



# Initial Poverty and Social Assessment

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Project Number: 47941  
September 2014

## IND: Ocean Sparkle Expansion Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP 2011), the IPSA is disclosed upon completion of the credit approval process. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

**Asian Development Bank**

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Ocean Sparkle Limited
Lending/Financing Modality:	General Corporate Finance	Department/ Division:	PSOD/PSIF1

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed project is a corporate finance loan to Ocean Sparkle Limited (OSL), a leading port operations and management services provider in India. The loan will finance capital expenditure and expansion plans of OSL, acquiring up to five additional tug boats and/or platform and/or offshore surface vessels of various tonnages (45 to 60 ton bollard pull) with an option of adding a floating dry dock facility. The project is consistent with ADB's country partnership strategy and country operations business plan which support projects in transport and port development. These country documents also highlight continued engagement with the private sector particularly for social and physical infrastructure projects including transport.<sup>a</sup>

Ports and shipping development is prioritized in India's Twelfth Five-Year Plan.<sup>b</sup> Considered as the backbone of India's economic growth, the port sector faces many challenges including (i) bottleneck caused by insufficient capacity, (ii) inefficient operation of the port due to lack of capacity and regulatory constraints, (iii) absence of seamless connectivity with other transport modes of rail and road, and (iv) high port tariff imposed by the regulatory body at the major ports. To address these challenges, the Plan commits to investing adequately in the port sector to meet the growing capacity needs, improving efficiency by reducing the turn round time, and introducing legislative reforms to support these efforts. The Plan also highlights the role of private sector in realizing anticipated capacity addition through public-private partnerships.

#### B. Targeting Classification

General Intervention  Individual or Household (TI-H)  Geographic (TI-G)  Non-Income MDGs (TI-M1, M2, etc.)

The proposed investment is expected to increase efficiency in Indian ports which will contribute to more trade volumes, greater regional integration, and increased private sector participation in country's port sector.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The corporate finance loan to OSL will be used to expand its business operations, which is expected to contribute to increasing port efficiency.
2. Impact channels and expected systemic changes. The proposed investment is expected to increase trade volumes in Indian ports, increase private sector participation in the country's port sector, and ultimately contribute to economic growth.
3. Focus of (and resources allocated in) the PPTA or due diligence. Due diligence will include environmental and social safeguard as well as other social dimensions issues.
4. Specific analysis for policy-based lending. N/A

### 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?  
There is limited data on the participation of women in transport sector, particularly in the port subsector. ILO reports that in India, only 19% women are in the labor market and only 6.8% of these women are in the transport, storage, and communication sector (ILO 2013).<sup>c</sup> Under representation could be because of the nature of the working conditions and/or gender stereotyping. Possibilities for the employment of women will be explored during due diligence.

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 Please explain.

Considering the nature of the investment which is a corporate finance loan for the acquisition of tugboats there is limited opportunity for gender equity measures.

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

Yes  No Please explain. Due diligence will assess whether rights of women workers are respected especially with respect to health and safety, and maternity benefits. The due diligence will review the human

resource policies of OSL to ensure that the OSL operations do not have adverse impacts on women or widen gender inequality.

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

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. OSL operations are expected to be largely within the port complexes with limited opportunities for interactions and involvement of the communities. The stakeholders include port authorities, shipping companies and communities in the vicinity of the ports. Due diligence will assess how these stakeholders are engaged effectively in OSL's operations,

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 due diligence will discuss implementation of a stakeholder engagement program to effectively engage OSL's stakeholders in its operations. Due diligence will look into OSL's corporate social responsibility initiatives and check whether these support local communities. While OSL's operations are expected to be within port facilities and are unlikely to have interactions with the general communities, the due diligence will assess the effectiveness of the grievance redress mechanism, especially for the poor and vulnerable communities.

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?

- N Information generation and sharing     N Consultation     N Collaboration     N Partnership

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?  Yes     No

There are no issues in the project design requiring the participation of the poor and excluded.

### 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 land acquisition or resettlement impacts are anticipated. Due diligence will confirm that OSL's operations are within the boundaries of port complex.

2. What action plan is required to address involuntary resettlement as part of the PPTA 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

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?  Yes     No    Due diligence will confirm that OSL's operations are within the port facilities, and that there are will be no impacts on tribal communities.

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 PPTA 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?

- L Creating decent jobs and employment     M Adhering to core labor standards     L 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?

Due diligence will confirm whether OSL observes national labor laws and regulations and the internationally recognized core labor standards.

### 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

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 PPTA or due diligence? The project team will conduct social safeguards due diligence including labor and gender.

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<sup>a</sup> ADB. 2013. Country Partnership Strategy: India, 2013-2017. Manila.

<sup>b</sup> Government of India. 2012. 12th Five Year Plan (2012-2017). Social Sectors. Volume III.

<sup>c</sup> ILO. 2013. Working Paper No. 28: Promoting the Employment of Women in the Transport Sector – Obstacles and Policy Option. Geneva.