

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	PRC	Project Title:	Henan Value Chain and Products Safety Demonstration Project
Lending/Financing Modality:	Project	Department/ Division:	EARD/EAER

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project will be designed as much as possible to (i) contribute to the national poverty reduction and the country partnership strategy by providing sustainable rural livelihood and thus contributing to reduction (or at least stopping the increase) of the urban-rural inequities, and reducing the pressure on rural poor to migrate to urban areas; (ii) promote social and economic inclusion of vulnerable and poor households by directly including them among the farmers contributing to the value chain; and (iii) contribute to improved stability of livelihood of the estimated 80,000 households participating in the value chain development, and improve their human and social capital through capacity development and the support of farmer associations and cooperatives.

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The project areas include counties classified as national and provincial poverty counties. The project is targeting to improve livelihood of around 80,000 farmer households that will have improved livelihood due to stable and sustainable marketing channels for their feed and livestock production. Rural farming households continue to be among the poorest people in the PRC. Details about poverty levels and positive and negative impacts on farmers will be collected as part of the PPTA, and feed into project design.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. In 2012, an estimated 128 million people in the PRC fall under the national income poverty line of CNY2,300/capita/annum.^a Most of these people live in rural, often remote areas, such as the project areas of this project. The expected beneficiaries of the project are 80,000 farmer households that are contributing to the value chain by providing feed and other input such as livestock to PPEs, and the local population who will benefit from around 2,000 employment opportunities created by PPEs with support of the project. Most farmers need stable access to market and stable prices for their products, and improved access to marketing information, which will be provided to them through the participating enterprises.

2. Impact channels and expected systemic changes. The project will directly impact on the livelihood of local rural communities through local participating governments and PPEs. The project will financially assist PPEs engaged in livestock production and processing. The PPEs will need stable and increased supply of input in their value chain, from breed animals to feed, and this input will be provided by farmers participating in the value chain, in part through equitable and socially inclusive contract farming arrangements to be designed with PPTA support. About 2,000 long-term employment positions will be created to absorb the increased capacities. Some short-term employment during construction may also be created. Additional employees will primarily be recruited among surrounding communities, and farmers in these communities will provide supply to the PPEs. The PPTA will design features that ensure inclusivity, such as by providing subsidies to initial investments needed by poor farmers, and capacity development for the beneficiaries, in particular vulnerable households.

3. Focus of (and resources allocated in) the PPTA or due diligence. The PPTA will improve the project design to (i) ensure poor and vulnerable rural households can benefit from the project (through employment quotas, subsidies for input investments, and similar features); (ii) ensure benefits by and participation of women (through a gender action plan including employment and participation quotas); and (iii) empower local farmers by improving farmer associations and cooperatives. The PPTA will include one national and one international social development specialists.

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 are over-proportionally responsible for agriculture in rural areas in the PRC, as out-migration continues to mainly draw young people, including women, but also men who leave their families behind under the responsibility of women, creating de-facto women-headed households. The PPTA will assess the situation in the project counties and provide project design features that ensure the project contributes to gender equality. The PPTA will identify gender issues specific to livestock production and processing. The PPTA will also assess the situation in the value chain, contract farming, and the PPEs, such as the current sex ratio of owners and employees in each PPE, and then

design features that ensure women benefit from and contribute to the project.

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 Please explain.

The project will improve local people's livelihood by (i) creating employment opportunities for women at PPEs, (ii) providing increased demand for livestock and feed by involving local farmers in PPEs' supply chain, and (iii) empower local farmers and increase sustainability of farming systems by improving farmer associations and cooperatives. The PPTA will prepare a gender action plan that ensures (i) women benefit from employment opportunities, (ii) women receive appropriate capacity development and it is ensured they can participate in PPEs' supply chains, and (iii) women are empowered to participate in CSO activities.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No Please explain.

In the worst case, assuming the project does not take any proactive measures action, the project will not increase inequality between genders.

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 are the borrower, the provincial and local governments, participating government units and PPEs; farmers involved in the supply chain, and local people that will be employed by the PPEs. The government and PPEs will be consulted during project design and hire design institutes to ensure the project design corresponds to their needs. Local populations will be consulted to ensure they participate in project design and benefit, in particular as the project success depends on their up-take of participation in employment and value chain.

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 project will support existing and the establishment of new CSOs, in the form of farmer associations and cooperatives. During PPTA, vulnerable groups at risk of being excluded from benefiting from the project due to lack of financial, human and/or social capital will be consulted to ensure what are their needs regarding their benefiting from the project through e.g., quotas and/or subsidies.

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?

Key CSOs relevant for the project are: farmer associations, cooperatives, and the local branches of the All China Women's Federation. These CSO will be consulted during project design, included as far as possible in the project steering committee, and be involved in project implementation.

H Information generation and sharing H Consultation L Collaboration M Partnership
 high (H), medium (M), low (L)

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

The PPTA will consult poor and vulnerable households to provide their input to project design to make sure impediments to their participation and benefiting from the project are removed. The PPTA will include a social development consultant tasked with integration of consultation and participation and stakeholder communication into the project design through features such as strengthening of healthy farmer associations and cooperatives through capacity development.

IV. SOCIAL SAFEGUARDS	
A.	Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Construction of livestock breeding and other facilities will need land for construction. According to the executing agency, all construction and production activities under the project are going to take place on land belonging to the PPEs since long time. This will be verified under the PPTA; due diligence will be conducted to check whether land acquisition was done in anticipation of the project, and if required, a CAP will be prepared for those sites that have remaining issues.</p>	
<p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>	
B.	Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
<p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>According to the information available at this stage, the project areas do not include areas where indigenous people ("ethnic minorities" in PRC terminology) reside. Henan province is a predominantly Han (the majority population of the PRC) province, with Hui minority living in some urban areas. The information will be verified during PPTA. The task is included in the TOR of the PPTA social development specialist.</p>	
<p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>No indigenous people reside in the suggested project areas.</p>	
<p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>	
V. OTHER SOCIAL ISSUES AND RISKS	
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> M Creating decent jobs and employment <input checked="" type="checkbox"/> L Adhering to core labor standards <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><input type="checkbox"/> Creating internal social conflicts <input checked="" type="checkbox"/> H Others, please specify equitable distribution of value chain benefits</p> <p>Indicate high (H), medium (M), low (L) for selected boxes</p>	
<p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>The project will create employment opportunities for long-term and short-term employment, as well as 'contract farming' arrangements that are equitable and following international best practices and standards. The PPTA will design project elements that ensure national and as far as possible international labor standards are a condition of work, civil works, and other contracts.</p>	
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT	
<p>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 (vi) other social risks. Are the relevant specialists identified?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>3. 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?</p> <p>The PPTA will include one national and one international social development specialist.</p>	

ADB = Asian Development Bank, CAP = corrective action plan, CSO = civil society organization, PPE = project participating enterprise, PPTA = project preparatory technical assistance, PRC = People's Republic of China, TOR = terms of reference.