

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China (PRC)	Project Title:	Shaanxi Trunk Roads Improvement
Lending/Financing Modality:	Project loan	Department/Division:	East Asia Department (EARD)/ Transport Division (EATC)

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The project is directly linked to the poverty reduction strategy of the People's Republic of China (PRC). It will be implemented in the Qinba Mountains Area¹ in Shaanxi Province, one of the 11 poorest regions targeted for concentrated interventions under the 2011–2020 poverty reduction strategy of PRC Government. The project area, Xunyang County, Hanbin District and Shangnan County, had an overall poverty incidence of over 35% in 2011.² Poor road access is one of the main causes of poverty in the project area, as well as in the whole Qinba Mountains Area. The proposed project is in line with ADB's PRC country partnership strategy (CPS) 2011–2015 which identifies improving the road network and rural roads as key areas of support.</p>
<p>B. Targeting Classification</p> <p><input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>The proposed project will support the improvement of the road networks in the project area and thereby improve access and road safety. The project will directly contribute to poverty reduction through (i) improved road safety through improved delineation and signage, replacement or installation of well-designed roadside barriers, traffic calming, pedestrian crossing upgrades, and footpaths to protect pedestrians in towns and villages along the roads, among other needed improvements, (ii) improved access to regional central markets so as to add value to specialized local products including tea, mushrooms, walnuts, chestnuts, kiwi fruits and medicinal herbs; (iii) employment of the poor as unskilled labors for project construction and follow up road maintenance; and (iv) implementation of the gender action plan (GAP) and social development action plan (SDAP) that will target and benefit the poor. The project will indirectly contribute to poverty reduction by facilitating (i) timely delivery and distribution of relief materials in case of severe natural disasters of flooding and snowing, (ii) better access to tourist attractions, (iii) improved access to credit and other social services, (iv) the implementation of various on-going and forthcoming poverty reduction interventions, and (v) external investments (increased economic development) for processing facilities that could generate employment opportunities and add value to local agro-products.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries.</p> <p>Poverty is widespread in the project area. The causes of poverty include (i) low profit from local products due to lack of market access and local processing;³ (ii) lack of local non-farm employment opportunities due to the lack of investments in processing of the local products and undeveloped tourism resources;⁴ (iii) health care expenses e.g., from vulnerability to illness and traffic crashes (on the 3 project trunk roads there 1,000 crashes per year over the past 5 years); (iv) vulnerability to natural disasters of floods and snow storms; (v) lack of access to credit and other social services; and (vi) lack of high quality farmland.⁵</p> <p>Ongoing poverty reduction interventions include: (i) concentrated (targeted) poverty intervention by providing CNY1.0–1.2 million of poverty funds for each poor village for infrastructure establishments and improvements, (ii) industrial development through subsidized loans and some forms of self-help cooperative approach, (iii) the "Rain-Dew Plan" (technical and employment skills training) that targets poor farmers of 16–35 years of age, (iv) piloting village micro-credit schemes; and (v) partnerships between government agencies and poverty villages.</p> <p>During the 11th five-year plan period (2006–2010), as a result of implementing the above programs, local governments had made significant progress in fostering the development of specialized production for tea, chestnuts, walnuts, kiwi fruits, mushrooms and medicinal herbs; however, production is still in its early stages. Road improvement under the project will help to reduce transport barriers and improve access to central markets (Xi'an in Shaanxi, Shiyang and Wuhan in Hubei, Chengdu in Sichuan, and Chongqing), thereby increasing profit margins and raising rural incomes.</p>

¹ Qinba Mountains Area refers to the areas of the Qinling and Bashan mountain ranges.

² Latest poverty standard of CNY2,300. The poverty rates are Xunyang County (32.6%), Hanbin District (41.8%) and Shangnan County (41.9%).

³ For example, top quality tea in the project area sells for only CNY 3,000/kg compared to over CNY10,000/kg in Anhui and Zhejiang.

⁴ Development of mineral resources is highly restricted in the region for the sake of protecting the environment and the region is the source of drinking water for downstream area of the Han River and for Beijing.

⁵ Only 10% of the land is flat and suitable for cropping. Cropping on sloping land can be not common; the central government started implementing a sloping land conversion program in the late 1990s.

The project will directly benefit 1.7 million people from the 3 project counties. Among the 1.7 million beneficiaries, rural and urban residents account for 78% and 22% respectively. The project area is mountainous with harsh natural and transport conditions. Arable land is scarce (9.8% of total land area) and of poor quality for grain (50% sloping land). The area has widespread of poverty incidence (39.1%) with low rural income. In 2010, the per capita rural income ranged from CNY3,681–4,020, only 62–68% of the national average of CNY5,919.

2. Impact channels and expected systemic changes.

The project has the potential to benefit people in the project area through: (i) employment during project construction; (ii) integration of project construction with complementary local development programs; (iii) improved public transport services; (iv) reduced impacts from traffic crashes and other related road safety issues, and (v) inclusion of additional project components, not necessarily road or transport development activities, to directly target local villages for capacity building and income generation. Local people may encounter difficulties in accessing the proposed benefits and services if rural roads are not improved. To address these difficulties, the project will include: (i) the improvements of a 148km of rural roads; and (ii) work with local governments and their line agencies (i.e., the transport bureau, poverty reduction bureau, women's federation, agricultural bureau, tourism promotion bureau) to implement the pro-poor SDAP and GAP, and to integrate other local development activities with project constructions.

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

There are opportunities for pro-poor design including (i) preferential employment during construction and operational maintenance, (ii) resettlement planning and implementation, and (iii) developing pro-poor activities such as combining government driven small town and new village construction programs with project construction, to be integrated in the SDAP and GAP and implemented along with the road improvements.

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?

Women account for 47% of the project beneficiaries in the three project counties and they play important roles in agricultural production and home-based income generating activities. Women contribute about 35% of household income. Women are represented by the All China Women's Federation that is well rooted to every rural village and every urban community. However, the role of women's federations is constrained by a lack of financial resources and there is still a long way to go for gender equality. The key gender issues in the sector/subsector that are relevant to this project include: (i) consultation of local women for project designs like pedestrian crossing, traffic calming, traffic lights, street/road lightening, etc.; (ii) participation and employment of women during project construction; and (iii) capacity building and empowerment of women to enable them to have better access to project benefits and services. Women's development and transport needs will be further assessed during the project preparatory technical assistance (PPTA) to incorporate gender effective design features in the project design.

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

Access will improve greatly, especially for rural people. Currently, the roads have poor drainage resulting in flooding during the rainy season causing the roads to be washed out or impassable for days at a time and high levels of dust during the dry season where the culverts were undermined. The project will improve women's mobility and access to markets and social and health services.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? Yes No

4. Indicate the intended gender mainstreaming category.

GEN (gender equity theme) 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 include (i) local governments and their line agencies (i.e. the transport bureau, poverty reduction bureau, women's federation, agricultural bureau, traffic police, education bureau for road safety awareness, tourism promotion bureau), (ii) rural people in townships and villages along the proposed roads; (iii) land acquisition and resettlement affected people; (iv) enterprises and small businesses; (v) transport service companies; (vi) Shaanxi Provincial Department of Transport; and (vii) ADB.

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 rural road design will incorporate the views of the local people, including women, many of whom are poor and have been excluded due to poor mobility. Also, other collaborating agencies that are engaged in various development activities will be consulted.

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

Key organizations include the Women's Federation, and self-help cooperatives.

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

Project design will take into account the needs of the poor and excluded when designing road safety features, education/awareness programs, road maintenance, and (public) transport service improvements.

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

Significant, all three trunk roads will have significant land acquisition and resettlement impacts according to findings of preliminary feasibility studies and proposals. It is estimated that at least 135 households will be affected by 292 mu of permanent land acquisition. In addition, 260 mu of land will be temporarily occupied during the project implementation. Rehabilitation of the rural roads may not have any permanent land acquisition because the alignment of the roads is not expected to change; temporary occupation may be required during construction. Due diligence will be conducted for all roads to ensure compliance with SPS.

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

There is no distinct ethnic minority village/community in the project area with ethnic minorities accounting for only 0.95% of the population. If required, it will be further verified during the PPTA.

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 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 (M) Adhering to core labor standards (M) Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS (L) Increase in human trafficking (L) Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify road safety

2. How are these additional social issues and risks going to be addressed in the project design?

The additional social issues and risks will be addressed through the SDAP and GAP. There is a specific component for road safety. These roads will improve timely delivery of relief after natural disasters.

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? The PPTA will engage an international expert for 2 pm and a national consultant for 2 pm to undertake poverty and social analysis, prepare the gender action plan and another national consultant for 3 pm to conduct the resettlement assessment and assist the EA to prepare RP(s). The preliminary survey budget is \$30,000 but can be adjusted if needed.