotés de moyens d'action, et ils bénéficient d'une assistance technique consultative et de mesures d'incitation adéquates favorisant une production durable; ii) des plans d'activité inclusifs et réalisables techniquement, écologiquement et financièrement ainsi que des investissements dans les infrastructures encouragent l'engagement du secteur privé auprès des petits exploitants. Ces mesures soutiendront le développement vert tout en réduisant les émissions et en améliorant le stockage du carbone.

D. Alignement, appropriation et partenariats

21. **Alignement sur les priorités et les stratégies nationales.** Le projet est conforme à la Stratégie de redynamisation des zones rurales déployée par le Gouvernement chinois, au quatorzième Plan quinquennal (2021-2025) et au document n° 1 de la province du Hunan, qui met en avant le développement d'un secteur intégré en faveur de produits locaux spécialisés et du développement de filières de qualité afin d'accroître les sources de revenus diversifiés des agriculteurs. Il s'inscrit aussi dans le Plan national d'adaptation aux changements climatiques du Gouvernement chinois et contribuera à augmenter le stockage du carbone, à renforcer le développement économique, à réduire la pauvreté et à intensifier la protection de l'environnement.
22. **Alignement sur les objectifs de développement durable.** Les objectifs du projet sont conformes aux objectifs de développement durable n°s 1 (Pas de pauvreté), 2 (Faim « zéro »), 5 (Égalité entre les sexes), 10 (Inégalités réduites), 13 (Mesures relatives à la lutte contre les changements climatiques) et 15 (Vie terrestre).
23. **Alignement sur les stratégies du FIDA.** Le projet est conforme au Cadre stratégique du FIDA 2016-2025 et permettra d'accroître les capacités productives des populations rurales, d'améliorer les avantages tirés des marchés et de renforcer la durabilité environnementale et la résilience face aux changements climatiques. Étant axé sur les filières inclusives, il cadre également avec le programme d'options stratégiques pour le pays et les recommandations de l'évaluation de la stratégie et du programme de pays. Il contribuera en outre à l'objectif de neutralité carbone de l'économie chinoise, ainsi qu'à la résilience environnementale et climatique. Il s'inscrit dans la Stratégie de collaboration du FIDA avec le secteur privé et est tourné vers l'avenir, puisqu'il engage une transition du modèle de réduction de la pauvreté au modèle de prospérité partagée grâce à la dynamisation des industries rurales. De plus, il amorce la contribution du FIDA aux engagements de la Chine au regard du bien public mondial relatif à la durabilité environnementale, et au soutien des principales institutions rurales qui favorisent le développement socioéconomique.

24. **Harmonisation et partenariats.** Les bureaux de gestion du projet coordonneront leurs plans d'investissement avec d'autres départements pour renforcer et soutenir les investissements dans les plantations et les parcs d'entreprises. L'équipe du projet travaillera en coordination avec le centre de stockage du carbone et la plateforme carbone, et nouera un partenariat avec la banque de développement KfW pour permettre au secteur agroforestier d'intensifier le stockage du carbone. La collaboration avec le système d'échange de droits d'émission de carbone fondé sur le marché, récemment approuvé, sera étudiée et des partenariats seront recherchés avec l'INBAR concernant la coopération Sud-Sud et triangulaire, et avec l'Organisation des Nations Unies pour le développement industriel concernant la mise en œuvre des parcs d'agroentreprises.

E. Coût, avantages et financement

25. Le montant total alloué par le FIDA au projet au titre du financement de l'action climatique, calculé suivant les méthodes des banques multilatérales de développement pour le suivi du financement de l'adaptation aux changements climatiques et de l'atténuation de leurs effets, est estimé à 55,9 millions d'EUR (24,2 millions d'EUR pour l'adaptation et 33,7 millions d'EUR pour l'atténuation).
26. **Coût du projet.** Le coût total du projet est estimé à 213,5 millions d'EUR sur une période de six ans.

Tableau 1
Coût du projet par composante et par source de financement
(en milliers d'euros)

Composante	Prêt du FIDA		Autres cofinanceurs		Bénéficiaires			Emprunteur/bénéficiaire			Total	
	Montant	%	Montant	%	Contributions monétaires	Contributions en nature	%	Contributions monétaires	Contributions en nature	%	Montant	%
1. Intégration des petits exploitants dans les filières	39 952	32,5	52 660	42,9	-	14 898	12,1	15 291	-	12,5	122 801	57,5
2. Développement commercial inclusif impulsé par les entreprises	30 489	36,2	49 722	59,0	-	-	-	4 029	-	4,8	84 240	39,5
3. Gestion de projet et renforcement des capacités	2 179	33,7	-	-	-	-	-	4 280	-	66,3	6 459	3,0
Total	72 620	34,0	102 382	48,0	-	14 898	7,0	23 600	-	11,1	213 500	100,0

Tableau 2
Coût du projet par catégorie de dépenses et par source de financement
(en milliers d'euros)

Catégorie de dépenses	Prêt du FIDA		Autres cofinanceurs		Bénéficiaires			Emprunteur/bénéficiaire			Total	
	Montant	%	Montant	%	Contributions monétaires	Contributions en nature	%	Contributions monétaires	Contributions en nature	%	Montant	%
Dépenses d'investissement												
1. Fonctionnement et entretien	-	-	759	81,24	-	-	-	175	-	18,8	934	0,4
2. Biens, services et intrants (FIDA)	26 831	100	-	-	-	-	-	-	-	-	26 831	12,6
3. Financement de contrepartie (Gouvernement chinois)	-	-	-	-	-	-	-	21 860	-	100,0	21 860	10,2
4. Travaux (FIDA)	16 692	100	-	-	-	-	-	-	-	-	16 692	7,8
5. Équipement et matériel (FIDA)	29 097	100	-	-	-	-	-	-	-	-	29 097	13,7
6. Bénéficiaires	-	-	-	-	-	14 898	100	-	-	-	14 898	7,0
7. Secteur privé	-	-	96 971	100	-	-	-	-	-	-	96 971	45,4
Total des dépenses d'investissement	72 620	34,0	97 730	50,8	-	14 898	7,2	22 035	-	11,5	207 283	97,1
Dépenses ordinaires												
1. Dépenses de fonctionnement	-	-	4 652	74,8	-	-	-	1 565	-	25,2	6 217	2,9
Total des dépenses ordinaires	-	-	4 652	74,8	-	-	-	1 565	-	25,2	6 217	2,9
Total	72 620	34,0	102 382	48,0	-	14 898	7,0	23 600	-	11,1	213 500	100,0

Tableau 3
Coût du projet par composante et par année du projet
(en milliers d'euros)

Composante	Année 1		Année 2		Année 3		Année 4		Année 5		Année 6		Total
	Montant	%	Montant	%	Montant	%	Montant	%	Montant	%	Montant	%	Montant
1. Intégration des petits exploitants dans les filières	12 514	10,19	30 573	24,90	42 805	34,86	24 487	19,94	12 360	10,07	62	0,05	122 801
2. Développement commercial inclusif impulsé par les entreprises	19 483	23,13	15 835	18,80	21 973	26,08	15 499	18,40	7 719	9,16	3 731	4,43	84 241
3. Gestion de projet et renforcement des capacités	1 658	25,68	861	13,32	861	13,32	861	13,32	861	13,32	1 358	21,03	6 459
Total	33 655	15,77	47 269	22,14	65 639	30,74	40 847	19,13	20 940	9,81	5 151	2,41	213 500

27. **Stratégie et plan de financement et de cofinancement.** Le Gouvernement chinois a sollicité un prêt du FIDA d'un montant de 72,6 millions d'EUR, qui sera accordé au titre du Mécanisme d'accès aux ressources empruntées à des conditions ordinaires. Aucun cofinancement international n'est envisagé. Le Gouvernement chinois contribuera à hauteur de 23,6 millions d'EUR, le secteur privé à hauteur de 102,4 millions d'EUR et les petits exploitants bénéficiaires à hauteur de 14,9 millions d'EUR.

Décaissement

28. Un compte désigné libellé en dollars des États-Unis sera ouvert au Département des finances de la province du Hunan pour recevoir le prêt du FIDA. Les comptes de trésorerie de chaque district (bureaux de financement des districts) serviront de comptes de projet libellés en monnaie locale sur lesquels transiteront les fonds provenant du compte désigné.
29. Les **flux de fonds** suivront la procédure du fonds renouvelable, détaillée dans le Manuel de gestion financière et de contrôle financier du FIDA et dans la Lettre de présentation des modalités de gestion financière et de contrôle financier. Pour demander des décaissements au FIDA, le bureau provincial de gestion du projet devra présenter des rapports financiers intermédiaires trimestriels et des demandes de retrait séparées (avance et justification) par l'intermédiaire du Portail clients du FIDA, avec des projections de trésorerie pour les deux prochains trimestres.

Résumé des avantages et analyse économique

30. Le projet profitera directement à 43 500 ménages de petits exploitants et à 128 000 personnes, compte tenu du nombre moyen de 2,95 personnes par ménage dans la province. Le double comptage est déjà exclu de ces chiffres.
31. L'**analyse financière** a été menée seulement pour la composante 1 puisque les activités de post-production relevant de la composante 2 seront couvertes par l'élaboration de plans d'activité, qui intégreront l'analyse financière.
32. L'**analyse économique** (pour la composante 1 uniquement, comme pour l'analyse financière ci-dessus) se caractérise par un taux de rentabilité économique interne de 15%, avec une valeur économique actuelle nette de 718,66 millions de CNY à un taux d'actualisation de 8%. Ces chiffres indiquent que le projet est économiquement viable. Une analyse de sensibilité a été réalisée pour simuler la robustesse des deux facteurs clés: la baisse des prix à la production et l'augmentation des coûts.

Stratégie de retrait et durabilité

33. Cette stratégie repose sur une approche en trois volets: utiliser les entreprises comme principal moteur de croissance, renforcer les capacités des bénéficiaires et assurer un environnement favorable et une contribution à l'élaboration des politiques. Le Gouvernement chinois estime que les trois filières sélectionnées sont stratégiques et qu'elles présentent un fort potentiel de croissance et de développement verts. L'expansion des entreprises repose sur l'accès aux installations via les parcs d'agroentreprises, qui permettra d'améliorer les capacités de transformation, et sur un approvisionnement durable en matières premières grâce à la mobilisation des petits exploitants et de leurs coopératives. Le renforcement des capacités des bénéficiaires en matière d'amélioration des connaissances et des pratiques de gestion ainsi que l'accès aux techniques et aux installations de production permettront d'intensifier l'adaptation aux risques climatiques. La province et les districts seront chargés d'assurer un environnement favorable et la contribution à l'élaboration des politiques. La CDIC continuera d'investir sur ses ressources dans le développement des filières sélectionnées.

III. Gestion des risques

A. Risques et mesures d'atténuation

34. Les principaux risques associés à ce projet de développement de filières à l'initiative des entreprises sont les suivants: la dynamique du marché, les risques climatiques, la transparence et la participation équitable des petits exploitants et des entreprises, sachant qu'il faudra veiller à ce que les petits exploitants ne soient pas prisonniers de contrats qui ne leur permettent pas de recevoir une part équitable des bénéfices liés à une augmentation de la demande ou des prix. Le projet renforcera les capacités des agriculteurs et appuiera le développement d'infrastructures destinées à l'irrigation, au stockage, à la transformation primaire, ainsi qu'un meilleur accès aux mesures d'assurance du secteur public (l'assurance de l'agroforesterie sera mise à l'essai). Les parcs d'agroentreprises proposeront aux entreprises privées des installations de transformation conformes aux normes de protection de l'environnement.
35. La législation chinoise et les dispositions des Procédures d'évaluation sociale, environnementale et climatique du FIDA relatives aux garanties sociales et environnementales seront respectées à toutes les étapes du développement des infrastructures. L'équipe du projet contrôlera les entreprises partenaires pour s'assurer qu'elles disposent de dispositifs de gouvernance environnementale et sociale conformes aux normes chinoises et à celles du FIDA, et qu'elles communiquent à ce sujet. Les entreprises privées s'engageront également à respecter les normes de sécurité pour leurs travailleurs et à les protéger de tout harcèlement et abus.
36. Seulement deux des sept districts où le projet sera mis en œuvre comptent des minorités ethniques, et celles-ci sont bien intégrées dans la société. Un cadre de planification pour les peuples autochtones a été élaboré et met l'accent sur les procédures relatives au consentement préalable, libre et éclairé; il garantira que le projet ne présente aucun risque pour un quelconque membre des minorités.
37. L'équipe du projet tirera les leçons de l'exécution efficace des projets précédents et assurera un soutien complet au démarrage ainsi qu'une formation pour le personnel du projet et les experts techniques locaux auxquels le bureau provincial de gestion du projet fera appel pour obtenir des orientations techniques sur l'exécution du projet.
38. **Risque de gestion financière.** Le risque global lié à la gestion financière du projet est jugé modéré. Le risque inhérent à la gestion financière est jugé modéré et le risque résiduel n'a pas été évalué à ce stade. Le Département des forêts de la province du Hunan a déjà mis en œuvre des projets financés par des entités extérieures, notamment ceux de la Banque mondiale et de la Banque européenne d'investissement. Les capacités de gestion financière du secteur privé seront renforcées de manière à répondre pleinement aux besoins du projet.

Tableau 4
Synthèse des risques

<i>Aspect du risque</i>	<i>Niveau de risque inhérent</i>	<i>Évaluation du risque résiduel</i>
Contexte national	Modéré	Modéré
Stratégies et politiques sectorielles	Modéré	Modéré
Contexte environnemental et climatique	Modéré	Faible
Portée du projet	Modéré	Modéré
Capacités institutionnelles d'exécution et viabilité	Modéré	Modéré
Gestion financière	Modéré	Modéré
Passation des marchés	Modéré	Modéré
Impact environnemental, social et climatique	Modéré	Faible
Parties prenantes	Modéré	Modéré
Risque global	Modéré	Modéré

Sur la base de l'analyse des risques pays évalués au moyen de la matrice des risques de passation des marchés et en tenant compte des enseignements pertinents tirés des projets en cours ou récemment achevés.

B. Catégorie environnementale et sociale

39. La catégorie de risque environnemental et social du projet est jugée modérée. En résumé, les risques restent raisonnables, car ces domaines sont fortement réglementés en Chine, dont les politiques connexes ont été jugées satisfaisantes par la Banque mondiale.

C. Classement au regard des risques climatiques

40. Le risque climatique du projet est jugé faible. Les tempêtes, les inondations, les sécheresses et les températures extrêmes figurent parmi les aléas climatiques. Des investissements du projet dans des technologies d'irrigation économes en eau permettant de réduire l'impact des sécheresses atténueront la sensibilité et la vulnérabilité aux risques. L'assurance indicielle agricole contre les risques météorologiques du Gouvernement chinois sera utilisée pour réduire les pertes des agriculteurs.

D. Soutenabilité de la dette

41. La Chine présente un risque global modéré en matière de vulnérabilité souveraine³. La dette devrait augmenter à moyen et long terme, mais pourrait être stabilisée grâce à un ajustement budgétaire progressif sur la période 2025-2035. Les risques de liquidité à moyen terme, tels qu'analysés par le module de capacité de financement relatif aux besoins de financement bruts, sont élevés. Toutefois, les mouvements de capitaux partiellement restreints de la Chine et les nombreux actifs financiers de l'État atténuent les risques de liquidité. Pour contenir les risques liés à la dette, le pays doit réduire les investissements publics et combler son déficit structurel de recettes par une réforme fiscale globale.

IV. Exécution

A. Cadre organisationnel

Gestion et coordination du projet

42. Le Département des forêts de la province du Hunan se chargera de l'exécution et de la coordination du projet; il mettra en place un bureau provincial de gestion du projet. La centrale provinciale du fonds forestier assurera la coordination et la gestion quotidiennes du projet. Au sein de cet organe, le bureau provincial de gestion du projet sera doté d'effectifs adéquats qui géreront le projet; les équipes mobiliseront les experts techniques compétents de la province en passant par un groupe consultatif technique.

³ Fonds monétaire international, rapport de pays n°24/38, Chine, consultation de 2023 au titre de l'article IV, février 2024.

43. Une coordination interorganismes sera mise en place pour examiner les aspects stratégiques et opérationnels du projet. Un mécanisme de coordination interdépartemental couvrant la réforme de la foresterie, des finances et du développement sera créé au niveau provincial, tandis que le Vice-Gouverneur dirigera la coordination et la supervision au niveau des districts, par le truchement d'un groupe directeur composé des agences techniques compétentes. Ce mécanisme agira en tant que comité de pilotage du projet, afin de garantir une assistance rapide pour l'exécution de ce dernier.
44. Au niveau des districts, des bureaux de gestion de projet seront établis dans les bureaux des forêts pour gérer le projet (notamment pour cibler les bénéficiaires et planifier l'exécution, superviser la planification des activités, coordonner les investissements dans les filières avec la CDIC, et travailler en coordination avec les institutions responsables des garanties sociales et environnementales). Par ailleurs, des consultants ou des prestataires de services assureront l'assistance technique à court terme.
45. La CDIC recevra les fonds du prêt directement par l'entremise du bureau de financement et, dans chaque district, collaborera avec les bureaux des forêts pour la production et la transformation. Elle utilisera le prêt pour soutenir les petits exploitants, les coopératives et les petites et moyennes entreprises (privées ou publiques) à la fois pour les activités de production et de transformation de la filière, et fonctionnera dans le respect de garanties sociales et environnementales strictes. Des critères d'investissement seront utilisés pour la production et la transformation, de sorte à garantir la participation des petits exploitants, des femmes et des jeunes.
46. Des groupes villageois d'exécution seront créés dans les villages administratifs situés dans la zone du projet, en appui à l'exécution du projet à l'échelon local. Chaque groupe sera dirigé par le chef du comité villageois, et se composera de sept ou huit personnes, dont quatre ou cinq représentants d'agriculteurs; les femmes seront représentées au moins à 50% et les jeunes compteront au moins un ou deux représentants.

Gestion financière, passation des marchés et gouvernance

47. Le bureau provincial de gestion du projet fournira les effectifs chargés de la gestion financière. S'agissant du processus de budgétisation, il est prévu que chaque bureau de district chargé de la gestion du projet prépare un plan de travail et budget annuel (PTBA), qui sera regroupé avec les autres par le bureau provincial de gestion du projet. Les décaissements transiteront par le compte désigné ouvert auprès du Département des finances de la province du Hunan pour recevoir les fonds du FIDA. Les comptes de trésorerie de chaque district (bureaux de financement des districts) serviront de comptes de projet libellés en monnaie locale sur lesquels transiteront les crédits provenant du compte désigné. Les comptes du projet serviront à financer l'ensemble des activités du projet et les coûts opérationnels. Les flux de fonds suivront le mécanisme de fonds renouvelables, qui est décrit dans le Manuel de gestion financière et de contrôle financier et dans la Lettre de présentation des modalités de gestion financière et de contrôle financier.
48. Le système de gestion financière sera appuyé par les systèmes de trésorerie rigoureux des bureaux de financement des districts, qui surveilleront et vérifieront les rapports établis sur les dépenses. La politique du FIDA en matière de lutte contre la corruption sera appliquée au projet, et guidera son administration. Les principales procédures de contrôle interne seront aussi précisées dans le manuel d'exécution et le manuel de gestion financière du projet. Les normes comptables chinoises s'appliqueront pour l'information financière annuelle et la comptabilité courante. Le format du rapport financier intermédiaire et les délais de présentation de l'information financière annuelle sont définis dans le manuel de gestion financière.

49. Le bureau d'audit de la province sera chargé de vérifier les rapports financiers sur le projet. Le rapport d'audit respectera un format et des délais précis, tels que définis dans le Manuel du FIDA relatif à l'information financière et à l'audit.
50. La section 7.05 des Conditions générales applicables au financement du développement agricole dispose que les marchés de biens, de travaux et de services seront passés conformément aux dispositions de la réglementation de l'emprunteur/du bénéficiaire en matière de passation de marchés, dans la mesure où celle-ci est compatible avec les Directives pour la passation des marchés relatifs aux projets établies par le FIDA, susceptibles d'être modifiées périodiquement. Chaque PTBA devra impérativement comprendre un plan de passation des marchés où seront indiquées les procédures à suivre par l'emprunteur/le bénéficiaire afin d'assurer la compatibilité avec les Directives du FIDA pour la passation des marchés relatifs aux projets.

Participation et retours d'information du groupe cible, et mécanisme de réponse aux doléances

51. Un plan de participation des parties prenantes a été élaboré dans le cadre du projet dans le but de garantir une mobilisation significative de celles-ci, conformément aux politiques de la province du Hunan. Des groupes villageois d'exécution seront créés en appui à l'exécution du projet.
52. La Fédération des femmes du Hunan et la Ligue communautaire des jeunes participeront à l'organisation des petits exploitants et des coopératives; elles appliqueront les procédures relatives au consentement préalable, libre et éclairé afin de garantir l'adhésion des communautés.
53. Tous les documents seront publiés localement dans les districts avant l'exécution du projet.
54. Des mécanismes de réponse aux doléances existent au sein des pouvoirs publics chinois, de l'échelon central à celui des districts, et les parties prenantes au projet peuvent facilement y accéder par divers moyens. De plus, le projet adoptera un mécanisme de réponse aux doléances aisément accessible qui permettra de recevoir et de traiter les préoccupations et les plaintes de personnes qui souhaiteraient demander réparation.

B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication

55. Le projet sera exécuté sur la base d'un PTBA. Avant son lancement, le bureau provincial de gestion du projet regroupera les PTBA que les différents districts auront préparés et les présentera au FIDA pour avis de non-objection.
56. L'appropriation, la responsabilité et la budgétisation du suivi-évaluation incomberont pleinement aux bureaux de gestion du projet; le FIDA fournira des orientations techniques et un appui conformément aux directives et au manuel relatifs au suivi-évaluation. Le suivi de l'avancement du projet en vue d'une reproduction à plus grande échelle fera l'objet de rapports durant l'exécution.
57. Les activités et les approches de gestion des savoirs se concentreront sur le recensement et la consignation des expériences, des enseignements et des réussites des activités du projet, afin d'éclairer l'élaboration des politiques et de les partager avec d'autres pays dans le cadre de la coopération Sud-Sud et triangulaire et de la participation à des forums d'échange de savoirs.
58. Le projet appuiera une série d'initiatives dans lesquelles la CDIC essaiera de mettre en place des modèles innovants de partenariat et de financement directs de l'entrepreneuriat agricole privé, afin de renforcer les garanties sociales et environnementales, leur cadre ainsi que le partage de dividendes.

59. L'équipe du projet évaluera de nouvelles technologies efficaces et rentables pour l'extraction de l'huile de camélia, et le projet contribuera à atténuer la pollution plastique en participant à la fabrication de produits de remplacement en bambou.
60. L'équipe du projet collaborera étroitement avec le centre de stockage du carbone au sein du Département des forêts de la province du Hunan et la plateforme carbone au niveau provincial pour mettre à l'essai une méthodologie de surveillance du carbone et évaluer les échanges de droits d'émission de carbone potentiels par l'intermédiaire de la Plateforme de réduction certifiée des émissions en Chine, afin de soutenir le label carbone qui fluidifie l'exportation des produits de base du pays.

C. Plans d'exécution

61. Afin d'accélérer le démarrage des activités après le lancement du projet, des plans de préparation à l'exécution ont été élaborés. Des plans détaillés de passation de marchés sont intégrés au manuel d'exécution du projet, qui contient également des conditions détaillées applicables à tous les futurs prestataires de services, ainsi qu'un calendrier et un processus de programmation clairs par étapes.
62. La supervision annuelle directe par le FIDA portera essentiellement sur l'avancement matériel et financier du projet, et principalement sur les questions suivantes: i) l'efficacité et l'axe de développement; ii) la pérennisation et la reproduction à plus grande échelle; iii) la gestion du projet; iv) la gestion et l'exécution financières.
63. Un examen à mi-parcours est prévu en 2027 pour permettre d'évaluer, avec les parties prenantes, l'avancement, les performances et tout nouvel impact du projet ainsi que toute modification des activités qui pourrait s'avérer nécessaire.
64. Un appui à l'exécution est prévu sur demande dans le cadre du suivi de la supervision, et toute aide supplémentaire nécessaire au projet sera mise à disposition.
65. Un rapport d'achèvement de projet sera préparé au plus tard trois mois après la date d'achèvement du projet pour déterminer la performance du projet, y compris sa pertinence, son efficacité, son efficacité et sa pérennité, conformément aux directives applicables.

V. Instruments et pouvoirs juridiques

66. L'octroi à l'emprunteur/au bénéficiaire du financement proposé est régi par un accord de financement entre la République populaire de Chine et le FIDA. Une copie de l'accord de financement négocié figure à l'appendice I.
67. La République populaire de Chine est habilitée, en vertu de son ordre juridique, à recevoir un financement du FIDA.
68. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA, et aux Principes et critères applicables aux financements du FIDA.

VI. Recommandation

69. Je recommande au Conseil d'administration d'approuver le financement proposé par la résolution suivante:

DÉCIDE: que le Fonds accordera à la République populaire de Chine un prêt à des conditions ordinaires d'un montant de soixante-douze millions six cent vingt mille euros (72 620 000 EUR), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

Le Président
Alvaro Lario

Negotiated financing agreement

Hunan Specialized Forestry Industry Development Project

(Negotiated 13 September 2024)

Loan No: _____

Project name: Hunan Specialized Forestry Industry Development Project (the "Project")

People's Republic of China (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and together the "Parties")

WHEREAS, the Borrower has requested a loan from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide a Loan (the "Financing") to the Borrower which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is seventy-two million six hundred twenty thousand Euros (EUR 72 620 000).
2. The Loan is granted on ordinary terms and shall be subject to interest on the principal amount of the Loan outstanding at a rate equal to the IFAD Reference Interest Rate including a variable spread, payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of eighteen (18) years, including a grace period of three

(3) years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.

3. The Loan Service Payment Currency shall be in Euros.
4. The first day of the applicable Fiscal Year shall be the 1st of January.
5. Payments of principal and interest shall be payable on each 1st May and 1st November.
6. There shall be a Designated Account in Euros (EUR) for the exclusive use of the Project opened at the Hunan Provincial Department of Finance. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
7. The Borrower shall, through Hunan Province, provide counterpart financing for the Project in the amount of approximately twenty three million six hundred thousand Euros (EUR 23 600 000) in cash and / or in kind. The contributions from Project cofinanciers and Project beneficiaries will be approximately one hundred seventeen million two hundred and eighty thousand Euros (EUR 117 280 000), in cash and / or in kind based on estimates made during Project design.

Section C

1. The Lead Project Agency shall be the Provincial Forestry Bureau ("PFB") in Hunan Province.
2. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
3. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be six (6) months later, or such other date as the Fund may designate in consultation with the Borrower.
4. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with procurement methods and any other measures identified by IFAD.

Section D

1. The Fund will administer the Loan and supervise the Project.

Section E

1. The following is designated as additional grounds for cancellation of this Agreement:
 - (a) The Borrower did not request a disbursement of the Financing for a period of at least twelve (12) consecutive months without justification subsequent to the first eighteen (18) months from the Effective Date.
2. The following are designated as additional specific conditions precedent to withdrawal:
 - (a) The IFAD no objection to the PIM shall have been obtained.
 - (b) Key Project personnel has been appointed as per paragraph 11, Schedule 3 of this Agreement.

- (c) IFAD must receive, a duly completed Authorised User(s) Letter, from the designated representative or a sufficiently senior delegated official, designating the name(s) of official(s) authorised to approve Withdrawal Application(s) and Interim Financial Reports (IFR).
- (d) The first Annual Work Plan Budget (AWBP) shall have been submitted and received a no-objection from IFAD.

3. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Minister of Finance
Ministry of Finance of the People's Republic of China
No. 3 Nansanxiang, Sanlihe, Xicheng District
Beijing 100820
People's Republic of China

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

PEOPLE’S REPUBLIC OF CHINA

"[Authorised Representative title]"

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall primarily benefit former registered poor and low-income households, specifically engaging women, youth and ethnic minorities.
2. *Project area.* The Project will cover seven counties – Taojiang, Hengshan, Yanling, Pingjiang, Heshan, Yuanling and Xupu (*the "Project Area"*). These have been selected based on (i) willingness and commitment of government and beneficiaries to participate; (ii) high potential for smallholders to produce the commodities; and (iii) willing private sector enterprises to invest in the selected value chains.
3. *Goal.* The goal of the Project is to promote rural revitalization and enable smallholders to benefit from rural transformation through an enterprise led inclusive green growth model.
4. *Objectives.* The development objective of the Project is to increase the capacity of approximately 128,000 smallholder beneficiaries for enhanced production and access to markets and employment, while optimizing environmental sustainability, climate resilience and contributing to China carbon neutrality goal, focusing on three value chains – bamboo, camelia oleifera, and medicinal plants. It is expected that women beneficiaries will be around 60% and youth will constitute around 30%.
5. *Components.* The Project shall consist of the following Components:

Component 1: Smallholder Integration in Value Chains with emphasis on women and youth smallholders: Consists of four sub-components focusing on enhancing the production quality, productivity, and inclusivity of the selected value chains, including (i) Developing inclusive and sustainable production management plans, (ii) Implementation of sustainable and climate smart management practices, (iii) Key climate resilient infrastructure investments for cultivating the selected high value chain crops, and (iv) Enhancing carbon sequestration, resilience and monitoring and accounting. The Forestry Bureau will lead the implementation in partnership with the County Development Investment Company (CDIC), the forest farm, private enterprises, cooperatives, and the village implementation groups. Production will be mainly bamboo shoots and wood, camellia oleifera fruits, and medicinal plants.

Component 2: Enterprise-led inclusive Business Development: This component will invest in upstream businesses and selected government enterprises. It includes three sub-components focusing on enhancing the business development and growth of enterprises in the valuechains, assisting enterprises to partner with smallholder farmers, and enhancing enterprises' processing capacity, product development, diversification, and marketing. The sub-components include: (i) Inclusive Business Plan Development, (ii) Establishment of energy efficient productive infrastructure, and (iii) Product development and marketing.

Component 3: Project Management and Capacity Building: This component will focus on building management capacity for implementation. The Lead Project Agency and Forest Bureaus will provide office accommodation, logistical support, staff and manage the Project. Arrangements for monitoring and evaluation, knowledge management, and opportunities for South-South Triangular Cooperation (SSTC) with the support of the International Bamboo and Rattan Organization will be included.

II. Implementation Arrangements

1. *Lead Project Agency.* The Project will be executed and coordinated by the Provincial Forestry Bureau (PFB) in Hunan Province. A Provincial Project Management Office (PPMO) will be set up in the PFB. Specifically, the Provincial Forestry Fund Station (PFFS) will undertake the day-to-day coordination and implementation management of the Project.
2. *Project Oversight Committee.* An inter-agency coordination mechanism will be established at provincial level to provide policy guidance and implementation oversight of the Project, as well to ensure implementation of China's environmental and social safeguards policy. At the county level, a County Vice Governor will lead the county level coordination and supervision through a leading group with member agencies including forestry, finance, agriculture and rural affairs, development reform, water, natural resources, and environment protection.
3. *County Project Management Offices (CPMO).* County Project Management Offices (CPMO) will be established at the County Forestry Bureaus (CFB) to manage the project (including targeting beneficiary and implementation planning, overseeing business planning, coordinating with CDICs for value chain investment, and coordinating with institutions responsible for social and environmental safeguards).
4. *Key Project Personnel.* Each PMO will be staffed adequately including but not limited to an executive Project Director; a Finance Officer and Accountant; as well as officers coordinating: Agriculture and Agribusiness Development; Planning, M&E and Knowledge Management; Procurement; and SECAP-related work including Gender and Youth/ Social Inclusion (the "Key Project Personnel").
5. *County Development Investment Company (CDIC).* The CDIC will receive the loan funds directly through the Bureau of Finance and will work in partnership with the CFBs in the production and processing in each county. They will use the loan to support smallholders, cooperatives, and small and medium enterprises (either private or State owned), both for the production and the processing side of the value chain and operate under strict socio-environmental safeguards. Investment criteria to ensure participation of smallholders, women and youth in both the production and processing will be used.
6. *Village Implementation Groups (VIGs).* VIGs will be established in the administrative villages of the Project to support the Project implementation locally. Each VIG shall be headed by the Chief of the village committee and composed of 5 to 6 members including 3 to 4 farmer representatives with a minimum women representation of 50% and at least one or two youth representatives.
7. *AWPB.* The Project will be implemented based on an AWPB which identifies the activities that will be carried out in each Fiscal Year, the Lead Project Agency, the resources, and the time needed to complete them and a procurement plan. The PPMO will consolidate the draft AWPBs prepared by each county and submit for IFAD's No Objection prior to its effectiveness.
8. *Monitoring and Evaluation.* An M&E system will be established from the outset of the Project spanning the entire Project cycle, for tracking progress and supporting decision-making. Key elements of the M&E system will be aligned to the logframe and will include specific responsibilities for monitoring targeted performance on environment and climate (including carbon sequestration, adoptions of sustainable practices, training of groups on sustainable natural resource management etc.) and for beneficiary monitoring, especially women, youth and vulnerable groups (e.g. persons with disabilities).

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 due functions by itself; assignment of M&E focal points at all levels followed by capacity building; validation of Project; Theory of Change (TOC) and Log frame; making M&E plan; set-up of Management Information System (MIS); undertaking Core Outcome Indicator(COI)

baseline survey and reporting. 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 reporting; Project completion report; impact assessment when required. Key elements of the monitoring and evaluation system will be aligned to the logframe and will include specific responsibilities for monitoring targeted performance on environment and climate (including carbon sequestration, adoptions of sustainable practices, training of groups on sustainable natural resource management etc.) and for beneficiary monitoring, especially women, youth and vulnerable groups (e.g., persons with disabilities).

9. *Knowledge Management.* The Knowledge Management activities/approaches would focus on capturing and documenting experiences, lessons, and successful cases from Project activities that would inform policymaking and shared with other countries through SSTC and participation in knowledge sharing fora. Knowledge Management will be used 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 the AWPBs. KM responsibilities will be assigned to focal points at PMOs of all levels, who shall orient project staff through guidance and training for KM implementation. The Project KM activities/approaches will focus on, among others: (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 within 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.

10. *Project Implementation Manual.* The PIM provides guidelines for implementation of the Project. The PIM indicates the overall Project framework and highlights the principles of engagement for the Project; it provides a Project description detailing components, subcomponents, and activities as Project interventions in support of the 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 SSTC functions which will be put in place by the Project. The PIM is a living document that may be amended from time to time as agreed between IFAD and the Borrower (through Hunan Province). Prior to dissemination of the PIM to counties, IFAD must provide a no-objection.

Schedule 2

Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed:

Category	Loan Amount Allocated (expressed in EUR)	Percentage eligible for IFAD financing including indirect taxes as applicable
Goods, Services, Inputs, Works, Equipment & Material	72 620 000	100%
TOTAL	72 620 000	

(b) The terms used in the Table above are defined as follows:

“Goods, Services and Inputs”: includes goods and consultancy and non-consultancy services.

“Works”: includes works and infrastructure-related expenditures.

“Equipment and materials”: include equipment and materials only.

The Percentage is applied to Project expenditures, including indirect taxes and shares of other financiers.

2. *Disbursement arrangements*

(a) Retroactive financing

As an exception to section 4.07 (a)(ii) of the General Conditions for Agricultural Development Financing, specific eligible expenditures incurred as after the date the project has been approved by the IFAD Executive Board until the date of entry in force of this Agreement shall be considered eligible up to an amount equivalent to seven million two hundred and sixty-two thousand Euros (EUR 7 262 000) for activities relating to the project's 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 MI; (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.

Activities to be financed by retroactive financing and their respective category of expenditures and source of financing will require prior no objection from IFAD to be considered eligible. Pre-financed eligible expenditures shall be reimbursed to the Borrower once additional conditions precedent to the first disbursement of funds specified in Section E.2 of the Agreement are fulfilled.

Schedule 3

Special Covenants

I. General Provisions

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within six (6) months of entry into force of the Financing Agreement, the Project will identify and install a customized accounting software as is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. *Planning, Monitoring and Evaluation.* The Borrower (through Hunan Province) shall ensure that a Planning, Monitoring and Evaluation (M&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
3. *Gender and Social Inclusion.* The Borrower (through Hunan Province) shall ensure that the Project will increase the socio-economic empowerment of rural women including young women and women in the project areas by setting an overall outreach target at 60% women and 30% youth. The Project will pay particular attention to the empowerment of women by: (i) expanding their access to and control over resources; (ii) strengthening their agency, decision making role in community affairs, and representation in local institutions; and (iii) building on their untapped potential for sustainable development.
4. *Ethnic Minorities Concerns.* Where applicable and in compliance with the 2021 SECAP Procedures of the Fund, the Borrower (through Hunan Province) shall ensure that the concerns and rights of ethnic minorities are given due consideration and respect in implementing the Project and, to this end, shall ensure that:
 - (a) the Project is carried out in accordance with the applicable provisions of the relevant national legislation; and
 - (b) ethnic minorities are adequately and fairly represented in all local planning for Project activities.
5. *Land tenure security.* If applicable, the Borrower (through Hunan Province) shall ensure that the land acquisition process and compensation processes are consistent with the 2021 SECAP Procedures of the Fund.
6. *Anticorruption Measures.* The Borrower shall comply with IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations.
7. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.
8. *Use of Project Equipment during Project implementation.* The Borrower (through Hunan Province) shall ensure that:

- (a) all equipment procured under the Project is exclusively allocated for the Project implementation;
- (b) the equipment procured under the Project is appropriate to the needs of the Project; and
- (c) all equipment transferred to or procured under the Project are dedicated solely to Project use.

9. *IFAD Client Portal (ICP) Contract Monitoring Tool.* The Borrower (through Hunan Province) shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the ICP. The Borrower shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Project Procurement Contract Monitoring Tool in the ICP in relation to the procurement of goods, works, services, consultancy, and non-consulting services. The Borrower shall ensure that the contract data is updated on a quarterly basis during the implementation of the Project.

10. *The Key Project Personnel* is defined in Schedule 1. The Key Personnel shall be assigned or recruited based on qualifications, experience and terms of reference are satisfactory to IFAD and in accordance with Section 7.16 of the General Conditions.

II. SECAP Provisions

1. The Project is assessed as presenting moderate environmental and social risks and low climate risk. In line with IFAD's SECAP requirements, the Borrower shall carry out the implementation of the project in accordance with the measures and requirements set forth in the Environmental, Social and Climate Management Framework (ESCMF), Environmental, Social and Climate Management Plan (ESCMP), Stakeholder Engagement Plan, and Free, Prior and Informed Consent (FPIC) Plan, the "Management Plans", as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund. The Parties shall not amend, vary or waive any provision of the Management Plans, unless: (i) agreed in writing by IFAD and the Borrower (through Hunan Province) and (ii) Borrower has complied with the requirements applicable to the original adoption of the Management Plans.

2. The Borrower (through Hunan Province) shall not, and shall cause the Lead Project Agency, all its contractors, its sub-contractors, and suppliers not to commence implementation of any works, unless all Project affected persons have been consulted and compensated, as applicable, in accordance with the FPIC principles.

3. The Borrower (through Hunan Province) shall ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plans prepared for the Project.

4. In the case of a serious ESHS incident, defined as a serious incident, accident, complaint with respect to environmental, social (including labor and adjacent community), health and safety (ESHS) issues that occur in the context of the loan or within the Borrower's activities. Serious ESHS incidents may involve (i) environmental; (ii) occupational; (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower⁴ which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities), the Borrower (through Hunan Province) shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project-affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements;
- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and
- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

5. The Borrower (through Hunan Province) shall ensure or cause the Lead Project Agency, contractors, sub-contractors and suppliers to ensure that the relevant processes set out in the SECAP 2021 Edition as well as in the Management Plans are respected.

6. Without limitation on its other reporting obligations under this Agreement, the Borrower (through Hunan Province) shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plans on a semi-annual basis upon submission of the progress and results reports - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower (through Hunan Province) will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plans promptly after becoming aware of such a breach.

7. In the event of a contradiction/conflict between the Management Plan and the Financing Agreement, the Financing Agreement shall prevail.

⁴ For example, any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegations that require intervention by the police/other law enforcement authorities such as loss of life, sexual violence or child abuse.

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	Annually	PMOs	Sustained investment from government to rural revitalization in the focused sectors/areas of this project
	Males - Number	0	8700	17400				
	Females - Number	0	8700	26100				
	Young - Number	0	1740	13050				
	Indigenous people - Number	0	870	2175				
	Total number of persons receiving services - Number	0	17400	43500				
	Male - Percentage (%)	0	50%	40%				
	Female - Percentage (%)	0	50%	60%				
	Young - Percentage (%)	0	10%	30%				
	1.a Corresponding number of households reached				Project M&E	Annually	PMOs	
	Women-headed households - Number	0	870	2 175				
	Non-women-headed households - Number	0	16 530	41 325				
	1.b Estimated corresponding total number of households members				Project M&E	Annually	PMOs	
	Household members - Number of people	0	60 900	128 325				
Project Goal Promote rural revitalization and enable smallholders to benefit from rural transformation through a private sector led green growth model which is inclusive and environmentally sustainable.	Supported households reporting increased income from the project supported value chains				Core Outcome Indicator(COI) survey	Baseline, Mid-term and completion	PMOs, M&E service provider	Continuity of economic, social and marketing stability in the target project area.
	Total households - Percentage (%)	0	35%	80%				
	Female headed households - Percentage (%)	0	35%	80%				
	Indigenous households - Percentage (%)	0	35%	80%				
Development Objective Increase smallholder's capacity for increased production and improved quality, climate resilience and access to markets through the development of three selected value chains namely bamboo, camellia oleifera and medicinal plants in seven selected counties in the Hunan Province	2.2.6: Households reporting improved physical access to markets, processing and storage facilities				COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider	Productions of smallholder farmers are linked to the processing and storage facilities supported by the project
	HH reporting improved physical access to processing facilities	0	1400	5700				
	HH reporting improved physical access to processing facilities %	0	35%	70%				
	Size of HH (number of people)	0	4060	16530				
	HH reporting improved physical access to storage facilities	0	1400	5700				
	HH reporting improved physical access to storage facilities %	0	35%	70%				
	Size of HH (number of people)	0	4060	16530				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider	
	Households - Percentage (%)	0	35%	80%				
	Households - Households	0	5250	28000				
	Total number of household members - Number of people	0	15487.5	82600	COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider	
	2.2.1 Beneficiaries with new jobs/employment opportunities							
	Males - number	0	480	960				
	Females - number	0	720	1440				
Indigenous people - number	0	60	120	COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider		
Young - number	0	720	1440					
Total number of persons with new jobs/employment opportunities	0	1200	2400	COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider		
SF.2.1 Households satisfied with project-supported services								
Households (%)	0	50%	75%					
Households-number	0	8 700	32 625	COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider		
Household members	0	25 665	96 244					
SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers								
Households (%)	0	50%	75%	COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider		
Households (number)	0	8 700	32 625					
Household members (number)	0	25 665	96 244					
IE.2.1 Individuals demonstrating an improvement in empowerment				COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider		
Total persons - Percentage (%)	0	25%	64%					
Total persons - Number of people	0	4350	24360					
Females - Percentage (%)	0	25%	60%					
Females - Females	0	2175	15660					
Males - Percentage (%)	0	25%	50%					
Males - Males	0	2175	8700	COI survey	Baseline, Mid-term and completion	PMOs, M&E service provider		
1.2.2 Households reporting adoption of new/improved inputs, technologies or practices								
% of Households	0	25%	50%					
Number of Households	0	3750	17500					
Total number of household members	0	11063	51625	Project M&E	Annually	PMOs, M&E service provider		
Inclusive & Sustainable Production Management Plans								
Number of plans	0	8	8	Project M&E	Annually	PMOs, M&E service provider		
Supported areas under sustainable & climate adaptive management practices								
Bamboo production area-ha	0	2400	4800					
Camellia oil tea area-ha	0	2500	5000					
Medicinal herbs area-ha	0	1700	3500	Project M&E	Annually	PMOs, M&E service provider		
1.1.4 Persons trained in production practices and/or technologies								
Females-number	0	8100	16200					
Males-number	0	5400	10800					
Youth-number	0	2700	5400					
Indigenous people -number	0	675	1350					
Total-number	0	13500	27000					

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outcome 2 Climate Adaptation & Enhanced CO2 sequestration	Households reporting improved access to climate adaptive infrastructures				COI's survey	Baseline, Mid-term and completion	PMOs, M&E service provider	Supported infrastructures are responsive to actual needs and with good O&M plan. Carbon sequestration will be increased through improved climate smart management of the plantations
	Households - Percentage (%)	0	25%	55%				
	Households - Households	0	3750	19250				
	3.2.1: Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered (one of optional mandatory COIs for climate finance project)				2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, and FAO's X-ACT	Baseline, Mid-term and completion	PMOs, M&E service provider	
	Hectares of Land	0	2 500	5 000				
	tCO2e/ha	0	37.7	501.142				
tCO2e/20 years	0	250 571	501 142					
CO2e/ha/year	0	1.9	1.9					
Output 2.1 -Key Infrastructure built & functional	3.1.4 Land brought under climate-resilient management				Project M&E	Annually	PMOs, M&E service provider	Local agro-entities and farmers have been fully consulted on the demand before construction
	Hectares of Land	0	425	850	Project M&E	Annually	PMOs, M&E service provider	
	2.1.5 Roads constructed, rehabilitated or upgraded							
	Length of roads (km)	0	500	1000				
Output 2.2- Model for carbon accounting developed	Bamboo and camellia plantations land monitored by the developed model for carbon monitoring and accounting				Project M&E	Annually	PMOs, M&E service provider	Model for carbon accounting developed
	Hectares of Land	0	980	980				
Outcome 3 Increased value addition & Market share	2.2.2: Supported rural enterprises reporting an increase in profit				COI's survey	Baseline, Mid-term and completion	PMOs, M&E service provider	Continuity of production and marketing stability of the three value chains in the target project area.
	Percentage of enterprise	0	60%	100%				
	Number of enterprise	0	8	8				
Output 3.1 -Inclusive Business Plans developed & financed	2.2.2: Supported rural enterprises reporting an increase in profit				Project M&E	Annually	PMOs, M&E service provider	The terms of engagement between the smallholders and cooperatives on the one hand and between the cooperatives and the private enterprises will be mutually beneficial and will ensure sustained growth and production of the model
	Entitles supported through inclusive, technically and financially feasible business plans (including enterprises and cooperatives)							
	Number of entites	0	7	14				
	Number of women-led entites	0	3	7	Project M&E	Annually	PMOs, M&E service provider	
	Households benefiting from productive investment through implementation of business plans							
	Total households - number	0	2895	5790				
Women-headed hh-number	0	145	290					
Output 3.2- Enhanced Processing Capacity & Efficiency	CI 2.1.6: Market, processing or storage facilities constructed or rehabilitated				Project M&E	Annually	PMOs, M&E service provider	Social, environment and climate risks identified will be properly managed through implementation of necessary management plans along the project implementation.
	Processing facilities	0	7	15				
	Storage facilities	0	4	8				
	Total facilities	0	11	23				
Output 3.3 - Product diversification	Product exhibition and e-commerce platform established				Project M&E	Annually	PPMO, M&E service provider	
	Number of exhibition and e-commerce platform	0	3	5				

Integrated project risk matrix

Risk categories and subcategories	Inherent	Residual
Political Commitment		No risk envisaged - not applicable
<p>There is strong political commitment of both central and local governments to the project goals/objectives in promoting rural revitalization through thriving agro-industries to benefit the smallholders and rural economy, while maintaining eco-environmental sustainability and promoting food security, nutrition and health for the people. Rural revitalization envisions key milestones for 2035 and 2050, current and next Five-Year Plan (2026-2030) will surely adhere to the rural revitalization strategy, these and the overall green development strategy is the overarching government strategies for sustainable development that the project will contribute to. China is also committed to carbon peak by 2030 and neutral 2050. 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, the current leadership just embarked on a new term. Despite the one party system being seen as not ideal from outsiders, the government and the people have confidence and trust in the current political system and commitment of the ruling party. During the project life of just 6 years, no major risks are foreseen in terms of political commitment. Counterpart financing for IFAD project has always been adequate in recent projects as result of the targeted poverty reduction strategy and rural revitalization strategy.</p>		
Governance	Low	Low
<p>Risk: 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. Dedicated management arrangements will be made at both provincial and county level for IFI funded development projects, where government attaches higher emphasis in accountability and performances. Project audit and performance M&E are commissioned by national ministries for almost all loan funded projects. Government institutions have gained experience from poverty eradication program and there is generally strong planning and implementation capacity at all levels. The ongoing rural revitalization strategy clearly aims to enhance rural governance. Combating corruption has been given very emphasis by President Xi himself since he took power, and stringent measures and policies were put into places. Risks are likely with regard to performance and accountability of staff in relevant institutions in the county level, which may result into inefficiencies and delays of processes and certain compliances.</p>	Low	Low
<p>Mitigations: The Project Leading Groups at county level and Inter-agency coordinating mechanism at provincial level will be established to supervise the performance of institutions and key individuals of the project, as well as the key indicators and important milestones on project performance, through biannual review exercises.</p>		
Macroeconomic	Low	Low
<p>Risk: China is on steady recovery path from the pandemic with forecasted economic growth rebound to 5.6% in 2023, with removal of mobility and surge in consumer</p>	Low	Low

<p>spending in services. The country is relatively insulated from global food and energy market shocks, maintaining a modest inflation level. Monetary policy continues to support the recovery and ensure adequate liquidity. Fiscal policy continues to provide support to the recovery through tax cuts and exemptions. Growth momentum however remains fragile and dependent on continued policy support. Sluggish income growth, lingering uncertainty about the recovery in the labor market (e.g. youth unemployment rate at 20.4% in April 2023) and high household saving could hold back consumer spending. Externally, uncertain global growth path, tightening in financial conditions and heightened geopolitical tensions are major risks for macroeconomic development. Weak global demand also tempers export growth but shall recover when demand rebounds. The market performance of <u>HuSFID</u> value chains can be influenced by overall economic situation.</p>		
<p>Mitigations: The project will adopt an enterprise led approach in developing the value chain, an inclusive business development component will specifically energize the private sector in enhancing their market performance and productivity while outreaching to rural beneficiaries including youth and women to increase their income level from specialised production. Proper business and investment assessment taking into consideration of SECAP requirement will be part of the process in reviewing/approving investment to ensure economic viability as well as social and environmental sustainability.</p>		
Fragility and Security	Moderate	Moderate
<p>Risk: China continues to improve in its fragility rating. No major fragile vulnerabilities are identified. Emerging risks as part of the pandemic consequences are: a) higher youth unemployment rate; b) persistent income inequality among population groups; c) high non-financial sector debt at all-time high of 287% of 2022 GDP. Aging and population peak may have long-term impact to the fragility of the country.</p>	Moderate	Moderate
<p>Mitigations: (1) Tailored measures by government to promote youth employment (vocational training, loan subsidy, employment services etc.); 2) Expanding coverage and benefit adequacy of social safety nets; 3) further liberalize hukou system and deploy fiscal tools</p>		
Sector Strategies and Policies	Moderate	Moderate
Policy alignment	Low	Low
<p>Risk: The project is well aligned with the government strategies and policies relating to green development, rural revitalization and food security. The project focus on fostering smallholder inclusivity in rural transformation and green development while also ensuring food security and consolidating poverty eradication achievements, which will contribute to sustainable rural transformation. Governments expects 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 project will promote private sector led business models contributing to sustainable rural transformation, in addition, 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. At the grassroots level however, the practices of pro-poor strategies might be not totally aligned with IFAD's new targeting policy in some cases when leading industries and better/scaled performers tend to be given more focus, alignment with IFAD desired practices and priorities in social inclusion and environmental requirements may still require external facilitation to be satisfactory and conducive for project achievements.</p>	Low	Low
Mitigations:		

Targeting strategy and ESCMP requirements and mitigation actions will be elaborated in the PIM for follow-up compliance. Training and follow up support at Start-up and during implementation will be enhanced to enhance comprehension and buy-in of project stakeholders to these strategies/requirements.		
Policy Development and Implementation	Moderate	Moderate
Risk: 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. Despite favourable and upper-level government policies, the implementation of policies is subject to the absorbing capacity and commitment of local level governments, especially in outlining the specific implementing strategies, measures and actions. In less developed areas, the limitation in capacity of local government and staff may restrict the full attainment of policy expectations and results.	Moderate	Moderate
Mitigations: Institutional capacity building, demonstration, enhanced monitoring and evaluation plus learning through project implementation will be helpful to mitigate policy implementation risks. Having an oversight and coordinating mechanism at county and provincial level will also be conducive for policy implementation in favor of the project.		
Environment and Climate Context	Moderate	Low
Project vulnerability to environmental conditions	Moderate	Low
Risk: The project involves agroforestry plantation in mountain areas and will have limited sensitivity to environmental conditions. Soil and water erosion are always a risk in any agricultural project, notably in mountain but appear limited in the area and well regulated. In addition, the cultivation of bamboo forests and oil tea pays attention and contribute to soil conservation as forestry planting also helps to improve water yield and ecological carbon sequestration, thereby reducing vulnerability to such erosion. The resources involved in the project are mostly renewable, post-production also does not generate excessive residues/waste that may have negative impact on environment. Civil work and infrastructure are of relative limited scale and will be subject to government strong safeguards	Moderate	Low
Mitigations: The project has formulated a detailed ESCMF and ESCMP reviewing government own safeguards and additional specific measures including several to mitigate vulnerability to environmental conditions: i) implementing government water and soil conservation stringent policy and ensure that erosion control and drainage measures will be part of the process and contracting requirements for all infrastructures. If large roads are built in sensitive areas, impact assessment will be conducted; ii) the passageways which are built on the plantations serve the dual purposes of transporting the bamboos down the hills and act as fire break, thereby reducing vulnerability to wild fire. iii) Camellia Oleifera new plantation will be on used or degraded land thereby also positively contributing to reduce vulnerability. iv) The medicinal plants will be planted in the shade of trees, in commercial forest, thereby with reduced erosion risks thanks to trees; The project will promote integrated pest and input management to ensure sustainable input management/mitigate any pollution risks.		
Project vulnerability to climate change impacts	Moderate	Low
Risk: The project area and involved agroforestry crops are exposed to climate-related hazards including drought, flooding, high temperature, and low temperature disasters, which are becoming more frequent and of sever in magnitude. However, the project is not situated in the most exposed and fragile area as it is in hilly areas rather than mountains (so no steep slope and elevation below 500 m as per China definition). The occurrence of weather-related hazards affecting crops, forestry and biodiversity is low. The population is not too sensitive as it is	Moderate	Low

not mainly depending on agricultural income, poverty is low with strong social protection mechanisms and enabling environment. Finally, adaptive capacities are strong coming from government, community and farmers levels, including pre-disaster warning, post disaster support and agricultural insurance (supported by the project) that are widely carried out in the project area.		
Mitigations: a).Focus on key areas and vulnerable populations, to apply hazard identification, monitoring, early warning, and emergency preparedness for areas affected by natural disasters; b) introduce efficient irrigation facilities, water storage and water monitoring systems in areas where the project support tree crops sensitive to drought situation and consider climate when screening relevant tree/crop varieties c) train water user associations in managing climate risks; d) explore weather index insurance to address the risks of climate change and reduce farmers' losses; e) ESCMF-P makes provision to incorporate climate change factors and nature-based solutions into infrastructure improvements to increase resilience to natural disasters and the impacts of climate change: f) Finally, the project will promote the use of supporting trees which can effectively prevent bamboo bending, lodging, and other phenomena caused by rain and snow weather.		
Project Scope	Moderate	Moderate
Project Relevance	Moderate	Moderate
Risk: The project is highly relevant to the government strategy of rural revitalization in its pursuit for inclusive and thriving agribusiness and ecologically liveable countryside in line with the "two-mountain theory" of president Xi. The mains risks pertain to the fact that the benefit generated by the project may not adequately attract/support those economically less active households for their increased income, also their overall benefit sharing with engaged enterprises may not be attractive enough for them to effectively invest/engage in the value chains, 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) re-financing arrangements may not be conducive in engaging smallholders who has potential and interest in generating income from managing tree crops; (iv) mainstreaming themes and non-tangible benefits maybe given less emphasis during implementation thus bring down project effectiveness and impact	Moderate	Moderate
Mitigations: (i) Promoting diversified but private sector led business models with multiple options of benefiting approach to allow project generated dividends benefiting different kind of vulnerable households. (ii) Expand income generating opportunities for the target groups beyond production, labor, primary processing, employment etc.; (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) maximize project support to cooperatives that can enrol adequate number for smallholders and adopt standardize operation		
Technical Soundness	Moderate	Moderate
Risk: The models are not benefiting enough the smallholders and the socio-environmental safeguards aren't followed	Moderate	Moderate
Mitigations: The Governments at the Provincial and county level are committed to consolidating the achievements of poverty alleviation, green growth and neutral carbon pathways through a private sector led transformative model. The Governments will channel their support and resources for the development and growth of the selected value chains through the government-owned County Development Investment Company (CDIC) which are committed to making equity		

<p>investments and attract private enterprises that have sound environmental and social management system. The production and business plans preparation, stakeholder engagement and ESG enforcement will ensure that terms of engagement between the smallholders and cooperatives on the one hand and between the cooperatives and the private enterprises will be mutually beneficial and will ensure sustained growth and production of the model. The market dynamics will continue to support the expansion in the demand of the three selected value chains and bring commensurate benefits from enhanced production and processing of these high value-added commodities.</p>		
Institutional Capacity for Implementation and Sustainability	Moderate	Low
Implementation Arrangements	Moderate	Low
<p>Risk: Overall implementation arrangement with government institutions will be in line with established and proved arrangements for donor/IFI financed projects. The potential risks are: a) the actual functioning and role of government institutions in this project where the private sector is taking lead in financing businesses however requires clearer defining; b) introducing a financing intermediary in the implementation and supporting smallholders through private sector could be the main risk factors; c) role of technical agencies and mechanism of their entry into project implementation to be clarified; d) capacity in overseeing business models, mainstreaming themes, knowledge and M&E could be lacking among PMOs</p>	Moderate	Low
<p>Mitigations: Design has defined the co-financing arrangement with private sectors through a BP approach. Actions to mitigate implementation risks include: a) intensified start up support and training; b) involvement of local technical experts called upon by PPMO to provide technical guidance to project implementation; c) take full advantage of CDIC experience and expertise in business investment; d) soonest finalization of PIM by PPMO with the level of details/specifics that can best guide activity implementation; e) early appointment of staff with designated roles and responsibilities.</p>		
Monitoring and Evaluation Arrangements	Moderate	Low
<p>Risk: Risk of delayed implementation of MIS and M&E system is present. Efficiency and collaboration by private sector in M&E remains uncertain.</p>	Moderate	Low
<p>Mitigations: The Project should set up the MIS and M&E system at the first months of implementation before operations roll out. MIS/M&E samples and experiences of ongoing China projects will be referenced and fully shared for HuSFID. 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. Support of potential service providers will be explored and possibly contracted for project benefit. Periodical reports, internal workshops and knowledge products will need to make full use and build on the M&E information. ICO follow up and support will be given to HuSFID. PIM will be further detailed before its official dissemination to counties to reflect the necessary provisions for M&E requirements.</p>		
Project Financial Management	Moderate	Moderate
Project Organization and Staffing	Substantial	Substantial
<p>Risk: • Staff capacity of PPMO and especially in the counties may not be on the required level. • The financial operations of the project within the PPMO and County PMOs will be distinct, and ring fenced from the country public financial management. A Project Implementation Manual which describes the financial management and procurement arrangements is outlined in Annex 8 Volume II. • providers proposed for implementing Components 1 and 2 will have capable</p>	Substantial	Substantial

staff and a financial management (FM) system for managing project funds with qualified Finance staff, safeguarding assets and providing periodical financial reports and other required reports to the PPMO.		
Mitigations: <ul style="list-style-type: none"> • FM staff at PPMO and counties will have detailed job descriptions and detailed FM manual (in PIM). • Start-up training, and continuous support missions from IFAD. • Experience exchange between PMOs on FM in Hunan province. 		
Project Budgeting	Moderate	Moderate
Risk: <ul style="list-style-type: none"> • 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. 	Moderate	Moderate
Mitigations: <ul style="list-style-type: none"> • Training to PPMO and CPMO staff on preparation of AWPB. • A mechanism in place to timely capture the progress of expenditure Vs. budget. 		
Project Funds Flow/Disbursement Arrangements	Substantial	Substantial
Risk: <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. 	Substantial	Substantial
Mitigations: <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. 		
Project Internal Controls	Moderate	Moderate
Risk: <ul style="list-style-type: none"> • Big bulks of loan funds will be concentrated in 3 cost categories (Works, GSI & Materials) and procurement process transparency can be challenging. • Limited suppliers for goods and services and less capacity may lead to overpayment for services. • Staff capacity and awareness of anti-corruption policy. 	Moderate	Moderate
Mitigations: <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. 		
Project Accounting and Financial Reporting	Moderate	Moderate
Risk: <p>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>	Moderate	Moderate

Mitigations: • The accounting software already used in other Chinese project will be set up to meet to IFAD accounting and financial reporting requirements. Including cost categories.		
Project External Audit	Moderate	Moderate
Risk: 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.	Moderate	Moderate
Mitigations: • The Hunan provincial NAO will be responsible for external audit and IFAD will communicate IFAD requirements on financial reporting and auditing to the auditors.		
Project Procurement	Moderate	Moderate
Legal and Regulatory Framework	Moderate	Moderate
Risk: Legal, regulatory and policy framework are clear and mainstreamed with international procurement practices. There are complete system framework on procurement and corresponding laws and regulations in China. The domestic supply market is sufficient and the conditions for the implementation of international funded projects are favorable. 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, and CNY1 million for Services. The other methods include Bidding by Invitation, Shopping, Competitive Negotiation, etc. The direct contract can be applied in special cases based on sufficient reasonable ground. Risk: - IFAD's Consulting Services methods (QCBS/LCS/CQS/QBS/FBS) are not indicated in the National Procurement Law. - The minimum of advertising time prescribed in China Tendering and Bidding Law are shorter than the requirement of IFAD. For example, the national laws prescribed that minimum of 20 days for national Open Bidding (competitive); minimum of advertising time from 10 to 20 days for less competitive procurement processes.	Moderate	Moderate
Mitigations: - The Project Procurement Arrangement (PPA) will specify provisions for application of different procurement methods and direct contracting/single source selection, satisfying IFAD requirements. - In term of efficiency and practicability, the application of the national advertising rules will have limited impact on the project.		
Accountability and Transparency	Moderate	Moderate
Risk: The risk that accountability, transparency and oversight arrangements (including the handling of complaints regarding, for example, SH/SEA and fraud and corruption) are inadequate to safeguard the integrity of project procurement and contract execution, leading to the unintended use of funds, misprocurement, SH/SEA, and/or execution of project procurements outside of the required time, cost and quality requirements. Risk: - The stakeholder support to strengthen integrity in procurement is relatively weak due to the lack of enough channels for engagement and feedback that are promoted by the government.	Moderate	Moderate
Mitigations: - Promote anti-corruption framework, establish internal compliance measures or support integrity and ethical behavior in public procurement.		

Capability in Public Procurement	Moderate	Moderate
<p>Risk: The Provincial Project Management Office is instituted in the Provincial Forestry Department of Hunan, which is experienced in implementing international financial organizations projects. The PPMO is basically capable of implementing the procurement of IFAD funded projects. The sustainable procurement capacity building for all the procurement participants at each level will be taken into account throughout the entire project lifecycle. A provincial procurement agency should be recruited to provide the professional services for project procurement as early as possible.</p> <p>Risk: - Less training, advice and assistance could be directly acquired from government department relate to procurement. - The professional certifications regarding to the government procurement department are absent. - The performance management system still needs to be improved, more comprehensive monitoring indicators should be applied for performance assessment.</p>	Moderate	Moderate
<p>Mitigations: - Develop the capacity of procurement officials by increasing the professional procurement training at project level. - The system or mechanism should be established for assessing the capacity and profession of the government procurement department, for example, through the measures of training, examination or authentication. - It is necessary to reform and establish the regulations for supporting and improving the public procurement system. For example, put the Post Procurement Evaluation into practice.</p>		
Public Procurement Processes	Moderate	Moderate
<p>Risk: Procurement of Goods, Works and Consulting Services financed by IFAD will be involved in Procurement Plan and carried out in accordance with the IFAD Procurement Guidelines, IFAD Procurement Handbook and relevant procurement policy of IFAD. China National Procurement Laws and corresponding implementation manuals will be applied for the procurement financed by government counterpart. The procurement methods to be applied, prior review arrangements, and the thresholds for different procurement methods will be taken into account at detailed design stage and the Project Procurement Arrangement (PPA) will be developed to guide the project procurement. While the procurement processes are implemented on the government public trading platform, the Project Implementation Agency should coordinate with the platform to ensure that more flexible processes and procedures are applied for IFAD funded project to comply with IFAD Procurement Guidelines, IFAD Procurement Handbook and its subsequent. The platform should be able to implement the electric procurement processes which could serve as an alternative procurement approach.</p> <p>Risk: - The sustainability criteria applied during the planning stage are not sufficiently to ensure value for money. - The discrepancies exist between national procurement processes and IFAD's. - Delays in contract implementations are often happened due to objective and subjective matters</p>	Moderate	Moderate
<p>Mitigations: - Improve the bidding document containing the sustainability to ensure the value for money at planning stage. - Combine the national rules and IFAD's as far as possible from the principle of value for money. Some innovative measures could be introduced in place to bridge these discrepancies in practice. - Monitoring closely contract implementation progress with periodic progress reports and follow-up actions.</p>		
Environment, Social and Climate Impact	Moderate	Low

Biodiversity Conservation	Moderate	Low
Risk: The risk that the project may cause significant threats to or the loss of biodiversity, availability of diversified nutritious food, ecosystems and ecosystem services, territories of the indigenous peoples, or the unsustainable use/production of living natural resources. The Project is fully dependent on production of living natural resources and deal with agro-forestry system so requires attention.	Moderate	Low
Mitigations: The project will only intervene in areas that are already under some kind of agro-forestry system or in degraded areas for limited new. Zoning will also be done and ensure that the project does not intervene in protected areas or red ecological zoning. As per Wild Plants Protection Regulations (2017 Amendment), any entities or individuals are prohibited to illegally collect wild plants or damage their growing environment. Only bamboo is harvested for woody material and the harvesting practices promoted are to ensure sustainable bamboo forest management. Digging bamboo shoots and thinning bamboo forests are commonly used methods for managing bamboo forests, which can effectively prevent the disorderly expansion of bamboo and increase the yield of bamboo shoots and the main grain of bamboo and wood. Finally, the project will promote use of supporting trees which can effectively decrease pest, limit propagation and increase the species diversity of bamboo forests. Furthermore, it will not undertake activities that may cause significant threats to or the loss of biodiversity and ecosystem and its services. By adopting good agricultural practices, the project will also be conducive to the sustainable use of natural resources		
Resource Efficiency and Pollution Prevention	Moderate	Moderate
Risk: The project is sited in an existing agricultural area, with low environmental and/or social sensitivity. Risks related to resource use and pollution includes 1. Use of fertilizer in plantation but this will be limited as mostly organic, and no pesticides used. 2. water use for irrigation: The irrigation systems will be of small scale and use surface water with negligible impact on existing resources. 3. in enterprise: the establishment of enterprise parks will assist in pollution prevention, energy efficiency, solid waste disposal and enforcement and monitoring of quality standards.	Moderate	Moderate
Mitigations: Project supported Business Plan and partnership will elaborate on input use and pollution prevention measures in production and processing. As envisaged in SECAP guidance, project will promote practical options including zero-growth of fertilizer use and integrated fertility management combining with non mineral options & use of micro-organisms & integrated farming; Integrated Pest Management plan to reduce use of pesticide ; Potential dedicated digital advisory to recommendation to specific conditions / micro dosing; Utilization of planting waste and promotion of energy saving, renewable energy ; promoting efficient water management, training water user associations and piloting water monitoring in areas of water scarcity		
Cultural Heritage	Low	Low
Risk: The project activities do not foresee impact to degradation or loss of resources of historical, religious or cultural significance. Project is targeting to use national heritage knowledge and medicinal plants which are not tight to specific areas. However, project may identify and wish to work on some cultural farming systems practices, varieties or knowledge along for instance valorization of medicinal crops,	Low	Low
Mitigations: If a project proposes to utilize cultural heritage / heritage of IP, what is not foreseen in this project, including knowledge, innovations or practices of local communities to benefit the project or for commercial purposes, communities		

should be informed of: (i) their rights under national law; (ii) the scope and nature of the proposed use; and (iii) the potential consequences. FPIC of the local communities should be sought, and arrangements should be made for fair and equitable sharing of benefits.		
Indigenous People	Moderate	Low
Risk: The project area has limited number of ethnic minority people (8.39%), among them, 74.2% inhabit in Yuanling 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. There is no risk anticipated of the project to the ethnic minority people in the project areas. However, the project may be sited within commuting distance of ethnic minority and offer them employment.	Moderate	Low
Mitigations: An IPPF has been formulated as well as an FPIC in a culturally appropriate manner. FPIC of the local communities should be sought, and arrangements should be made for fair and equitable sharing of benefits.		
Labour and Working Conditions	Moderate	Low
Risk: Labour and Working Conditions are highly regulated and there is no evidence of violation or deviation reported in relationship with the project design.	Moderate	Low
Mitigations: Standard contract templates for labor will be developed before the start of the project and will require strict implementation during project implementation. The project's beneficiary feedback and grievance redress system will be put in place in complementarity with the government's vertical complaint system. The personal safety protection would be strictly implemented to ensure the safety of labors. 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.		
Community Health and Safety	Moderate	Low
Risk: The risk that the project may cause significant adverse impacts on the physical, mental, nutritional or social health/safety status of an individual, group, or population. Major risks here include: 1) construction of building Any construction envisioning in the project need to have construction permits which require an environmental impact assessment and selection of carefully selected areas with limited exposure to climate/natural risks; 2) Traffic: Work track, dirt roads and gravel roads, planned in bamboo forest are used only for workers to deliver bamboo shoots and bamboo woods and will be small so it is expected that maximum 10 people may use one track a day. 3) Labor influx: additional labour will be required to develop the infrastructure, intensify agro-forestry work and engage in enterprise park processing activities; however, considering rural density of population in China, the project should be able to source labour locally to ensure additional labor can commute daily and won't affect the existing community setting.	Moderate	Low
Mitigations: Government environmental management systems are designed to protect public and worker safety against the potential risks associated with exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials 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 selection of the location of the warehouse for storing fertilizers should meet the requirements of GB/T 42958-2023 "Instructions for the Use of Fertilizer Products". 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. For labor influx, Corporate company bidding to join the project and enterprise park will need to include assessment of labor needs and plans to source labor, prioritizing local labor and including appropriate mitigation and management measures to address risks and potential impacts on the health and safety of communities arising in case of limited influx of project workers. The construction will be designed and constructed by competent professionals, and certified or approved by competent authorities, having clear construction safety guidelines. This should also be clearly stated in the procurement of such constructions.		
Physical and Economic Resettlement	Moderate	Low
Risk: The risk that the project may cause significant adverse physical, social, cultural or economic impacts, especially for marginalized groups, from land acquisition, and involuntary loss of land, assets, access to assets, income sources, or means of livelihoods. No resettlement is foreseen under the project but the project may lead to minor economic displacement and temporary change of land tenure arrangement. The allocation of land for roads is limited considering their limited width (1.5 to 3.5 meter max, so maximum 2% of an average smallholder plot) and possible compensation for road and enterprise constructions will follow government regulations; smallholder farmers may decide to sign long term land lease with the enterprise but this will not change ownership and will be done through a free and prior informed consent and dedicated government procedure	Moderate	Low
Mitigations: Minimize economic displacement during infrastructure construction, applying government measures favoring construction in barren land / existing constructions. For irrigation, this will also include ensuring transparent, informed and documented discussion with all farmers benefitting from the planned irrigation system to reach voluntary signed consent with land user rights holders for placing water ponds or pools on their land. project will review and strengthen property right as needed and, in case of land dispute, do not engage in infrastructure or production investments in concerned land unless dispute settled formally through fair, open, and transparent means. In case of economic displacement to construct infrastructure, ensure appropriate compensation as per province standards following the principle of the national unified guarantee of the basic living standards and property rights and interests of the expropriated farmers.		
Greenhouse Gas Emissions	Low	Low
Risk: The project will aim to contribute to the net reduction of Greenhouse Gas as result of increasing biomass by rehabilitating and improvement the management of the tree crops for increased carbon sequestration and by promoting energy efficient irrigation and transformation infrastructure, including use of renewable energy .	Low	Low
Mitigations: Emissions will be tracked as per project Log frame and component dedicated to improve monitoring of carbon storage in bamboo plantations		
Vulnerability of target populations and ecosystems to climate variability and hazards	Moderate	Low
Risk:	Moderate	Low

Based on historic data analysis, the project area has found become warming as result of global climate change. Especially in the past ten years the warming trend is much more obvious. There is an obvious upward trend that the annual rainfall is also increasing, result in more frequent rainstorm. Increased high-temperature days throughout the year and prolonged low temperature days were also observed.		
Mitigations: 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. For instance, it will also invest in climate resilient practices, climate advisory / alert systems, adoption of disaster preparedness plan and promote use of adapted insurance.		
Stakeholders	Moderate	Moderate
Stakeholder Engagement/Coordination	Moderate	Moderate
Risk: 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.	Moderate	Moderate
Mitigations: (i) Government will make value chain development plan to outline potential stakeholders in the specific value chains and analyse their roles; (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.		
Stakeholder Grievances	Moderate	Moderate
Risk: 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.	Moderate	Moderate
Mitigations: VIGs and CPMOs will conduct regular notifications to the villagers on the planned activities and means/criteria of participation.		
Political Commitment		No risk envisaged - not applicable
There is strong political commitment of both central and local governments to the project goals/objectives in promoting rural revitalization through thriving agro-industries to benefit the smallholders and rural economy, while maintaining eco-environmental sustainability and promoting food security, nutrition and health for the people. Rural revitalization envisions key milestones for 2035 and 2050, current and next Five Year Plan (2026-2030) will surely adhere to the rural revitalization strategy, these and the overall green development strategy is the overarching government strategies for sustainable development that the project will contribute to. China is also committed to carbon peak by 2030 and neutral 2050. 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		

<p>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, the current leadership just embarked on a new term. Despite the one party system being seen as not ideal from outsiders, the government and the people have confidence and trust in the current political system and commitment of the ruling party. During the project life of just 6 years, no major risks are foreseen in terms of political commitment. Counterpart financing for IFAD project has always been adequate in recent projects as result of the targeted poverty reduction strategy and rural revitalization strategy.</p>		
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