

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title: PRC: Inner Mongolia Road Development Project

Lending/Financing Modality: Project loan Department/ Division: EARD/EATC

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 is consistent with the PRC's national strategy and ADB's PRC Country Strategy Program, especially the Pillar I of promoting inclusive, regionally balanced and sustainable growth. Although the counties under the project area are not nationally designated poverty counties, rural poverty incident is as high as 10%. Poor infrastructure and lack of non-farm employment skills and opportunities are some of the major causes of poverty. The project will directly contribute to improve the transport infrastructure including rural and border roads and will connect the local residents in the project area to wider economic and livelihood opportunities. The project is also consistent with the safety and accessibility components of the sustainable transport initiative of the ADB.

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:

The project will indirectly contribute to poverty reduction in the project area by generating economic and employment opportunities through improved transport access.

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

The project has the potential to directly contribute to poverty reduction in the project area by (i) reducing transport costs and time; (ii) generating construction employment opportunities; (iii) improving access to markets for animal husbandry products; and (iv) encouraging more tourism in the project area. The project will include local roads, rural bus stops in addition to the half Class I highway. The project will also promote rural transport services and enhance local road traffic safety. The project Output 3 will strengthen the economy of project area by promoting cross-border trade and will create more economic opportunities for the local population. The project component to promote community based eco-tourism will help diversify the economic opportunities.

A detailed poverty analysis has been carried out to assess poverty incidence in the project area. The analysis was based on the *Handbook on Social Analysis (2007)*. The analysis will be updated to include the change in project scope and the new components added.

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 project will be the people and businesses in cities, towns and villages along the highway alignment and rural roads. Agricultural products will have better access to market with low transport cost, allowing farmers and herders to engage in high value cash crops and animal products. The border roads will facilitate cross border trade and cooperation, generating employment opportunities for the local people including the poor and socially excluded population groups.

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

At present, people in the project area are faced with poor transport conditions which make it difficult to market their products; it also increases the cost of goods shipped into the project area. The local people require improved market access for their farm produce, and employment opportunities in non-agricultural occupations that the proposed project will create.

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

The road safety concerns will increase as a result of increase in traffic volume as well as in vehicular speed. Harsh winter, snow and ice will also hinder safe timely traffic flow. The project will include a road safety improvement and road maintenance component to address these issues.

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

Stakeholder analysis: Major stakeholders include, local government, local businesses, local residents and transport service providers.

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.)?

The ADB PPTA reconnaissance mission conducted initial stakeholder consultation in the affected counties. Further consultation will be carried out during the PPTA phase for the environment assessment, resettlement planning, poverty and social analysis and the ethnic minority development planning. Stakeholder workshops and other public meetings will be conducted during the PPTA, and followed up during the detailed design and implementation stages.

3. What level of participation is envisaged for project design?

Information sharing Consultation Collaborative decision making Empowerment⁷

4. Will a C&P plan be prepared? Yes No Please explain.

Local people will (i) be consulted during feasibility study, PPTA implementation, and preliminary design, (ii) participate in the project implementation, and monitoring. Measures to enhance benefits will be incorporated into project design (i.e. link roads and road safety), the EMDP and the GAP.

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?

The main issues facing women are lack of diversified employment and skill enhancement opportunities, access to social services such as educational and health services, and access to potable water. In rural areas, women share more household and economic responsibilities than men and are constrained by lack of adequate transport services especially during the tough winter season. The proposed project will contribute to ensure better access to markets and more employment opportunities and better access to education, health care and markets. The GAP will also include measures to improve the conditions for women, including employment during the project construction, skill enhancement training, and capacity building measures to diversify their income generation activities.

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

3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?
 Yes No. No specific adverse impacts on women are anticipated, though better access to urban area for rural areas along the project highway will provide impacts on the rural community.

During PPTA, all potential measures will be identified through consultation and participation, and a gender action plan (GAP) will be prepared to address special measures to improve the conditions for women.

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	One household with 7 persons will be demolished but will not require relocation, and 11,818 mu land (estimated) will be requisitioned by the highway, of which 42 mu is farmland, 15 mu is forestland, and 19,970 mu (99.3%) is grassland. Land acquisition will partially impact households.	Limited LAR impacts are not significant because of the linear nature of the project. The area is sparsely populated and affected people have large landholdings. The average per capita loss of grassland is about 1% of the land holding and the land loss across the affected people is within the range of 0.5% to 2.4%.	<input checked="" type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples	The ethnic minority population in the project area is mainly Mongolian with some other smaller ethnic minority groups. grassland protection; improved transportation services essential for transportation of hey stock; better access to social services; non-farm employment opportunities in the project; higher profitability from animals and livestock; more opportunities for cross border trading; improved disaster rescue and relief delivery. The negative impacts include likely changes to EM cultures and customs including change in their 'mode of life' and weakening of 'ethnic consciousness' triggering ADB's Indigenous Peoples safeguards requirements	Significant	<input checked="" type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	The project will create employment opportunities during construction. The project civil works will have provisions to ensure core labor standards.	Limited	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action - EMDP <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	The Class I roads will be tolled, which will have to be paid by local people. However, local agricultural vehicle owners are provided vouchers for free passage through area tollgates.	Not known	<input type="checkbox"/> Action <input type="checkbox"/> No Action <input checked="" type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities	The proposed project will be constructed in HIV/AIDS low incidence area, but the	The risks of increased human, animal and drug trafficking will also be	<input type="checkbox"/> Plan

<input checked="" type="checkbox"/> HIV/AIDS <input checked="" type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify	workers for civil work will come from all over country, and they might cause potential risk of communicable diseases. PPTA will assess the risk and formulate the preventive measures to be included in the contract requirements.	assessed, and mitigation measures will be included in the EMDP and GAP, as relevant.	<input checked="" type="checkbox"/> Other Action - EMDP <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
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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.
- person-months was included in the original PPTA and another 2 person-months is included in the supplementary PPTA.