

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	People's Republic of China	Project Title:	Guangdong Chaonan Water Resources Development and Protection Demonstration 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: **General intervention**

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

The project is consistent with the development goals of the Twelfth Five-Year Plan, 2011–2015 of the Government of the People's Republic of China (PRC), which promotes equitable urbanization and coordinated urban–rural development. It is the priority of the governments of Guangdong Province, Shantou Municipality, and Chaonan District. The project is in line with the strategic priorities of the Asian Development Bank (ADB), which support urban and rural infrastructure and environmental improvement. It supports ADB's Water Operational Plan, 2011–2020, which aims to (i) increase water use efficiency and rural water supply coverage, and (ii) promote integrated water resources management. The project is also in line with ADB's country partnership strategy, 2011–2015 for the PRC, which supports the government's goal of building a harmonious society by (i) overcoming rising income inequality and widening regional disparities, and (ii) promoting environmentally sustainable development.

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

1. **Key poverty and social issues.** By 2011, rural residents in Chaonan District accounted for 85% of the total population. The rural poverty incidence of the district was about 6.7% using the local poverty standards of the Chaonan Poverty Alleviation Office. The mean rural net income per capita of the lowest income portion (20%) in the sampled households is CNY1,541 annually, 33% lower than the national poverty line (CNY2,300 per capita annually). The rural net income per capita of Chaonan District was CNY5,076 annually, which is 54.2% of the average of Guangdong Province and 72.0% of that of the PRC. Lack of labor, poor health status, and low education levels are the main reasons cited as the causes for rural household poverty.

2. **Beneficiaries.** The project will (i) improve water resources protection through waste and wastewater collection, which will improve the living conditions and sanitation standards of about 4,000 people in villages surrounding the water source reservoir; (ii) construct a better water supply infrastructure, including three water supply plants and related pipeline network, which will benefit directly 1.23 million people in Chaonan District, including over 83,000 households who will receive new connections and over 150,000 households who will receive better connections; and (iii) promote public awareness on environmental protection and sanitation management for sustainable improvement of the water environment, which will directly benefit the health of 1.33 million inhabitants of Chaonan District. About 76,500 poor and 669,000 women in Chaonan District will be among the project beneficiaries.

3. **Impact channels.** The project will contribute to poverty reduction in Chaonan District by (i) improving water supply infrastructure and services, including construction or expansion of water supply plants, and installation of water pipelines; (ii) providing direct employment opportunities to the poor during construction and operation; (iii) reducing endemic fluorosis related to groundwater by providing safe water; (iv) providing household connection to the water supply system and subsidy for solid waste tariff for poor and low-income households; and (v) implementing the gender action plan (GAP) and the social action plan (SAP). Construction of the water supply system will benefit the poor disproportionately by reducing reliance on groundwater and other water sources, because the water supply systems are in a poorer state in poor villages in the project area. The project will create employment for 655 people during project implementation. Employment targets of 30% women and 15% poor are included in the design and monitoring framework and in loan assurances.

4. **Other social and poverty issues.** The rural farmland area per capita in Chaonan District is only 0.16 *mu* per person (a *mu* is a Chinese unit of measurement; 1 *mu* = 666.67 square meters). Many rural people need to find nonfarm employment to earn more income and improve their living conditions. The project will increase the reliability of water supply and improve the conditions for nonagricultural economic development in the project area.

5. **Design features.** The proposed project will help protect water resources and improve water security in Chaonan District, Guangdong Province. The project will ensure reliable water supply to about 1.23 million people by 2020, including urban and rural residents, by improving existing and establishing new household connections, and by reducing losses in the system. The design has attempted to reduce impacts on land acquisition and resettlement. Project assurances include employment of local labor, especially vulnerable groups and women. The actions for employment and skills training, among others, are included in the SAP. Actions aimed at protecting water sources by

reducing fertilizer and pesticide use in agricultural production, which may have impacts on local livelihoods, will be widely discussed with affected farmers.

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.

Intensive consultations with local government agencies and communities were carried out by the executing agency and the consultants during project preparation. A socioeconomic survey was undertaken among 540 rural households, including 20% poor households, as were nine consultation meetings of government agencies; five community focus group discussions; three meetings with women and poor groups; and three key informant interviews (case studies). More than 900 participants were consulted. Opinions and suggestions of participants were included in the project design and in the GAP and SAP. Eighteen consultation meetings were organized for representatives of affected people, villages, town, and other relevant agencies; and over 790 people, including more than 20% women, were consulted in the process of preparing the resettlement plan.

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

Local schools participated in the project design related to public environmental protection and sanitation awareness.

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

About 232 primary and 63 middle schools will participate in project implementation related to promoting public environmental protection and sanitation awareness.

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

Information gathering and sharing Consultation Collaboration 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? Yes No

Participation of local communities, schools, and people in public environmental protection and sanitation awareness campaigns, project construction, and hearings for tariff reform is discussed in the SAP and, especially for female residents, in the GAP. The executing and implementing agencies, and the project implementing units, with assistance from relevant local governmental agencies, will conduct actions related to poverty and social issues.

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: **Effective gender mainstreaming**

A. Key issues. Women assume more household duties and engage more in agricultural production while men take more nonfarm work. Therefore, women are more affected by water shortage and water service quality than men. Men are the main family income source in most of the households, while women are facing more difficulties in finding off-farm employment. Skills training tailored to women is necessary to improve their employment opportunities. The new water supply services will reduce women's housework burden. About 4,000 women will be released from having to fetch water during dry season.

B. Key actions. Extensive consultation and gender analysis was conducted during the poverty and social assessment survey and qualitative discussions. The assessment indicated that women strongly support the project and anticipate benefits such as better water safety and living conditions, new employment opportunities, awareness of environmental protection and sanitation management, and reduced time burdens and incidence of illness linked to low water quality. Gender action plan Other actions or measures No action or measure

Gender mainstreaming is achieved through (i) female participation in public consultations (30% women participants); (ii) female participation in capacity building for employment, employment of women during and after project implementation, formal employment of female staff in conservation forest and solid waste management, and for operation and maintenance of water supply services (30% employment for women); and (iii) female participation in leadership development, training, and workshops on decision making, urban expansion, water safety and health, project management and implementation, among other topics (30% female participation). The executing and implementing agencies will collaborate with local women's associations and community and/or village committees in providing more employment opportunities to women in the project area during project implementation.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. **Key impacts.** The project will acquire 5.3 hectares (ha) of collective land permanently; and temporarily occupy a total of 151.4 ha, including 53.5 ha of state-owned land and 97.9 ha of collective land. The project will not trigger any house or building demolition. Two households who are renting collective land are directly affected by land acquisition; and the remaining permanent land acquisition will be of village reserve land not used by households.

<p>2. Strategy to address the impacts. All land permanently acquired or temporarily occupied will be compensated at full replacement cost, including young crops and trees. In addition, the executing and implementing agencies will conduct livelihood restoration measures, including (i) the change of some village-owned land to construction land to develop a collective economy; (ii) provision of endowment insurance to vulnerable affected persons; (iii) skills training for the affected persons; (iv) employment related to the project; and (v) nonmonetary support.</p>	
<p>3. Plan or other actions</p> <p><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 impact. No impact. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>2. Strategy to address the impact. No indigenous people reside in the project areas.</p>	
<p>3. Plan or other actions.</p> <p><input type="checkbox"/> Indigenous peoples plan <input checked="" type="checkbox"/> No action</p>	
<p>V. ADDRESSING OTHER SOCIAL RISKS</p>	
<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. <input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input checked="" type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards National regulations on labor corresponding to international standards will have to be adhered to by contractors. About 44 workers who will be laid off due to closure of the three water treatment plants—Chengtian, Jindu, and Tianxin—will be absorbed into the workforce necessary for operating the project facilities. This has been included in the SAP.</p>	
<p>2. Labor market impact. The project will promote local employment directly, and local economic development indirectly. There should be no risks of unemployment and retrenchment stemming from this project. Reduction in the workforce in water supply plants will be mitigated through reallocation to the new or upgraded plants.</p>	
<p>B. Affordability Water cost each month represents on average 2% of monthly family income, and will stay below 5% for low-income households. Very poor and vulnerable households benefit from government transfer programs, such as the minimum living allowance program for rural and urban poor—that cover expenses. Willingness to pay at the same rate is higher in poor, unconnected villages than connected villages. Structural reforms may result in lower water tariffs.</p>	
<p>C. Communicable Diseases and Other Social Risks</p>	
<p>1. Indicate the respective risks. Not applicable <input type="checkbox"/> Communicable diseases <input type="checkbox"/> Human trafficking <input checked="" type="checkbox"/> Others: Noncommunicable diseases linked to high mineral content of water.</p>	
<p>2. Describe the related risks of the project on people in project area. The project will reduce groundwater use for drinking and cooking, and therefore reduce the incidence of water-related diseases. The project will involve migration of construction workers who will join local social activities. Knowledge and education on HIV/AIDS and sexually transmitted infections and how to prevent them shall be provided to the workers to reduce these risks.</p>	
<p>VI. MONITORING AND EVALUATION</p>	
<p>1. Targets and indicators. 15% poor and 30% female representation in unskilled labor during implementation and operation; and 30% female and 15% poor female household representation in public hearings for water tariff reform.</p>	
<p>2. Required human resources. The executing and implementing agencies will appoint staff for internal monitoring; and an independent monitoring agency or specialists will be recruited for external monitoring of the resettlement plan, GAP, and SAP. The budgets for the monitoring and evaluation are included in each plan.</p>	
<p>3. Information in the project administration manual. Requirements for semiannual monitoring reports of the resettlement plan, and the annual monitoring reports of GAP and SAP are included in the project administration manual.</p>	
<p>4. Monitoring tools. Internal monitoring results will be included in the project progress reports; external monitoring and evaluation reports will be submitted to ADB separately.</p>	

Source: Asian Development Bank estimates.