

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China	Project Title:	Chemical Industry Energy Efficiency and Emission Reduction Project
Lending/Financing Modality:	Project	Department/Division:	EARD/EAEN

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>Based on the country poverty assessment, the country partnership strategy, and the sector analysis, describes how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.</p> <p>The country partnership strategy, 2011–2015 for the People's Republic of China (PRC) has identified the support to the Government of the PRC's efforts to foster a cleaner and more sustainable growth process, particularly by strengthening energy efficiency as one of the three pillars of Asian Development Bank's (ADB's) assistance to PRC.¹ ADB's Energy Policy (2009) has selected promoting energy efficiency as one of the three pillars of ADB's energy sector assistance.² The Energy Policy has explicitly identified expanding ADB's assistance to industrial energy efficiency improvement through collaboration with industry associations, domestic banks, and specialized agencies for promoting energy efficiency and energy service companies (ESCOs) as a key strategy for shifting developing Asia to a low-carbon growth path. The proposed project is fully consistent with the objectives and strategies of PRC's country partnership strategy, 2011–2015 and ADB's Energy Policy.</p> <p>The proposed project will introduce innovative energy-efficient production methods to the chemical industry in Henan and Shandong provinces in the PRC, and thereby curb emission of greenhouse gases, persistent organic pollutants, and air pollutants. These benefits are expected to result in improved living conditions to the people in Henan and Shandong provinces and would make an indirect contribution towards poverty reduction.</p>
<p>B. Targeting Classification:</p> <p><input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>The proposed project does not directly address poverty issues as the direct beneficiaries are chemical industries. However, the proposed project may indirectly address poverty issues by contributing improved air quality, which has positive health impact to the sick, children, elderly and poor people.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries.</p> <p>The primary beneficiaries of the proposed project are the chemical industries and the secondary beneficiaries are the general population in Henan and Shandong provinces. There are no potential needs of the poor that can be addressed by the project.</p> <p>2. Impact channels and expected systemic changes</p> <p>Local population in Henan and Shandong provinces including the poor and socially excluded will benefit from improved air quality.</p> <p>3. Focus of (and resources allocated in) the PPTA or due diligence.</p> <p>Any potential positive or negative impacts on workers as a result of the retrofit projects would be identified during the due diligence of the proposed subprojects.</p>
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? There is no gender issue relevant to the proposed project.</p>
<p>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?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain.</p>

¹ ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila.

² ADB. 2009. *Energy Policy*. Manila.

There is no 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 under the proposed project as it is to retrofit the processing method of chemical industries for energy efficiency.

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

Yes No Please explain.

The proposed project is not expected to have any adverse impact on women or widen gender inequality as its primary beneficiaries are chemical industries.

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 potential stakeholders are the China National Chemical Corporation, chemical industries belonging to the group, Henan Provincial Development and Reform Commission, Henan Provincial Finance Bureau, Shandong Provincial Development and Reform Commission, Shandong Provincial Finance Bureau, the Ministry of Industries and Information Technology, commercial banks, and energy service/energy management companies active in the chemical industry.

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?

During project preparation, extensive consultations will be undertaken with the stakeholders identified above.

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 Consultation Collaboration Partnership

There is no relevant civil society organization in the project area.

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 Please explain.

The proposed project is not expected to have any adverse social impacts or safeguard issues.

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

As all the subprojects are located inside the premises of existing industries, there are no involuntary resettlement impacts.

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

The subprojects would be located in industrial parks of urban areas in Henan and Shandong provinces and will have none of the above mentioned adverse impacts on indigenous people.

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

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

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?

- (L) Creating decent jobs and employment (L) Adhering to core labor standards Labor retrenchment
 (L) Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 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?

Standard assurances on labor and spread of communicable diseases will be included in the project agreement.

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 person-month of a social analysis specialist (national consultant) will be allocated in part 2 of the PPTA. Social issues related to workers' health and safety and community impacts will be addressed in the environmental assessment.