

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China (PRC)	Project Title:	Ningxia Liupanshan Poverty Reduction Rural Roads
Lending/Financing Modality:	Results-based lending	Department/Division:	East Asia Department (EARD) / Transport and Communications Division (EATC)

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 poverty reduction strategy of the People's Republic of China (PRC). It will be implemented in the Liupanshan area¹ in southern Ningxia Province, one of the 11 poorest regions targeted for concentrated interventions under the 2011–2020 poverty reduction strategy of PRC Government. Ningxia has nine national poverty counties; seven of which are in Liupanshan: Yuanzhou District, Tongxin County, Xiji County, Longde County, Jingyuan County, Pengyang County and Haiyuan County. The overall poverty incidence of the project area was over 35% in 2012.² Poor road access is one of the main causes of poverty in the project area. Village-level road connectivity is identified as a key element for the 2014 national rural poverty reduction innovations. The project is in line with ADB's PRC country partnership strategy (CPS) 2011–2015 which identifies improving the road network and rural roads as key areas of support.

B. Targeting Classification:

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

The project is proposed as a targeted intervention with a geographic focus. The project will support the improvement of the rural road network in the project area. Over 50% of benefits will go to the poor (defined as income below CNY2,300 per year). A rural road development plan will be prepared based on an analysis of the benefits of rural roads in Liupanshan.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Poverty is widespread in the project area: 35% of the population in the project area are very poor (CNY2,300 per year) and about 65% of the population are poor. Of the very poor, 70% are Hui ethnic minority. The causes of poverty include (i) low profits from local products due to lack of market access and local processing of agricultural products;³ (ii) lack of local non-farm employment opportunities due to the lack of investments in processing of the local products and undeveloped tourism resources; (iii) health care expenses e.g., from vulnerability to illness and traffic crashes; (iv) vulnerability to natural disasters and climate extremes; (v) lack of access to credit and other social services; and (vi) irrigation water for farmland.

Ongoing poverty reduction interventions include: (i) migration program to relocate 350,000 people living in poor remote villages with limited development potential, (ii) partnerships between government agencies and poverty villages, and (iii) programs on improvement of education, health, training, water supply etc.

Road improvement under the project will help to reduce transport barriers and improve access to regional markets, thereby increasing profit margins and raising rural incomes. In seven counties, the project will benefit 1.98 million people of which rural and urban residents account for 75% and 25%, respectively. The project area is mountainous with harsh natural and transport conditions. Arable land is 30% and of poor quality due to lack of water. The area has widespread poverty incidence. In 2012, the per capita net rural income in the project area ranged from CNY4,225–4,798, only 53–61% of the national average of CNY7,917.

2. Impact channels and expected systemic changes.

The direct benefits are likely to include (i) improved access to regional markets, (ii) improved access to services including schools, hospitals, government services, (iii) employment of the poor as unskilled laborers for road rehabilitation and potentially for routine maintenance (number of jobs, duration, wages), (iv) reduced vehicle operating costs and travel time.

The project will indirectly contribute to poverty reduction by facilitating (i) improved access to credit and other social services, and (ii) easier implementation of various on-going and forthcoming poverty reduction interventions. Overall, the project is expected to increase incomes for rural residents by reducing the cost of transport of agricultural produce and reducing the cost of supplies and agricultural inputs.

¹ Refers to the area surrounding the Liupanshan Mountain in southern Ningxia.

² Latest poverty standard of CNY2,300. The poverty rates are: Yuanzhou District (23.5%), Tongxin County (40.7%), Xiji County (51.2%), Longde County (32.9%), Jingyuan County (22.1%), Pengyang County (35.5%) and Haiyuan County (29.5%).

³ The main crops include potato, corn, wheat, herbs, vegetables, wolfberry, grapes, dates, and watermelons.

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

The project preparatory technical assistance (PPTA) will assess the social and poverty impacts of the project components and help to ensure that (i) benefits flow to rural residents, ethnic minorities and the poor, (ii) livelihoods are maintained, and (iii) the designs are inclusive with respect to the poor, the elderly, the disabled, ethnic minorities and women. The project is classified "B" for environment, involuntary resettlement, and indigenous peoples. The PPTA will assist the EA to prepare all safeguards assessments and frameworks in compliance with ADB's Safeguard Policy Statement (2009).

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 account for 49% of the project beneficiaries in the seven project counties and they play important roles in agricultural production and home-based income generating activities. Women are represented by the All China Women's Federation which is well-rooted in every rural village and urban community. However, the role of women's federations is constrained by a lack of financial resources and there is still a long way to go for gender equality. The key gender issues in the sector/subsector that are relevant to this project include: (i) participation and employment of women during road rehabilitation and for routine maintenance; and (ii) capacity building and empowerment of women to enable them to have better access to project benefits and services. Women's development and transport needs will be further assessed during the PPTA to incorporate appropriate gender measures in the project design to avoid or minimize the negative impacts or reduce social risks or vulnerabilities likely to be borne by women and girls with the goal of achieving some gender elements.

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

Access will improve greatly, especially for rural people. Currently, the roads have poor drainage resulting in flooding during the rainy season causing the roads to be washed out and culverts undermined and impassable for days at a time and high levels of dust during the dry season. The project will improve women's mobility and access to markets and social and health services.

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

Yes No

The project does not anticipate any adverse impacts that would widen gender inequality.

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.

The main stakeholders include (i) local governments and their line agencies, (ii) rural people in townships and villages along the proposed roads, (iii) enterprises and small businesses, (iv) transport service companies, (v) Ningxia Provincial Department of Transport, and (vi) ADB. The project will have a consultation and participation strategy to ensure meaningful consultation with all key stakeholders ensuring timely project information to communities, project affected households and all relevant stakeholders.

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 rural road design will incorporate the views of the local people, including women, many of whom are poor and have been excluded due to poor mobility, and other collaborating agencies engaged in development activities.

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

Project design will take into account the needs of the poor and excluded when designing road safety features, education/awareness programs, road maintenance, and (public) transport service improvements.

IV. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The project is expected to be categorized "B" for involuntary resettlement and will be designed to ensure no or minimal temporary impact.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The minority population in the project area was 1,174,375 in 2013 (59% of the total population in the project area), of whom 99% are Hui.⁴ The minorities are concentrated in the mountain areas. The Hui will capture a substantial share of the project benefits because of their dominance in the population and active involvement in economic activities. Major benefits accruing to the Hui include higher income from animal husbandry, more cash income sources due to seasonal migration work, enhanced communication with urban centers, and better access to social services. No negative impacts are expected.</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The project may temporarily affect the territories or natural and cultural resources of the Hui population in the project area during civil works for rural road rehabilitation. During the PPTA, mitigation measures to ensure no or minimal temporary impact on these territories and/or resources will be identified and included in the project design and safeguard documents.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>The project will not trigger the requirements for BCS.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p> <p>The EM is the overwhelming majority of direct project beneficiaries, and the impacts are mainly positive, the IPP elements will be included in the overall project design. This will be assessed during the PPTA. Otherwise, an IPP framework will be prepared.</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment (M) <input checked="" type="checkbox"/> Adhering to core labor standards (L) <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>The additional social issues and risks will be addressed under the social development action plan (SDAP). There is a specific component for road safety. These roads will improve timely delivery of relief after natural disasters.</p>
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>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?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The relevant specialists are not yet identified.</p> <p>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?</p> <p>The PPTA will engage: international poverty specialist (3 p-m), international social development specialist (2 p-m), national resettlement specialist (3 p-m), and national social development specialist (ethnic minorities) (2 p-m) to undertake poverty and social analysis, prepare the EMDP and to conduct the resettlement assessment and assist the EA to prepare RP(s). The preliminary survey budget is \$50,000 but can be adjusted if needed.</p>

⁴ The Dongxiang and Man account for 1% of the population.