

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China	Project Title:	Guizhou High Efficiency Water Utilization Demonstration in Rocky Desertification Area Project
Lending/Financing Modality:	Project Loan	Department/Division:	East Asia Department/Environment, Natural Resources, and Agriculture Division

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Guizhou province is in the Yangtze River Economic Belt and an important province to develop the southwest and far-west regions. However, Guizhou has the biggest rocky desertification area in the People's Republic of China (PRC), which is 25% of the total rocky desertification area in the PRC. Also, Guizhou experiences severe droughts frequently. As a result, Guizhou is the lowest province in the PRC in terms of gross domestic product (GDP)/capita. Anlong and Nayong Counties of Guizhou, the proposed project areas, include typical rocky desertification areas with the most serious water shortage and frequent droughts which are serious obstacles to local socioeconomic development. Both counties are national poverty counties and located in a national pilot area for poverty reduction.

The project will protect ecological environment and improve water security; thus, it is consistent with (i) a decision of the Third Plenary Session of the 18th Central Committee of the Communist Party of China held in Beijing in November 2013; (ii) Asian Development Bank's (ADB's) recommendations for preparation of the Thirteenth Five-Year Plan of the PRC, 2016–2020; (iii) ADB's upcoming Country Partnership Strategy for the PRC, 2016–2020; (iv) ADB's strategy 2020 and the midterm review of the strategy; and (v) ADB's Water Operational Plan, 2011–2020.

#### B. Poverty Targeting

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

The project will improve irrigation and water supply in Anlong and Nayong Counties in Guizhou. In Anlong and Nayong Counties, the rural population is 431,940 and 965,343, of which 20.7% and 20.6% are below the national poverty line of CNY 2,300/capita/year (which is equivalent to \$1/capita/day), respectively. Improved water availability for irrigation and water supply will improve livelihoods and reduce poverty, since the beneficiaries will have opportunity to grow high yield and economic crops, and increase their income and alleviate poverty.

The project has been tentatively categorized as TI-G, as the poverty impacts will be significant. The project preparatory technical assistance (PPTA) will collect detailed data on poverty, including population below the poverty line of \$2/capita/day that ADB uses to determine the TI-G category. Based on the \$2/capita/day poverty line, the ratio of poor people benefitting from the project is expected to be significantly higher than the figures mentioned above.

#### C. Poverty and Social Analysis

**1. Key issues and potential beneficiaries.** Guizhou's total population is 35.08 million, which includes 36.1% ethnic minority population. Guizhou is the poorest province in terms of GDP/capita in the PRC, with 6.23 million poor population living below the national poverty line of CNY2,300 (\$362)/capita/year which is largely rural. Guizhou has low levels of industrialization and economic growth largely reliant on agricultural and traditional services.

Guizhou has the biggest rocky desertification area in the PRC. Rocky desertification deteriorates ecological environment, reduces water retention capacity, and degrades land productivity; thus, threatens sustainable development of Guizhou. Also Guizhou experiences severe droughts frequently. An amount of water being utilized is quite small against the precipitation amount, because of seasonally uneven precipitation and rocky terrain where porous limestone formations do not allow rainfall to be captured or stored. Water utilization/capita in Guizhou is less than 1/3 of the overall PRC average. In order to make the economy grow, particularly in the agriculture sector and to reduce poverty, Guizhou needs to solve the water resource shortage problem and improve water availability.

The project's benefits will be significant, with the total water availability of 92.93 million m<sup>3</sup>/year and new irrigation areas of 138,770 *mu*. Users of irrigation and water supply in Anlong and Nayong Counties will constitute the beneficiaries. 88,320 people in Nanyong country and 236,500 people in Anlong county will benefit from the project. The beneficiaries will include significant portion of the the poor and ethnic minorities. They currently lack adequate running water for irrigation and water supply which limites opportunities for economic and social development.

**2. Impact channels and expected systemic changes.** Improvements in water supply and irrigation will result in increased income and improved social services among the project beneficiaries, including the poor and ethnic minorities. The two counties lack adequate irrigation and water supply, contributing to the high incidence of poverty. The project will provide a certain level of guarantee for irrigation and water supply in rocky desertification areas which are unlocking opportunities of new farming practices and enterprises. Existing crops are low value crops (maize, etc.), and farmers will be able to grow high value crops (vegetables, fruits, etc.) after the project.

Detailed information including specific data on poverty reduction and impact channels will be collected during the PPTA. The PPTA will also assess any potential barriers in accessing project benefits by the poor and ethnic minority groups and recommend measures to ameliorate these.

**3. Focus of (and resources allocated in) the PPTA or due diligence.** 2.0 person-month (pm) of international and 5.0 pm of national consultants will be included in the PPTA consultant team to undertake a poverty and social analysis (PSA) and due diligence on social issues. Focus of the PSA will be: (i) collection of baseline socioeconomic conditions in the project areas; (ii) potential impacts on and opportunities for the project beneficiaries, particularly the poor, ethnic minorities, and vulnerable groups; and (iii) options to maximize poverty reduction and social development impacts.

**4. Specific analysis for policy-based lending.** Not applicable

## 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?

The project will focus on improving water supply and irrigation (where women are playing an increasingly larger role because of higher male out migration to the urban area). Improved availability of water resources will provide women with opportunities to save time for collecting water and to participate in more profitable economic activities such as cash crops. During the PPTA, female and male focus groups will be interviewed to confirm priority needs and opportunities for water. Public consultations will include women, and a proactive approach will be adopted to disseminate information. The All China Women's Federation will take part in project preparation and implementation and ensure women's effective participation in consultations.

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.

Gender and social analyses will be conducted as part of the PPTA to identify strategies, mechanisms, and components for addressing gender concerns. Gender actions will be incorporated in the project design. Results and recommendations of the gender analysis will be built into key outputs of the project. A gender action plan (GAP) will be prepared.

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 not increase gender inequality, and will benefit women generally. Land acquisition and resettlement will impact women and men and the resettlement plan will include measures to mitigate the impacts.

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.

Primary stakeholders will be rural and urban households using water for domestic use and/or irrigations, water-using enterprises, and people who will be affected by land acquisition and resettlement. Secondary stakeholders will be village groups or councils and government units at township level and above. The project will support water resources management and emphasize involvement of the stakeholders. The PPTA will confirm specific stakeholders.

Extensive consultation with the stakeholders will be necessary during the PPTA. The PPTA will conduct household surveys and interviews, including key informant interviews and female and male focus group discussions in a participatory manner. Consultation will be conducted for land acquisition and resettlement, environmental management, and ethnic minority development.

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 PPTA will identify specific measures for participation of the poor and vulnerable groups based on the PSA.

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  Partnership

Village collectives or cooperative groups will be consulted during project preparation and implementation. Potential participation of other relevant civil society organizations will be identified during the PPTA.

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

Participation of beneficiaries and affected persons, including the poor, women, and ethnic minorities is important during the PSA and formulation of the GAP and the ethnic minority development plan, and detailed rehabilitation plans to be incorporated in the resettlement plans. The PPTA will address these issues while undertaking assessments and preparing relevant plans. The PPTA will prepare a stakeholder participation plan as well.

#### IV. SOCIAL SAFEGUARDS

##### A. Involuntary Resettlement Category A B C F1

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?  Yes  No

The project will involve significant land acquisition and resettlement impacts, particularly for two reservoir construction subprojects. The Pingqiao reservoir subproject will involve acquisition of 7,244.76 *mu* lands (4,854.68 *mu* farmlands and 1,757.68 *mu* forestlands) and demolition of 101,836 m<sup>2</sup> housing areas. The subproject will involve 2,414 affected people (APs) including 1,836 who will require physical relocation, and the land loss impacts will be equivalent to loss of 578 livelihoods. The Pingshan reservoir subproject will involve acquisition of 2,018.11 *mu* lands (1,553.37 *mu* farmlands and 565.7 *mu* forestlands) and demolition of 7,088 m<sup>2</sup> housing area, for 345 APs including 105 who will require physical relocation, and the land loss impacts will be equivalent to loss of 240 livelihoods.

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 F1

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

There are ethnic minorities in the project areas. Miao, Bui, and Hui people constitute about 45% of the population in Pingqiao reservoir subproject area in Along County. Chengqing people constitute about 25% of the population in Pingshan reservoir subproject area in Nayong County. While these people are not vulnerable based on ethnicity alone, the county governments recognize and treat them as ethnic minorities. These people will mostly experience positive impacts, but some will be affected by land acquisition and resettlement.

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

Rural lands in the PRC are collectively owned. Land tenure and ownership are the same among ethnic minority and majority.

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

Since the poverty incidence is higher among the ethnic minority groups and the project will present an opportunity of significant poverty reduction, it is proposed that combined ethnic minorities and social development plans will be prepared for the project.

#### 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 (L)  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 \_\_\_\_\_

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

A poverty and social analysis will be conducted as part of the PPTA to identify social issues and measures to address them. The identified measures will be incorporated in the project design. Bidding documents will include measures for labor standards, communicable diseases control, and health and safety.

#### 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

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?

2.0 pm of international and 5.0 pm of national consultants are included in the PPTA consultant team for these.