Ethnic Minority Development Plan (Draft)

Project Number: 47046-002
June 2015

People’s Republic of China:
Gansu Featured Agriculture and Financial Services
System Development Project

Prepared by the Gansu Provincial Project Management Office for the Asian Development Bank
CURRENCY EQUIVALENTS  
(as of 1 May 2015)
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CNY1.00 = $0.1613
$1.00 = CNY6.1992

ABBREVIATIONS
ADB – Asian Development Bank
EM – ethnic minority
EMDP – Ethnic Minority Development Plan
ESMS – environmental and social management system
GPG – Gansu Provincial Government
FI – financial intermediary
PRC – People’s Republic of China
SPS – Safeguard Policy Statement

NOTE
In this report, "$" refers to US dollars.

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Ethnic Minority Development Plan (EMDP)

Prepared by Gansu PPMO

May 2015
Letter of Endorsement for public disclosure of the

Ethnic Minority Development Plan (EMDP)

TA8417-PRC: Gansu Featured Agriculture and Financial Services System Development Project

The Gansu Provincial Government (GPG) and the Ministry of Finance have applied for an Asian Development Bank (ADB) loan to finance the Gansu Featured Agriculture and Financial Services System Development Project. The Project is planned to start in 2015, and finish in 2020. Accordingly, the Project will abide to the social safeguard requirements of ADB Safeguard Policy Statement (2009), and this ethnic minority development plan (EMDP). The EMDP lays out mitigation and enhancement measures, implementation, monitoring, and reporting requirements, and other relevant actions to be implemented by the Bureau of Agriculture and Animal Husbandry as described in the plan.

The GPG endorses the content and activities described in the EMDP. The GPG confirms it will ensure that the Project implementing agencies will follow the requirements of the EMDP, and that all measures will be implemented according to requirements laid out in the EMDP. GPG has discussed the EMDP with relevant local governments and project management offices and obtained their consent. GPG has no objection to posting the EMDP on the ADB website according to ADB normal procedures.

Duan Qibin

PPMO Director

Director, Foreign Financed Project Management Office, Gansu Province Agriculture and Animal Husbandry Department

Gansu Provincial Government

Date: 2015.6.3.
亚行网站公布确认函

少数民族发展计划

TA8417-PRC: 甘肃省特色农业及金融服务体系建设项目

甘肃省政府和财政部申请利用亚洲开发银行贷款支持甘肃特色农业及金融服务体系建设项目。本项目计划 2015 年开始实施，2020 年竣工。本项目将遵守亚行保障政策声明（2009）对社会保障的相关要求以及本少数民族发展计划。为了减轻项目对少数民族的影响，本计划提出了相应的减缓和增强措施，执行、监测和报告要求，以及需要县农牧局实施的其他相关行动。

甘肃省政府认可本少数民族发展计划所述的内容和活动，在此确认将确保项目实施机构遵守本计划的相关要求，并根据这些要求实施所有的措施。省政府已与相关地方政府和项目办讨论了本计划，并已获得了他们的同意。本计划将按照亚行常规程序公布于亚行官网，对此甘肃省政府没有反对意见。

段淇斌
省项目办主任
甘肃省农牧厅外资项目管理办公室主任
甘肃省人民政府

日期：2015.6.3
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<td>Asian Development Bank</td>
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<td>C&amp;P</td>
<td>Consolation and participation</td>
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<td>CPMOs</td>
<td>County project management offices</td>
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<td>EMs</td>
<td>Ethnic minorities</td>
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<tr>
<td>EMDP</td>
<td>Ethnic Minority Development Plan</td>
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<tr>
<td>ESMS</td>
<td>Environment and Social Management System</td>
</tr>
<tr>
<td>FIL</td>
<td>Financial intermediary loan</td>
</tr>
<tr>
<td>FIs</td>
<td>Financial intermediaries</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>GPG</td>
<td>Gansu provincial government</td>
</tr>
<tr>
<td>HH</td>
<td>Household</td>
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<tr>
<td>IP</td>
<td>Indigenous peoples</td>
</tr>
<tr>
<td>LURT</td>
<td>Land Use Rights Transfer</td>
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<td>PPMO</td>
<td>Provincial Project management office</td>
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<td>PPTA</td>
<td>Project Preparatory Technical Assistance</td>
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<tr>
<td>PRC</td>
<td>People's Republic of China</td>
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<tr>
<td>SGAP</td>
<td>Social and Gender Action Plan</td>
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<tr>
<td>SPS</td>
<td>Safeguard Policy Statement</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>IA</td>
<td>Implementing agency</td>
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<tr>
<td>PRA</td>
<td>Participatory rapid appraisal</td>
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<td>M&amp;E</td>
<td>Monitoring and evaluation</td>
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<tr>
<td>GRM</td>
<td>Grievance readiness mechanism</td>
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<td>SIA</td>
<td>Social impact assessment</td>
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</table>
Figure 1: Distribution of Project Counties

Figure 2: Household Questionnaire Survey

Figure 3: Interviewing a Cooperative
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EXECUTIVE SUMMARY

ES1. Introduction

1. This project level EMDP targets the Bao’an, Salar and Dongxiang ethnic minority groups in Hezheng County and Jishishan Autonomous County. It aims to ensure that ethnic minorities (EMs) will enjoy equal benefits from Gansu Featured Agriculture and Financial Service System Development Project (the Project); to enhance the economic status of EMs and to minimize or mitigate any negative impacts on them. This EMDP is formulated in compliance with the relevant laws and regulations of the People’s Republic of China (PRC) as well as Asian Development Bank’s (ADB) policy requirements on Indigenous Peoples. Along with this EMDP, the Project also prepared a Social and Gender Action Plan (SGAP), an Environment and Social Management System (ESMS) and a Land Use Rights Transfer (LURT) Framework. There are measures in these action plans for strengthening the Project’s positive effects and mitigating the likely negative impacts for women and for all affected people.

ES2. Project Description

2. In order to further improve the agricultural production, increase rural income and promote the overall economic development in Gansu Province, Gansu provincial government (GPG) plans to apply an ADB loan to implement the Gansu Featured Agriculture and Financial Services System Development Project, which consists of four components or outputs or: (i) featured agricultural production bases established; (ii) farmer cooperatives and agricultural enterprises supported; (iii) rural financial service system developed; and (iv) capacity for project implementation and management strengthened.

3. Component 1 (featured agricultural production bases established) will support 145 bases, including 22 field crops production bases, 35 greenhouse vegetable production bases, 50 sheep and goats raising bases, 23 cattle raising bases and 15 fruit production bases. These bases cover 42,073 mu of land. This component also includes the training of 14,130 farmers.

4. Component 2 (farmer cooperatives and agricultural enterprises supported) will support 151 cooperatives and 66 enterprises, develop 117 brands and provide corresponding training of 6,501 person-times of cooperatives’ members.

ES3. Social and Economic Conditions in Project Area

5. Gansu Province. Gansu province is located in the northwest of PRC. The province has a total population of about 25.8 million in 2012. Rural population accounted for about 61.3% of the total against the national average of 47.4%. Gansu is the least developed amongst the 32 provinces in PRC: (i) the average per capita annual net income for rural population was CNY 4,507 in 2012, which was about 56.9% of the national average of CNY 7,919; and (ii) average per capita GDP in 2012 was CNY 21,978 that was 57.2% of the national average of CNY38,420.

6. Project Counties. The Project will be implemented in 11 counties in the southeast part of Gansu Province (see Figure 1). These counties administer 198 townships with 2,425 administrative villages. The total population of the 11 project counties in 2012 was 4.09 million, of which 86.3% were the agricultural population. These counties, in terms of socioeconomic development status, are mostly below the provincial averages: (i) 10 of the 11 project counties’ rural per capita income are below the provincial average; (ii) all counties have per capita GDP below the provincial average, yet 3 counties have per capita GDP below 25% of the provincial average; and (iii) in line with low income, the project area has wide spread rural poverty, and the

1 Full name is Jishishan Bao’an and Salar Autonomous County.
poverty incidences are from 14.9% to 43.4% in 2012. Of 11 project counties, 8 and 3 are nationally and provincially designated poverty counties respectively.

7. **Jishishan Bao’an and Dongxiang Autonomous County.** It was established as an autonomous county in 1981, and it is one of two target counties of this EMDP. It is located in the south of Gansu, and it is the only autonomous county in Gansu. In 2012, the total population reached 259,800, of which rural population accounts for 89.5%. There are 9 EM groups in Jishishan, including Bao’an, Dongxiang, Salar, Hui, and etc. EM people accounted for 53.9% of the total population in 2012. The population of Bao’an is 17,900, accounting for 95% of the whole Bao’an population in the PRC. Jishishan County is the only habitation area for Bao’an in the PRC, and it is 1 of the 3 unique EMs in Gansu.² Salar and Dongxiang have 10,200 and 22,200 people respectively. The average rural per capita income in the County is CNY 2,690 in 2012, accounting for 59.7% of the provincial average.

8. **Hezheng County.** Another target county of this EMDP, which is adjacent to Jishishan County. The total population is 209,900 in 2012, of which rural population accounts for 78%. It has 10 EMs, including Dongxiang, Bao’an, Salar, Hui, and etc. EM people account for 57.9% of the total population. The population of Dongxiang is 63,900, accounting for 30.4% of the whole county population. The per capita rural income was CNY 2,692 in 2012, accounting for 65.7% of the provincial average.

**ES4. Culture Features of EMs**

9. **Dongxiang.** One of the three ethnic minorities (EMs) targeted by this EMDP, a unique EM in Gansu Province, named from the place where they used to live – Dongxiang of Linxia Prefecture. There are 22,200 and 63,900 Dongxiang people living in Jishishan and Hezheng respectively, which account for about 95% of the total Dongxiang population of the PRC. In terms of customs and religious belief, Dongxiang is basically similar with Hui (Muslim). Their language is similar with Mongolian, belongs to Mongolian branch of Altai language. This group doesn’t have written language but uses Mandarin. Dongxiang people used to rely on cropping with supplementary livestock farming. Many farmers are now also engaging in small traders, transportation service and making felts.

10. **Bao’an.** Another of the three EMs targeted by this EMDP, unique EM in Gansu Province, Jishishan County, as the major habitant place of Bao’an, has 17,900 Bao’an people in 2012, accounting for 95% of the whole Bao’an population in the PRC. Bao’an is the smallest among the 10 EM groups of Islam belief, and it is also 1 of the 30 small EMs enjoying preferential policy support of the PRC government³. Its language is similar with Dongxiang language, and it also doesn’t has own written scripts but adopting Mandarin. Bao’an also used to rely on agricultural production. Clothing and food habit are similar with the Muslim Hui and Dongxiang people.

11. **Salar.** One of the three EMs targeted by the EMDP, an EM group originally from the neighboring Qinghai Province. Salar people in Gansu Province are mostly living in Jishishan Autonomous County. The Salar population is 10,200 in Jishishan in 2012, accounting for 95% of the total Salar population in Gansu. It is also one of the 30 small EM groups. Salar language belongs to Altaic Turkic language West Huns branch. Salar doesn’t have written scripts but using Mandarin. Salar is also of Muslim belief. In terms of customs, clothing and marriage, Salar is similar with several other Muslim groups in Gansu. Salar people are mainly relying on agriculture, and they are good at hand embroidery and business.

**ES5. Legal Framework**

² Another 2 are Dongxiang and Yugu.

³ EM with population below 0.3 million is defined as small EM group, enjoying special assistance by the outline of supporting small EM development. [http://www.seac.gov.cn/art/2011/7/1/art_149_129390.html](http://www.seac.gov.cn/art/2011/7/1/art_149_129390.html).
12. The EMDP is in accordance with the EM laws and policies of PRC, ADB’s SPS, and relevant regulations of Gansu Province, including: (i) Law of the PRC on Regional National Autonomy; (ii) Plan on Supporting Small EM Development; (iii) Outline of Gansu 12th Five-year Plan on EM Affairs; (iv) Directive Opinions on Supporting Small EM Development during 12th Five-year Period in Linxia Prefecture; and (v) ADB’s Safeguard Policy Statement (SPS).

ES6. Project Impacts on EM People

13. EM and Han people are similar in land tenure, means of livelihood, socio-economic development status, production skill and living standard. Specifically, there is no difference among various ethnic groups regarding the Project's proposed agricultural production activities. EMs and Han have the equal rights to participate in the Project.

14. Positive project impacts on EM people include: (i) promoting the heritage and industrial development of traditional embroideries of Bao’an and Salar; (ii) increasing EM farmers’ income; and (iii) fostering EM leaders for featured agricultural development.

15. The Project will neither involve any involuntary resettlement and nor Category A environmental impact, so there will be no significant negative impacts. However, potential risks might still arise if no proper management and supervision. Such risks include: (i) disputes on land use right transfer; (ii) environment pollution and zoonotic diseases transmission from scaled livestock bases; (iii) disadvantaging non-project enterprises and farmers who are engaged in the similar productions; and (iv) commercialization of local resources, skills or products.

ES7. Participation and Information Disclosure

16. During July-August 2014, public consultations and socio-economic surveys were conducted by PPMO and PPTA consultants in Jishishan Autonomous County and Hezheng County where Bao’an, Dongxiang and Salar EMs are living. The surveyed samples covered stakeholders, including farmers, cooperatives and enterprises. During the survey and consultations, the Project information was disclosed those stakeholders, and their needs and expectations were learnt. The surveys, as well as the consultation meetings with county government line agencies, provided fundamental data for the preparation of this EMDP.

17. This EMDP includes measures to promote participation and information disclosure during project implementation. During the Project implementation, the provincial project management office (PPMO) and county project management offices (CPMOs) will continue to carry out public participation activities. Prior to the approval of the Project by ADB, this EMDP, as well as the LURT Framework and SGAP will be posted on ADB website and be distributed among the project counties, townships and villages, as well as beneficiaries or affected people.

ES8. Action Plan

18. The EMDP includes a series of measures to enhance the positive effects and mitigate the negative impacts of the Project; besides these, there are some additional actions for promoting participation. The enhancement measures include: (i) support to build up 2 EM farmers’ cooperatives and 6 new bases; (ii) priorities to support EM farmers, enterprises and cooperatives; and (iii) non-farm employment skill training through the “Rain and Dew Program”, the target is to train 1,000 EM farmers especially land transfeerees farmers in 5 years, of which, 25% should be women. The potential risks will be overcame or mitigated by the implementation of sub-project specific environment management plans (EMPs), EMDPs, LURT agreements, as

4 It is Yulu in Chinese, a program of the poverty alleviation and development office. It is popularly known as Rural Labor Shifting Training (shifting rural labors to non-farm sectors). Details (Chinese) are available at: http://www.yulujihua.com/
well as the measures of this project level EMDP and the SGAP. Detailed action plan is shown in the Table 12 of this EMDP.

**ES9. Grievance Redress Mechanism**

19. A grievance redress procedure has been established for EM people to redress EM and other project related issues (such as land use rights transfer issues) during project implementation, which includes the following channels: (i) village committee or cultural leader, (ii) township government, (iii) county agricultural bureau and CPMO; and (iv) PPMO. At any stage, the affected person may choose to take legal action in the people’s court.

**ES10. Institutional Arrangements**

20. The PPMO is responsible for EMDP implementation with assistance from the CPMOs and County government agencies. PPMO will hire loan implementation social consultant (LISC) to assist the PPMO with monitoring and evaluation (M&E).

**ES11. Budget and Funding Source**

21. Actions under this EMDP will be mostly financed by the Project budget, mainly for training activities. Additional CNY 0.9 million is budgeted: (i) CNY 0.1 million from Jishishan and Hezheng county governments to support the establishment of 2 EM farmers’ cooperatives, CNY 50,000 each cooperative; (ii) applying CNY 0.3 million subsidies from national programs for the 6 new agricultural bases, CNY 0.05 million each; and (iii) CNY 0.5 million from the “Rain and Dew Program” to train 1,000 EM labourers on non-farm employment skills.

**ES12. Monitoring and Evaluation**

22. The EMDP includes M&E, which is aimed at ensuring smooth implementation of the EMDP and the Project. The PPMO will carry out semi-annual monitoring and will submit reports to ADB.
1. INTRODUCTION

1.1 Project Brief

1. The Gansu Provincial Government plans to apply for an Asian Development Bank (ADB) loan to implement the Featured Agriculture and Financial Services System Development Project (hereafter refer as the Project). The Project will be implemented in 11 counties of 5 municipalities, and the distribution of these counties is shown in Figure 1. The Project will focus on assisting the project area in its long term sustainable social and economic development through: (i) developing market-oriented production of locally-featured cash crops, fruits and livestock products; (ii) developing market linkage for the featured products by supporting with relevant market players, such as farmer cooperatives and agricultural small and micro enterprises; and (iii) enhancing rural financial services with increased funding resources and products as well as strengthened capacity and skills of the service providers. In order to enhance the sustainability of potential subprojects, technical services would be provided by the Project to produce quality products to meet market requirements and to adopt environmentally-sound farming practices and water conservation technologies.

2. The project will use a financial intermediary loan (FIL) modality of the ADB and loan proceeds will be channelled to the farmers, farmer cooperatives and agro-enterprises through financial intermediaries (FIs). The FIs are local agricultural banks which have a mandate to promote agricultural and rural development, which is aligned with the project’s objectives.

3. The Project consists of four components or outputs or: (i) featured agricultural production bases established; (ii) farmer cooperatives and agricultural enterprises supported; (iii) rural financial service system developed; and (iv) capacity for project implementation and management strengthened. Details regarding the components and proposed sub-projects are given in Annex 1.

1.2 Objective of This EMDP

4. The Project was categorized as B on EMs by ADB, and this EM development plan (EMDP) is consequently prepared as per ADB’s requirement.

5. During the Project PPTA period, it is found that EM Hui, Dongxiang, Bao’an, and Salar are living in the Project counties. There are many EM villages while others are mixed with Han; the priority is on the former types of villages. Dongxiang and Bao’an are unique in Gansu Province; while Salar are distributed in Qinghai and Gansu provinces. Salar and Bao’an are also small EM in China.

6. By the end of 2012, there are 4,093,500 people in 11 project counties totally, including 464,900 EMs, accounting for 11.4%. EM Hui, with population of 329,100, is the largest accounting for 70.8% of total EM population; and it is followed by EM Dongxiang, with population of 90,400, accounting for 19.5% of total EM population.

7. Being the largest EM group in project counties, Hui people are distributed in almost every township, living either in their own communities or mixed with other groups. There is almost no

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5 There are: (i) Bank of Gansu; (ii) Bank of Lanzhou; and (iii) Village and Township Bank of SPD Bank.

6 Total population for an EM is below 0.3 million in China in 2010. Totally 28 EMs were identified as small EMs in 2010, and there are: Luoba, Gaoshan, Haozhe, Tataer, Dulong, Elunchun, Menba, Wuzibieke, Yugu, Russian, Bao’an, De’ang, Jinuo, Jing, Nu, Ewenke, Pumi, Achant, Tajik, Bulang, Salar, Jingpo, Daur, Kyrgyz, Xibo, Molao, and Tu.
difference between Hui and Han in terms of agricultural production and socio-economic development status except religious belief and related customs. Hui people are good at business, especially their catering business, they are even better off than Han. While Dongxiang, Bao’an and Salar peoples are only located in the Jishishan Autonomous County and Hezheng County with less people and obvious distinct characteristics; they are relatively vulnerable due to their isolation and harsh environmental conditions. Therefore, this project level EMDP targets the three distinct EM groups. According to the requirements in Appendix 3 of ADB’s Safeguard Policy Statement (SPS), an EMDP needs to be prepared to include measures to enable EM people to benefit from the Project and to mitigate or avoid negative impacts on them. This project level EMDP aims at ensuring:

(i) Dongxiang, Bao’an and Salar to benefit from the Project;
(ii) negative impacts or potential risks on EMs are avoided or mitigated;
(iii) EM people are well informed and consulted for activities involving them;
(iv) Project activities and action plans are in accordance with socioeconomic conditions, cultures and religious beliefs of EM people;
(v) EM people can express their needs, suggestions and opinions freely.
(vi) EM people can protect their legal rights by legal and effective grievance redress channels if they are negatively affected and provision of legal assistance, if necessary.

1.3 Main Contents of the EMDP

8. As per requirements of the in Appendix 3 of ADB’s SPS on indigenous peoples, and taking the EMDP’s objectives, the main contents of the EMDP include:

(i) Legal framework: review of existing laws, polices and regulation on EM development in the project area so as to ensure that actions in this EMDP are in line with the legal framework and local socioeconomic development conditions

(ii) Basic information: project brief, including main activities, project area, EMs and their distribution, socio-economic development status, main production activities, customs, religious beliefs, etc.

(iii) Project impacts and potential risks on EM people: including both negative and positive impacts, potential risks during project implementation, main findings with consultation and participation (C&P)

(iv) Strategy for local participation: make detailed action plan and ensure the thorough participation of EM people in the process of EMDP implementation with prior information disclosure.

(v) Actions: design cultural sensitive actions or measures to ensure EM people will benefit from the Project, and to avoid or mitigate potential risks.

(vi) Institutional capability building: ensure there are adequate institutional arrangements to implement the EMDP, with capacity building plan as necessary.

(vii) Budget and sources: estimate budget for EMDP implementation and define funding sources.

(viii) Monitoring and evaluation (M&E): identify monitoring indicators and arrangement.

Sub-project EMDPs may also be required. These will be determined in accordance with the FI’s Environmental and Social Management System (ESMS).
1.4 Methodology

9. According to the requirements of ADB’s SPS, this EMDP has been formulated based on a comprehensive assessment of socioeconomic status of EMs who will benefit from the Project or may face potential risks. Measures will be formulated to ensure EMs will benefit in a culturally appropriate manner, and that potential adverse impacts are avoided or mitigated.

10. In order to understand the production and socioeconomic conditions, as well the perceptions of EM peoples, the PPMO and PPTA consultants carried out a field survey from 13 July 2014 to 2 August, 2014 in Jishishan and Hezheng Counties where Dongxiang, Bao’an and Salar are concentrated. 70 farmer households (HHs), villages, cooperatives, enterprises and featured agricultural bases were surveyed through focus group discussions, key informant interviews, questionnaire survey and consultation meetings (see Figure 2 ~ Figure 6).

11. Of the 70 HHs for questionnaire survey, it includes 44 EM HHs (62.9%), and 4 poor HHs (8.6%), Table 1 shows the details. Although the number of sample households is small, the results of interviews were consistent with local statistical data, as well as the survey’s results from various consultation meetings.

Table 1: Socio-economic household survey sample

<table>
<thead>
<tr>
<th>County</th>
<th>Total HHs</th>
<th>EM HHs (in %)</th>
<th>Poverty HH (in %)</th>
<th>Female respondents (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jishishan</td>
<td>35</td>
<td>24 (68.6%)</td>
<td>4 (11.4%)</td>
<td>15 (42.9%)</td>
</tr>
<tr>
<td>Hezheng</td>
<td>35</td>
<td>20 (57.1%)</td>
<td>2 (5.7%)</td>
<td>13 (37.1%)</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>44 (62.9%)</td>
<td>6 (8.6%)</td>
<td>28 (40.0%)</td>
</tr>
</tbody>
</table>

Source: Socioeconomic Survey (July-Aug, 2014).

12. Overall 84 people participated in county and township level consultation meetings, Table 2 gives the details.

Table 2: Participants in Consultation Meetings

<table>
<thead>
<tr>
<th>County</th>
<th>Meetings</th>
<th>participants</th>
<th>EM participants (in %)</th>
<th>Women participants (in %)</th>
<th>Poor (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jishishan</td>
<td>2</td>
<td>52</td>
<td>36 (69.2%)</td>
<td>18 (34.6%)</td>
<td>8 (15.4%)</td>
</tr>
<tr>
<td>Hezheng</td>
<td>2</td>
<td>32</td>
<td>21 (65.6%)</td>
<td>13 (40.6%)</td>
<td>3 (9.4%)</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>84</td>
<td>57 (67.9%)</td>
<td>31 (36.9%)</td>
<td>11 (13.1%)</td>
</tr>
</tbody>
</table>

Source: Socioeconomic Survey (July-Aug, 2014).

13. More details about the field survey and consultation results/findings are given in Chapter 5 of this EMDP.
2. LEGAL FRAMEWORK

2.1 Framework of Ethnic Policies

14. Equality is the key principle of ethnic policy, which is defined clearly by the Constitution of PRC, Law of PRC on Regional National Autonomy and some other laws. Regional national autonomy, as the key policy for EM areas, is well implemented and structured from central level to local levels.

15. The EMDP is in accordance with the relevant laws, policies and regulations of the PRC and Gansu Province, as well as ADB’s SPS Table 1 presents the legal framework.

2.1.1 National Level Laws and Policies

16. At national level, the laws concerning EM development are: Constitution of the PRC, Law of the PRC on Regional National Autonomy, and Regulation on Religious Affairs. Their essences are adhering to equality and respecting and protecting traditional cultures and religious beliefs of EMs.

17. The above mentioned laws and regulations stipulated that all ethnic groups in the PRC are equal. The State protects the lawful rights and interests of the EMs. Discrimination against and oppression of any ethnic group are prohibited. Each ethnic group has its freedom to use and develop its own spoken and written languages and to preserve or reform its customs. And all citizens of the PRC, including EMs, enjoy freedom for religious belief.

18. Regional autonomy could be practised in areas where people of EMs are concentrated; in these areas administration organs can be established to exercise the power of autonomy, but as integral parts of the PRC. Main leader of an EM autonomous area shall be from the EM group. . The people’s congresses of autonomous areas shall have the power to enact own autonomous regulations or separate regulations according to EM’s political, economic and cultural characteristics. While exploiting resources and undertaking construction in autonomous areas, the State shall give consideration to the interests of these areas. The government autonomous areas independently administers educational, scientific, cultural, public health and sports affairs, protect and develop the EM cultural heritage and promote vigorous EM culture. The organs of government of the EM autonomous areas, in accordance with the provisions of own autonomous regulations, decides the use of one or several prevailing languages.

19. In addition, at national level, special policies and programs are made to promote the development of EM people, for example, the “12th Five-Year Program for Development EM People” (General Office of the State Council, No. 38, 2012), “Plan for Supporting Small EM Development (2011-2015)” and “Outline of China’s 12th Five-year Development Plan”.

2.1.2 Provincial Polices

20. Gansu province formulated detailed stipulations on implementing the Law of the PRC on Regional National Autonomy for safeguarding and normalizing autonomous activities. Gansu also developed various implementation guidelines, regulations and plans according national EM development polices and planning.
2.1.3 Linxia Prefectures Policies

21. Linxia Hui Autonomous Prefecture, which administers Hezheng and Jishishan counties, autonomous rights on many aspects as authorized by the Law of Regional National Autonomy. Linxia also enjoys a lot of special assistances from the state.

2.1.4 ADB’s Policy Requirements on Indigenous Peoples

22. On 29 June 2006 during the inaugural session of the Human Rights Council, the United Nations (UN) adopted the Declaration on the Rights of Indigenous Peoples. The Declaration emphasizes the rights of indigenous peoples (IP) to maintain and strengthen their own institutions, cultures and traditions and to pursue their development in keeping with their own needs and aspirations. The Declaration addresses both individual and collective rights, cultural rights and identity, rights to education, health, employment, language, and others. It also outlaws discrimination against indigenous peoples, promotes their full and effective participation in all matters that concern them, as well as their right to remain distinct and to pursue their own visions of economic and social development.

23. Taking poverty alleviation as its overarching goal, ADB proclaims in its Safeguard Policy Statement (SPS) (2009) that poverty is an unacceptable human condition that can be eliminated through public policy and action, and that effective poverty reduction can only be achieved through promoting economic opportunities, social development and good governance. The development planned by the dominant (or majority) groups does not automatically or equally benefit all the other social groups, particularly the vulnerable groups, such as indigenous peoples, women and others. Thus strict measures should be taken to ensure that indigenous peoples (i) fully participate in any development project which is affecting their life and cultures, (ii) receive culturally-appropriate benefits, and (iii) their communities/cultures are adequately protected. Indigenous peoples’ concerns should be well integrated into the policy change, national project planning, designing, implementation, monitoring and assessment.

24. ADB defines “indigenous people” as those whose social and cultural identities are distinct from that of the dominant or mainstream society. These distinct social and cultural groups often possess the following characteristics in varying degree:

- self-identification as members of a distinct indigenous cultural group and the recognition of this identity by others;
- a distinct language, often different from the official (or the dominant society’s) language of the country or region;
- customary, cultural, economic, social, or political institutions that are separated from those of the dominant society and culture;
- collective attachment to geographically distinct habits or ancestral territories in the Project area and to the natural resources in these habitats and territories.

25. ADB’s SPS requires that any development project that has impact on IPs should be ensured that:

- the Project is in compliance with the IPs’ requirements and desires;
- the Project is, essentially and structurally, in compliance with the IPs’ cultural, social and

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8 ADB’s original Policy on Indigenous Peoples was approved in 1998. The Safeguard Policy Statement consolidates three safeguards (environment, involuntary resettlement and IP, but retains specific policy requirements for each one.
economic norms;

- the impacted people should be well informed about the concept, planning and implementation of the Project and fully participate in it;
- equity must be guaranteed in the developmental endeavor and its impact;
- the adverse impact of any developmental activity should not be imposed on the IPs. If such negative impact is unavoidable, proper and acceptable compensation or mitigation should be guaranteed.

26. To avoid, minimize and mitigate the adverse impact on IPs, ADB requires that all the ADB-financed development projects have to:

- undertake social impact assessment and planning process;
- prepare social impact assessment of the proposed project activities;
- prepare IP planning documents which specify (i) actions to mitigation adverse impacts and enhance project benefits in a culturally appropriate manner, and (ii) institutional arrangements and budget to implement the actions;
- disclose information and undertake meaningful consultation, which may include ascertaining consent of affected indigenous peoples’ communities to selected project activities;
- establish a grievance readiness mechanism (GRM);
- Monitor and report on implementation of the plans.

27. An innovative feature of the SPS is the selective application of country safeguard systems when borrowers have the necessary capacity and requirements equivalent to ADB’s. The Key features include emphasis on capacity development of borrowers and more attention to safeguard implementation and supervision.9

28. The borrower/client will recruit qualified and experienced experts to prepare the social impact assessment and IPP. For highly complex and sensitive projects, independent advisory panels of experts not affiliate with the Project will be used during project preparation and implementation. Any highly complex and sensitive projects affecting IPs will require an IP expert on the advisory panel.

29. In addition that ADB timely discloses project-relevant information and documents, such as IP plans and monitoring reports, the borrower/client will provide relevant information, including information from the Project-relevant documents in a timely manner, in an accessible place and in a form and language (s) understandable to the affected IPs and other stakeholders. If the IPs are illiterate, other appropriate communication methods will be used.

30. The borrower/client will establish a mechanism to receive and facilitate resolution of the affected IP communities’ concerns, complaints and grievances. The grievance mechanism will be scaled to the impacts of the Project. It should address concerns and complaints promptly, using an understandable and transparent process that is culturally appropriate, gender responsive and accessible to the affected IP communities at no cost and without retribution. The mechanism should not impede access to the country’s judicial or administrative remedies. The affected IP communities will be appropriately informed about the mechanism.

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31. To sum up, taking poverty reduction as its overarching goal, ADB requires that IPs social and economic benefits in modern development should be addressed in a culturally appropriate manner. Their diverse identities, unique histories, cultures and dignities have to be fully respected in development project planning and implementation. To ensure that the goal is properly reached, a certain structured mechanism is introduced and a specified process and activity have to be undertaken:

(i) Any development project financed by ADB will have to conduct social impact assessment (SIA) with the participation of qualified and experienced experts;
(ii) IP communities have to be fully consulted throughout the Project cycle;
(iii) Proper measures have to be proposed and implemented to address the issues brought about by various social impacts (both positive and negative) in development project;
(iv) The IPs have to be well informed about the Projects which affect them;
(v) A grievance mechanism should be established so that the IPs can conveniently access to and express their concerns, aspirations, complaints and grievances;
(vi) The development projects have to be monitored from preparation to the implementation, particularly those components which relate closely to the benefits of IPs.

2.2 Comparisons between PRC and ADB EM Policies

32. China’s and ADB’s EM policies share the same goal: promoting equality and development for EMs, providing assistances to EMs in the process of economic, social, and cultural development, safeguarding the rights and interests of EMs, and promoting their social and economic roles.

33. In case of specific project, China’s policies differ from that of ADB in the area of public participation and consultation (C&P) so as to ensure EMs to benefit from a project. ADB requires C&P in the whole project cycle, while PRC policies do not have such requirements. For C&P of the Project regarding the preparation and implementation of this EMDP, see Chapter 5.
### Table 3: Legal Framework

<table>
<thead>
<tr>
<th>Category</th>
<th>Policies and laws</th>
<th>Contents</th>
</tr>
</thead>
</table>
| State               | Constitution of the PRC, Law of the PRC on Regional National Autonomy, Regulation on Religious Affairs | ➢ In addition to exercise the functions and powers of local organs of State, the autonomous region exercise the power of autonomy within the limits of their authority as follows: the power to enact regulations; independently manage its local political, economic, fiscal affairs, develop education, science and technology, culture and art, public health, sports, etc; organize local public security forces for the maintenance of public order; and use and development its own spoken and written language.  
 ➢ All citizens of the PRC, including EMs, enjoy freedom of religious belief.  
 ➢ The organs of autonomous government shall have the power to adopt special policies and flexible measures in the light of local conditions to speed up the economic and cultural development of its area, safeguard the legitimate rights and interests of EMs, and enhance national unity.  
 ➢ All citizens of the PRC who have reached the age of 18 have the right to vote and stand for election, regardless of ethnic status, race, sex, occupation, family background, religious belief, education, property status or length of residence, except persons deprived of political rights according to law.  
 ➢ The State provides financial, material and technical assistance to the EMs to accelerate their economic and cultural development. |
|                     | Plan for Supporting Small EM Development (2011-2015)                              | Among the 55 EMs, 28 with population under 0.3 million are targeted by, including the Salar and Bao'an under this EMDP.  
 ➢ Objective: by 2015, EM administrative village will realize “five-access and ten-have” ”(the former refers to access to asphalt road, electricity, television, information and biogas; the latter refers to have drinking water, anjufang (safe housing), toilet, basic farmland (grassland, water surface), pre-school education, clinic, grounds for physical exercise groups and EM cultural activities, office, supermarket and agricultural production materials shop); and EM area will realize “one reduction, two reaching and three improvement”(poverty reduces by a half or more, per capital net income reach to equal or higher than local average, income of about 1/2 of EM HHs or more reach the national average; improve infrastructure, livelihood ability and self-development ability)  
 ➢ Policy measures: increase/intensify capital investment, financial service, partnership assistance (assistance from eastern/coastal provinces partnership EM areas), talent group development and implementation of relevant laws and regulations; |
| Gansu Province      | Opinion on further support to socio-economic development in EM areas in Gansu Province | ➢ State EM Affairs Committee increases investments to Gansu;  
 ➢ Coordinate preferential supports from relevant departments for construction of EM marketing network where feasible and for technical upgrading of designated enterprises of |
<table>
<thead>
<tr>
<th>Category</th>
<th>Policies and laws</th>
<th>Contents</th>
</tr>
</thead>
</table>
|          | producing special needed commodity of EM people;  | - increase investment in EM development and try to increase every year during in twelfth five-year period;  
|          |                   | - guide the preparation of the development plan for EM affairs;  
|          |                   | - Save and protect EM culture heritage, collection and discover EM featured cultures in Gansu Province, especially the three unique EMs of Dongxiang, Yugu and Bao’an |
| Advices of GPG on implementing the state council’s opinions reading flourishing EM cultures | - Objective: by 2020, cultural infrastructure of EM area completed, and public culture service system covering EM area established.  
|          |                   | - Policy measure: increase development of public culture infrastructure; intensify support for EM art troupes and museum; hold EM mass activity; Save and protect EM culture heritage; collect and discover EM featured culture of Gansu Province, especially EM Dongxiang, Yugu and Bao’an; respect and propaganda excellence EM culture; promote EM culture development. |
| Detailed Stipulations of GPG on implementation of the PRC Law of Regional National Autonomy | - Autonomous organization ensure belief freedom of all people; strengthen management on religious affairs; protect legal religious activities, religious group, activity places; protect and the legal rights of religious people; and promote religion harmony.  
|          |                   | - Provincial, municipal/prefecture governments and relevant departments offer assistances to autonomous areas in human resource, material, capital, technique, information, etc. so as to promote health socio-economy development. |
| Twelfth Five Year Plan of EM Cause of Gansu | - Development objectives: centered on the goal of building a well-off society, and realizing “five improvements”: (i) to improve infrastructure support capacity with emphasis on transport and energy; (ii) to improve central cities’ radiation effects, with emphasis on urban resource integration; (iii) to improve industry competitiveness centered on self-innovation capacity; (iv) to improve sustainable development ability, stressing comprehensive management of environment; (v) to improve both urban and rural people’s living standard, with emphasis on improvement of public services and safeguards.  
<p>|          |                   | - Policy measures: increase fiscal and financial support; setting up compensation mechanism for ecosystem and resource exploitation; strengthen assistance by partnerships; increasing all kinds of training; improve living standard of grassroots officials and employers |
| “Chucai Program (employment skills training in EM areas) | - It is planned to train 0.1 million labors in EM areas from 2014 to 2020, including 98,000 people for non-farm employment skills and 2,000 people for business management and innovation. |
| Linxia Prefecture | Autonomy regulations | - Detailed regulations on basic principles, autonomous organization, People’s Court, The people’s procuratorate, and cadre construction team, autonomy in financial management, economy development, education, and religion to standardize autonomy activities. |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Policies and laws</th>
<th>Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Directive Opinions on Supporting Small EM Development during Twelfth Five-Year Period</td>
<td>➢ Speeding up infrastructure construction to improve safeguard capability; developing competitive industry and featured economy to increase people's income; guaranteeing and improving peoples livelihood to promote equality of basic public service; developing cultural industry; strengthening human resources development to intensify self-development capability; pushing national unity and common prosperity forward, and developing demonstration zone.</td>
</tr>
<tr>
<td>Jishishan Autonomy County</td>
<td>Autonomy Regulations. (revised in 2012)</td>
<td>➢ Detailed regulation on basic principles, autonomous organization, People's Court, The people's procuratorate, and cadre construction team, autonomy in financial management, economy development, education, and religion to standardize autonomy activities.</td>
</tr>
<tr>
<td></td>
<td>Special construction plan for small EM development</td>
<td>➢ CNY 200 million in 2014 to support 306 projects</td>
</tr>
<tr>
<td>ADB</td>
<td>SPS (SR-3)</td>
<td>➢ Its target is to ensure the indigenous peoples can benefit from the Project. ADB recognizes that the living standard of indigenous peoples is often lower than that of the mainstream; therefore, it should ensure that they benefit from certain measures. The Indigenous Peoples (EM) Development Plan should (1) be consistent with the needs and aspirations of affected indigenous peoples; and be compatible with affected indigenous peoples' cultures and social and economic institutions; (2) ensure that the Project's design and construction will not lower the minority people's living standard; (3) ensure that the minority people will benefit from the development measures in a culturally appropriate manner. The plan should include implementation, monitoring, and evaluation procedures.</td>
</tr>
</tbody>
</table>
3. SOCIOECONOMIC STATUS

3.1 Overview of Socio-economic Status

3.1.1 Gansu Province

34. Gansu province consists of 12 municipalities and 2 autonomous prefectures with 86 counties (cities, districts). Gansu’s total GDP was CNY 565.02 billion in 2012. Primary, secondary and tertiary industries, contributed 13.8%, 46.0% and 40.2 of the total GDP respectively. The average annual per capita net income for rural population was CNY 4,507 in 2012, accounting only 56.9% of the national average of CNY 7,919. The average per capita GDP in 2012 was CNY 21,978 that was 57.2% of the national average of CNY 38,420. By the end of 2012, the resident population was 25.776 million in Gansu Province, in which EM population was 2.43 million, accounting for 9.4% of the total population. All 56 ethnic groups present in Gansu. EM Yugu, Bao’an and Dongxiang only exist in Gansu. The largest EM group is Hui.

3.1.2 Project Area

35. This project will be conducted in 11 counties in Gansu Province. These counties are located in the south-east part of Gansu province, the Liupan mountain area of Loess Plateau (Figure1). These counties administer 190 townships with 2,425 administrative villages. Total population of these counties in 2012 was 4.09 million, of which 86.3% was the agricultural population. Table 2 presents the basic socioeconomic data of the Project counties and it highlights:

(i) The area is rural and over 85% (77.8~92.9%) of the total population are agricultural people (3.53 million).

(ii) Out of the 11 counties, 10 have rural per capita income below the provincial average. Similarly, all counties have per capita GDP below the provincial average, yet 3 counties have per capita GDP below 25% of the provincial average.

(iii) In line with low income, the Project area has wide spread rural poverty, and the poverty incidences are from 14.9% to 43.4% in 2012. Out of the 11 project counties, 8 and 3 were designated as national and provincial poverty counties respectively. More discussions regarding poverty will be presented in the following sections.

(iv) Over 50% of rural labours (49.2-71.8% of total labours) are no longer engaged in agricultural production, and they are mostly working as migrants for wage incomes. However, agriculture still contributed 33.3~72.1% to the total rural income in 2012. Agriculture also contributed 12.0-37.6% of the total GDP among the Project counties.

<table>
<thead>
<tr>
<th>County</th>
<th>No. of townships (No.)</th>
<th>Rural popu. (%)</th>
<th>Rural poverty incidence (%)</th>
<th>Non-farm employment of rural labors (%)</th>
<th>Per capita GDP (CNY)</th>
<th>Rural per capita income (CNY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jingchuan</td>
<td>14</td>
<td>90.1</td>
<td>37.3</td>
<td>53.1</td>
<td>15,104</td>
<td>4,344</td>
</tr>
<tr>
<td>Kongtong</td>
<td>17</td>
<td>66.6</td>
<td>14.9</td>
<td>53.7</td>
<td>19,711</td>
<td>5,360</td>
</tr>
<tr>
<td>Lingtai</td>
<td>13</td>
<td>89.2</td>
<td>27.4</td>
<td>57.2</td>
<td>14,226</td>
<td>4,279</td>
</tr>
<tr>
<td>ZhenCNY</td>
<td>19</td>
<td>92.9</td>
<td>35.8</td>
<td>57.1</td>
<td>10,960</td>
<td>3,915</td>
</tr>
</tbody>
</table>
### 3.1.3 Hezheng County and Jishishan Autonomous County

36. **Jishishan Bao’an, Dongxiang and Salar Autonomous County** is located in southwest of Gansu Province, and it borders Qinghai Province. It was founded in 1981 and it is the only multi-EM autonomous county in Gansu Province. It is governed by Linxia Autonomous Prefecture. The total area is 910 square kilometres. The county consists of 17 townships with 6 urban committees and 145 village committees. By the end of 2012, the total households were 67,476 in the county, and the total population was 259,800, including 234,600 rural people. There are 10 ethnic groups that present in the county, including Bao’an, Dongxiang, Salar, Hui, Han and so on. EM population account for 53.9% of the total population. The population of Bao’an was 17,900, accounting for over 95% of the total Bao’an population in China. Jishishan is the only inhabitant place for Bao’an. Per capita net income for farmers was 3,085 CNY in 2013, accounting for 60.6% of the provincial average. There are 275,500 mu arable land in the county and the per capita arable land holding is 1.06 mu on average. Only 33.5% of the arable land is under irrigation.

37. **Hezheng County** is located in southern Gansu and it is governed by Linxia Autonomous Prefecture. The county consists of 15 townships with 3 urban committees and 97 village committees. At the end of 2012, the total households were 63,308 in the county. The total population was 209,900 in 2012, including 166,900 rural population. There present 11 ethnic groups in the county, including Bao’an, Dongxiang, Salar, Hui, Han and so on. EMs account for 57.9% of the total population. Dongxiang and Hui are the main EM groups. Dongxiang population is 63,900, accounting for 30.4% of the total population. Per capita net income for farmer was 3,394.5 CNY in 2013, accounting for 66.7% of the provincial average. There are 235,000 mu arable land with a per capita holding of 1.12 mu. Only 12.8% of the arable land is irrigable.

### 3.2 Ethnic Minorities

38. By the end of 2012, of the total population of these 11 project counties (districts) was 4.09 million, of which, 0.46 million people are EMs (11.4%). As shown in Table 5. The largest EM is Hui (Muslim) that has 329,100 people in total, accounting for 70.8% of total EM population; Hui is followed by Dongxiang that has 90,400 people, accounting for 19.5% of total EM population. EMs, except Hui, are concentrated in Hezheng County and Jishishan Autonomous County. In Hezheng and Jishishan, EM people account for 57.9% and 54.3% of the total populations respectively.

<table>
<thead>
<tr>
<th>County</th>
<th>Han</th>
<th>Hui</th>
<th>Dongxiang</th>
<th>Bao’an</th>
<th>Salar</th>
<th>Others</th>
<th>EM popu (% of total)</th>
<th>Total popu. (10,000 people)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kongtong</td>
<td>37.41</td>
<td>13.96</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.03</td>
<td>27.2</td>
<td>51.40</td>
</tr>
<tr>
<td>Jingchuan</td>
<td>35.21</td>
<td>0.18</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.01</td>
<td>0.6</td>
<td>35.40</td>
</tr>
</tbody>
</table>
## 3.3 Characteristic of EMs

39. The EMDP targeted EM Dongxiang, Bao’an and Salar have own distinct language, religion, food, culture and other features.

40. **Dongxiang.** It is a unique EM in Gansu Province, named from the place where they used to live – Dongxiang of Linxia Prefecture. There are 22,200 and 63,900 Dongxiang people living in Jishishan and Hezheng respectively, which account for about 95% of the total Dongxiang population of China. In terms of customs and religious belief, Dongxiang is basically similar with Hui (Muslim). Their language is similar with Mongolian, belongs to Mongolian branch of Altai language. This group doesn’t have written language but use Mandarin (Han language). Dongxiang people used to rely on cropping with supplementary livestock farming. Many farmers are now also engaging in small traders, transportation service and making felts.

41. **Bao’an.** It is also a unique EM in Gansu Province. Jishishan County, as the major habitant place of Bao’an, has 17,900 Bao’an people in 2012, accounting for 95% of the whole Bao’an population in China. Bao’an is smallest among the 10 EM groups of Islam belief, and it is also 1 of the 30 small EMs enjoying preferential policy support of the PRC government\(^\text{10}\). Its language is similar with Dongxiang language, and it also doesn’t have own written scripts but adopting mandarin. Bao’an also used to rely on agricultural production. Clothing and food habit are similar with the Muslim Hui and Dongxiang people.

42. **Salar.** It is an EM group originally from the neighboring Qinghai Province. Salar people in Gansu Province are mostly living in Jishishan Autonomous County. The Salar population is 10,200 in Jishishan in 2012, accounting for 95% of the total Salar population in Gansu. It is also one the 30 EM groups. Salar language belongs to Altaic Turkic language West Huns branch. Salar doesn’t have written scripts but using Mandarin. Salar is also of Muslim belief. In terms of customs, clothing and marriage, Salar is similar with several other Muslim groups in Gansu. Salar people are mainly relying on agriculture, and they are good at hand embroidery (see Figure 8) and business.

### 3.4 Socio-economic characteristic of EM HHs

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\(^{10}\) EM with population below 0.3 million is defined as small EM group, enjoying special assistance by the outline of supporting small EM development. [http://www.seac.gov.cn/art/2011/7/1/art_149_129390.html](http://www.seac.gov.cn/art/2011/7/1/art_149_129390.html).
3.4.1 Household structure

Survey results showed the average household size is 3.77, same as that in the Gansu Statistical Yearbook (2013). EM HH size of 4.0 persons is significantly bigger than that of 3.38 of the Han HH, as EM HHs have more kids in general.

Table 6: Household Size

<table>
<thead>
<tr>
<th>County</th>
<th>EM HH</th>
<th>Han HH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HH</td>
<td>Total members</td>
</tr>
<tr>
<td>Jishishan</td>
<td>24</td>
<td>97</td>
</tr>
<tr>
<td>Hezheng</td>
<td>20</td>
<td>79</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>176</td>
</tr>
</tbody>
</table>

Source: Socioeconomic Survey (July-Aug 2014).

3.4.2 Education Level

The education levels of Han and EM are basically the same (Table 7). Illiterate and semi-illiterate people are aged over 60 years; Han illiterate rate is even higher. Most people are educated in primary school or junior middle school. Females’ education levels were slightly lower in both in Han and EM HHs.

Table 7: Educational Level by Gender and Ethnic Group

| Educational level              | Han HHs |                      | EM HHs |                      |
|                               | Male    | Female    | Total | No. | %    | Male | Female | Total | No. | %    |
| Illiterate and semi-illiterate| 4       | 8.7      | 5     | 11.9 | 9    | 10.2 | 3      | 1.7  | 7    | 7.6  | 10   | 5.7  |
| Pre-school kids               | 7       | 15.2     | 5     | 11.9 | 12   | 13.6 | 12     | 6.8  | 10   | 10.9 | 22   | 12.5 |
| Primary school                | 11      | 23.9     | 18    | 42.9 | 29   | 33.0 | 39     | 22.2 | 47   | 51.1 | 86   | 48.9 |
| Junior middle school          | 17      | 37.0     | 10    | 23.8 | 27   | 30.7 | 21     | 11.9 | 16   | 17.4 | 37   | 21.0 |
| High school                   | 5       | 10.9     | 3     | 7.1  | 8    | 9.1  | 8      | 4.6  | 12   | 13.0 | 20   | 11.4 |
| College or higher             | 2       | 4.3      | 1     | 2.4  | 3    | 3.4  | 1      | 0.6  | 0    | 0.0  | 1    | 0.6  |
| Total                         | 46      | 100.0    | 42    | 100.0 | 88  | 100.0 | 84     | 47.7 | 92   | 100.0 | 176  | 100.0 |

Source: Socioeconomic Survey (July-Aug 2014).

3.4.3 Income and Expenditure

Table 8 shows that more than 60% of HH income comes from non-farm sources for both Han and EM HHs. Further investigations showed that non-farm kept on increasing over the last 20 years, implying that farmers are less and less dependent on land and agriculture, of course this is related to small land holdings and low return of farming. The table further indicates that the level income Han and EM HHs close to each other, but HH have more non-farm income, while EM HHs have more livestock income, indicating that Han labours are more used to migration while EM HHs are better at livestock farming. However, per capita income for Han HHs is higher than the EM due to smaller HH size.

Table 8: Household Income

<table>
<thead>
<tr>
<th>Income source</th>
<th>Han HH</th>
<th>EM HH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income (CNY/HH)</td>
<td>%</td>
</tr>
<tr>
<td>Non-farm</td>
<td>21,807</td>
<td>70.4</td>
</tr>
<tr>
<td>Crop farming</td>
<td>2,992</td>
<td>9.7</td>
</tr>
</tbody>
</table>

11 HH sizes of Jishishan and Hezheng are 3.84 and 3.32 respectively.
12 Interestingly is that income levels of the sample HHs is much higher than the official figures.
Table 9 shows that the highest expenditure, about 38% for both Han and EM HHs, is on living, indicating high living cost due to higher and higher prices. It is followed by agricultural expenses, accounting for around 20% against the total expenditure.

It must be noted that, expenditures account for about 58% against annual income in 2013 either for EM or Han HHs; this indicates that they are capable to invest on some other activities, such as the featured agriculture of the Project.

Table 9: Household Expenditures

<table>
<thead>
<tr>
<th>Items</th>
<th>Han HH</th>
<th>EM HH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expenditure (CNY/HH)</td>
<td>%</td>
</tr>
<tr>
<td>Electricity</td>
<td>647</td>
<td>3.6</td>
</tr>
<tr>
<td>Heating costs</td>
<td>1,400</td>
<td>7.7</td>
</tr>
<tr>
<td>Agricultural inputs (breeding)</td>
<td>3,380</td>
<td>18.5</td>
</tr>
<tr>
<td>Living expenses (daily necessities)</td>
<td>6,875</td>
<td>38.0</td>
</tr>
<tr>
<td>Clothes</td>
<td>948</td>
<td>5.2</td>
</tr>
<tr>
<td>Education</td>
<td>1,366</td>
<td>7.5</td>
</tr>
<tr>
<td>Medical care</td>
<td>430</td>
<td>2.4</td>
</tr>
<tr>
<td>Transportation</td>
<td>734</td>
<td>4.0</td>
</tr>
<tr>
<td>Communication</td>
<td>980</td>
<td>5.4</td>
</tr>
<tr>
<td>Friendship relations</td>
<td>1,350</td>
<td>7.5</td>
</tr>
<tr>
<td>Total</td>
<td>18,110</td>
<td>100.0</td>
</tr>
<tr>
<td>Proportion (%)</td>
<td>58.4</td>
<td></td>
</tr>
</tbody>
</table>

Source: Socioeconomic Survey (July-Aug 2014).

3.4.4 Gender Division

As shown in Table 10, men and women are sharing farming activities together, but men tend to handle external issues and to directly engage in income-related work, while women take more housework, livestock feeding and other family matters. Decisions on important issues are basically jointly made by both spouses.

It is found that women's economic status is gradually improving; the roles of men and women tend to be more equal. Women are getting more power for determining important family matters, such as education of kids and buy houses.

Table 10: Division by Gender

<table>
<thead>
<tr>
<th>Item</th>
<th>Han HH</th>
<th>EM HH</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male (%)</td>
<td>Female (%)</td>
</tr>
<tr>
<td>Income earning</td>
<td>56.4</td>
<td>43.6</td>
</tr>
<tr>
<td>Housework</td>
<td>33.3</td>
<td>66.7</td>
</tr>
<tr>
<td>Taking care of kids and elderly</td>
<td>40.7</td>
<td>59.3</td>
</tr>
<tr>
<td>Buying daily necessities</td>
<td>44.3</td>
<td>55.7</td>
</tr>
<tr>
<td>Activity</td>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Feeding livestock</td>
<td>32.4</td>
<td>67.7</td>
</tr>
<tr>
<td>Purchasing production materials</td>
<td>52.6</td>
<td>47.4</td>
</tr>
<tr>
<td>Participating in community activities</td>
<td>43.9</td>
<td>56.1</td>
</tr>
<tr>
<td>Decision making on simple issues</td>
<td>31.1</td>
<td>69.0</td>
</tr>
<tr>
<td>Decision-making on important issue</td>
<td>50.1</td>
<td>49.9</td>
</tr>
</tbody>
</table>

Source: Socioeconomic Survey (July-Aug 2014)

50. The survey further found that the role of men and women tends to be more equal in gender relations of Bao’an, Dongxiang and Salar. Younger women now have more freedom for marriage, well-educated women are encouraged to look for employment opportunities by themselves, and young women’s education level are equal or even higher than men. More and more EM women are earning incomes directly.
4. PROJECT IMPACT ON ETHNIC MINORITIES

51. The main purposes of the Project are to: (i) improve production conditions and increase productivities through construction of featured agricultural bases by scaling up, standardization and intensification (details of project components, subcomponents and activities are given in Annex 1); (ii) improve the management capacities of enterprises and cooperatives; (iii) to break the bottleneck of lacking investment funds for rural economic development through the rural financial service system; and (iv) consequently increase EM people’s income and reduce poverty. During implementation the Project, some temporary negative impacts or unpredictable adverse impacts might be caused, but such negative or adverse impacts could be avoided or mitigated by appropriate preventive measures.

4.1 Benefits

52. In project area, the EMs are living harmoniously together. Except religious beliefs, all ethnic groups share the similar socio-economic status, and lifestyles, so there is no major distinction between ethnic groups in the daily life. Therefore, the EMs can equally benefit from the Project as the Han people. The positive benefits of the Project to EM people include: (i) promoting the development of traditional EM skills and products, such as embroideries; (ii) increasing income from agriculture, land use rights transfer or employment in agro-enterprises; and (iii) fostering EM leaders to promote featured agriculture including the specialized individual EM HHs, EM cooperatives and enterprises.

4.1.1 Promoting Cultural Inheritance and Development of Embroidery Products

53. Jishishan Bao’an, Dongxiang and Salar Autonomous County is the only multi-ethnic autonomous county in Gansu Province. Bao’an is one of the 3 unique EMs in Gansu and its traditional embroidery is unique, distinct and colourful. There are many embroidery products (see Figure 7 and Annex 2), such as insoles, socks bottom, shoes, belts, belly protector, embroidered clothes, hats, earmuffs, pillow top, pillow cases, handkerchiefs, purses, pin plug, purse, table skirts, bed skirts, bedspread, curtain, curtains, TV covers, washing machine covers, and sofa cloth and so on. However, less and less people have the embroidery skills nowadays. Precious cultural inheritance and embroidery skills need to be rescued, protected and developed. Traditionally, the skills were taught to daughters and daughter-in-laws by mothers or mother-in-laws.

54. Similarly, Salar embroidery art also has a long history of over 700 years, which is famous in stitch delicate, exquisite workmanship, stereoscopic, and unique approach. For a long time, Salar embroidery retained and improved its original styles with own cultural, custom and location characteristics. Embroidered flowers and animals are lifelike. Salar embroidery technology is considered matchable to the most famous Suzhou and Hunan embroideries in China.

55. The Project plans to support the Jishishan Changhong Folk Embroidery Handicrafts Factory (producing and marketing Bao’an and Salar embroidery handicrafts), which will greatly promote the development and cultural inheritance of the traditional EM embroidery, and consequently create new income source for some EM HHs. The factory owner and some workers have been consulted and are very supportive of this proposal; further consultation will be conducted to formulate the proposal and sub-project specific EMDP.

56. According to owner, the factory was established in October 2012 (see Annex 2 – 6 for details). Currently the factory has 94 staff, including 20 technical personnel (all are EM women) and fixed-point embroidery workers of 70 women (all are EM women, including 30 from poor HHs, working at home with guidance from technicians). Factory owner has confidence in the
next five years to expand current production by 5 times with the support of the Project, and by then with over fixed-point processing HHs. They are confident this will achieve multi-wins among factory operation, embroidery processing HHs, EM women’s employment, traditional embroidery inheritance and economic development.

4.1.2 Increasing EM HHs’ Income

57. Income increasing is mainly achieved through (i) increase agricultural income of farming HHs; (ii) increasing income through land use rights transfer for HHs; and (iii) employment in agro-enterprises.

58. Firstly, although the dependence on agriculture or land had been continuously declining for both Han and EM farmers in the Project area, nearly 40% of rural labourers are still engaged in agricultural production (see Table 4) and their livelihoods depend mainly on agricultural income. Yet these HHs are mostly poorer because they lack labourers for migrant income. The Project will effectively improve agricultural productivities through optimizing the structure under cooperative and production base construction component, as well as the provision of financial services and other support measures. As a consequence, income of farming HHs will be increased and some HHs could step away from poverty. In case of cash crops base, for example, an additional CNY2,000-5,000 per mu will be gained by shifting from grain production to cash crops. If a HH operates 10 mu of cash crops (as part of the base shifted from grains) under the Project, an additional annual income of CNY 20,000-50,000 can be achieved, which is an significant increase.

59. Secondly, a considerable number of HHs are working outside and they are not interested in farming or managing land any longer. These HHs will be happy to transfer their land use rights to other HHs, cooperatives or enterprises that are willing to engage in featured agricultural production. Currently the land use rights transfer price in the Project area ranges from CNY 50-1200 per mu per year (averaged at about of CNY 400/mu/year), which is equivalent to current net returns from cropping grains. The rent difference is very large; while the net returns from land is a major determinant factor for rent. With the support of project, land users (i.e., HHs or cooperatives or enterprises) could obtain much higher returns from cash crops or livestock farming. In case of much higher returns from farming, land users will be willing to offer higher rents to HHs that agree to the land use rights transfer, and consequently incomes for these HHs will slightly increase.

60. Thirdly, a considerable number of local farmers will have opportunities to gain employment in agro-enterprises as they expand production. Each sub-project proposal will identify employment opportunities, and priority will be given to the poor, women and EM labourers. The PPMO and CPMOs will provide training and will encourage agro-enterprises to hire these workers.

4.1.3 Fostering EM Leaders for Featured Agriculture

61. The Project plans to support 217 enterprises and cooperatives, as well as a number individual HHs running scaled farming. These include some EM managed or owned enterprises and cooperatives, such as the above-mentioned Jishishan Changhong Folk Embroidery Handicrafts Factory, as well as the Xiaohua Rare Birds Breeding Cooperative detailed in Appendix-2-5 (a cooperative of EM Bao’an)

62. The Xiaohua Rare Birds Breeding Cooperative (Chairman: An Xiaohua of EM Bao’an) in Jishishan Autonomous County was established in March, 2013 with 52 members (all are EM Bao’an), including 10 disabled HHs, 15 poor HHs, and 10 women members. Currently it
operates on 15 mu land that was transferred from the villagers. It mainly breeds a variety of pheasants, royal chicken and guinea fowls, as well as eggs. The products are sold both within and outside Gansu. It has marketing staff. The cooperative also provides technical guidance and marketing service to associated HHs. It has now 25 associated HHs, including 15 poor HHs.

63. With the support of the Project, the cooperative plans to get another 50-100 mu of land through transfer so as to scale up its production and to meet market needs. As a consequence, it plans to increase the associated HHs to about 100, including both Han and EM HHs. The transferred land will be mainly used for cultivating forage crops. The cooperative leaders and some members have been consulted and are very supportive of this project; further consultation will be conducted to formulate the project and sub-project specific EMDP.

64. It is expected more EM leaders will promote featured agriculture, like Mr. An Xiaohua of the above-mentioned cooperative, through the Project support, as well as local governments’ other incentives.

4.2 Negative Impacts

65. The Project will not cause significant negative impact on EM people because it neither involve involuntary resettlement nor large-scale infrastructure construction (i.e., no or very limited construction workers from other places). Also, there’s no Category A activities in terms of environmental impact permitted (Category A activities will be dropped or redesigned).

66. The potential negative impacts on EM people include:

(i) Conflicts or disputes over land use rights transferred. With the implementation of the Project, benefits from the land may get much higher due to featured production and support measures like marketing and brand creation. Although there are land use rights transfer agreements, some HHs may regret and even request to take back the land earlier or to re-negotiate land price.

(ii) Environment pollution and zoonotic diseases transmission from livestock bases. No doubt that the scaled livestock farming, especially livestock farming will cause pollution to local environment if the wastes are handled improperly. Similarly, there are risks for zoonotic diseases transmission if control measures are not in place. The Project will not include large-scale livestock farms, and the Project has developed an environmental and social management system (ESMS) that the FIs will strictly follow during the selection, approval and management of loan supported bases, enterprises and cooperatives. In the meanwhile, the design and operation of livestock farms will follow the requirements for environmental protection, disease quarantine and prevention. Also, the design and operation will be supervised by local environment and disease control agencies.

(iii) Disadvantaging non-project enterprises and farmers who are engaged in similar productions. The Project will basically form a value chain of “Production – Processing – Marketing” support the development of leading enterprises that involve in business model of “enterprise –cooperative – farmers” and “order agriculture”. The outcomes will be featured and quality products of famous brands with maximum benefits from land and to farmers. These achievements might disadvantage non-project enterprises or farmers who are engaged in the production of same or similar products. However, the Project is open to everyone; these likely affected are welcomed to join the Project anytime or provide technical and marketing advice to remain competitive.

(iv) Commercialization of EM resources, skills or products. The ADB has special
concerns for activities that commercialize EM resources, skills or products, especially when it is done by outsiders at the detriment of EMs. If there is potential for significant adverse impacts or if such proposals are opposed by affected EM people, these would be categorized as Category A sub-projects, which would not be supported under the Project. The two commercial proposals (embroidery and bird breeding) are existing enterprises that already are operated and employed EMs so these would be categorized as B or possibly as C if the design already addresses EM concerns and social inclusion and has widespread support of the local community.

67. Items (i) to (iii) are negative impacts that could also impacts Han and Hui peoples, so they are common social impacts that need to be considered and avoided or mitigated. However, when involving EM or the poor who are more vulnerable, it becomes an indigenous peoples safeguard concern for ADB and must be treated carefully.
5. PARTICIPATION AND CONSULTATION

5.1 Objectives

68. The project paid special attention to consultation and participation (C&P) during the EMDP preparation and will further pay special attention during EMDP implementation. The objective of C&P is to ensure the smooth implementation of EMDP, as well as the Project. Once the EMDP is approved, it will be disclosed to the two EM counties and the participating townships and villages and be posted on the ADB website. The C&P in the process of preparing this EMDP has ensured effective communication, consultation and most importantly ensured acceptance of the Project by EM people.

5.2 Consultation and Participation during EMDP Preparation

69. At preparation stage, the information about the Project was disclosed among stakeholders. Composition of ethnic groups, cultural resources and development needs of EM groups were assessed through consultation villagers, village leaders, cooperatives, enterprises and relevant government line agencies. In-depth discussions on relevant issues had been held with local leaders, EM development relevant data and documents were collected during the consultation and field survey.

70. During the interviews/consultations, the Project background and objectives were explained, and their suggestions for the project were understood and their needs to take part in the Project were assessed. A great deal of knowledge, adoptable for the Project, was learnt. Specifically, the importance of the Project to local environmental, social and economic sustainability was discussed and locals were encouraged to participate in the Project. The integration of Project implementation with people’s living can maximize the project benefits.

71. Table 11 summarizes the public C&P at EMDP preparation stage, while some detailed records of key-informants interviews were given in Annex 2.
<table>
<thead>
<tr>
<th>Date</th>
<th>Stakeholder Involved</th>
<th>Mode</th>
<th>Location</th>
<th>No. of Participants</th>
<th>Purpose</th>
</tr>
</thead>
</table>
| July 22-23, 2014 | Jishishan CPMO, Leaders of Diodiwa and Dahejia villages, socioeconomic survey team, PPTA consultants, villagers | Focus group discussion, HH interviews | Diodiwa and Dahejia villages           | 35 Total: 24 EM: 15 Female: 4 Poor: 4 | Introduce the Project Background and Objective  
Learn farmers production and lifestyle, economic status  
Understand the customs of EM people  
Assess EM villagers' attitudes towards the Project  
Identify Project's impacts on EM people and women  
Identify and assess enhancement and mitigation measures |
| July 22-24, 2014 | PPMO, Hezheng CPMO, Leaders of Mazang & Gaxinzhuang villages, socioeconomic survey team, villagers | Ditto                       | Mazang and Gaxinzhuang villages         | 35 Total: 20 EM: 13 Female: 2 | Introduce the Project  
Learn farmers production and lifestyle, economic status  
Understand the customs of EM people  
Assess EM villagers' attitudes towards the Project  
Identify Project's impacts on EM people and women  
Identify and assess enhancement and mitigation measures |
| July 25, 2014 | Jishishan CPMO, survey team, PTTA consultants, leaders of Jimaba and Dahe villages, villagers | Ditto                       | Jimaba Village Dahe Village             | 52 Total: 36 EM: 18 Female: 8 | Introduce the Project  
Learn farmers production and lifestyle, economic status  
Understand the customs of EM people  
Assess EM villagers' attitudes towards the Project  
Identify Project's impacts on EM people and women  
Identify and assess enhancement and mitigation measures |
| July 25, 2014 | PPMO, social survey team, Hezheng CPMO, the Zhongxin village leaders and villagers, Jiaochang village leaders and villagers | Ditto                       | Zhongxin village Jiaochang village      | 32 Total: 21 EM: 13 Female: 3 | Introduce the Project  
Learn farmers production and lifestyle, economic status  
Understand the customs of EM people  
Assess EM villagers' attitudes towards the Project  
Identify Project's impacts on EM people and women  
Identify and assess enhancement and mitigation measures |
| July 26, 2014 | Jishishan CPMO, agricultural bureau, poverty alleviation office, EM and religious affairs bureau, civil affairs bureau, agricultural station, survey team | Consultation meeting         | Jishishan CPMO                          | 20 Total: 7 EM: 7 Female: 7 | Introduce the Project  
Learn farmers production and lifestyle, economic status  
Understand the customs of EM people  
Assess EM villagers' attitudes towards the Project  
Identify Project's impacts on EM people and women  
Identify and assess enhancement and mitigation measures |
Learn farmers production and lifestyle, economic status  
Understand the customs of EM people  
Assess EM villagers' attitudes towards the Project  
Identify Project's impacts on EM people and women  
Identify and assess enhancement and mitigation measures |
| July 27-28, 2014 | Jishishan CPMO, survey team, cooperatives and enterprises | Key informant interview      | Cooperatives & enterprises               | 7 Total: 5 EM: 2 Female: 2 | Introduce the Project  
Understand the basic situation of enterprises and cooperatives  
Understand the views of cooperatives and enterprises  
Collect recommendations of enterprises and cooperatives  
Assess impacts on enterprises and cooperatives  
Assess the needs of enterprises and cooperatives |
| July 27-28, 2014 | Hezheng CPMO, survey team, cooperatives and enterprises | Ditto                       | Ditto                                   | 5 Total: 3 EM: 1 Female: 1 | Introduce the Project  
Understand the basic situation of enterprises and cooperatives  
Understand the views of cooperatives and enterprises  
Collect recommendations of enterprises and cooperatives  
Assess impacts on enterprises and cooperatives  
Assess the needs of enterprises and cooperatives |
5.3 Attitudes and Expectations of EM People

72. The C&P activities found that the Project was strongly supported and welcomed, so EM people have pledged to actively participate in the Project.

73. Villagers, enterprises and cooperatives had expressed their strong desires to actively participate in the Project. EMs didn't raise any special needs and they have same requirements with Han people. They all have high expectations and they hope that they could obtain the loans and corresponding technical supports from the Project. The interviewees voiced concerns about the size of the loan, interest rate, repayment time, application procedures, etc. They wish to be informed before actual implementation. They hope an appropriate implementation plan could be developed to enable them to participate in and benefit from the Project, and they also wish to get some training and technical guidance for farming and other activities.

74. EM people are concerned about:
   (i) Project activities. They hope that activities can be fully adapted to local development.
   (ii) Information disclosure. They wish information could be disclosed before actual implementation via media and/or posting project information at CPMOs and villages.
   (iii) Loan amount, interest rate and repayment period. The interviewees hope that loan amount could be bigger, the interest could be lower, yet the loan procedures could be easier and repayment period shall be longer;
   (iv) Land use rights transfer. They hope for more policy advocacy work so as to enable them to fully understand the procedure, as well as relevant legal framework;
   (v) Livestock bases and pesticides use. They wish care will be taken to avoid polluting the local environment, and they suggest to keep livestock bases away from their villages.
   (vi) Training on loan procedure. They hope the FIs will provide training and reading materials on the lending procedures and policies, and also hope some lending business could be managed in the villages.

75. Although the interviewed EM people are supportive to the Project, they also have the following expectations:
   (i) Activities. Give priorities to activities in favor of EM development, such as embroidery and livestock farming;
   (ii) EM habits and customs. Customs, habits and values of EMs shall be well respected during Project implementation;
   (iii) Training. Give priority to train EM people on crops and livestock farming, as well as on other activities;
   (iv) Establishment of cooperatives and featured agricultural bases. Give priority to EM to join the cooperatives and bases.

5.4 Consultation and Participation during EMDP Implementation

76. During EMDP implementation, the PPMO, CPMOs and FIs will continue to conduct C&P activities. When the EMDP, as well as the LURT agreements and other safeguard documents get approved, these documents will be posted on ADB's website and distributed to those participating townships and villages. In order to properly resolve unforeseen conflicts or disputes
during EMDP implementation, and ensure the EMDP and Project can be implemented smoothly, a clear and effective complaints and appeals mechanism will be established and is included in this plan. Besides, M&E arrangement is made in the EMDP for strengthening C&P during EMDP and Project implementation.

77. The following measures will be taken to ensure EM people actively take part in C&P during EMDP, as well as Project implementation:

(i) Organizing regular and irregular consultation meetings with EM people to learn their difficulties, needs and other problems, and providing assistances accordingly.

(ii) Promote activities in favor of EM development, such as embroidery and livestock farming;

(iii) Respecting EM values, customs and habits during EMDP and Project implementation. Avoiding to organize activities, including C&P activities, during EM’s Muslim festivals if can’t effectively combined. Such festivals include the minaret Sunday, Lesser Bairam, Kurban Bairam, etc.

(iv) Providing training on agricultural techniques and non-farm employment skills

(v) Encouraging EM people to join the cooperatives and featured agricultural bases.

(vi) Providing training and reading materials to EM people on lending procedures and policies, and operating lending in villages.

(vii) Disclosing project information to EM people timely to enable them to understand progress and effects;

(viii) Involving EM people, both men and women, in M&E.
6. ACTION PLAN

78. The overall objectives of the project level EMDP are: (1) to ensure that the intervening measures are in harmony with the social, cultural and economic organizations of the ethnic minorities as well as meet their needs and expectations; (2) to ensure that the Project design and construction will not lower the minority people’s living standard; (3) to ensure that the minority people will benefit from the development measures.

6.1 Action measures to strengthen project management

6.1.1 Training to staff of the PMOs and BAAHs

79. In order to ensure the project implementation can be smoothly processed, a capacity-building training plan of project management, procurement, monitoring and evaluation, land use rights transfer policies, project information disclose and other aspects should be strictly prepared and conducted for the staff of the PPMO, CPMOs and BAAH at provincial, county and township levels, so that all the staff involved in the project implementation and management can be familiar with the work and relevant policies. Each staff should be trained at least more than one time.

6.1.2 Training to FI Bank staff

80. A training program about loan procedures, business management system and ESMS will be strictly prepared and conducted to the responsible staff for the county (district) from FI banks, as well as its safeguards managers. The FIs will need to screen the sub-project proposals for potential impacts on EMs and will need to ensure the end-borrower prepares a sub-project specific EMDP where deemed necessary.

81. In order to smoothly implement the ESMS, social safeguards specialist should be recruited during the implementation, a social specialist with international experience related loan project should be hired to train bankers on ESMS, and meanwhile to monitor the implementation progress.

6.1.3 Ensure the relevant social safeguards action plan implementation

82. To ensure that the project is implemented in accordance with the design objectives and in line with ADB’s policy requirements, the project also developed “Social and Gender Action Plan (SGAP)” and “Land Use Rights Transfer (LURT) Framework”, these should be fully implemented in the project, particularly in areas where EMs are involved.

83. PMO from provincial and county level will arrange the social safeguard officer to take charge of the implementation monitoring and evaluation of this EMDP. Meanwhile, a loan implementation social consultant will be hired for relevant training and to assist the PPMO with monitoring and reporting progress and achievements.

6.2 Measures to Mitigate Negative Impacts

6.2.1 Conflict Prevention after land use rights transfer

84. As mentioned in last chapter, potential complaints may be raised because of significant changes caused by land use rights transfer for project implementation. Consultation is the best
way to avoid such complaints, so the LURT Framework should be strictly followed to prepare the LURT agreement. In addition to ensure the implementation of the LURT agreement, the following specific actions should be conducted:

(i) LURT Framework should be disclosed to all potential sub-projects on the long list and affected people that involve LURT before 31 May 2015;
(ii) advocacy to explain LURT policies to the farmers in the project area;
(iii) public consultation should be held before the LURT agreement is signed;
(iv) provide a unified text of the LURT agreement specifications;
(v) at least 70% of spouses must sign the agreement when land use rights are transferred to others.
(vi) LURT agreement between the two sides in accordance with the wishes should be endorsed by government appointed personnel (i.e., township agricultural station) without charge.
(vii) if a conflict between the transferor and transferee happens, mutual discussion should be tried to find a solution; if the consultation fails, and the LURT grievance redress mechanism set out in the ESMS should be followed to resolve complaints.
(viii) if contractual obligations are not met, judicial procedures may be applied in accordance with laws.

6.2.2 Prevent adverse impacts on the surrounding farmers

85. An integrated industrial business chain model for "production – processing – marketing" will be developed, and agri-business enterprises with model of "enterprises + cooperatives + farmers" and "ordering agriculture" business model will be also further developed to achieve featured agricultural production, qualified products and good branding, which would optimize the economic benefits and maximize the benefits to farmers. However, this will certainly influence others who are also engaged in similar production or marketing. Therefore, CPMOs and FI banks need to release the project information to them so that they can either join the project or adjust their operations as required to remain competitive. For those who do not participate, the CPMO should also provide technical services to them equally as part of the EMDP actions.

6.2.3 Measures to prevent environmental pollution and the zoonotic diseases spread

86. The project will not involve any Category “A” subproject for the sake of environmental protection, but certain impacts maybe will be caused if the management of the agricultural base is improper. For instance, soil contamination and water pollution may be caused by inappropriate treatment of animal waste, or disease transmission may be caused due to inadequate disease prevention. The following mitigation measures should be considered to prevent such negative effects:

(i) Breeding farm construction must be strictly comply with design specifications, waste treatment and disease prevention measures must be contained.
(ii) To prepare and implement the ESMS and related mitigated measures as required, and appoint responsible staff.
(iii) To prepare and implement disease prevention and control plan, appoint responsible staff, staff should take medicine check.
(iv) Accept the guidance and supervision from local environment protection bureau and epidemic prevention agency.
6.3 Enhancement measures for positive effects

6.3.1 Support the establishment of EM farmer cooperatives and new bases

87. The Feasibility Study Report (FSR) listed 151 cooperatives and 145 bases that are proposed to be involved in the Project, which include 20 cooperatives and bases that involve Bao’an, Dongxiang and Salar people. According to this EMDP, 6 additional EM (Bao’an, Dongxiang and Salar) production bases and 2 new EM cooperatives will be established and supported by the PPMO/BAAH; these will be incorporated into the overall Project implementation plan. The concerned county government will help them to apply for a fiscal subsidy of CNY 50,000 in average for each cooperative with a total of CNY 100,000 and CNY 0.05 million for each base with a total of CNY 0.3 million. Regardless of whether these 6 production bases and two cooperatives will be involved as an FI sub-project, they will receive equal policy support and technical service.

6.3.2 Supporting minority farmers, cooperatives and enterprises

88. EM farmers, cooperatives and enterprises should participate in the project under the same conditions compared with others. Meanwhile, based on the survey, a number of featured EM subprojects should be selected and invested in. FI banks’ staff will introduce and explain the loan procedures and policies at the early stage of project implementation, and go to the villages for providing more convenience service to farmers in the process of the loan formalities.

6.3.3 Strengthen training and guidance on technology

89. As shown in Annex I, a lot of targeted training was planned and designed, and a special budget was prepared. The project will ensure that the project participating EM HHs should be trained at least twice a year, of which women’s participation in training will account at least 50%.

6.3.4 Non-agricultural skills training

90. To ensure the minority farmers, particularly households that have land use rights transferred, have a steady income source and livelihood, Jishishan Autonomous County and Hezheng county will provide young farmers with training program named Yulu Plan 13. Within five years, annually 200 young minority farmers would be trained, so 1,000 minority farmers would be trained in total of two counties in five years, in which women account for 25%, training costs will be sourced from Yulu Plan with a tentative budget of CNY 500 per person in a total of CNY 0.5 million eventually.

6.3.5 Encourage women’s participation

91. During the project implementation period, the PPMO, CPMO, women’s federation and village committee shall build a unified working mechanism among cadres responsible for women’s work to learn their needs, opinions and expectations from the project. CPMO will invite WF officials to participate in the project during the preparation and implementation period.

92. Derived job opportunities by agriculture production base, agribusiness enterprises and cooperatives should be offered to women in priority, especially for those unskilled and light

13 Relevant policies for Yulu Plan issued by national Poverty Alleviation Office are shown in the website http://www.yulujihua.com/
manual job opportunities. Women's participation in the project production and implementation will not be lower than 30%, and ethnic minority women should not be lower than 35%.

93. Women's Federation will work in cooperation with the Poverty Alleviation Office to organize training for women under Yulu Plan, so that they can get the skills in catering and ethnic handicrafts (embroidery, etc.), and be able to engage in off-farm income-generating activities to increase the family income. As mentioned earlier, the number of ethnic minority women in non-agricultural employment skills training will not be less than 25%.

6.4 Ensure the participation in action plan

94. In addition, the CPMOs will also undertake a series of activities for the EM residents through consultation and participation. The detailed information has been presented in the last chapter.

6.5 Action Plan

Table 12 shows the action plan of the EMDP, including measures, specific activities, objectives, budget, monitoring indicators, the contingency and costs. These will be the responsibility of the BAAH offices at various levels, and will be supervised by the CPMOs and PPMO.
<table>
<thead>
<tr>
<th>Actions and Measures</th>
<th>Target Group</th>
<th>Responsible Person/Agency</th>
<th>Implementation Period</th>
<th>Detailed Measures/Activities</th>
<th>Budget Content</th>
<th>Funding Sources</th>
<th>Monitoring Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Action measures to strengthen project management ability</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 1.1 Training to implementation agencies staff | PPMO and CPMO staff, BAAH staff, township and village project coordinator | PPMO, Consulting experts | 2016 | PM Training for relevant working staffs in Province, county PMO, and villages about implementation and management  
Land use rights transfer training for working staffs, at least one times | No additional budget, included in the training program | Project budget | Number and times of people who participate in PM training,  
Number and times of people who participate in land transfer training. |
| 1.2 ESMS, loan process and professional ability training to FI banks staff | FI banks staff | PPMO, CPMO Consulting experts | 2016 | ESMS training about loan process and professional ability for workers in bank  
FI to set up ESMS Manager Jobs  
Expert trains environmental and social safeguards FI manager | No additional budget, included in the training program expenses | Project budget | Number of loan staff who participate in training and photos  
Number of experts and training time  
Intermediary Bank progress report on the approval of lending activity in the statements of environmental and social impact assessment results |
| 1.3 Ensure the smooth implementation of EMDP, SGAP, ESMS and LURT Framework | All farmers, cooperatives and enterprises within the project area | PPMO/CPMOs, township Government, and relevant units | 2016-2020 | PPMO assign someone (coordinator) to be responsible for implementation and monitoring for EMDP action plan | Separate budget | Separate budget | Number of workers and its rate  
The implementation effects of all guaranteed measures and monitoring report |
| 2. Mitigation for negative effects | | | | | | | |
| 2.1 Conflicts prevention through LURT Framework | Farmers who will transfer land use rights | PPMO/CPMOs, township Government, and relevant units | 2016-2020 | distributed and widely introduce “land use rights transfer framework” to explain and publicize  
sign the framework agreement as request  
Conflict resolution when mutual consultation, negotiation fails disposal according to the complaint procedure | No additional budget, | Project budget | the number of releasing land transfer policy framework  
Number of people who explain LTF  
Conflicts number and monitoring report |
<table>
<thead>
<tr>
<th>Actions and Measures</th>
<th>Target Group</th>
<th>Responsible Person/Agency</th>
<th>Implementation Period</th>
<th>Detailed Measures/Activities</th>
<th>Budget Content</th>
<th>Funding Sources</th>
<th>Monitoring Indicators</th>
</tr>
</thead>
</table>
| 2.2 Ensure no reduction in sales or profit for surrounding farmers | All farmers, particularly ethnic minorities | PPMO/CPMOs, township Government, and relevant units | 2016-2020 | ✓ to encourage non-project farmers to cooperate (enterprise, the associated agencies and base) or directly involved in the project  
✓ PMO will equally provide the same technology service by government system | No additional budget, government program | Project budget | • Extra Number of farmers involved in  
• Training times and effects after trained by agricultural enterprises and cooperatives  
• Benefits depending on agricultural enterprises and cooperatives |
| 2.3 Measures to prevent environmental pollution and the zoonotic diseases spread | Breeding bases and surrounding residents | PPMO/CPMOs, BAAH, EPB, | 2016-2020 | ✓ Breeding farm construction must strictly comply with design specifications, waste treatment and disease prevention measures must be contained.  
✓ To prepare and implement ESMS, and appoint responsible staff.  
✓ To prepare and implement disease prevention and control plan, appoint responsible staff and regularly scheduled examinations.  
✓ accept the guidance and supervision from local environment and epidemic prevention departments | No additional budget, breeding farm construction funds and operating costs | Livestock farm | • breeding farm design  
• immunization and disease prevention programs  
• waste treatment facilities equipped conditions  
• number of complaints surrounding farmers  
• local environment and epidemic prevention departments monitoring results |

3. Enhancement measures for positive effects

| 3.1 Support to establish 2 farmer cooperatives and 6 new bases by ethnic minority groups | Jishishan Autonomous County and Hezheng County Ba’o’an, Dongxiang and Sala ethnic minority | PPMO/CPMOs, township Government, and relevant units | 2016-2020 | ✓ 2 new farmer cooperatives  
✓ 6 new production bases  
✓ technical training | CNY 0.4 million | Government: CNY 0.1 million National program : CNY 0.3 million | • New cooperatives and established new base report (name, time, location, nature, size, etc.)  
• apply to government information on the project  
• training and technical service records |
<table>
<thead>
<tr>
<th>Actions and Measures</th>
<th>Target Group</th>
<th>Responsible Person/Agency</th>
<th>Implementation Period</th>
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<th>Budget Content</th>
<th>Funding Sources</th>
<th>Monitoring Indicators</th>
</tr>
</thead>
</table>
| 3.2 Support to minority farmers, cooperatives and enterprises | Jishishan Autonomous County and Hezheng County, Bao'an, Dongxiang and Sala farmers, cooperative agencies and enterprises | PPMO/CPMOs, FIs, ADB     | 2016-2020             | ➢ select ethnic characteristics aspects  
➢ FI staff will introduce and explain the loan procedures and policies before the implementation, and go to the village to conduct business, provide more convenience to farmers in the process of the loan formalities | No additional budget needed | PMO, bank daily expenses | ➢ number of newly selected minority character items  
➢ proportion of loans for minority people |
| 3.3 Strengthen skill training and guidance | Jishishan Autonomous County and Hezheng County ethnic minority farmers, cooperatives | PPMO/CPMOs, township Government, and relevant units | 2016-2020             | ➢ 2,000 ethnic minorities trained, and 50% are women  
➢ at least 2 EM individuals per household involved in the project can be trained per year | No additional budget demanded, included in the project training budget | Project budget | ➢ Project semi-annual report only training program implementation data |
<table>
<thead>
<tr>
<th>Actions and Measures</th>
<th>Target Group</th>
<th>Responsible Person/Agency</th>
<th>Implementation Period</th>
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<th>Budget Content</th>
<th>Funding Sources</th>
<th>Monitoring Indicators</th>
</tr>
</thead>
</table>
| 3.4 Encourage women’s participation | Minority women from 2 counties                | PMO, Agriculture and Animal Husbandry Bureau; WF                                         | 2016-2020             | ➢ When the project is under implementation, CPMO, women’s federation, and village committee shall build a unified working mechanism among cadres responsible for women’s work to learn their needs, opinions and wishes for the project  
➤ Derived job opportunities by agriculture production base, agribusiness and cooperative organization are offered to women preferentially, especially unskilled job and light manual labor. Women’s participation in the project production and implantation is not lower than 30%, with ethnic minority women of no lower than 35%, if they are willing.  
➤ Women’s Federation will organize training for women, making them mastered some relevant skills, like catering service, embroidery, breeding, planting, etc. to take some income-earning activities and increase family income | Training fees for famers (included in Social and gender action plan)                   | SGAP                    | ➢ Social and gender action plan monitoring report |
| 3.5 Non-agricultural skills training | Minority farmers from 2 counties (in or out of the project) | County Poverty Alleviation Office  
PMO  
Women’s Federation | 2016-2020 | ➢ 1000 minority laborers would be trained in five years, in which women account for 25% | CNY 0.5 million       | Yulu Plan (government program)                                                                 | ➢ Yulu Plan training report |
<table>
<thead>
<tr>
<th>Actions and Measures</th>
<th>Target Group</th>
<th>Responsible Person/Agency</th>
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<th>Funding Sources</th>
<th>Monitoring Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Ensure the participation in action plan</td>
<td>Strengthen consultation and participation activities</td>
<td>Minority farmers, cooperatives and enterprises</td>
<td>2016-2020</td>
<td>▶ Included in the consultation and participation cost</td>
<td>No extra budget</td>
<td>Daily expense</td>
<td>▶ time and place of participation ▶ personnel involved in the meeting record ▶ number of complaints and handling of minority residents</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PMO, BAAH; village committee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Contingency</td>
<td>Contingency</td>
<td>Jishishan Autonomous County and Hezheng County</td>
<td>2016-2020</td>
<td>▶ In the implementation period, public participation is encouraged though disputes would appear. In order to prevent the unpredictable problems, project set up contingency.</td>
<td>included in the project contingency expenses, CNY100,000 each county, totally CNY 200,000</td>
<td>project contingency</td>
<td>▶ actual payment amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CPMOs</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6. Monitoring fees</td>
<td>Monitoring expense</td>
<td>Monitoring of EMDP</td>
<td>2016-2020</td>
<td>▶ monitoring will be done in combination with other safeguard monitoring</td>
<td>Included in the project consultation expenses</td>
<td>Project budget</td>
<td>▶ actual payment amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CPMOs</td>
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</tbody>
</table>
7. GRIEVANCE REDRESS MECHANISM

95. A grievance readiness mechanism\textsuperscript{14} (GRM) on social safeguards has been prepared to receive and facilitate resolution of the affected IPs communities’ concerns, complaints, and grievances. The GRM will be scaled to the impacts of the project. It will address concerns and complaints promptly, using an understandable and transparent process that is culturally appropriate, gender responsive and accessible to the affected IPs communities at no cost and without retribution. The affected IPs communities will be appropriately informed about the mechanism. The detailed procedure for resolve the complaints are as follows:

   Phase 1: If the affected people are dissatisfied with the EMDP or the Project, they can make either oral or written complaint to the village committee or cultural leader; if they use verbal complaints, the community committee or cultural leader should handle and record it. Complaints will be addressed within 2 weeks.

   Phase 2: If the complainant is not satisfied with the result of the first phase, he/she can appeal to the township government after receiving the result; the township government should make decision within 2 weeks.

   Phase 3: If the complainant is not satisfied with the result of the second phase, he/she can appeal to the CPMO after receiving the result; the CPMO should make decision within 30 days.

   Phase 4: If the complainant is not satisfied with the results of any above phases, he/she can appeal to the government departments applying for administrative reconsideration after receiving the result.

96. At any stage, he/she may choose to file administrative proceedings to the city’s court according to Civil Procedure Law.

97. Additionally, the affected person can raise complaints to PPMO directly. The PPMO will request the concerned CPMO to solve the complaints or at least raise solution.

98. In each phase, when related responsible agencies receive appeal, they will also discuss with PMO to eliminate discontent. All complain and corresponding solution will be recorded in different phases. Through monitoring report which is two times a year, PMP would submit their complaint and solution to ADB.

99. The complainant could submit complaint only focus on Project, including land transfer and loan issue. All agencies would receive farmer’s complain and appeal for free, the reasonable expense would be paid by contingency. During the implementation period, this appealing process is valid all the time to guarantee affected people to deal with problems through appealing process.

100. The complainant may submit a complaint to the ADB’s Project Team to try to resolve the problem. If good faith efforts are still unsuccessful, they may submit their complaint to ADB’s Accountability Mechanism (2012).

\textsuperscript{14} http://www.adb.org/Accountability-Mechanism/default.asp.
Figure 9: Grievance Readiness Mechanism Chart
8. INSTITUTIONAL ARRANGEMENTS

101. As the effective implementation of the EMDP involves collaboration among different agencies and departments, some critical institutional arrangements are made as follows.

8.1 PPMO

102. PPMO: During the implementation of the project, it is responsible for the organization and coordination of all matters related to the project. According to the arrangements of the EMDP, experienced and qualified experts will be used to conduct monitoring and evaluation of the implementation and performance of the EMDP. Project information and EMDPs and SGAP will be disclosed to affected people via media and/or posting at CPMOs and villages prior to the related subloan approvals.

103. Jishishan and Hezheng CPMO: In accordance with the specific actions and related requirements of the EMDP, project resources such as human, financial, and material will be organized, appropriate activities will be carried out, and summary of progress on project activities will be reported by the CPMO on a regular basis to the PPMO. In the implementation of the EMDP, based on monitoring indicators and specific requirements of the project, personnel will be assigned to be responsible for the monitoring and evaluation, so as to solve specific problems and difficulties encountered in the implementation of the EMDPs.

8.2 Government / Public Sectors

104. As an important part of the project, implementation and operation of EMDPs requires access to policy support, technical support and the necessary resources of the government. The most important government departments/public sectors include: Government Office, the Party Committee Propaganda Department, the Development and Reform Bureau, the Finance Bureau, Agriculture and Animal Husbandry Bureau, the Environmental Protection Bureau, the Ethnic and Religious Affairs Bureau, the Women’s Federation, Township Government and Village Committee and so on.

- Development and Reform Bureau, Finance Bureau and Agriculture and Animal Husbandry Bureau: As the key agencies for the Project, they provide policy support, technical support and the necessary financial support related to the administrative examination and approval, public functions and available resources in the implementation of the EMDPs, to facilitate for the national project applying.

- Ethnic and Religious Affairs Bureau: Assist the CPMOs to understand the county's minority development status, identify key issues in minorities' development, assist the CPMOs and end-borrowers to carry out implementation, management and monitoring of the EMDPs, as well as provide policy support and supporting resources to support the development of minority peoples.

- Women's Federation: Assist the CPMOs to carry out the development and protection work related to ethnic minority's women and ethnic minority people with disabilities in line with the EMDPs, and provide policy support and necessary resources for development.

- Poverty Reduction Office: to cooperate with Women’s Federation to provide training on non-agricultural skill (labour transmission training), and help with the application of national level project.
8.3 Township Government and Village Committees

105. The township government and village committees are the most basic platform for general public to learn about the government, and also key organizations of social management system. As many of the activities in this project are required to be carried out at the village level, village committees and their members should actively cooperate and support the project. For instance, to encourage farmers to participate non-agricultural skill training.

8.4 Cultural Leaders

106. The local cultural leaders can also play a key role in the formulation and implementation of EMDPs. They can provide advice, technical support, monitoring and evaluation in the implementation of the EMDPs and can help to resolve local grievances.

107. Training and other technical support services may also be provided at the request of the PPMO and other relevant agencies.
9. MONITORING AND EVALUATION

108. The project level EMDP outlines specific actions to promote inclusion of ethnic minorities in the project activities to ensure positive benefits and mitigation of any negative impacts. It forms a stand-alone document to ensure compliance with ADB’s Safeguard Policy Statement (2009), particularly Safeguard Requirement 3 for Indigenous Peoples.

109. The objectives of the monitoring, evaluation and reporting are to (i) ensure the conditions and action plan of the EMDPs are implemented in accordance with their terms and relevant PRC regulations and ADB’s Safeguard Policy Statement (2009); (ii) assess the impacts of the EMDP action plan implementation on the ethnic minority people; (iii) assess the overall efficiency and effectiveness of the EMDP implementation; and (iv) suggest necessary adjustments to ensure that ethnic minorities are no worse off and that they benefit from the Project in an equitable and culturally appropriate manner. The EMDPs require regular monitoring and evaluation, which aims to ensure smooth project implementation and compliance with ADB’s SPS requirements.

110. The PPMO has overall responsibility for monitoring the EMDPs. They will conduct the relevant work with the assistance of Hezheng County and Jishishan Autonomy County’s concerned department (like Poverty Alleviation Office and Bureau of Ethnic and Religious Affairs), with the focus on implementation progress.

111. The monitoring of the implementation of the EMDPs will be conducted the Social Specialist of the PPMO and bears the responsibility of necessary coordination to ensure monitoring process will collect relevant materials and information from the affected people, the end-borrowers, the CPMOs and the FIs.

112. Objectives of EMDP monitoring include:
   
   (i) Guarantee stable implementation and overall objective realization of the EMDPs;
   
   (ii) Collect data and information on EMDP implementation progress;
   
   (iii) Describe the quantitative data on results of the EMDP measures;
   
   (iv) Ensure to take proper ways of participation, certain number of ethnic male and female who participate in the project preparation and implementation, as well as the validity of identified issue and any complaints raised.
   
   (v) Ensure the EMDPs are being conducted based on the specified indicators.

113. Monitoring and evaluation methods can be based on the specific conditions and with the assistance of the loan implementation social consultant (LISC). No matter what kind of methods, the content and indicators must meet the relevant requirement of the EMDPs.

114. The general methodology will involve secondary data collection, key informant interviews, analysis of household survey data, and participatory rapid appraisal techniques (PRA). The field observations, analyses and overall evaluation methods will be combined. Focus group discussions and key informant interviews, secondary data review and review of resettlement plan monitoring survey data will be undertaken to assess the impacts, progress, funding, organization and management of the EMDP activities.

115. The tasks of monitoring and evaluation will include:
   
   (i) Collection of secondary data at provincial, county and county seat levels relating to indicators in the EMDP;
(ii) Monitoring the impact of key project activities on ethnic minorities;
(iii) Monitoring the implementation and effectiveness of EMDP activities as specified in the EMDPs;
(iv) Monitoring the consultation, participation and disclosure activities and their effectiveness;
(v) Monitoring the effectiveness of the grievance redress mechanism; and
(vi) Preparing semi-annual report for the PPMO and ADB, which will be included into the consolidated safeguard monitoring report.

116. **Time Arrangement and Reporting.** During the five years of project implementation, the EMDP monitoring and evaluation will be done semi-annually. The PPMO will include the EMDP monitoring results into the consolidated safeguards monitoring report that is submitted to ADB, and copied to FIs and CPMOs, semi-annually. The final report should be completed within six months after the project completion.

117. Reports will assess the effectiveness of the EMDP activities and identify recommendations for following up by the CPMOs. The reports will be reviewed by the PPMO and ADB to determine the appropriate response to any issues identified and suggested follow up actions. If any serious issues arise, a corrective action plan will be formulated and agreed upon with ADB. The reports and corrective action plan, if any, will be made public in CPMO and distributed to the implementing agencies for taking actions. ADB will upload these monitoring reports and any corrective action plan to its website.

118. The EMDP M&E reports shall be submitted semi-annually. Copies sent to ADB should be in English as well as in Chinese. The Chinese version should also be provided to local agencies involved in the EMDP implementation and be made available to affected residents (e.g., website, local libraries, etc.).

119. Reports should provide summaries of principal findings, tabulations of key indicators, qualitative and quantitative descriptions of main changes for minorities and conclusions and implications, if any, for additional actions or assistance.

120. The final M&E Report will constitute a completion report on the EMDP process and detail the extent to which the EMDPs have (i) complied with ADB policy; (ii) met the objectives stated in the EMDP; and (iii) contributed to the welfare and inclusion of minorities in the Project areas.
10. BUDGET AND FINANCIAL ARRANGEMENT

121. Most of the activity funds concerning with the project level EMDP is from project budget, which is mainly used for training. Extra budget is CNY 0.9 million, which includes:

(i) Support the establishment of 2 EM farmer cooperatives with fiscal finance of CNY 50,000 each, totally CNY 0.1 million. This will be financed by Jishishan Autonomy County and Hezheng County government;

(ii) Support 6 featured agriculture bases establishment for EMs, and apply for national support of CNY 50,000 each, totally in CNY 0.3 million;

(iii) Organize non-agricultural skill training combined with the “Yulu” plan to train 1,000 EM farmer labourers. The total budget will be CNY 0.5 million, which will be financed by Jishishan Autonomy County and Hezheng County’s “Yulu” plan.
## Annex 1 Proposed Construction Content and Scales

<table>
<thead>
<tr>
<th>Item</th>
<th>Subproject</th>
<th>Construction content</th>
<th>Construction scale</th>
</tr>
</thead>
</table>
| 1    | Improvement for Characterized industry base | Economic crops base (57,5753 mu) | **Wild field base:** 22 bases with 21,600 mu (1 seed-breeding base of wheat with 2,000 mu; 9 potato base with 9,000mu; 11 traditional Chinese medicine bases with 9,500mu; Lily production base with 1,100mu)  
**Greenhouse base:** 35 bases with 4153mu (262 mu vegetable seed breeding, 3,881 mu greenhouse vegetable base); 10 mu edible lily bulb breeding base.  
**Capability building,** training to 10,783 farmers, 221 technicians |
|      |            | Livestock farming base (74,950 animals) | 50 sheep breeding bases with 71,050 sheep (28,500 sheep in mutton sheep breeding area; Mutton sheep farmers breed 41,050 sheep; 1,500 breeding sheep)  
23 cattle breeding bases with 3,900 cattle (21 cattle farm with 3,700 cattle; 2 dairy farms with 200 dairy cattle)  
**Capability building,** training to 1,589 staff, 55 technicians |
|      |            | Fruit base (15 bases, 16320 mu) | 11 apple bases with 12,200 mu (500 mu for apple seedlings breeding, constructs 11,700 mu apple base)  
2 pepper bases with 2,000 mu  
2 Piteguo bases with 2,120mu (120 mu Piteguo nursery stock breeding, 2,000mu base construction)  
**Capability building,** training to 17,58 farmers, 19 technicians |
| 2    | Private enterprise and farmer cooperative organizations | Market development, brand creation, improve office conditions, Industry development funds, Capability building | Support 217 private enterprises and farmer cooperatives, 66 of which are private enterprises, 151 of which are farmer cooperatives. More than 117 brands will be created or registered.  
**Capability building,** training to 6,510 staff, 1,302 technicians |
| 3    | Construction of the financial service system | Support for new financial service system | Constructs 29 basic service internet (includes physical network, community bank and backpack bank). Loan of CNY 84.1 million for 4 VTBs/micro-credit companies  
**Capability building,** training to 1,055 staffs, 35 employees from Small loan company |
| 4    | Project management | Investment Cost, operating cost | Establish provincial and county PMO. The main content include capacity enhancement, project management, project operation, etc.  
**Capability building,** training to 88 staff, 440 times |

Data resource: FSR (October, 2014)
## ANNEX 2 INTERVIEW RECORDS

1. Maba Village, Biecang Town, Jishishan Autonomous County

<table>
<thead>
<tr>
<th>Date: Afternoon, 25 July, 2014</th>
<th>Place: meeting room in Maba village, Biecang town, Jishishan Autonomous County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendees: Qiao Peishou (Director of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Zhao Meifang (PMO of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Wu Dongqin (PMO of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Zhou Shengbin (PPTA Social Safeguards specialist), Zhou Lijun (EED PM), 20 villagers representatives from Maba village, Biecang town with 15 minorities (6 females, 9 males), 3 poverty households.</td>
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</tbody>
</table>

### Main problems and suggestion:

- First, Qiao director of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County introduced contents of Gansu characteristics agriculture, content of the financial service system construction project and the aim, and hopes every villager express their views and suggestion for Project.
- After listening to Qiao director's introduction, all attendees, no matter Han nationalities or minorities both strongly support this project.
- Villagers reflect that per capital land is only 0.84 mu, which is all arid land. The main plant is oilseed rape, corn, potato. Because of small per capital land and low production, people are not enthusiastic in farming. Almost 80% labour force get out to Gansu, Qinghai, Neimeng for working.
- Representatives think that it is a good Project, which could develop agriculture and help to solve the problems of capital shortage. Most of villagers would loan from RCC in spring. However, very few amount loans can only purchase productive goods with high interest rates, short reimbursement time, and low loan limit. It would be helpful for farmers if Project operate well.
- Poor representatives said, guarantee will be needed if we want to get loan from RCC. However, we are too poor to have guarantee and bondsman, so we cannot get loan from RCC. Therefore, we strongly hope that more preference policy would be put forward to help those poor families. For example, poor households plan to develop farming, but they cannot get loan, which make poor people poor; government also put forward policies and give capital to poor households, but only a small amount of money. Therefore, they hope to get more support from government.
- Female representatives said, the interest rate of RCC is very high and there are good policies, such as rural women small guarantee loans and double interest loans. However, small loan quota and short time reimbursement cannot solve basic problems. So they strongly hope that Project could loan for women.
- Minority representatives said, there is only few land and single crop variety with low incomes. Many minorities are engaged in small scale farming besides planting crops; they hope to get loan through this Project to develop farming. Of course government could adjust agricultural structure and optimize farming model through this Project; RCC’s loan process is complicated, so we hope the loan process this Project is simple with low interest rate and high loan limit. Only a small amount of money cannot work at all.
- Villagers understand and support the construction of Project and hope to implement it as soon as possible; during the implementation, villagers want to get information about Project, which is about the loan process and interest rates and reimbursement time; it would be better if loan process is simple, high loan limit, long reimbursement time and low interest rate.
2. Dahe Village, Dahejia Town, Jishishan Autonomous County

Date: Afternoon, 25 July, 2014  
Place: meeting room of Dahe village, Dahejia town, Jishishan Autonomous County

Attendees: Lu Zhengwei (Director of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Qiao Peishou (Department director of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Zhao Meifang (PMO of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Wu Dongqin (PMO of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Zhou Shengbin (PPTA Social Safeguards specialist), Zhou Lijun (EED PM), An Xiaohua (Baoan nationality, director general of Xiaohua Rare Animals Breeding Farmer Professional Cooperative), 32 villager representatives from Dahe village, Dahejia town with 21 minorities (9 female, 12 male), 5 poverty households.

Main problems and contents:

- First, Cao Quanxi, the director of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County, introduces contents of Gansu characteristics agriculture, content of the financial service system construction project and the aim, and hopes every villager express their views and suggestion for Project.
- After listening to Lu Zhengwei, the, all attendees, no matter Han nationalities or minorities both support this project and hope the Project implement as soon as possible.
- Representatives reflect that there are mainly Baoan nationality and Sala nationality and Dongxiang nationality in Dahe village, Dahejia town, Jishishan Autonomous County. Most of villagers are minorities with only 0.7 mu per capita cultivated land, which is mainly irrigable land. People mainly plant corn, potato, Loranthus sp and Thin-skinned walnut. People get little money through farming, so they get out to Gansu, Qinghai, Neimeng for working.
- Representatives believe that Project would support agricultural development and loan for villagers, which helps to solve problems of capital shortage. You cannot develop farming if you do not have money, therefore, the implementation of Project would benefit both country and people. Some individuals said that they loan from RCC. However, Loan processing of RCC and other banks are complicated with high interest rates and short time of reimbursement. If you loan in the first half of year, you should pay back in the end of year. Therefore, villagers hope that this Project would be better than RCC.
- Poor representatives say, the land and soil texture is good, but just without money. If we want to plant walnut, we cannot develop without money. We want to loan from RCC, but the loan processing is complicated and needs guarantees. And we are too poor to have guarantees. So we cannot get loan from RCC. The only thing we can do is to plant low incomes corps. Poor families hope that the implementation of Project would consider loans for poor people. When setting loan conditions, Project would consider making poor people get loan.
- Female representatives say, Gansu is poor province, and Jishishan Autonomous County is also poor area. So more attention should be paid to Jishishan Autonomous County, and more support should be given to promote the development of Ethnic minority areas, especially the women’s development.
- Women from Baoan nationalities say, Project should support the development of characteristic industry of minority nationalities, such as handicraft embroidery from Baoan nationality, which would also promote women’s development. Some training should be gave to local women to help them to increase their income.
- Villagers understand and support the construction of Project and hope to implement it as soon as possible; during the implementation, villagers want to get information about Project, which is about the loan process and interest rates and reimbursement time; it would be better if loan process is simple, high loan limit, long reimbursement time and low interest rate. They also hope that this project would give training about farming.
3. Zhongxin Village, Songming Town, Hezheng County

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<tr>
<td>Afternoon, 25 July, 2014</td>
<td>Zhongxin village, Songming town, Hezheng county</td>
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Attendees: Ma Lingli (PMO in Gansu province), Cao Quanxi (vice Director of PMO in Hezheng county), Wu Zhongxing (PMO in Hezheng County), Chang Haicheng (PMO in Hezheng County), Zhong Shenghu (village head of Jiaochang Village, Chengguan Town, Hezheng County), 15 village represents in Songming County, 10 of which are minorities, 6 female and 4 male.

Main problems and contents:
- First, Cao Quanxi, the vice Director, introduced contents of Gansu characteristics agriculture, content of the financial service system construction project and the aim, and hopes every villagers express their views and suggestion for Project.
- After listening to Cao Quanxi, all attendees, no matter Han nationalities or minorities both support this project and hope the Project implement as soon as possible.
- The representatives said all land of Zhongxin village, Songmin town are arid land, and per capital cultivated land area is 1.5 mu with rape and yam grown. Their incomes mainly depend on agriculture, farming and outside working; cultivating incomes are very low. Because of capital shortage, agriculture and farming can't develop very well. Hezheng County is an agricultural and animal husbandry county, so more capital should be given to support animal husbandry and agriculture.
- Village representatives look promising for Gansu characteristics agriculture and content of the financial service system construction project. Through the implementation of the Project, capital shortage for those who wants to be engaged in agriculture and animal husbandry would be solved. At the same time, they believe that agricultural production structure could be adjusted through the Project. Introducing more new varieties suitable for local aims at increase farmer's income. Because of single agricultural variety, many farmers go out for working to increase their family income.
- Representatives of Dongxiang nationality say that it is a good Project, which could help those farmers who are lacking of money. Loan processing of RCC and other banks are complicated with high interest rates and short time of reimbursement. If you loan in the first half of year, you should pay back in the end of year. Therefore, ADB loan could consider the reimbursement time to make people know the advantage of this Project.
- Part of farmers says that land in Zhongxin village is arid land depending on dry farming. Leading some enterprises to county will be better through this Project. They could transfer land with CNY300-500 per year. Many labours can both get rent and work outside. if there are good project, all the land can be transferred and people can collect land rent and also can work for other enterprises to increase incomes.
- Part of villager wants to be engaged in farming even though without money. Therefore, they hope that this Project would loan with high loan limit and give training about how to breed animals. They also hope to build a large scale farm to breed Hezheng sheep; Because of high price of Hezheng sheep, villagers hope ADB would consider it to support farmer's development.
- Villager representative’s advice and suggestion: Villagers support the construction of Project and hope to implement it as soon as possible; during the implementation, villages want to get information about Project, which is about the loan process and interest rates and reimbursement time; they also hope that some good projects which is suitable for new variety and promotes farmer’s development would be brought in to increase villagers income; if loan process is simple, high loan limit, long reimbursement time and low interest rate, it would be better. They also hope that this project would give training about farming.
4. Jiaochang Village, Chengguan Township, Hezheng County

Date: Afternoon, 25 July, 2014  Place: Jiaochang village, Chengguan town, Hezheng county

Attendees: Ma Lingli (PPMO), Cao Quanxi (Vice director of PMO in Hezheng County), Wu Zhongxing (PMO in Hezheng County), Chang Haicheng (PMO in Hezheng County), Dong Tinglu (Village head of Jiaochang Village, Chengguan Town, Hezheng County), 17 village representatives’ in Songming County, 9 of which are minorities (4 female and 5 male), 2 poverty households.

Main problems and contents:
- First, Cao Quanxi, the vice director, introduces contents of Gansu characteristics agriculture, content of the financial service system construction project and the aim, and hopes every villagers express their views and suggestion for Project.
- After listening to Cao Quanxi, the vice director of ADB, all attendees, no matter Han nationalities or minorities both support this project.
- The representatives said all land of Jiaochang Village, Chengguan Town, Hezheng County are arid land, and per capital cultivated land area is 0.8 mu with rape and yam grown. Because of less land area, the cultivation of crops yield is very low, so many males go out, such as Lanzhou, Qinghai, Neimeng, Gansu for working, and their salaries are much higher than farming salaries. Outside workers are much more than other villages. Work incomes are the main resource of whole family, and women stay at home engaged in agricultural labour, sometimes get out for temporary work to increase family incomes.
- Young village representatives believe that the implementation of this Project would promote the local agriculture development. Once implemented, the project would bring farmers loan for developing cultivating, farming and other industry. If so, farmers could get engaged in agriculture and farming instead of getting out, and they can also take care of their parents and increase their incomes. Through the implementation of the Project, capital shortage could be solved for those who support the Project and want to develop agriculture and farming.
- Minority representatives think that the implementation is very good. But they have no idea whether the process of loan is the same with RCC, complicated process, high interest rates. With low interest rates and simple process, minority representatives would like to loan, and they also hope that the local department could give some suggestion to lead and promote the development of agriculture. If so, the incomes of farmers increase faster.
- Some farmers said that land within countryside is arid land depending on dry farming. Leading some enterprises to county will be better. They could transfer land and work for enterprises. In recent years, people plant oil-bearing crops and potatoes, but with low efficiency. People have to plant for living; if there are good project, all the land can be transferred and people can collect land rent and also can work for other enterprises to increase incomes.
- Part of villagers says that they have already transferred land to local cooperatives. If Project loan for cooperatives and households, they would take part in cooperatives and engaged in farming, not only can they get benefits but also they can get help from cooperative. Cooperative would conduct unified management and sales, member of cooperative would not need to worry the sale of farming, and cooperative would sale a high price than people themselves. Therefore, people would hope to implement the Project.
- Poor representative say “we hope the implementation of Project would consider the loan scale for poverty to let poor people get through poor conditions. Preferential policies could be made for poor people.
- The advice and suggestion for Project: People understand the construction of Project and support it, all they hope is long loan period and low interest rate and simple process; it would be better that there are loan processor to do propaganda task to deal with related work; they hope that Project could give agriculture and other trainings leading to better development.
5. Xiaohua Rare Animals Breeding Farmer Professional Cooperative, Jishishan County

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<td>Xiaohua Rare Animals Breeding Farmer Professional Cooperative</td>
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Attendees: Qiao Peishou (Department director of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Zhao Meifang (PMO of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Wu Dongqin (PMO of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Zhou Shengbin (PPTA Social Safeguards specialist), Zhou Lijun (EED PM), An Xiaohua (Bao’an, director general of Xiaohua Rare Animals Breeding Farmer Cooperative)
Main problems and contents:

- First, Qiao director of Agriculture and Animal Husbandry Bureau introduced contents of Gansu characteristics agriculture, content of the financial service system construction project and the aim, and hopes An Xiaohua could give advice from the perspective of enterprise development.
- After listening to Qiao director’s introduction, An Xiaohua strongly support this project.
- A Xiaohua director general gives a briefly introduction about farmer professional cooperatives: with the registered fund of CNY 6 million, Xiaohua Rare Animals Breeding Farmer Professional Cooperative founded in March, 2013. An Xiaohua himself is the initiator whose personal investment proportion accounted for 5%. Farmer professional cooperative receives personal loan of 300 thousands. There are 52 households (all of them are nationalities), 10 of which are disabled families, 5 of which are poor families, 10 of which are females;
- At present, the operating area for farmer professional cooperative is about 15 mu got by land transfer and plans to transfer 200 mu to expand farming scale. Transferring land mainly regarded as feed base.
- Farmer professional cooperative mainly sales colour pheasants, royal-chicken, guinea fowl and eggs to local and other provinces; some professional salesman engaged in the marketing; Farmer professional cooperative provides services, such as seedlings of rare species, guidance about farming and unified sales, which promotes 25 households, 15 of which are poor families; 6 of workers are members of cooperative.
- The existing problems are capital shortage, so that farmer professional cooperative can’t expand farming scales; Capital shortage restricted the development of cooperative; cooperative wants to get loan from RCC, however, bank usually won’t loan for cooperatives because of high interest rates, complicated formalities and rural economic organization can’t be pledged; therefore, cooperative hopes to get loan through this project because of capital shortage of CNY 1.5 million.
- There are only 52 members at first, increased 20 members at present, which improved incomes for cooperative, the income of per family increased from CNY 2,900 to CNY 3,600; if cooperative develops very well, some welfare would be given to poor families, such as paying the electricity bills, purchasing coal for warming.
- Getting ADB’s loan, cooperative could expend the farming scale, improve techniques and introduce new varieties to build production-Marketing Integration pattern and also promotes local farming and employment of local farmers. Society can both share out bonus and have the cooperative work.

The advice and suggestion for Project:

- People understand Project construction and support it, all they hope is long loan period, low interest rate and simple process, high loan quota, and long repayment periods; some trainings and guidance could be conducted.

6. Changhong Folk Embroidery Handicraft Factory, Jishishan County

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<td>Changhong Folk Embroidery Handicraft Factory in Jishishan Autonomous County</td>
<td>Qiao Peishou (Director of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Zhao Meifang (PMO of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Wu Dongqin (PMO of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County), Zhou Shengbin (PPTA Social Safeguards specialist), Zhou Lijun (EED PM), Li Haisheng (Baoan nationality, Director of Changhong national folk embroidery handicraft factory)</td>
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Main problems and contents:
First, Qiao director of Agriculture and Animal Husbandry Bureau in Jishishan Autonomous County introduces contents of Gansu featured agriculture, content of the financial service system construction project and the aim, and hopes Li Haisheng manager could give advice from the perspective of enterprise development.

After listening to Qiao director’s introduction, Li Haisheng manager strongly support this project.

Li Haisheng manager gives a briefly introduction about folk embroidery handicraft factory: with the registered fund of CNY 580,000, folk embroidery handicraft factory founded in October, 2012, the mainly trade of which is processing and sale of Arts and crafts (embroidery), and technical guidance. Folk embroidery handicraft factory has 94 working staffs, 4 of which is administrative staff (3 females, 2 people are national minorities, 1 belongs to poor family), 20 of which is technical staffs (all 20 national minorities are females, 7 people belongs to poor family), 70 of which is temporary workers (70 females, all of them are national minority females, 30 people belongs to poor family). The total sales amount is 500 thousands. The main products are Tape shoes, embroidered shoes, embroidery accessories of Baoan nationalities and Sala nationalities. More than 70 households are promoted by the foundation of folk embroidery handicraft factory.

At present, because of the small size of places, the main operation sites of folk embroidery handicraft factory is at home and workers finish many embroidery handicrafts at home with the embroidery samples provided by factory. But the main resource of embroidery samples comes from the olds of Bao’an nationality and Sala nationality.

Restrict factors of embroidery handicraft factory is no real plants and rudimentary facilities and low level of technology. Embroidery handicraft factory didn’t get any loan from RCC because of high interest rate and complicated formalities and no pawns, so people hope to get loan from this project. At present, capital shortage is about CNY 2 million; if embroidery handicraft factory could get loan, they would build real factories, purchase advanced facilities, employ famous local embroidery teacher to give training for workers, and also plan to invite outside teacher to give technical training for workers.

There are only 20 workers at first, increased to 90 workers at present. Jishishan autonomous county of Bao’an nationality, Dongxiang nationality, Sala nationality is the only multi-ethnic autonomous county in Gansu province with the unique Bao’an nationality; Because of locations, different nationalities and religion belief, traditional cultures, Jishishan autonomous county has unique aesthetic taste, aesthetic tendency, trend, and values, especially embroidery of Baoan nationalities; embroidery of Sala nationality has more than 700 years history, famous for delicate stitch, exquisite workmanship, strong stereo sense, and unique style. For such a long time, Sala nationality embroidery keeps and improves the original style with traditional culture, customs and territory characters, and image of flowers and animals are alive, so their embroidery skills can be compared with Suzhou embroidery, Hunan embroidery.

Getting ADB’s loan, factory could expend the production scale, purchase advanced facilities. Through training, folk embroidery handicrafts can be developed and improved to broaden ethnic minorities’ income and also bring business to ethnic minority groups, which improves the incomes of
minorities and their living conditions, and promotes folk culture

- The advice and suggestion for Project: People understand the construction of Project and support it, all they hope is long loan period and low interest rate and simple process and high loan quota and long repayment periods; through the implementation of Project, some trainings and guidance could be conducted.