Initial Poverty and Social Analysis

March 2020

PRC: COVID-19 Emergency Energy Supply Project

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Asian Development Bank
INITIAL POVERTY AND SOCIAL ANALYSIS

Country: PRC  
Project Title: COVID-19 Emergency Energy Supply Project

Lending/Financing Modality: Corporate Finance  
Department/Division: Private Sector Operations Department / PSIF2

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy
ADB’s $20 million emergency response loan to China Gas Capital Management Limited (CGCM), a wholly owned subsidiary of China Gas Holdings Limited (CGH), will be used to ensure natural gas and liquefied petroleum gas (LPG) supplies to households, hospitals, industry and other key services to support business continuity in Wuhan city and Hubei province amidst the 2019 coronavirus (COVID-19) epidemic and post-epidemic recovery. The Project’s objectives are aligned with the country’s current COVID-19 emergency response, the government’s 13th Five-Year Plan (2016-2020) (particularly goals centered on expanding social services to reduce inequality and increasing private sector participation), and ADB’s Country Partnership Strategy for PRC, 2016-20 (CPS 2016-20) through focus on private sector development to improve institutions and governance and to support commercially viable business models.

B. Poverty Targeting
☐ General intervention  ☐ Individual or household (TI-H)  ☐ Geographic (TI-G)  ☐ Non-income MDGs (TI-M1, M2, etc.)

   It is expected that the Project will contribute to addressing some of the effects of poverty by ensuring continuation of gas and LPG supplies to domestic and industrial users, and also temporary health centers established to treat COVID-19 patients in Hubei Province. LPG is one of the main sources of energy (heating, cooking fuel) for households that are not connected to the gas pipeline network.

C. Poverty and Social Analysis
1. Key issues and potential beneficiaries. PRC’s spectacular economic growth over the past three decades, with GDP growth rates averaging 9.7%, has led to significant improvement in human well-being and quality of life, with many human development indices suggesting rapid progress. However, accelerated growth has also resulted in economic, social, environmental and climate change, and institutional and governance challenges. The government’s current 5-year plan includes ambitions to promote energy conservation, emissions reduction, and low-carbon development to help address climate change, with a key change agent being the increased adoption of natural gas and LPG as energy sources for both industrial and domestic consumption. CGH is one of the main providers of natural gas and LPG to urban areas in PRC with 582 piped gas projects including 213 ‘township replacement of coal with gas projects’ in 26 provinces. The availability of natural gas and LPG supplies have become key issues in the national strategy to address the crisis, particularly the energy needs of health facilities. It remains unclear how the incidence of poverty or associated living conditions and access to energy are factors in the spread and/or containment of the virus or how containment measures exacerbate and / or engender poverty. LPG in particular is of critical importance as the energy source of choice for poorer urban households which are not connected to the gas grid and rely on locally available LPG gas cannisters. ‘Last-mile’ delivery (door to door) services, provided by CGH as one of very few gas suppliers permitted to supply gas in locked-down cities and towns, is therefore a potentially significant aspect of alleviating energy poverty during the crisis.
2. Impact channels and expected systemic changes. As of March 18th, in PRC COVID-19 had claimed more than 3,200 lives and infected over 81,116 people, with the vast majority of cases and deaths occurring in Hubei Province. The Company has committed to ensuring the supply of gas and LPG medical goods and associated service provision during the outbreak. Key beneficiaries will be gas and LPG end users (hospitals, medical waste treatment facilities, business and residences using gas and LPG).
3. Focus of (and resources allocated in) the transaction TA or due diligence. Due diligence review for this emergency assistance investment will focus on review of pre-existing corporate and operational EHS and human resources policies and procedures to assess the client’s ability to manage and address relevant social and environmental risks and impacts of its business and operations and its compliance with applicable environmental and social safeguard related national laws and regulations.

II. GENDER AND DEVELOPMENT

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

Policies and public health efforts have not addressed the gendered impacts of disease outbreak. The response to coronavirus disease 2019 (COVID-19) appears no different with no gender analysis yet undertaken of the outbreak by global health institutions or governments in affected countries or in preparedness phases.

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Recognizing the extent to which disease outbreaks affect women and men differently is a fundamental step to understanding the primary and secondary effects of a health emergency on different individuals and communities, and for creating effective, equitable policies and interventions. Following the urgent requests of its customers, who are currently confined to their homes due to strict quarantine measures, CGH has started to deliver fresh vegetables along with the bottled gas. The vegetables are sold to the households at market price with no additional charge for the delivery.

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women’s access to and use of opportunities, services, resources, assets, and participation in decision making?  
Yes  No

Potential gender actions for the proposed project relate to the extension of current CGH community focused activities such as the home delivery service and, with relevant research entities, collection of data and information that might assist more effective delivery of CGH’s (and other community-minded businesses’) community activities in the context of COVID-19 quarantine.

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

4. Indicate the intended gender mainstreaming category:
GEN (gender equity)  EGM (effective gender mainstreaming)
SGE (some gender elements)  NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

Project activities are focused on supporting CGH meet the continuous and, in places, increased demand for piped natural gas and LPG in Hubei province. Stakeholders include the financial arm of CGH (CGCM - receiving the ADB loan), CGH employees and management, government authorities managing transport and logistics operations within lock-down areas, hospital and business administrators overseeing procurement of gas and LPG, and end users of the gas and LPG. Engagement and participation operate at various levels through government management of the national strategic response. The nature of business activities will limit opportunities for broader and community level engagement and participation.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded?

As indicated above, there are potential gender actions for the proposed project relating to the extension of current CGH community focused activities such as the home delivery services and, with relevant research entities, collection of data and information that might assist more effective delivery of CGH’s (and other community-minded businesses’) community activities in the context of COVID-19 quarantine and limited mobility.

3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design?
L Information generation and sharing  L Consultation  L Collaboration  L Partnership

It is likely that the Project will liaise and coordinate with government and health authorities but will have limited scope for CSO engagement. There is scope for research organization alliance to understand areas where CGH’s current community outreach services (community goods deliveries) might be enhanced.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed?  
Yes  No

As a continuation of pre-existing industrial scale supply of gas and LPG the potential for participation of the poor and excluded in Project design is limited.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category  A  B  C  F

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?  
Yes  No

2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?
Resettlement plan  Resettlement framework  Social impact matrix
Environmental and social management system arrangement  None

B. Indigenous Peoples Category  A  B  C  F

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples?  
Yes  No
2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes ☒ No

3. Will the project require broad community support of affected indigenous communities? ☐ Yes ☒ No

4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?
☐ Indigenous peoples plan ☐ Indigenous peoples planning framework ☒ Social impact matrix ☐ Environmental and social management system arrangement ☐ None

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<th>V. OTHER SOCIAL ISSUES AND RISKS</th>
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<td>1. What other social issues and risks should be considered in the project design?</td>
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<td>☐ Creating decent jobs and employment ☒ Adhering to core labor standards ☐ Labor retrenchment</td>
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<td>☐ Spread of communicable diseases, including HIV/AIDS ☐ Increase in human trafficking ☐ Affordability</td>
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<td>☐ Increase in unplanned migration ☐ Increase in vulnerability to natural disasters ☐ Creating political instability</td>
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<td>☐ Creating internal social conflicts ☒ Others, please specify:</td>
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2. How are these additional social issues and risks going to be addressed in the project design?
CGH’s pre-existing EHS systems complies with national legal requirements and, as a pre-existing ADB borrower also has enhanced EHS systems in place. These will be reviewed to determine their efficacy for managing risks and impacts associated with labor standards. Corrective actions, if determined, will be included as requirements in Project design.

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<th>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</th>
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<td>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?</td>
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<td>☒ Yes ☐ No</td>
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2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the transaction TA or due diligence?
Safeguard, social requirements and gender analysis will be undertaken by ADB PSOD Safeguards and Gender specialists in consultation with CGH.

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d Smith J. Overcoming the “tyranny of the urgent”: integrating gender into disease outbreak preparedness and response. Gender Develop. 2019; 27: 355-369  
e Clare Wenham, Julia Smith, Rosemary Morgan on behalf of the Gender and COVID-19 Working Group. The Lancet. Published: March 06, 2020. [https://doi.org/10.1016/S0140-6736(20)30526-2](https://doi.org/10.1016/S0140-6736(20)30526-2)  