

Environmental and Social Data Sheet

Overview

Project Name:	CCCFL - HEILONGJIANG FORESTS
Project Number:	2015-0532
Country:	China
Project Description:	The project is to afforest and rehabilitate about 51,900 ha of forests in the Heilongjiang province in northern China.
EIA required:	yes
Project included in Carbon Footprint Exercise ¹ :	yes

Environmental and Social Assessment

Environmental Assessment

The project supports the objectives of national and provincial policies on protection of forest ecosystems and watersheds in China and it complies with national and international standards, such as the internationally accredited China Forest Certification Scheme (CFCS) and regulations on environment protection and forest governance. CFCS has statutory requirements and obligations relating to forest management, improvement of forest ecological conditions and improvement of the living conditions of workers.

The project supports the EU's Climate Action policies and objectives. It also supports international commitments on biodiversity protection and is in line with the objectives of the EU Biodiversity Strategy.

An independent Environmental Impact Assessment was completed in January 2015 and the competent authorities have already issued environmental permits for the county/city level sub-projects of this operation. The EIA was elaborated based on a participatory approach, engaging all relevant stakeholders from provincial and county level i.e. administration, institutes, state forest farms and local people.

The forest management goal in Heilongjiang province is to conserve and enhance natural, diverse forest ecosystems, improving the production of large diameter trees. In this project, timber felling is limited to intermediate harvesting i.e. thinnings, and mixed forest structure is favoured. The project sites are not clear-felled. The works undertaken by the project are not expected to have a major negative impact on biodiversity, while the improved forest management promoted by the project – particularly the rehabilitation of semi-natural forest stands – is expected to deliver biodiversity benefits.

Environmental benefits of the project include:

- Improved forest growth and stand structure gained through tending and selective thinning. This will add environmental and economic value to the forests,

¹ Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO_{2e}/year absolute (gross) or 20,000 tons CO_{2e}/year relative (net) – both increases and savings.

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- Contribution to watershed management and soil protection in the region, which also lowers the risks for excessive floods and strengthens the ecological barriers in Northern China (climate adaptation),
- Continuous and thorough forest cover with mixed stands so as to foster species biodiversity, and
- Climate change mitigation through CO₂ sequestration and carbon storage.

Environmental risks of the project include:

- Forest fires impose the highest risk during dry seasons. The risk is mitigated by the Forest law and the Forest fire prevention technology standards (LYJ127-1991). They outline strict fire prevention measures that have efficiently mitigated fire damages in the past decade. Continuous effort to raise awareness and education on fire protection is essential in order to minimize the occurrence of man-made fires. Also fire breaks are established within and around the project sites.
- Soil erosion is a risk on the sites located on steep mountain slopes e.g. when the soil is scarified for planting or when timber is harvested. This risk is mitigated by imposing sustainable site preparation techniques that preserve the existing vegetation to the possible extent.

Final beneficiaries (the state forest farms) will carry out internal monitoring. County and province level PMOs perform external monitoring on project implementation. The environmental management plan outlines the scope for the environmental monitoring.

EIB Carbon Footprint Exercise

The project will have a net CO_{2eq} sequestration rate of 82,000 tonnes per annum, as compared to the baseline emissions without the project. Thus it will contribute to EIB's Climate Action objective. Intermediate thinnings increase forest growth and carbon sequestration, especially in young forests.

The newly established and improved forest stands will sequester about 216,000 tonnes per annum of CO_{2eq}. Because the project is mostly implemented in existing forest stands, the estimated CO_{2eq} baseline sequestration of 134,000 tonnes per annum by the existing forests, is deducted from the total sequestration of the project to obtain the net CO_{2eq} sequestration. Since no fertilizers are applied in the project, the CO₂ emissions are released only from transportation and from the use of machines. The annual CO_{2eq} emissions from transportation and machinery are estimated at 12 tons per annum. This amount was deducted from the total CO_{2eq} sequestration rate of forests in order to get the net CO_{2eq} sequestration.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

Social Assessment, where applicable

Restrictions on logging in Heilongjiang province have decreased the income of households of forest workers and local farmers living in poverty. The project is expected to improve living conditions in rural areas by providing employment opportunities, and income, decreasing the pressure for rural emigration. The project does not include or induce any resettlement.

The seed production (e.g. Korean pine seeds) in long-living forests provides early and diversified income to local farmers, complementary to the long term income from timber production.

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The project has very small share of minority population. It has about 200 farmers belonging to Korean and Manchu minorities. These minorities are well integrated into local culture and economy and many of them have worked for state forest farms (SFF) for a long time. The counties/cities in the project area have local specialized bureaus for managing ethnic and religious affairs. The development of local minority residents has been promoted greatly through cultural, commercial and educational programs.

The state forest farms follow Chinese labour laws and standards, which are aligned with international labour related laws and the main standards (ILO). The permanent and seasonal workers have access to social insurance and grievance procedures in case of a conflict. A trade union for forest workers, with local representatives, operates with state approval and defends the interests of forest workers in the region.

Public Consultation and Stakeholder Engagement

The project preparation included participatory consultations on environmental and social impacts with local stakeholders i.e. environmental and forest authorities, relevant professional institutes, final beneficiaries and other stakeholder groups in the rural communities.

The main concerns that were expressed related to water protection and the potential adverse impacts of agrochemicals. Legal compliance in this regard, professional management and regular monitoring were requested and recommended.

The project management has addressed these issues in the implementation plan. In natural forests fertilizers are used only in exceptional cases, and in Korean pine plantations they are applied, if needed, to the planting hole to minimise run-off. Development of diverse natural forest structure and integrated pest management reduce risk of pest damage.

Local people supported the project as it is expected to add value to local environment and economic development and improve the living conditions for households. The project will undertake labour-intensive tending operations in forests which have been delayed due to funding shortages. Stakeholders expect income opportunities and the chance to acquire or develop their technical skills.

Forestry work is physically demanding and mostly done by men. However, it is foreseen that about 40% of the project works will be done by women, contributing to gender equality and support especially vulnerable households.

The project is subject to annual monitoring and Project management Office (PMO) has been established and it is encouraged to continue information sharing with stakeholders on project related issues.

Conclusions and Recommendations

The project has obtained the statutory environmental permits from the relevant authority which are in line with the environmental and social standards of the Bank.

The project improves greatly the quality and value of natural forests in Heilongjiang province and introduces sustainable management methods that maintain forest habitats, taking into consideration biodiversity as well as water and soil protection. The project investments will contribute to rehabilitation of forest resources in the province that are degraded due to past over-extraction. The project will sequester CO₂ and store carbon.



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The project provides long-term socio-economic benefits to local people in the form of employment opportunities and regular supply of timber and other forest products (e.g. Korean pine seeds). Workers will be able to update their competence on sustainable and safe forest management methods.

Relevant project undertakings have been imposed so as to ensure environmental and social sustainability of the project.