

INITIAL POVERTY AND SOCIAL ANALYSIS

Country: Project Title:

Lending/Financing Modality: Department/Division:

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project is directly linked to the national and local level policies for economic development and poverty alleviation in the People's Republic of China (PRC). The PRC's Thirteenth Five-Year Plan (2016–2020) affirms the government's commitment to eliminating poverty by 2020 and calls for accelerated programs to lift 10 million people out of poverty annually. The project is aligned with PRC's target of poverty alleviation and with the Thirteenth Five-Year Plan. This project will support rural livelihood by improving long-term agricultural productivity as well as environmental protection and rehabilitation in poor and less developed areas of Yunnan, Sichuan, Guizhou, Hubei, and Hunan Provinces and Chongqing City, 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 project. 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. This model can then be replicated in other areas.

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) SDG (Goals 1 & 2)

This project will give priority to the counties designated as national or provincial poverty counties or less-developed counties eligible for the central government's support for the middle and western provinces in the PRC. Of the 48 counties identified initially, half of them are poverty counties. Townships with high poverty rate will be further targeted within the selected counties. Around 104,000 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 participation in the sustainable farming system; and around 65,000 jobs will be generated by the project during project construction or operation providing employment benefits to local people. Details about poverty level, targeting, and impacts on farming households will be assessed and inclusive interventions will be designed during project preparation.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. All population in the project area will benefit from improved practices in agricultural practices, reversal of environmental damages, and eventual increases in food security and water conservation, but also those depending on agriculture, aquaculture, and forestry for livelihood more so. During project preparation, the project's potential beneficiaries and particular needs of local communities, including poor, vulnerable, and ethnic minority populations such as nonstructural measures, possible subsidies, and others will be identified.

2. Impact channels and expected systemic changes. The project will have direct impact (mostly positive) on the livelihood of local rural communities and farmers through the project activities. The project will assist farmers in preparing productive farmland through environmentally sustainable measures and small-scale irrigation facilities, and promoting sustainable farming practices from economic tree crops such as fruit trees, 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 increased production and selling products to cooperatives or companies or other processing companies, and benefit from training on sustainable farming practices and employment opportunities. The project will contribute to generating around 22,000 temporary jobs during construction and 43,000 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 transaction technical assistance (TRTA) will ensure the poor and vulnerable households are among those beneficiaries as suppliers, land tenants, land lessor, or benefit from employment opportunities. The TRTA will also confirm specific impact channels for specific social groups.

3. Focus of (and resources allocated in) the TA or due diligence. The TRTA 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 companies 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 or in addition to a land lessor; and (iv) reviewing and giving guidance on contract of land leasing to achieve mutual benefits on contract arrangements. The poverty and social analysis under the TRTA will specify project area, collect baseline information of project beneficiaries, assessment impacts on different social groups, and develop measures to maximize positive impacts and minimize negative impacts, particularly for the poor and vulnerable groups.

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 adult men and younger generation to non-farm employment in towns and urban centers. 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. During project preparation, consultations will be held with women to further identify and confirm their key issues and priorities.

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 gender action plan (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 and it is not expected to increase gender inequality.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) EGM (effective gender mainstreaming)

SGE (some gender elements) NGE (no gender elements)

The TRTA will explore opportunities on gender mainstreaming and relevant measures will be included in the GAP and DMF. The gender category will be reconfirmed or revisited during the project appraisal.

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.

Main stakeholders are the involved government agencies, such as the State Office for Comprehensive Agriculture Development under the Ministry of Finance, local governments and line agencies at provincial and country levels, cooperatives, companies, and farmers involved in the farming systems, and local people who will be employed by the participating private enterprises or under the project. All stakeholders will be consulted and participatory meetings held to ensure their voices are heard during project preparation. Farmers and other local people will be consulted through surveys and focus group discussions to ensure that the project design addresses their needs.

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?

Local communities, workers, and beneficiaries, youth organizations (if any), young rural farmers, particularly the poor and vulnerable groups, will be engaged through nonstructural and community-based measures in project design and implementation (e.g. water and agricultural management). Ways to engage and empower stakeholders and beneficiaries will be further explored during the process. A consultation and participation plan will be developed by the TRTA.

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 civil society organizations relevant to the project include farmer's associations, cooperatives, and the local branches of the All China Women's Federation. These civil society organizations will participate in project design and will be involved in implementation. Farmer's association and cooperatives will also benefit from the project.

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 consultation, participation and stakeholder communication will be conducted during project preparation. Main issues for participation and consultation are sustainable farming including land leases, employment opportunities, and other project benefits. The TRTA will identify specific issues.

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

Project activities are expected to occur within available area of existing infrastructures or on land of beneficiary farmers/communities with voluntary and written agreements of respective farmers/communities who own the land ownership or land use rights. Land needed for temporary use during construction and operation will be leased by contractors or implementing agencies through voluntary agreements. The TRTA will (i) screen potential land acquisition and resettlement impacts to reconfirm the impact category; (ii) undertake due diligence on voluntary land leases and land use agreements; and (iii) prepare due diligence documents based on the screening and assessment.

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 LURT due diligence report and framework on voluntary land use agreements

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

There are ethnic minority communities scattered over the mountainous areas in the project provinces. According to currently available information, the project may include areas where ethnic minority communities are located and these households may be affected by the project or among the beneficiaries. Details will be verified during project preparation and an ethnic minority development plan commensurate with impacts will be prepared, if necessary.

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

This will be reconfirmed during project preparation due diligence.

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

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 (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 _____

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

The TRTA 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. Necessary measures will be prepared to ensure contractors will adhere to applicable national and international core labor standards.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the TRTA (or other due diligence) contain key information needed to be gathered during TRTA 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 TA or due diligence?

One international and two national social specialists (one resettlement and one social development) will be part of the TA team to ensure the appropriate project design components and plans are prepared.