

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Karnataka Urban Water Management Investment Program
Lending/Financing Modality:	Multitranche financing facility and Project 1	Department/ Division:	South Asia Department/ Urban Development and Water Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Broadly coinciding with acceleration in the rate of economic growth, India's incidence of poverty has registered a decline from 37.2% in 2004-2005 to 29.8% in 2009-2010 (19.3% in urban areas). The government's continued commitment to poverty reduction is reflected in the goal of inclusive growth that was a critical component of the Eleventh Five Year Plan (11th FYP) and continues to be a pivotal feature in the Approach to the Twelfth Five Year Plan (12th FYP). The government's responses to poverty can be categorized in terms of two related though distinct approaches. One focuses on enhancing economic opportunities that the poor can access, the other targets the poor directly—by specifically expanding economic opportunities for the poor, developing their capabilities to access economic opportunities, and protecting them from various types of shocks.

While Karnataka has recorded the high growth rates in terms of GDP and per capita GDP in the last decade, poverty in Karnataka continues to be the highest among the Southern States, at about 19% of its population (2009-2010). For the same period, Karnataka's urban poverty stood at about 23.5% or 5.09 million, which is above India's average. While efforts have yielded results (decreasing poverty both in percentage and absolute numbers from 32.6% or 6.38 million, in 2004-2005), these need to be further intensified, particularly as the State is rapidly urbanizing.¹

In this context, addressing Karnataka's water bottlenecks is seen as a major challenge, given that it is one of the most water-stressed states in India. 94% of water use in major river basins is dedicated for irrigation, with the balance allocated to drinking water (mostly urban) and industrial purposes. While access to safe drinking water has reached 84% of the population, unmet demand is substantial: only 25% of urban local bodies and rural villages can supply the set per capita requirements. Sanitation coverage is only at 38%. Most systems have also low efficiency in distribution and high unaccounted water levels ranging 30-80%. The State is also suffering from rapidly rising industrial water demand and untreated effluent discharge, and degrading watersheds causing rapid runoff and siltation of reservoirs. Poor people are disproportionately affected with less access to water and, where available, with a much lower quality.

The State through Karnataka Vision for Development and 11th FYP has placed high priority to address the water sector challenges through physical investments to expand access and improve efficiency of irrigation and UWSS, while strengthening the policy and institutional framework to initiate IWRM on the basis of river basins, and pursue improved service delivery as a means to reduce poverty and achieve water security for all.

ADB's country assistance strategy is closely aligned with the Government of India's 11th FYP and the Approach to the 12th FYP, and has placed high priority in supporting inclusive and environmentally sustainable growth through infrastructure development, within which expanding UWSS has been focused on a long-term basis in light of its high implications for poverty reduction and linkage to MDG for safe drinking water (MDG 7). As such, the support for the Program – aimed to enhance water security for the basin population with increased access to UWSS, and better water management systems to improve overall basin water balance and environment – is in line with the strategy, as well as ADB's Water Operational Framework 2011-20 and ADB's Urban Operational Framework 2012-2020.

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (MDG7)

The program targets water and sanitation improvements, directly addressing the MDG Goal 7, Target 10 of reducing by half the proportion of people without sustainable access to safe drinking water and basic sanitation. The Karnataka Human Development Report (2005) highlighted regional imbalances within the State of Karnataka. The Report points to high poverty rates and poor health indicators in a large number of northern districts. Project 1 of the MFF will be implemented in the Upper Tungbhadra subbasin, which falls under this category.

¹ Economic Survey of Karnataka 2011-2012.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The primary beneficiaries of the project are the urban population settled in the selected urban areas located in the upper Tungabhadra river basin for Project 1, and those who are located in other water-stressed basins in the subsequent tranches. In general, main beneficiaries are those who have limited access to UWSS systems due to low efficiency in water distribution and lack of sanitation and sewerage facilities. This is predominant where poverty levels are higher than in areas having more reliable access.

2. Impact channels and expected systemic changes. Provision of safe clean drinking water and effective and functional sanitation facilities is a prerequisite to improve the quality of life and hence reduce poverty, through better health, saving time for carrying water and checking children, particularly girls, from dropping out of schools and contribute to their education. Improved water resources management through IWRM will also benefit the basin population at large through improved water availability and quality, and better riverine environmental conditions. The PPTA is in the process of assessing appropriate options and ways that can meet the needs of the beneficiaries, particularly vulnerable groups. Improved UWSS infrastructure will enhance access to the population presently having limited or no access who are proportionately poorer and socially more disadvantaged. However, sustaining the improved access would require sustainable institutions and service delivery mechanisms to adequately operate and maintain the facilities in an accountable manner to the needs of the beneficiaries. In general, the requisite accountable and sustainable service delivery mechanism is often lacking, and poses a challenge to the concerned population. Accordingly, the Program will include strengthening of the institutional mechanisms of sustainable, equitable, and efficient service delivery, including institutional reforms and capacity development of the service delivery agencies to become service oriented, and reflection of appropriate cost recovery mechanisms to sustain O&M. The TA will also pursue incorporating participation of stakeholder representatives in the decision making process of the service delivery agencies as well as basin water managers and operators. The TA is also in the process of identifying and assessing any social, political, and other constraints that may be constraining the participation of the socially weaker sections of the population, to explore practical options for the inclusive development during the process of improving water resources management.

3. Focus of (and resources allocated in) the PPTA or due diligence. Under the PPTA, the urban consultancy team included 3 person-months of national Poverty and Social Specialist, and 4.5 person-months of resettlement specialist, together with consultative socio-economic surveys of the selected Project 1 subprojects which were entrusted to local NGOs.

4. Specific analysis for policy-based lending. Not applicable

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Improved living conditions are important for all, but particularly for poor women who are the most exposed to the drudgery and indignity associated with the lack of services. Deficiencies in basic services increase the time and effort for household water collection, waste disposal and family hygiene, all responsibilities usually carried by women that can also constrain the time available for income-earning activities. Inadequate toilet facilities also expose women to indignity and increase the risk of sexual harassment and assault. In local communities and user organizations, their representation is still limited. Provision of water and sanitation facilities will directly support women's quality of life and reduce their burdens.

2. Does the proposed project or program have the potential to make a contribution 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

While the local self-governance system (73rd and 74th Constitutional Amendments) provide for 33% reservation for women to all elected positions that are being followed, their effective participation in decision making process still remains a challenge. The PPTA will explore practical ways that can promote effective steps towards higher participation and empowerment of women and incorporation of their interests and views in planning, implementation, and O&M of the facilities to be provided, as well as their participation in user organizations, service providers, local NGOs, and other stakeholders.

A gender analysis is being undertaken by PPTA consultants, and a gender action plan prepared for Project 1, with collection of sex- disaggregated information and data that will be effectively used in its preparation as well as project design.

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 theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT	
<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.</p> <p>Stakeholders participating in project design include representatives of the urban poor (including women), all tiers of government (including Central ministries, State and Local governments), CBOs, aid agencies, NGOs assisting in project preparatory work, and selected members of the private sector where relevant and appropriate.</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? India's Constitution and its amendments provide for participation of the poor and excluded. The project will see that representation in urban councils is aligned to this. The Project will also ensure 100% service coverage in all project towns, including slums, and areas predominantly poor and vulnerable.</p>	
<p>3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?</p> <p><input checked="" type="checkbox"/> Information generation and sharing <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>NGO and CBOs distributions are being studied as part of the social assessment undertaken by the PPTA. The project will build on the consultation and community participation exercises undertaken during the PPTA, with the support from consultants and NGOs. These include both community participation for subproject planning, design and implementation. Intensive community consultations will also be carried over to the project implementation stages and user awareness will be included as an important activity.</p>	
<p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
IV. SOCIAL SAFEGUARDS	
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI For Tranche 1</p>	
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The Program is designed to minimize land acquisition and resettlement impacts. A Resettlement Framework has been prepared for the MFF. PPTA consultants Due Diligence assessments so far indicate the absence of involuntary resettlement for Project 1. This will be confirmed by ADB's due diligence review and Fact-finding mission.</p>	
<p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input checked="" type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>	
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI For Tranche 1</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</p> <p>The Program is designed to minimize impacts on indigenous peoples. An Indigenous Peoples Planning Framework is being prepared for the Program. There are no Indigenous Peoples in the Project 1 areas (urban and homogeneous).</p>	
<p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Indigenous peoples plan <input checked="" type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix</p> <p><input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>	
V. OTHER SOCIAL ISSUES AND RISKS	
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input type="checkbox"/> Creating decent jobs and employment (M) <input checked="" type="checkbox"/> Adhering to core labor standards (M) <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> Affordability (M)</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><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?

The Project will result in temporary and permanent employment for local people. Adherence to core labor standards will be secured through provisions in the contractual documents and monthly site reviews from the PMUs (semiannual from the project team). A Water tariff is anticipated to be applied but its impacts are anticipated to be exceeded by increased benefits in terms of reduced cost of alternative water supply. Affordability is not expected to be a problem, nonetheless, the PPTA has undertaken socio-economic surveys in Project 1 and is assessing it in detail.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA 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

3. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence?

Under the PPTA, the urban consultancy team included 3 person-months of national Poverty and Social Specialist (plus one person month of assistant poverty analyst), and 4.5 person-months of resettlement specialist, together with consultative socio-economic surveys of the selected Project 1 subprojects which were entrusted to 2 national NGOs.

ADB = Asian Development Bank, CBO = community-based organization, FYP = Five-Year Plan, GDP = gross domestic product, IWRM = Integrated Water Resources Management, MDG = millennium development goal, MFF = multitranches financing facility, NGO = nongovernment organization, O&M = operation and maintenance, PMU = project management unit, PPTA = project preparatory technical assistance, TA = technical assistance, UWSS = urban water supply and sanitation.