

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	India	Project Title:	Sustainable Urban Development and Service Delivery Program (Subprogram 2)
Lending/Financing Modality:	Policy-Based Loan	Department/Division:	Sectors Group/ Water and Urban Development Sector Office

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: general intervention

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

The program is aligned with India's socioeconomic development strategy drafted by the National Institution for Transforming India (NITI) Aayog.^a The goal of the strategy is to achieve broad-based economic growth to support balanced development across all regions and states and across sectors. Subprogram 2 will prepare and begin reforms at state and urban local body (ULB) levels to establish and operationalize (i) national and subnational policies, guidelines, and programs for accelerated achievement of universal water supply and improved sanitation service delivery with associated urban reforms; (ii) policies and programs for providing rental housing to urban migrant and industrial workers, working women, and the poor; and (iii) policies and guidelines for performance-based central fiscal transfers. In coordination with the Ministry of Housing and Urban Affairs (MOHUA), the program was designed to align with national flagship programs, such as the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) 2.0 and *Pradhan Mantri Awas Yojana* (PMAY)–Housing for All, for achieving dynamic economic growth and a more livable environment. Subprogram 2 is also aligned with the Asian Development Bank (ADB) country partnership strategy for India, 2023–2027, which envisages universal access to improved urban services; green, resilient, and livable cities development through integrated urban planning; and enhanced urban governance for delivering sustainable municipal services.^b

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. India achieved the world's largest reduction in the number of poor people as about 135.5 million rose out of poverty from FY2016 to FY2021. Niti Aayog's National Multidimensional Poverty Index Report 2023 indicates a decline in the proportion of the population living in multidimensional poverty from 24.85% in FY2016 to 14.96% in FY2021. The incidence of poverty in urban areas dropped from 8.65% to 5.27% over the same period.^c However, the growing gap between higher- and lower-income states remained a chronic problem and major concern. For urban India, an additional 36 million to 47 million people are expected to fall into poverty, with the total headcount ratio rising from 39.08% to 42.40% because of the impact of the coronavirus disease (COVID-19) pandemic.^d India's maternal mortality ratio also declined to 113 in 2016–2018 from 130 in 2014–2016, which was still higher than the Sustainable Development Goal 3.1 target of 70.^e India's infant mortality rate decreased from 50 in 2009 to 32 in 2018; in urban areas, it fell from 34 in 2009 to 23 in 2018.^f The life expectancy at birth increased from 66.24 years in 2009 to 69.65 years in 2019.^g Only 56.90% of urban households have piped water supply within their premises, and nonrevenue water is 40%–60% for most cities and towns. Among urban households, 9.10% report insufficient quantity of water and 37% carry out additional treatment and/or disinfection of water within their premises. Of the 96.20% of urban households with access to latrines, 39.10% are connected to a sewer system and 57.60% are flushed to septic tanks or leach pits; 2.6% use pit latrines.^h In 2021, MOHUA reported that about 40% of cities are not connected to a sewerage system. Only e. Wastewater treatment capacity is at 43%, but only 28% of wastewater is treated. This means that untreated sewage is dumped into water bodies and pollutes the environment. As a result, 30% of Indian river stretches are severely or moderately polluted.ⁱ Among urban households, 63.8% do not own a house and 23.1% stay in rental housing without rental contracts; 17.4% of the urban population live in slums (footnote h). The exodus of migrant workers from cities during the COVID-19 pandemic exacerbated their housing needs. Although India has made significant qualitative and quantitative progress in eradicating poverty and basic facility gaps for citizens, several concerns on inter- and intra-state disparities remain.

2. Beneficiaries. Subprogram 2 will benefit urban poor communities (slum dwellers), migrant workers, women, and other vulnerable populations (e.g., elderly, children, persons with disabilities).

3. Impact channels. The program supports the development of the government's long-term approach to water supply and sanitation (WSS) and housing, aimed at improving people's living and health conditions. Greater access to WSS and housing will provide more time and healthy conditions for productive activities. Gender equality and social inclusion (GESI) elements were integrated in the program design.

4. Other social and poverty issues. The lack of access to affordable housing results in more poor migrant workers, including women in cities and industrial estates, living in substandard housing or commuting long distances.

5. Design features. A thorough assessment has been undertaken of how program resources will be used to ensure that WSS and housing infrastructure gaps are understood, and that policy changes and innovations mitigate those gaps. The economic assessment demonstrated the sector- and economy-wide impact of the policy reforms.^j The assessment also underlined the rationale for the reforms and discussed how they will produce economic benefits.

<p>C. Poverty Impact Analysis for Policy-Based Lending</p> <p>1. Impact channels of the policy reforms. Subprogram 2 will accelerate the implementation of policy actions that are crucial for structural urban reforms to improve universal access to safe water and sanitation services, including for vulnerable groups, and provide affordable housing to poor, migrant workers, industrial workers, and working women. Further, policy direction and guidelines for performance-based fiscal transfers to ULBs based on service level and revenue collection will incentivize ULBs. This reform will help improve local financial resource generation in ULBs and will improve urban governance.</p> <p>2. Impacts of policy reforms on vulnerable groups. Improved urban services and affordable housing will have positive impacts on poor and vulnerable households.</p> <p>3. Systemic changes expected from policy reforms. Improved planning, monitoring, implementation capacity, and enhanced financial health of urban local bodies will enhance pro-poor urban service delivery.</p>
<p style="text-align: center;">II. PARTICIPATION AND EMPOWERING THE POOR</p> <p>1. Participatory approaches and project activities that will strengthen inclusiveness in project implementation. Subprogram 2 emphasizes participatory approaches that are essential to achieving the reforms. Consultations and a series of meetings have been conducted with the program proponents and government agencies, as well as other project stakeholders of the state departments, ULBs, women, urban poor communities (e.g., slum dwellers), migrant workers, persons with disabilities, and other vulnerable groups. The program will also use <i>Pey Jal Survekshan</i> (drinking water survey), a technology-based platform to obtain the feedback of program beneficiaries including women and youth. Women self-help groups will be involved in water demand management, water quality testing, and water infrastructure operation and maintenance. The government will consult all stakeholders during policy implementation and monitoring and evaluation of the national missions.</p> <p>2. CSO participation. Civil society organizations (CSOs) will be invited to participate in meetings and workshops and will be consulted on barriers to universal coverage and social inclusion, as well as approaches and steps to overcome barriers. Several women-, advocacy-, and identity-based organizations have a regional and/or pan-India presence in the housing and water and sanitation segments (e.g., SPARC, AILSG, <i>Mahila Housing Trust</i>, <i>Arghyam</i>, and <i>Janaagraha</i>).</p> <p>3. Approaches of CSO participation envisaged during project implementation. <input type="checkbox"/> Information gathering and sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>4. Participation plan. <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Other plans and/or frameworks. While no participation plan is prepared for the program, MOHUA has established an online portal to monitor the progress of service delivery parameters and to seek feedback from citizens (e.g., <i>Pey Jal Survekshan</i>).</p>
<p style="text-align: center;">III. GENDER AND DEVELOPMENT</p> <p>Gender mainstreaming category: effective gender mainstreaming</p> <p>1. Key issues. While most states provide drinking water to most of their urban population, the Composite Water Management Index 2019 of NITI Aayog indicated that about 83% of the urban population has access to drinking water. Wastewater treatment remains a challenge in the country.^k About 6% of households traverse more than 200 meters from their place of residence to fetch drinking water (endnote h). Gaps in water supply service cause city dwellers to depend on privately extracted groundwater, lowering local water tables. Of all slum households, 34% do not have a treated tap water facility and latrine facility within their premises.^l Women are most affected by the lack of availability or poor quality of the WSS system as they are responsible for WSS management and caregiving within households. Women migrant workers, including scheduled caste, nomadic communities, elderly, children, and people with disabilities, and other vulnerable groups also face poor housing conditions. Most of these groups live in slums or temporary shelter colonies at construction sites. This creates multifold problems related to water and sanitation, such as the prevalence of waterborne diseases, malnutrition among women and children, poor access to education by children (mostly girls), and safety issues for women and girls. The temporary shelters provided at construction sites for the migrant and construction workers often do not have facilities like (i) quality drinking water, (ii) quality sanitation facilities to ensure dignity for women, (iii) creche and early childhood development centers to provide nutrition and learning and development opportunities for children below the age of 6, and (iv) services for pregnant and lactating women. Women, urban poor communities, migrant workers, persons with disabilities, and other vulnerable groups will be direct beneficiaries of PMAY-U and affordable rental housing complexes (ARHCs). Subprogram 2 will provide job opportunities to women and other socially excluded and vulnerable groups.</p> <p>2. Key actions. Subprogram 2 supports MOHUA in institutionalizing a gender mainstreaming component in key urban programs: AMRUT 2.0, PMAY-U, and ARHCs. Subprograms 1 and 2 helped MOHUA (i) integrate GESI elements while finalizing the AMRUT 2.0 guidelines, (ii) prepare a standardized framework to mainstream GESI aspects in urban service delivery, (iii) set up and/or institutionalize a platform for training and capacity building to sensitize states and ULBs on continual GESI in urban service delivery, and (iv) establish a system for generating sex-disaggregated data on the beneficiaries. Women beneficiaries will be identified and their participation in urban water management will be achieved through adequate training and capacity building to narrow gender inequalities and provide equal opportunities to women. Greater involvement of women and other vulnerable groups in operation and maintenance, training, and monitoring and evaluation is crucial to institutional strengthening as well as empowerment of such groups. Support is being provided to states to adopt a standardized framework for GESI aspects. <input checked="" type="checkbox"/> No action or measure</p>

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES	
A. Involuntary Resettlement 1. Key impacts. Subprogram 2 is not expected to involve land acquisition or involuntary resettlement. Implementation of policy guidelines within the policy-based loan period will generally not involve civil works. Activities under policy action 2, reform area 1 will not require land acquisition and/or involuntary resettlement. 2. Strategy to address the impacts. The matrix of potential environmental and social impacts of each policy action has been updated, showing that ADB's Safeguards Policy Statement (2009) involuntary resettlement policy is not triggered. 3. Plan or other Actions <input checked="" type="checkbox"/> Matrix of Potential Environmental and Social Impacts and Measures	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
B. Indigenous Peoples 1. Key impacts. Impacts on indigenous peoples' groups are not anticipated. Scheduled tribe individuals may benefit indirectly from the program's reforms. The program components will not include activities that adversely affect the dignity, human rights, livelihood systems, or culture of indigenous people, or affect the natural or cultural resources that they own, use, occupy, or claim as ancestral domain or an asset. 2. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 3. Strategy to address the impacts. Not applicable 4. Plan or other actions. <input checked="" type="checkbox"/> Matrix of Potential Environmental and Social Impacts and Measures	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market 1. Relevance of the program for the country's or region's or sector's labor market <input checked="" type="checkbox"/> unemployment [L] <input checked="" type="checkbox"/> underemployment [L] <input checked="" type="checkbox"/> retrenchment [L] <input checked="" type="checkbox"/> core labor standards [M] 2. Labor market impact. Support for ARHCs is expected to have an indirect, positive impact on the labor market.	
B. Affordability. Rationalization of water and sanitation tariffs is one of the objectives of the program to improve and sustain service delivery. This will be done with due consideration of affordability and social inclusion.	
C. Communicable Diseases and Other Social Risks 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input checked="" type="checkbox"/> Communicable diseases (L) <input type="checkbox"/> Human trafficking (NA) Others (please specify) _____ 2. Risks to people in project area. None	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The policy design and monitoring framework outlines the key targets and indicators. 2. Required human resources. The executing and implementing agency, MOHUA, has been guiding and monitoring the implementation of the policy-based loan. Technical assistance resources are being used to implement key GESI actions and to support the capacity building platform. 3. Information in the project administration manual. Not applicable 4. Monitoring tools. ADB will monitor the program implementation through periodic progress reports, MOHUA's online performance monitoring portals, and regular missions.	

- ^a National Institution for Transforming India (NITI) Aayog. 2018. [Strategy for New India@75](#). New Delhi.
- ^b ADB. 2023. [India: Country Partnership Strategy: India \(2023–2027\)—Catalyze Robust, Climate-Resilient, and Inclusive Growth](#). Manila.
- ^c Niti Aayog. 2023. [India National Multidimensional Poverty Index—A Progress Review 2023](#). New Delhi.
- ^d K. Ram and S. Yadav. 2021. [The Impact of COVID-19 on Poverty Estimates in India: A Study Across Caste, Class and Religion](#). New Delhi.
- ^e Office of the Registrar General. 2020. [Special Bulletin on Maternal Mortality in India 2016–18](#). SRS Bulletin. New Delhi.
- ^f Office of the Registrar General. 2020. [Sample Registration System](#). SRS Bulletin. 53 (1). New Delhi.
- ^g World Bank. [Life Expectancy at Birth, Total \(years\)—India](#) (accessed 10 May 2021).
- ^h National Statistical Office. 2019. [Drinking Water, Sanitation, Hygiene and Housing Condition in India. NSS 76th Round](#). New Delhi.
- ⁱ NITI Aayog. 2022. [Urban Wastewater Scenario in India](#). New Delhi.
- ^j ADB. 2020. [Guidance Note on Economic Assessment of Policy-Based Lending](#). Manila.
- ^k NITI Aayog. 2019. [Composite Water Management Index](#). New Delhi.
- ^l Census of India. 2011. [HH-6 Slum Households by Main Source of Drinking Water and Location](#). New Delhi.
- Source: Asian Development Bank.