

Environmental and Social Data Sheet

Overview

Project Name: CCCFL - HUBEI FORESTRY

Project Number: 2015-0415

Country: China

Project Description: The project is to afforest and rehabilitate 6,207 ha of abandoned and degraded forests lands in the Hubei province in China. The project includes investments in supporting facilities such as nurseries and forest roads.

EIA required Yes

Project included in Carbon Footprint Exercise¹: Yes

Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

An Environmental Impact assessment (EIA) and Social Impact Assessment (SIA) were prepared in 2015.

The project will have a positive environmental impact. Planting trees on degraded lands and rehabilitating low yield forests will increase forest cover and woody biomass. Growing trees will sequester and store carbon. They will protect vulnerable lands against harmful soil erosion and increase water retention capacity so as to improve fresh water quality and decrease flood risks in the Province that is rich in lakes and represents an important catchment area for the Yangtze River. The introduction of a wide range of different species (16) and stand types will diversify the forest landscape and enhance biodiversity, which will further improve the resilience of forest ecosystems to climate change. Six of the species planted are protected.

The project will have a positive social impact. Social benefits of the project include employment and income opportunities to villagers, as well as capacity building on sustainable forest management practices applied to a large number of different tree species.

Project participation is voluntary. Ethnic minority groups are provided equal participation opportunities in the project and equal project benefits as for the dominant Han nationality people. The project does not threaten the interests of particular minority groups and it does not include resettlement.

Environmental and Social Assessment

Environmental Impact and Mitigation

The main concerns from an environmental point of view are related to soil disturbance during road construction and land preparations that may trigger erosion and leakage of nutrients. Fertilizer or pesticides applications may also result in nutrient or chemical leakage. These risks are mitigated by the implementation of a Project Environmental Management Plan and land preparation methods that comply with internationally accredited Chinese Forest

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 CO₂e/year absolute (gross) or 20,000 tons CO₂e/year relative (net) – both increases and savings.

Certification Scheme (CFCS). Specific, mitigation measures include batch type soil scarification on hilly areas, where manual scarification is often the only alternative, and hole/band application of fertilizers. The use of pesticides shall be controlled and coordinated with forestry authorities.

Social Assessment

There are over 6 million people living in the project counties and the share of agricultural population from the total population is over 70%. The share of ethnic minorities is 9% from the project region's total population. Minority groups are present in 4 out of 11 project counties.

Based on a comprehensive social impact assessment, the key stakeholders were identified. They include collective forest farms, farmer's cooperatives, state forest farms, private companies/entrepreneurs and individual villagers. Village committees play an important role in decision making on behalf of individual farmers, when they sign commitments to allocate land and resources for the project.

According to the Social Impact Assessment's (SIA) sample survey, most households in the project sample area are middle income households, meaning that severe poverty is not as big of a concern as in some other areas in China. Nevertheless, small and poor households have only limited resources (financial and human) to allocate for afforestation. These households can however benefit at least from employment opportunities and salary income provided by the project.

Overall individual farmers and villagers benefit most from the project through employment opportunities. Structural inequality between women and men remains though. Women are typically paid up to 50% less, with the justification of higher physical competence of men in manual work.

Farmers' limited competence to manage different types of plantations (especially rare species) is another risk. Adequate training and skills development, carrying out training courses with various different forms and content according to the different needs of peasants, is the most appropriate mitigation measure. There is also a risk that economic benefit from forest and economic tree plantations do not meet the very high expectations of the farmers, which may affect the long term commitment to the project. A realistic and well conducted project planning and training is again an approach to mitigate this risk.

Benefit sharing arrangements are in general well planned. Long-term land lease contracts have mostly provisions of lease indexing but they lack often explicit exit clauses. In case of conflicts related to lease contracts, households can appeal to village committees, township/county level arbitration bureaus and finally to the court.

Public Consultation and Stakeholder Engagement

A social impact evaluation was conducted in fall of 2014 (starting in September 2014) in 11 project counties. It included participatory consultation, meetings, seminars, interviews, community resource studies, resource mapping and questionnaires at district, county/town, village and peasant household level.

Farmer and villager participation is voluntary. During the appraisal mission in June 2015, the villagers, farmers and other stakeholders were well aware of the project and on its benefits for the participants and most had signed contracts on land lease and benefits sharing.

Carbon footprint

Growing trees will sequester greenhouse gases and store carbon to the extent that they will outweigh greenhouse gas emissions from transportation and fertilizer applications in the project. The project has a positive net carbon sequestration rate of 22,000 tonnes CO₂ eq. per year.

The estimate is conservative and includes only the carbon stored in standing stock, excluding soil carbon.