



Initial Poverty and Social Assessment

Project Number: 41957-01
March 2008

PRC : Municipal District Energy Infrastructure 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. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	PRC : Municipal District Energy Infrastructure Development Project		
Lending/Financing Modality:	Direct Loan (Credit Line); Complementary Financing Scheme	Department/ Division:	PSOD/PSIF2

I. POVERTY ISSUES
<p>A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy³</p> <p>1. Based on the country poverty assessment, the country partnership strategy and the sector analysis describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.</p> <p>ADB's country partnership strategy for the PRC is based on four development thrusts: (i) inclusive growth and balanced development, (ii) resource efficiency and environmental sustainability, (iii) regional cooperation and public goods, and (iv) an environment conducive to private sector development. The Project will indirectly contribute to poverty reduction by supporting (ii) and (iii) and the Government's strategic priorities for energy and the environment as set forth in the 11th Five-Year Plan. It is expected to improve the energy efficiency, reduce pollution from scattered small coal fired heat only boilers and improving the efficiency of the district heating network.</p>
<p>B. Targeting Classification</p> <p>1. Select the targeting classification of the project: <input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H); <input type="checkbox"/> Geographic (TI-G); <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>2. Explain the basis for the targeting classification: Existing district heating and cooling supply system will be upgraded and will provide heating and cooling services to residential, industrial and commercial clients.</p>
<p>C. Poverty Analysis⁴</p> <p>1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed? N/A</p> <p>2. What resources are allocated in the PPTA/due diligence? N/A</p> <p>3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)?</p> <p>The Project will have most impacts on the urban population, in particular the urban poor, who are underserved by the existing central heating systems and who suffer severely from indoor and outdoor air pollution. The Government regulates the price of heating and in most provinces, endeavors to provide direct subsidies to qualified applicants.</p>
II. SOCIAL DEVELOPMENT ISSUES
<p>A. Initial Social Analysis</p> <p>Based on existing information:</p> <p>1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project? People in the municipalities mostly in the northeast and western provinces will benefit from the rehabilitation and expansion of the current district heating network. Construction and operation of district heating system and CHP will also generate jobs for the local community.</p> <p>2. What are the potential needs of beneficiaries in relation to the proposed project? None.</p> <p>3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them? None.</p>
<p>B. Consultation and Participation⁵</p> <p>1. Indicate the potential initial stakeholders.⁶ The project is a credit line. No specific investment components have been identified for ADB financing, hence, stakeholder identification will be done at the project level.</p> <p>2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)? The project is a credit line. No specific investment components have been identified for ADB financing, hence, no consultation and participation activities were undertaken during project processing.</p> <p>3. What level of participation is envisaged for project design? <input checked="" type="checkbox"/> Information sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaborative decision making <input type="checkbox"/> Empowerment⁷</p> <p>4. Will a C&P plan be prepared? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain. Consultation and participation activities for future investments will be outlined in the relevant project document.</p>

C. Gender and Development			
1. What are the key gender issues in the sector/subsector ⁸ that are likely to be relevant to this project/program? No gender issues are expected.			
2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? ⁹ <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain.			
3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality? ¹⁰ <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain			
III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS¹¹			
Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known¹²	Plan or Other Action Required¹³
Involuntary Resettlement¹⁴	The credit line may finance future investments that may involve limited land acquisition and resettlement.	Limited.	<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input checked="" type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples¹⁵	CHP facilities and district heating systems will be implemented in cities.	No impacts	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action ¹⁶ <input type="checkbox"/> Indigenous Peoples Framework <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards ¹⁷	Network expansion and plant construction and operation will provide employment opportunities to qualified local population.	No impacts	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action ¹⁸ <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	Existing district heating and cooling systems will be enhanced.	No impacts	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify	None	No impacts	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If no, please explain why. Qualified ADB staff will conduct due diligence on social issues.			
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If no, please explain why. Qualified ADB staff will conduct due diligence on social issues.			