



# Initial Poverty and Social Assessment

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Project Number: 47923  
November 2013

## PRC: Urban–Rural Integration Water Distribution 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:	People's Republic of China (PRC)	Project Title:	PRC: Urban-Rural Integration Water Distribution Project
Lending/Financing Modality:	Corporate Finance	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

Closing the rural water gap is a high priority for the PRC government. The project will prioritize the construction and rehabilitation of piped water systems in rural and semi-urban areas, including the extension of urban water supply networks. The program is part of the national government's urban-rural integration initiative aimed to remove development imbalances between city and countryside through extension of basic infrastructure services from urban areas to the surrounding rural and semi-urban areas.

ADB's country partnership strategy for the PRC is based on four development pillars: (i) inclusive growth and balanced development, (ii) resource efficiency and environmental sustainability, (iii) regional cooperation and public goods, and (iv) an environment conducive to private sector development that supports rural-urban development in the PRC. The project is aligned with the strategy's priority areas. Moreover, the project is also in line with the core area of operations on infrastructure citing ADB's intent to invest in water, sanitation, and waste management systems to be able to contribute to public health and improve the quality of lives.

#### B. Targeting Classification:

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

The proposed ADB loan will support the sponsor to rehabilitate and expand water distribution networks in rural, semi-urban, and second and third-tier cities in the PRC. The project will have direct beneficial impacts on the poor in term of access to potable supply, as the lower-income groups are (i) vulnerable to water diseases in the absence of access to potable water, (ii) are least capable of paying for medical expenses associated with drinking polluted water, and (iii) forced to spend (money as well as time) significantly to informal water suppliers and unprotected sources.

#### C. Poverty and Social Analysis

##### 1. Key issues and potential beneficiaries.

The subprojects planned by the sponsor will improve the living environment and health status of city residents through provision of potable water. In rural or semi-urban communities which have tap connections, water is often supplied below national quality standards, caused by pollution at the water source, inadequate treatment, or contamination from pipelines. In addition to access to potable water and the associated health benefits, the communities in the project areas will benefit from employment opportunities generated, as construction laborers and, subsequently in the operation of the facilities.

##### 2. Impact channels and expected systemic changes.

The project will benefit households from rural, semi-urban, and small-town areas through access to potable water. Significant benefits will result to the poor and vulnerable households, who disproportionately bear the health costs associated with substandard or insufficient water supply.

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

A corporate audit of CWA and selected water treatment and distribution facilities will be carried out. The audit will include due diligence reviews of CWA's past and present performance on environment and social management systems, an audit of how the safeguard issues (relating to environment, land acquisition and involuntary resettlement and indigenous peoples/ethnic minorities) and social dimensions (relating to gender, labor practices, stakeholder engagement including potential involvement of local communities during construction and operation of the facilities etc) are addressed in CWA operations. Inputs of a social development specialist have been included in the team of lender's technical advisors.

##### 4. Specific analysis for policy-based lending.

Not applicable

### 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?

Inadequate access to potable water contributes to gender inequality as women spend more time and labor on water collection. The availability of reliable water supply can: (i) improve living conditions and will significantly reduce time, cost, and efforts of the households, especially the women, (ii) improve water quality and reduce the incidence of

waterborne diseases.

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 Please explain.

In addition to the direct benefits to households, especially women, as part of the due diligence the following measures will be explored towards promoting gender equity and /or empowerment of women. These shall include (i) involving women in consultations during project design and implementation (ii) involvement of women in the project such as participation in water awareness campaigns, prioritizing women in employment opportunities created etc.

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

Yes  No Please explain

The project will positively impact women and /or girls in the project locations as improved access to water supply will contribute to improved living conditions and also save the time spent on collection of water.

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.

Apart from CWA, the key stakeholders will be the city governments, residents (urban as well as the rural communities), water consumers and residents in the vicinity of the treatment plants, including the negatively affected people.

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?

CWA has arrangements in place for consultations with local communities and village committees at the various project locations. The audit will review the existing arrangements and identify potential opportunities to engaging and empowering stakeholders, through involving local communities, including the poor and vulnerable in the construction and operation stages of the facilities.

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?

There are several civil society organizations active in the water and wastewater treatment sector in China. The due diligence will explore the potential participation of CSOs in the project. The ESMS will include arrangements to carry out meaningful consultations with civil society groups on promoting wastewater reuse.

M Information generation and sharing  L Consultation  N 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

### 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

Involuntary resettlement impacts are expected to not be significant, as the water treatment plants and storage reservoirs are generally sited in government lands. Municipal governments normally complete land acquisition, resettlement, and rehabilitation (if needed) prior to handing the area over to CWA. The extension of the distribution networks is expected to be carried out within the RoW of the roads, and hence no resettlement is expected.

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

Impacts on indigenous peoples are not anticipated as the proposed interventions are typically located very close to the urban areas, where the population is primarily Han.

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

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?

- M Creating decent jobs and employment  M Adhering to core labor standards  M 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?

The audit and due diligence of CWA and its facilities will assess the significance of the social issues and risks, and incorporate the findings in the audit/due diligence reports. During due diligence, the project team shall consult and agree with the sponsor on the identified social issues and risks. The following key issues shall be discussed (i) engaging of local labor for construction, including women (ii) retain labor and employees in facilities acquired through transfer of ownership and ensure labor retrenchment is not done, and (iv) ensure CWA's compliance with the national labor standards and core labor standards.

#### 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 (v) other social risks. Are the relevant specialists identified?

- Yes  No

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?

Inputs of a social development specialist, as part of the technical advisor's team has been included to conduct a corporate audit of CWA and the due diligence of social safeguards and other social dimensions of the existing facilities of CWA. The audit shall be carried out based on site visits, consultations with the various stakeholders and affected communities and the review of the land acquisition/resettlement documentation. There are no primary surveys or workshops required to be carried out.