

INITIAL POVERTY AND SOCIAL ANALYSIS

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:	EARD/EAER

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project contributes to the overall national strategies of ecological restoration and improvement of rural and urban livelihoods, by providing improved environment in an important catchment area, increasing forestation, improving water supply, and reducing risk to extreme weather events such as floods disrupting local livelihood or properties. The project will provide in particular water supply to 55,000 mostly rural persons, most of which are living in areas with high poverty. The vulnerability in particular for poorer urban and rural population will be reduced, and their risk of suffering shocks through flooding that push them further into poverty will be reduced.

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc MDG-7)

The project will provide engineering and soft solutions to environmental problems in Zuoquan County, to improve the water quality in rivers used by 1.92 million people as their primary water source. It will directly improve the water supply situation of the inhabitants of villages who can no longer rely on surface water due to pollution, and reduce the flooding risks for the population of Zuoquan County.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Beneficiaries of the project are those benefitting from improved water supply, reduced pollution, and reduced flood risks in the urban areas. For the water supply components, it has to be assured that no affordability issues result from increased tariffs to finance the project, and that mitigation measures for such constraints are put into place. In the project areas, 44% of the population of around 180,000 is living below the poverty line with poverty in rural areas over 70%.¹ In general, poorer populations are more affected by water supply issues, as they have to use scarce resources to find solutions such as buying bottled water, and they are more affected by flooding, as they have less resilience and fewer resources to cope with stress events such as floods. The current water supply systems serve about 47% of the county population, while the rest, mostly rural, have no access to tap water. The coverage rate will be increased to around 75% under the project.

2. Impact channels and expected systemic changes.

Poor households make up almost half of the people in the project area. They will benefit from improved water supply, alternative livelihood programs, and reduced flood risks. The project interventions will be designed so poor and vulnerable households, such as women-headed, are ensured to benefit from the project. Employment and capacity building provided under the project, and interventions involving rural households such as reforestation and limited number of jobs and income will be designed so poor and vulnerable households can fully participate and benefit.

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

Main issues to be verified during project preparation are (i) the impact of land acquisition and the minimization of the land acquisition impacts (a resettlement specialist is allocated for this); (ii) verification of the ways direct and indirect benefits are accrued and by whom, including designing affordable tariff restructuring; and (iii) ensuring that interventions involving local populations are designed and implemented in consultation with these households (a social development specialist is allocated to the PPTA team for tasks (ii) and (iii)).

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?

Key gender issues for the project are the general, remaining gender inequality in PRC, including lower income for employment, lower participation in employment, etc. For the sector, the high burden of household chores among women household members may be the most important gender issue, as this leads to increased work for women in case of flood events, or low availability of safe water. The project interventions will ensure improved water supply and improved flood protection, which will benefit women who are responsible for household water safety and protection from floods.

¹ The poverty line in Shanxi Province is CNY4680/capita/annum for urban and CNY2736 for rural people. This corresponds or is above ADB's poverty line of \$1.25/day.

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 interventions will benefit both genders, and specific targeting for women is envisioned for technical and vocational training for alternative livelihoods, and for vegetation maintenance. The project preparation will design gender elements to ensure women participate in consultation, information sharing events, and that they benefit from employment opportunities and occasions for capacity building. They will be included in compensation for involuntary land acquisition mitigation and potentially benefit from employment in planting and maintenance of re-vegetated areas.

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

Yes No Please explain

The project interventions will benefit both genders equally. Negative impacts on women due to involuntary land acquisition will be addressed in gender actions under the resettlement plan.

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.

Overall beneficiaries of improved water supply in urban and rural areas of Jinzhong Municipality, Shanxi Province, villages in the catchment areas and reforestation areas, direct beneficiaries in Zuoquan County (urban and rural), persons affected by involuntary land acquisition or conversion of slopland to forest (will be consulted during resettlement plan preparation), local governments and agencies, and provincial governments and agencies (preparing project design), ADB.

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 include construction of water supply structures and interventions to protect the catchment areas of the water source of almost 2 million people, including flood protection, reforestation etc. The project will engage with populations in the catchment areas to ensure interventions such as reforestation are prepared in consultation with them and their voices are heard to ensure their engagement in maintenance of the project components.

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?

(M) Information generation and sharing (M) Consultation Collaboration Partnership

Information sharing and consultation will mostly happen with village populations and other beneficiaries in the project areas, and with persons affected by involuntary land acquisition or conversion of slopland to forest. Poor households will be consulted to ensure affordability of water services after project completion.

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

Although the project will not include any components that directly target or impact poor and excluded households, the poor will potentially benefit from livelihood improvement measures combined with maintenance of the re-vegetated areas. Benefits will be accrued across the general populations. Tariff changes triggering questions about affordability for poor and vulnerable households will be done in consultation with those households, and their suggestions included in the tariff restructuring.

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

The project will involve involuntary land acquisition resulting in both physical and economic displacement. Construction of infrastructure will require land, which in part may be covered by right-of-way along existing roads scheduled for upgrading. According to the project proposal and EA information, road rerouting and waste-water treatment plants need permanent land acquisition significantly affecting more than 200 persons.

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

No indigenous peoples are living in the project areas or among the project beneficiaries.

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

None of the triggers for BCS is valid for the project.

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?

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

The project will create jobs during project implementation and operation. Project interventions will be designed in a way that jobs are provided to local populations. Bidding documents will require adherence to national labor standards and core labor standards. Analysis will be conducted to ensure affordability of restructured water tariffs for poor and vulnerable households. The project will reduce vulnerability to natural disasters/flooding.

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?

A social development specialist (3 person-months) and a resettlement specialist (4 person-months) will be engaged as part of the PPTA team, who will be conducting poverty, social and gender analysis, and prepare the relevant planning documents, including safeguard documents. The PPTA budget will include funds for surveys and workshops for project management officers.