



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 02/14/2020 | Report No: ESRSA00457



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
China	EAST ASIA AND PACIFIC	P169758	
Project Name	Henan Green Agriculture Fund Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	11/18/2019	3/26/2020
Borrower(s)	Implementing Agency(ies)		
People’s Republic of China	Henan Agriculture Development Fund Investment Corporation		

Proposed Development Objective(s)

The proposed objective is to demonstrate the viability of financing green agriculture investments, and foster the innovation and adoption of green agriculture standards and technologies in Henan.

Financing (in USD Million)	Amount
Total Project Cost	300.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed project would help Henan to address its GHG emissions and agricultural pollution through developing a series of innovations to green agriculture finance. The project will be implemented by the Henan Agriculture Development Fund Investment Corporation (HADFIC), which is the subsidiary of the Henan Agriculture Investment Group Co. Ltd (HAIGC) -- a wholly state-owned agricultural investment company. The HADFIC acts as both the representing entity of fiscal funding as an investor (typically General Partner) or as fund manager. Its investment objective is to balance the support for government policy objectives (i.e. the promotion of green agriculture development) with acceptable rates of return.



Currently there are no funds dedicated to finance green agriculture investments in Henan nor in China in general. Furthermore, the existing agriculture investment funds managed by HADFIC do not have explicit focus on green/sustainable investments. Neither do they have a demonstrated institutional capacity to manage the green investment cycle. The proposed Henan Green Agriculture Fund (GAF) managed by HADFIC is expected to serve as a pilot that can be scaled-up in Henan and that can serve as a model for the development of similar green agriculture investment funds elsewhere in China. It aims to achieve this by testing and demonstrating the viability of the next generation of green agriculture financing vehicles at subnational level, replicable at national level, which can be operated on a commercial, transparent and sustainable basis, properly allocating and pricing risks, and minimizing public liabilities.

The proposed project will ramp up the establishment and operationalization of a financial intermediation facility focused on green agricultural investments. Green investments are defined as those which contribute towards more resource-efficient, environmentally sustainable, and climate smart agriculture and increase agri-food safety. The definition of agricultural green growth under the proposed project refers to a circular and low-carbon agriculture development model which promotes an efficient use of natural resources, the production of nutritious, high quality and safe agricultural products with reduced impact on the environment. Green agriculture technologies are thus defined as emerging technologies that increase the utilization efficiency of natural resource, reduce pollution (N, P, COD) and greenhouse emissions, improve the health of ecological environment, while ensuring the production of high quality, nutritious and safe food products.

The key innovations of the proposed GAF are: (i) a model of partnership between public and commercial funding for green investments; (ii) involvement of technical experts to assess and establish the viability and bankability of green technologies; (iii) crowdsourcing activities that would aim to discover promising green agricultural technology start-ups and green agriculture technologies for funding; (iv) preparing HADFIC and GAF to mobilize private funding from the green bond markets; and (v) developing a blue print of practices as well as of institutional and risk management arrangements for green agriculture financing.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
Overall, the project will bring about positive environmental and social benefits in terms of reducing the pollution from agricultural productions, reducing the GHG emissions, and reducing health risk for consumers by improving the food safety and quality in Henan Province. Henan Province is in the central part of China, its topography slopes from the west to the east. It is surrounded by mountain ranges to the north, west and south, while the middle and eastern parts made up by alluvial plains. Among its total land area 167,000 km², plain and basin represents 55.7%, while the mountains and hills representing 26.6% and 17.7% respectively.

Henan Province is in the area influenced by the subtropical and warm temperate climate, characterized by distinct seasons and long frost-free period. The yearly temperature averages 10.5-16.7 OC and the annual precipitation averages 407.7 mm to 1,295.8 mm. Henan is a water scarce province. The total water resources in the province is 40.35 billion m³, ranking the 19th in China; while the water resource per capita is 383 m³, only one fifth of the national average.



Henan is well renowned for its long history, which can be dated back to the origin of the Chinese culture. The arable land has already been intensively cultivated to its best extent for thousands of years. However, given its huge population as high as 108.528 million, Henan is regarded as a farmland shortage province in China, with the farmland area per capita being only 1.23 mu (equivalent to 853 m²) versus the national average of 1.52 mu (1,013 m²) per capita.

Henan Province is a traditional ethnic Han Chinese dominated province. As of 2018, there are 55 ethnic minorities living in Henan Province, accounting for 1.22% of the total population in the province and of which ethnic Hui is the largest ethnic minority group. Ethnic Hui accounts for 85% of the total population of ethnic minorities in Henan.

The investments under this project are targeted on eligible enterprises within Henan Province. The typologies of the activities eligible to be financed by the project have been determined, which generally covers the full value chains for the two sectors, e.g. cropping and livestock, including input suppliers (e.g. fertilizers, seeds, livestock feed, etc.), production bases (e.g. land-based cropping systems, livestock production units and related manure management facilities, etc.), processing facilities, storage facilities, logistics centers, equipment manufacturing facilities. The size of most sub-project enterprises ranges from small to medium, but some livestock farms and cropping bases may be built/expanded to a large size by the project.

The agricultural enterprises for production, processing and circulation of agricultural products are typically located in designated industrial parks. Sustainable production activities (e.g. improved soil nutrients management, irrigation water control, precision agriculture, etc.) will happen on farmland which normally will be consolidated through leasing of land use rights from rural households who have chosen to leave farming in order to achieve appropriate-scale agricultural operations. HADFIC confirmed that all the investment activities will be located within Henan Province. The scale, type and geographical coverage of sub-subprojects will be further reviewed when the draft pipeline of potential sub-projects will be available during the project implementation.

D. 2. Borrower's Institutional Capacity

The project will be implemented by the Henan Agriculture Development Financing Investment Corporation (HADFIC), which is the subsidiary of the Henan Agriculture Investment Group Co. Ltd (HAIGC) -- a wholly state-owned agricultural investment company. The HADFIC operates currently total of 26 funds, covering a range of sectors. About 15% of the portfolio is dedicated to agriculture, including agro-processing, inputs and agricultural equipment producers. HADFIC has established a sound 12-step investment decision-making process from entry to exit that appears to be well designed and in line with typical funds management practice in China. A comprehensive review of HADFIC's Environmental and Social Management System (ESMS) and practices for risks management against the Environmental and Social Framework (ESF) (especially Environmental and Social Standard (ESS9) has been carried out. A value addition of the Project will be the enhancement and maintenance of HADFIC's ESMS to assure it is in alignment with ESF and proportionate to project risks. The enhanced ESMS has considered the environmental and social (E&S) risks in each step of the decision-making process. HADFIC will establish several sub-funds under the project, aiming to leverage more social capitals for specific investment areas, and these sub-funds will be directly managed by the HADFIC. In addition, challenge funds will be established under the TA component to create a platform and a venture capital (VC) product for supporting emerging technologies and high impact solutions for green agriculture. HADFIC's ESMS will therefore apply to these sub-funds and challenge funds as well.



A thorough review on the established capacity on E&S management in the HADFIC has been carried out by the consultants hired by the HADFIC. The findings indicate that certain capacity on environmental management has been established within the HADFIC but needs to be strengthened to meet the relevant requirements specified in the ESS9. A comprehensive E&S management capacity enhancement action plan has been developed under the ESMS prior to Appraisal. A strong commitment has been made in the Appraisal stage Environmental and Social Commitment Plan (ESCP) by the HADFIC to guarantee the management commitments to provide adequate financial and human resources for ESMS implementation. HADFIC is committed to assign one senior vice-manager for E&S risk management and hire one dedicated environmental specialist and one social specialist in the Risk Control Unit, responsible for day-to-day ESMS operation. HADFIC will establish an International Cooperation Unit for the fund operation management, covering the whole process of subproject identification, operation, negotiation and implementation monitoring. In addition to the full-time staff, external specialists will be engaged by HADFIC to provide technical supports and training for E&S management and monitoring of the World Bank-financed activities. Staff representatives from HADFIC participated in the ESF training organized by the World Bank in June 2019 and obtained basic knowledge on E&S risk assessment and management. Nevertheless, HADFIC's E&S capacity needs to be further enhanced. Taking the opportunity of technical assistance (TA) activities (Component 2), HADFIC agreed to enhance not only their but also relevant enterprises' capacity for E&S risks management.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

This project is a Financial Intermediary project. The sub-project pipeline could not be developed by appraisal, thus the specific information for the sub-projects in terms of their size, location, foot print, etc. are not available at current stage. The pipeline development will be launched once the details of the fund structure is finalized. The team visited some agricultural enterprises and discussed with the farmers at the sectors of cropping and livestock in Henan Province, and following are the findings and conclusions for making the judgement of the risk rating.

Overall, the project will bring about positive environmental and social benefits in terms of reducing the pollution from agricultural productions, reducing the GHG emissions, and reducing health risk for consumers by improving the food safety and quality.

The typologies of the activities eligible to be financed by the project have been determined, which generally covers the whole value chains. The size of most sub-project enterprises ranges from small to medium, but some livestock farms, slaughter houses and cropping bases may be built/expanded to a large size by the project. The potential environmental impacts in construction phase may include the dust, noise, solid waste, and wastewater, and social disturbance, such as the traffic safety issue. The local communities will be exposed to increased traffic fleets transporting construction materials and equipment for the sub-projects in countryside. The potential adverse environmental impacts at operating stage could typically include noise, dust, nuisance odor, waste gas, solid waste, and wastewater. The production of biocides may involve use, storage, transport of toxic materials and wastes, during which the toxic materials/wastes may be leaked and spilled, causing health and safety risk to communities and workers.



Specifically, large livestock farms (equivalent to over 5,000 pigs output per year) and slaughter houses will generate significant amount of wastewater and solid waste, some animal carcasses, and strong odor at operation phase. These impacts are intensive, and handling of them requires large amount of investment and complex technologies, posing big challenges to the financial and technical capacities of the farmers. Particularly the odor to be generated during the operation of the livestock farms will cause drastic disturbance on local communities if the livestock farms are not properly sited.

The occupational health concern is related to mechanical damage by operating machines, inhaling fine particles in processing of agro-products, and exposure to toxic materials and wastes. The probability for such risks is very low, and the impacts are small given the size of proposed sub-projects. In addition, the use of multi-resistant varieties (MRVs) could cause certain environmental concerns in terms of genetic pollution and migration, and potential health damage to the public who consume them if genetically modified (GM) varieties are adopted in the project. Through consultation with relevant government departments in Henan per the SEP, it is learned that producers in Henan has been using multi-resistance crop varieties for many years, all of them are hybridized forms of various crops, with the exception of cotton which is genetically modified. Thus the environmental risk of the MRVs can be negligible in Henan.

The environmental risk rating of the project is Substantial, given the nature and magnitude of the potential environmental risks and impacts associated with the livestock farms and slaughter houses at operation phase.

The HADFIC has established a procedure for fund management in line with good practice in China. The environmental risk management is embedded in the risk control department, which has acquired some experience and knowledge on the environmental risk management, primarily on the screening and scoping, from the similar projects.

Social Risk Rating

Substantial

The loan may be invested in a large number of subproject activities throughout the full value chain, for which the scale would vary a lot by typologies of activities. The potential investment on improving sustainability of agricultural production will happen on large scale of farmland and present a certain number of seasonal workers. By contrast, the agro-processing and logistics sub-projects are normally located in designated industrial areas, which would involve minor scale of land acquisition. The social risk screening identified the main social risks of potential subproject activities are related to: (i) leasing of land use rights for appropriate-scale farming and for livestock breeding sites and the resultant tomb relocation out of livestock farms; (ii) managing labor and working conditions of direct workers, primary supplier workers and contracted workers; (iii) conducting stakeholder consultations throughout the project lifecycle proportionate to the risks and impacts; (iv) land acquisition and resettlement for establishing facilities and structures by targeted enterprises; (v) ethnic minorities; (vi) community health and safety; and (vii) other social impacts such as potential decline of production relating use of the seeds of multi-resistant varieties.

Leasing of LUR is deemed as the most significant risk under the project in consideration of its large size and contexts in both crop and livestock sectors as well as potential tomb relocation associated with the construction of livestock breeding sites. The HADFIC reviewed the regulatory requirements and practices for land leasing in Henan and identified the areas (mainly related to stakeholder engagement, contract management, and fair rental negotiations and payments) for improvement to assure of full conformance with the ESF requirements. Facilities such as input production, processing, logistics and distribution, etc. can either be located at existing land or new land to be acquired. Any sub-project involving physical displacement and/or loss of substantive productive resources will



increase the project social risk profile. The project's impact on ethnic minorities are mainly related to leasing of land use rights, land acquisition and resettlement, labor and working conditions and special consideration for stakeholder engagement, etc. Given the low composition of ethnic minorities in Henan, the likelihood of negative impact to ethnic minorities is considered relatively low. The project would introduce a few direct workers and involve of large number of primary supplier workers, which could potentially increase the risks related to working conditions and community health and safety, if not well managed. Risk associated with child labor is negligible because main labor force engaged in the potential sub-projects are local residents at the age of 40-60.

HADFIC has enhanced its ESMS to include relevant social elements as required by the ESF in its fund investment decision-making process. HADFIC has obtained basic knowledge on ESF requirements, and further comprehensive training will be carried out to increase their capacity for applying the ESMS and managing specific social risks (e.g. land leasing, labor and working conditions, stakeholder engagement). A full-time social specialist and environmental specialist will be hired to manage day-to-day ESMS implementation and a full-time staff will be assigned for E&S management liaison with the World Bank, internal and external stakeholders. An institutional strengthening and capacity building plan has been developed as an important and integral part of the E&S management capacity enhancement action plan under the ESMS, for both HADFIC and its sub-borrowers. HADFIC is highly committed to implementing this action plan.

The overall social risk of the project is currently deemed to be Substantial, which may need to be revised when further information becomes available during project implementation.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

A due diligence review has been conducted by the World Bank Task Team on HADFIC's existing E&S performances and capacity, as well as the ESMS enhanced by the HADFIC. During the preparation, the Task Team also visited some typical agricultural enterprises in Henan Province interested in participating in the project, including cropping bases, livestock farms, processing centers, fertilizer manufacturers, and logistics and distribution centers. Consultation with government authorities and owners of several typical enterprises in crop and livestock sectors were carried out to review: (i) current practice for E&S management for enterprises in crop and livestock sectors; (ii) current E&S management performance of typical enterprises; (c) Chinese legal framework and anticipated developments relevant to specific E&S risks in the crop and livestock sectors.

Overall, the project will bring about positive E&S benefits in terms of reducing the pollution from agricultural productions, reducing the GHG emissions, and reducing health risk for consumers by improving the food safety and quality.

The typologies of the activities eligible to be financed by the project have been determined, which generally covers the whole value chains, and includes input suppliers (e.g. fertilizers, seeds, livestock feed, etc.), production bases (e.g. land-based cropping systems, livestock production units and related manure management facilities, etc.), processing facilities, storage facilities, logistics centers, equipment manufacturing facilities. The size of most sub-project



enterprises ranges from small to medium, but some livestock farms and cropping bases may be built/expanded to a large size by the project. The potential environmental impacts are described in Section II.A. The traffic safety plan will be developed and implemented by the sub-borrowers in line with the national requirements and the EHSs, and such requirement for developing and implementing traffic safety measures has been incorporated into the ESCP. The potential adverse environmental impacts at operating stage will typically include noise, dust, nuisance odor, waste gas, solid waste, wastewater, toxic materials and wastes from biocides production. Specifically, slaughter houses will generate livestock manure, animal carcasses, and wastewater, and large livestock farms (equivalent to over 5,000 pigs output per year) will generate significant amount of wastewater and solid waste, some animal carcasses, and strong odor. There will be significant environmental risk and impact on water and soil pollution, and air pollution, at operation stage. In particular, the nuisance odor to be generated during the operation of the livestock farms and slaughter houses will cause significant nuisances to local communities if they are not properly sited. The ESMS has set up an exclusionary criteria for the site location for the livestock farms and slaughter houses to keep them at an appropriate and safe distance from communities. For these large-scale livestock farms and slaughter houses, a full ESIA will be prepared in line with the relevant national laws/regulations, and technical specifications and standards, as well as the ESS3 of the ESF and the EHSs of the World Bank.

Occupational health and safety concerns are related to mechanical injuries by operating machinery, and inhaling fine particles in processing of agro-products, and exposure to toxic materials and wastes. The probability for such risks to materialize is very low, and the impacts are small given the size of proposed sub-projects. In addition, this project will introduce neither invasive species nor GM varieties.

It is expected that this project will not cause significant land conversion and development of new farmland, thus the likelihood of presence of critical natural habitats and legally protected tangible cultural heritages in the project area is very low. Exclusionary criteria have been established under the ESMS to exclude such activities that involve critical natural habitats and legally protected tangible cultural heritages from the project. All of the exclusionary criteria have been integrated into the improved fund management procedure at the early step of screening of candidate sub-projects, and incorporated into the ESCP as well.

Social risks were screened and categorized in the ESMS by the typologies of investment typologies. Leasing of LUR is deemed as the most significant risk under the project in consideration of its size and magnitude and contexts in both crop and livestock sectors. The HADFIC reviewed the regulatory requirements and practices for land leasing in Henan crop and livestock sectors and identified the areas for improvement to assure of full conformance with the ESF requirements. Facilities such as input production, processing, logistics and distribution, etc. can either be located at existing land or new land to be acquired. For existing land, the challenge is to approach to government to find adequate documented evidence to demonstrate its compliance status. Although the new land acquisition may not be large in size, any sub-project involving physical displacement and/or loss of substantive resources will increase the project's social risk profile. The project's impact on ethnic minorities are mainly related to land leasing, resettlement, working conditions, etc. Given the low composition of ethnic minorities in Henan, the likelihood of negative impact to ethnic minorities is considered relatively low. The project would introduce a few direct workers and involve of large number of primary supplier workers, which could potentially increase the risks related to working conditions and community health and safety, if not well managed. Risk associated with child labor is negligible because main labor force engaged in the potential sub-projects are local residents at the age of 40-60 years.



An ESMS, SEP and ESCP, have been developed by the HADFIC as per the requirements of the ESF. The existing policy, procedure for fund management and E&S risks control established in the HADFIC has been assessed and enhanced following the requirements of the ESS9. As part of the ESMS, an E&S management capacity enhancement action plan has been developed, which aims to enhance the awareness and capacity of HADFIC, sub-borrowers, the external E&S experts to implementing the ESMS.

A set of tools have been developed and annexed to the ESMS to facilitate ESMS implementation, including the exclusionary list, E&S screening sheet, subproject's ESRC guidance and reporting template, indicative outline of ESIA and ESMP, enhanced procedure for land leasing, template of subproject labor management procedure, resettlement policy framework (RPF), ethnic minority development framework (EMDF), indicative outline of social due diligence review, subproject SEP template, indicative outline of pest management plan, etc.

Currently, two sub-funds will be established under the proposed project for the purpose of leveraging social capital for specific technology solutions, e.g. livestock waste treatment and disposal solution and high efficiency fertilizers distribution solution. The portfolio of the sub-funds will be exclusively built up for this project and will be directly managed by the HADFIC. At this Appraisal stage, the number of challenge funds to be created is unknown. As such, the ESMS will apply to the whole portfolio of the sub-funds and challenge funds.

Following the ESMS procedures, all sub-projects will be firstly screened against the exclusion list and categorized against the criteria of the World Bank for four tiers of risk rating High, Substantial, Moderate and Low, then assessed for their E&S risks and impacts prior to financing under this project. All sub-projects will be prepared and implemented according to the national regulations and the requirements of the World Bank ESF. Any sub-projects involving potential land acquisition and resettlement, have adverse risks or impact on ethnic minorities, or have significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage are to be classified as high risk or substantial risk. HADFIC has explicitly established the exclusionary criteria to exclude any High-risk activities from the project. E&S documents for sub-projects, following the ESMS, will be prepared by the sub-borrowers, disclosed locally, and revised as needed according to the disclosure. E&S instruments of the sub-projects will be due diligently reviewed by the HADFIC's in-house E&S specialists, subject to spot checks by the World Bank task team as needed. The World Bank will clear the E&S documents for the first three High or Substantial sub-projects representative of the typology of the sub-projects prepared under the project by HADFIC and sub-borrowers. The World Bank review will continue if it is found that quality is low and/or HADFIC has capacity issues in implementing the ESMS.

The E&S documents (i.e. ESMS, ESCP and overall project SEP) were disclosed on HADFIC's website on September 29, 2019, and on the World Bank's website on November 20, 2019. A public consultation workshop on the draft ESMS was carried out by HADFIC on September 29, 2019. The stakeholders are relevant government departments and the representatives of the departments made advices and comments on the use of the legal system in China through the ESMS and these advices and comments were adopted in the revised ESMS.

The project loan amount increased from 200 million USD to 300 million USD in January 2020, which does not result in changes to the project in terms of the project component, investment scope, and the subproject typology. Meanwhile, HADFIC proportionally increased the budget for E&S capacity building. HADFIC has updated the E&S document, which will be disclosed on HADFIC's website and the World Bank's website on February 14, 2020.



ESS10 Stakeholder Engagement and Information Disclosure

The key stakeholders identified at the stage of project preparation include government agencies/department with interest in the project, e.g. natural resource bureau (formulation of land use plan, examination and approval of land use), agricultural bureau (guidance on land use right leasing, and dispute arbitration and resolution), ecology and environment department (examination and approval of environmental impact assessment, supervision and monitor environment quality), department of human resource and social security (formulation of labor-related policies, guidance on implementation of labor policies, and protection of labor's rights and interests), ethnic minority and religious bureau (for confirming status of ethnic minorities in subproject areas), etc.; at the implementation stage, include but not limited to the HADFIC, sub-borrowers under this project, the communities near the processing and storage centers, and manufacturing plants; the farmers or cooperatives to be involved in the use of fertilizers, anerobic digesters, and the wastewater treatment facilities; primary suppliers to the sub-projects and different types of workers within FI and sub-projects, contractors for construction and agriculture products transportation and; persons affected by land acquisition and farmers involved in leasing of land use rights; as well as project beneficiaries. In addition, some government agencies may have interests or influences in the project, e.g. ecological and environmental bureau, department of human resource and social security, administration of work safety, agricultural department (for multi-resistant varieties, leasing of land use rights, etc.), natural resources bureau (for land acquisition and resettlement), and ethnic minority and religious bureau (for confirming status of ethnic minorities in subproject areas) etc. Stakeholders – especially project-affected parties - should be further identified and analyzed during preparation of sub-projects so as to determine the level of engagement that is appropriate for the sub-projects.

At the early stage of preparation, an overall project SEP consistent with the requirements of ESS10 has been prepared by HADFIC. Key contents of the SEP include (a) identification and analysis of stakeholders' demand and features; (b) strategies for information disclosure and consultation; (c) systems to respond to public enquiries and to ensure concerns are recorded and responded to on a timely basis; (d) institutional capacity; (e) grievance redress mechanisms (GRMs), and (f) a template for subproject stakeholder engagement plan. The SEP was disclosed on HADFIC's website on September 29, 2019 and on the World Bank's website on November 20, 2019. Following the loan amount increment, HADFIC updated the SEP accordingly, which will be disclosed on the website of HADFIC and the World Bank on February 14, 2020.

The SEP is a live document, which will be updated during project implementation. Following the SEP, key stakeholders were consulted during the project preparation to inform the establishment of HADFIC's ESMS. A public consultation meeting was held on September 29, 2019 on the draft ESMS. The ESMS was updated considering the feedbacks from the consultation progress. As part of the ESMS, HADFIC has established procedures for stakeholder engagement and external communications on E&S matters proportionate to the risks and impacts of project activities, which is deemed consistent with the requirements of ESS9 and ESS10. As committed in the ESCP, during the project implementation, HADFIC will establish special column on its website to disclose project-related information.

For subprojects, a template for SEP was developed in the ESMS. If a subproject is screened with environmental and/or social risks, a SEP will be prepared and implemented by the sub-borrowers before subproject approval. Key



stakeholders specific to each sub-project will be identified, analyzed, and engaged by the sub-borrowers, and the HADFIC (if necessary) throughout the lifecycle of the sub-projects via the means of interview, public hearings and other methods such as questionnaires and focus group discussion. The sub-borrowers should customize and maintain appropriate GRMs for the subprojects and workers following the ESMS. The E&S documents for sub-projects, e.g. EIA, SIA, ESMP, SEP, RAP, etc. if any, will be disclosed locally and at the website of the World Bank.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This project is a financial intermediary project and relevant aspects of ESS2 apply to the HADFIC itself as well as the sub-borrowers and its subprojects. China's country system on labor and working conditions has been reviewed in the ESMS. It is found that China has established a comprehensive legal system requiring sound and fair treatment of all types of workers, increasing enhancement of occupational health and safety, prevention of child labor use and forced labor etc., which are generally in alignment with the requirements of ESS2. In addition, it is recognized that the labor supervision by different level of authorities (e.g. labor bureaus, work safety bureaus, etc.) are increasingly strengthened. Following the legal requirements, it is mandatory for enterprises to develop and implement labor management policies, sign formal labor contracts, put in place grievance redress mechanisms (supported by the government-managed arbitration and judicial systems), as well as design, install and operate OHS related facilities and measures to protect the benefits and health and safety of workers.

HADFIC has established labor management system and GRM as per national labor laws and regulations. A comparative analysis of HADFIC's labor management system and GRM against the requirements of ESS2 was carried out as part of the preparation of the ESMS. It was concluded that HADFIC has established a comprehensive labor management system and a functioning GRM on ground, providing clear guidelines and procedures for managing labor and working conditions of its staff. HADFIC's in-place practices and performances on management of staff are generally in alignment with the requirements of ESS2. Implementation of the labor management procedure and the worker GRM through the project cycle has been committed by the HADFIC and incorporated into the ESCP.

The subprojects may involve direct workers, contracted workers and primary supply workers. Community workers are unlikely to be involved in consideration of the project nature and employment relationship under the project. The project will directly or indirectly promote leasing of underused farmland for developing agricultural business, which would involve hiring large number of farmers from local communities in a form of seasonal workers. In consideration of the employment relationship between the farmers and subprojects, the farmers involved under the project can be classified as direct workers, contracted workers or primary supply workers according to the definitions of ESS2. The prospective enterprises to be funded may have several primary suppliers located within and beyond Henan Province to supply raw materials for further processing. A small number of contracted workers maybe engaged by sub-borrowers to construct facilities and engineering works under the subproject.

In the ESMS, risks on labor and working conditions for all types of workers were screened by typologies of subproject activities. Key labor related risks are related to possible accidents by conduct of hazardous works, potential worker lay-off or position transition with the input production and processing facilities, and relatively weak labor law



enforcement for seasonal workers at production bases. The risk of child labor or forced labor is minimum, whilst the labor risk with juvenile workers (16-18 years) would exist in a few cases. Since the vast majority of the labors employed or engaged in the project are local residents from nearby communities, the project is deemed as low on gender-based violence (GBV) risk. The occupational health concern is largely related to the production of biocides which may use toxic materials and produce toxic wastes, the mechanical damage by operating machines, inhaling fine particles in producing production inputs, processing of agro-products, for which the risk probability is low, and the impacts are small given the size of proposed sub-projects. Based on such, a template for subproject labor management procedure was created, with an aim to facilitate sub-borrowers to customize a project-specific labor management procedure and GRM in line with ESS2.

A screening checklist, has been included in the ESMS, to cover the potential E&S issues required by ESS2, e.g. significant risk of serious occupational health and safety issues, forced labor and child labor, juvenile workers, GBV risk, etc. All sub-projects should exclude use of any form of child labor or forced labor. Labor from 16-18 should be voluntary and should not be detrimental to education or health. During sub-project preparation, a due diligence review proportionate to corresponding labor and working conditions risks related to each sub-project will be carried out and relevant requirements of ESS2 will apply where sub-projects are found to have significant risks or impacts on labor and working conditions.

The HADFIC will incorporate labor management requirements consistent with national regulations and ESS2 in loan agreements for sub-projects. All subprojects should implement the China's requirements on labor and working conditions and maintain a functioning GRM for workers. For those subprojects identified with significant risks on labor and working conditions, a labor management procedure in line with the ESS2 should be ready before sub-project fund approval. The sub-borrowers should report to HADFIC about the social performances related to its direct workers, contracted workers and primary supply workers, which will be reflected in the Semi-annual Environmental and Social Reports. The labor and working conditions of subprojects are subject to monitoring and supervision by HADFIC. Incidents with any type of labors should be reported to World Bank through the reporting mechanisms established as part of the ESMS.

ESS3 Resource Efficiency and Pollution Prevention and Management

Although Henan Province is a province experiencing water shortage, this project will not significantly increase the water use. Conversely, the project will improve the economic use of irrigation water and reduce the water use at unit farmland area. In addition, the project also will improve the efficiency of energy and materials input in the agricultural activities. Pollution prevention and management is a core part of the project design and will be realized by the management of wastewater, livestock manure, farmland residue; improvement of irrigation water control, and efficient use of fertilizers and adoption of integrated pest management practice. This project may involve use, storage and transport of toxic materials and wastes for biocides production, and production of general wastes, such as solid waste and wastewater. The food processing and fertilizer production businesses will produce noise, solid waste and wastewater. The toxic wastes will be collected, transported and disposed of the licensed companies according to the relevant regulations of China. The general solid waste and wastewater can be treated to effluent standard with commercially available technologies. For the activities involving procurement of pesticides, the criteria for selection and use of the pesticides consistent with the management of pesticides under ESS3 has been adopted in the screening checklist in the ESMS. Given that this project will involve pest management issues or contemplate



activities that may lead to significant pest and pesticide management issues, e.g. the project may involve changed cultivation practices in an area, diversification into new crops in agriculture, intensification of existing low-technology systems, and may finance pest control products that present a large component of the project. Thus, a Pest Management Plan will be prepared by the sub-borrowers for the above cases. An annex of PMP TOR has been prepared under the ESMS to guide the sub-borrowers to develop and implement its PMP.

ESS4 Community Health and Safety

A limited number of workers will be introduced to the site for construction of the facilities given the size of these facilities. In addition, the increased traffic of vehicles transporting equipment and materials on the roads near the communities may pose safety impact. Given the size of each sub-project and its wide dispersion across the whole province, labor influx would be expected to be minor and impacts on communities not severe during construction. Operation of these facilities to be financed by the project requires even less workers. Neither this project will affect any ecosystem services for the communities nor involve the production, use and disposal of hazardous materials. Dams will not be involved in the project.

The local communities will be exposed to increased traffic fleets transporting construction materials and equipment for the sub-projects in countryside. Considering that the public awareness of traffic safety in rural areas of China is weak, the traffic safety risk should be given particular attention. In addition, transport of toxic materials and wastes may cause spill and leakage which will pose health and safety risk to local communities. However, because of the size and nature of the works, the construction of the works will not require large amount of materials, the traffic safety impact is localized and temporary, and can be mitigated easily. An emergency preparedness and response plan should be prepared by the sub-projects involving in the use, storage or transport of toxic materials and wastes. Each subproject will also prepare a traffic management plan in line with domestic requirements and the EHSGs of World Bank.

During implementation, certain number of sub-projects will introduce a few of direct workers, while the number of primary supplier workers may be larger. Site visit to some potential sub-projects found that direct workers for sub-projects are largely from Henan Province and they are living in urban areas where community security is well managed by adequate public security forces and the risk of issues related to influx of direct workers is considered low. With regards to primary supplier workers, most of the primary supply workers working on production bases are from the local communities. Risks and impacts on community health and safety will be furthered identified and analyzed during preparation of sub-projects when the draft sub-project pipeline as well as more information on influx of labors are available.

During the operation of the project, the nuisance odor, vectors, emissions, and biogas produced in bio-gas digesters, from livestock farms and slaughter houses, may pose health and safety risks to the communities nearby. The screening list include the criteria for the siting of livestock farms and slaughter houses to be far from local communities or leeward of the communities. In reality, the livestock farms and slaughter houses should be located in remote areas from human developed areas for the reason of epidemics prevention.



A screening checklist in the ESMS has been set up to cover the potential E&S issues for ESS4, e.g. traffic safety, influx of migrant workers, gender-based violence (GBV), etc. Relevant requirements of ESS4 will apply where sub-projects are found to have significant risks and impacts on community health and safety in case of a specific sub-project.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The project is designated to invest in both expansion and new initiatives proposed by enterprises which are willing to comply with relevant green policies and standards and demonstrate a demand for green technologies. Regarding investment in expansion, the social screening identified that it normally happens within the existing land owned by the dragon head enterprises. In case of new initiatives, two types of land accesses, i.e. permanent land acquisition and temporary land occupation, will be required, resulting in physical and/or economic displacement. Permanent land acquisition is required to accommodate the workshops for manufacturing green inputs and equipment, and the footprints for green agriculture products storage and processing equipment and facilities. Temporary land occupation is needed for associated temporary project activities for which disturbed land can be restored to its original status after completion of project activities. Primary beneficiaries of investments for supply of green inputs and equipment, as well as processing and circulation of agro-products are expected to be located in designated industrial areas, which will be largely built up on existing industrial land. If some new land acquisition is required, it is usually carried out in coordination with relevant local land zoning regulations. Physical and/or economic displacement is therefore anticipated to be low to moderate risk in consideration of the nature and potential locations of sub-projects.

The ESMS defines resettlement impact as “minor” if the affected people are not physically displaced and less than 10% of their productive assets are lost. The screening checklist has consolidated relevant elements for identifying application of resettlement due diligence review (DDR), resettlement planning, environment and social risk classification. The policy framework established as part of the HADFIC’s ESMS includes provisions on due diligence review for existing land and past resettlement occurring prior to a specific sub-project activity as well as a stand-alone RPF considering potential new land acquisition and resettlement. The RPF as an annex to the ESMS was disclosed on HADFIC’s website on September 29, 2019 and on the World Bank’s website on November 20, 2019.

During implementation, the HADFIC will conduct screening for identification of resettlement impacts and risks. A due diligence review should be carried out by HADFIC to assess compliance status of existing land and past resettlement and identify any complaints, grievances and outstanding issues (if any) and determine measures to close identified issues and gaps. The due diligence should generally review prior resettlement within a time frame of approximately three years prior to subproject request for financing, but will consider the context of specific subprojects and significance of prior resettlement on a case by case basis. Non-minor land acquisition that was undertaken or initiated in anticipation of or in preparation for specific subprojects should meet relevant requirements of ESS5. All subprojects involving minor new resettlement should be prepared and implemented according to national regulations. For subprojects with the resettlement risk classified higher than minor, a Resettlement Action Plan (RAP) should be prepared by the sub-borrower in alignment with the RPF. The RAP should be disclosed locally and on the website of HADFIC and World Bank and revised in accordance with feedbacks for the disclosure.

Clearance of RAP and resettlement DDR report will be managed by HADFIC’s in-house E&S specialist, subject to spot check by the World Bank as needed. The World Bank will clear the first three RAPs and DDR reports and will retain the right to review and clear RAPs until the World Bank Team is convinced that HADFIC demonstrates adequate



capability to screen and manage E&S issues. Resettlement should be carried out in alignment with the ESMS and the cleared RAP and DDR report. HADFIC will monitor land acquisition by subprojects and report its performance to World Bank through the Semi-annual Environmental and Social Reports as set out in ESS9.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This project will not lead to significant land conversion. In addition, given that the project area is in the rural and suburban area which is already intensively developed by human activities for thousands of years, the possibility of existence of critical habitats is very low. However, for precautionary reasons, exclusion criteria relating to biodiversity / natural habitats have been developed and included in the ESMS to exclude impacts on critical habitats and avoid / minimize impacts on natural habitats. The screening checklist for modified habitats, natural habitats and critical habitats has been included in the ESMS. In addition, this project will neither introduce alien species nor purchase and use natural products.

The project also will have positive impact on the animal welfare. Given that the project would support large scale livestock farms and slaughter houses, the requirements for considering the Mammalian Livestock Production has been listed in the EIA TOR of the ESMS. Thus, the project would raise the awareness about the GIIP (such as IFC Good Practice Note on Improving Animal Welfare in Livestock Operations) in animal husbandry techniques, encourage its application where financially and technically feasible.

In addition, the use of multi-resistant varieties (MRVs) may cause certain environmental concerns in terms of genetic pollution and genetic migration, and potential health damage to people who consume them if genetically modified (GM) varieties are adopted in the project. Through consultation with relevant government departments in Henan per the SEP, it is learned that producers in Henan has been using multi-resistance crop varieties for many years, and all of them are hybridized forms of various crops, with the exception of cotton which is genetically modified. Thus the environmental risk of the MRVs can be negligible in Henan. However, for the precautionary reason, an exclusion criterion to exclude the GM from the project has been established and incorporated into the ESMS.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This project will contribute to promoting green agriculture growth in Henan Province and all the eligible sub-projects under the project will be located in Henan Province. Henan Province, located in central China, is a traditional ethnic Han Chinese dominated province. As of 2018, there are 55 ethnic minorities living in Henan Province, accounting for 1.22% of the total population in the province and of which Hui is the largest ethnic minority group (Hui accounts for 85% of the total population of ethnic minorities in Henan). ESS7 is considered relevant at Appraisal stage because some subprojects will be potentially located in areas with the presence of ethnic minorities, to whom adverse impacts may be induced in the forms of leasing of land use rights, land acquisition and resettlement, or labor and working conditions, etc. In consideration of the project's geographical coverage, the likelihood of the project's negative impacts to ethnic minorities is deemed low.

The policy framework established as part of HADFIC's ESMS includes provisions on screening and identification of ethnic minorities as well as a stand-alone EMDF. The EMDF as an annex to the ESMS was disclosed on HADFIC's website on September 29, 2019, and on the World Bank website on November 20, 2019.



During the implementation, due diligence review carried out by HADFIC will identify ethnic minorities and screen potential adverse impacts on ethnic minority, inter alia the circumstances that will trigger free, prior and informed consent (FPIC). The sub-borrowers, with the assistance of independent specialists, are required to obtain FPIC from the ethnic minorities when any subjects (i) having adverse impacts on land and natural resources subject to traditional ownership or under customary use or occupation; (b) causing relocation of ethnic minorities from land and natural resources subject to traditional ownership or under customary use or occupation; or (c) having significant impacts of ethnic minorities' cultural heritage that is material to the identity and/or cultural, ceremonial, or spiritual aspects of the affected ethnic minorities' life.

HADFIC is required to establish capable and dedicated in-house human resources to identify and manage safeguard issues. Once ethnic minority is identified within the area of influence of a subproject, the World Bank will confirm the screening results. If one subproject poses adverse impact on ethnic minority, an Ethnic Minority Development Plan (EMDP) will be prepared by the sub-borrower in accordance with the provisions set out in EMDF.

Clearance of EMDP will be managed by HADFIC's in-house E&S specialist, subject to spot check by the World Bank as needed. The World Bank will clear the first three EMDPs and will retain the right to review and clear EMDP until the World Bank Team is convinced that HADFIC demonstrates adequate capability to screen and manage E&S issues. HADFIC will monitor the project performance in relation to managing adverse impact on ethnic minorities and report it to the Bank through the Semi-annual Environmental and Social Report as set out in ESS9.

ESS8 Cultural Heritage

As described in II A, the subprojects are unlikely to be located in or in the vicinity of legally protected tangible cultural heritages and recognized cultural heritage sites. The project also unlikely involves the risks on intangible cultural heritage because it does not intend to use such cultural heritage for commercial purposes. Exclusionary criteria have been established to avoid material impacts on cultural heritages in the ESMS. The procedure for screening and consultation for tangible and intangible cultural heritages, especially for those meaningful to local communities, has been included in the ESMS. The ESMS has provided a TOR for EIA/EMP which includes elements to manage potential chance finds associated with the sub-project activities.

ESS9 Financial Intermediaries

Per the loan management structure for the 300 million USD loan from the WB, a new fund at amount of 285 million USD will be created under the HADFIC. Some sub-funds will be created and directly managed by the HADFIC for specific technical innovations. The portfolio for this project will be established separate from the existing agricultural portfolio under the HADFIC and its sub-funds. Challenge funds will be created under the TA component to create a platform and a venture capital product for supporting emerging technologies and high impact solutions for green agriculture. The HADFIC will employ an innovative way to invest the fund via equity debt financing and leveraging social capitals. The requirements of ESS9 and relevant ESSs of the ESF will apply to each of the subprojects under the green agriculture fund, sub-funds and challenge funds.



HADFIC has developed an ESMS per the requirements of the ESS 9, which is proportionate to the project risks and impacts. HADFIC's ESMS includes: (a) E&S policy, (b) E&S procedures (exclusions, screening, categorization, document preparation, review and monitor, and stakeholder engagement), (c) capacity for assessing, managing, and monitoring risks and impacts of subprojects and designation of a responsible senior management position for reporting; (d) monitoring and review of E&S risks of subprojects and the portfolio, and (e) external communication mechanisms. Among the ESMS, the exclusionary criteria, and screening checklist have been developed for, but not limited to, the relevant considerations under each ESS for categorization purpose. Generally, subprojects classified as "High" risk according to World Bank ESF are not eligible, unless agreed by the World Bank and meeting the requirements of relevant Environmental and Social Standards. Since some funds may be lent to existing business, the ESMS has set out clear procedures, with the TOR prepared, for the required E&S due diligence of such existing businesses. The HADFIC is committed to ensuring sufficient capacity and financial and human resources in carrying out such due diligence review.

As part of the ESMS, an E&S management capacity enhancement action plan was designed based on the gap analysis on HADFIC's existing procedure and capacity against the ESS 9 to ensure HADFIC, sub-borrowers and the external E&S experts can retain the capacity of implementing the ESMS and managing the significant risks of the project. This capacity enhancement action plan includes the (a) enhancement and roll-out of relevant operational policies and procedures; (b) establishment of an International Cooperation Unit for GAF management; (c) assignment of one senior vice-manager for E&S risk management; (d) assignment of an E&S management liaison staff in the International Cooperation Unit; (e) recruitment of one full-time dedicated environmental specialist and one full-time social specialist in the Risk Control Unit, responsible for day-to-day ESMS implementation; (f) engaging external technical expertise to carry out due diligence and E&S risk management, and capacity training as well, (g) strengthening capacity and awareness of the sub-project management teams with HADFIC; and (h) training programs as part of TA component for HADFIC's direct employees, external consultants and sub-borrowers, as specified in the ESMS.

During the implementation stage of the project, all candidate sub-projects will be screened against the exclusionary criteria and screening checklist, categorized and assessed for their E&S risks and impacts prior to financing under the project. Any sub-projects involving potential land acquisition and resettlement; or adverse risks or impacts on indigenous peoples; or significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity or cultural heritage are to be classified as high or substantial and will apply relevant ESSs. All subprojects should be prepared and implemented according to relevant E&S national laws and regulations.

Stakeholder engagement under this project is discussed in Section ESS10 under Section B.1. The HADFIC disclosed the ESMS, ESCP and overall project SEP through its website on September 29, 2019 and at the Bank's website on November 20, 2019. Following the loan amount increment in January 2020, HADFIC updated the E&S document (ESMS, ESCP, and the overall SEP), which will be disclosed on the websites of HADFIC and the World Bank on February 14, 2020. The HADFIC will require its sub-borrowers to disclose, in relation to FI subprojects, any environmental and social instruments and monitoring reports.

As part of the ESMS, HADFIC has mainstreamed monitoring and reporting on environmental and social performance implementation, which is consistent with the relevant requirements of ESS9. HADFIC will submit to the World Bank Semi-Annual Environmental and Social Reports on the ESMS implementation on the Bank-financed GAF portfolio.



Third-party environmental and social monitoring will apply at the subproject level related to the application of relevant Environmental and Social Standards (ESSs). The Environmental and Social Management Plan (ESMP) of a specific subproject will set out the types of monitoring (internal or external) for the subproject’s E&S impacts and mitigations. The World Bank and HADFIC will agree on the format, indicators, content, and frequency of the third-party monitoring reports on a case-by-case basis.

B.3 Other Relevant Project Risks

No

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

This project is not located in any international waterways.

OP 7.60 Projects in Disputed Areas

No

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

Public Disclosure

DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED	TIMELINE
ESS 1 Assessment and Management of Environmental and Social Risks and Impacts	
Approval and rolling-out of Environmental and Social Management System in alignment with ESS9 before the project loan effectiveness	06/2020
Establishment of the GAF Management Unit for the project fund management	06/2020
Semi-annual environmental and social monitoring reports that show the status of compliance with the ESMS and the ESCP	12/2020
Environmental and Social Risk Screening Forms for potential sub-project to be filled in at the screening stage following ESMS procedure for all subprojects	12/2020
Notifying the World Bank of any environmental and social accidents/incidents within 48 hours after learning of the accidents/incidents and providing a subsequent report within the timeframe acceptable to the World Bank as requested	12/2020
Environmental and Social Risk Classification Report following the ESMS	12/2020
Environmental and Social Impact Assessment and/or other applicable environmental and social documents for selected sub-projects prior to sub-project loan approval	12/2020



Submitting the E&S documents for the first three High or Substantial sub-projects representative of the typology of the sub-projects to the World Bank for prior review and clearance. The World Bank review will continue if it is found that quality is low and/or HADFIC has capacity issues in implementing the ESMS.	12/2020
Notifying the World Bank any substantial increase in a subproject’s risk profile and applying relevant requirements of the ESSs in a manner agreed with the World Bank	12/2020
ESS 10 Stakeholder Engagement and Information Disclosure	
Overall Project Stakeholder Engagement Plan consistent with ESS9	11/2019
Establishment of grievance redress mechanisms by HADFIC and the subprojects	11/2019
Setting up a column on HADFIC’s official website to disclose project information	06/2020
Stakeholder Engagement Plan for the first subprojects with environmental and social risks consistent with ESMS and ESS10	12/2020
ESS 2 Labor and Working Conditions	
Establishing the labor management procedure consistent with ESMS and ESS2 for the subprojects that involve significant risks or impacts on labor and working conditions before investment approval and maintaining it throughout the subproject lifecycle	12/2020
Provisions in subproject loan agreements to ensure labor management requirements consistent with national laws and ESS2	12/2020
ESS 3 Resource Efficiency and Pollution Prevention and Management	
Provisions in subproject loan agreements to ensure incorporation of pollution control compliance requirements.	12/2020
ESS 4 Community Health and Safety	
Health and safety assessments and approvals from relevant authorities to ensure subprojects in compliance with national laws/regulations requirements at the investment approval stage	12/2020
Sub-borrowers to develop and implement traffic safety management plan to manage road safety risks and impacts over the subproject cycle	12/2020
Preparing an Emergency Preparedness and Response Plan for any subprojects involving toxic and hazardous materials and wastes.	12/2020
ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	

Public Disclosure



The Resettlement Action Plan(s) consistent with ESMS and ESS5 for the subprojects involving resettlement with the risk higher than minor (no physical displacement or losing less than 10% of productive resources)	12/2020
Resettlement due diligence review report(s) for past land acquisition and resettlement consistent with ESMS and ESS5	12/2020
ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	
Environmental and Social Risk Screening Forms of ESMS and Environmental and Social Impact Assessment when applicable (for Substantial or High subprojects)	12/2020
ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	
Ethnic Minority Development Plan(s) consistent with ESMS and ESS7 for the subprojects resulting in adverse impacts on ethnic minorities	12/2020
ESS 8 Cultural Heritage	
Provisions in sub-project loan agreement requiring compliance with chance-finds procedures	12/2020
Cultural heritage management plan(s) for sub-projects when applicable	12/2020
ESS 9 Financial Intermediaries	
Assigning the senior vice-manager for environmental and social risk management	06/2020
Recruiting one full-time environmental specialist and one full-time social specialist in the Risk Control Unit	06/2020
Assigning one environmental and social management liaison staff in the International Cooperation Unit	06/2020
Implementation of environmental and social management capacity enhancement action plan	06/2020

Public Disclosure

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework?

No

Areas where “Use of Borrower Framework” is being considered:

There is no existing Borrower framework to rely on in this project case because the Borrower (HADFIC) does not have existing environmental and social system. Moreover, since green agriculture is a recently emerging sector, the applicability of E&S legal framework in China for sub-projects with high or substantial risk is not recommended.



A value addition of this project will be the establishment of ESMS and strengthening HADFC’s capacity consistent with the requirements of the ESF and commensurate with the level of risk, under which all subprojects will be prepared and implemented in accordance with national laws and regulations, with relevant ESS requirements applying to subprojects classified as high and substantial risks.

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: People’s Republic of China

Implementing Agency(ies)

Implementing Agency: Henan Agriculture Development Fund Investment Corporation

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Sitaramachandra Machiraju, Paavo Eliste
Practice Manager (ENR/Social)	Susan S. Shen Cleared on 12-Feb-2020 at 23:41:1 EST
Safeguards Advisor ESSA	Peter Leonard (SAESSA) Concurred on 20-Nov-2019 at 23:41:4 EST

Public Disclosure