

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	People's Republic of China	Project Title:	Qinghai Delingha Concentrated Solar Thermal Power Project
Lending/Financing Modality:	Project	Department/Division:	East Asia Department/Energy Division

<b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b>
Targeting classification: General intervention
<b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b>
<p>The proposed project supports the Twelfth Five-Year Plan, 2011–2015 of the People's Republic of China (PRC), which emphasizes increasing the renewable energy share in the primary energy mix and reducing carbon intensity. The plan targets (i) increasing the renewable energy share by 11.4% by 2015 compared with 2010, and (ii) reducing carbon intensity by 17% by 2015. The project supports the Medium- and Long-Term Development Plan for Renewable Energy in the PRC, which aims to increase the share of renewable energy in the total primary energy consumption to 15% by 2020. It is also consistent with the Energy Policy of the Asian Development Bank (ADB),<sup>a</sup> which includes promoting renewable energy as one of the three pillars; and the Asia Solar Energy Initiative, which aims at developing 3,000 megawatts (MW) of solar power in Asia and the Pacific by 2013. It will annually generate 197 gigawatt-hours of non-fluctuating and clean electricity, which is fed into the existing grid and dispatched to load centers in the PRC.</p>
<b>B. Results from the Poverty and Social Analysis during PPTA or Due Diligence</b>
<p>1. Key poverty and social issues. The project does not directly address poverty issues at the project level, as it is a grid-connected clean power generation project and the expected beneficiaries are broad electricity users at the national level. Potential diffusion of renewable energy-based power plants in a coal-based energy economy will contribute to the substitution of coal-fired power plants. This will result in emissions reduction of greenhouse gases and pollutants at local and national levels. Improved air quality will decrease the risk of acquiring respiratory and heart diseases, with a higher impact on the sick, children, elderly, and poor people. The project will also provide some employment opportunities for local people during construction and operation, which would have a limited contribution to local poverty reduction.</p>
<p>2. Beneficiaries. The primary beneficiaries are electricity users at the national level; the secondary beneficiaries are people in the project city (Delingha city). The project area has rich salt and alkaline earth resources, and related chemical industries are the backbone of Delingha's economy, which contributes more than 50% of the gross domestic product of the city. Because of the high contribution of chemical industries in the local economy, the gross domestic product per capita in the project area in 2011 is CNY44,757—over 40% higher than the provincial figure (CNY28,800). The urban poverty ratio in the project area was 12.8% in 2011, similar to the provincial average (13.2%). One of the needs of the local people, including the poor, is access to better employment opportunities in Delingha city. The local government needs to diversify its economic base and create more employment opportunities for the local population. The local government recognizes that abundant rich solar resources available in the city can create a new solar-based industry. This project is one of the first investments in solar projects in Delingha city. It would contribute to diversifying the local economic base as well as creating 334 unskilled jobs annually during construction and 30 permanent jobs for operation and maintenance.</p>
<p>3. Impact channels. The project could change the living conditions of a limited number of local people by providing employment opportunities during the construction and operation period. Indirectly, the project will contribute to a more diversified local economy, which will benefit the urban poor.</p>
<p>4. Other social and poverty issues. Other social and poverty issues in the project area include access to better housing with good heating, better health services, and educational services. The local government addresses these issues by constructing more low-income housing in Delingha city as part of the new urban development, extending the cash subsidy through the nationwide Minimum Living Standard Scheme to cover medical and educational costs.</p>
<p>5. Design features. No specific component under the project addresses key poverty and social issues, as the project is a grid-connected renewable-based power generation project.</p>

<b>II. PARTICIPATION AND EMPOWERING THE POOR</b>	
1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation. No specific project activity strengthens inclusiveness and empowerment of the poor and vulnerable in the project implementation.	
2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation. Civil society has no specific role in the project.	
3. Explain how the project ensures adequate participation of civil society organizations in project implementation. The project does not have any feature to involve civil society organizations in project implementation.	
4. What forms of civil society organization participation is envisaged during project implementation? Not applicable. <input type="checkbox"/> Information gathering and sharing <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership	
5. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable? <input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No. As there is no feature to involve civil society organizations in project implementation, preparation of a participation plan is not required.	
<b>III. GENDER AND DEVELOPMENT</b>	
Gender mainstreaming category: No gender elements, as the project outcome is not expected to provide direct and tangible benefits to women during the project period.	
<b>A. Key issues.</b> The project design does not include any gender features to enhance benefits to women or address gender equality or women's empowerment issues. The objective of the project is to demonstrate the feasibility of utility-scale grid-connected solar power generation.	
<b>B. Key actions.</b> The project does not include any design to promote gender equality and women's empowerment as no gender issue is relevant to the project. <input type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input checked="" type="checkbox"/> No action or measure	
<b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>	
<b>A. Involuntary Resettlement</b>	<b>Safeguard Category:</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. The project will acquire 246 hectares (ha) of semiarid unused land from 153 persons of 31 households from the Mongolian ethnicity in Taositu village of Xuji township in Delingha city. The acquired land is within a jointly contracted grazing land of 9,122 ha of the affected village. The land-use right was contracted to 31 households of the affected village in 1984 for 50 years (1984–2034). The land to be acquired accounts only for 0.73% of the total land (246 ha out of a total 33,837 ha) and only 2.7% of the jointly contracted land (246 ha out of 9,122 ha) of the 31 affected households. There is no shelter or structure in the land acquisition area. The site selected is degraded grassland (semidesert) that is no longer used for grazing. Therefore, there will be no loss of income, crops, trees, or fixed assets.	
2. Strategy to address the impacts. Each household will be compensated with CNY167,552 for giving up the semiarid unused land, which is equivalent to three times the annual average net household income (CNY54,837 in 2011). Since no economic or physical displacement will result from the land acquisition, the compensation will be a significant benefit for the affected households. In addition to compensation, the affected people are entitled to receive (i) employment opportunities during construction and operation of the project, (ii) portable solar photovoltaic power generation sets, (iii) a high insulation yurt (nomad tent), and (iv) training on employment skills and grassland management. A three-step grievance redress mechanism has been established to settle any disagreement related to land acquisition and compensation. Five rounds of consultations with the affected people were conducted from June 2011 to October 2012. The combined land acquisition and ethnic minority development plan was posted on ADB's website in December 2012.	

3. Plan or other Actions.	
<input type="checkbox"/> Resettlement plan	<input checked="" type="checkbox"/> Combined resettlement and indigenous peoples plan
<input type="checkbox"/> Resettlement framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Social impact matrix
<input type="checkbox"/> No action	
<b>B. Indigenous Peoples</b> <b>Safeguard Category:</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI	
1. Key impacts. A total of 153 Mongolian ethnic people from 31 households will be affected by the permanent land acquisition under the project (para. 1 of involuntary resettlement). No economic or physical displacement will result from the land acquisition, as the amount of land lost has no impact on their current grassland areas for herding.	
Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. Strategy to address the impacts. To benefit the affected households and avoid any potential negative impact from the sudden flow of large sums of compensation from land acquisition to the affected households, household training on financial management will be provided in addition to the entitlements from the land acquisition (para. 2 of involuntary resettlement). Public consultations and information disclosure will be undertaken as forms of a grievance redress mechanism (para. 2 of involuntary resettlement).	
3. Plan or other actions.	
<input type="checkbox"/> Indigenous peoples plan	<input checked="" type="checkbox"/> Combined resettlement plan and indigenous peoples plan
<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
<input type="checkbox"/> Social impact matrix	
<input type="checkbox"/> No action	
<b>V. ADDRESSING OTHER SOCIAL RISKS</b>	
<b>A. Risks in the Labor Market</b>	
1. Relevance of the project for the country's or region's or sector's labor market	
<input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> (L) core labor standards	
2. Labor market impact. Risks in terms of unemployment, underemployment, or retrenchment are not foreseen. Lack of adherence to the core labor standards is expected to be low risk. The standard assurance on core labor standards is included in the project agreement.	
<b>B. Affordability</b>	
The project will not cause any disadvantageous electricity pricing in the local area. Although the upload tariff to the grid for clean energy is generally higher than the one for conventional power, an affordable tariff is offered to consumers by cross-subsidizing between clean energy and fossil fuel based power generation. To protect the low-income population, the cash subsidy is provided under the nationwide Minimum Living Standard Scheme to make electricity services affordable.	
<b>C. Communicable Diseases and Other Social Risks</b>	
1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA):	
<input checked="" type="checkbox"/> (L) Communicable diseases <input type="checkbox"/> Human trafficking	
<input type="checkbox"/> Others (please specify) _____	
2. Describe the related risks of the project on people in project area. Standard assurances on the spread of communicable diseases are included in the project agreement.	
<b>VI. MONITORING AND EVALUATION</b>	
1. Targets and indicators: No performance targets address poverty reduction or inclusive social development, as the project's targeting classification is general intervention.	
2. Required human resources: Safeguard monitoring: CNY260,000 is allocated from counterpart funding to monitor the social safeguards requirements Land Acquisition and Ethnic Minority Development Plan.	
3. Information in PAM: Semiannual monitoring reports will be required during implementation. The first report will be due shortly after land transfer. Thereafter, two annual monitoring reports will be prepared to evaluate the impacts of the project on the livelihoods and lifestyles of the affected village and ensure no issues remain. The monitoring requirement is described in Table 1 of the reporting requirements in the project administration manual.	
4. Monitoring tools: Monitoring tools such as collection of secondary data, household survey, and key informant interview will be used for social safeguard monitoring, which is described in the social safeguards section of the project administration manual.	

<sup>a</sup> ADB. 2009. *Energy Policy*. Manila.

Source: Asian Development Bank estimates.