

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:  Project Title:

Lending/Financing Modality:  Department /Division:

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed project will demonstrate the provision of carbon neutral heating and cooking fuel using agricultural and livestock waste and organic fertilizer operated by the large state-owned energy company in rural Qingdao of Shandong Province.<sup>a</sup> The proposed project contributes to the Thirteenth Five-Year Plan of the PRC (2016–2020), which emphasizes resource conservation and environmental protection and gives priority to improving rural energy using renewable sources. The proposed project will also contribute to the National New Urbanization Plan issued in January 2014, which stipulates to upgrade infrastructure, and improve public services in the rural areas to narrow down the income and living conditions gap between rural and urban areas. The proposed project is closely aligned with (i) the Midterm Review of Strategy 2020;<sup>b</sup> which identifies environmentally sustainable growth as a priority for helping developing member countries move onto a low-carbon growth path by improving energy efficiency and introducing renewable energy; (ii) the PRC's country partnership strategy (2016–2020);<sup>c</sup> which supports inclusive rural-urban development and pollution control; and (iii) ADB's Energy Policy (2009),<sup>d</sup> which prioritizes renewable energy development and access to energy for all.

#### B. Targeting Classification:

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

The project will provide cleaner fuel for space heating and cooking to the rural households in the project area including the low-income households.

#### C. Poverty and Social Analysis

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

The expected direct beneficiaries of the project are rural residents including low-income households. Indirect beneficiaries are population in surrounding townships and city of the project area through improved air quality. Access to cleaner fuel for space heating and cooking is one of the basic needs of potential beneficiaries. Affordability might be a constraint among low-income rural households to buy cleaner fuel.

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

The project will provide better heating and cooking fuel to rural households including the low-income households in the project areas. The project will (i) reduce cases of respiratory diseases through improved indoor and outdoor air quality, reduce carbon monoxide poisoning by providing cleaner fuel; (ii) improve the living conditions through adequate and reliable heating services; (iii) reduce domestic chore for space heating and cooking; and (iv) increase income through job opportunities created during construction and operation period, and raw materials supply.

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

The PPTA will focus on (i) collecting social and poverty data; (ii) identifying project benefits by income groups; (iii) assessing affordability for accessing the cleaner fuel; and (iv) assessing types of employment opportunities, and identifying effective measures to improve employment opportunities for local people including the poor and women.

### 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?

Existing fuel for space heating and cooking (coal and straw) has a higher impact on women in terms of increasing (i) domestic chore for space heating and cooking, (ii) incidence of respiratory diseases related to indoor air pollution, and (iii) incidence of carbon monoxide poisoning and fire accident.

#### 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.

The project will improve access to modern heating service, which is one of the basic urban infrastructures in cold climate region in a gender inclusive manner. All sector-related gender issues will be resolved after project implementation (item 1 above). Also, the project team will advocate gender-balanced employment opportunities in heating business, where appropriate.

<p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain  The project will not have adverse impact on women and/or girls or widen gender inequality.</p> <p>4. Indicate the intended gender mainstreaming category:  <input type="checkbox"/> GEN (gender equity theme) <input type="checkbox"/> EGM (effective gender mainstreaming)  <input checked="" type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
<b>III. PARTICIPATION AND EMPOWERMENT</b>
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.  Main stakeholders of the project are Qingdao Energy Group, Qingdao Municipal Development and Reform Commission, Qingdao Finance Bureau, and rural residents in the project areas. They have been participating in the project design through consultations and series of review and approval processes. Potentially affected communities have participated in public consultations during the domestic environment impact assessment preparation and will also have an opportunity to engage in project design improvement through potential public consultation meetings and other communication channels that will be set during the project preparation stage as well as project implementation.</p> <p>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?  Accessibility and affordability of cleaner fuel for space heating and cooking among various income groups will be assessed during the PPTA implementation through social survey and interviews.</p> <p>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?  <input checked="" type="checkbox"/> (M) Information generation and sharing <input checked="" type="checkbox"/> (M) Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership  Consultation with village committee and farmer's group will be conducted to improve the project design.</p> <p>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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  The PPTA will conduct targeted consultation for low income rural households to address affordability issue in the project design.</p>
<b>IV. SOCIAL SAFEGUARDS</b>
<b>A. Involuntary Resettlement Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  According to the draft feasibility study report, the proposed project will not entail permanent or temporary physical displacement or economic displacement as (i) heating pipelines will be laid underground within the existing right of way or roadways, (ii) bio digester will be installed within existing livestock farm, and (iii) biomass pellet fuel production facility will be installed within the existing land of the implementing agency.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?  <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix  <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None – Due diligence will be conducted.</p>
<b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  The project site is not located close to any ethnic minority towns or villages. Thus, it is not expected to have adverse impact on ethnic minorities. Due diligence will be conducted during the PPTA to confirm this categorization.</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?  <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix  <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None – Due diligence will be conducted.</p>
<b>V. OTHER SOCIAL ISSUES AND RISKS</b>
<p>1. What other social issues and risks should be considered in the project design?  <input checked="" type="checkbox"/> (L) Creating decent jobs and employment <input checked="" type="checkbox"/> (L) Adhering to core labor standards <input type="checkbox"/> Labor retrenchment  <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> (M) Affordability</p>

<input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____
<p>2. How are these additional social issues and risks going to be addressed in the project design?  Standard assurances on labor will be included in the project agreement.</p>
<b>VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT</b>
<p>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?</p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>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?</p> <p>A total of 3.5 person-months of social analysis and safeguard specialists (international for 1.5 person-months, and national for 2 person-months) will be hired to conduct social due diligence during PPTA implementation.</p>

ADB = Asian Development Bank, PPTA = project preparatory technical assistance, PRC = People's Republic of China.

<sup>a</sup> The project area include the 12 townships of Jimo, Pingdu, and Laixi counties of Qingdao.

<sup>b</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

<sup>c</sup> ADB. 2016. *Transforming Partnership: People's Republic of China and Asian Development Bank, 2016–2020*. Manila.

<sup>d</sup> ADB. 2009. *Energy Policy*. Manila.