

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	Hebei Energy Efficiency Improvement and Emission Reduction Project		
Project Number:			
Month/Year	December 2010		
Lending/Financing Modality:	Project	Department/ Division:	EARD/EAEN

I. POVERTY ISSUES

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

1. Based on the country poverty assessment, the country partnership strategy, and the sector analysis, describes how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.

The country partnership strategy (CSP), 2008—2010 for the People's Republic of China (PRC)¹ has identified the government's efforts to improve the efficiency of resource use especially the energy and shifting PRC's growth trajectory to a greener and low-carbon growth path as one of the four pillars of Asian Development Bank's (ADB's) assistance to PRC. This is expected to be maintained in the CSP for 2011—2015 (currently under preparation) as the Twelfth Five-Year Plan of PRC has given high priority to energy efficiency improvement, ADB's Energy Policy² (2009) has selected promoting energy efficiency as one of the three pillars of ADB's energy sector assistance. The Energy Policy has explicitly identified expanding ADB's assistance to industrial energy efficiency improvement through collaboration with industry associations, domestic banks and specialized agencies for promoting energy efficiency and energy service companies as a key strategy for shifting developing Asia to a low-carbon growth path. The proposed project is fully consistent with the objectives and strategies of PRC's country partnership strategy, 2008—2010 and ADB's Energy Policy.

The proposed project will improve the sustainability and competitiveness of the industrial sector in Hebei Province in PRC. However, a more sustainable and competitive industrial sector is expected to result in more sustainable and inclusive economic growth. Furthermore, the reduced emission of pollutants such as sulfur dioxide and particulate matter would result in improved air quality and better agricultural productivity. These benefits are expected to result in improved living conditions to the people in Hebei Province and would make an indirect contribution towards poverty reduction.

B. Targeting Classification

1. Select the targeting classification of the project:

- General Intervention
 Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

2. Explain the basis for the targeting classification:

Since the proposed project does not have direct poverty reduction potential, it is classified as a general intervention.

C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed?
Not applicable.

2. What resources are allocated to the project preparatory TA and due diligence?

As the proposed project is financing incremental improvements to existing industries, it is not expected to have any poverty, gender involuntary resettlement or indigenous people related issues.

3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)?

As the subprojects are aimed at incremental energy efficiency improvements to existing industries, there is very limited opportunities for pro-poor design. The subprojects are not expected to result in adverse social impacts. If there are any adverse social impacts due to project interventions would be addressed in accordance to the Handbook on Social Analysis (2007). If required, a social development specialist will be recruited using the contingency provision of the project preparatory technical assistance (TA).

¹ ADB. 2008. *Country Partnership Strategy (2008–2010): People's Republic of China*. Manila.

² ADB. 2009. *Energy Policy*. Manila.

II. SOCIAL DEVELOPMENT ISSUES

A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project?
The primary beneficiaries of the proposed project are the industrial enterprises in Hebei Province and the secondary beneficiaries are the general population in Hebei Province through increased industrial competitiveness, increased employment opportunities and improved environment quality.
2. What are the potential needs of beneficiaries in relation to the proposed project?
As the direct beneficiaries of the project are industrial enterprises, any potential positive or negative impacts on workers as a result of the interventions under the project would be identified during the appraisal of subprojects.
3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?
It is not possible to identify potential constraints for general public from accessing the secondary benefits attributable to the project. The improvement to industrial energy efficiency is expected to have a positive impact in terms of lower prices of industrial products.

B. Consultation and Participation

1. Indicate the potential initial stakeholders.
The potential stakeholders are Hebei Provincial Finance Bureau, Hebei Provincial Development and Reform Commission, Hebei Demand Side Management Center, industrial enterprises in Hebei, commercial banks, and energy service/energy management companies active in Hebei.
2. What type of consultation and participation (C&P) is required during the project preparatory TA or project processing (e.g., workshops, community mobilization, involvement of non government organizations and community-based organizations, etc.)?
During project preparation, extensive consultations will be undertaken with the stakeholders identified above.
3. What level of participation is envisaged for project design?
 Information sharing Consultation Collaborative decision making Empowerment
4. Will a C&P plan be prepared? Yes No Please explain.
A consultation and participation plan is not required since the proposed project is not expected to have any adverse social impacts or safeguard issues.

C. Gender and Development

Proposed Gender Mainstreaming Category: No Gender Elements

1. What are the key gender issues in the sector and subsector that are likely to be relevant to this project/ program?
The potential gender issues relevant to the project are related to any potential impact on employment of female workers in the industries that would be undertaking industrial energy efficiency projects. These impacts would be identified and assessed as part of environment and social review of subprojects.
2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No Please explain
If the subprojects to be financed under the proposed project are expected to result in employment opportunities, the possibility for gender equality and female employment opportunities would be explored.
3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
 Yes No Please explain
The proposed project is not expected to have any adverse gender impacts as it is financing incremental improvements to existing industries.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement	As all the subprojects are located in existing industries, there are no involuntary resettlement impacts	Subprojects requiring resettlement would be excluded.	<input type="checkbox"/> Resettlement Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> Environmental and Social Management System Arrangement <input checked="" type="checkbox"/> None <input type="checkbox"/> Uncertain
Indigenous Peoples	The subprojects would be located in urban areas and there are no indigenous people in Hebei Province	No impact	<input type="checkbox"/> Indigenous Peoples Plan <input type="checkbox"/> Indigenous Peoples Planning Framework <input type="checkbox"/> Environmental and Social Management System Arrangement <input checked="" type="checkbox"/> None <input type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input checked="" type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	Depending on the nature of subprojects, there could be labor retrenchment or new employment opportunities. However, these impacts are not expected to be significant as the proposed subprojects are incremental investments in existing industries.	This will be investigated during the project preparatory technical assistance.	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain
Affordability	No issues	No impact	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify	No issues	No impact	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain

IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the TOR for the PPTA (or other due diligence) include poverty, social, and gender analysis and the relevant specialist(s)? Yes No If no, please explain why.
 If there are significant labor impacts as a result of the subprojects to be financed under the proposed ADB loan, the social and gender expert would be added to the project preparatory TA using the allocation for contingencies. At this stage, it is expected that the likely subprojects would not have labor impacts.
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social, and/or gender analysis, and C&P during the project preparatory TA or due diligence? Yes No If no, please explain why.
 As mentioned above, the project preparatory TA resources would be reallocated for undertaking gender and social analysis if there are subprojects having significant labor impacts.