

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China	Project Title:	PRC: Funding Program for Clean Bus Leasing
Lending/Financing Modality:	Senior Loan	Department / Division:	Private Sector Operations Department/ Capital Markets and Financial Sectors Division

I. POVERTY ISSUES

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

The project is aligned with the PRC Country Partnership Strategy (CPS) 2011-2015 by supporting Pillar 1 on inclusive growth through improved transport connectivity to boost access to employment and other services, and Pillar 2 on environmentally sustainable growth by supporting the efforts to foster a cleaner and more sustainable growth process supporting the development of low-carbon transport systems, particularly in public transport. The project is also consistent with the PRC's 12th Five-Year Plan (12th plan) which indicated the development of seven strategic emerging industries which includes clean-energy vehicles, biotechnology, new energy, high-end equipment manufacturing, energy conservation and environmental protection, new materials, and next-generation IT, that will become the backbone of China's economy.

B. Targeting Classification

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

Improvements in the transport system supports economic development and benefits the poor directly and indirectly. The loan is expected to improve the transport system in the country through the provision of a more efficient, cleaner and more affordable transport service. This will generally benefit the citizens, including women and children, who regularly avail of the public transport.

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)?

There is no specific pro-poor design envisaged in the project. The loan is expected to improve the transport system in the country through the provision of a more efficient, cleaner and more affordable bus transport service, which will generally benefit the commuting public, including women and children.

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 senior loan are the financial leasing companies and the borrowing local bus operators, which will facilitate the purchase and efficient operation of the clean buses. With the support for deployment of clean bus transport service, it is expected that the regularly commuting public, particularly the poor, aged, disabled, women and children, will be offered a more affordable, efficient, and cleaner and health friendly mode of transport.

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

At the national level, it is noted that there is a growing demand for clean buses and its more efficient operations. Through the senior loan, up to five FLCs (up to 5 FLCs) will be chosen to participate and carry out finance leasing for clean buses and transport IT systems. The FLCs will need to ensure that activities funded by ADB will not entail involuntary resettlement impacts and indigenous peoples impacts, otherwise they should be excluded for ADB financing. Moreover, as the deployment of more buses may create new employment, borrowers need to comply with national labor laws and relevant core labor standards.

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

There are no foreseen constraints. In the FLCs report to ADB, they will be requested to report their compliance to

national laws.

B. Consultation and Participation

1. Indicate the potential initial stakeholders. The initial stakeholders of the senior loan include the participating FLCs, public transport operators, and the citizens who commute and use the bus transport system.
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.)? During the project preparation, the project team will discuss and consult with various FLCs, bus operators, relevant government agencies, and possible co-financing partners. Continued consultations and discussion with FLCs will be done even after the project approval to screen and identify suitable FLCs.
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 during the project design for project implementation? ☐ Yes ☒ No Please explain.
 Continued consultations and discussion with FLCs will be done even after the project approval to screen and identify suitable FLCs.

C. Gender and Development

Proposed Gender Mainstreaming Category: No gender element

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program?
 The public, especially the poor, disabled, women and children, currently face the problems of access to public transport, affordability and safety. With the deployment of more clean and high quality buses in the country, this will facilitate provision of more efficient, comfortable, cheaper, and more health friendly public bus transport to the people, especially the poor, disabled, women, and children, who regularly avail of the public transport.
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. The FLCs have no leverage on bus operators hiring of employees, hence, no gender related employment targets are expected.
3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?
☐ Yes ☒ No Please explain Only indirect positive impacts to women are expected.

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	Lease financing for clean buses and transport IT systems will not entail land acquisition or physical/economic displacements.	No impact	<input checked="" type="checkbox"/> None
Indigenous Peoples	No impact on Indigenous Peoples communities is foreseen in relation to any activities of the Borrowers.	No impact	<input checked="" type="checkbox"/> None
Labor <input type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	No retrenchment is expected. Purchase of new buses may create new job opportunities. FLCs need to comply with the national labor laws.	Limited	<input checked="" type="checkbox"/> Other Action
Affordability	Public transport ticket fares are regulated by local authorities.	No Impact	<input checked="" type="checkbox"/> No Action
Other Risks and/or Vulnerabilities	None	No Impact	<input type="checkbox"/> No Action

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 Due diligence has been undertaken by staff.
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 Staff carried out due diligence.