



Initial Poverty and Social Analysis

Project Number: 47335-001
December 2014

PRC: Greenhouse Agricultural Development Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	China, People's Republic of	Project Title:	PRC: Greenhouse Agricultural Development Project
Lending/Financing Modality:	USD	Department/Division:	Private Sector Operations Department/Infrastructure Finance Division 2

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The project is consistent with ADB's Strategy 2020 in relation to support on inclusive economic growth for poverty reduction. Assistance to agriculture and rural areas is supported as an underlying component of the inclusive growth strategy. The project, with direct linkage to urban and export markets, will increase productivity and improve livelihood in rural areas. The project contributes to environmentally sustainable growth, ADB's other strategic agenda, by promoting advanced horticultural techniques which conserve natural resources and reduce environmental degradation while mitigating food security concerns. The project also aligns with the strategy's objective of promoting private sector development and private sector operations in all operational areas.

The project is also consistent with the PRC Country Partnership Strategy 2011-2015 which identifies natural resources and agriculture as one of four priority sectors of ADB support for inclusive and environmentally sustainable development. Private sector development remains a key driver of change. The 12th Five-Year Plan of the PRC (2011-2015) shares these development agenda and places a national priority on agricultural and rural development with specific emphasis on agricultural modernization and improvement of farmers' living standard together with resource conservation, environmental protection and social inclusion elements. The project is fully aligned with these national priorities by promoting industrial management of agriculture with advanced horticultural techniques and increasing productivity and income opportunities for rural farmers.

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The Project is classified as general intervention as farming is the largest component of the agriculture sector in PRC. The project will support the company's business growth through its expansion of a series of modern greenhouse operation in Guangdong and Fujian provinces.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

PRC's 12th Five Year plan (2011- 2015) includes pro-farming policies and measures making the agriculture sector, rural areas and farmers' benefits a top priority in the PRC. The plan calls for: (i) speeding up the development of modern agriculture, (ii) increasing farmers' income, (iii) improving the living and production conditions in rural areas, and (iv) improving rural development mechanisms and institutions.. The primary beneficiaries of the project are the company itself, farmers, consumers, and host local communities, which will generally benefit during project construction and operation

2. Impact channels and expected systemic changes.

The project is essential in developing an efficient and sustainable venue for agricultural production upstream and helps the PRC seek the full potential of the agricultural sector for inclusive and sustainable growth.

3. Focus of (and resources allocated in) the PPTA or due diligence.

The team will review resources of key production inputs such as land, labor and fertilizer; quality control and brand recognition; and strategic measures for geographic expansion and wholesale operation. The project will be in compliance with local laws and regulations as well as the requirements of ADB's safeguard policy statement (SPS) and other social dimensions on gender and core labor standards.

4. Specific analysis for policy-based lending.

N/A

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

Some gender elements (SGE) is anticipated during construction and operation through jobs offered to local women as women works extensively in agricultural sector. The opportunities will be discussed further with the client during due diligence

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No

The Project is not expected to cause any specific cultural or social impact upon or exclude any socioeconomic group, including women, from benefiting from the project.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

Potential stakeholders include consumers, national and local government, regulatory agencies, and host local communities. The project affected persons might be involved with land acquisition and they will participate through community consultations conducted by the company.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

Consultation meetings will be conducted by the company with the relevant stakeholders, especially the poor and vulnerable groups in the rural areas .

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

M Information generation and sharing **H** Consultation **L** Collaboration **N** Partnership

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

Details of the consultation and participation activities and grievance and dispute resolution will be explained in the corporate audit and ESMS.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

Due to land ownership restriction under the PRC law, the company operates on land leased from farmers' households, local villagers' committees or local governments. Detail of land lease arrangement will be reviewed.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

The project will not have any impacts on Indigenous Peoples.

3. Will the project require broad community support of affected indigenous communities? Yes No

The project will not have any impacts on Indigenous Peoples.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Social impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment(H) Adhering to core labor standards(H) Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design?

Construction and operation of the project are expected to generate jobs for the local residents, including women. The company will mobilize competent consultant to work on developed TOR to address additional social issues in the design phase. It is anticipated that the project will generate jobs for local residents during construction and operation of the project.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

- Yes No

There is no PPTA under private sector project but there was a TOR developed and the client will mobilize competent consultant to cover social safeguards issues and other social dimension.

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

Due diligence will be undertaken by staff.