



# Initial Poverty and Social Analysis

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## INO: Dairy Farmer Support and Food Security Project

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Indonesia	Project Title:	Dairy Farmer Support and Food Security Project
Lending/Financing Modality:	Emergency Assistance	Department/Division:	Private Sector Operations Department/Office of the Director General

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The Asian Development Bank (ADB) is proposing to provide an emergency loan of up to \$15,000,000 to PT Cisarua Mountain Dairy (CMD) in Indonesia to sustain its operations and the livelihoods of its employees, dairy farmers, and direct sales agents during the Coronavirus disease (COVID-19) crisis. The project is aligned with the objective of ADB's country partnership strategy for Indonesia to attain higher, more inclusive, and environmentally sustainable growth.<sup>a</sup> It is also aligned with Indonesia's National Medium-Term Development Plan (RPJMN) 2020–2024 that promotes prosperous, fair, and sustainable development and supports the government's goal of improving food security.

#### B. Poverty Targeting

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

The project will support rural livelihoods, sustain gender inclusion, and contribute to food security with the production of affordable nutritious dairy products.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The company provides income, sustainable livelihood, and employment opportunities for low-income groups. The livelihoods of these low-income groups have been threatened by the COVID-19 crisis that has resulted in lockdowns, temporary work suspensions and decrease in demand for raw milk. The intended beneficiaries of the project are CMD's workers, sales agents and suppliers, particularly its partner cooperatives whose dairy farmer-members provide the raw milk.
2. Impact channels and expected systemic changes. The project will support CMD in continuing its full operations through the COVID-19 crisis, by providing financing for working capital and operational expenditure. The liquidity support will help sustain stable production and timely payments to employees, sales agents, suppliers and farmers.
3. Focus of (and resources allocated in) the transaction TA or due diligence. The due diligence will focus on potential labor and/or livelihood impacts resulting from COVID-19 pandemic response, such as, lockdowns or work suspensions.

### 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? The FAO's Country Gender Assessment of Agriculture and the Rural Sector in Indonesia reports that women are involved in all activities in Indonesia's agricultural sector, such as farming, animal husbandry and fisheries. However, despite serving as the backbone of one of the nation's most economically important sectors, women in agriculture are marginalized and often have little access to financial resources and knowledge and technology to improve their productivity and livelihoods.<sup>b</sup> Women are important actors in smallholder farmer milk production. However, female contributions are often not formally acknowledged or rewarded. Spouses typically work as a team on the household's dairy farm. Women take care of the cows and are responsible for the milking. Men's responsibility is mostly to collect feed.<sup>c</sup> CMD has found that women's awareness of best practices in dairy farming has resulted in improved milk quality and yield, benefiting farmers thanks to household income increase, and indirectly benefiting CMD. However barriers are preventing women's full contribution to the household's dairy business including the likelihood that women will have lower education and less business experience, less access to agricultural extension services, markets, and financial services, and are subject to cultural gender biases.

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 Company will adopt gender measures that will focus on sustaining the livelihoods of women and providing them access to services or resources that will help them during the COVID-19 crisis.

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)

<b>III. PARTICIPATION AND EMPOWERMENT</b>
<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. The main stakeholders of the project are CMD's workers, sales agents and partner farmers through their respective cooperatives. Sustaining their livelihoods is one of the main considerations for the project.</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? While there are no direct participatory approaches designed into the project, CMD aims to continue working with its partner cooperatives, whose members supply the raw milk, in securing farmers' incomes. CMD also supports women recruited and trained as its direct sales agents through the Miss Cimory program. CMD endeavors to increase the number of sales agents as part of the project.</p> <p>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?  [NA] Information generation and sharing    [NA] Consultation    [NA] Collaboration    [NA] Partnership</p> <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</p>
<b>IV. SOCIAL SAFEGUARDS</b>
<p><b>A. Involuntary Resettlement Category</b> <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 No involuntary resettlement impacts are envisaged. CMD has three processing facilities located in a total of 7.5 ha of land in West, East and Central Java Provinces. The lands for the different processing facilities were acquired through a willing seller-willing buyer process, where CMD has secured land certificates of Building Use Rights (HGB), appropriate for the industry. Due diligence has confirmed that there are no outstanding issues related to land claims. The project will not involve the expansion of the existing facilities or the development of new sites. No land acquisition is required.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input checked="" type="checkbox"/> None</p>
<p><b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" 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 The project will not directly or indirectly affect Indigenous Peoples. CMD has three processing facilities located in industrial areas of West, East and Central Java Provinces. The project will not involve the expansion of the existing facilities or the development of new sites. Among the populations living in the surrounding areas of the sites are the Sundanese (West Java) and the Javanese (East and Central Java). These groups have long been mainstreamed and are not considered as Indigenous Peoples for the purpose of the ADB Safeguard Policy Statement (SPS) application.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No No impacts are anticipated; thus, broad community support is not required.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process? <input checked="" type="checkbox"/> None</p>
<b>V. OTHER SOCIAL ISSUES AND RISKS</b>
<p>1. What other social issues and risks should be considered in the project design?  <input type="checkbox"/> Creating decent jobs and employment    <input checked="" type="checkbox"/> Adhering to core labor standards (L)    <input type="checkbox"/> Labor retrenchment  <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS    <input type="checkbox"/> Increase in human trafficking    <input type="checkbox"/> Affordability  <input type="checkbox"/> Increase in unplanned migration    <input 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? CMD will be required to take measures to comply with the internationally recognized core labor standards.</p>
<b>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</b>
<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? <input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No</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? The project team will conduct the due diligence in accordance with ADB requirements.

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<sup>a</sup> ADB. 2016. *Country Partnership Strategy Indonesia, 2016–2019—Towards a Higher, More Inclusive, and Sustainable Growth Path*. Manila.

<sup>b</sup> FAO. 2019. [Country Gender Assessment of Agriculture and the Rural Sector in Indonesia](#). Jakarta.

<sup>c</sup> Wijers, G.D.M. 2018. [Inequality regimes in Indonesian dairy cooperatives: understanding institutional barriers to gender equality](#). *Agric Hum Values* 36, 167–181 (2019).