



Initial Poverty and Social Analysis

Project Number: 48281-001
November 2014

PRC: Natural Gas for Land and River Transportation 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:	PRC	Project Title:	Natural Gas for Land and River Transport Project
Lending/ Financing Modality:	GCF	Department/Division:	PSOD/PSIF2

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed project will promote natural gas for land and river transportation by building logistic infrastructure for compressed natural gas of 700 refueling stations for vehicles and liquefied natural gas of 200 refueling stations for vehicles and 42 refueling stations for river vessel. The project is consistent with Strategy 2020, which identified infrastructure and environment as two of the five core areas of ADB's operational focus. Regarding infrastructure, the project is in line with the strategy's focus on climate change as well as with its emphasis on public private partnership. The project contributes to environmentally sustainable growth by mitigating air pollution and health threats.

The project is also consistent with the PRC Country Partnership Strategy 2011-2015 for pollution control. Environmental sustainability continues to be a major strategic objective of ADB support to PRC. Private sector development remains a key driver of change. The project strongly complements EAEN's current initiatives in climate change mitigation energy projects and greening transport portfolio.

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 the project is expected to mitigate air pollution from transport sector by replacing gasoline and diesel with natural gas across the country.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Less than 1% of the 500 main cities in the PRC meet the air quality standards recommended by the World Health Organization. Transport generates 13% of global greenhouse gas emission; oil is still the dominant fuel for transportation while the country has an abundant undeveloped natural gas reserve which is estimated at 2.46 trillion cubic meters. Environmental pollution exacerbates poverty and threads the health of population. The primary beneficiaries of the project are the company itself, contractors, host local communities, which will generally benefit during project construction and operation, and population who will benefit from environmental sustainability.

2. Impact channels and expected systemic changes. The project will mitigate air pollution from transport sector by replacing gasoline and diesel with natural gas for both vehicles and river vessels in PRC. The private sector investment in greening transport will be increased.

3. Focus of (and resources allocated in) the PPTA or due diligence. The team will review resources of key natural gas inputs such as land for vehicles or vessels refueling stations construction and 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? No gender elements (NGE) is anticipated during construction and operation of the refueling stations which are commonly far away from the residential areas that may not be suitable for to attract local women. The issues 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? The project is not anticipated to contribute to the promotion of gender equity and/or empowerment of women.

Yes No Please explain. If yes, a gender action plan should be prepared during PPTA or due diligence.

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

Yes No Please explain If yes, actions and measures should be prepared during PPTA or due diligence.

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 contractors, 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 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 will be conducted by the company with the relevant stakeholders, especially the project affected persons, including the poor and vulnerable groups in the project 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? The level of civil society organization participation in the project design will be determined during due diligence. The borrower will conduct consultation with them.

M Information generation and sharing H Consultation L Collaboration N/A
Partnership

Indicate in each box the level of participation by marking high (H), medium (M), low (L), or not applicable (N) based on definitions in the ADB's Guide to Participation.

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 Please explain.

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 land acquisition might be taken place for refueling vehicles or river vessels stations construction and operation. However, it is expected not to be significant, and if needed, is normally carried out by the municipal governments.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? The company will be requested to address involuntary resettlement in compliance with ADB's SPS (2009) and its ESMS.

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 There are no ethnic minorities in the locations where the company owns its refueling stations.

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 Please explain.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? The company will be requested to do screening indigenous peoples in compliance with ADB's SPS (2009) and its ESMS.

- 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?

- H Creating decent jobs retrenchment

 H Adhering to core labor standards

 Labor
 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 _____

Indicate high (H), medium (M), low (L) for selected boxes

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. The company will mobilize competent consultant to work on developed TOR to address additional social issues in the design phase.

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
 If no, please explain why.
 There is no PPTA under private sector project but the client will mobilize competent consultant to cover social safeguards issues and other social dimension based on a developed TOR.

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.