

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China (PRC)	Project Title:	Gansu Featured Agriculture & Financial Services System Development
Lending/Financing Modality:	Project	Department/Division:	East Asia Regional Department/Environment, Natural Resources and Agriculture Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The PRC has no national poverty reduction strategy per se, and relevant directions are set under cross-cutting five-year plans. The project is consistent with the PRC's Twelfth Five-Year Plan (2011–2015) long-term goal of building a prosperous society through regionally balanced and environmentally sustainable growth by providing targeted support to rural areas in one of the poorer provinces. Catching-up of regions left behind by the rapid economic development of the last decades is one of the priorities of the PRC government under the Western Regions Development Strategy, and the Gansu provincial government. The ADB country partnership strategy for PRC 2011-2015 identifies inclusive growth as one of the three pillars in the partnership which will be supported, among others, by boosting rural livelihoods and improving access to microfinance and small and medium enterprise finance. The project will promote economic inclusion of poor and vulnerable groups by providing business and financial support to areas where rural poverty is still endemic. By providing this kind of services to them, vulnerable households will be empowered to achieve sustainable livelihood.

B. Targeting Classification

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

Gansu is overall a relatively poor province compared to other provinces in PRC: The GDP per capita of CNY22,037 (equivalent to about \$3,500) is the second lowest amidst all provinces of the country. Nine of the 12 selected counties are designated as national poverty counties. The selected counties have high levels of poverty, for example, close to 50% of the rural population in Lintao County are living below the national income poverty line of CNY2300 per capita per year, and more than 14% of the rural population receive cash transfer as part of the poverty alleviation program.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Currently, the transition of the agricultural sector in Gansu from small-holders with no marketing strategy to small and medium enterprises and cooperatives is ongoing, but hampered by difficult access to market and finances. The main beneficiaries of the project will be members of cooperatives and small and medium enterprises which are supported by the project, and rural people accessing financial services. For enterprises and cooperatives, access to markets and finance are the main needs and constraints to be addressed by the project.
2. Impact channels and expected systemic changes. It is intended that poor and vulnerable households will benefit from the project directly as participants in services provided under the project, in particular the rural financing services to which they currently have no access, or as employees of enterprises and members of cooperatives. The project preparatory technical assistance (PPTA) will assess the needs of poor and vulnerable households regarding those services, and propose design solutions established together with beneficiaries.
3. Focus of (and resources allocated in) the PPTA or due diligence. The PPTA social development specialists will focus on establishing systems that favor inclusion of poor and vulnerable households in accessing the project benefits and services, in particular financial services, but also to ensure those households can become members of cooperatives.

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 may lack necessary capacities, and financial and social capital, to become full members of cooperatives, or form part of management in participating enterprises. Women have a higher workload than men, especially due to the fact that many bread-winners of families are migrating and women are left behind to care for agriculture, the children, and the elderly.
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 contain design features that improve access to financial services and business support for women, and provide capacity building to them. This will empower them socially and economically so they can play stronger roles in cooperatives and participating enterprises. Availability of rural credit will reduce need for out-migration and

therefore reduce the work-load of left-behind women. Women's organizations will participate in the provision of such services to female beneficiaries.

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

Yes No Please explain

Under the project, limitations in access to such services for women will be reduced and gender inequality reduced. The project design will ensure that women can access the services without needing co-signatures of their husbands.

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.

Provincial, township, and county governments and line agencies will be the executing and implementing agencies of the project. Village communities will be represented by their village committees. Local and higher-level units of women's organizations and other community-based organizations will participate in service provision. Existing and to-be-established cooperatives will be among the main beneficiaries of the project, as well as local private sector enterprises.

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 include design features to ensure that poor and vulnerable households will be allowed to become members of cooperatives. The consolidation of land holding has to be done in a way that poor and vulnerable households do not lose access to livelihood. Financial services to be provided under the project will have to ensure able poor and vulnerable households can benefit.

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?

Information generation and sharing (H) Consultation (H) Collaboration (M) Partnership

Women's Federation and cooperatives will be participating in project design and implementation, and benefit from the project.

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

During project design, poor and vulnerable households will be consulted and their needs assessed to ensure services designed are accessible to them and correspond to their needs.

V. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No Agro-commercial activities under the project will need land for construction of facilities and agricultural production. The project aims to use market mechanisms/open negotiations to provide land to cooperatives and enterprises. Several hundreds of commercial units will be supported and selected under the project, so land expropriation should be avoided at all costs or limited to public goods such as rural infrastructure (roads, etc.). Resettlement plans or a framework will be prepared during PPTA, as such activities may only be identified during project implementation,

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

B. Indigenous Peoples Category A B C FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

There are ethnic minority communities in the project areas. These communities or members of the communities may – voluntarily – benefit from services created under the project. If ethnic minority communities become project beneficiaries, an ethnic minority development plan commensurate with impacts will be prepared during PPTA to ensure benefits are accrued in a culturally appropriate manner.

3. Will the project require broad community support of affected indigenous communities? Yes No
No activities under the project demand broad community support under the SPS.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?
 Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

Creating decent jobs and employment (M) Adhering to core labor standards (L) Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability (M)
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

2. How are these additional social issues and risks going to be addressed in the project design? Under the PPTA, loan covenants will be developed to ensure employment opportunities created are targeting local population and poor and vulnerable households, and that applicable national and international core labor standards are applied. Affordability of financial services to be created and/or strengthened for poor and vulnerable households will be designed into the project.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

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?

Yes No

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? One international and one national social development specialist, a social safeguards specialists, and budget for surveys.