



Initial Poverty and Social Analysis

December 2019

India: Maharashtra Agribusiness Network Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 7 December 2019)

Currency unit	–	Indian rupee(₹)
₹1.00	=	\$0.014026
\$1.00	=	₹71.292

ABBREVIATIONS

ADB	–	Asian Development Bank
FIL	–	financial intermediation loan
FPO	–	farmer producer organization
F-TRTA	–	transaction technical assistance facility
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government of India and its agencies ends on 31 March. "FY" before calendar years denotes the years in which the fiscal year starts and ends, e.g., FY2016/17 starts on 1 April 2016 and ends on 31 March 2017.
- (ii) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed Maharashtra Agribusiness Network Project will support development of inclusive and cost and resource-efficient horticultural agribusiness and value chains that will help increase farm income of 200,000 farmers and minimize food loss. The project is anticipated to (i) connect to multiple modern and efficient agribusiness value chains via FPOs; (ii) connect to improved horticultural harvest and post-harvest system for distribution of high quality produce and food loss reduction, supported by the adoption of best practices and technologies as well as improved facilities and infrastructure; and (iii) provide credit and financial services, market information, relevant knowledge and technology, risk management tools and other essential agribusiness services.

The project aligns with the State Government of Maharashtra's *Vision 2030*^a and ADB's India Country Partnership Strategy (2018–2022).^b These overarching policy frameworks emphasize the pivotal role of rural infrastructure in poverty reduction and social development. From a sector policy perspective, India's agriculture policy highlights the need to develop farm and value chain facilities for post-harvest management, storage, transport, marketing and export so that farmers will get due price for their produce. The project aligns with the Sustainable Development Goals 1, 2, 5, 8, 9, 10, 12, and 13 and will contribute to poverty reduction, inclusive growth, and social development.

B. Poverty Targeting:

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

Maharashtra is the second largest state in India in terms of population and geographical area. The total population is 1.21 billion, with a sex ratio of 1,000 males to 952 females.^c Approximately 20 million poor are living below the national poverty line of less than \$1.90 per day.^d While Maharashtra is India's leading industrial state, most people (53%) directly or indirectly depend on agriculture for their livelihood and subsistence. The project aims to enhance farm income, increase farm and non-farm jobs, and reduce food loss along the horticulture system in Maharashtra. The project outcome will be: Maharashtra's horticultural production values and FPOs' profits increased. The project will include gender-sensitive and participatory consultation approach to ensure that the interests and needs of poor and marginal farmers are reflected in the project implementation and outputs.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The expected project beneficiaries are marginal farmers (smallholding of less than 2 hectares), rural population, agribusiness industries and end consumers. These beneficiary groups depend upon the agriculture value chain, which lacks in efficiency. For farmers and other agribusiness beneficiaries to fully benefit from the growing demand for safe and high-quality food, fragmented farmers and markets need to be connected as efficient and sustainable agriculture value chain. The slow growth in the agriculture sector has widened the rural–urban divide and contributed to severe distress in rural areas.^e Maharashtra's rural communities suffer similar challenges to other Indian states: (i) high levels of indebtedness, underemployment, vulnerability to minor and major shocks (market fluctuations, extreme weather events); (ii) lack of access to health, education, communications and information; (iii) discrimination and marginalization by caste, or vulnerability; and (iv) limited opportunities for livelihoods improvement.

Some of the general issues that confront marginal farmers are: (i) imperfect markets for inputs/product leading to smaller value realizations; (ii) absence of access to credit markets or imperfect credit markets leading to suboptimal investment decisions or input applications; (iii) poor human resource base; (iv) smaller access to suitable extension services restricting suitable decisions regarding cultivation practices and technological know-how; (v) poorer access to "public goods" such as public irrigation, command area development, and electricity grids; and (vi) greater negative externalities from poor quality land and water management.^f Consumption expenditure of marginal farmers exceeds their estimated income by a substantial margin and presumably the deficits have to be plugged by borrowing or other means.^g

2. Impact channels and expected systemic changes.

The project will have an overall impact on poverty reduction. It will directly benefit the poor and vulnerable members of the farming community by providing an efficient post-harvest marketing and agriculture value chain. The project will engage marginal farmers through FPOs and bring benefits with the growing food demand and additional profits by increasing crop values and reducing food losses. Access to financing would enable improvements in the farmer income and livelihood of rural population by generating various direct marketing opportunities for many marginal farmers. Vulnerable groups, particularly women, scheduled castes, and the poor will be targeted through the project's gender action plan.

3. Focus of (and resources allocated in) the transaction TA or due diligence.

An environment and social safeguard assessment will be conducted under the existing transaction technical assistance facility.^h Gender and social inclusion assessments will also be carried out to explore opportunities to

mainstream gender and social development aspects. All relevant surveys will ensure that gender and social parameters are effectively integrated.

II. GENDER AND DEVELOPMENT

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

Key issues observed in agriculture sector are (i) women's contributions are critical to the well-being of rural households; (ii) room for large productivity increases by empowering women farmers; (iii) shift from the farm to the non-farm sector has been slower among women than men, and rewards for women's labor remain lower in both sectors; (iv) women want opportunities for employment and self-employment; (v) women's nonfarm self-employment and enterprises tend to be less remunerative than those of men; and (vi) low ownership by women of productive assets, particularly land, has major implications for women's productivity, incomes, and well-being.ⁱ Women comprise over 42% of the agricultural labor force in the country, signifying increasing feminization of agriculture, and yet they own less than 2% of its farm land, and India is one of the 15 countries in the world, prevalence of patriarchal tradition that prevents women from enjoying equal ownership rights to property.^j

Women play significant roles in production and post-harvest processing that are often key determinants of the size and quality of the final commodities produced.^k Women in Maharashtra require ongoing support to increase their participation, representation, voice, and influence in decision-making that affects their lives and the lives of their family and community.

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

Women will be important stakeholder in the project and will be provided opportunities to actively engage in project preparations and implementation. Gender design features such as promotion of female-headed FPOs and women friendly infrastructure design will be included within a gender action plan and feature in the project's design and monitoring framework.

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

The project is not expected to have an adverse impact for women and/or girls; who will be actively engaged in the project design and implementation.

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.

Farmers, rural men and women, local authorities, civil society, value chain operators, and the government will be the main stakeholders. During the due diligence, all project stakeholders will be consulted and provided information and opportunities to influence the project design according to their needs and interests.

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?

The project will adopt a gender-sensitive and participatory approach to community consultations. Farmers and rural people, particularly women, are primary focus in the project, who may lack voice and confidence to contribute to decision-making, social mobilizers/consultants will organize separate meetings with these groups and build their confidence to influence collective decision-making processes. Representatives from marginalized and disadvantaged groups will be represented in all aspects of project planning and implementation.

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?

Information generation and sharing (M) Consultation (M) Collaboration (L) Partnership (L)

CSOs operating within the project areas will be invited to public consultations and can assist with information sharing about the project. Potential CSO's will be identified during the due diligence.

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

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

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

No physical or economic displacement will occur for the project loan component. The project is therefore categorized as C for Involuntary Resettlement.

For the FIL component, social due diligence will be carried out on the financial intermediaries and an environmental and social management system arrangement will be prepared.

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 FI

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

The project is not anticipated to negatively impact IP populations however IP farmers who voluntarily elect to join and participate in agribusiness activities may benefit. This benefit would be derived from improved knowledge and skills, agricultural production and income. The project preparations phase will assess the extent to which IPs are present in the project area and able to participate. The categorization will be reevaluated following completion of the TRTA.

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
The project will not generate any new impacts to indigenous people.

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

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment (M) Adhering to core labor standards (M) Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability

Creating internal social conflicts Others, please specify: The main social risk associated with the project is the exclusion of marginalized groups, such as women farmers, who may be unfamiliar with web-based information sharing and/or excluded from project participation opportunities.

2. How are these additional social issues and risks going to be addressed in the project design?

The project will address the risk of social exclusion through the stakeholder communication and gender action plan preparation during the F-TRTA implementation.

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

Adequate resources will be allocated from the F-TRTA to engage social experts to undertake social safeguard due diligence and planning, gender analysis, and poverty and social assessment.

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?

Budget for consultants will be allocated from the F-TRTA for survey, workshop, and consultations.

FIL = financial intermediation loan, F-TRTA = transaction technical assistance facility.

^a State Government of Maharashtra, Planning Department. 2017. *Vision 2030*. Mumbai.

^b ADB. 2017. *Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation*. Manila.

^c Government of India. 2011. *Census of India*. Delhi.

^d World Bank. 2017. *Maharashtra: Poverty, Growth & Inequality*. Washington, D.C.

<http://documents.worldbank.org/curated/en/806671504171811149/pdf/119254-BRI-P157572-Maharashtra-Poverty.pdf>

- ^e Government of Maharashtra, Directorate of Economics and Statistics Economic. 2018. *Survey of Maharashtra 2017–2018*. Mumbai.
- ^f Indira Gandhi Institute of Development Research. 2012. *Small Farmers in India: Challenges and Opportunities*. Mumbai.
<http://www.igidr.ac.in/pdf/publication/WP-2012-014.pdf>
- ^g National Commission for Enterprises in the Unorganised Sector. 2008. *A Special Program for Marginal and Small Farmers*. New Delhi. http://dcmsme.gov.in/Special_Programme_for_Marginal_and_Small_Farmers.pdf
- ^h ADB. 2019. *Technical Assistance to India for Strengthening Capacity to Design and Implement Water and Rural Infrastructure Facility*. Manila (TA 9738-IND, \$2,000,000, approved on 30 May 2019).
- ⁱ ADB. 2013. *India: Gender Equality Diagnostic of Selected Sectors*. Manila.
- ^j National Council of Applied Economic Research. 2018. *Gender Gap in Land Ownership*. New Delhi.
http://www.ncaer.org/news_details.php?nID=252
- ^k International Finance Corporation. 2016. *Investing in Women along Agribusiness Value Chains*. Washington, D.C.
https://www.ifc.org/wps/wcm/connect/02c5b53e-420f-4bf4-82bb-6f488ff75810/Women+in+Agri+VC_Report_FINAL.pdf?MOD=AJPERES&CVID=m0JfSbv