

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	People's Republic of China	Project Title:	Anhui Huainan Urban Water Systems Integrated Rehabilitation Project
Lending/ Financing Modality:	Project	Department/ Division:	East Asia Department/Environment, Natural Resources, and Agriculture Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: targeted intervention—Millennium Development Goals

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

The Huainan municipal government (HMG) prepared the Huainan Municipality Urban Master Plan, 2010–2020, which was approved by the provincial and central governments. The master plan sets targets for 2020 for the water environment (water quality in urban water systems improved to class IV or above) and flood management (storm-water management system designed to handle 1 in 20 year flood). Main victims of the deteriorated water environment and floods in Huainan Municipality are the poor.

The project, with its emphasis on improving wastewater collection, urban water and lake environment, and urban flood management, will further the development goals of Huainan. The project is fully consistent with the Asian Development Bank (ADB) country partnership strategy, 2011–2015 for the People's Republic of China, which focuses on environmentally sustainable growth by improving urban water environment, public health, and quality of life.^a

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

1. Key poverty and social issues. Huainan, located in the north-central part of Anhui Province, spans both banks of Huai River; 87 kilometers of the river flows through the municipality. Huainan has a total land area of 1,895.4 square kilometers and a population of 2.46 million. Lagging infrastructure development, rapid urbanization, and economic development have resulted in a heavy pollution load, particularly wastewater, to the urban water system, including urban water channels and lakes. At the same time, flood control capacity of urban water systems is insufficient, and various locations in Huainan experience flood damage caused by waterlogging every year.

Urban poverty. In 2011, Huainan had a registered urban unemployed population of about 23,600 (2.4%); actual urban unemployment was about 56,000 (5.5%) according to the Huainan Statistical Yearbook 2012. The minimum living standard was CNY360/month/person; 29,844 households with 62,556 persons (5.5% of the urban population) were living below this line with access to urban income support programs.

Rural poverty. The national rural poverty standard is an annual per capita net income of CNY2,300. The rural poor population in Huainan is 107,000, of which 5% or about 5,000 are located in the project area and are fully included in rural minimum living standards and other types of social security programs.

2. Beneficiaries. The project area is located on the south side of Huai River, north of Shungeng Mountain, east of Baogong Mountain, and west of Gaotang Lake; this is the primary urban area of Huainan. Based on demographic data at the end of 2011, the direct beneficiary population is 962,299, accounting for 39.2% of the population of Huainan, including an urban population of 883,922 and rural population of 78,377. The approximately 60,000 urban poor account for 6.2% of urban beneficiaries, and the rural poor population of about 5,000 account for 6.4% of rural beneficiaries.

3. Impact channels. The project will bring direct impacts to the beneficiaries by (i) reducing the frequency and size of urban flooding, with associated losses of property, employment, and operating income; (ii) reducing urban water pollution and mitigating impoverishment due to water pollution, biting insects (e.g., mosquitoes), and the outbreak of diseases arising from water pollution; and (iii) reducing the overlapping impact of flooding and water pollution. The project will also bring indirect impacts to the beneficiaries by (i) improving the overall urban water environment and living environment for people, and promoting increased land and house values; and (ii) generating new temporary and permanent jobs. The project will contribute to poverty reduction and inclusive growth in the development of Huainan through (i) 5,000 temporary new jobs during construction, and 119 permanent new jobs during operation and maintenance of the project; (ii) assured community or public engagement in decision-making processes and awareness programs on flood management and environmental protection; (iii) improved water quality of urban surface water benefiting an additional 366,000 urban residents in areas connected to wastewater collection systems; (iv) improved protection from urban flooding for more than 1 million people; and (v) environment and public health improvements as a result of project construction.

4. Other social and poverty issues. Improper disposal of domestic solid waste by residents living close to urban water channels results in trash dumped or blown into the channels. This reduces water-carrying capacity, creates odors, provides habitat for rodents and diseases, and depresses property values. Resolving this issue requires public awareness and education. The project will address this issue by establishing community environmental supervision and flood management teams (CESFMTs).

5. Design features. The project design addresses the main issues identified during the poverty and social analysis of wastewater collection, urban water environment, urban flood management, and urban lake environment. The project will support a better water environment and improve flood management. The design strategy includes (i) targeting employment opportunities to women and vulnerable groups; and (ii) supporting community and public participation in urban planning and decision making through support for the public hearing process for tariffs and programs in wastewater collection systems and flood management. A consultation and participation (C&P) plan, gender action plan (GAP), and social action plan (SAP) were prepared; the project management office (PMO) will implement these in collaboration with local governmental organizations, communities, and other relevant stakeholders.

II. PARTICIPATION AND EMPOWERING THE POOR

1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.

Consultation during design of the project and participation during implementation with activities, such as a public-hearing process for adjusting wastewater collection fees, will involve more than 600 households. The PMO and a pilot community will develop a community participation manual. These processes are reflected in the C&P plan, GAP, SAP, loan assurances, design and monitoring framework, and project administration manual (PAM), with appropriate budget for consulting services under the project and an associated technical assistance.

2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation.

A CESFMT, comprising three community members including at least one female member, will be established in each of the eight pilot communities. CESFMTs will increase the environmental awareness of community residents to eliminate improper disposal of solid waste and waste dumping into urban water channels, and make community residents aware of the flood warning system and flood response plan.

3. Explain how the project ensures adequate participation of civil society organizations in project implementation.

During detailed design and implementation of each project output, the C&P plan will be implemented, including the participation of stakeholders in detailed design and disclosure of relevant information, consultation on resettlement programs with affected persons and disclosure of the resettlement plan, disclosure of the environmental impact assessment plan, disclosure of wastewater and solid waste treatment plants and their structure, disclosure of construction programs and relevant information, increase of public environmental awareness and public health knowledge, holding of a hearing for water and wastewater tariff increases, development and disclosure of community participation manual, and participation in and disclosure of the flood warning and management program.

4. What forms of civil society organization participation is envisaged during project implementation?

Information gathering and sharing M Consultation H Collaboration H Partnership L
(see 2. above)

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? Yes No

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: **Effective gender mainstreaming**

A. Key issues. Women focus group discussions found that environmental improvements are anticipated to have a significant gender impact, with reduced time burdens and costs for health care, preparation for floods, and clean-up after floods; and with overall improvement of living conditions and environment. Also, 3,200 households will be newly connected to new sanitary sewers installed under the project. This will disproportionately benefit women who normally manage household sanitation.

B. Key actions. The GAP contains activities to ensure project benefits are accrued by women at least as equally as by men, including women's participation in discussions on detailed designs, price hearings, community activities, training, capacity development, and project management; job offering to women; and inclusion of gender perspectives in capacity development of HMG staff.

Gender action plan Other actions or measures No action or measure

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. **Key impacts.** The project will acquire 126 hectares of land and occupy 248 hectares temporarily. The project will demolish 17,257 square meters of housing and 780 square meters of small business shops. It will affect 2,075 people, 1,451 of these will lose more than 10% of their productive assets and/or be physically displaced.

<p>2. Strategy to address the impacts. A resettlement plan was prepared in line with ADB's Safeguard Policy Statement (2009) and related laws and regulations of Huainan, Anhui Province, and the People's Republic of China. The PMO will be responsible for project implementation, reporting of overall progress, and communications between ADB and the HMG. A grievance redress mechanism was established. The PMO will report to ADB the progress of resettlement implementation through quarterly project progress reports, and will engage an external monitoring institute to submit semiannual external monitoring reports to ADB.</p> <p>3. Plan or other actions. <input checked="" type="checkbox"/> Resettlement plan</p>
<p>B. Indigenous Peoples Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Key impacts. Ethnic minorities make up 1.4% of the Huainan population, mostly Hui with some migrants from other ethnic groups. All Hui communities are located outside of the project area. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Strategy to address the impacts. Not applicable</p> <p>3. Plan or other actions. <input checked="" type="checkbox"/> No action</p>
V. ADDRESSING OTHER SOCIAL RISKS
<p>A. Risks in the Labor Market</p> <p>1. Relevance of the project for the country's or region's or sector's labor market. Low <input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards</p> <p>2. Labor market impact. The project is anticipated to directly generate 5,000 new temporary jobs (2,360 skilled, 2,640 unskilled) during construction, and 119 new permanent jobs (69 skilled, 50 unskilled) during operation. The HMG will ensure that employment complies with national and applicable international labor standards, particularly no child labor, and equal pay and work between men and women.</p>
<p>B. Affordability</p> <p>The wastewater tariffs during the first year of operation (2019) are assumed to be CNY0.63 per cubic meter for domestic consumers. The tariffs are expected to be increased gradually to full-cost recovery to allow for (i) cost-recovery of the operation and maintenance costs, (ii) debt service, and (iii) depreciation of short-lived assets. This can be achieved by increasing the wastewater tariff by 5% starting in 2019 and every 5 years thereafter. HMG agrees to ensure that (i) wastewater tariffs will be set to rise progressively to provide sufficient revenue to operate and maintain the infrastructure; (ii) periodic review of tariffs and fees will be undertaken following specified tariff-setting mechanisms; (iii) the impact of wastewater collection fees and tariffs on the poor will be assessed and, based on the assessment, necessary subsidies will be provided to ensure wastewater collection services to the poor; and (iv) a public tariff consultation hearing will be held with affected people when setting or adjusting wastewater tariffs.</p>
<p>C. Communicable Diseases and Other Social Risks</p> <p>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"/> Communicable diseases L <input type="checkbox"/> Human trafficking NA <input type="checkbox"/> Others (please specify) _____</p> <p>2. Describe the related risks of the project on people in project area. Project assurances, the GAP, and the SAP require the dissemination of information on HIV/AIDS transmission and prevention to be carried out on construction sites for all new employees when they are mobilized. This will be done in collaboration with the Center for Disease Control.</p>
VI. MONITORING AND EVALUATION
<p>1. Targets and indicators. The C&P plan, GAP, and SAP contain monitoring indicators agreed with the HMG. The design and monitoring framework and the project performance management system provide the output indicators.</p> <p>2. Required human resources. A social development (gender) consultant (6.5 person-months); PMO staff assigned to implement the C&P plan, GAP, and SAP; and a community development specialist (7.0 person-months) engaged for a consulting services package for sustainable urban water and lake management.</p> <p>3. Information in the PAM. The PAM outlines the main gender, poverty, and social issues; and includes the C&P plan, GAP, and SAP. The indicators are specified in the detailed project performance management system.</p> <p>4. Monitoring tools. Significant participation during all phases will be required from the government and the beneficiary communities. Consultant support will be provided to assist the PMO and the implementing agencies.</p>

^a ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila.

Source: ADB.