China, People's Republic of: Fujian Soil Conservation and Rural Development II

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Fujian Soil Conservation and Rural Development II</th>
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<tbody>
<tr>
<td>Project Number</td>
<td>33439-013</td>
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<tr>
<td>Country</td>
<td>China, People's Republic of</td>
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<tr>
<td>Project Status</td>
<td>Closed</td>
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<td>Project Type / Modality of Assistance</td>
<td>Loan</td>
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<td>Source of Funding / Amount</td>
<td>Loan 2082-PRC: Fujian Soil Conservation and Rural Development II Ordinary capital resources US$ 80.00 million</td>
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Strategic Agendas
- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change
- Governance and capacity development
- Private sector development

Sector / Subsector
- Agriculture, natural resources and rural development - Agricultural policy, institutional and capacity development

Gender Equity and Mainstreaming
- Some gender elements

Description
The Project's goal is to narrow the income disparity between urban and rural households in fragile environments of Fujian. The purpose of the Project is to improve and diversify income opportunities of rural households in mountainous and coastal areas of Fujian. The project scope comprises three components and include (a) soil conservation and integrated agriculture; (b) rural infrastructure; and (c) support services and project management. Following a sector-like approach, subprojects within components are selected according to the criteria agreed between Fujian Provincial Government (FPG) and ADB.

Project Rationale and Linkage to Country/Regional Strategy
The Government recognizes the need to address the widening gap in income and living standards between the urban and rural population. Serious poverty remains a major issue in the large number of rural counties and villages, where agriculture and agriculture-related primary processing remain the only main livelihood. The prospects of short-term financial gains often lead to unsustainable land use practices, which, in turn, cause serious land and environmental degradation. With steadily increasing disparity in income between the urban and rural population and the mountainous, erosion-prone terrain, the Fujian Government clearly saw the need to address the challenge to identify and apply the appropriate technology to arrest the ongoing soil erosion and at the same time ensure sustainable improvement of incomes and living standard in the poor rural communities.

The Government's long-term development goal is to establish an all-around well-off society by maintaining steady economic growth and by continuously improving the people's living standards. Key agenda of the Government's reform program to attain this goal are raising rural incomes, and reducing economic and social inequalities between rural and urban residents and between progressive and less progressive regions. To raise rural incomes, the Government's agriculture sector strategy focuses on measures to increase farm productivity and value added, develop underutilized and waste land, diversify crop production, adopt integrated approaches to farming that are environment friendly, improve natural resource management, and preseve the environment to support sustainable agriculture development.

The Project fits into ADB's Country Strategy and Program (CSP) for 2004-2006 and the poverty partnership agreement signed in September 2003, which emphasize (i) following a broad-based and inclusive growth plan, (ii) making markets work better, (iii) fostering regional cooperation, and (iv) ensuring environmental sustainability. The major thrusts of ADB's operations in promoting equitable and inclusive growth will be those that, inter alia, will reduce regional inequalities and the urban-rural gap, and will enhance rural development, especially in fragile environments such as degraded land and where the rural poor are concentrated. Key interventions for rural development include (i) provision of rural infrastructure; (ii) promotion of income-generating activities, technologies, and services that ensure integrated ecosystem management and maximize vertical and horizontal linkages in a participatory manner; (iii) strengthening of rural financial mechanisms and institutions that harness local capacities; and (iv) support for measures that take advantage of the new opportunities for agriculture and agro-processing products resulting from the PRC’s accession to the WTO.

Impact
Narrowed income disparity between urban and rural households in fragile environments of Fujian.

<table>
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<tr>
<th>Project Outcome</th>
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<tr>
<td>Description of Outcome</td>
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<tr>
<td>Progress Toward Outcome</td>
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Implementation Progress
Description of Project Outputs
1. Rehabilitated orchard farms and rehabilitated forest areas
2. Developed and improved aquaculture activities
3. Established agricultural markets
4. Developed and improved agroprocessing activities
5. Developed and improved integrated livestock farming activities
6. Rehabilitated and developed small hydropower schemes
7. Rehabilitated and developed rural water supply schemes
8. Rehabilitated and developed small-scale rural infrastructure
9. Established provincial project management office (PMO) and municipality and county project management offices (PMOs)
10. Established extension, communication, and training activities
The Project is in environmental category B. Subproject approval will be subject to the selection criteria. An overall initial environmental examination was supplemented with a sample survey of 600 households. Special attention was paid to poor beneficiaries, women's groups, and She households to ensure that their needs and concerns were understood and addressed.

Involuntary Resettlement

Among nine project subcomponents, five will require some minor land acquisition and little or no displacement of housing (e.g., small hydropower schemes). For subprojects with complete feasibility studies, permanent land acquisition will be 35 ha, including 4 ha of farmland, affecting about 97 households. About 24 ha will be needed temporarily during project construction, including 3 ha of farmland, affecting 128 households. No houses will be demolished. Affected persons are estimated at 898. To mitigate these minor impacts and comply with ADB's policy on involuntary resettlement, an RPF was prepared and approved by the provincial Agriculture Department. For subprojects starting in the first year of the Project, ADB has approved short resettlement plans, posted them and the RPF on the ADB web site, and circulated the plans and RPF to all affected townships and villages. For later subprojects, short will be prepared in accordance with the RPF and submitted to ADB for approval before any land acquisition or displacement. (See the RPF in Supplementary Appendix B.)

Indigenous Peoples

During Project Design

During project preparation, needs and concerns of key stakeholders were solicited through a series of focus group discussions; consultation meetings and dialogue in selected counties, townships, villages, and rural enterprises; and interviews with 50 households. A participatory poverty assessment was supplemented with a sample survey of 600 households. Special attention was paid to poor beneficiaries, women's groups, and She households to ensure that their needs and concerns were understood and addressed.

During Project Implementation

Consultations have been carried out at various levels.

Business Opportunities

A total of 132 person-months of domestic consulting services to be financed out of EA's own resources will be provided under the project. The consultants will be assigned to the PMO to provide assistance in market demand and economic analysis, social analysis, subproject design, and environmental analysis to facilitate subproject approval for financing. The consultant for environmental analysis will in addition be responsible for overseeing monitoring of environmental impacts and compliance with Environmental Management Plans (EMPs).

Procurement

Goods and services for ADB-financed contracts will be procured in accordance with ADB's Guidelines for Procurement. Major contracts for equipment valued at more than $500,000 equivalent will be undertaken by the PMO through ADB's ICB procedures. Smaller equipment packages of $500,000 equivalent or less each will be procured by the PMO following NCB procedures. Civil works contracts estimated to cost more than $5 million equivalent will be carried out using ICB procedures while those of $5 million equivalent or less will be carried out using local competitive bidding (LCB) procedures in accordance with PRC's Tendering and Bidding Law and related regulations. Local contractors have the necessary expertise, experience and capacity to undertake these contracts. However, in accordance with ADB's Guidelines for Procurement, foreign contractors may bid on contracts using LCB. Civil works contracts with a value of $100,000 equivalent or less for rehabilitation of rural access roads and bridges, or for soil conservation and integrated agriculture development and aquaculture (involving construction of small buildings, sheds, cages, water tanks) and of other minor infrastructure rehabilitation will be implemented on a force account basis by IAs or through community participation in procurement.

Environment

As of 30 June 2012, all project activities were completed. In total, 132 subprojects were approved under the loan and all of them were largely completed. About 12,000 ha of tea, orchards, bamboo, and other corps were rehabilitated, and about 3,000 ha of protection forest on slopes over 25 and 203 ha of windbreak protection forest were planted under 24 subprojects. Under five aquaculture subprojects, 300 ha of sea shell culture, 120 ha of seaweed culture, and 1,000 marine fish net cages were developed. 17 agro-processing subprojects were implemented to process agricultural, aquaculture, forest, and livestock produce, and six livestock farms were developed to rear and breed poultry, pigs, and goats. Three large wholesale markets and four small to medium-sized markets were built at strategic locations. About 201 km of rural road and 3.5 km of flood-control levees were rehabilitated and 7 small rural infrastructure units were improved under 18 subprojects. Nine small hydropower schemes with power generation capacities of 191 million kilowatt hours/year were built or rehabilitated. Small and medium sized water supply schemes were built and/or rehabilitated covering 25 townships through 17 water supply subprojects. One provincial project management office, seven prefecture project management offices, and 36 county project management offices were established. As of 30 March 2012, 990 courses were held to train about 39,300 participants in agricultural technical skills, project management, and social and environmental safeguards.

Geographical Location

Status of Implementation Progress (Outputs, Activities, and Issues)

As of 30 June 2012, all project activities were completed. In total, 103 subprojects were approved under the loan and all of them were largely completed. About 12,000 ha of tea, orchards, bamboo, and other corps were rehabilitated, and about 3,000 ha of protection forest on slopes over 25 and 203 ha of windbreak protection forest were planted under 24 subprojects. Under five aquaculture subprojects, 300 ha of sea shell culture, 120 ha of seaweed culture, and 1,000 marine fish net cages were developed. 17 agro-processing subprojects were implemented to process agricultural, aquaculture, forest, and livestock produce, and six livestock farms were developed to rear and breed poultry, pigs, and goats. Three large wholesale markets and four small to medium-sized markets were built at strategic locations. About 201 km of rural road and 3.5 km of flood-control levees were rehabilitated and 7 small rural infrastructure units were improved under 18 subprojects. Nine small hydropower schemes with power generation capacities of 191 million kilowatt hours/year were built or rehabilitated. Small and medium sized water supply schemes were built and/or rehabilitated covering 25 townships through 17 water supply subprojects. One provincial project management office, seven prefecture project management offices, and 36 county project management offices were established. As of 30 March 2012, 990 courses were held to train about 39,300 participants in agricultural technical skills, project management, and social and environmental safeguards.

Safeguard Categories

B

Indigenous Peoples

C

Summary of Environmental and Social Aspects

Environmental Aspects

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Responsible ADB Officer

Shen, Xin

Responsible ADB Department

East Asia Department

Responsible ADB Division

PRC Resident Mission

Executing Agencies

Fujian Provincial Government (FPG)
ADB Loan Management Office
Fujian, PRC

Time Table

Concept Clearance

16 Jul 1999

Fact Finding

13 Jun 2002 to 09 Jul 2002
### Loan 2082-PRC

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