

European Investment Bank Forestry  
Framework Loan-financed

Forest

Sustainable Management Project in  
Qiandongnan Prefecture, Guizhou

Project Social Impact  
Assessment Report

**Forest Survey, Planning and  
Design Institute of Qiandongnan Miao  
and Dong Autonomous Prefecture**

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## Chapter 1 Preface

The European Investment Bank requires that all projects that have potential significant adverse social impacts shall carry out social impact assessment (SIA) according to the scope and size of social risks specified in the *European Investment Bank European Union Social Legislation Reference*. The assessment shall also use the social impact assessment guidelines in the *European Commission's Impact Assessment System* and the result and suggestions shall comply with the bank's requirements to get support of the loans.

The purpose of the SIA is to ensure the investment project can promote participation of relevant stakeholders, especially disadvantaged groups like poor households, ethnic minorities and women, and benefit them during project design and implementation. In the meantime, the SIA shall identify and analyze potential social risks and opportunities related to land use right from the perspective of different interest groups. Besides, a set of baseline investigation data and information shall be established through SIA to offer reference for future impact monitoring and assessment.

Major objectives of the SIA include: (1) to learn about the basic situation of social and economic development in project regions and analyze major social factors that will affect realization of the project targets; (2) to identify major stakeholders, carry out project participation activities for major stakeholders, and analyze their demands and impacts on them; (3) to assess potential positive and negative impacts of the project and analyze potential social risks; (4) to incorporate social factors related to realization of project targets in the project's conceptual design and put forward measures to avoid or reduce negative impacts.

## **Chapter 2 Steps, Tasks and Methods of the SIA**

### **2.1 Steps and Tasks of the SIA**

The social impact assessment of Qiandongnan Miao and Dong Autonomous Prefecture (hereinafter QDN) forest sustainable management project is carried out by an independent SIA expert in cooperation with Forestry Survey and Design Institute of Qiandongnan Miao and Dong Autonomous Prefecture. The work was started in mid May 2014. Questionnaire and interview survey

was finished in early August. The initial draft of SIA report was submitted in late November. Grass-roots forestry cadres were trained and then collected baseline data of affected groups and carried out participative interview survey in project areas. The SIA team had informal discussions with farmer households, village cadres, and departments of county governments, workers of forest farms and heads of companies.

## **2.2 Methods of the SIA**

Participative analysis is a basic method of SIA. On the basis of systematic survey at social levels involved in the project design, the SIA analyzed the composition of stakeholders in the project, comprehensively assessed potential risks of negative impacts and the possibility of enhancing the project's positive impacts, and proposed constructive suggestions as to how to avoid or mitigate negative impacts. The use of participative analysis in the SIA can ensure comprehensive discrimination of various potential risks of negative social impacts. The conclusion and suggestions of the SIA were based on adequate consultation with affected groups and respect for local knowledge. Such a practice enables the project to meet the needs of the project's actual participants better. The participative method also increased the project's popularity.

Relevant project information was extensively shared so that the preparatory work was more practical and opportunities to participate in the project became fairer. The SIA report adopted a standardized assessment method and paid close attention to issues like the participation of ethnic minorities, equality of men and women, and the participation of disadvantaged groups.

The SIA team selected communities and farmer households as survey samples according to the following standards:

(1) The SIA shall be carried out around construction tasks of the project;

(2) Sampling: select samples from all of the six project counties; select one relatively wealthy forest farm, one middle-income forest farm and one relatively poor forest farms. The selected forest farms fully reflect the difference and diversity of local forest resources

(3) Select three administrative villages from each project county as survey samples, including one relatively wealthy village, one middle-income village and one relatively poor village;

(4) The administrative villages selected shall include different natural villages and residents of different ethnic groups;

(5) Women shall represent a certain proportion of the interviewees.

## **Chapter 3 Policy Framework**

### **3.1 National Forestry Development Policies**

Regulations of the People's Republic of China on Natural Reserves (Decree No. 167 of the State Council), 1994

Regulations of the People's Republic of China on Wild Plants Protection (Decree No. 204 of the State Council), 1996;

Opinions on Strengthening Ecological Protection Work (No.785 of the National Environmental Protection Agency), 1997;

Regulations on the Protection of Basic Farmland (Decree No. 257 of the State Council), 1998;

Notice on Further Strengthening Administration of Domestic Natural Reserves (Decree No. 111 of the State Council), 1998;

Regulations for the Implementation of Forestry Law of the Peoples Republic of China (Decree No. 278 of the State Council), 2000;

Detailed Rules for the Implementation of the Water Pollution

Prevention and Control Law of the People's Republic of China (Decree No. 284 of the State Council), 2000;

National Outline of Ecological Conservation (GF No.38), 2000;

China's National Climate Change Programme, 2007;

Notice on Printing and Distributing the Request of the National Development and Reform Commission on Using European Investment Bank Climate Change Mitigation Loan Framework Program, FGWZ No.2503 of National Development and Reform Commission, 2007;

Directory of Major Rare Tree Species Planted in China issued by the State Forestry Administration, 2006;

Measures on Management of Pilot Counties in Breeding National Rare Tree Species (Trial) issued by the State Forestry Administration, 2013.

## **3.2 Current Forest Ownership System Reform-Contracting of Collective Forest Lands**

### **3.2.1 Forest Land Ownership Policies**

Article 3 of the *Forest Law of the People's Republic of China*

stipulates that the state has the ownership of forest resources excluding those specified under law belonging to the collective. State-owned and collective-owned forests, woods and forest lands, individual-owned woods and individual-used forest lands shall be registered at local people's governments at or above the county level and relevant authority should issue the certificate confirming the ownership or right to use. Legitimate rights and interests of owners and users of forests, woods and forest lands are protected by law upon which no unit or individual shall infringe. The *Administrative Measures for Ownership Registration of Woods and Forest Lands* stipulates that the owners of forest rights refer to those who possess the ownership or use right of forests, woods and forest lands. According to the *Forest Law* and its implementation regulations, in the case that the issuance of Forest Rights Certificates by competent forestry authorities under the State Council or people's governments of provinces, autonomous regions and municipalities directly under the Central Government and people's governments of cities with districts and autonomous prefectures, the registration authorities shall inform relevant local people's governments of the issuance situation of Forest Rights Certificates. The *Measures for Handling Disputes over Ownership of Woods and Forest Lands* stipulates that before



the settlement of a dispute over forest rights, no unit or individual may cut the woods involved in dispute, or carry out capital construction or other productive activities on the forest lands involved in dispute.

On July 16, 2008, the State Forestry Administration issued the *Regulations on Contracting of Collective Forest Lands*. It stipulates that all collective lands that are planted with woods or covered by vegetation shall be contracted to farmers, the contract period of forest land use right shall be 70 years, and the contractors can apply for extension of the contract period. The contracted lands can be subcontracted, mortgaged and used as investment capital for cooperative development. Forest land contractors can subcontract the management right and use right, mortgage the forest lands as property, and use the forest lands as capital in cooperative business. According to the new forest lands contracting policy, the contract period is 70 years and the contract period can be extended. Forest land contractors can subcontract management right and use right of the forest lands, mortgage the forest lands as property, and use the forest lands as capital in cooperative business. Such a property right system grants contractors more management rights and arouses the enthusiasm of farmers towards using forest land resources.

### 3.2.2 Forest Land Management Policies

Article 5 of the *Forest Law of the People's Republic of China* stipulates that forestry construction pursues the policy of universal forest protection, afforestation on a large scale, combination of cutting and cultivation and sustainable exploitation with silviculture as the basis. The first paragraph of Article 8 in the law also stipulates that we shall practise quota forest cutting, encourage afforestation and close hills and mountains to facilitate afforestation and expand forest coverage. Those afforestation promoting laws coexist with cutting policies which are based on the protection of natural forests. In August 2002, the priority of cutting was shifted from natural forests to planted forests and relevant cutting rights were straightened out. That year, the State Forestry Administration adjusted policies for the cutting management of commercial plantation so as to meet the needs of socialist market and forestry development and accelerate the shift of cutting priority from natural forests to planted forests. In terms of cutting quota management, a classification-based licensing system is implemented, the industry is further market-oriented, and science & technology and sustainable development of forestry are taken as the basic principles.

### **3.3 Other Policies**

#### **3.3.1 Poverty Relief Policies**

To help poverty-stricken areas ease burden, China's poverty relief policies mainly focused on two aspects since implementation of the reform and opening-up policy in the 1980s: (1) Burden lightening policies. The state successively implemented a series of policies in poverty-stricken areas, including reduction of contractual grain purchase quota, freeing sales prices of farm products, reduction or exemption of agricultural taxes, exemption of national key energy and transportation construction fund, and exemption of income tax for newly opened development enterprises, etc. The advantage is that they lessen the burden on poor people due to price freeing for means of production and grain price increase, further arouse the vitality and vigor of rural economic development, and promote institutional reform and transformation of government functions in rural areas. The disadvantage is that after the reform of taxes and administrative charges, fiscal difficulties in most rural areas haven't been fundamentally improved, reduction of agricultural taxes causes great pressure on the grass root, normal operation of rural grass-roots political authorities will be seriously affected, and some deep-level contradictions in rural areas will continue to emerge and

intensify. (2) Self improvement policies. First, improving urban-rural rescue system. Existing problems in China still lie in the big gap between urban and rural areas, especially the gap between eastern and western areas. Most poor people in China are concentrated in mountainous rural areas in the central and western parts which are neglected due to shortcomings in traffic and other aspects. Therefore, some industries can be removed from cities to those areas. This will not only drive economic development in those areas, but also create jobs for local residents, thus securing basic livelihood of poor people and achieving the effect of urban areas feeding rural areas. Second, implementing limited welfare system. At present, China's welfare system is far behind western developed countries, but China is absolutely capable of ensuring adequate food and clothing for poor people. In the meantime, China will strengthen infrastructure construction, such as improving traffic, education and health facilities to ensure that villages are neat and have access to roads, water supply and electricity, and enhance the construction of school and medical infrastructure.

### **3.3.2 Forestry Policies and Anti-poverty Policies in Ethnic Minority Areas**

All of the four key areas and four key projects in the national

ecological environment construction plan determined by the Chinese government lie in ethnic minority areas. Karst areas in southern China, including Guizhou, belong to the category of environment sensitive areas and they have always drawn close attention of governments at all levels. Most of them are inhabited by ethnic minorities. According to the *Outline for Development-oriented Poverty Reduction for China's Rural Areas (2011-2020)*, the national government will continue to give major support to autonomous regions of ethnic minorities, and almost half of the poverty-stricken counties recognized by the state are located in autonomous regions of ethnic minorities. Regarding forestry and the ecological environment, the outline stipulates that compared with the end of 2010, the forest coverage in poverty-stricken areas shall increase by 1.5% by 2015 and by 3.5% by 2020. The *Comprehensive Outline of Guizhou for the Control of Stony Desertification in Water Conservancy Construction and Ecological Construction (2011-2020)* stipulates that by 2020, engineering water shortage and ecological environment in Guizhou shall be gradually relieved, green shelters in Yangtze River Valley and Pearl River Valley shall be built, measures shall be developed to transform economic development mode in poverty-stricken areas, so as to promote sound and fast economic and social development

and steadily achieve the goal of getting rich in Guizhou.

### **3.3.3 Laws and Policies for Women**

It's a basic national policy to realize equality of men and women. The *Constitution of China* explicitly provides that "women shall enjoy equal rights with men in all spheres of political, economic, cultural, social, and family life." In 1994, on the basis of the *Law on the Protection of Rights and Interests of Women*, China issued the *Law on Maternal and Infant Health Care*. In 2001, China revised the *Marriage Law* and some other laws, and those laws were later strengthened by the *Outline Programme for Development of Chinese Women (1995-2000)* and the *Outline Programme for Development of Chinese Women (2001-2010)*, and the *Outline Programme for Development of Chinese Women (2011-2020)*, which were formulated for practical problems and paid particular attention to issues related to basic rights of rural women. The *Outline Programme for Development of Chinese Women (2011-2020)* incorporates social gender consciousness into legal system and public policies, and proposes to promote comprehensive development of women, promote harmonious development of men and women, promote development of women in step with economic and social development, guarantee that

women can equally get economic resources and participate in economic development, equally participate in the management of national and social affairs, and equally enjoy social security. Those outlines pay special attention to basic rights related to rural women. Those outlines pay special attention to issues related to basic rights of rural women. Article 6 of the *Law of the People's Republic of China on the Contracting of Rural Land* stipulates that women enjoy equal rights with men in contracting rural land. In the contracting of rural land, the lawful rights and interests of women shall be protected, and no organization or individual may deprive women of or encroach on their due land contractual management rights.

## **Chapter 4 Main Stakeholders**

The project aiming to build QDN national ecological civilization demonstration zone focuses on the building of green shelters along the upper and lower reaches of Yangtze River and Pearl River to provide ecological safety guarantee for economic and social development along the middle and lower reaches. The project is mainly aimed at sustainable forest management, which includes

not only management and transformation of existing forests but also afforestation of characteristic economic forests and indigenous rare tree species and involves stake holders in all aspects. Direct stakeholders include applying farmer households, villages, companies/specialized afforestation households, State Forestry Administration, Guizhou provincial government, QDN government, forestry bureaus of project counties and township forestry stations, state-owned forest farms and disadvantaged groups. Indirect stakeholders include governments of project counties, governments of townships where the project is implemented, non-applying farmer households in project areas, and farmer households in surrounding areas.

#### **4.1 Applying Farmer Households**

Applying farmer households are direct participants and direct beneficiaries in the project. The term farmer household may refer to (1) farmer households living in villages with little land, not much access to water supply, electricity and roads, and extremely poor life. It may also refer to (2) individual entrepreneurs in rural areas. They are large in number and they live in rural areas or towns. Before they participate in forestry projects, some of them farm, some do business in towns and some work in government



departments. They are a relatively successful group and enjoy certain social standing. Individual entrepreneurs which specialize in forestry, a.k.a specialized afforestation households, usually plant trees in large areas around 100-200 ha. They have channels to get support from forestry departments and they have certain economic strength. Some of them contract land to plant trees, and they have mastered certain techniques and accumulated a lot of management experiences. Therefore, farmer households of this type are put in the same category with forestry companies. (3) Farmer household may also refer to ordinary farmer households which represent the majority. Afforestation is a traditional production pattern for them, and they used to participate in small-scale afforestation projects funded by different departments.

The SIA team found through careful investigation that for poor farmer households, on one hand, they don't have much land or abundant forest land resources; on the other hand, they are short of labor or they don't have special planting techniques and labor skills. It's less likely that they participate in forest management and they have little willingness to participate in the project. Because afforestation doesn't require many skills, poor farmers participate in the project more as seasonal workers. For middle-income farmer households, most of them have certain amount of land and forest

land resources and some economic basis, and they expect to participate in the project to increase their income and improve their living quality. They are more enthusiastic towards participation in the project than poor farmer households. For wealthy farmer households, they have strong economic basis and certain standing in villages or towns. They possess large areas of land and forest lands by contracting. They have carried out forest farm operations with support of local forestry departments, and they have mastered certain afforestation techniques and accumulated rich experiences in forestry management. They enjoy a lot of conveniences and can benefit most from participation in the project. The table below presents a comparison of the impacts of the project on different farmer households:

**Table 1 Comparison of Impacts of the Project on Farmer Households at Different Economic Levels**

<b>Farmer Household</b>	<b>Positive Impacts</b>	<b>Negative Impacts</b>	<b>Conclusion</b>
Poor	The project will create job opportunities and improve production and living conditions for them; due to poor participating ability, positive impacts on them are not as obvious as on large-scale farmer households.	Because they have limited land and labor and they are short of funds, they have limited opportunities to participate in the project. .	Risky of being marginalized

Farmer Household	Positive Impacts	Negative Impacts	Conclusion
Middle-income	The project will strengthen infrastructure construction and improve production and living conditions; the positive impacts are great.	After project implementation, forest management and tending will be strengthened and traditional forest utilization pattern will be changed.	Main beneficiaries
Wealthy	They have contracted barren hills and lands in large areas. They have strong participating ability. The impacts on them are obvious.	NA	Principal beneficiaries

According to field survey and questionnaire survey, farmer households basically welcome the project and review the project favorably. They are willing to participate in the project implementation. Regarding the form of project management, they require private management superior to forestry cooperative. Farmer households which implement afforestation are direct beneficiaries of the project. Farmer households which don't participate in the project can indirectly benefit from the project by working as seasonal workers or permanent workers.

## 4.2 Administrative Villages

Villagers committees of administrative villages are responsible for coordinating contacts between the villages and forestry bureaus,

forest farms and afforestation companies in project counties, organizing villagers to participate in the project, and sending project information to villager groups. After the reform of forest rights system, collective forest lands are contracted by farmer households. Village collectives are not very interested in directly participating in afforestation projects. Most afforestation activities are carried out by individual farmer households.

### **4.3 Companies/Specialized Afforestation Households**

Companies/specialized afforestation households will be one of project implementation subjects. Companies/specialized afforestation households are advantageous in technology and funds, and some have the demand of building materials processing bases. Although company is an enterprise organization form while specialized afforestation household is one or several natural persons, they have the same status in the project. Both of them have to get forest land use rights from farmer households through forest land transfer, both of them have certain amount of funds, and both of them carry out forestry operating activities to make profits. The project will choose companies with operating conditions, sound financial status, high solvency and stable operations as project implementation subject and preliminarily determine the participating

companies/specialized afforestation households. The project will adopt a companies/specialized afforestation households+ farmer households mechanism in which companies/specialized afforestation households provide money and farmer households provide land and labor, and an agreement will be signed to clarify respective responsibilities, rights and interests.

#### **4.4 Forestry Bureaus and Township Forestry Stations of Project Counties**

As forestry management authority at county level, county-level forestry bureaus usually execute all kinds of large-scale forestry projects, including ecological public welfare forest projects. As the subject of organization and management in this project, county-level forestry bureaus are important stakeholders. Township forestry stations, as grass-roots technical department, accept business instructions from county-level forestry bureaus, assist township governments in organization, and instruct village collectives and individuals to carry out forestry production and operation activities. They publicize forestry science and technology and offer socialized services like technical training, technical consulting and technical services to provide services before, during and after production to forest farmers.

## **4.5 State-owned Forest Farms**

State-owned forest farms are important stakeholders in the project. This project involves seven state-owned forest farms in which four are public welfare forest farms and three productive forest farms. They have abundant experiences in forestry production and operation, relatively profound financial and technical strength, and the willingness to improve forest management. In addition, most of them have implemented certain international forestry projects (World Bank-funded forestry projects) in which they get familiar with management and operation of international forestry projects. As borrower and debt repayer in the project, state-owned forest farms will participate in the afforestation project independently, or by leasing forest lands from local villagers and hiring farmer households to plant, tend and manage the forests, or by joint operation with villagers or private forest farm owners.

## **4.6 Special Groups**

### **4.6.1 Poverty-stricken Communities and Farmer Households**

Extremely poor farmer households living in communities with little land and without access to water supply, electricity and roads will undoubtedly be disadvantaged groups in the project if they

participate in it. They have low income, poor knowledge and skills and inadequate resistance against risks. After the reform of collective forest rights system, forest lands are dispersive and forest operating benefit is low. In addition, they don't have the funds or economic capability to lease collective forest lands or carry out large-scale operations jointly with other forest lands. Most of them have to lease out their forest lands to companies/specialized afforestation households but they may not receive fair and reasonable treatment in profit distribution and guarantee. Poor farmer households and small-scale farmer households in the project areas tend to be marginalized in project planning and implementation. Through statistical analysis of farmer households, the investigators found obvious differences in average possession of forest lands and income structure, which determines differences in preference for afforestation pattern and correlation.

#### **4.6.2 Migrant Workers**

After the project is implemented, the demand for seasonal forestry workers will increase. A lot of migrant workers from poverty-stricken areas will do seasonal afforestation work in the forest farms. The investigators found that forestry creates jobs for farmers without special skills, and migrant workers think although the living and

working conditions of seasonal forestry workers are tough, the job isn't dangerous as in coal and civil engineering industries. At afforestation sites close to cities, those seasonal workers can get medical services more easily than in their hometown. During forest land preparation that requires a lot of labors, they usually live in humble conditions, such as tents. When forest protection sheds are erected, they usually live in the sheds.

#### **4.6.3 Women**

There is no difference between men and women in politics, economic decision-making, education and employment, but there is slight difference in family and social division of labor. When it comes to decision-making on the use of collective or family forest lands, women have adequate right of speech, but men usually have the final say on family economic decision-making. Women spend an average of 7.45 hours each day on agricultural or other productive activities and an average of 3.18 hours each day on housework. Most respondents think that the project will bring job opportunities to women but won't increase their workload.

The project's capacity building activities will provide training opportunities for local communities and farmer households. The trainees, including women, will get new afforestation skills. The



project implementation will provide development opportunities for women. It's conducive to improving economic and social status of women and further promoting equality of men and women

#### **4.7 Project County Governments/Township Governments**

The governments of project counties (Kaili, Majiang, Danzhai, Jianhe, Jinping and Liping) are responsible for furnishing supporting funds, issuing repayment commitment documents for European Investment Bank loans, and urging county-level forestry departments to organize project implementation. Township government will assist county governments in organizing companies and farmer households to participate in cooperative afforestation; provide details about relevant villages when forestry bureaus choose project villages and mobilize villages to participate in the project; and supervise project implementation quality in relevant villages

#### **4.8 The State Forestry Administration**

The State Forestry Administration is the project's executing agency. It's responsible for technical guidance, organization, coordination, comprehensive services, supervision, assessment, and liaison in the project. The State Forestry Administration will organize project

preparation and framework design, and determine the targets of project construction, project implementation scope and project contents. It'll organize staff training to increase capability of project managers. After the project is launched, it'll take charge of monitoring over the implementation progress and performance assessment, and submit semi-annual progress reports and completion report to the European Investment Bank.

#### **4.9 Provisional People's Governments or Autonomous Prefecture**

The people's government of Guizhou or QDN forestry bureau is implementing body of the project. They are responsible for preparation of subprojects within their respective jurisdiction. After the project is launched, they'll take full charge of construction progress, quality and effects of subprojects within their respective jurisdiction. The provincial people's government or financial department will set up accounts for the project. They are responsible for providing supporting funds and repayment commitment documents for the project. After completion of project preparation, the people's government of Guizhou or the people's government of QDN will sign agreements with European Investment Bank. The six project counties in QDN, Guizhou

province all have rich experiences in implementing international loan-backed projects (World Bank-funded forestry projects).

#### **4.10 Farmer Households in Project Areas Which Don't Participate in the Project/Farmer Houses in Surrounding Areas**

Farmer households in project areas which don't participate in the project and farmer households in surrounding areas will learn new methods, experiences and technologies through demonstration effect of the project areas and those new methods, experiences and technologies will influence the trades they are working in and produce positive impacts.

## **Chapter 5 Main Findings of the SIA**

### **5.1 Project Content**

The project aims at cultivation of characteristic economic forests and composite operation of forestry and medicinal plants with emphasis on developing high-quality indigenous rare tree species. It'll introduce and exercise advanced and mature forest sustainable management theories and technologies in the world, explore a forest sustainable management model that complies with national

conditions of China, promote the development of reserve resources of high-quality rare tree species, carry out compound operation of forestry and medicinal plants, cultivate woody oil plants and fine fruit trees to build a high-quality and efficient modern forest management system, support comprehensive and coordinated development of ecological system, economy and society in project areas, and provide reference and demonstration for promoting scientific development of modern forestry in China.

## **5.2 Social and Economic Conditions in Project Areas**

### **5.2.1 Population Composition and Administrative Division**

The project involves 308 administrative villages in 59 countries (towns and farms) in six counties (cities and districts) with permanent population of 1,501,600 in which 1,221,700 are rural employed population and 722,800 are women. Population of the project areas account for 43.11% of the total population in QDN; rural employed population and ethnic population represent 39.41% and 45.79% respectively of the total in QDN. There are Miao, Dong, Han, Buyi, Shui, Yao, Zhuang and Tujia people living in the project areas, with total population of 1,270,900, in which 85.13% are ethnic population.

## 5.2.2 Economic Situation in Project Areas

The GDP of the project areas in 2013 was RMB29,026 million, including RMB3,938 million from primary sector, RMB9.3 billion from secondary sector and RMB15,788 million from tertiary industry, representing 13.57%, 32.04% and 54.39% respectively of the total GDP. For the same period, the ratio of primary sector to secondary sector to tertiary sector in QDN was 19.12 :30.73 :50.15. The output value of agriculture, forestry, animal husbandry, fishing and service industries in the project areas was RMB6,618 million, including RMB2,931 million from agriculture, RMB1,092 million from forestry, RMB2,017 million from fishing, RMB399 million from fishing, and RMB179 million from service industry. Forestry only represented 16.5% of the total output value. For the same period in QDN, forestry accounted for 16.65% of the total output value of agriculture, forestry, animal husbandry, fishing and service industries and represented 5.4% of the total GDP of the autonomous prefecture. We can see the proportion of primary sector is small in the project areas and the secondary sector is backward; the output value of forestry represents a small proportion in the autonomous prefecture. The per capita net income of rural residents in the project areas is RMB5370. There are 195 forestry

cooperative organizations in the autonomous prefecture, involving 7685 farmer households, with 231,200 mu forest lands, and eight forestry associations, involving 2599 farmer households, with 231,200 mu forest lands.

### **5.2.3 Social Services**

There are 59 township credit cooperatives, six county-level forestry techniques popularization stations, five county-level seedling nurseries, 59 township forestry service stations, and more than 300 county-level and township-level forestry technicians in the project areas. The enrollment rate in nine-year compulsory education is approximately 100%. The coverage of new rural cooperative medical care in the project areas is more than 90%.

## **5.3 SIA**

### **5.3.1 Positive Impacts**

The project adopts a participative consultation method so that farmer households can voluntarily participate in the project by signing contract or applying for loans, which changes the top-down practice in forest plantation activities from decision making to planning and design in the past and makes the project's planning and design meet local demands better. Most farmer households

think the project activities can improve the environment, increase forestry output value and make forestry management more convenient; by adding forestry output value, the project can increase income; the project can create jobs and disadvantaged groups (such as low-income households and women) can get job opportunities and increase income; if women can receive remuneration through the project, their status in family and communities will be raised. In afforestation planning and design, forestry departments in the project areas shall pay attention to coordination and cooperation with agriculture, water conservancy, environmental protection and poverty relief departments, which will make the project's comprehensive benefits even more notable.

In project implementing counties and areas surrounding the forest farms, farmer households largely make money from crop farming and working away from their hometown. The income channels are narrow. The project construction can vitalize forest lands and woods resources in mountainous regions, drive the development of local transportation and service industries, and increase service income. People in project areas and surrounding areas can earn money by participating in seedling cultivation, afforestation, tending, protection and cutting activities. Besides, the project can improve local people's production and living conditions to some extent by

building new forest roads and repairing the existing ones.

The project construction will also promote popularization of advanced production technologies, increase forestry management level in the project areas, and promote intensive management and sustainable development of forestry in the project areas. In addition, the project will provide stable timber resources to the society, which will spur the development of timber processing industry and relevant industries and increase local tax revenue.

### **5.3.2 Negative Impacts**

The project areas are uneven in economic development level and their enthusiasm towards participation in the project varies. In relatively developed eastern Guangxi, farmers have various opportunities and channels to earn income. They are more concerned about the selection of tree species, loan standards and requirements, and profit distribution. In poverty-stricken and mountainous western Guangxi, communities of ethnic minorities show great enthusiasm towards the project. They see it as a rare development opportunity and actively participate in the project. Regarding loans and repayment, farmer households in the project areas are hesitant about loan risks and other risks. From previous experiences, they are worried that if they plant trees now but in the



future, they are not allowed to cut the trees or the cost of applying for a felling license is too high, they can't get benefits in the end. The farmers think that the felling quota shall be issued in view of the mature period of commercial timber production forests and relevant costs shall be substantially reduced. The management mechanism of companies/specialized afforestation households+ farmer households is feasible, but if the distribution mechanism isn't appropriately designed, it'll intensify the polarization between the rich and the poor and cause damage to poor farmer households

### **5.3.3 Comprehensive Assessment**

The project construction will achieve forest sustainable management and secure national timber production to some extent. In addition, it has evident social effects on adjustment of agricultural structure and socio-economic structure in the project areas and on promotion of harmonious development of population, economy, society, ecological environment and resources in the project areas. To be specific,

(1) The project involves seven forest farms and 59 countries (towns and forest farm branches) in six counties. Calculated at 250 days a year, the project can provide an estimate of 15,000 man-days, which is equivalent to five-year permanent jobs for 3000 people

with per capita annual income of RMB25,500, to the society in the construction period. In the operation period, the project can provide an estimate of 80000 man-days to the society and provide job placement for about 4000 rural labor force with per capital annual income of RMB23,600. The project will play a positive role in solving employment of rural surplus labors, realizing transfer of rural surplus labors, and increasing income from labor services.

(2) Adjusting rural industrial structure and displaying resource advantage of mountainous regions. In line with the reform of collective forest rights system and scientific development target of the 13<sup>th</sup> Five-year Plan for Forestry, the project can sustainably and steadily increase farmers' income, accelerate poverty alleviation in mountainous regions, and promote new socialist countryside construction.

(3) Promoting the development of relevant industries. When the project is completed, with increase of the area of forest lands and forest coverage, industrial and agricultural development will be promoted and water conservancy facilities will be protected. The project will not only improve the ecological environment and forest landscape benefits but also increase the number of forest tourists year by year, thus promoting the development of forest tourism. In

addition, the increase of forestry production and products will spur processing and transportation of timber and other forest products and promote economic prosperity.

(4) Improving forestry management level. The project will increase sci-tech content of project construction through sci-tech popularization, demonstration, training and investigation, promote conversion of sci-tech achievements, increase land utilization rate, promote transformation of economic growth mode, and promote opening-up, communication and cooperation of local forestry construction. Those changes will broaden people's vision and let them accept advanced forestry management concepts. Farmer households which participate in the project will master at least one practical technology. It will drive comprehensive improvement of forestry management level in the project areas.

#### **5.4 Result of Survey on Ethnic Minorities**

There are 1,501,600 people in the project areas, in which 1,270,900 are ethnic minorities. 901,000 people will participate in the project, in which 863,700 are ethnic minorities, representing 95.86% of the total population that participate in the project. Ethnic minorities shall enjoy equal opportunity with Han people to participate in the project. This is one of the basic principles of the

project. There isn't much barrier of speech between ethnic minorities and the mainstream society in the project areas. Except for old people, most ethnic minorities are proficient in Chinese. In many project areas, the forestry technicians themselves are ethnic minorities and they can speak languages of ethnic minorities. The SIA result shows that farmer households in communities of ethnic minorities are very enthusiastic towards participation in the project. They pay close attention to issues like loans and repayment, profit distribution, suitability of tree species, equal opportunity to participate in the project, market, and felling quota. Most farmer households of ethnic minorities are willing to participate in the project by letting out forest lands to enterprises or forest farms, or by providing seasonal unskilled labor services. Communities of ethnic minorities in the project areas have certain experiences in production arrangement. Farmer households of ethnic minorities don't think they can get economic benefits from the project in the short term but the long-term benefits are evident. Some villagers of ethnic minorities hope to enjoy preference in the felling quota. They also hope the project can help improving traffic conditions and water supply in the communities of ethnic minorities. According to the SIA, the project is conducive to economic development in ethnic minority areas, improvement of environmental quality and

enhancement of comprehensive treatment ability. It will promote the narrowing of gap between ethnic groups, the improvement of equality between ethnic groups, and the sustainable development in ethnic minority areas. In the model of companies/specialized afforestation households+farmer households, the project can also help local ethnic minorities to play the role of natural villages and other traditional community organizations.

## **Chapter 6 Analysis of Social Risks**

### **6.1 Differences between Large-scale and Small-scale Farmer Households in Opportunity to Participate in the Project**

Because communities or farmer households have limited channels to learn about the project and they are lacking in capabilities, they are disadvantaged in negotiations and joint operations with companies/specialized afforestation households over joint operation. According to previous contracts, major problems are:

(1) Forest land rents are too low. In the lease contracts of some forest lands, the per mu annual rents are lower than RMB40;

(2) The distribution proportion is not clearly specified. It's not

clarified whether the distribution is based on income or total profits;

(3) Some contracts provide that the rents shall be paid once every five years and it is severe breach of the contracts only when Party B delays its payment for over two years. This harms the interests of farmer households;

(4) When land requisition for national key construction projects occurs in the lease term, the recognition of beneficiaries of compensation for the leased forest lands is not clearly specified, and the proportion of beneficiaries and proportion of benefits are low;

(5) There are no special provisions for funeral affairs according to local customs in the lease term;

(6) It is not clearly provided that when the lease expires, the forest lands and woods on the forest lands shall be returned to the lessor;

(7) It's rare that third-party intermediaries are invited to evaluate the forest lands and make reasonable assessment of the rent, profit sharing ratio and payment method before forest land leasing to provide reference for the contract parties.

The problems are mainly due to information and knowledge

asymmetry between communities or farmer households and companies/specialized afforestation households. Negligence of those details may lead to failed cooperation and impossibility of contract performance, and then affect successful implementation of the project.

To solve the above-mentioned problems, the project team shall take the following measures:

(1) When farmer households sign contracts with companies/specialized afforestation households, the parties shall work out standardized contract terms on land transfer through full consultation based on the principles of voluntariness, impartiality and good faith, to clarify matters including area and location of the land, contract period, contract money, confirmation and payment of transfer fee, rights of both parties, liability for breach of contract, cancellation and termination of the contract, etc.

(2) Contract abiding & trustworthy forestry companies/specialized afforestation households which have solid financial strength and clear debts shall be chosen to participate in project implementation. County-level forestry bureaus shall sign on-lending agreements with project implementing units and individuals to specify the time and amount of repayment and penalty provisions;

(3) Before forest land leasing, a third-party intermediary shall be invited to make an evaluation and reasonable assessment of rent, profit sharing proportion and payment term, etc.

## **6.2 Differences between Ecological Protection Target and Farmers' Income Target**

The SIA team found that there are obvious differences between government's ecological protection target and farmers' expectation of increasing economic income through participation in the afforestation project. If farmers participate in the rare high-quality timber forest sustainable management project involuntarily, the differences may result in conflict of targets. The government's target is to guarantee ecological functions of forestry, that is, the attribute of ecological environment as "public goods", and at the same time, bring economic benefits to farmers, while farmer households usually consider economic benefits before ecological protection functions. The difference will lead to disagreements on the selection of tree species and management model. Therefore, it's suggested that forestry departments and forest projects shall consult with affected individual farmer households and stakeholders to find solutions that can achieve both targets. As previously mentioned, restriction on utilization of forest lands and



forestry resources (such as prohibition of pasturing after planting, and restriction on fuel wood felling and picking of non-wood products) may directly influence short-term income of the contractors. Poor farmer households which rely on short-term income from forest products will also suffer obvious negative impacts. To solve the contradiction, the management and utilization models shall be worked out through consultation with community stakeholders. In selection of tree species, determination of management model and forest products utilization model, it's very important that consideration is given to farmer households' reliance on forestry resources for living.

While paying attention to ecological effects, the project shall try to consider economic benefits of farmer households to arouse their enthusiasm towards participation in the project.

### **6.3 Poverty-stricken and Vulnerable Social Groups Lacking Capability to Participate in the Project**

Based on analysis of stakeholders and result of project impact assessment, the SIA team summed up the project's social impacts:

#### **Table 3 Comparison of Impacts on Wealthy and Poverty-stricken Farmer Households**

Farmer Households	Positive Impacts	Negative Impacts	Conclusion
Wealthy and large-scale farmer households	Great impacts on large-scale farmer households which contract barren hills and lands in large areas; strong participation capability	No obvious impacts on their livelihood	Principal beneficiaries of the project
Poverty-stricken farmer households	Impacts not as obvious as on large-scale farmer households; weak participation capability	Limited participation opportunity because of limited land and labor and shortage of funds	If without special measures to guarantee their participation in the project, they are risky of being marginalized.

If stakeholders don't participate in consultation and planning, poverty-stricken farmer households and vulnerable social groups may be marginalized during project planning and implementation, especially in the decision-making process. It's also reflected in auctions of land use rights that poverty-stricken farmer households can't win in auctions due to the lack of labor, personal ability, social network and social capital. The risk that poverty-stricken farmer households can't participate in project planning also exists in project design and implementation.

The project may restrict development opportunities of small land

contractors or poverty-stricken farmer households, so the participation opportunities are different for large farmer households and small farmer households.

There are obvious differences between wealthy farmer households and poverty-stricken farmer households in participation opportunities and ability. It's easier for wealthy and innovative farmer households to get loans and other supports, while chances for poverty-stricken farmer households and vulnerable groups to get finance and project supports are much less. Therefore, equal participation opportunities shall be given to poverty-stricken farmer households and vulnerable groups in project design and implementation stages. They shall be empowered through participative consultation to increase their management capability.

Poverty-stricken communities and farmer households both have the following disadvantages: compared with high-income and middle-income farmer households, low-income farmer households have less annual per capita income, so they are relatively short of funds. Because they have no alternative income sources, low-income farmer households mainly rely on agricultural and forestry production. Therefore, they expect fast economic return from both ecological and economic forests. If short-term woods

utilization is restricted, they will have no incentive to invest. According to the above analysis, low-income farmer households with small-scale forest lands and no alternative income sources have lower incentive for participating in the project and weaker abilities. It's more realistic that they offer labor service during afforestation and work as rangers after afforestation.

## **Chapter 7 Suggestions for Project Design and Implementation**

### **7.1 Identification of Target Groups for Different Project Outputs**

1. In afforestation of barren hills and lands and sands, the major targets of consultation and negotiation shall be large-scale farmer households which have contracted or auctioned such lands in the 1990s or are interested in contracting such lands.
2. In cultivation and transformation of multi-functional protection forests, the major targets of consultation and negotiation shall be operators or contractors which possess the use rights of forest lands; in identification of stakeholders, small- and medium-sized farmer households which account for a large number at community

level shall enjoy priority; poverty-stricken farmer households shall participate in consultation over this output.

3. Village carders, members of villagers' committees and villagers' representatives are also target groups of project design and implementation.

4. Measures shall be worked out to solve or compensate for restriction on some farmer households' use of local resources due to the project construction; loans for project forests designed to provide ecological functions shall be borrowed by, governments, and profit sharing shall be exercised for profit-making models.

5. During identification of farmer households in the project, technical trainings and formation of farmers' cooperative organizations, special attention shall be paid to the participation of poverty-stricken households, poverty-stricken people, ethnic minorities, women and poverty-stricken migrant workers.

## **7.2 Implementation of Participative Design**

The main purpose of participative design is to ensure voluntary participation of farmer households, and ensure stakeholders in the project areas make decision on whether to participate in the project based on full knowledge of project information and learn about

matters about project implementation. In order to help the participants fully understand participation requirements, conditions and steps of the project, the *Participation Manual of Guizhou Qiandongnan European Investment Bank Special Forestry Loan Project* (see the following table) has been designed according to requirements.

Table 3 Project Participation Manual

Step	Main Activities/Tasks	Methods and Tools	Output	Major Participants
Step 1: Publicize the project and mobilize farmer households to participate	<ol style="list-style-type: none"> <li>1. Design and distribute flyers, and publicize the project by various means and channels.</li> <li>2. Design and distribute project application forms through village cadres.</li> <li>3. Organize villagers' congress to introduce relevant content and information of the project.</li> </ol>	<ol style="list-style-type: none"> <li>1. Villagers' congress.</li> <li>2. Distribute brochures.</li> </ol>	Villagers, including women and poor households, get full knowledge about the project.	<ol style="list-style-type: none"> <li>1. Municipal forestry bureau prepares a brochure that introduces the project.</li> <li>2. Municipal and country forestry technicians who participate in project design.</li> <li>3. Village cadres and villagers.</li> </ol>

<p>Step 2: Consult with relevant stakeholders</p>	<ol style="list-style-type: none"> <li>1. Collect project application forms from farmer households and form a list by types of land ownership.</li> <li>2. Consult with different types of farmer households on: selection of tree species and afforestation model; seedling production and tending arrangements; restriction on resource utilization and compensation scheme; demands for training and technical services.</li> <li>3. Site design for project activities.</li> <li>4. Confirm afforestation area: Discuss afforestation model and method, etc.</li> </ol>	<ol style="list-style-type: none"> <li>1. The design group presides over group consultation.</li> <li>2. Representatives of different types of farmer households participate in consultation and discussion meeting.</li> <li>3. Site exploration.</li> </ol>	<ol style="list-style-type: none"> <li>1. Project participation list.</li> <li>2. Agree with farmer households on the selection of tree species, model, tending, and compensation scheme for restriction on resource utilization.</li> <li>3. Consult with farmer households to determine project land plots.</li> </ol>	<ol style="list-style-type: none"> <li>1. Project representatives: Municipal and country forestry technicians.</li> <li>2. Project participants: Land contractors.</li> <li>3. Farmer households which may be subject to restriction on resource utilization.</li> <li>4. Country (town) cadres and village cadres.</li> </ol>
<p>Step 3: Sign project participation agreement</p>	<ol style="list-style-type: none"> <li>1. Design project agreement and consult with farmer households.</li> <li>2. Sign agreements with farmer households that participate in the project or representatives of the villagers' committee.</li> <li>3. Publish in the village the list of farmer households which participate in the project and introduce project content and results agreed upon through</li> </ol>	<ol style="list-style-type: none"> <li>1. Consultation and discussion meeting with farmer households.</li> <li>2. Villagers' congress, result posted on notice board.</li> </ol>	<ol style="list-style-type: none"> <li>1. Sign project participation contract with farmer households.</li> <li>2. All villagers learn about consultation result and project information.</li> </ol>	<ol style="list-style-type: none"> <li>1. Farmer households that participate in the project.</li> <li>2. Village cadres as contract party for project land plots managed by village collective.</li> <li>3. Representatives of municipal forestry bureau.</li> </ol>

	consultation.			
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### **7.3 Protection of Ethnic Minorities' Participation and Benefits**

To protect the rights and interests of disadvantaged groups and ethnic minorities, the project shall take the following measures:

1. The project shall formulate and implement preferential policies for disadvantaged groups. The project shall guarantee the participation of women, poverty-stricken people and poverty-stricken ethnic minorities, respect the wishes of local residents in the selection of management model, and let the residents themselves or the representatives they trust to participate in project implementation on the basis of full knowledge and voluntariness.

2. The project shall give full consideration to the development of poverty-stricken ethnic minorities and favor poverty-stricken ethnic minorities in design. Government and forestry departments shall actively take measures to promote project participation and achievement sharing by ethnic minorities, and protect the rights, interests and traditional culture of ethnic minorities, so as to change



the disadvantaged position of poverty-stricken ethnic minorities from mechanism and ensure sustainable development of the project.

3. The project shall ensure ethnic minorities can receive training on capacity building in the project. The trainings shall take customs of ethnic minorities into consideration, combine local knowledge with sustainable utilization of natural resources, and explore new project management channels. The trainings may choose to use local languages, which is also a positive contribution to local culture.

4. The project shall pay attention to ethnic minorities' interests and appeals. In places where ethnic minorities live in concentrated communities, policies are relatively perfect and the interests and appeals of ethnic minorities can attract attention easily. However, for some ethnic minorities which live in scattered communities, their national characters, appeals and interests are usually neglected. Special attention shall be paid to them in project implementation.

#### **7.4 Gender Mainstreaming in Comprehensive Forestry Development Project**

It's found in the SIA that the forest sustainable management project will bring development opportunities to women because women

have become major labor force in agricultural and forestry production. To increase women's participation and make sure they will benefit from the project, the SIA team suggests:

1. Women shall participate in all links throughout the project's life cycle, including project planning, implementation, monitoring and assessment, etc. Consultation and negotiation with women in project design stage is an important step to ensure they will actively participate in project implementation. In project planning stage, group interview or discussion with women shall be carried out. Women shall be invited to participate in village-level forestry development planning, and the ranking and scoring results of women group interviews shall be considered in the selection of afforestation model and subsequent tending measures.

2. Women shall become the principal recipients of most forestry technical trainings. The minimum number of women participants or the minimum proportion of their participation shall be guaranteed. If some project activities are mainly carried out by women, special technical trainings shall be provided to women.

## **7.5 Consideration to Contradiction between Long-term Investment and Difficulty to Receive Income in the Short Term**

The project needs a lot of funds but can hardly yield profits in a short time, so farmer households will be short of funds in the short run. It's suggested that the project offer small loans to farmer households. Besides, the project needs labor input. Some farmer households are short of labors, so the supply and demand of labor shall be balanced well. The project's demand for labors may increase the cost of labor in project areas. It's suggested that the project hire local labors and give priority to low-income farmer households. In addition, repaying loans in a short time may increase financial burden. It's suggested that the project shall determine the repayment model and time in light of the results of field survey and the farmer households' ability. What's more, the project's demand for techniques may reduce the participation opportunities of some disadvantaged groups and make them marginalized. It's suggested that the project provide relevant trainings to some disadvantaged groups like women and low-income farmer households.

## **7.6 Monitoring and Assessment of Social Impacts**

To ensure fulfillment of the project's targets, social impact monitoring and

assessment system will be built at province, county and township levels, and the monitoring over the effects of SIA and participative design will be an important component of the project's overall performance monitoring and assessment. The proposed project performance monitoring and assessment system is shown as blow:

**Table 4 Project Performance Monitoring and Assessment Framework**

Step	Main Tasks and Contents	Responsible Organization and Level	Required Conditions
1. Organize monitoring and assessment system and staff			
1.1 Set up prefecture-level monitoring team	Determine tasks of prefecture-level monitoring and assessment tasks, staff, and position responsibilities	PMO of prefecture forestry bureau	Size of staff
1.2 Set up county-level monitoring team	Determine tasks of county-level monitoring and assessment tasks, staff, and position responsibilities	County-level forestry bureau	
1.3 Set up grass-roots team (township and village level)	Determine project monitoring and assessment tasks, and staff	Country-level forestry station	
2. Determine monitoring and	Choose and determine ecological indicators, economic indicators, social indicators and	Prefecture and	

assessment indicators	participation guarantee indicators	county PMOs	
3. Establish monitoring and assessment framework and determination method	Establish performance monitoring and assessment matrix table: content and tasks of monitoring and assessment; information gathering method; objects and levels; responsible organizations and levels	The State Forestry Administration; prefecture PMO; county-level PMO participate in feedbacks	
4. Train monitoring and assessment staff at all levels	Hold 2-3-day staff training. Main content: purpose, tasks, steps and methods of monitoring and assessment.  Participative method: Group interview, interview with farmer households, site exploration, questionnaire survey, and collection of statistics and other second-hand data	The State Forestry Administration organize training of prefecture-level training; prefecture-level staff train county and country-level staff	Training expenses  Trainers
5. Bottom-up implementation of monitoring and assessment	Project villages collect data; townships collect data; integration and analysis at county level; prepare project monitoring and assessment report	County-level forestry staff; township forestry technicians	Staff guarantee  Fund guarantee
6. Announce and share monitoring and assessment results	County-level monitoring and assessment results reported to prefecture PMO; prefecture PMO sums up and reports results to state-level PMO; state-level PMO gives instructions to project implementation and makes essential adjustments according to monitoring and assessment results	County, prefecture and state PMOs	

### 7.6.1 Social Impact Monitoring and Assessment Indicators

To ensure excellent social benefits and social impacts of the project and participation of farmer households, the following social impact monitoring indicators are suggested: a. Number of villages, entities, and farmer households with different land scales which participate in the project; b. Number of affected farmer households which participate in consultation and the percentage in all affected farmer households; c. Number of poverty-stricken farmer households which participate in consultation and the percentage in all poverty-stricken farmer households; the percentage of poverty-stricken farmer households in the project in all farmer households in the project; d. Number of women that participate in and benefit from the project and the percentage in total participants; e. Total amount of service fee (RMB per household) farmer households participating in afforestation and tending receive by the 5<sup>th</sup> year of project implementation.

### **7.6.2 Social Impact Monitoring and Assessment Method**

A bottom-up participative monitoring and assessment system shall be built. The participation of communities and farmer households is the main characteristic of the participative monitoring and assessment system. The following steps are suggested:

1. Collect data about samples and demonstration farmer households through semi-structured interview and questionnaire and acquire information about individual participation and benefits;
2. b. Carry out group interview (including women groups and ethnic minorities groups), interview with insiders, interview with representatives of farmers associations and organizations, and let different stakeholders score project impacts and benefits;
3. Carry out institution interviews at county level (including state-owned forest farms) and township level, and collect project performance information, such as ecological improvement, income increase, enhancement of policy implementation ability, and provision of technical services to farmers; second-hand data can also be collected at county level and country level, and make comparison with baseline data in SIA;
4. Analyze quantitative and qualitative data collected, draw a conclusion, reflect the findings and conclusion in annual, interim and final monitoring and assessment reports, report to higher authorities, and send feedbacks to counties and villages.

### **7.6.3 Implementation of Social Impact Monitoring and Assessment**

Monitoring of participative design effects in design stage:

Prefecture-level and county-level PMOs shall take charge of monitoring and assessment of participative consultation effects in village-level planning stage.

Monitoring and assessment in implementation stage: In principle, the monitoring and assessment of farmer households' participation situation, benefits situation and social effects after project implementation shall go on in parallel with performance monitoring and assessment in project implementation. Generally speaking, the collection of participation and social effects data during implementation shall be dynamic and coherent. Township forestry stations shall take charge of the collection of dynamic data about social impacts.

Based on data collected, an SIA shall be carried out every six months. The assessment result and conclusion shall be components of semi-annual and annual progress reports. County-level PMOs shall be responsible for preparing project effects monitoring and assessment reports and submit the reports to prefecture PMO.