



## Initial Poverty and Social Analysis

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Project Number: 53077-001  
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### People's Republic of China: Gansu Environmentally Sustainable Rural Vitalization and Development

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Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 09 July 2021)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.1541
\$1.00	=	CNY6.4905

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
F-TRTA	–	transaction technical assistance facility
GHG	–	greenhouse gas
GPG	–	Gansu Provincial Government
PRC	–	People's Republic of China
SDG	–	Sustainable Development Goal
YREC	–	Yellow River Ecological Corridor

## **WEIGHT AND MEASURE**

CO <sub>2</sub>	–	carbon dioxide
tCO <sub>2</sub> e	–	tons of carbon dioxide equivalent

## **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:	Gansu Environmentally Sustainable Rural Vitalization and Development Project
Lending/Financing Modality:	Project 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 is consistent with the PRC's national plan for rural vitalization issued in 2018, which takes the rural poverty problem as the national priority to be addressed. Catching-up of regions left behind by the rapid economic development of the last decades is one of the priorities of the PRC government under the Western Regions Development Strategy, and the Gansu provincial government. The project is consistent with the strategic pillars of the Asian Development Bank's (ADB) new country partnership strategy (CPS) for the PRC, 2021–2025 – (i) environmentally sustainable development, and (ii) climate change adaptation and mitigation.<sup>a</sup> The project will support key strategic operational priorities of ADB's Strategy 2030: OP3: tackling climate change, building climate and disaster resilience and enhancing environmental sustainability; OP6: strengthening governance and institutional capacity; and OP5: promoting rural development by supporting agriculture value chain expansion. In addition, it will also support OP1: addressing remaining poverty and reducing inequalities; and OP2: accelerating progress in gender equality. The project will promote social and economic inclusion and sustainable livelihoods of the poor and vulnerable groups by providing diversified income generation channels and improved living environment.

#### B. Poverty Targeting

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

Gansu is overall a relatively poor province compared to other provinces in PRC. The per capita net income of farmers is about CNY9,628.9 in 2019, which is 60% of the national level (CNY16,021). Although extreme poverty alleviation efforts have made great progress in the past decade, there are 8 national key counties for poverty alleviation by 2019. 13.8 million rural people received the minimum living guarantee subsidy (MLGS) and 93,000 rural people received the allowance and support to the extremely poor people in 2019.<sup>b</sup> The current poverty population is 13.893 million. The selected cities have high levels of poverty. The technical assistance (TA) will confirm the targeting classification based on updated poverty data and final project components.

#### C. Poverty and Social Analysis

- Key issues and potential beneficiaries.** The proposed project aims for the sustainable growth in rural areas by strengthening institutional governance of farmers' community and balanced development between economy and environment so that rural areas would be more resilient to natural hazards possibly caused by climate change. Currently, the transition of the agriculture sector in Gansu from small-holders with no marketing strategy to small and medium-sized enterprises and cooperatives is ongoing, but hampered by less developed modernized agriculture and commercial agritourism, and shortage of young qualified talent, which will be addressed by the Project. The main beneficiaries of the project will be rural people, members of cooperatives and small and medium-sized enterprises in the five project areas located in Lintao County of Dingxi City, Ganzhou District of Zhangye City, Yongchang County of Jinchang City, Pingchuan District of Baiyin City, and Qinzhou District of Tianshui City. The TA will collect detailed information on key issues and beneficiary data.
- Impact channels and expected systemic changes.** It is intended that farmers, including the poor and vulnerable households will benefit from the project directly as participants in training program, employees of enterprises and members of cooperatives. Also, they can benefit from the improved infrastructure and ecological environment. The TA will assess the needs of farmers including the poor and vulnerable households and the barriers to access to benefits and propose design solutions.
- Focus of due diligence.** A poverty and social analysis will be carried out during project preparation to analyze the impact of the project on the poor and vulnerable groups and identify pro-poor design features to ensure those people can also become beneficiaries or members of cooperatives under agriculture modernization component and agritourism component. Gender analysis as part of the poverty and social analysis will also be conducted.

### II. GENDER AND DEVELOPMENT

- What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

Women may lack professional knowledge and skills in key links such as green production, processing and sales, and financial and social capital, to become staff, members of cooperatives, or form part of management in participating cooperatives. Further data on women's participation in the tourism sector, agribusiness value chains, access to agriculture extension, participation in green governance and leadership in project area will be collected during due diligence. The aspect of a gender digital divide will also be explored. The project preparation will identify opportunities to directly increase women's access to green jobs including those created by the project, and training, participation in decision-making in project design, implementation, and monitoring. The project will also help improve the capacity of female staff in various entities e.g., the executing and implementing agencies, cooperatives, and small and medium-sized enterprises. The TA will identify specific gender issues that need to be addressed under the project.

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

The project will contain design features that improve women's participation in green agriculture and agritourism sector and provide capacity building to them. This will empower women socially and economically so they can access the labor market and play stronger roles in participating cooperatives and other project-supported activities. Availability of local employment will reduce need for out-migration of men and therefore reduce the workload of non-migrant women. The TA will undertake gender assessment and prepare a gender action plan.

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

☐ Yes ☒ No

The project will have no adverse impact on women and ensure that women can participate and benefit from the project without gender discrimination.

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.

Farmers, enterprises, and cooperatives will be among the main beneficiaries of the project. Village committees as well as farmer cooperatives will participate in project design. Local women's federation and other community-based organizations will participate in consultations and design process. The TA will identify relevant stakeholders and prepare a consultation and participation plan to engage key stakeholders.

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 project will include design features to ensure that farmers including poor and vulnerable households will be encouraged to become members of cooperatives, employees of the enterprises and participate in project activities e.g., the design of policy on farmers' involvement in the corporate management and distribution of profits, and arrangement for voluntary land use rights transfer (LURT). Project induced changes in farming systems with new target standards will require provision of practical compliance solutions to farmers. A communication strategy and farmer training will ensure all farmers are enabled to participate and meet new target standards. The local women's association will contribute input to the gender assessment and is included as a stakeholder in the gender action plan (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?

☒ Information generation and sharing (H) ☒ Consultation (H) ☐ Collaboration ☐ Partnership

All China Women's Federation (ACWF), farmers' cooperatives, village committees will be consulted during project preparation and implementation.

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

During project design, farmers, the poor and vulnerable households will be consulted.

### 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 expected that land acquisition impacts will not be significant. For Output 3, some facilities may permanently acquire small plots of land, e.g., for expo halls, cultural centers, and tourist service centers which will occupy 1.5 *mu* to 7 *mu* of land.<sup>c</sup> Under Output 2, some facilities such as cold storage warehouse and associated basic infrastructure (small rural roads, electricity, sewage, elderly care service, etc) may require between 1 *mu* to 3 *mu*

of land permanently. For ecological and cultural parks, project activities will occur on lands owned by individual farmers or cooperatives that are already used for agriculture or other activities, or on lands which will be leased from farmers through voluntary land use rights transfer (LURT). Under Output 4, reforestation will be on waste land or state-owned land. Riverbank protection will be within the boundary of the existing riverbank and no land acquisition is envisaged. The TA will (i) screen potential LAR impacts to reconfirm the impact category; (ii) undertake due diligence on LURT contracts; and (iii) prepare necessary due diligence reports and safeguard documents based on the screening and due diligence.

2. What action plan is required to address involuntary resettlement as part of the project transaction TA or due diligence process?

- ☒ Resettlement plan ☐ Resettlement framework ☐ Social impact matrix  
☐ Environmental and social management system arrangement

**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

Majority of the population in the project areas are Han. Some of the ethnic minority groups are Hui, Dongxiang, and Mongolian. The EM groups account to less than 2% of the total population. Whether project activities will impact the ethnic minority communities triggering ADB requirements on IPs can be ascertained only after the social assessment during project preparation. Category B is proposed as a precaution similar to the other projects in Gansu. The TA will screen potential impacts on the ethnic minorities to confirm the IP category; and prepare an ethnic minority development plan, if needed, based on social assessment.

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

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 (if needed) ☐ Indigenous peoples planning framework ☐ Social impact matrix (included in a labor market analysis) ☐ 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 (M) ☒ 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?

Standard assurance on labor will be included in the project agreement. Impact on new employment opportunities will be assessed and social and gender action plan will be developed to ensure employment opportunities created are targeting local population including the poor and vulnerable households

**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 the 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

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?

One international, one national social development specialists, one social safeguards specialist, and budget for surveys.

<sup>a</sup> ADB. 2021. *Country Partnership Strategy: People's Republic of China, 2021-2025 — Toward High-Quality, Green Development*. Manila.

<sup>b</sup> Gansu Provincial Bureau of Statistics. 2019. *Statistical bulletin of economy and social development of Gansu Province 2019*. Lanzhou

<sup>c</sup> Chinese unit of measurement, 1 *mu* = 666.67 square meters.