

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	People’s Republic of China	Project Title:	Shanxi Urban–Rural Water Source Protection and Environmental Demonstration Project
Lending/Financing Modality:	Project Loan	Department/ Division:	East Asia Department/ Environment, Natural Resources, and Agriculture Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: General intervention

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

The project has clear linkages with the Thirteenth Five-Year Plan on National Economic and Social Development, 2016–2020 of the People’s Republic of China (PRC), of which eliminating absolute poverty is one of the key objectives.^a The key approaches under the plan are increased investment in infrastructure, human resources development, environmental protection, social welfare, and a more inclusive development strategy to benefit poor people. The project also has clear linkages with the country partnership strategy, 2016–2020 for the PRC of the Asian Development Bank (ADB) which focuses on environmental protection, climate change mitigation and adaptation, and inclusive and balanced urban–rural development.^b The project will make contributions by protecting water quality, providing water supply and wastewater services, reducing flood risks, and providing employment to local people during project construction and operation. This will help improve the quality of life of the local population.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. **Key poverty and social issues.** Located in the Taihang Mountains in Shanxi Province, Zuoquan County is designated a national-level poverty county in the PRC. In 2015, Zuoquan County had a total population of 165,042 (94,026 rural and 71,016 urban). It has 53,645 rural poor people, with a rural poverty incidence rate of 57.02%—much higher than the national average and Shanxi’s provincial average. Zuoquan County has 803 urban poor people (who obtain the urban minimum living allowance) and an urban poverty incidence of 1.13%. In 2015, the gross domestic product per capita of Zuoquan County was CNY26,310—only 53.31% of the PRC’s national average and 75.13% of Shanxi’s provincial average. Insufficient arable lands and natural resources (except coal mines in some areas), dwindling coal mine and related industries, and lack of other income-generating opportunities for farmers are key reasons for the high rural poverty. When coal mining was booming, Zuoquan County experienced high economic growth. However, as the coal industry has shrunk since 2013, the county’s economy has faced serious problems. As result, many people have been unemployed or underemployed. Lack of water supply, sanitation, and other public services have exacerbated the poverty.

2. **Beneficiaries.** Of the total 165,042 population in Zuoquan County, 98,627 rural and urban people in the project area will benefit directly from the project. They include 45,137 men, 53,490 women, and 11,059 poor. Other people in the county are expected to benefit indirectly. Among different project components, (i) 8,064 people will benefit directly, and 98,627 people will benefit indirectly from the upstream water source protection; (ii) 50,110 people will benefit directly, and about 80,000 people will benefit indirectly from the Qingzhang River rehabilitation and flood control; (iii) 31,196 people will benefit directly from the water supply; (iv) 59,330 people will benefit directly from the wastewater collection and treatment; and (v) 58,174 people will benefit directly from the Binhe Road improvement.

3. **Impact channels.** The project will make long-term positive impacts by (i) providing better quality water supply services to all residents in Hanwang and Longquan townships, and some residents in Liaoyang township; and improving their health and sanitation conditions; (ii) ensuring water supply to enterprises in industrial zones in Hanwang and Longquan townships, thereby boosting local economic development; (iii) providing better wastewater collection and treatment services to existing and planned urban areas, and ensuring a better living environment; (iv) reducing flood risks along the Qingzhang River; (v) improving the environment by constructing wetlands for the public; and (vi) improving the Binhe Road’s quality, and decreasing road traffic accidents. The project will also create employment and income-generating opportunities for local residents during construction and operation.

4. **Other social and poverty issues.** Some rural people and enterprises in the Hanwang and Longquan township project areas may have low willingness to receive water services under the project if the water tariff is raised significantly. Almost half of them currently have free water services supported by nearby enterprises, although the water quality is not good. The project will coordinate with local governments and stakeholders to address this issue.

5. **Design features.** Key design features include (i) creating new jobs for local people, especially for the poor and women; (ii) conducting activities to improve living conditions for people in project areas, such as providing better quality water supply and wastewater collection and treatment services; and reducing flood risks; (iii) ensuring better water supply to enterprises to support industrial development and job creation; (iv) upgrading the urban road network and activities to enhance traffic safety; (v) providing a traffic management plan, environmental management plan, and construction workers’ health and safety measures; (vi) conducting consultations and encouraging the participation of local residents in project implementation; and (vii) providing safeguard and/or social action plans to mitigate negative impacts and increase the positive impacts of the project.

II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and project activities.** Participation and consultation activities with key stakeholders, including affected villagers, citizens, enterprises, and government agencies, were conducted during the feasibility study and/or the project preparatory technical assistance; and their feedback and suggestions have been reflected in the project design. The following activities will be implemented during project implementation: (i) strengthened public participation and information disclosure; (ii) public awareness and education programs on relevant issues, such as solid waste management, environmental protection, water saving, road safety, public health, and sanitation; (iii) establishment of a grievance redress mechanism; (iv) public hearing on the water and wastewater tariff increase, if necessary; and (v) the participation of local people, especially the women and the poor.

2. Zuoquan County's Women Federation and local community groups in the project area were consulted during project preparation. They will continue to participate during project implementation.

3. **Civil society organizations.** The project management office will coordinate with Zuoquan County's Women Federation in organizing consultations and training activities. Further, rural and urban community organizations in the project area will be involved in public consultation and participation during the detailed design and implementation.

4. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

Information gathering and sharing (M) Consultation (M) Collaboration (L) Partnership (L)

5. **Participation plan.** Yes No

Participation and consultation plans are incorporated in the safeguards and/or the social development action plan (SDAP).

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective gender mainstreaming

A. Key issues. In 2015, Zuoquan County had 76,726 women or 46.48% of the population. While some traditional patriarchal social values still exist and women's participation in public administration is still low, men and women have the same opportunities in most fields in the project area. Women have higher or equal roles inside the family, and they make important contributions to family matters. Men and women are not treated differently in social welfare policies, such as education, public health, public services, and labor rights. Women have high participation in economic activities, and earn the same wages as men in the same or similar positions. However, men are preferred in some jobs, especially those having higher physical requirements or difficult working conditions. Despite women having important roles in the family and a high degree of economic involvement, men are still perceived as the main breadwinner and key decision maker. The project will support public services without discrimination between men and women. Men's and women's opinions regarding the project do not differ significantly. Since women perform more household tasks, they are likely to access and/or use certain public services, such as water supply, more frequently.

B. Key actions. Gender action plan (GAP) Other actions or measures No action or measure

The GAP includes targets for women in employment, training, and participation. Women will be provided with (i) priority job opportunities under the project; (ii) consultation and increased awareness in project activities, including environmental protection, public services, and labor standards; and (iii) participation in the project's detailed design and public hearing activities. The monitoring of the GAP will include the collection of sex-disaggregated data, and one social and gender specialist will be recruited to provide support on this activity.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES**A. Involuntary Resettlement**

Safeguard Category: A B C FI

1. **Key impacts.** The project will have significant land acquisition and resettlement impacts, so it is classified category A for involuntary resettlement. The project will involve permanent land acquisition of 1,049.65 *mu* of collective land, of which the cultivated land is 528.26 *mu*; and demolition of a housing area (8,099.62 square meters), affecting 1,384 persons in 591 households.^c Of these affected persons, 104 persons in 24 households will be physically displaced. The project requires the temporary occupation of 231 *mu* of collective land.

2. **Strategy to address the impacts.** A resettlement plan has been prepared to provide compensation and resettlement assistance for affected persons. The resettlement plan includes measures on consultation, information disclosure, and grievance redress. The project executing and implementing agencies have experience in involuntary resettlement under domestic projects, and their capacity will be further strengthened to implement the project in compliance with ADB requirements on involuntary resettlement.

3. Plan or Other Actions

Indigenous peoples plan

Resettlement framework

Environmental and social management system arrangement

Combined resettlement and indigenous peoples plan

Combined resettlement framework and indigenous peoples planning framework

Social impact matrix

No action

<p>B. Indigenous Peoples Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Key impacts. The project area does not have a distinct ethnic minority community, and the project does not trigger requirements on indigenous peoples under ADB's Safeguard Policy Statement (2009). Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Strategy to address the impacts. Not applicable</p> <p>3. Plan or Other Actions</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix </td> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> No action <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary </td> </tr> </table>	<input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix	<input checked="" type="checkbox"/> No action <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
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V. ADDRESSING OTHER SOCIAL RISKS		
<p>A. Risks in the Labor Market</p> <p>1. Relevance of the project for the country's or region's or sector's labor market <input checked="" type="checkbox"/> Unemployment (M) <input checked="" type="checkbox"/> Underemployment (M) <input type="checkbox"/> Retrenchment (N/A) <input checked="" type="checkbox"/> Core labor standards (M)</p> <p>2. Labor market impact. The project will create 1,750 temporary jobs and 33 permanent jobs; and priority will be given to local people, especially women and the poor. At least 20% of jobs will be provided to the poor, and at least 25% jobs to women. Core labor standards will be followed. Workers will be provided with personal protection devices; and training on vocational skills, labor safety, labor law and regulations, public health and sanitation. Contractors will be responsible for the implementation of labor standards, and the project management office and relevant local government agencies will supervise the compliance.</p>		
<p>B. Affordability</p> <p>Many water users, including villagers and enterprises, use coal enterprises' back-up water sources for free although the water quality is not good. They are less willing to pay an increased water tariff. Poor households may not be able to afford a higher tariff. Local governments will undertake further consultations with households and enterprises in the water supply areas to ensure that they fully participate in the detailed design discussions, and that their concerns are taken into account in the final project design and during implementation. While the water and wastewater tariff at the current standard of the county urban area is not an economic burden for most households, a level of tariff subsidies will be provided for poor households. Public hearings will be conducted before setting any increased water and/or wastewater tariff to ensure that these fees are affordable for most households, particularly the poor and low-income people.</p>		
<p>C. Communicable Diseases and Other Social Risks</p> <p>1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases (L) <input type="checkbox"/> Human trafficking (NA) <input type="checkbox"/> Others (please specify)</p> <p>2. Risks to people in project area. The risk of communicable diseases may increase during construction because of construction workers' interaction with local residents. Contractors will be required to provide awareness training to their workers and personnel to prevent such diseases.</p>		
VI. MONITORING AND EVALUATION		
<p>1. Targets and indicators. The key outcome level indicator is that water supply to 9,234 rural households with 32,134 population (49% women) will be improved to meet national quality standard at the end of the project. Specific output level targets and indicators are included in project documents, including the design and monitoring framework, GAP, resettlement plan, and SDAP.</p> <p>2. Required human resources. A resettlement specialist and a social and gender specialist will be recruited to provide technical support for the implementation of the GAP, resettlement plan, and SDAP.</p> <p>3. Information in the project administration manual. The project administration manual outlines poverty, social, and gender issues; and includes the GAP, SDAP, and the stakeholder communication strategy.</p> <p>4. Monitoring tools. During project implementation, internal monitoring results of the GAP, resettlement plan, and SDAP will be incorporated in the project performance management system. Data sources will include (i) the project management information system, (ii) official statistics, and (iii) monitoring reports. An external agency will be recruited for monitoring the resettlement plan, and the agency will prepare semiannual monitoring reports during the implementation of the resettlement plan and annual evaluation reports until 2 years after the completion of land acquisition and resettlement.</p>		

^a Government of the People's Republic of China. 2016. *Thirteenth Five-Year Plan on National Economic and Social Development*. Beijing.

^b ADB. 2016. *Transforming Partnership: People's Republic of China and Asian Development Bank, 2016–2020*. Manila.

^c A *mu* is a Chinese unit of measurement (1 *mu* = 666.67 square meters or 0.0667 hectares).

Source: Asian Development Bank.