Initial Poverty and Social Assessment

Project Number: 43024
August 2009

PRC: Xinjiang Altay Urban Infrastructure and Environment Improvement Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB’s public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project’s report and recommendation of the President.

Asian Development Bank
### INITIAL POVERTY AND SOCIAL ANALYSIS

**Country/Project Title:** People’s Republic of China/ Xinjiang Altay Urban Infrastructure and Environment Improvement Project  
**Lending/Financing Modality:** Project Loan  
**Department/Division:** East Asia Department/Urban and Social Sectors Division

## I. POVERTY ISSUES

### A. Linkages 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, describe 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 Project will improve infrastructure facilities by providing newly built roads, water and wastewater treatment facilities, solid waste disposal management, and central heating systems; and by rehabilitating the ecosystem and the environment in Altay counties. The quality of life and health conditions of 120,000 urban residents will be enhanced as a result of project activities. The proposed Project will contribute to poverty reduction through:

- improved quality of life by reducing the incidence of waterborne diseases;
- improved access and mobility to basic services;
- improved rural/urban integration;
- increased heating efficiency and lowered costs;
- improved ecosystems and environment;
- improved water and sanitation and solid waste treatment;
- providing employment opportunities during the construction and operation of project facilities; and
- facilitating trade, business, and economic development.

### B. Targeting Classification
1. Select the targeting classification of the project:

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

2. Explain the basis for the targeting classification:  
The Project will support the achievement of the Millennium Development Goal (MDG) for environmental sustainability (MDG 7), to halve the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015 (MDG target 10), and to promote trade between Altay, Xinjiang, and landlocked countries (Kazakhstan and Mongolia) (MDG 8).

### 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?

A poverty and social analysis for the Project will be carried out during implementation of the project preparatory technical assistance (PPTA) to summarize the causes of poverty, identify the poor in project areas, quantify how the Project will help reduce poverty, provide input to the design and implementation of the Project to help promote positive benefits, and incorporate other social measures into the Project. The social dimensions will address the following issues: assessment of the demands and needs of the targeted population, gender analysis, affordability, core labor standards, social risks, and social safeguards. Poverty analysis will be carried out to develop a pro-poor design and quantify how the Project will help reduce poverty, and incorporate other social dimensions within the scope of project implementation. The poverty and social analysis will be conducted in accordance with the Asian Development Bank’s (ADB’s) Poverty Handbook–A Working Document (2006) and Handbook on Social Analysis–A Working Document (2007).

2. What resources are allocated in the PPTA/due diligence?

The PPTA provides for 2 person-months of international and 10 person-months of national consulting inputs for the social and poverty analysis, development of ethnic minority development plans (if necessary), and resettlement assessment.

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)?
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?

Direct beneficiaries living within the project service areas number about 120,000 and include about 8% poor persons (those earning less than the official poverty line of CNY210 per capita per month). The initial poverty and social analysis identified that the urban poor people, defined as those living at or only just above the poverty line are both Han Chinese and ethnic minorities (Uyghur, Kazakh, etc.). Most of the poor are uneducated, retired, casual laborers, own their business, or unemployed. The poor will benefit by improved access to basic services and especially water, sanitation, and heating.

2. What are the potential needs of beneficiaries in relation to the proposed project?

Improved infrastructure facilities and upgraded urban environment in Altay counties and towns will improve the quality of life of poor and vulnerable people by providing better municipal services and more work opportunities. The Project will thus be a key intervention and directly address poverty.

3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them?

The potential constraints or risks include failure of the local government to (i) implement institutional strengthening for effective project management, (ii) implement minimum living standard schemes and lifeline tariffs for the poor, and (iii) meet the equity funding requirements to implement the Project. The proposed Project will address the above constraints by (i) obtaining assurance from XUAR on the financial and management autonomy of the implementing agency and its institutional strengthening, (ii) periodic review of the tariffs following national guidelines, and (iii) provision of counterpart funding. Core labor standards will be used for all construction activities and in-depth consultation with communities will be carried out to help ensure gender and ethnic minority inclusion and that the needs of vulnerable groups are well addressed.

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

A stakeholder analysis and public consultation will be an integral part of the poverty, social, environmental, ethnic minority and resettlement assessments. The main stakeholders include national, regional, and municipal governments; municipal engineering company, water bureau, water conservancy bureau; and project beneficiaries including utility service customers, residents, and neighborhoods.

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

Several stakeholder workshops will be conducted during PPTA implementation. Findings from the household survey will be used as inputs. Public consultation will be carried out by the executing agency, local government officials, design institutes, and others during preparation of the feasibility study, poverty and social assessment, environmental impact assessment, ethnic minority development plan, and resettlement plan.

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 ☐

C. Gender and Development

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program?

ADB Policy on Gender and Development (1998) will be followed by the executing agency during project preparation and implementation. Gender aspects will be incorporated into the design and implementation of project components (where relevant: i.e., incorporating safety into road designs, attention to waterborne diseases, and household disposal of solid waste for the water and sanitation components, etc.) and particularly in relation to employment opportunities, ethnic minority development plan, and resettlement plan. Social risks such as HIV/AIDS will also be addressed. The poverty and social assessment during project design will identify strategies, mechanisms, and components for addressing gender concerns. It is
envisaged that municipal service improvements in Altay counties would greatly benefit women, by providing safe, clean, well-lit areas for them and their families. It is also expected that older women would use the improved urban areas in their neighborhood for exercise and recreation.

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.

Improved basic services in these communities will have a profound effect for all beneficiaries and will help reduce women’s time burdens for activities such as water retrieval, waste disposal, etc. The Project is not specifically targeting gender issues so that the preparation of a gender action plan is not envisaged.

3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality? ☐ Yes ☒ No Please explain.

The proposed Project will include an assurance that men and women will have equal employment opportunity in the operation and maintenance of the project infrastructure, and so it is not expected to widen gender inequality.

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

<table>
<thead>
<tr>
<th>Issue</th>
<th>Nature of Social Issue</th>
<th>Significant/Limited/No Impact/Not Known</th>
<th>Plan or Other Action Required</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Involuntary Resettlement</strong></td>
<td>Involuntary resettlement category A. The Project is expected to require significant permanent and temporary land acquisition from the construction of the water/wastewater treatment plant, landfills, and the environment improvement components. The resettlement plans will be prepared following the PRC Land Administration Law and ADB’s <em>Involuntary Resettlement Policy</em> (1995). The resettlement plan will be disclosed to the public and affected people in accordance with the ADB <em>Public Communications Policy</em> (2005).</td>
<td>Significant</td>
<td>☒ Full Plan ☐ Short Plan ☐ Resettlement Framework ☐ No Action ☐ Uncertain</td>
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<td><strong>Indigenous Peoples</strong></td>
<td>Indigenous peoples category A. The population in Altay counties is more than half minority Chinese including 36 ethnic peoples. Due to the nature of the Project and the general domestic integration of ethnic groups, it is envisaged that the impact of the Project to all ethnic groups would be positive. Detailed assessment will be undertaken during PPTA implementation to determine if the Project should be category A or B.</td>
<td>Significant, but ethnic minorities may not be adversely affected and may be well integrated into the broader community. This will be confirmed by the poverty and social assessment.</td>
<td>☒ Plan ☐ Other Action ☐ Indigenous Peoples Framework ☐ No Action ☐ Uncertain</td>
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<tr>
<td>Labor</td>
<td>The Project will be designed to generate employment during its implementation and operating phases. Core labor standards will be incorporated.</td>
<td>Loan assurances will include core labor standards.</td>
<td>No Action</td>
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<td>Uncertain</td>
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<td>Affordability</td>
<td>The water/wastewater treatments are directly chargeable to the population. Other environment and ecology improvement components will be a government responsibility and is not directly chargeable to the population. Economic, financial, and social analysis will be conducted to assess affordability issues and ability to pay for all the components during PPTA implementation.</td>
<td>Uncertain</td>
<td>No Action</td>
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<td>Uncertain</td>
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<tr>
<td>Other Risks and/or Vulnerabilities</td>
<td>HIV/AIDS awareness activities will be incorporated into the construction work and loan assurances</td>
<td>None</td>
<td>No Action</td>
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<td>Uncertain</td>
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</table>

### 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.

2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence?  
   - Yes  
   - No  
   If no, please explain why.