

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	People's Republic of China	Project Title:	Gansu Baiyin Integrated Urban Development Project
Lending/Financing Modality:	Project	Department/Division:	East Asia Department Urban and Social Sectors Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: General intervention

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

Baiyin municipality is located in the upper Yellow River of Gansu province, one of the 12 less-developed municipalities, provinces, and autonomous regions targeted under the National Strategy for Development of the West of the People's Republic of China (PRC). It has a land area of 21,200 square kilometers with a total population of 1.74 million and a poverty incidence of 30.3% in 2012. The main project outputs are located in the poverty-stricken Jingyuan county, which has the second largest population (0.48 million) among the districts and counties of Baiyin municipality and a poverty incidence of 35.2% in 2012. The financial recession caused by mineral resource depletion has resulted in high unemployment and increased the urban poor population. The estimated urban unemployment rate of Baiyin municipality in 2012 was 22.3% and of Jingyuan county 22.5%. Baiyin municipality is among the top four cities in Gansu and in the PRC for high unemployment. In 2008, Baiyin municipality was identified as one of the first resource-depleted cities to be transformed under the PRC national policy. On this basis, the Gansu provincial government promulgated the Urban Transformation Plan of Baiyin Municipality (2010–2020) in 2010, positioning it as (i) a regional economic growth center, (ii) a core city for new industries in western PRC, and (iii) a base for accepting relocation of industries. The project will contribute to poverty reduction through job opportunities created by the development of the Liuchuan Industrial Park (LIP), labor skill improvement through an inclusive technical and vocational education and training (TVET) program, and better living conditions through smooth and safe traffic management and service provision. The project will support the economic and social transformation strategy of Baiyin municipality; is aligned with the PRC country partnership strategy of the Asian Development Bank (ADB), 2011–2015; and supports ADB's urban sector strategy.¹ The project also complies with the PRC's New Urbanization Plan in 2014. The project will promote local economic and social development and reduce poverty by generating a large number of direct and indirect jobs through vocational trainings.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. According to the Outline for Development-Oriented Poverty Reduction for China's Rural Areas (2011–2020), there are 14 contiguous destitute regions in the PRC, involving 680 counties. Gansu has 40 of the 61 key counties for development-oriented poverty reduction under the Liupanshan contiguous destitute region. Three of these 40 counties—Huining, Jingtai, and Jingyuan—are in Baiyin municipality.

Based on the current national poverty standard of CNY2,300 per year (farmers' net income), Baiyin's rural poverty incidence (35.9%) and Jingyuan county's rural poverty incidence (37.9%) are much higher than the national average (15.4%). The urban poverty incidence rate for Baiyin is 10.5% and for Jingyuan 14.4%, which are also higher than the national average (2.9%). Poor people are distributed mainly in extremely dry mountainous areas. The main reasons for poverty are (i) lack of water resources; (ii) exposure of areas along the Yellow River to frequent natural disasters, such as hailstorms, frosts, and sandstorms; and (iii) lack of job skills or opportunities. In addition, the rural surplus labor force is about 38,000 in Jingyuan county and about 4,000 in the townships of Liuchuan, Mitan, and Santan, and these areas will directly benefit from the project.

2. Beneficiaries. The LIP expects investments and relocation of industries from eastern coastal areas including new rare-earth materials, nonferrous metal processing, coal chemical, equipment manufacture, warehousing, logistics, and construction material industries. These enterprises will generate about 77,000 job opportunities in the LIP, together with 8,300 jobs in the services sector. The project will directly benefit people who will live and work in the new LIP, estimated at 39,000 residents and employees by 2020 and 123,000 residents and employees by 2030. The TVET component will contribute to improved livelihoods for communities affected by development of the LIP, specifically through increased employment opportunities. About 87,000 rural and 6,000 urban residents of Jingyuan county will have increased access to training and employment opportunities in a variety of occupational sectors. In addition, the intelligent transport system component will directly benefit 276,500 residents of Baiyin district with smooth, safe, and improved traffic services.

3. Impact channels. The direct impact will be (i) enhanced public infrastructure and environment for local residents, enriching their quality of life; (ii) creation of skilled and unskilled job opportunities during construction and operation of the project; (iii) generation of numerous job opportunities by transfer of industrial enterprises to the LIP; (iv) inclusiveness of TVET component targeting urban laid-off workers and rural surplus laborers; and (v) provision of smooth traffic, safe travel, and improved public bus service for Baiyin city center. The project will indirectly contribute to the economic development of the area and creation of new employment opportunities.

4. Other social and poverty issues. The project municipal and county governments have agreed to provide necessary residential public service facilities in the LIP, e.g., schools, hospitals, solid waste collection. Also, Jingyuan county will build public rental houses for migrant workers, graduate students, and poor employees.

plan. A grievance redress procedure has been established for the affected people. The Baiyin PMO will engage an external monitoring institute to independently verify adherence to provisions of the resettlement plan.

3. Plan or other Actions

- Resettlement plan
 Resettlement framework
 Environmental and social management system arrangement
- Combined resettlement and indigenous peoples plan
 Combined resettlement framework and indigenous peoples planning framework
 Social impact matrix
 No action

B. Indigenous Peoples

Safeguard Category: A B C FI

1. **Key impacts.** Not applicable. Is broad community support triggered? Yes No

2. **Strategy to address the impacts.** Not applicable.

3. Plan or other actions

- Indigenous peoples plan
 Indigenous peoples planning framework
 Environmental and social management system arrangement
 Social impact matrix No action
- Combined resettlement plan and indigenous peoples plan
 Combined resettlement framework and indigenous peoples planning framework
 Indigenous peoples plan elements integrated in project with a summary

V. ADDRESSING OTHER SOCIAL RISKS

A. Risks in the Labor Market

1. **Relevance of the project for the country's or region's or sector's labor market.**

Unemployment Underemployment Retrenchment Core labor standards

2. **Labor market impact.** The project will improve the technical skills and employability of TVET beneficiaries. About 131 skilled jobs and 150 unskilled jobs will be generated during project construction. Further, 75 skilled jobs and 31 unskilled jobs (maintenance, cleaners, landscaping workers, etc.) will be provided in the operation stage. With the LIP construction, more enterprises will be attracted; it is expected that these enterprises will generate 77,000 job opportunities, and that 8,300 jobs will be created in the services sector in the LIP.

B. Affordability. The water supply and wastewater collection system improvements will result in increased tariffs. Currently a joint water supply and wastewater treatment tariff is CNY2.1 per cubic meter of water used in Jingyuan county. An affordability analysis shows that domestic water expenses will account for 1.5% of the income of rural poor households and 1.1% of nonpoor households. Key measures in the project to address possible exclusion include (i) loan assurances on periodic review of tariffs and fees including an assessment on their impact on the poor, and (ii) representation of women and the poor (about 50% of the total participants) in public hearings for tariff increases.

C. Communicable Diseases and Other Social Risks

1. **The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):**

Communicable diseases (L) Human trafficking (NA) Others (please specify) _____

2. **Risks to people in project area.** The environmental management plan, GAP, loan assurances, and SDAP require dissemination of information on HIV/AIDS and sexually transmitted infections at construction sites for all new employees upon engagement. This will be done in collaboration with the Center for Disease Control. HIV/AIDS, sexually transmitted infections, and other communicable disease clauses will be included in contract bidding documents.

VI. MONITORING AND EVALUATION

1. **Targets and indicators:** For skilled and unskilled laborers, the targets will be 30% poor and 30% female. For awareness education and other information campaigns, at least 30% of participants will be female. The design and monitoring framework, GAP, and SDAP targets and indicators were discussed and confirmed with the Baiyin PMO and relevant organizations. A comprehensive project performance monitoring system and the social and gender monitoring indicators were developed in consultation with the implementing agencies and with the assistance of consultants to systematically generate data for the social and gender aspects.

2. **Required human resources:** A social and gender consultant, a resettlement consultant, and TVET consultants are budgeted for the supervision contract. Terms of reference outlining the roles were included in the project administration manual (PAM). The GAP and SDAP require staff to be allocated for their oversight and implementation in the Baiyin PMO and the executing agency.

3. **Information in PAM:** The PAM outlines poverty, social, and gender issues, and includes the GAP and SDAP.

4. **Monitoring tools:** During project implementation, internal monitoring results of the GAP and SDAP will be incorporated in the project performance monitoring system report. Data sources will include (i) project management information system, (ii) official statistics, and (iii) social surveys and research.

Source: Asian Development Bank.

¹ ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila; ADB. 1999. *Urban Sector Strategy*. Manila.

² Gansu Bureau of Statistics. 2013. *Gansu Statistical Yearbook 2013*. Lanzhou.

³ A *mu* is a Chinese unit of measurement (1 *mu* = 666.7 square meters).