SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country/Project Title: People’s Republic of China/Qinghai Rural Water Resources Management Project

Lending/Financing Modality: Project Loan  Department/ Division: East Asia Department Environment, Natural Resources, and Agriculture Division

I. POVERTY ANALYSIS AND STRATEGY

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

The project is consistent with the People’s Republic of China (PRC) Eleventh Five-Year Plan, 2006–2010 and the PRC Poverty Alleviation Program Outline, 2001–2010, which aims to reduce poverty by strengthening agricultural development. The project is equally in line with Qinghai Province’s Eleventh Five-Year Plan and the Qinghai Poverty Alleviation Program, 2003–2010, which calls for strengthening infrastructure construction and adjusting crop structures. The project is in line with Asian Development Bank (ADB) “Water for All” policy that people must have access to safe and reliable water supplies. The project also adheres to ADB’s PRC country partnership strategy, 2008–2010, which calls for ensuring a safe and assured water supply for irrigation purposes by (i) supporting environmental improvement, (ii) improving irrigation infrastructure, (iii) promoting integrated water resources management, (iv) increasing water use efficiency, and (v) encouraging rural development and raising farmers’ incomes.

B. Poverty Analysis  Targeting Classification: Targeted intervention–geographic (TI-G)

Key issues. Qinghai Province’s relatively small population of 5.57 million is distributed over 722,000 square kilometers. Qinghai is the second poorest province in the PRC; the 15 poorest out of its 37 counties are defined as national poverty counties, while 10 additional counties are defined as provincial impoverished counties. The poverty rate in Qinghai is 24.7%, compared with a national average of 4.2%.

All three project counties were identified as national poverty counties and key counties for the national poverty alleviation program. About 39% of the rural population in the project counties is classified as poor—much higher than the average provincial and national poverty rates, as measured using the PRC’s official poverty line. According to the social analysis (see part II, below), the main causes of poverty in the project counties are the harsh natural environment and frequent natural disasters, a shortage of irrigation water, and low market awareness. About 96% of the project beneficiaries belong to the project counties’ three main ethnic minorities (Hui, Salar, and Tibetans), and 39% are considered poor.

Design features. Irrigation water management is essential to enabling year-round sustainable agriculture in most regions of the PRC. Meeting irrigation needs has become one of the major issues related to water. The project will improve irrigated agriculture and water resources efficiency in the beneficiary areas, covering 143 villages with about 130,000 beneficiaries in three counties.

The project will reduce poverty by reducing farming irrigation costs, enhancing agricultural productivity, promoting agricultural restructuring, and increasing cropping intensity and diversity through improved water management and agronomic practices. It will also provide employment opportunities and capacity development for farmers. This will not only increase the incomes of the beneficiaries, but will also protect the agricultural traditions, improve the dietary structure, and improve the livelihoods of ethnic minorities in the project area.

The project design addresses social dimensions such as poverty, farmers’ participation, gender, and ethnic minorities. The design attempts to minimize the negative impacts of land acquisition and resettlement. In cases where resettlement is unavoidable, plans have been prepared to ensure that affected persons will be better off than in the without-project scenario. Project assurances call for 40% employment of local labor, with priorities given to vulnerable groups including ethnic minorities and women. Water-saving and marketing skills and agriculture technical training programs will be conducted to promote irrigated agriculture and water use efficiency. The project will create water users associations (WUAs) and farmers’ professional associations to improve participation of beneficiaries in project implementation and irrigation system management.

II. SOCIAL ANALYSIS AND STRATEGY

A. Findings of Social Analysis

A poverty and social analysis was undertaken in line with ADB guidelines. The existing irrigation schemes were designed to use lift irrigation to pump water from the Yellow River. The analysis showed that many fertile upland agricultural lands lay fallow because of the rising costs of lift irrigation. The pumping stations have fallen into disrepair because of a lack of funds and farmers’ participation. As a result, farmers are forced to find alternative sources of income, either through daily manual labor or out-migration. Farming under these conditions is no longer economically
feasible: for a large majority of rural households, agriculture accounts for only a minor portion of overall household income. The project will convert the existing lift irrigation systems to gravity irrigation. The project will (i) expand the irrigation area; (ii) reduce the electricity costs for irrigation; (iii) create job opportunities for canal construction and maintenance; and (iv) provide training in irrigation management and cropping practices, water conservation, and marketing. With the improvement of the irrigation conditions, more farmers may grow cash crops. WUAs and farmers’ professional associations will be strengthened to provide agricultural support services and marketing information to farmers. Some existing irrigation pumping stations will be decommissioned, and about 200 staff of the decommissioned pumping stations will be reassigned to water service delivery organizations to be established under the project.

B. Consultation and Participation

1. The major stakeholders consulted during project preparation included (i) people directly affected positively or negatively by the project, and (ii) provincial and county government organizations such as the executing agency; implementing agencies; and provincial and county water resource bureaus, civil affairs bureaus, poverty alleviation office, women’s federation, minority affairs office, finance bureaus, labor and social security bureaus, and education bureaus. The project preparatory technical assistance used several participation processes to solicit input from a cross section of stakeholders. A socioeconomic survey of households was undertaken in May 2009. In addition, 25 focus group discussions were held with both women and men—especially with ethnic minority groups and vulnerable groups—in various districts of the project area to discuss project-related topics in an open-ended manner. Several key informant interviews and stakeholder workshops with various provincial, county, township, and village bureaus were also held.

2. What level of consultation and participation (C&P) is envisaged during the project implementation and monitoring?
   - Information sharing
   - Consultation
   - Collaborative decision making
   - Empowerment

3. Was a C&P plan prepared?  Yes  No

Public disclosure of all project documents will be made at the project management offices and on ADB’s website, including the design and monitoring framework, resettlement plans, the summary initial environmental examination, the environmental management plan, and ethnic minority development plans (EMDPs). Booklets outlining the resettlement plans and EMDPs were distributed to affected households, and disclosure meetings with the villages were held. Copies of the booklets are available at each project management office and affected village office. WUAs will collaborate with the irrigation service delivery organizations in managing the irrigation systems and in the following activities: selection of project construction workers, conducting water-saving campaigns, coordination of relations between all parties concerned, advising villages and reflecting their opinions, and monitoring of the ethnic minority action plan implementation. These C&P activities will empower villagers by increasing their role in project implementation.

C. Gender and Development

Key issues. The educational level of both men and women in the affected areas is low, but women are much more poorly educated than men. In many ethnic minority families, the wife has little power to make decisions on major family affairs. The main type of labor division in the household involves men and women sharing the farming work. In households where the husband is working outside—a frequent occurrence because of high farming costs and low per capita arable area—all farm work is done by women. Women play an important role in agricultural production and assume a heavy farming burden. However, their contributions are not regarded as contributions to household income, and as a result their labor often goes unrecognized. Among all ethnic groups, women’s involvement in public affairs is extremely low.

Key actions. Measures included in the design to promote gender equality and women’s empowerment—access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process:
   - Gender plan
   - Other actions/measures
   - No action/measure

About 40% of unskilled jobs created by the project will go to locals, with priority given to vulnerable groups, including women. Employing women will improve the economic situation of local households and will enable women to participate more in work-sharing and other decisions. In the longer term, the project will increase household agricultural revenues—including the value of women’s contributions to agricultural production. Women’s needs will be taken into account in the design of the training programs on agricultural and water-saving technologies, which will be conducted in a language or dialect that women can understand. Women will be trained on Putonghua (Mandarin Chinese) in conjunction with technical and marketing awareness training to improve their ability to communicate with outsiders. In addition, women will be encouraged to join WUAs and farmers’ professional associations to improve irrigation management and express their needs and aspirations.
### III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

<table>
<thead>
<tr>
<th>Issue</th>
<th>Significant/Limited/No Impact</th>
<th>Strategy to Address Issue</th>
<th>Plan or Other Measures Included in Design</th>
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<tbody>
<tr>
<td>Involuntary Resettlement</td>
<td>Significant</td>
<td>The project will affect 68 villages of nine townships in three counties. About 6,877 persons, all of whom are ethnic minorities, will be affected directly by land acquisition. Two full resettlement plans have been prepared and endorsed by local governments.</td>
<td>Full Plan, Short Plan, Resettlement Framework, No Action</td>
</tr>
<tr>
<td>Indigenous Peoples</td>
<td>Significant</td>
<td>The project counties are home to three ethnic groups, and ethnic minorities constitute 96% of the project beneficiaries. The main beneficiary groups are Hui, Salar, and Tibetan. To ensure that these ethnic minorities have equal opportunities to participate in and benefit from development activities and alleviate any adverse impacts, four EMDPs have been prepared and endorsed by local governments.</td>
<td>Plan, Other Action, Indigenous Peoples Framework, No Action</td>
</tr>
<tr>
<td>Labor</td>
<td>Limited</td>
<td>There will be approximately 13,000 jobs created during the construction period. Follow-on multiplier effects are expected to create an additional 55,200 indirect jobs. Project assurances will prioritize local labor, especially vulnerable groups. Employers will apply core labor standards of ADB and the PRC. Some existing irrigation pumping stations will be decommissioned, and the staff of the decommissioned pumping stations will be redeployed to serve in the water service delivery organizations to be established under the project.</td>
<td>Plan, Other Action, No Action</td>
</tr>
<tr>
<td>Affordability</td>
<td>Limited</td>
<td>Pumping costs, currently CNY150/mu/year, will be reduced under the new irrigation systems to CNY24/mu/year on average. Most households will directly benefit from the new gravity irrigation systems and will be able to pay the charges. As expenses may be difficult to bear for very poor groups, local governments agreed on preferential policies or subsidies to poor groups to ensure that they benefit from the project.</td>
<td>Action, No Action</td>
</tr>
<tr>
<td>Other Risks and/or Vulnerabilities</td>
<td>No Impact</td>
<td></td>
<td>Plan, Other Action, No Action</td>
</tr>
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#### IV. MONITORING AND EVALUATION

Are social indicators included in the design and monitoring framework to facilitate monitoring of social development activities and/or social impacts during project implementation?  
checkBox: Yes  
checkBox: No

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*a* A *mu* is a Chinese unit of measurement (1 *mu* = 0.067 hectare; and 15 *mu* = 1 hectare).  