



## Initial Poverty and Social Analysis

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October 2018

### People's Republic of China: Yunnan Sayu River Basin Rural Water Pollution Management and Eco- Compensation Demonstration Project

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Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 15 October 2018)

|               |   |            |
|---------------|---|------------|
| Currency unit | – | yuan (CNY) |
| CNY1.00       | = | \$0.1445   |
| \$1.00        | = | CNY6.9222  |

## **ABBREVIATIONS**

|      |   |                                  |
|------|---|----------------------------------|
| ADB  | – | Asian Development Bank           |
| TRTA | – | transaction technical assistance |

## **NOTE**

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

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

## 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 project will improve the ecological and environmental sustainability of the Sayu River Basin in Zhaotong City, which is an important area for ecological protection in the upstream of the Yangtze River. The project will upgrade the overall well-being of the population in the project area, and therefore improve livelihood of poor households and reduce their vulnerability to environmental and ecological degradation. The project is aligned with: (i) the People's Republic of China's Thirteenth Five-Year Plan, 2016–2020;<sup>a</sup> (ii) the Yangtze River Economic Belt Development Plan 2016–2030;<sup>b</sup> (iii) the National Sustainable Agricultural Development Plan, 2015–2030;<sup>c</sup> (iv) Asian Development Bank's (ADB) Strategy 2030;<sup>d</sup> (v) ADB's country partnership strategy for the People's Republic of China, 2016–2020;<sup>e</sup> (vi) ADB's Water Operational Plan, 2011–2020;<sup>f</sup> (vii) ADB's Environment Operational Directions, 2013–2020;<sup>g</sup> and (viii) ADB's Operational Plan for Agriculture and Natural Resources.<sup>h</sup>

#### B. Poverty Targeting

General intervention  Individual or household (TI-H)  Geographic (TI-G)  SDGs (Goals 1, 6, 13 & 15)

The project is proposed as general intervention. About 15% of beneficiaries are estimated to be the poor (defined as baseline income below CNY2,300 per year in 2010 price). The transaction technical assistance (TRTA) will undertake poverty analysis and confirm the targeting classification during the feasibility stage.

#### C. Poverty and Social Analysis

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

Of the Zhaotong City's total population of 6.09 million, about 150,000 people living in the Sayu River Basin are expected to benefit directly from the project. About 1.37 million people in Zhaoyang District and Ludian County will benefit indirectly from the project. The beneficiary population will benefit from the improved eco-compensation mechanism and ecological and environment sustainability in the project area. Poor households will also benefit from the project. Detailed analyses on the beneficiaries, their needs, and key issues will be assessed during the poverty and social analysis by the TRTA consultants.

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

The project will have positive impacts among the local population through both structural and nonstructural measures. The project beneficiaries will benefit directly from the project outputs: (i) rural waste in the Sayu River Basin managed; (ii) soil erosion in the Sayu River Basin reduced; (iii) agriculture-related nonpoint source pollution in the Sayu River Basin reduced; and (iv) financial mechanisms for, and capacities and public awareness on water pollution reduction strengthened. The TRTA will undertake detailed analysis of social impacts of each output during the feasibility stage.

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

The TRTA consultant team will include an international social development and resettlement specialist, a national social development specialist, and a national resettlement specialist. Budget will be included for these specialists to conduct necessary social surveys and analysis. The TRTA specialists will (i) conduct poverty and social analysis with particular attention on gender, poverty, ethnic minorities, and labor issues; (ii) conduct social safeguards assessments; and (iii) prepare a resettlement plan, an ethnic minority development plan, a social action plan, a gender action plan, and a consultation and participation plan.

### 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?

Women in project area suffer from poor environmental and ecological conditions such as water pollution and soil degradation. The deteriorating environmental and ecological conditions are a burden on women who have more responsibility than men in taking care of household chores, as well as taking care of sick or weak family members. Women are also facing the challenges of limited employment opportunities due to the changing environment. The TRTA consultants will undertake gender analysis to identify project-related issues and needs for women in the project area, including opportunities to increase their participation in river basin management and agricultural activities.

#### 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? Yes No

The TRTA consultants will identify gender mainstreaming measures to ensure women in the project area benefit equitably. A gender action plan will be prepared during project preparation based on the gender analysis.

The plan will include measures to generate employment and build capacity for women under the project and to empower women through their participation in the project activities.

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

Yes  No

The project is not expected to widen gender inequality.

**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.**

Main stakeholders are communities and households in the project area that will benefit or be impacted by the project. The beneficiaries and affected people will be consulted in coordination with their respective village committees. The stakeholders will be consulted during the feasibility study to ensure that the project design corresponds to their needs. Particularly, affected people (such as farmers) will be consulted through participatory methods (meetings, interviews, etc.) to ensure their voices are heard and incorporated in the project design. The TRTA consultants will undertake the stakeholder analysis to identify potential beneficiaries and affected people and their needs for consultation and participation.

**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 TRTA consultants will develop a consultation and participation plan to effectively engage stakeholders and beneficiaries, including the poor, women and vulnerable groups. The participation of the beneficiaries and affected people, including the poor and vulnerable groups, is particularly important during the preparation or design of eco-compensation and other nonstructural measures under the project and the preparation of social safeguards assessment and plans.

**3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design?**

Information generation and sharing (H)  Consultation (H)  Collaboration (L)  Partnership (N/A)

Women's federation and community-based groups will participate in the project design. The TRTA consultants will identify relevant civil society organizations that are active in the project area.

**4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed?**  Yes  No

The design of eco-compensation and other nonstructural measures and social safeguards assessment will require participation of the beneficiaries and affected people, including the poor and vulnerable groups. The TRTA will ensure that all relevant stakeholders are adequately consulted during the project design and preparation of social safeguard plans.

### 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

It is estimated that about 120 hectares of rural collectively-owned land will be used by the project, and some households need to be relocated during project implementation. In addition, some land will be needed for temporary use during construction by contractors.

**2. What action plan is required to address involuntary resettlement as part of the TRTA 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

Three village groups of ethnic minorities (Miao, Yi, and Hui) are located in the project area. The local population, including ethnic minority groups, will benefit from the project. The TRTA consultants will assess impacts and prepare an ethnic minority development plan.

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?  Yes  No

Three village groups of ethnic minorities are located in the project area, but the project is not expected to involve customary land or ancestral land. The TRTA consultants will further assess and confirm during the feasibility study.

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 transaction TA 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 (L)  Adhering to core labor standards (L)  Labor retrenchment  
 Spread of communicable diseases, including HIV/AIDS (L)  Increase in human trafficking  Affordability (L)  
 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 will create employment opportunities during construction and operation phases. The civil works contracts will include provisions of core labor standards and prevention of HIV/AIDS and other communicable diseases during project implementation. Affordability of increased tariffs on wastewater treatment to the poor and vulnerable households will be assessed and mitigation measures will be developed during the TRTA. The TRTA consultants will further assess on these issues and prepare a social development action plan.

#### VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

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?

Yes  No

The TRTA terms of reference includes relevant tasks, including preparing (i) the poverty, social, and gender analysis report, and (ii) relevant social plans.

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?

An international resettlement and social development specialist, a national resettlement specialist, and a national social development specialist are included in the TRTA team. Necessary budget for social surveys, consultations, etc. are also included in the TRTA.

<sup>a</sup> Government of the PRC. 2015. *Outline of the Thirteenth Five-Year Plan on National Economic and Social Development, 2016–2020*. Beijing.

<sup>b</sup> Government of the PRC. 2016. *Outline of the Yangtze River Economic Belt Development Plan, 2016–2030*. Beijing.

<sup>c</sup> Government of the PRC. 2015. *National Sustainable Agricultural Development Plan*. Beijing.

<sup>d</sup> ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

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

<sup>f</sup> ADB. 2011. *Water Operational Plan, 2011–2020*. Manila.

<sup>g</sup> ADB. 2013. *Environment Operational Directions 2013–2020: Promoting Transitions to Green Growth in Asia and the Pacific*. Manila.

<sup>h</sup> ADB. 2015. *Operational Plan for Agriculture and Natural Resources: Promoting Sustainable Food Security in Asia and the Pacific in 2015–2020*. Manila.

Source: Asian Development Bank.