European Investment Bank

The EU bank

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Environmental and Social Data Sheet

Overview

Project Name:	INNER MONGOLIA FORESTRY (FL20090490)
Project Number:	20150903
Country:	China
Project Description:	The project is to rehabilitate and afforest 2 037 ha of degraded, mainly abandoned iron mining area in Inner Mongolian Autonomous Republic in China. The project includes investments in supporting facilities such as forest and fire protection roads. The project is an allocation under the China Climate Change Framework Loan II (CCCFL II 2009-0490).

EIA required: yes

Project included in Carbon Footprint Exercise[1]:   no

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

Environmental and Social Assessment

Environmental Assessment

The project contributes to establishing sustainable and diversified forest ecosystems and landscaping on heavily degraded lands that consist mainly of old abandoned iron ore mining area. The project targets primarily environmental benefits and externalities to sequester and store carbon, to improve air and fresh water quality and to improve biodiversity in the area that is adjacent to rather intensively populated urban centre. To make the project also financially feasible it invests in edible fruit/seed production on the parcels, most suitable for this purpose.

The project implements the policies and regulations on restoration of abandoned mines and greening of urban environment in the extremely harsh arid and semi-arid climate conditions prevailing in the Inner Mongolian Autonomous Republic (IMAR). The existing vegetation in the project area consists mainly of trees planted on hedge rows between abandoned arable land parcels. They are typically old and already damaged.

Extensive iron mining until 1980's has caused severe pollution and soil erosion that is the source of the air and water pollution as well as of the sand storms in the region. The iron reserves are still significant but scattered, and mining of the poor-soft iron ore is no longer financially viable. The mountain soil (e.g. sandy loam soil) is also widely used for urban construction. The shortage and pollution of water hampers urban development and agricultural industries in the region.

The project complies with the policy objectives of the 13th Five-year Plan in recognising forestry as an important part of building a prosperous society and in promoting an environmental protection and biodiversity conservation. The Party Committee and the Government of Ningcheng County are committed for ecological protection and for increasing in forest cover and its protective ecological functions in the region. In 2012, the Beijing-Tianjin

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[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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Sandstorm Source Control Project committed to launch projects that decrease the risk for sandstorms across six provinces including IMAR.

The project also supports international commitments on biodiversity protection and does not conflict with the objectives of EU Biodiversity Strategy or Policy to Monitor and Adapt to Climate Change.

The competent environmental authorities have approved the independent environmental impact assessment and issued the environmental permit for the project implementation. The environmental impact assessment (EIA) focuses on the impacts on air, water resources and their quality as well as on soil properties and acoustic environment. The environmental management plan will be compiled and be followed for implementing the recommendations given in the EIA (EIB project undertaking).

Project construction does not have major negative environmental impacts and it is widely supported by local people.

The planted forests will greatly improve the environment of Mayi Mountain (Ant Hill) and the catchment area of Laoha River. Planted trees will improve the water retention and catchment capacity in the area, which has a great importance to the water security of the county. In addition, the new planted and rehabilitated forests will improve the overall living environment in the area.

The planted and rehabilitated forests will, in a long-run, contribute to:
(i)   decreased in soil erosion, land-slides
(ii)   increased resilience to sand storms,
(iii)   improved fresh water resources and quality
(iv)   improved micro-climate that supports plant growth
(v)   recreational use
(vi)   edible cash crop production in the area,
(vii) increased biodiversity with forest ecosystems that allow more diverse plant and animal populations compared to open degraded sites.

Environmental risks of the project include:
- Prolonged droughts in combination with high summer temperatures and low winter temperatures and hydric stress especially during winter months. This may lower the survival rates of the planted trees
- Insect damages or other diseases
- Forest fires
- Soil erosion and land-slides.

Mitigation measures include proper soil preparation, landscaping and stabilisation measures. In addition, planting shall be done only in suitable conditions in early spring with appropriate techniques that safeguard adequate moisture for plants in the early stage of the development. Another mitigant will be the selection of the right species and provenances, which have to be adapted to local specific site and climatic conditions. The planted trees will be temporarily watered 1-2 years after planting to support developing their root systems deep enough to survive. The Forest Bureau will provide technical expertise and support.

EIB Carbon Footprint Exercise

The planted and rehabilitated forests will have a net carbon dioxide sequestration rate of 11 kt/a CO_{2e}. The project will contribute to climate change mitigation and will also support adaptation to climate change through increasing the resilience of existing ecosystems exposed to soil erosion, landslides and wildfires.

Social Assessment, where applicable

The project area is heavily polluted and degraded by the former mining activity. The area is located close to an urban centre, an industrial area and the surrounding farming lands. Frequent sandstorms and distortion of water absorption in the water catchment areas degrade the living conditions of local people and contribute to severe ecological degradation in the Jing-Jin sandstorm control zone. The project will improve the living conditions and mitigate the adverse impacts of environmental degradation.

A social risk assessment of the project was conducted in the fall of 2016. According to the social risk assessment, the project is classified as low risk in social terms.

Public Consultation and Stakeholder Engagement

The project preparation included participatory consultations on environmental and social impacts. The sample based surveys were part of environmental and social impact assessments and provided opinions on the project implementation and related risks.

Local people support the project and expect that it will improve the ecological stability and living conditions in the region. Expectations on employment or income opportunities were not the main drivers for the approval even if some project components will also generate marketable outputs, sales revenues and employment opportunities.

Other Environmental and Social Aspects

The Promoter undertakes to:
- Comply with the European Union and Chinese laws and regulations on the use of chemicals;
- Follow the approved EIA and environmental management plan, as well as any other requirements specified in the approvals from the relevant Chinese authorities.
- Exclude heavy soil terracing and unnecessary soil disturbance/re-levelling on the project sites and in landscaping the former mining areas;
- Apply sustainable forest management practices, enhance biodiversity and environmental protection, and comply with the requirements of China Forest Certification Scheme (CFCS).

Conclusions and Recommendations

The project has obtained the statutory environmental permits from the relevant authority and the project planning complies with the environmental and social requirements of the Bank.

The project greatly improves the quality of environment in the Chifeng City and in the region in general. It contributes to the vegetation belt established to prevent frequent harmful sandstorm in the North- East of China. It contributes to climate change mitigation and adaptation through carbon sequestration, improved biodiversity and resilience of ecosystem functions. Vegetation cover will improve water retention and catchment capacity of the project sites.

The trees' growth rates are low in the region which explains fairly low carbon sequestration volumes. However, the project embeds a wide range of other environmental benefits and supports the climate action objectives of the Bank.