



Initial Poverty and Social Analysis

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India: Farmer Group Market Access Development using Agricultural Technologies in Andhra Pradesh

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Asian Development Bank

CURRENCY EQUIVALENTS
(as of 3 December 2019)

Currency unit	–	Indian Rupee (₹)
₹1.00	=	\$0.01396
\$1.00	=	₹71.6

ABBREVIATIONS

ADB	–	Asian Development Bank
CSOs	–	civil society organizations
FPOs	–	farmer producer organizations
NGO	–	nongovernment organization

NOTE

In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Farmer Group Market Access Development using Agricultural Technologies in Andhra Pradesh
Lending/Financing Modality:	Project Grant	Department/Division:	South Asia Department, Environment, Natural Resources and Agriculture Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

India has a population of 1.2 billion with an estimated 833 million living in rural areas of the country.^a While the poverty rate has been significantly reduced due to extensive governmental efforts, over a quarter of India's rural population are still under the poverty line as per the 2011 Census data. Contributing factors include high rural illiteracy and unemployment, low agricultural productivity, lack of climate resilient and adaptation strategies, and access to markets, rural indebtedness and under-engagement of women in the rural economy.

The Government of India has recently initiated several development programs to address rural poverty. Key among them is a national policy to double farmers' incomes by 2022 and another scheme, the Pradhan Mantri Krishi Sinchai Yojana with the aim of irrigating every Indian farm and improving water-use efficiency. Through its Digital India program and Farmer Zone Project pilot for potato, the government is seeking to transform the country's rural economy by adopting of digital technologies. These technologies are also expected to create skilled jobs and entrepreneurship opportunities in rural areas.

The proposed pilot project will support vulnerable farmers in two districts of Andhra Pradesh to improve livelihoods through participating in FPOs. This will help them to increase farm productivity, profitability and reduce crop risks through access to digital technologies. Timely availability of quality agricultural inputs to food supply chains and processors will further support regional economic development efforts bringing wider poverty reduction impact. The project's activities will further support the State Government Andhra Pradesh Primary Sector Mission constituted under its Swarnandhra Vision 2029.

The proposed project is also fully aligned with the country partnership strategy for India, 2018–2022 with its focus on accelerating inclusive economic transformation including through Improved agriculture productivity and rural incomes. It will help intensify and diversify agriculture production and improve value chains through farmer producer organizations (FPOs) cooperatives and motivating the private sector to invest in agribusiness and contribute to these value-chain networks. This pilot initiative will also contribute to the body of knowledge on public-private-partnerships in agribusiness and could have potential for adaptation and possible scale-up.

B. Poverty Targeting

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

This project will directly benefit the poor and non-poor living in the project area. It will facilitate improvements in crop production, cultivation of complementary crops, and enhance market access in select horticulture commodities. This will directly benefit an estimated 8,000 small and marginalized farmers in Anantapur and Chittoor districts of Andhra Pradesh. Value chain improvements will result in increased incomes and profits through reducing production cost and better market price for their products. Additionally, the better use of technologies for weather prediction, climate risk analysis, alerts on pest and disease through use of satellite imagery and crop management advisories will all seek to reduce crop risk. Improvements across the value chain, particularly in post-harvest management will give renewed prospects for employment through processing and value-addition. Some processing units have had to close in the project area due to supply chain constraints. This will be addressed by the project. Anantapur District has one of the lowest poverty indices amongst the 13 districts.^b

C. Poverty and Social Analysis

1. **Key issues and potential beneficiaries.** The farm sector provides employment to 4.6 million farm families in Andhra Pradesh or around 62% of the state's population.^c It is hard for small and marginalized farmers to obtain a reasonable market price for their produce due to the prevalence of market pricing controlled by middleman and where farmer margins do not reflect adequate compensation. This has sometimes resulted in farmer unrest, agitations and in some instances farmer suicides. The project will help small and marginalized farmers who are members of participating FPOs to improve crop yields, reduce production costs and enhance price realization for their produce. The estimated 8,000 beneficiaries under this pilot project will receive support to improve soil and water access, customized weather and crop advisories, better access to high-quality inputs, crop diversification assistance based on market demand, improved direct access to buyers based on specific quality-based improvements to result in sustainable income enhancement.

2. Impact channels and expected systemic changes. Development impacts likely to be realized through the project potentially include income enhancement through quality crop production, better price realization and securing a more equitable distribution of wealth generated through improvements in commodity value chains. Additionally, beneficiary farmers will be better protected from economic, environmental and climate risk through the implementation of project strategies like improved climate and crop advisories, water and soil management, crop diversification and better choice of market channels. Associating with and strengthening the consultative processes within FPOs will also enable all beneficiaries to have an effective voice and role in decision-making.

3. Focus of (and resources allocated in) the transaction technical assistance or due diligence. Adequate technical assistance resources will be allocated during project design to undertake a more detailed poverty, social and gender assessment of beneficiary communities directly associated through selected FPOs. Due diligence will also be undertaken during design to assess the capacity of participating FPOs in ensuring an equitable sharing of development gains as well as establish measures to enhance gender, social and poverty impacts. Participating market-based firms will be expected to comply with local laws and regulations as well as internationally recognized core labor standards.

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? While female participation in local governance structures across India is good (women comprise 46.7% of village council representatives) there remains considerable scope for improving their role in economic activity in rural areas. In India, women tend not to be recognized as farmers in their own right but are only recognized as farmers' wives supporting farm activities. As more men are migrating to urban areas, the role of rural women in cultivation of horticultural crops are increasing. Extension on technical knowledge to female farmers are needed to provide equal access to economic opportunities to women. Enhanced profits from farming can also promote the status of female farmers within their households.

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

Gender analysis will be undertaken at project design and a gender action plan prepared and reflected in the monitoring framework. The systematic monitoring of the gender equality outputs, outcomes, and impacts of projects will be undertaken and good practices shared with project stakeholders and government agencies. Women's participation through selected FPOs will be enhanced (target to be decided through due diligence).

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) 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.

The primary project beneficiary are small and marginalized farmers, including female farmers, who make up the membership of selected FPOs. Other stakeholders include agriculture input providers, technology partners, procurement and processing businesses, universities, crop insurance services, and state government agencies will be invited to join the public-private-producer partnerships. Direct consultation is proposed with participating FPOs, partners and other stakeholders during the design phase.

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?

FPOs will be encouraged to undertake community mobilization and consultations with poorer and vulnerable members of the community with the NGO facilitation if required. FPOs will be trained with negotiation skills for their business and this will also help better facilitation/communication within FPO.

3. What are the key, active, and relevant CSOs in the project area? What is the level of civil society organization participation in the project design?

One of the NGOs consulted during project design is the Andhra Pradesh Mahila Abhivruddhi Society which has experience in agriculture value chain development in the project area and focusses on women and economically vulnerable communities. The design process will widen consultation with the Andhra Pradesh Mahila Abhivruddhi Society and other CSOs in the project area.

M Information generation and sharing M Consultation M Collaboration Partnership

<p>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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Community engagement during project design would be through FPOs based on equity considerations.</p>
<p>IV. SOCIAL SAFEGUARDS</p>
<p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p>
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?</p> <p><input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p> <p>The project will focus on rehabilitation and upgrading of existing or non-functioning facilities to modern-facilities including temperature-controlled storages.</p>
<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI</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 However, the socio-economic profiling survey will be conducted because there are the average percentage of Scheduled Caste population in the districts of Anantapur and Chittoor is 14.3% and 18.8% respectively, and the average percentage of Scheduled Tribe is 3.8% in both districts.</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 transaction TA or due diligence process? We will confirm the IP category based on the findings of the socio-economic survey.</p> <p><input type="checkbox"/> Indigenous peoples plan <input checked="" type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p>
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> L Creating decent jobs and employment <input checked="" type="checkbox"/> L Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input checked="" type="checkbox"/> L Affordability <input type="checkbox"/> Increase in unplanned migration <input checked="" type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design?</p> <p>Expansion of market access and commodity value-addition is expected to create potential new employment prospects in the project area. Market actors will be expected to adhere to core labor standards. Monitoring will be undertaken through the project implementation and due diligence undertaken by ADB staff.</p>
<p>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</p>
<p>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?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>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?</p> <p>ADB staff will conduct due diligence and design consultants will assess poverty, social, and gender concerns relevant to the proposed project.</p>

^a Government of India. 2011. *Census of India*. New Delhi.

^b Andhra Pradesh Multidimensional Poverty Index Report 2017. <https://apvision.ap.gov.in/APMPI.php>.

^c Government of Andhra Pradesh, Planning Department. 2015. *Raithu Kosam Primary Sector Development: Status, Strategy and Action Plan*. India

^d Marginalized farmer is a farmer cultivating (as owner or tenant) agricultural land up to 1 hectare (2.5 acres). A small farmer cultivates land sizes of between 1 to 2 hectares (up to 5 acres).

^e World Bank. *World Bank Open Data*. (accessed 20 September 2019).