



## Initial Poverty and Social Analysis

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Project Number: 51033-001  
August 2020

### Proposed Loan PRC: Air Quality Improvement in the Greater Beijing–Tianjin–Hebei Region—Green Financing Scale up Project

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 07 July 2020)

Currency unit	–	Yuan (CNY)		
CNY1.00	=	\$0.1415	or	€0.1259
\$1.00	=	CNY7.0199	or	€0.8842
€1.00	=	CNY7.9426	or	\$1.1239

## ABBREVIATIONS

ADB	–	Asian Development Bank
BTH	–	Beijing–Tianjin–Hebei
ESMS	–	Environmental and Social Management System
GAP	–	Gender Action Plan
MLGS	–	minimum living guarantee subsidy
PRC	–	People’s Republic of China
SME	–	small- and medium-sized enterprise
TA	–	Technical Assistance
YRD	–	Yangtze River Delta

## NOTE

In this report, "\$" refers to United States dollars.

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China	Project Title:	Air Quality Improvement in the Greater Beijing–Tianjin–Hebei Region—Green Financing Scale up Project
Lending/Financing Modality:	Project Loan/Financial Intermediary Loan	Department/Division:	East Asia Department/Sustainable Infrastructure Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project aims to help address emerging challenges in air quality improvement by scaling up clean energy technologies and systems applications in both the greater Beijing–Tianjin–Hebei (BTH) and Yangtze River Delta (YRD) regions.<sup>a</sup> The project is aligned with the Government of the People's Republic of China's (PRC) action plan on air pollution prevention and control. The project supports the PRC's Thirteenth Five-Year Plan, 2016–2020, on environmental improvement and low-carbon transformation. The project 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 project is (i) aligned with the Country Partnership Strategy, 2016–2020 of the Asian Development Bank (ADB) for the PRC and ADB's paper on new partnership with upper middle-income countries; (ii) consistent with ADB's environment operational directions, which promote investing in natural capital to ensure environmental goods and services can sustain future economic growth;<sup>b</sup> and (iii) in line with ADB's Strategy 2030, including tackling climate change, building resilience, enhancing environmental sustainability, making cities more livable, and accelerating gender equality.

#### B. Poverty Targeting

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

In the greater BTH region and YRD region, there are 14.2 million people receiving the minimum living guarantee subsidy (MLGS).<sup>c</sup> The impact of the project will improve the environment and reduce adverse health impacts in the greater BTH region and YRD 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 project will indirectly benefit the poor and the vulnerable people with improved environment.

#### C. Poverty and Social Analysis

**1. Key issues and potential beneficiaries.** The proposed project will directly benefit enterprises that promote clean technologies and applications in agriculture, energy, transportation, and urban sectors. Improved air quality will indirectly benefit about 614 million people, including 10.4 million poor people in the BTH region and 3.8 million poor people in the YRD region who are receiving the MLGS. Broadly, the project will benefit the surrounding provinces and visitors to the greater BTH region and YRD region now suffering from deteriorated environment.

**2. Impact channels and expected systemic changes.** The subprojects financed under the proposed project will contribute to improving air quality in the BTH and YRD region. Better environment 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 diseases. The project is designed to promote clean technologies and application by offering different financial products to energy savings companies and small and medium-sized enterprises. This may create new employment opportunities in green industries.

**3. Focus of due diligence.** Poverty and social analysis will be conducted and reported in a summary of poverty reduction and social strategy. Gender analysis as part of the poverty and social analysis will also be conducted.

### II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? While labor force participation of women in the PRC remains relatively high at 61.5% (2017), it has been declining and occupational segregation increasing. This is also observed in the energy sector, in which women's share in this industry has fallen from 29.4% in 2008 to 27.3% in 2018.<sup>d</sup> Data on women participation in clean energy entrepreneurship is lacking and the project will identify specific barriers for women entrepreneurs in the BTH and YRD regions to transition to clean energy and green production. ADB has started to take an active role in promoting gender equality practices in the green energy sector through previous projects, including Loan 3824-PRC: Shandong Green Development Fund<sup>e</sup> and Loan 3879-PRC: Air Quality Improvement in the Greater Beijing–Tianjin–Hebei Region—Henan Cleaner Fuel Switch Investment Program.<sup>f</sup> The project will build and expand on this work.

2. Does the proposed project or program have the potential to contribute 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?

<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The project will assess the situation of gender issues in the project areas. A GAP containing the design features will be prepared to ensure the project contributes to increasing gender equity. 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 The project will have no adverse impact on women, and it is not expected to increase gender inequality. 4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)
<b>III. PARTICIPATION AND EMPOWERMENT</b>
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 include government bureaus in each province and municipality covered by the greater BTH and YRD region that play a part in environment improvement, energy savings companies and small- and medium-sized enterprises (SME). All stakeholders will be consulted, and participatory meetings held to ensure their voices are heard during project preparation. 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? The local women's association will contribute input to the gender assessment and is included as a stakeholder in the GAP. 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"/> Information generation and sharing (M) <input checked="" type="checkbox"/> Consultation (M) <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership All China Women's Federation will be consulted during project preparation to outline the issues related to women and women-led SMEs. Other civil society organizations related to renewable energy and green production/services will be further consulted during the project implementation for better design. 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 <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>IV. SOCIAL SAFEGUARDS</b>
<b>A. Involuntary Resettlement Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI
1. Does the program have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The category is FI (treated as C). Similar to the selection criteria set for Loan 3504, any subproject that falls under Category A and B for Involuntary Resettlement or if there are any outstanding issues or legacy issues will be excluded from financing. An ESMS will be prepared based on the experience gained and lessons learned from Loan 3504. 2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> Environmental and social management system <input type="checkbox"/> None
<b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ethnic minorities account for 4.16% of the total population in the greater BTH region. Inner Mongolia Autonomous Region accounts for 17% of the total population while Yangtze River Delta (YRD) region is mostly Han (99%). The category is FI (treated as C). Similar to the selection criteria set for Loan 3504, any subproject that falls under Category A and B for Indigenous Peoples will be excluded from financing. An ESMS will be prepared based on the experience gained and lessons learned from Loan 3504. 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 3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> Environmental and social management system <input type="checkbox"/> None The environmental and social management system will include subproject screening to exclude those with impacts on ethnic minorities.

<b>V. OTHER SOCIAL ISSUES AND RISKS</b>
<p>1. What other social issues and risks should be considered in the program design?</p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment (M) <input checked="" type="checkbox"/> Adhering to core labor standards (L) <input type="checkbox"/> Labor retrenchment  <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability  <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>
<p>2. How are these additional social issues and risks going to be addressed in the program design?  Standard assurance on labor will be included in the project agreement. Impact on new employment opportunities will be assessed.</p>
<b>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</b>
<p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA 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?  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<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 transaction TA or due diligence?  A total of 2 person-months of social expert will be hired during due diligence.</p>

<sup>a</sup> The greater BTH region refers to Beijing and Tianjin municipalities; Hebei, Henan, Shandong, Shanxi, and Liaoning provinces; and Inner Mongolia Autonomous Region. Yangtze River Delta (YRD) region, which is comprised of Shanghai City, Anhui, Jiangsu, and Zhejiang provinces.

<sup>b</sup> ADB. 2016. [Transforming Partnership: People's Republic of China and Asian Development Bank, 2016–2020](#). Manila; ADB. 2015. [Clients–Contributors–Collaborators: A New Partnership with Upper Middle-Income Countries](#). Manila; and ADB. 2013. [Environment Operational Directions, 2013–2020](#). Manila.

<sup>c</sup> Statistical Quarterly Reports of Ministry of Civil Affairs (<http://www.mca.gov.cn/article/sj/tjib/sjsj/2020/202004161447.html>)

<sup>d</sup> China Labour Statistical Yearbook, 2009 (Table 3-1) and 2017 (Table 3-1).

<sup>e</sup> ADB. 2019. [Report and Recommendation of the President to the Board of Directors: Proposed Results-Based Loan to the People's Republic of China for the Shandong Green Development Fund Project](#). Manila

<sup>f</sup> ADB. 2019. [Report and Recommendation of the President to the Board of Directors: Proposed Results-Based Loan to the People's Republic of China for the Air Quality Improvement in the Greater Beijing–Tianjin–Hebei Region—Henan Cleaner Fuel Switch Investment Program](#). Manila.