



Initial Poverty and Social Analysis

Project Number: 50164-001
September 2016

PRC: Integrated Wastewater Management 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:	Integrated Wastewater Management Project
Lending/Financing Modality:	General Corporate Finance	Department/ Division:	PSOD/PSIF2

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project is aligned with Mid-Term Review, Country Partnership Strategy (CPS) and Government priorities of prevention of water pollution, recovery and management through integrated approaches to water resource and environmental protection. The project sponsor will use ADB funds to implement a series of comprehensive waterbody (river basin and lake) rehabilitation and recovery projects comprised of environmental service concessions which encompass multiple areas of water resource management.

According to the CPS, water demand is outstripping available supply in the PRC and the water quality is not high enough for it to be used for drinking in more than half of the monitored sections of major rivers passing through large cities (CPS p.2). The 13th Five-year Plan 2016-2020 includes implementation of a strict management system for water resources and establishment of a national monitoring system for groundwater.^a Reporting on the implementation of the 2015 Plan for National Economic and Social Development stated that efforts to prevent and control water pollution in major water basins and to protect the ecosystems of lakes resulted in the proportion of surface water with a water quality rating of Grade III or higher rising to 66%.^b Improving water quality will promote economic and social inclusion of the poor and vulnerable groups, and addresses non-income dimensions of poverty.

In the CPS ADB has committed to support integrated water resources management, including strengthening water security, river basin clean-up and lake restoration through financing private sector projects with innovative technologies and business models to protect degraded rural ecosystems and support green cities development (CPS p.7). In addition, ADB will support knowledge partnerships and innovation in innovative solid-waste and wastewater management and management systems for water pollution reduction (CPS p.8).

B. Poverty Targeting

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

The project sponsor's projects are primarily located in regional urban and peri-urban towns and cities that are service centers for outlying rural populations. ADB will support development in these regions by financing private sector-led environment enhancement and pollution mitigation solutions to improve access to clean water and modernization of water treatment facilities. Due diligence will include analysis of the nexus between reducing pollution in water bodies and income and non-income dimensions of poverty in regions that the project sponsor will operate concessions. The due diligence will determine if each concession is in a registered poverty stricken county.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The primary beneficiaries of the project are the project sponsor company, its contractors, host local communities that will benefit during project construction and operation, and the wider population that will benefit from the water treatment system and the supply of improved quality water. Due diligence will consider poverty status in the regions in which the concessions will be operated.

2. Impact channels and expected systemic changes. In urban areas, rehabilitated waterways and those receiving treated water enhance the quality of living, providing living and recreational space free from pollution. The project directly addresses environmental improvement on behalf of the government and experiences very few constraints that are not manageable within the scope of concession agreements.

3. Focus of (and resources allocated in) the PPTA or due diligence. Extensive terms of reference were prepared for project due diligence. This included: Review and opine on the occupational and community health and safety aspects. Review any prior land acquisition done by the state/provincial or local government for the facilities and determine if these were undertaken in compliance with PRC's national laws and ADB's requirements. Determine if CWE's operations have any impacts on ethnic minorities and assess whether these have been addressed in accordance with PRC's national laws and ADB's SPS. Review the relevant regulatory policies and guidelines relating to the plant's environmental, social, health and safety, corporate social responsibility (CSR), gender analysis of the construction/operations which will include assessment of employment (including sex-disaggregation of current employees), income generation opportunities or capacity building/training for women, and labor aspects and opine on the plant's capability to comply with the respective regulatory policies and guidelines.

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? As most of the concession are in urban and peri-urban areas, potential exist for men to take up the greater share of construction and operation roles. Due diligence will assess opportunities for greater participation by women during construction and operation of projects.

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. There is very little opportunity for the project sponsor to promote gender equity beyond what it already does in providing equal opportunity in employment.

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

Yes No Please explain. Due diligence will determine company's policies on providing equal opportunities for women across its operations, including its contractors.

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 project are the municipal governments that engage the project sponsor through concession agreements to manage wastewater and rehabilitate their local waterways. Local governments typically participate through a task force put on place to manage the implementation of a Water Resource Master Plan for the region. The task force is comprised of members from across government including land and labor representatives.

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? Improved waterways, especially in urban and peri-urban areas, will contribute to improvements in population health through the reduction of pollutants in water that is used for recreational and agricultural activities.

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 (H) The concessions are essentially partnerships with local governments and involve close participation on design, construction and operation. Payment is essentially approved through the analysis of performance data by the local task force.

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 Wastewater treatment plants are typically located on land toward witch water would typically drain along natural features. This land is of lower agricultural value and may be occupied by poorer households. Due diligence will determine the extent to which this assumption is evident in plant siting and whether it is an issue of concern.

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 The concessions that are currently part of the project sponsor's portfolio and those that would be likely financed by ADB funds have required involuntary land acquisition, which is undertaken by the government. To date, past acquisition has been small in scale and involved only a small number of households and some temporary displacement during the laying of sewage pipes. The project sponsor has previously ensured that land acquisition occurred in compliance with national law. Due diligence will investigate the extent of procedural compliance in sample projects and provide instructive corrective action in a framework for projects that would be financed through ADB funds.

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 Prior to due diligence, the project team understands that the project sponsor may include concession projects in Yunnan for ADB support and these may involve water resources used by indigenous peoples. The deal team, project sponsor, and due diligence consultant will determine the scope and scale of impact, if any.
3. Will the project require broad community support of affected indigenous communities? Yes No Possibly if water resources used by indigenous people are affected. But note of course that such resources would only be improved by the project. This matter will be further assessed during due diligence.
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 Adhering to core labor standards (L) 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 project sponsor provides comprehensive employment contracts for its employees and ensures that its construction contractors provide equal pay for equal work. Due diligence will review contracts and supply chain arrangements for compliance.

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?

Environmental and social due diligence will involve inspection of existing facilities in two areas: (i) the operational Nanming River Project in Guiyang, Guizhou Province, and (ii) and two facilities in Guang'an, Sichuan Province that are under development. A technical adviser has been contracted and will report on SPS compliance, community health and safety, land acquisition, ethnic minorities, gender, labor and stakeholder engagement.

^a Source: http://news.xinhuanet.com/english/photo/2015-11/04/c_134783513.htm viewed 10 June 2016.

^b Source: <http://english.cntv.cn/2016/03/18/ARTINY1oGW0rMFv5NDP8P4Uq160318.shtml> viewed 10 June 2016.