

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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| Country:                    | People's Republic of China | Project Title:       | Yunnan Chuxiong Urban Environment Improvement Project     |
| Lending/Financing Modality: | Project                    | Department/Division: | East Asia Department<br>Urban and Social Sectors Division |

### I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: Targeted intervention—MDGs

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

The project will reduce poverty by improving river flood control management, addressing environmental concerns, helping to improve public health, and supporting capability building in three cities in Chuxiong Municipality, Lufeng County, and Wuding County in Chuxiong Yi autonomous prefecture in Yunnan Province. Yunnan is one of 12 municipalities, provinces and autonomous regions targeted under the People's Republic of China (PRC) Western Region Development Strategy and is prioritized by the government for development investments. The Chuxiong Yi prefecture's gross domestic product is lower than the provincial average. Ethnic minorities account for 33.1% of its population. The project will directly create temporary unskilled employment and permanent jobs, where women and vulnerable groups have access to these employment opportunities. The project is in line with the PRC's rural poverty reduction strategy for 2011–2020, which identifies urbanization as a key to reduce poverty in the countryside. It also aligns with the country's strategy for reducing urban poverty because it will generate employment opportunities by facilitating urbanization. The project aligns with the Asian Development Bank (ADB) country partnership strategy for the PRC, 2011–2015 by (i) supporting sustainable urban development, with focus on the comparatively less-developed western inland regions of the PRC, (ii) making markets work more efficiently through urban infrastructure development, (iii) promoting environmental sustainability, and (iv) contributing to inclusive growth.<sup>a</sup> It will promote economic growth that is environmentally sustainable and inclusive, in line with ADB's Strategy 2020.

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

**1. Key poverty and social issues and beneficiaries.** Yunnan is one of the PRC's poorest provinces. Its per capita gross domestic product of \$3,505 in 2012 was only 58% of the overall national average of \$6,093. A low rate of urbanization is one of the main reasons for the province's relatively slower social and economic development. In 2012, only 39% of the province's people lived in urban areas, compared with 53% in the PRC overall. Yunnan's urban poverty incidence was about 5.8% in 2011, compared with national average of 3.4%, and its rural poverty rate of 13.5% was considerably higher than the national average of 7.9%.<sup>b</sup> The three project cities had urban poverty rates of 5.0–16.7% and poverty incidence of 8.7–9.4% in the rural regions under their jurisdictions—all above Yunnan's provincial averages. The disposable income of urban households in the three cities averaged 69%–89% of the national average. Unemployment and a shortage of worker were the main causes of poverty in the project areas. Wuding County is a national poverty and ethnic minority county, and 52.8% of its people belong to ethnic minorities. The investment subprojects in the three cities of Chuxiong Municipality, Lufeng County and Wuding County will each improve flood control and enhance river areas, construct roads and related infrastructure, and improve solid waste management, benefitting an estimated 757,900 people directly. Better river flood control and management will benefit 53,000 urban and rural people by (i) protecting agricultural production, public and private property, and public health; and (ii) strengthening public safety through an upgraded flood monitoring and early warning system. About 165,500 people will benefit from the urban road network and related urban infrastructure component, which will enhance the development potential of urban areas. Installation of related sewerage pipeline networks and sewage interception facilities, storm water detention ponds, and water supply pipelines will improve the urban environment, public health, and the quality of life for the cities' residents. The municipal solid waste management component will also benefit 539,400 people by improving urban sanitation and public health. About 41,450 poor people and 267,500 women will benefit directly in the project areas.

**2. Impact channels.** The direct impacts will flow from the employment opportunities created during the project's implementation and operational phases; the strengthened flood control and flood-risk management; enhancement of public amenities and the urban environment; provision of better access to sanitation facilities and urban utilities; capacity development training and public awareness activities on road safety, waste recycling and nonfarm employment and livelihood improvement; and the participation of residents in public consultations of city planning and utility tariff setting. Indirect impacts will come from the improved employment opportunities generated by the project's enhancement of the investment environments in the cities, the provision of access to a better urban environment.

**3. Other social and poverty issues.** Three project municipal and county governments have agreed to contract and train local people for project construction and project-related street cleaning, landscaping, and waste collection. One of the civil works contracts will engage the local community directly for river landscaping and greening work.

**4. Design features.** Design features include (i) minimizing land acquisition and resettlement impacts; (ii) targeting employment opportunities for women, ethnic minorities, and vulnerable groups; (iii) engaging the local communities and enabling their participation in the construction work; (iv) supporting public participation in decision making through support for a public hearing process for tariffs and urban design and planning; and (v) capacity development training and awareness raising on flood warning and evacuation, solid waste recycling and management, road safety, and

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| community empowerment. A social action plan (SAP) was prepared and will be implemented by the project municipal and county governments in collaboration with other stakeholders during project implementation.  |  |
| <b>II. PARTICIPATION AND EMPOWERING THE POOR</b>  |  |
| <p><b>1. Summarize the participatory approaches and the proposed project activities that strengthen inclusiveness and empowerment of the poor and vulnerable in project implementation.</b> Extensive consultations with project municipal and county government agencies took place during project design. A socioeconomic survey, an ethnic minority development survey, and focus group discussions covered 520 urban and rural households with 950 people in the project areas. During the preparation of resettlement and ethnic minority development plan, members of more than 460 affected households were interviewed, while 300 local affected people and more than 100 representatives from various institutions and local communities were consulted during the environmental monitoring plan preparation. Public participation during implementation will include such activities as (i) the public hearing process for tariff adjustments and urban design and planning; and (ii) advocacy on flood warning and evacuation, solid waste management and recycling, and road safety. These processes were reflected in the SAP, the gender action plan (GAP), the design and monitoring framework, and loan assurances.</p> <p><b>2. If civil society has a specific role in the project, summarize the actions taken to ensure their participation.</b> The All China Women's Federation (ACWF) will assist in organizing several consultative, advocacy, and training activities for each subproject.</p> <p><b>3. Explain how the project ensures adequate participation of civil society organizations in project implementation.</b> Key informant interviews conducted during design included the ACWF in each project municipality and county. The ACWF will be involved in implementation. In addition, 9 primary and 6 middle schools will participate in the project implementation for environment protection and sanitation awareness.</p> <p><b>4. What forms of civil society organization participation is envisaged during project implementation?</b><br/> <input checked="" type="checkbox"/> Information gathering and sharing (M)   <input checked="" type="checkbox"/> Consultation (M)   <input checked="" type="checkbox"/> Collaboration (L)   <input type="checkbox"/> Partnership</p> <p><b>5. Will a project level participation plan be prepared to strengthen participation of civil society as interest holders for affected persons particularly the poor and vulnerable?</b><br/> <input type="checkbox"/> Yes.   <input checked="" type="checkbox"/> No. The SAP and GAP outline strategies for engagement with civil society and vulnerable groups.</p> |  |
| <b>III. GENDER AND DEVELOPMENT</b>  |  |
| Gender mainstreaming category: Effective gender mainstreaming   |  |
| <p><b>A. Key issues.</b> Women are more engaged in agriculture than men and are responsible for household duties. Analysis of the poverty and social assessment data indicates that women face more difficulties in finding jobs in the urban areas than men do. Women are interested in gaining skills through training that will provide them with better nonfarming employment opportunities. Women are also concerned about the adverse local sanitary effects created by the discharge of untreated sewer and the inadequate community garbage collection and transportation services. The assessment indicated that women strongly support the project and expect it to provide benefits, such as a cleaner community environment and living conditions through better sanitation, new employment opportunities, improved and safer transport routes, improved agricultural production and a better riverside environment through reduced flood and improved amenities, and more opportunities for public participation during the project's implementation.</p> <p><b>B. Key actions.</b> The GAP and the design and monitoring framework include specific targets for the employment of women in the implementation and operations phases and the participation of women in capacity building opportunities. These targets will be supported by a loan assurance and consultant support for implementation and monitoring. The GAP includes targets for women to (i) have 50% of jobs generated in landscaping, simple road cleaning, and waste collection work; (ii) make up 50% of the participants in public awareness and education training; and (iii) be given 20% of the employment created by the project construction work.<br/> <input checked="" type="checkbox"/> Gender action plan   <input type="checkbox"/> Other actions or measures   <input type="checkbox"/> No action or measure</p>   |  |
| <b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b>   |  |
| <b>A. Involuntary Resettlement</b>  | <b>Safeguard Category:</b> <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI |
| <p><b>1. Key impacts.</b> Permanent land acquisition is expected to total 2,261.4 <i>mu</i>, including 1.7 <i>mu</i> of state-owned land and 2,259.7 <i>mu</i> of collective land.<sup>c</sup> The house and building demolition area is projected to total 40,814 square meters (m<sup>2</sup>), including a residential house area of 36,170 m<sup>2</sup>, a rural shed area of 325 m<sup>2</sup>, and areas of small shops and buildings of 2,625 m<sup>2</sup>. A total of 8,639 persons from 1,987 households are expected to be affected, including 1,833 households affected by land acquisition, 87 households by house demolition, and 67 households by both.</p> <p><b>2. Strategy to address the impacts.</b> Three resettlement plans and one resettlement and ethnic minority development plan (REMDP) were prepared in line with ADB's Safeguard Policy Statement (2009) and the related laws and regulations of Yunnan and the PRC. Compensation will be provided at full replacement cost for all acquired and occupied lands and for all demolished houses and structures. This will include compensation for young crops and ground attachments. A grievance procedure was established for the affected people. The three municipal and county project management offices (PMOs) will report implementation progress regularly to the Chuxiong Yi prefecture PMO, which in turn will summarize the land acquisition and resettlement progress in the quarterly progress reports to ADB. The external monitor will review the resettlement plan and REMDP progress and the general welfare of affected persons and pay attention to vulnerable groups, including the poor, women, and ethnic minorities. Monitoring and evaluation reports will be prepared semiannually during implementation period.</p>  |  |

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| <b>3. Plan or other Actions.</b><br><input checked="" type="checkbox"/> Resettlement plan<br><input type="checkbox"/> Resettlement framework<br><input type="checkbox"/> Environmental and social management system arrangement<br><input type="checkbox"/> No action   |  | <input type="checkbox"/> Combined resettlement and indigenous peoples plan<br><input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework<br><input type="checkbox"/> Social impact matrix  |  |
| <b>B. Indigenous Peoples</b>  |  | <b>Safeguard Category:</b> <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI   |  |
| <p><b>1. Key impacts.</b> Twenty-six ethnic minority groups reside in the Chuxiong Yi autonomous prefecture and account for 33.1% of its population. In the three project cities, ethnic minorities account for an average of 29.0% of total population (21.9% in Chuxiong Municipality, 23.6% in Lufeng County, and 52.8% in Wuding County). The ethnic minorities and the majority ethnic Han people are integrated socially and economically in Chuxiong Municipality and Lufeng County. A total of 557 ethnic minority households will be affected by land acquisition and resettlement across the three project cities, but these impacts cannot be attributed to their ethnicity and will affect ethnic majority Han households equally. In addition, all residents will benefit equally from the project. In Wuding County, a Hui village will be affected by land acquisition and 3 households will be resettled. Specific actions are included in the REMDP.</p> <p>Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>2. Strategy to address the impacts.</b> An ethnic minority development plan prepared in accordance with ADB's Safeguard Policy Statement is incorporated in the REMDP for the Wuding subproject. The Wuding PMO will be responsible for coordinating plan implementation and reporting overall progress and communications to ADB and the Chuxiong Yi prefecture PMO. A grievance procedure was established for those affected. As part of the involuntary resettlement monitoring, the PMOs will report progress in implementing the REMDP regularly to the Chuxiong Yi prefecture PMO, which in turn will summarize and submit an internal monitoring report semiannually to ADB. The external monitoring will be conducted as a part of resettlement monitoring in the semiannual monitoring reports to ADB during implementation of the REMDP.</p> <p><b>3. Plan or other actions.</b></p> |  |  |  |
| <input type="checkbox"/> Indigenous peoples plan<br><input type="checkbox"/> Indigenous peoples planning framework<br><input type="checkbox"/> Environmental and social management system arrangement<br><input type="checkbox"/> Social impact matrix<br><input type="checkbox"/> No action  |  | <input checked="" type="checkbox"/> Combined resettlement plan and indigenous peoples plan<br><input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework<br><input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary |  |
| <b>V. ADDRESSING OTHER SOCIAL RISKS</b>   |  |  |  |
| <b>A. Risks in the Labor Market</b>   |  |  |  |
| <p><b>1. Relevance of the project for the country's or region's or sector's labor market.</b><br/> <input type="checkbox"/> Unemployment <input type="checkbox"/> Underemployment <input type="checkbox"/> Retrenchment <input checked="" type="checkbox"/> Core labor standards</p> <p><b>2. Labor market impact.</b> The project will promote local employment and will not create any unemployment or retrenchment. It will directly create an estimated 3,558 person-years of temporary unskilled employment and 306 permanent jobs.</p>  |  |  |  |
| <b>B. Affordability</b><br>The project does not have revenue generating subprojects. The SAP will support public participation in decision making by ensuring that poor local residents participate in public hearings on water and solid waste tariffs.  |  |  |  |
| <b>C. Communicable Diseases and Other Social Risks</b>  |  |  |  |
| <p><b>1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA):</b> <input checked="" type="checkbox"/> Communicable diseases (L) <input type="checkbox"/> Human trafficking (NA) <input type="checkbox"/> Others (please specify) (NA)</p> <p><b>2. Describe the related risks of the project on people in project area.</b> Project assurances and the SAP and GAP require the dissemination of information on HIV/AIDS on construction sites for all new employees at the time of their mobilization. This will be done in collaboration with the Center for Disease Control.</p>  |  |  |  |
| <b>VI. MONITORING AND EVALUATION</b>  |  |  |  |
| <p><b>1. Targets and indicators.</b> The project includes gender targets. Women are to (i) comprise at least 50% of those involved in public awareness and education training on environment protection and flood warning, solid waste management, road safety, and in public hearings on tariffs, (ii) have at least a 50% share of landscaping, solid waste collection, and street cleaning work, and (iii) be given at least 20% of project construction work. The PMOs will collect quarterly employment records from contractors.</p> <p><b>2. Required human resources.</b> Social and resettlement experts (20 person-months) are budgeted for the supervision contract. Terms of reference outlining their role are included in the project administration manual (PAM). Required staff from the implementing agencies will be allocated for oversight and implementation of the SAP, REMDP, and GAP.</p> <p><b>3. Information in PAM.</b> The PAM outlines the poverty, social, and gender issues, and includes the SAP and the GAP.</p> <p><b>4. Monitoring tools.</b> Implementation of the SAP and the GAP are reviewed during loan review and midterm review missions and reported semiannually through the project monitoring report and 6 months after the project completion.</p>   |  |  |  |

<sup>a</sup> ADB. 2012. *Country Partnership Strategy: People's Republic of China, 2011–2015*. Manila.

<sup>b</sup> Chinese Academy of Social Science. 2012. *City Development Report*. Beijing.

<sup>c</sup> A *mu* is a Chinese unit of measurement (1 *mu* = 666.7 m<sup>2</sup>).

Source: Asian Development Bank estimates.