

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	People's Republic of China	Project Title:	PRC: Loan Program for Clean Bus Leasing
Lending/Financing Modality:	Senior Loan	Department/Division:	Private Sector Operations Department/ Capital Markets and Financial Sectors Division

I. POVERTY ANALYSIS AND STRATEGY	
<b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b>	<p>The program is aligned with the country partnership strategy (CPS) for 2011-2015 for the People's Republic of China (PRC). It will support CPS pillar 1 on inclusive growth through improved transport connectivity to boost access to employment and other services. It will support pillar 2 of the CPS on environmentally sustainable growth by supporting efforts to foster a cleaner and more sustainable growth process through the development of low-carbon transport systems, particularly in public transport. One of the CPS priorities is the development of transport systems that are accessible, affordable, environment-friendly, and safe. The program is also consistent with the PRC's 12th Five-Year Plan, which calls for the development of seven strategic emerging industries as the future backbone of China's economy. These involve clean-energy vehicles, biotechnology, new energy, high-end equipment manufacturing, energy conservation and environmental protection, new materials, and next-generation information technology (IT). In the field of new energy vehicles, the PRC is focusing on battery technology (including fuel cells) and aims to produce 2 million electric or hybrid vehicles per annum by 2020.</p>
<b>B. Poverty Analysis</b>	<p><b>Targeting Classification:</b> General intervention</p> <p><b>1. Key issues.</b> The development of transport can benefit the poor directly and indirectly. The program will benefit the population in general by helping provide a more efficient and cleaner public transport service. This will benefit the poor in particular, including poor women and children, because they depend on public transport more heavily than people in higher-income groups.</p>
<b>C. Poverty Impact Analysis for Policy-Based Lending Not Applicable.</b>	
II. SOCIAL ANALYSIS AND STRATEGY	
<b>A. Findings of Social Analysis</b>	<p>The provision of a more efficient and cleaner public transport service will benefit citizens directly. This is particularly true of the poor who regularly commute and face proportionately greater problems related to access to public transport and its quality and safety. By helping put cleaner and better quality buses into service, the program will make public transport more comfortable and more conducive to the good health of the country's citizens. This will be especially important for the poor, the disabled, women, and children, who regularly avail of the public transport.</p> <p>The program will provide funding for up to five financial leasing companies (FLCs) that will be earmarked for financing clean buses and transport IT systems. The program will not engage in activities that will require involuntary acquisition of land, involuntary restrictions on land use, or restrictions on access to legally designated parks and protected areas. FLCs will be required to comply with ADB's Prohibited Investment Activity List and with the relevant national laws and regulations.</p>

**B. Consultation and Participation**

1. Provide a summary of the consultation and participation (C&P) process during project preparation.

During program preparation, ADB had consultation or discussions with

- i) five FLCs (Far East Horizon, Everbright Financial Leasing, China Huarong Financial Leasing, ICBC Financial Leasing, and Golden Bridge United Financial Leasing);
- ii) six urban or intercity public transport operators in the cities of Wuhan, Xi'an, Kunming, and Fuzhou;
- iii) the state tourism asset holding company in Hubei Province, which is interested in acquiring clean public transport vehicles for its vast tourism areas;
- iv) a transport IT system developer in Shanghai;
- v) a bus manufacturer based in Wuhan;
- vi) the China Banking Regulatory Commission, the Ministry of Finance, and local government departments in the cities of Wuhan, Xi'an, and Kunming;
- vii) potential cofinancing partners, including bilateral development agencies, specialty funds, and commercial banks;
- viii) a public transport operator in France that may be a potential partner in providing technical assistance.

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

ADB will continue to identify and consult with other suitable FLCs. ADB will assess the funding needs of each proposed FLC.

**C. Gender and Development**

**Gender Mainstreaming Category: No Gender Elements**

**Key issues.** The public currently faces problems related to the limited availability, low quality, and poor safety of public transport. The poor, the disabled, women, and children are particularly affected. The deployment of clean, high-quality buses will provide more efficient, more comfortable and more health-friendly public bus transport to the people. The program is expected to benefit all commuters, including women, and therefore is classified as having no gender element.

**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

The program is not expected to have new or additional gender equity features.

**III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS**

Issue	Significant/Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Involuntary Resettlement	No impact	Exclusion of activities requiring any involuntary resettlement impacts	<input checked="" type="checkbox"/> No action
Indigenous Peoples	No impact	Exclusion of activities affecting indigenous peoples	<input checked="" type="checkbox"/> No action
<b>Labor</b> <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Core labor standards	Limited. No retrenchment is expected. Purchase of new buses may create new job opportunities.	FLCs will be required to comply with national labor laws.	<input checked="" type="checkbox"/> Other action
<b>Affordability</b>	No impact. Due to strong government support, the bus fares in the PRC are regulated and kept at a very low level. The promotion of	None	<input checked="" type="checkbox"/> No action

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	new clean buses is not expected to lead to higher fares or have any impacts on affordability.		
<b>Other Risks and/or Vulnerabilities</b>	No impact	None	<input checked="" type="checkbox"/> No action
<b>IV. MONITORING AND EVALUATION</b>			
<p>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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>FLCs will report compliance with relevant local labor laws, standards, and regulations.</p>			