

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	PRC	Project Title:	Hubei Enshi Qing River Upstream Environment Rehabilitation
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 People's Republic of China (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 PRC's Twelfth Five-Year Plan's (2011–2015) long-term goal of building a prosperous society through regionally balanced and environmentally sustainable growth, and ADB's PRC Country Partnership Strategy, 2011–2015 in supporting the environment-poverty nexus. The project will improve the overall well-being of the population in the project areas, which have a level of poverty more than triple the national average, and therefore improve and stabilize livelihood of poor households and reduce their vulnerability to flooding and other shocks.

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M7)

The project is classified as TI-M7, supporting MDG 7C. The project will improve access to safe water by improving the water quality in the rivers used as water supply source for two cities (Enshi and Lichuan), and improve basic sanitation through establishment of wastewater collection systems in rural and urban areas of the cities. The project areas have high rates of rural and urban poverty, reaching around 40% (based on the rural poverty line of CNY2300/person/year), and poor and vulnerable people will benefit from the project over-proportionally, as many of the rural households that will benefit from improved sanitation are currently not connected to the sanitation systems.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. All of the municipalities and counties within the project area are designated as national level poverty counties, with rural poverty incidence as high as 40%, compared to the national average of 12%. All population in the project area will benefit from improved environmental services, but more so the poorer households, such as those depending on agriculture and horticulture.

2. Impact channels and expected systemic changes. The project preparatory technical assistance (PPTA) will assess particular needs of poor and vulnerable populations, such as subsidies for tariff increases and other non-structural measures. The PPTA will quantify impacts and benefits of the project. The project will create limited numbers of jobs in construction that will be mostly available for local populations, like poorer households with fewer income sources. The project aims to improve the environment in the project areas to benefit all people, but poorer households with fewer coping strategies for floods should benefit over-proportionally.

3. Focus of (and resources allocated in) the PPTA or due diligence. During PPTA, potential targeted non-structural activities to manage environmental benefits and impacts, such as community management to reduce agricultural pollution and run-off, will be identified that will involve poorer and vulnerable households. The PPTA will identify project impacts on poor and vulnerable households, assess benefits, and ensure benefits are accrued by those households. A social development specialist will be part of the PPTA team.

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?

It is assumed that the lack of environmental management such as lack of wastewater collection, and impacts of flood events, damage vulnerable households over-proportionally. Among these, women-headed households are particularly vulnerable. The PPTA will explore venues to ensure vulnerable households benefit equally.

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 is providing engineering solutions to environmental problems without regards to gender. For non-structural measures, such as community management to reduce agricultural pollution and run-off, targets will be designed to ensure women benefit and participate equally.

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

Yes No Please explain

The project is proposing engineering solutions for environmental problems. These interventions will benefit populations in the project area without regards to gender. Any potential negative impacts will also impact all genders, and will be mitigated through environmental management and resettlement plans.

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.

Main stakeholders are the involved government agencies, such as Enshi Prefectural Government and Enshi and Lichuan city governments, line agencies, the Enshi Urban Development and Investment Co., Ltd, Lichuan Wastewater Treatment Plant, Hongmiaoyao Wastewater Treatment Plant, as well as project neighborhoods and villages, forming the implementing and management groups of the project. Beneficiaries are represented through their village committees, negatively-affected people will be consulted and participatory meetings will be held to ensure their voices are heard. Non-structural measures will involve voluntary community-based groups to pilot improving environmental management in rural (agricultural water pollution) and urban (waste management) areas in a participatory manner.

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 two project cities are relatively poor, and the project areas are poorer areas in the cities. Pilot measures, particularly in rural areas, will explore empowering local communities to manage environmental issues through community-based organizations and improve sanitation awareness. The project will have economic and physical displacement impacts that have to be mitigated, and displaced people will be consulted. Poor and vulnerable displaced people should be better off after displacement. They will be engaged in the design of livelihood restoration measures

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 (N)

Participation will mainly involve village and neighborhood representation, women's federation, and community-based groups where present.

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 design of livelihood restoration measures for displaced people, and the design of pilot non-structural, community-based environmental management, will need the participation of poor and vulnerable beneficiaries of these measures.

IV. 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

According to information provided by the client, civil works for the project will result in (i) the acquisition of about 60 hectares of land, potentially resulting in significant loss of livelihood or more than 100 people, and (ii) physical displacement of 115 persons. The resettlement consultant of the PPTA team will collect additional information, develop measures to decrease the involuntary resettlement impact, and assist the borrower in preparing resettlement plans.

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

The project areas are in an autonomous municipality of Tujia and Miao ethnic minorities. Most of the project will be in urban areas, with ethnic minorities forming a large part of residents. In rural areas, Tujia villages will be among the communities who will benefit from the wastewater collection system and non-structural measures. During PPTA, measures will be developed to ensure ethnic minority communities benefit from the project in a culturally appropriate way, and that adverse effects, should any be identified, are avoided or mitigated.

3. Will the project require broad community support of affected indigenous communities? Yes No
No ethnic minorities will be affected in ways that would require 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 (L) Adhering to core labor standards (L) Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability (L)
 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?

Loan covenants, bidding documents, and other measures will ensure that jobs in construction for the projects are appropriately provided to local people, particularly poor households, and that national and international labor standards are respected. Affordability of increased tariffs to poor and vulnerable households will be assessed during PPTA and mitigation measures, such as subsidies or exemptions, are developed.

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

2. 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?

Social development and resettlement specialists are part of the PPTA team, and funds will be allocated for surveys.