### SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

**Country:** People’s Republic of China  
**Project Title:** Gansu Urban Infrastructure Development and Wetland Protection Project

| Lending/Financing Modality: | Project Loan | Department/Division: | East Asia Department Urban and Social Sectors Division |

### I. POVERTY ANALYSIS AND STRATEGY

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

The Gansu Urban Infrastructure Development and Wetland Protection Project will contribute to poverty reduction by removing infrastructure constraints, addressing environmental concerns, promoting sustainable economic growth, helping to ensure public health, and supporting institutional reforms in Dingxi and Zhangye cities in Gansu Province. Gansu is one of the poorest provinces in the western People’s Republic of China (PRC), with an urban poverty level of 9.5% and rural poverty level of 20.6%, and has been prioritized for development investments. The gross domestic product (GDP) of Dingxi ranks 12th and that of Zhangye 8th among Gansu Province’s 14 cities. In 2010, levels of urban poverty in Dingxi (15.4%) and Zhangye (15.1%) were significantly higher than the provincial average; urban poverty was 18.95% in Dingxi and 8.6% in Zhangye. The 2010 population of Dingxi was about 2.7 million, and that of Zhangye 1.3 million.

The project will directly benefit over 0.94 million urban residents of Anding District of Dingxi City and Ganzhou District of Zhangye City, of whom approximately 15.6% are poor, and about 40,000 rural residents in three towns surrounding the urban areas of the city by improving living conditions, public health standards, and the urban environment through an (i) improved urban road network and traffic conditions, (ii) improved water supply services, and (iii) wetland rehabilitation and prevention. The project supports the PRC Western Region Development Strategy, and the Dingxi and Zhangye 12th Five-Year Plan for Economic and Social Development (2011–2015) by (i) improving infrastructure conditions and investment environment, (ii) strengthening regional cooperation and integrated competition, and (iii) promoting socioeconomic and eco-friendly development in the project area. It supports the PRC country partnership strategy priority areas of (i) strengthening urban environmental protection and urban transport improvement, (ii) promoting sustainable and eco-friendly urban development, and (iii) improving the environment.

The project will:

- **Create employment.** 3,649 full-time jobs will be created during the construction period, and 535 jobs during operation. The design and monitoring framework and loan assurance targets call for 65% of jobs to go to unskilled workers, 30% to women, and 15% to the poor.
- **Improve living standards.** Traffic and wetland environmental improvements will improve public health and safety, access and mobility, and reduce time burdens.
- **Protect the environment.** The environment management plan (EMP) outlines actions for environmental protection (land and water) during construction, and these are included in the loan assurances.
- **Provide skills training.** The project will include skills training (including for construction, health, and livelihoods), and provide training specified in the project resettlement plans and a social development action plan (SDAP).
- **Support gender inclusion.** The project has been designed to be effective in promoting gender mainstreaming. Gender analysis was done during the project preparatory technical assistance and a gender action plan (GAP) prepared.

#### B. Poverty Analysis  
**Targeting Classification:** TI-M7

1. **Key issues.** The annual per capita disposable income of urban residents and net per capita income of rural residents of Gansu Province ranked last among all the PRC provinces, autonomous regions, and municipalities in 2010. The annual per capita disposable income of urban residents of Dingxi ranked 11th among 14 cities in Gansu Province, while that of Zhangye ranked 10th; the net per capita income for rural residents of Dingxi also ranked 11th (and was much lower than the average for Gansu Province), while that of Zhangye ranked 4th.

Urban poverty in the Dingxi and Zhangye municipalities (and the Anding and Ganzhou districts) with project investments is higher than the average for Gansu Province. The urban poor (persons with a minimum living guaranteed income lower than 170 and 208 CNY/month) number 62,683 in Dingxi (or 15.4% of the total urban population) and 54,572 in Zhangye (15.1% of the total urban population). The city’s municipal governments have made progress in alleviating poverty by improving the social security systems; extending social and health benefits and unemployment insurance coverage; and improving the guarantee mechanisms for farmers who have lost their land, and people who have been resettled.

2. **Design features.** The design has attempted to reduce impacts stemming from land acquisition and resettlement. The resettlement plans outline mitigation plans and a training program to assist with the livelihood restoration of affected people. Project assurances call for employment of local labor, especially vulnerable groups and women. The urban road safety program, public transport planning and management, pedestrian and non-motorized transport and use of universal design principles will help to address local needs and vulnerable groups. Water source protection and safety are addressed in the water supply plant design. Wetland protection education and sustainable development are incorporated into the wetland design. The SDAP outlines strategies for mitigating adverse impacts and promoting benefits such as employment,
## II. SOCIAL ANALYSIS AND STRATEGY

### A. Findings of Social Analysis

**Key issues.** The project will (i) establish road and bridge networks with related water supply, stormwater, and sewage water discharge facilities in new residence and commercial areas of Dingxi and Zhangye cities and improve current urban development and transportation; (ii) improve current urban water supply services through construction of a third water supply plant and provide safe drinking water to 0.1 million urban inhabitants in Ganzhou district; and (iii) improve water quality and the environment through construction and restoration of the wetland protection zone and provide an exercise and leisure park for 0.23 million inhabitants in urban areas and surrounding rural villages of Ganzhou district. Poor urban areas experience high levels of migration, making employment and access to services two of the most important social issues in these areas. The project will provide employment opportunities and prioritize recruitment of local labor. Access to water, transport services and networks; creation of new economic activities (e.g., tourism); and protection of the environment are addressed.

**Impacts on health and safety.** The rehabilitation of wetland water and environmental quality will improve local air and water quality and encourage more inhabitants to exercise outdoors. The water supply plant will replace village water stations and provide a steady and safe supply of tap water to affected residents.

**Affordability.** The present water tariff of urban households in Zhangye City is CNY1.3 per cubic meter (m³), including CNY0.8/m³ for water treatment and CNY0.5/m³ for wastewater treatment. The water expense for each urban household is approximately CNY15.6/month, and that of rural households CNY15/per capita/year. The expense for water consumption of urban residents averaged about 0.70% of total per capita annual expenditures, and that of rural residents 0.34%. If the water tariff increased 20%, the average water expenses of urban residents would increase to 0.84% and of rural residents to 0.40% of total per capita annual expenditure (based on total expenditure during 2010). A subsidy for the poor is currently applied and will be maintained. The SDAP contains actions to ensure women’s participation in the public hearing process for water tariff reform.

**Impacts on employment.** Approximately 3,649 fulltime positions (total gross income of CNY101.96 million) will be generated by the project during project construction (4 years); 535 fulltime positions (with CNY10.01 million annual gross income) will be generated during the operational phase; and about 712 positions (CNY16.96 million gross income) will be generated indirectly by the project per year. Core labor standards will be used (and are in the loan covenants and targets) for employment of local labor, women, and the poor; these are also included in the design and monitoring framework.

### B. Consultation and Participation

1. The household level socioeconomic survey covered 400 households; 11 focus group discussions (with 82 participants) were held, and 16 small businesses were visited or surveyed through questionnaires. Three workshops were held with related governmental departments, beneficiaries, design institutes, environment protection bureaus, and local governments to inform them regarding the project design. For the resettlement plans, separate socioeconomic surveys, community meetings, opinion surveys, and specific impact studies (268 households, 1,114 people) were conducted. Development of the environmental impact assessments and EMP involved two rounds of public consultations. The GAP and SDAP have been prepared and discussed with communities. The resettlement plan, SDAP, and EMP set out detailed ongoing public participation plans.

2. What level of C&P is envisaged during the project implementation and monitoring?

- Information sharing  
- Consultation  
- Collaborative decision making  
- Empowerment

3. Was a C&P plan prepared for project implementation?  

   - Yes  
   - No

Public disclosure of all project documents was made at the project management office and on the Asian Development Bank website, including the project information document (PID); design and monitoring framework; SDAP; resettlement plans; consolidated environmental impact assessment (CEIA); report and recommendation of the President; public sector legal agreement; project administration memorandum; and social, environmental and labor reemployment monitoring reports. A PID has been prepared for each subproject. Booklets outlining the resettlement plans were distributed to affected households and disclosure meetings were held; copies of the booklet are available at the respective project management offices, and from the office of each affected village. Resettlement plans and the SDAP indicate how consultation will continue throughout implementation. The GAP requires that women account for (i) at least 30% of participants in public meetings, (ii) at least 40% of participants in consultative workshops, (iii) at least 50% of participants in livelihood training, and at least 40% of participants in water tariff hearings.

### C. Gender and Development

**Gender Mainstreaming Category: Effective gender mainstreaming**

1. **Key issues.** The social impacts of the project are gender-based. The poverty and social assessment indicated that women support the project and anticipate benefits such as an improved living environment and employment opportunities, and reduced time burdens and incidence of preventable illness. Rehabilitation of the wetland and improvement of water quality will benefit women’s health. Improvement of the transport infrastructure and management will improve access, mobility and safety. Focus group discussions revealed that women control household utility budgets and are more aware of the impacts of increased costs. It is important for women to participate in public hearings on water tariff reform and training on household water conservation methods.
2. **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 action plan
- Other actions or measures
- No action or measure

Project assurances prioritize women for employment and skills training. A 30% target has been set for project employment opportunities for women during the construction phase and 50% for related job-skills training. At least 40% of participants in traffic awareness and safety, water tariff reform hearings and water-saving methods training must be women. At least 30% of participants in public meetings on wetland protection construction interventions must be women. At least one staff member from the executing agency and implementing agencies will manage implementation and monitoring of the GAP.

### 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>
</tr>
</thead>
<tbody>
<tr>
<td>Involuntary Resettlement</td>
<td>Significant</td>
<td>Resettlement plans for the Dingxi urban infrastructure component and the Zhangye urban infrastructure component of the project prepared in accordance with government regulations and ADB’s Safeguard Policy Statement (2009), and disclosed to the affected people and the public. Internal and external monitoring arrangements will be used. A total of 3,327 households (12,264 persons) will be affected due to the land acquisition and resettlement.</td>
<td>Resettlement plan</td>
</tr>
<tr>
<td>Indigenous Peoples</td>
<td>No Impact</td>
<td>The project is classified as category C. Less than 1% of the people living in the project construction area (Fengxiang Town of Anding District and Xindun Town of Ganzhou District) are minorities. There are no minority households affected by land acquisition and resettlement. Ethnic minorities make up about 2.52 % of the population in Anding and 0.8% in Ganzhou, and more than five groups are represented. The social analysis determined that they are well integrated economically and socially into the broader society. No adverse impacts were identified. The ethnic minorities will benefit equally from the project.</td>
<td>None</td>
</tr>
<tr>
<td>Labor</td>
<td>Significant</td>
<td>3,649 full-time jobs will be created over the construction period, and 535 fulltime operation and maintenance jobs. Priority will be given to local people (targets are 65% local labor for unskilled work; 30% females for unskilled labor and 15% poor for landscaping and civil work). Project assurances ensure compliance with employment and core labor standards.</td>
<td>Plan</td>
</tr>
<tr>
<td></td>
<td>Core labor standards</td>
<td></td>
<td>Other action</td>
</tr>
<tr>
<td>Affordability</td>
<td>Limited</td>
<td>There are currently water subsidies for the poor in the project cities. The poor pay half the current water price. This subsidy will be maintained and adjusted if necessary to ensure affordability by the poor.</td>
<td>Action</td>
</tr>
<tr>
<td>Other Risks and/or Vulnerabilities</td>
<td>Limited</td>
<td>HIV/AIDS prevention measures and public awareness activities for all contractors’ employees will be covered in the bill of quantities and contracts. All contractors will establish a communication channel with the Dingxi and Zhangye CDC and receive assistance from the CDC.</td>
<td>Other action</td>
</tr>
<tr>
<td></td>
<td>HIV/AIDS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### IV. MONITORING AND EVALUATION

Are social indicators included in the design and monitoring framework to facilitate monitoring of gender and social development activities and/or social impacts during project implementation?  

- Yes
- No

1. About 3,649 jobs created during project construction and 535 jobs during operation, with 30% targeted for women, and 15% for the poor.
2. At least 40% of participants in workshops on traffic awareness and road safety are women.
3. At least 40% of clean water users and participants in workshops on traffic awareness and road safety are women.
4. At least 30% of participants in public meetings, technical trainings and target groups for the awareness campaign on wetland protection construction interventions are women.
5. At least one staff member (each) from the executing agency and the implementing agencies is assigned to manage work on the gender action plan.
6. At least 40% of participants in public consultations on water tariffs are female residents.