



Initial Poverty and Social Analysis

Project Number: 54236-001
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BAN: Emergency Working Capital Support to Dairy Value Chain Project

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
PDL	–	Pran Dairy Limited

NOTE

- (i) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Bangladesh	Project Title:	Emergency Working Capital Support to Dairy Value Chain Project
Lending/Financing Modality:	Emergency Loan	Department/Division:	Private Sector Operations Department/OPSD-AIT

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed project is a \$10 million Asian Development Bank (ADB) loan to Pran Dairy Ltd. (PDL) that will be used to finance PDL's working capital requirements and emergency response operating expenses. The project is aligned with ADB's support to developing member countries and private sector companies' recovery from the corona virus disease 2019 (COVID-19) pandemic. The project is also consistent with ADB Strategy 2030's operational goal of scaling up private sector development and private sector operations.^a

B. Poverty Targeting

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

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Aside from threat to public health and safety, Bangladesh's economy is significantly impacted by the COVID-19 pandemic. A decline in national and global demand for manufactured goods, risks of unemployment and deepened poverty are expected. The national shutdown impacts on private consumption. With continued production, the proposed emergency loan will help preserve farmers' and employee's livelihoods and ensure stable milk and milk product supply. Primary beneficiary of the project will be the dairy farmers supplying raw milk to PDL and PDL employees of which at least 6,000 are plant workers.

2. Impact channels and expected systemic changes. The project will provide funding to PDL for continuous production of milk and milk products sourced from local dairy farmers and ensure continued employment to its workers.

3. Focus of (and resources allocated in) the transaction TA or due diligence. Due diligence will assess the PDL's existing environmental and social policies and procedures including possible gender measures that PDL can commit to implement in relation to the project.

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?

About 75% of the population in Bangladesh and 85% of the poor live in rural areas. Almost half the labor force (47.5%) makes its living from agriculture and women account for a significant proportion of the agriculture labor force: 34% in 2005–2006.^b Small-scale dairy farming in Bangladesh is considered one of the best ways for rural women to utilize their limited resources for economic and social empowerment. It is argued that in the course of small-scale dairy farming, rural women have the potential to increase their nutrition and household decision-making power, their self-esteem and self-respect, expand their social circles, and contribute to the transformation of traditional socio-cultural norms.^c A UN Policy Brief on the impact of COVID-19^d outlines that the impacts of the COVID-19 crisis are made worse for women and girls simply by virtue of their sex. Compounded economic impacts are felt by women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty. A quarter of all PDL staff are women with the majority in production and processing and a small proportion found in senior management, administration, and the field workforce.

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

The project has the potential to contribute to the promotion of gender equity and/or empowerment through the following measures: (i) maintaining the number of women factory workers and women contract farmers supplying PDL; (ii) developing a mentorship program for women staff to support their move into more senior management roles; (iii) annual training by a third-party expert for PDL's anti-sexual harassment committee on effective implementation of its anti-sexual harassment policy to ensure development of an effective reporting mechanism, investigative procedure and redress mechanism; (iv) tripling the proportion of female farmers trained by PRAN's academy; and (v) donating dairy products to a women's organization each month during the COVID-19 crisis which benefits at least 500 women and their families.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No

The project will not result to adverse impact to women and/or girls but will rather contribute to provide opportunities for growth to women.

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. Primary beneficiary will be the 12,000 dairy farmers supplying raw milk to PDL and continued employment to at least 6,000 plant workers.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable, and excluded groups? PDL's engagement with the stakeholders started during the conduct of initial environmental examination where local people and other stakeholders were consulted regarding the development of PDL's dairy plant. Engagement with the community is maintained through development activities and projects implemented by PDL in the plant's surrounding villages. PDL's existing corporate management system framework for Environment, Health, Safety and Social (EHSS) provides guidance in company's procedures including stakeholder engagement and grievance mechanism.

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 project limits the opportunities to engage civil society organizations.

Information generation and sharing (L) Consultation Collaboration Partnership

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 The emergency loan will finance PDL's working capital requirements and emergency response operating expenses. No involuntary resettlement impact is expected as the proposed emergency loan will not be used to finance any construction or facility expansion that may lead to IR impact.

2. Strategy to address the impacts. There are no expected IR impacts.

3. 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 ADB funds will not finance any construction or facility expansion that will have impacts to socio-cultural groups who may be considered as Indigenous Peoples as per ADB SPS.

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

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 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 _____

2. How are these additional social issues and risks going to be addressed in the project design? The impact of the project on local labor markets is minimal.

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? Not applicable.

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? E&S desk review was conducted for the proposed project. ADB Team will conduct a physical environment and social audit of the company and its existing operations immediately after travel restrictions have been lifted to further confirm the team's findings.

ADB = Asian Development Bank.

^a ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

^b UN Data. (2015). Bangladesh Country Profile – <http://data.un.org/CountryProfile.aspx?crName=bangladesh>

^c Asian Development Bank / International Labor Organization. (October 2016). *Women At Work*.

^d United Nations. 2020. *Policy Brief: The Impact of COVID-19 on Women*. New York.