

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

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| Country: | People's Republic of China | Project Title: | Yunnan Sayu River Basin Rural Water Pollution Management and Eco-Compensation Demonstration Project |
| Lending/Financing Modality: | Project loan | Department/Division: | East Asia Department/Environment, Natural Resources, and Agriculture Division |

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: General intervention in terms of poverty reduction; and targeted intervention—Sustainable Development Goals 1, 2, 3, 5, 6, 12, 13, and 15

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

The project will improve the ecological and environmental sustainability of the Sayu River Basin in Zhaotong City, which is an important area for ecological protection in the upstream of the Yangtze River in the People's Republic of China (PRC). It will improve people's living conditions in the project area, including poor and low-income people. The project is aligned with (i) the PRC's 13th Five-Year Plan, 2016–2020;^a (ii) the Yangtze River Economic Belt Development Plan, 2016–2030;^b (iii) the PRC's policy to vitalize rural areas;^c (iv) Strategy 2030 of the Asian Development Bank (ADB);^d (v) ADB's country partnership strategy, 2016–2020 for the PRC;^e and (vi) ADB's Water Operational Plan, 2011–2020.^f

B. Results from the Poverty and Social Analysis during Transaction Technical Assistance or Due Diligence

1. **Key poverty and social issues.** The project will be implemented in Zhaoyang District and Ludian County of Zhaotong City. In 2019, the project area had 8,122 people below the poverty line (less than CNY3,500 per capita per year) and 14,047 people receiving the minimum living subsidy. The social survey indicated that the main causes of poverty are (i) lack of working population, (ii) physical difficulties, (iii) illness of family members, and (iv) limited access to infrastructure and public services in some remote mountain areas. The government's targeted poverty reduction strategy aims to lift poor people out of extreme poverty by the end of 2020. The low-income people are estimated to comprise 20% of the total population in the project area, and their main issues are inadequate jobs and opportunities to improve living standards in the project area.

2. **Beneficiaries.** A total of 127,015 residents in the project area identified as direct beneficiaries, including 59,697 women (47.0%) and 25,403 low-income people (20.0%). They will benefit directly from wastewater and solid waste management, pilot eco-villages, wetland construction, soil and water conservation, low-emission agriculture, river rehabilitation, and eco-compensation mechanisms. They will also benefit from job opportunities, training, and capacity building during project construction and operation.

3. **Impact channels.** The project is expected to improve the environment and living conditions in the project area by (i) enhancing environmental infrastructure in rural areas, (ii) providing job opportunities to residents during project construction and operation, (iii) reducing public health risks through wastewater and solid waste management, (iv) reducing water pollution through river rehabilitation and wetlands construction, and (v) pilot testing eco-villages and eco-compensation mechanisms to expand water pollution management.

4. **Design features.** The project design has addressed issues identified in the poverty, gender, and social analyses. Key design features include (i) targeted job opportunities for residents, including women and the poor and/or low-income people; (ii) promoting community consultation and participation in detailed designs and discussions on tariff proposals on solid waste and wastewater collection; and (iii) mitigating adverse social impacts and maximizing positive impacts. The social and safeguard plans have been developed in a consultative manner, and arrangements for their implementation and monitoring have been included in the project design.

II. PARTICIPATION AND EMPOWERING THE POOR

1. **Participatory approaches and project activities.** The executing and implementing agencies, design institutes, and consultants carried out extensive consultations with stakeholders during project preparation. During social surveys undertaken by consultants, about 647 participants were consulted or interviewed through 7 consultation meetings, 3 field surveys, 10 focus group discussions, and 8 in-depth interviews. The participants' feedback has been incorporated in relevant social assessment reports and project documents. For the preparation of a resettlement plan, 11 consultation meetings were conducted, and 429 affected households were interviewed. For the preparation of the environmental assessment reports, 450 participants were surveyed during two rounds of public consultations. Information from relevant social and safeguard plans have been disseminated, including posting of safeguard plans on the websites of local governments and ADB. The participatory approach during implementation includes community participation in pilot eco-village development, wetland construction, consultations on detailed designs for outputs 1 and 2, and public hearings on wastewater and solid waste tariff proposals. Communities will participate in eco-compensation mechanisms for output 3 and awareness-raising activities on water pollution management for output 4. Consultations with and information disclosure to affected people will be undertaken during the update and implementation of the safeguard plans.

2. **Civil society organizations.** Civil society organizations (CSOs) that participated in project preparation include women's federations and farmers' groups. They will also participate in detailed design and implementation. In addition, a CSO (which may be a nongovernment organization, research institute, or university) may be engaged as an agency for external resettlement and social development monitoring and evaluation.

3. The following forms of CSO participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):

2. **Strategy to address the impacts.** The design and implementation of project activities will consider social and cultural characteristics of the ethnic minority groups, including in the development of pilot eco-villages in ethnic minority villages. To ensure the ethnic minority groups benefit equitably from the project, an ethnic minority development plan has been prepared, following ADB's Safeguard Policy Statement and relevant PRC laws and regulations. The plan includes both mitigation and enhancement measures for ethnic minority communities. It includes actions related to awareness raising, consultations, and participation of ethnic minority groups; monitoring and evaluation; and strengthening the capacities of the governments of Zhaotong City, Ludian County, and Zhaoyang District for implementation and monitoring of the ethnic minority development. The environmental and social management system prepared for the eco-compensation fund under output 3 includes necessary measures for screening and avoiding impacts on ethnic minority groups.

3. Plan or Other Actions

- Indigenous peoples plan Combined resettlement plan and indigenous peoples plan
 Indigenous peoples planning framework Combined resettlement framework and indigenous peoples planning framework
 Environmental and social management system Indigenous peoples plan elements integrated in project with a summary
 Social impact matrix No action

V. ADDRESSING OTHER SOCIAL RISKS

A. Risks in the Labor Market

1. **Relevance of the project for the country's or region's or sector's labor market**, indicated as high (H), medium (M), and low or not significant (L).

- unemployment underemployment retrenchment core labor standards (M)

2. **Labor market impact.** The project will create 1,834 jobs during construction and 372 jobs during operation and ensure compliance with core labor standards through relevant provisions in bidding documents.

B. Affordability. The project may involve a tariff increase for solid waste and wastewater collection. Key measures in the project to ensure affordability include (i) an assessment of potential impacts and necessary subsidies for poor households before any tariff increase; and (ii) public hearings on tariff increase proposals, including the engagement of poor or/and low-income households.

C. Communicable Diseases and Other Social Risks

1. **Indicate the respective risks**, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA):

- Communicable diseases (L) Human trafficking Others (please specify) _____

2. **Describe the related risks of the project on people in project area.**

Some risks of communicable diseases may exist during construction. Necessary clauses will be included in bidding documents and contracts to avoid or mitigate risks. Knowledge and education on the prevention of communicable diseases will be provided to construction workers. Contractors will be required to conduct training on and awareness raising of contractors' personnel.

VI. MONITORING AND EVALUATION

1. **Targets and indicators.** Relevant social targets and indicators are included in the project's design and monitoring framework and relevant social plans.

2. **Required human resources.** The executing and implementing agencies will appoint focal staff for relevant social plans. A project management support consultant team will include social development and gender specialists to support the implementation, monitoring, and reporting on social measures.

3. **Information in project administration manual.** Information regarding the implementation, monitoring, and reporting on social measures is included in the project administration manual.

4. **Monitoring tools.** The collection of secondary data, household surveys, focus group discussions, and key informant interviews will be used for monitoring of relevant social plans.

^a Government of the PRC. 2016. [The 13th Five-Year Plan for Economic and Social Development of the People's Republic of China \(2016–2020\)](#). Beijing.

^b Government of the PRC. 2016. [Outline of the Yangtze River Economic Belt Development Plan, 2016–2030](#). Beijing.

^c State Council of the PRC. [Policies Released on China's Rural Vitalization](#). News release. 4 February.

^d ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and Pacific](#). Manila.

^e ADB. 2016. [Country Partnership Strategy: People's Republic of China, 2016–2020—Transforming Partnership: People's Republic of China and Asian Development Bank](#). Manila.

^f ADB. 2011. [Water Operational Plan, 2011–2020](#). Manila.

^g X.Y. Dong and V. Mendizabal Joffre. 2019. [Inclusive Growth in the People's Republic of China: A Deep Look at Men and Women's Work Amid Demographic, Technological, and Structural Transformations](#). *ADB East Asia Working Paper Series*. No. 23. Manila: ADB.

^h An "endline" survey is to measure project's effects at the end of the project.

ⁱ A *mu* is a Chinese unit of measurement (1 *mu* = 666.67 square meters).

Source: Asian Development Bank.