



Initial Poverty and Social Analysis

Project Number: 49310-002
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People's Republic of China: Yunnan Lincang Border Economic Cooperation Zone Development Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion.

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

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| Country: | People's Republic of China | Project Title: | Yunnan Lincang Border Economic Cooperation Zone Development Project |
| Lending/Financing Modality: | Project | Department/Division: | East Asia Department/ Urban and Social Sectors Division |

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| I. POVERTY IMPACT AND SOCIAL DIMENSIONS |
| <p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The proposed project will address cross-border trade capacity, border connectivity, and urban and social development issues in the Cangyuan Wa, Gengma Dai and Wa, and Zhenkang counties in Lincang Prefecture. The proposed project will support Yunnan Province in enhancing regional cooperation and integration (RCI), with a focus on economic corridor development. The proposed project is expected to have RCI spillovers to the Shan border province of Myanmar by providing benefits to its nationals that trade, work, and make use of social services in the project counties.</p> <p>The project supports ADB's midterm review of Strategy 2020 in ensuring inclusiveness in infrastructure operations and supporting RCI; is directly in line with the ADB's urban and water operational plans by promoting green, competitive, and inclusive cities; and with ADB's operational plan for RCI (2016–2020) by strengthening connectivity between economies; is consistent with ADB's country partnership strategy for the PRC, 2016–2020 in terms of facilitating inclusive urbanization and enhancing RCI; and is included in the country operations business plan for the PRC, 2017–2019, which references inclusive development of small-sized cities.^a The project is in line with the Rural Poverty Reduction and Development Outline (2011–2020), the PRC's Thirteenth Five-Year Plan (2016–2020), the National New Type Urbanization Plan (2014–2020), the LBECZ development plan, and the project cities' master plans.^b The project also fits with the latest strategic priorities of the GMS, which outline the enhancement of linkages into Myanmar, facilitation of the country's integration into the GMS, and strengthened connectivity with South Asia as key development objectives between 2013 and 2022.</p> |
| <p>B. Poverty Targeting</p> <p><input type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input checked="" type="checkbox"/> Non-Income SDGs (3,4,6,9,11)</p> <p>The project will provide (i) basic urban infrastructure, including water supply, wastewater management, solid waste management, border trading market, logistics and/or production base, river treatment, and landscaping; (ii) transport; and (iii) social infrastructure such as schools and hospitals for county level population.</p> |
| <p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries. Yunnan is the province having the second largest rural poor population in the PRC. The total population in Lincang Prefecture is 2.5 million, of which 201,292 are rural poor or 12.7% of total rural population. Seven counties and districts in Lincang are officially designated as national poverty counties except Gengma Dai and Wa County. All of these counties and districts are included in the West Yunnan Border Mountain Region, one of PRC's 14 contiguous destitute regions. The three project counties account for about one-third of the poor population in Lincang Prefecture. The rural poverty rate is 52% in Cangyuan Wa County, 34% in Gengma Dai and Wa County, and 48.9% in Zhenkang County. The project will benefit three project counties with the total population of 676,200. Particularly, it will benefit the border population of 52,861 from 243 natural villages in 10 towns and/or townships in the PRC. At the same time, it will benefit the border population of about 51,800 from 172 natural villages in 34 districts and/or townships in Myanmar. The WTP, WWTP, roads, solid waste management, river treatment components will benefit the potential population of 15,800 in Mengding. The primary school component in Cangyuan Wa County will benefit around 1,080 pupils, including 630 from Myanmar. A new facility for an existing primary school in Qingshuihe National Port area (Gengma Dai and Wa County) will benefit around 580 pupils, including about 200 from Myanmar. The hospital component in Zhenkang County will service over 0.4 million patients, about one-third from Myanmar. The project will benefit both rural and urban poor population in Lincang Prefecture.</p> <p>2. Impact channels and expected systemic changes. The project will contribute to poverty reduction by (i) improving access to and quality of basic municipal services; (ii) improving people's health and decreasing healthcare expenses; (iii) increasing job opportunities in agricultural, industrial, construction, trade, and tourism sectors through developing roads and border economic zones; and create job opportunities during construction and operation of these infrastructure; (iv) promoting education through building primary schools, and enhancing their capacity; and (v) providing job and education opportunities to border residents of Myanmar.</p> <p>3. Focus of (and resources allocated in) the TA or due diligence. A poverty and social analysis (PSA) will be carried out during the project preparation stage to analyze the impact of the project on the poor and identify pro-poor project design features. Issues to be investigated include (i) access to public services; (ii) affordability of public utility tariff</p> |

by poor and low-income families; (iii) identification of effective mechanisms for community-based awareness activities (education, public health, road safety, water conservation, wastewater management, and sanitation), and participation in project monitoring activities; and (iv) assessment of types of employment opportunities, and suggestion on effective measures to improve employment opportunities for local people, including the poor, women, and ethnic minorities. The project must assess project associated social risks, including those related to border connectivity and cross-border trade facilitation, impacts and vulnerability, and recommend mitigation measures (including labor, HIV/AIDS, human trafficking, drug use, barriers to participation and communication) and design options to maximize project benefits. Capacity building during the project concept stage will strengthen the awareness of the executing and implementing agencies for pro-poor interventions and need for continuous monitoring of social issues. Duly qualified international and national specialists with expertise in social development, poverty, gender, and indigenous peoples safeguard will be engaged as part of the TA team.

4. Specific analysis for policy-based lending. N/A

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 female population accounts for 47.8% of total population in the Lincang Prefecture, 48.1% in Cangyuan Wa County, 49.1% in Gengma Dai and Wa County, and 46.7% in Zhenkang County. Women are generally burdened with household and family responsibilities and are employed in low-paying jobs. Therefore, improving basic public services, such as water supply, wastewater collection and solid waste, urban environment, and overall living conditions will especially affect women. New job opportunities created by the project will increase women's education level and income, and help enhance women's economic status in the family. The TA will explore possibilities to increase women's participation in decision making including project design, implementation, and monitoring. The project will also help improve technical capacity of all female staff in various entities related to the project.

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 analysis will be conducted as part of the PSA, and gender concerns and needs will be incorporated in the design and implementation of the project. A gender action plan will be developed, which will incorporate strategies, mechanisms, and actions to address gender concerns. Opportunities will be explored to collaborate with the All China Women's Federation on women's employment, training, public consultation, and awareness raising issues.

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

Yes No Please explain

All residents will benefit from improved living conditions and access to urban services including women.

4. Indicate the intended gender mainstreaming category: GEN (gender equity) 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.

The main stakeholders of the project include local residents of project counties, the PMO, implementing agencies, governments at municipal and county levels, various government departments (development and reform commissions, finance bureaus, poverty reduction offices, land resource bureaus, civil affairs bureaus, forest bureaus, etc.), women's federations, design institutes, village/community committees, and contractors.

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?

A PSA and consultation meetings will be conducted during the project concept stage to identify views and concerns of beneficiaries, especially vulnerable groups, to inform project design and develop measures for effective implementation of the project. Mechanisms of local communities' engagement and awareness campaigns will also be studied to improve water and wastewater management, solid waste management, and road safety. Accessibility and affordability of water supply, sanitation, and solid waste management services will be assessed.

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

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

The beneficiaries will be consulted during the project preparation and implementation stage through social surveys, stakeholders' workshops, focus group discussions, and key informant interviews. Representatives of poor families will be required to attend public hearings to decide on the water tariff and solid waste and wastewater collection and disposal fee. Documents prepared during the project concept stage, including the environmental management plan, gender action plan, resettlement plans, and social development action plan will outline the program for consultation and participation of beneficiaries in the design and implementation of the project. Loan assurances will address implementation and monitoring of these plans.

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 proposed roads, hospitals, schools, WTP, WWTP, and solid waste collection and/or transfer stations will acquire the total land of about 2,140 *mu*, including farmland and rubber plantation.^c It is estimated that over 200 affected persons will lose 10% of their productive land. Besides, some houses or enterprises/offices will be demolished. The PMO and implementing agencies are required to prepare resettlement plan(s) in compliance with PRC regulations and ADB's Safeguard Policy Statement (2009) before the project concept stage consultant team is mobilized. As some land in the proposed components has already been acquired, the proposed project resettlement consultant will be required to conduct the due diligence reviewing whether the involuntary resettlement complied with the domestic land acquisition policies and whether the affected people have been resettled properly. If not, corrective measures have to be taken.

2. What action plan is required to address involuntary resettlement as part of the TA 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

Lincang Prefecture has 23 ethnic minority groups which accounts for 41.1% of the total municipal population. Of the total county population, the ethnic minority populations in the three project counties are 93.9% for Cangyuan Wa, 55.2% for Gengma Dai and Wa, and 31.5% for Zhenkang. The Cangyuan Wa Autonomous County is one of the only two Wa autonomous counties in the PRC. A total of 85.2% of the total county population is comprised of the Wa ethnicity. The major ethnicities in the Gengma Dai and Wa Autonomous County are Dai and Wa, which account for 19.2% and 15.5% of the total county population, respectively. In Zhenkang County, the Yi, Wa, and Dai nationalities are the top three ethnic minorities. The major ethnic minorities in these counties, Dai and Wa, still follow their traditional customs, religion, and language.

The project will not have adverse impact on ethnic minorities except land acquisition and resettlement. The project will occupy some farmland used by the ethnic minorities. Considering the potential risks related to "border connectivity" and cross-border trade facilitation, such as human trafficking, drug use, and HIV/AIDS, which may also affect minority groups, it was decided to categorize the project as A for indigenous peoples safeguard. This will be confirmed during the project concept stage. An ethnic minority development plan will be developed with relevant mitigation and enhancement measures.

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 TA 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 Adhering to core labor standards (L) Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS (L) Increase in human trafficking (L) 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? Increased tariffs to poor and other vulnerable people will be assessed during the project concept stage, including subsidies or exemptions. The project will create employment opportunities during construction and operation. The use of core labor standards will be included in the loan assurances. There is a low risk for human trafficking as the project is being implemented in border counties. Therefore, relevant actions will be included in the social development action plan. HIV/AIDS clauses will be included in the bidding documents, and awareness and prevention activities will be held during the project implementation and included in the assurances.

VI. TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the TA (or other due diligence) contain key information needed to be gathered during TA or due diligence process to better analyze (i) poverty and social analysis; (ii) gender analysis; (iii) participation, consultation and communication 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 TA or due diligence? A total of 2.0 person-months international social development specialist, 2.0 person-months of social/indigenous people specialist, and 1.0 person-month international and 3.0 person-months national resettlement specialists are included in the TA.

ADB = Asian Development Bank, GMS = Greater Mekong Subregion, LBECZ = Lincang Border Economic Cooperation Zone, PMO = project management office, PRC = People's Republic of China, PSA = poverty and social analysis, RCI = regional cooperation and integration, TA = transaction technical assistance, WTP = water treatment plant, WWTP = wastewater treatment plant.

^a ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila; ADB. 2013. *Urban Operational Plan, 2012–2020*. Manila; ADB. 2011. *Water Operational Plan, 2011–2020*. Manila; ADB. 2016. *Transforming Partnership: People's Republic of China and Asian Development Bank, 2016–2020*. Manila; ADB. 2017. *Country Operations Business Plan: People's Republic of China, 2017–2019*. Manila.

^b The proposed project will also be aligned with the PRC's National New-Type Urbanization Plan, 2014–2020, which promotes a major shift from land-based urbanization to people centered urbanization. Government of the PRC, State Council. 2014. *National New-Type Urbanization Plan, 2014–2020*. Beijing.

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

Source: Asian Development Bank.