

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China	Project Title:	Proposed Loan to Minsheng Financial Leasing Green Transport Finance
Lending/Financing Modality:	Loan	Department/ Division:	Private Sector Operations Department/ Private Sector Financial Institutions Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

ADB will provide to MFL (i) an A loan of up to \$200 million (or its yuan equivalent) and (ii) a complementary loan of up to \$200 million (or its yuan equivalent). The A loan will finance leasing or purchase of green buses, including batteries for electric buses. The ADB complementary loan will be used to finance green vehicles, as well as batteries and charging stations for electric vehicles. The project supports three strategic priorities identified in ADB's Midterm Review of Strategy 2020 : (i) environment and climate change, (ii) middle-income countries, and (iii) private sector development and operations. The Midterm Review of Strategy 2020 calls for increasing assistance for sustainable transport, and reiterates the target of investing \$30 billion in transport from 2012 to 2021. The project is also aligned with ADB's Country Partnership Strategy 2016–2020 for the PRC, which states that ADB will support transport modes with lower emissions and energy consumption, and promote integrated, green, inclusive, and competitive urban development. The proposed project supports the CPS priorities of managing climate change and the environment and supporting inclusive economic growth. It will also support financial sector development, one of the private sector operational focuses identified in the country partnership strategy.

B. Poverty Targeting:

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

The loan to MFL will improve the financial capacity of bus operators to lease or purchase green buses and other electric vehicles that will contribute to reducing greenhouse gas emission and urban transport congestion. The primary beneficiaries are bus companies that will lease green buses from MFL and other end-users that will lease or purchase green vehicles and install charging stations through MFL. This project will benefit people who depend on public transport systems and will also contribute to pollution reduction through expansion of electric vehicle technology.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The poor in the PRC frequently face problems in accessing safe and affordable public transport, especially in congested rapidly urbanizing cities. The rise in private car ownership has also exacerbated congestion in cities and contributed to air pollution. The large concentrations of motor vehicles and their emissions in relatively small areas have raised air pollution in many cities to levels considered harmful to human health. The primary beneficiaries are bus companies that will lease green buses from MFL and other end-users that will lease or purchase green vehicles and install charging stations through MFL. This project will benefit people who depend on public transport systems and will also contribute to pollution reduction through expansion of electric vehicle technology. The expansion of bus and other electric vehicle fleets may also contribute to increasing employment opportunities.

2. Impact channels and expected systemic changes. Poor and vulnerable groups more dependent on public transport will most directly benefit from the project through the provision of clean and efficient electric bus and other vehicles in their cities. Poor and vulnerable groups in PRC cities in which MFL clients operate bus and other clean energy vehicles will indirectly benefit through contributions to the reduction of greenhouse gases and other vehicle emissions that exacerbate air pollution.

3. Focus of (and resources allocated in) the due diligence. ADB will focus due diligence on MFL's credit process, environmental and social screening, monitoring of impacts and reporting. Due diligence will test MFL's commitment to comply with relevant national laws, ADB Safeguard Policy Statement, and other social requirements.

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? The project is expected to benefit all commuters, including women and children, and therefore is classified as having no gender elements.

<p>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?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The project is expected to provide benefits to commuters, including women and children.</p>
<p>4. Indicate the intended gender mainstreaming category:</p> <p><input type="checkbox"/> GEN (gender equity) <input type="checkbox"/> EGM (effective gender mainstreaming)</p> <p><input type="checkbox"/> SGE (some gender elements) <input checked="" type="checkbox"/> NGE (no gender elements)</p>

III. PARTICIPATION AND EMPOWERMENT

<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. The stakeholders of the project include the bus operators, government, and the commuters. MFL's business development department works directly with bus companies to understand requirements during transaction processing and monitoring. These companies are typically owned by local governments that are implementing broader government policy for a modal shift from private to public transport as well as the large-scale deployment of green vehicles.</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? MFL's business development department works directly with bus companies (main stakeholder) to understand requirements during transaction processing and monitoring. These companies are typically owned by municipal governments, which in turn engage commuters and communities to determine their needs. This loan will promote better access of financing to bus operators and will in turn contribute to an improved transport services to the commuters.</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?</p> <p>L <input checked="" type="checkbox"/> Information generation and sharing <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>

IV. SOCIAL SAFEGUARDS

<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI (treated as C)</p> <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 The proposed loan will finance leasing or purchase of green buses and other green vehicles, including batteries as well finance installation of charging stations for electric vehicles. These investment activities are not expected to require involuntary acquisition of land or cause involuntary restrictions on land use or access to legally designated parks and protected areas. Charging stations financed using ADB funds will be installed in existing bus depots and/or existing facilities, and will not require additional land procurement.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI (treated as C)</p> <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</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 The loan will finance the leasing or purchase of green buses and other green vehicles and batteries as well as support the installation of charging stations. The project is not expected to have any impact on distinct and vulnerable IP/ethnic minority groups in the PRC.</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?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>

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 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? MFL will comply with the national labor laws and will take measures to comply with the International Labor Organization's core labor standards.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the due diligence contain key information needed to be gathered during 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 ADB team conducted due diligence and assessed potential impacts of the project in terms of physical and economic displacement, impacts to IPs, and labor compliance .

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 team conducted review of relevant documents and interview with key MFL staff to identify gaps and explore gap-filling measures, as required.