

**SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY**

Country and Project Title: People's Republic of China: Forestry and Ecological Restoration Project in Three Northwest Provinces			
Lending and/or Financing Modality:	Project Loan	Department and/or Division:	East Asia Department Environment, Natural Resources, and Agriculture Division
<b>I. POVERTY ANALYSIS AND STRATEGY</b>			
<b>A. Link to the National Poverty Reduction Strategy and Country Partnership Strategy</b>			
<p>The key thrusts of the Asian Development Bank (ADB) assistance under the People's Republic of China (PRC) country partnership strategy (CPS) 2008–2010<sup>a</sup> include enhancing inclusiveness through balanced development, with a focus on the rural and poorer regions. This includes expanding operations in agriculture and rural infrastructure with a priority focus on environmental sustainability. Initiatives in the PRC's 11th Five-Year Plan include modernizing agriculture, building rural infrastructure, and improving and strengthening natural resource management. ADB's operations support the plan and focus on the broad themes of equity and environmental sustainability. Both the CPS and the plan acknowledge that sustaining growth will be vital for this, and will not be possible without addressing environmental degradation, growing inequality, and the strain on resources.</p> <p>The poverty partnership agreement, signed between the government and ADB in September 2003, sets out strategies and interventions for poverty reduction. The PRC and ADB will continue to (i) cooperate on a broad range of activities related to policy and regulatory reform, and capacity development in the environment sector; and (ii) support projects to address environment problems. The project directly responds to these strategies by contributing to the restoration of the productive and protective functions of the ecosystem. The project will support the government's fight against poverty by addressing environmental problems related to land degradation and promoting rural development in Gansu, Shaanxi, and Xinjiang in the western PRC. The high proportion of forest land in these provinces combined with inappropriate low-value use is a significant constraint on the government's rural development objectives.</p>			
<b>B. Poverty Analysis</b>		<b>Targeting Classification:</b> General intervention	
<p><b>1. Key issues.</b> In 2009, with a rural poverty line of annual per capita net income below CNY1,196, the population in poverty in rural areas numbered about 36 million, or 3% of the PRC's total population. The redrawing of the poverty line to CNY1,500, announced by the State Council Leading Group on Poverty Alleviation in December 2010, will increase this number to around 100 million. However, as poverty has fallen dramatically over the last decades, it has become more and more difficult to eliminate the remaining pockets of poverty that are mostly found in remote, mountainous, and minority areas; and are increasingly concentrated in the western region. The project aims to create pro-poor economic growth in these provinces by supporting the moving of land and labor resources into higher-value and more sustainable tree crop production systems. Beyond direct growth impacts, these changes also seek to generally improve livelihoods by capturing additional ecological benefits from reduced soil degradation, improved soil organic matter, and increased soil carbon leading to increased water percolation and holding capacity.</p> <p><b>2. Design features.</b> The project will lend money and provide agricultural input to households and enterprises. Economic and social benefits relate to significantly higher crop returns to land and labor, and reduced agricultural demand for household labor, the supply of which has been aging, declining, and growing increasingly female. The project will further help to secure ecologically sensitive, degraded, or barren land through planting for revegetation to reduce the risk and scale of erosion and sand blowing.</p>			
<b>II. SOCIAL ANALYSIS AND STRATEGY</b>			
<b>A. Findings of Social Analysis</b>			
<p>Gansu, Shaanxi, and Xinjiang are ranked in the poorest provinces in the PRC; poverty rates of rural households are significantly above the national average. As implementation is targeted at poverty counties, the rural inhabitants in the project areas are even poorer than the provincial averages.</p> <p>No ethnic groups are involved in the project areas of Gansu and Shaanxi, but ethnic minority groups live in all five project counties of Xinjiang. The project area in Xinjiang has a total population of 1.56 million with an ethnic minority population of 524,000, or 33.7% (7.6% Hui people, 2.7% Kazak, 20.6% Uyghur, and 2.0% Mongolian). Other ethnic groups living in the project area account for less than 1% of the population.</p> <p>About 38,000 hectares of economic trees will be planted by households and about 207,000 households will participate in this component. The average size of loan per household will be about CNY1,600 in Gansu, CNY1,160 in Shaanxi, and CNY4,800 in Xinjiang. Borrowers will be paid a labor grant for planting during the first and second</p>			

years of the project. Over the first 2 years of the project, total labor payments will amount to about CNY1,700 per household in Xinjiang, CNY170 per household in Gansu, and CNY75 per household in Shaanxi. Borrowers will also receive technical support on an ongoing basis for at least the first 5 years. This support will ensure that fertilizer, pruning, and tree shaping are completed to a high standard and technical weaknesses are rectified.

In Xinjiang the project will also be implemented through an enterprise model. Enterprises and large farms will directly hire labor or contract land to households or collectives. Households will supply labor for orchard establishment and will provide labor and management inputs to the ongoing orchard operation. A total of 2,770 hectares will be planted by enterprises and it is estimated that 2,200 people (full-time equivalent) will gain direct employment during the first 2 years. At maturity, these will create about 490 full-time jobs, the majority of which will go to poor unskilled laborers. It is expected that ethnic minorities will account for about 33% of the employment, and 40% of enterprise jobs will go to women.

The main social and poverty risk is that poorer farmers may not be able to endure the loss of subsistence crops prior to their economic trees bearing fruit. Almost all wheat and corn produced by households are for consumption. Most households sell other crops and have income from other sources. Most households have no land left uncultivated, hence, no additional land to bring into production for tree planting. To ensure their participation, they will need to rely on the labor grants to replace parts of their subsistence farming, and will continue wheat planting by intercropping with the fruit trees.

### **B. Consultation and Participation**

1. Provide a summary of the consultation and participation process during the project preparation.

Project surveys and community participatory consultations were carried out in preparing the poverty and social strategy with priority given to poverty-stricken villages and ethnic minority villages. This provided an understanding of the concerns and constraints facing farmers, and gave villagers the opportunity to express their concerns and opinions of both positive and negative impacts arising from the project. In total, discussions and focus groups were held in 33 villages.

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. If a C&P plan was prepared, describe key features and resources provided to implement the plan. If no, explain why.

A community consultation and disclosure strategy (CCDS) has been prepared for the project. Information on the project needs to be widely promulgated and farmers need to be made aware of its benefits and risks. Information on loan terms and possible cash flow impacts must be fully disclosed as well as risks associated with some economic trees.

The CCDS outlines community engagement activities that will be undertaken during the preparation of the project and, in particular, the required dialogue and information exchange leading up to the identification of households participating in the project's loan activities. It sets out the project's rationale for consulting and involving communities, identifies who will be consulted, and lists consultation methods and techniques that will be used to ensure full community awareness and participation in the project. The CCDS also explicitly incorporates a gender strategy.

Of critical importance is how the CCDS will help the project create an enabling environment for small farmers through appropriate livelihood assessments, cash flow analysis, and risk mitigation measures. Key features are (i) the use of appropriate language and culturally appropriate implementation methods, (ii) analysis of household financial risk and mitigation measures, and (iii) a gender strategy to ensure the full participation of women. An ethnic minority development plan has been prepared for the project and it incorporates a CCDS for Xinjiang.

### **C. Gender and Development**

1. **Key issues.** Rural women participate actively in agricultural and forestry production in the project area. Together with child care, care of the elderly, animal care, and household chores, this results in heavy workloads. At the household level, they are responsible for much of the decision making and often are the main labor resource, especially for agricultural work, partly because of male migration. The project area suffers from environmental degradation that tends to exacerbate gender inequalities. Water scarcity, and decreasing land productivity and fuel sources tend to increase the burden on women.

Women and men have equal legal rights to land and other productive resources, but in practice it is more difficult for rural women to exercise these rights. Women in the project villages lack experience in borrowing compared with their husbands. Women noted that they were often neglected by technicians providing training. The status of women in Xinjiang is influenced by different cultural valuations of women. Ethnic minority women are subject to more socio-cultural constraints in relation to public participation and decision making than Han women. There is limited capacity for gender mainstreaming in provincial governments.

**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 plan     Other actions/measures     No action/measure

A gender strategy has been incorporated into the CCDS and ethnic minority development plan, and will ensure the full participation of women in the economic planting component of the project. Consultation and technical assistance activities will provide separate spaces for women to engage in project design and implementation, and decision making and learning opportunities. During consultation, the project will review women's workloads in order to design implementation processes that ensure women's workloads are not unduly increased. The CCDS will ensure that adequate arrangements are in place so that all household labor payments are fairly distributed to both men and women. Poor women and minority women will receive special support from the project to empower them and increase their level of participation. Gender analysis and mainstreaming training will be provided to state forestry agencies in the provinces, counties, and towns to ensure successful gender integration in the project.

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

Issue	Significant and/or Limited and/or No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
<b>Involuntary Resettlement</b>	No Impact		<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input checked="" type="checkbox"/> No Action
<b>Indigenous Peoples</b>	Significant	An ethnic minority development plan has been prepared for the project and incorporates a community consultation and disclosure plan for Xinjiang.	<input checked="" type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action
<b>Labor</b> <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Core labor standards	Significant	The enterprise model and ecological planting activities will provide significant local employment opportunities. Local ethnic minority people, women, and the poor are given priority for employment.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action
<b>Affordability</b>	Significant	To ensure poorer farmers will not become poorer and can endure the loss of subsistence crops prior to their economic trees bearing fruit, payments for labor input will be provided.	<input checked="" type="checkbox"/> Action <input type="checkbox"/> No Action
<b>Other Risks and/or Vulnerabilities</b> <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others	No Impact		<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action

### 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?     Yes     No

<sup>a</sup> ADB. 2008. *Country Partnership Strategy: People's Republic of China, 2008–2010*. Manila.

Source: ADB and State Forestry Administration.