

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China	Project Title:	Fujian Farmland Sustainable Utilization and Demonstration Project
Lending/Financing Modality:	Project	Department/ Division:	EAER/EARD

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Inclusive growth, balanced regional development and environmental sustainable growth are key components of the PRC's Twelfth Five-Year Plan (2011–2015). They are included in ADB's country partnership strategy for the PRC (2011–2015). This project will support rural livelihood by improving long-term agricultural productivity in poverty and less developed areas in Fujian Province, and thus to narrow the rural-urban income disparity and reduce the pressure on rural labor to migrate to urban areas. This project will promote economic inclusion of poor and vulnerable rural households by engaging in sustainable farming system. They will benefit from the access to supply-chain participation, voluntary land leasing, and employment opportunities that are provided by the PPEs. This project will also contribute to improvement of human and social capital through capacity development and the support of farmer's association, water user's association, and cooperatives.

B. Targeting Classification

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

This project will give priority to the counties designated as provincial poverty countries or less developed counties eligible for the central government's support for the middle and western provinces in the PRC. Townships with high poverty rate will be further targeted within the selected counties. Around 36,000 farmers will benefit (individually or as members of cooperatives) from the improved rural livelihood due to the productive project farmland and stable marketing channels for their agricultural products through the participation in the sustainable farming system, and around 35,000 local people will benefit from the employment generated by the PPEs during project construction or operation. Details about poverty level and impacts on farming households will be assessed and inclusive interventions will be designed during the TA.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. In 2010, Fujian's poverty incidence was 10.8% (households below the provincial income poverty line of CNY3,000/capita/annum). The poverty is concentrated in interior and mountainous areas prone to land degradation resulted from soil erosion, inefficient water use, and unsustainable farming. In most poverty areas, households are at least partially dependent on agriculture and natural resources. The expected beneficiaries of the project will be local people and farmer households (individually or as members of cooperatives), and PPEs which are supported by the project. For PPEs and farmers, long-term financial and technical support in appropriate farmland conservation and sustainable farming practices are main needs and the constraints to be addressed by the project. Most local people and farmers need stable and improved income (e.g., jobs, land rents, and stable sales of products), which will be provided through the PPEs.

2. Impact channels and expected systemic changes. The project will directly impact on the livelihood of local rural communities and farmers through PPEs. The project will financially assist PPEs in preparing productive farmland through environmentally sustainable measures and small-scale irrigation facilities, and promoting sustainable farming practices of tea, oil tea tree, and other crops that are suitable to the project areas. Local people and farmers (individually or as members of cooperatives) will benefit from stable and increased income by (i) voluntary leasing land to PPEs for land preparation; (ii) renting productive farmlands from PPEs for production; and (iii) selling products to PPEs or other processing companies, and benefit from training on sustainable farming practices and employment opportunities. The project will contribute to generating around 12,000 temporary jobs during construction and 23,000 seasonal jobs and additional year-round positions from the tea, oil tea tree, and other crop production on the project farmland. The project will provide training for 50,000 person-days on sustainable farming practices. The TA will ensure the poor and vulnerable households are among those beneficiaries as suppliers, land tenants, land lessor, or benefit from employment opportunities.

3. Focus of (and resources allocated in) the PPTA or due diligence. The TA will focus on: (i) ensuring poor and vulnerable households can benefit from the project through employment and capacity development quotas, reasonable land rents, favorable conditions for supply chain participation (e.g., subsidies for input investments), and similar features; (ii) empowering rural households and farmers by becoming members of farmers association, water user's association and cooperatives, and improving capacity of these associations and cooperatives; (iii) assessing the farmers' and cooperatives' benefit by the existing cooperation mechanism with PPEs and propose the mechanisms which will enable existing and potential farmers to benefit from the project, e.g., become a shareholder

of enterprise instead of a land lessor; and (iv) reviewing and giving guidance on contract of land leasing to achieve mutual beneficial on contact arrangements.

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 in rural areas are increasingly participating in agricultural activities due to the migration of men and younger women to non-farm employment. At the same time, they remain responsible for non-paid activities such as caring for the left-behind elderly and young children not migrating with their parents. In the meantime, the overall participation of women in the general workforce continues to diminish in the PRC.

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 assess the situation of gender issues in the project areas. A GAP containing the design features will be prepared to ensure the project contributes to increasing gender equity. The GAP will include the women's participation quota for employment, capacity development, and participation in water user's association, farmer's association and cooperatives.

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

Yes No Please explain

The project will have no adverse impact on women. In the worst case, assuming the project does not take any proactive 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.

Local governments and line agencies at provincial, municipal, county and township levels, PPEs as borrowers, farmers and cooperatives involved in the farming systems, and local people who lease their land to PPEs and/or will be employed by the PPEs are main stakeholders of the projects. ADB and the national government are providing project finances. PPEs and local governments will be consulted to ensure the project design corresponds to their needs. Farmers and local people will be consulted to ensure their participation in project design and inclusion of their benefit.

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 ways of farmers association, water user's association and cooperatives. During the project design, the poor and vulnerable groups will be consulted to ensure their needs and concerns will be addressed and they can benefit from the project activities. A social action plan will include specific actions for inclusion of the poor and vulnerable groups.

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 (M)

Major CSOs relevant to the project include farmer's associations, cooperatives, and the local branches of the All China Women's Federation. These CSOs will participate in project design and involve in implementation. Farmer's association and cooperatives will also be benefited from the projects.

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 the project design, poor and vulnerable households will be consulted to assess their needs and collect their inputs to project design to ensure they can benefit from the project activities. The integration of consultation and participation and stakeholder communication will be conducted during the TA.

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 the client, use rights of agricultural land for project activities will be transferred to potential PPEs through

lease contracts. Temporary land use for project construction and small areas of land acquired for additional irrigation channels may be required. A resettlement plan will be prepared for involuntary land acquisition. The client will ensure that the project causes no physical displacement. Due diligence will be conducted on lease contracts and the land use changes to check whether they qualify as voluntary, if land acquisition was completed in anticipation of the project, if any resettlement incurred during the land use right transfer, and if the land lease procedures meet the ADB safeguard requirements. If required, a corrective action plan with mitigation measures will be prepared for those sites that have safeguard issues.

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—She people living in the project counties. They are scattered over the mountainous areas in the north. According to currently available information, the project will not include areas where She communities are located. However, the She households living in the project area may still be affected by the project or among the beneficiaries. Details will be verified during TA and an ethnic minority development plan commensurate with impacts will be prepared if necessary.

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

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. Equitable contract farming and land leasing

2. How are these additional social issues and risks going to be addressed in the project design?

The TA will design project elements to ensure the long-term and short-term employment opportunities generated are targeting local population, in particular the poor and vulnerable households, and national labor standards are applied. Contract farming mechanism and land leasing arrangements will be reviewed and ensure that they are equitable and can achieve mutual benefits. Affordability of productive farmland to be prepared by and leased from PPEs for farmers will be designed into the project. Farming on upland increases risk from erosion, and subsequent land slips and landslides.

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 (v) 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?

One international and a national social development specialist, a resettlement specialist, a rural land law specialist, a farmer's institution specialist, and budget for surveys.

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