

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China	Project Title:	Low-Carbon District Heating in Hohhot in Inner Mongolia Autonomous Region
Lending/Financing Modality:	Project Loan	Department/Division:	EARD/EAEN

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project contributes to the Twelfth Five-Year Plan, 2011–2015 of the PRC, which emphasizes resource conservation and environmental protection and gives priority to improving energy efficiency and developing cleaner energy sources. The project will support the plan targets for (i) reducing sulfur dioxide emissions by 10% through reduced coal consumption for district heating, and (ii) improving the efficiency of district heating supply by 20% and reducing losses from distribution systems. The project supports the goals of improving energy efficiency and resource utilization outlined in the PRC's Medium- and Long-Term Energy Conservation Plan, 2005 and the 2006 Decision of the State Council on Enhancing Energy Conservation No. 28, which emphasizes energy conservation, particularly in the heating subsector. The project is consistent with ADB's Strategy 2020 which puts strategic priority on environmentally sustainable growth,^a and the country partnership strategy, 2011–2015 for the PRC which focuses on the strategic pillar on resource efficiency and environmental sustainability.^b The project also supports the Energy Efficiency Initiative of ADB.

The project will upgrade and expand district heating systems in the three districts of Hohhot city in IMAR to improve the efficiency of and curb the emissions from district heating by (i) testing a wind and coal hybrid district heating system in Haoqingyin district, located in the eastern part of the city, and (ii) installing energy-efficient heating system with a potential expansion of coal and wind hybrid district heating system in Jinqiao and Xinjiayin districts that are located in the eastern and southern parts of Hohhot city.

B. Targeting Classification:

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

The project will provide cleaner and reliable heating services to the general public in the project area including the low-income households.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The expected beneficiaries of the project are (i) residents including low-income households, (ii) students and patients, and (iii) heating users at commercial and government buildings in the project areas. Access to cleaner, reliable, and affordable heating service is one of the basic needs of potential beneficiaries. Affordability might be considered a constraint among low-income households to access clean and reliable heating service.

2. Impact channels and expected systemic changes.

The project will provide better heating services to households including the low-income households in the project areas. The project will (i) reduce cases of respiratory diseases through improved indoor and outdoor air quality, reduce carbon monoxide poisoning by providing safer district heating services, and provide better medical environment by providing cleaner and reliable heating services; (ii) improve the living conditions through adequate and reliable heating services; (iii) reduce domestic chore for space heating; (iv) reduce heating expenditure by switching to centralized energy-efficient heating systems from individual household stove and decentralized heating systems; (v) provide better schooling environment during winter by providing cleaner and reliable heating services; and (vi) increase income through job opportunities created during construction and operation period.

3. Focus of (and resources allocated in) the PPTA or due diligence.

The PPTA will focus on (i) collecting social and poverty data; (ii) identifying project benefits by income groups; (iii) assessing affordability for accessing the heating services among income groups; (iv) assessing types of employment opportunities, and identifying effective measures to improve employment opportunities for local people including the poor and women; and (v) assessing labor retrenchment issue due to small boiler closure.

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?

Existing heating method using household heating stoves has higher impact on women in terms of increasing (i) domestic chore for space heating, (ii) incidence of respiratory diseases related to indoor air pollution, and (iii)

<p>incidence of carbon monoxide poisoning and fire accident.</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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please explain. The project will improve access to modern heating service, which is one of the basic urban infrastructures in cold climate region in gender inclusive manner. All sector-related gender issues will be resolved after project implementation (item 1 above). Also, the project team will advocate gender-balanced employment opportunities in heating business, where appropriate.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain The project will not have adverse impact on women and/or girls or widen gender inequality.</p> <p>4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity theme) <input type="checkbox"/> EGM (effective gender mainstreaming) <input checked="" type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
<p>III. PARTICIPATION AND EMPOWERMENT</p>
<p>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 of the project are the Hohhot City Development Investment and Operation Company, Hohhot municipal government; IMAR Development and Reform Commission, IMAR Finance Bureau, wind power generation company, the local grid company, communities, institutions, and businesses in the project areas. They have been participating in the project design through consultations and series of review and approval processes. Potentially affected communities have participated in public consultations during the domestic environment impact assessment preparation and will also have an opportunity to engage in project design improvement through potential public consultation meetings and other communication channels that will be set during the project preparation stage as well as project implementation.</p> <p>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? Accessibility and affordability of district heating service among various income groups will be assessed during the PPTA implementation through social survey and interviews.</p> <p>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? <input checked="" type="checkbox"/> (L) Information generation and sharing <input checked="" type="checkbox"/> (L) Consultation <input type="checkbox"/> (N) Collaboration <input type="checkbox"/> (N) Partnership Consultation with residential association is useful to improve the project design.</p> <p>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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No The PPTA will seek opportunities to extend heating services to low-income housing.</p>
<p>IV. SOCIAL SAFEGUARDS</p>
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <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 According to the feasibility study report, a total of 43.8 hectares of government-owned wasteland is allocated by the municipal government for the three heating sources, which does not entail permanent or temporary physical displacement or economic displacement. Heating pipelines will be laid underground within the existing rights of way and heat exchangers will be installed in the designated area within the apartment or commercial building complexes. Due diligence will be conducted during the PPTA implementation to assess possible legacy issues and confirm this categorization.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None – Due diligence report</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <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>The proposed project will be implemented in large urban areas where there is no significant difference in the lifestyle and socioeconomic status between individuals of ethnic majority (Han) and minorities (Mongol). The project sites are not located close to Mongol neighborhoods. Thus, it is not expected to have adverse impacts on ethnic minorities. Due diligence will be conducted during the PPTA to confirm this categorization.</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>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None – Due diligence report</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p>
<p>1. What other social issues and risks should be considered in the project design? <input checked="" type="checkbox"/> (L) Creating decent jobs and employment <input checked="" type="checkbox"/> (L) Adhering to core labor standards <input checked="" type="checkbox"/> (L) Labor retrenchment <input checked="" type="checkbox"/> (L) Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> (L) Affordability (Medium) <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>Standard assurances on labor and spread of communicable diseases will be included in the project agreement. Labor retrenchment plan due to small boiler closures will be prepared.</p> <p>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. Labor retrenchment plan due to small boiler closures will be prepared, if needed.</p>
<p>VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT</p>
<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? <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? A total of 4.5 person-months of social analysis and safeguard specialists (international for 1.5 person-months, and national for 3 person-months) will be hired to conduct social due diligence during PPTA implementation.</p>

ADB = Asian Development Bank, IMAR = Inner Mongolia Autonomous Region, PPTA = project preparatory technical assistance, PRC = People's Republic of China.

^a ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

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