

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China	Program Title:	Beijing-Tianjin-Hebei Air Quality Improvement Program
Lending/Financing Modality:	Policy-Based	Department/ Division:	East Asia Department/ Public Management, Financial Sector and Regional Cooperation Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The program aims to reduce emissions of particulate matter of less than 2.5 micrometers in diameter (PM_{2.5}) in Hebei province, which would contribute to overall air quality improvement in the Beijing-Tianjin-Hebei (BTH) region and further to the east. The expected outputs of the program are policy actions for: (i) reducing emissions from major pollution sources; (ii) environmental policy and institutional framework for implementation; and (iii) reemployment support for inclusive industrial restructuring. The proposed program is aligned with the government action plan on air pollution prevention and control. The program supports the Twelfth Five-Year Plan of the People's Republic of China (PRC), 2011–2015 on environmental improvement, especially on air quality, and is expected to continue during the PRC's Thirteenth Five-Year Plan. The program also supports the Development-oriented Poverty Reduction for China's Rural Areas, 2011–2020, which promotes poverty reduction through environmentally friendly urbanization and balanced resource allocation to avoid disproportional impacts on the poor. The program is (i) aligned with the (a) country partnership strategy, 2011–2015 of the Asian Development Bank (ADB) for the PRC; (b) ADB's new PRC country partnership strategy, 2016–2020, currently under preparation; and (c) its paper on a new partnership with upper middle-income countries; and (ii) consistent with ADB's environment operational directions, which promote investing in natural capital to ensure that environmental goods and services can sustain future economic growth.^a

B. Poverty Targeting

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

In the BTH region, the Taihang and Yan mountains are two of 14 designated poverty zones in the national poverty program, and Hebei has 39 designated poverty counties, compared with zero in Beijing and Tianjin. About 88% of the 3 million poor people in the BTH region live in Hebei. The impact of the program will be improved air quality in the BTH region. In general, the poor and the vulnerable people are more at risk of health issues from air pollution as they normally have (i) less access to public information on air quality, (ii) facilities and equipment without any protection against air pollution, and (iii) little choice of working hours and places. Often, they cannot afford good medical treatments. The proposed program will indirectly benefit the poor and the vulnerable people with improved air quality. A part of the program and/or the due diligence assessment will confirm the existing social security system for workers retrenched under the industrial restructuring in Hebei province. The program's outcome will benefit a number of poor and vulnerable people who have been or will be retrenched under such government policy and they will contribute to boost productivity and accelerate inclusive growth in Hebei province.

C. Poverty and Social Analysis

1. **Key issues and potential beneficiaries.** The direct beneficiaries of the program are about 109.2 million people—the total population of Beijing municipality, Tianjin municipality, and Hebei province. Broadly, the program will benefit the surrounding provinces and visitors to the BTH region now suffering from BTH air pollution.
2. **Impact channels and expected systemic changes.** Over 3 million poor and vulnerable people Better in the BTH region will be benefited by the clean air. Better air quality will have a significant impact on public health in terms of reduced health care and medicinal expenses. It will benefit particularly children and the elderly, who are the most vulnerable to cardiovascular and respiratory disease. Income loss from restricted economic activities because of poor air quality will be avoided, thereby increasing work productivity in the BTH region. Moreover, A part of the program and/or the due diligence assessment will ensure there are and will be support to improve retrenched workers' vocational skills in tune with the industrial restructuring.
3. **Focus of due diligence.** Due diligence will be reported in a summary of poverty reduction and social strategy, to be prepared from staff resources. Social sector assessment and a labor market analysis will be conducted.
4. **Specific analysis for policy-based lending.** Analysis comprises identification of transmission channels of policy interventions that include improvements to air quality and/or development of labor reemployment support for inclusive industrial transformation.

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? Social protection policy may have some implications for the vulnerable, women, and the poor.

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

Even though a part of the program may confirm the potential to make a contribution to the promotion of gender equity, it will only be indirectly.

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

Yes No

In the PRC, there is no gender inequality in the general policies on social protection and employment promotion. This will be confirmed by a part of the program and its due diligence assessment.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) 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.

The main stakeholders of the program include bureaus in Hebei province that play a part in air quality improvement, and their local government counterparts from the municipality, district, and county. The provincial bureaus include finance, development and reform commission, environment protection, transport, public security, housing, urban-rural development, agriculture, and human resource and social security. A policy matrix has been drafted through several rounds of policy dialogue with stakeholders.

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?

Not applicable.

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?

Information generation and sharing Consultation Collaboration 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

2. What action plan is required to address involuntary resettlement as part of the project preparatory technical assistance (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

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 (included in a labor market analysis) 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 (M) Adhering to core labor standards Labor retrenchment (L)
 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?

A labor market analysis will be conducted for Hebei province to ensure that potential labor retrenchment issues will be reflected in the social protection scheme improvements under the program, which include support to improve retrenched workers' vocational skills in tune with the industrial restructuring. The poor and the vulnerable will benefit from better individual vocational skills.

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 the 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?
ADB's social development specialist will prepare the summary poverty reduction and social strategy for the report and recommendation of the President.

^a ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila; ADB. 2015. *Clients–Contributors–Collaborators: A New Partnership with Upper Middle-Income Countries*. Manila; ADB. 2013. *Environment Operational Directions, 2013–2020*. Manila.

Source: Asian Development Bank.