



Initial Poverty and Social Analysis

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PRC: Health Care Finance in Rural Areas for COVID-19 Response Project

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Asian Development Bank

CURRENCY EQUIVALENTS
(as of 1 October 2020)

Currency unit	–	yuan (CNY)
CNY1.00	=	\$0.1473
\$1.00	=	CNY6.7910

NOTE

In this report, “\$” refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	People's Republic of China	Project Title:	Health Care Finance in Rural Areas for COVID-19 Response Project
Lending/Financing Modality:	Financial Intermediary	Department/ Division:	Private Sector Operations Department Private Sector Financial Institutions Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The proposed loan to Far East Horizon Limited (FEH) Limited will be used to finance the lease or purchase of modern medical equipment to county level public hospitals in the PRC. The proposed loan is aligned with the ADB's Strategy 2030 operational priorities of reducing inequalities through expansion of support for education, health care, and social protection programs.^a It is also consistent with ADB's operational plan for the health sector which emphasizes the need to strengthen the quality of health care services.^b The project will contribute to the realization of the country partnership strategy for PRC 2016-2020 which highlights the role of private sector in ensuring accessibility to social development which includes health and education.^c</p>
<p>B. Poverty Targeting:</p> <p><input checked="" type="checkbox"/> General intervention <input type="checkbox"/> Individual or household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-income MDGs (TI-M1, M2, etc.)</p> <p>The project will help address the accessibility of quality healthcare services especially in rural areas in PRC.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries. Poverty in PRC is experienced by 3.1% of its population. 2017 data of World Bank accounts for a total of 30.46 million Chinese living below the national poverty line.^d Poor communities are predominant in rural areas of central and western provinces. Income disparities in urban and rural areas also reflects disparities in the accessibility of quality healthcare services. The reported healthcare expenditure per capita in 2014 was CNY3,558 in urban areas and CNY1,412 in rural areas. A report conducted by the World Bank and World Health Organization (WHO) in 2016^e identified that the government's national health strategy had prioritized the development of specialist hospitals in urban areas at the expense of primary health care provision, creating unequal access to health services, particularly for those in rural areas. The proposed loan will finance county level public hospitals, and at least 60% of the loan proceeds will support those designated by the PRC government for treatment of COVID-19. The project will expand FEH's capacity of financing to public hospitals in rural areas, which aims to reduce the urban-rural disparity in health care standards, widen access to quality health care for the rural population and improve the readiness for managing future COVID-19 outbreaks in the rural areas.</p> <p>2. Impact channels and expected systemic changes. The follow-on loan will finance county hospitals which primarily serve the population in surrounding rural areas and where healthcare standards are significantly below urban areas. Populations residing within or near the focused hospitals will greatly benefit from the modernization of medical equipment and readiness of designated COVID-19 hospitals for future outbreaks.</p> <p>3. Focus of (and resources allocated in) the transaction TA or due diligence. The due diligence process will assess FEH's performance in implementing its existing loan and likely future portfolio that ADB financing will be directed to as well as the corresponding social risks and impacts.</p>
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? While the People's Republic of China's (PRC) growth and development has led to notable socioeconomic progress, gender inequality remains in areas such as poverty, women's access to assets including land, employment, pay gaps and gender based violence.^e Despite the considerable progress since the Law's introduction, there are still many challenges to its effective implementation including a lack of awareness and capacity among frontline anti-domestic violence service providers, including healthcare providers.^f</p> <p>FEH has achieved gender balance among its staff. FEH provides nursing rooms for staff and in 2019 delivered business trip safety training sessions for female employees. The company has a policy of performance-based remuneration and incentive schemes with an explicit clause of non-discrimination based on gender. The company does not currently have an anti-sexual harassment policy.</p> <p>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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The project is categorized as having effective gender mainstreaming and FEH is committed to implement a Gender Action Plan with the measures to support gender-based violence victims and enhance gender equality of the work environment.</p>

<p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
<p>III. PARTICIPATION AND EMPOWERMENT</p>
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. The follow-on loan will finance county hospitals which primarily serve the population in surrounding rural areas and where healthcare standards are significantly below urban areas. Populations residing within or near the focused hospitals will greatly benefit from the modernization of medical equipment and readiness of designated COVID- 19 hospitals for future outbreaks.</p> <p>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? FEH will continue to have an open communication with stakeholders through its email, hotline service and official website. FEH also has in place a supplier feedback mechanism to manage potential environmental and social risks. To fulfill the requirements to be listed on the Hong Kong Stock Exchange, FEH also publishes its corporate social responsibility (CSR) initiatives annually in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (GRI G4).</p> <p>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? The nature of the proposed project will not require FEH to directly engage with civil society organizations (CSOs) at the project level. However, CSOs can access its annual environmental, social and governance (ESG) Report. <input checked="" type="checkbox"/> (L) Information generation and sharing <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No There will be no anticipated issues on the participation of poor and excluded during project design. FEH has already established a system to communicate with the stakeholders and the same will be applied for this follow-on project.</p>
<p>IV. SOCIAL SAFEGUARDS</p>
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI (treated as C)</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No ADB's loan will be used solely to finance leasing or purchase of healthcare equipment and will not lead to involuntary resettlement.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI (teared as C)</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The lease or purchase of healthcare equipment will not cause significant impacts to distinct and vulnerable IP groups, their socio-cultural beliefs and practices or their livelihood systems and will not result to commercial development of cultural resources and knowledge of distinct and vulnerable ethnic minority groups, displacement of such groups from their traditional land, or commercial development of any natural resources within customary land.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The proposed project will unlikely to entail significant impacts to distinct and vulnerable IPs.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p>
<p>1. What other social issues and risks should be considered in the project design? <input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> (H) Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p>

2. How are these additional social issues and risks going to be addressed in the project design? FEH is committed in protecting the interest of its employees and strictly complies with PRC's Labor Law (1995) and Labor Contract Law (2008). Internally, the company also formulated employment and interests-related regulations. The Company has also signed "Union Collective Contract of International Far Eastern Leasing Co., Ltd." And a special agreement to protect the interests of female employees through the "Special Contact for Protection of Female Employees Special Interests of International Far Eastern Leasing Co., Ltd." FEH monitors and reports compliance of its investments, clients, and contractors with applicable national labor laws through its annual ESG report. The 2019 ESG report stated that there was no reported case on discrimination, child labor, forced labor or violations of employees' interests.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

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?

Yes No

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?

ADB staff will assess the poverty, social, and gender aspects of the proposed project during due diligence and will assess FEH's performance in managing social risks and compliance with applicable laws for its existing loan with ADB.

Sources:

- ^a ADB. 2018. *Strategy 2030: Achieving Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.
- ^b ADB. 2015. *Operational Plan for Health, 2015-2020*. Manila.
- ^c ADB. 2015. *Country Partnership Strategy: Transforming Partnership: People's Republic of China and Asian Development Bank, 2016–2020*. Manila.
- ^d World Bank. 2018. [Poverty and Equity Brief: East Asia & Pacific – China](#).
- ^e Government of the People's Republic of China, National Health and Family Planning Commission and World Health Organization, et. al. 2014. *Success Factors for Women's and Children's Health: China*. Geneva.
- ^f Justice Network. 2017. [The Supreme People's Procuratorate of the People's Republic of China](#). Beijing.