



Initial Poverty and Social Analysis

Project Number: 54318-001
September 2020

IND: Krsnaa COVID–19 Diagnostic Services Project

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Asian Development Bank

CURRENCY EQUIVALENTS
(as of 8 September 2020)

Currency unit	–	Rupee (₹)
₹1.00	=	\$0.01362
\$1.00	=	₹73.427

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
ILO	–	International Labor Organization
PPE	–	personal protective equipment
PPP	–	public-private partnership
RT-PCR	–	reverse transcription polymerase chain reaction
SPS	–	safeguard policy statement

NOTES

- (i) The fiscal year (FY) of the Krsnaa Diagnostic Private Limited ends on 31 March.
- (ii) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country: India Project Title: Krsnaa COVID-19 Diagnostic Services Project

Lending/Financing Modality: General Corporate Finance Debt Financing Facility 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

This is a proposed debt financing of up to ₹400 million (or its equivalent in United States dollars) from the Asian Development Bank (ADB) to Krsnaa Diagnostics Private Limited (Krsnaa), India's largest business-to-business diagnostic services, both for radiology and pathology. ADB funds will be used to purchase reverse transcription polymerase chain reaction (RT-PCR) machines, coronavirus disease (COVID-19) test kits and other materials for RT-PCR tests, personal protective equipment (PPE) for Krsnaa employees, basic hygiene products, computed radiography (CR) systems for digital X-ray imaging, for infection prevention and control training, and for general working capital needs. The proposed project is consistent with two operational priority areas of ADB's Strategy 2030: (i) addressing remaining poverty and reducing inequalities, and (ii) accelerating progress in gender equality.^a It is in line with Strategic Pillar 2 of ADB's Country Partnership Strategy with India 2018-2022 which is the inclusive provision of infrastructure network and service to improve health systems to contribute a healthier population.^b

B. Poverty Targeting:

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

This debt financing will enable Krsnaa to continuously provide COVID-19 testing services and double its current daily testing capacity. This will support the government's targets in increasing the country's daily testing capacity as a response to address the COVID-19 pandemic in India. This will also support the continuous employment of Krsnaa personnel which is important in this time of health and economic crises.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. As of 9 September 2020, India had the world's second highest number of cumulative confirmed COVID-19 cases.^c In mid-March 2020, India had a daily testing capacity of 1,400 samples.^d This has recently increased with over 1,000 laboratories doing COVID-19 testing across India for a testing capacity of 1.15 million samples per day as of 8 September 2020.^e However, with a population of 1.3 billion, the cumulative 51.8 million samples tested thus far as of 8 September 2020 is a low 38.9 samples per million people compared to the global average of over 29,000 tests per million (footnote d). India also faces the economic impacts brought about by COVID-19. According to a rapid assessment done by ILO on the employment crisis in India, the number of workers susceptible to the lockdown, that first commenced on 24 March 2020, could reach more than 364 million, including those in casual work, self-employment, and unprotected regular jobs or jobs lacking social protection coverage.^f The proposed project is a straightforward response to the pandemic. Krsnaa's Public-Private Partnership (PPP) model ensures that it can provide timely and quality diagnostics services primarily through government healthcare facilities including hospitals and medical colleges, and the testing fee would be covered by the government through a pay per test conducted arrangement. ADB's support to Krsnaa will ensure its continued operations, making affordable COVID-19 testing available to the poor and general population including in the Indian states of Maharashtra, Rajasthan, and Tamil Nadu. Its continuous operations will also contribute to minimizing unemployment problems through the ongoing engagement of Krsnaa staff.

2. Impact channels and expected systemic changes Through this proposed project, quality yet affordable COVID-19 testing will remain available and accessible, especially the poor and vulnerable population including in the states of Maharashtra, Rajasthan, and Tamil Nadu, which is vital in curbing the spread of COVID-19. Krsnaa's continuous operation contributes to the effort of the government to increase its testing capacity, restart and sustain economic activities, and minimize unemployment incidences in the country.

3. Focus of (and resources allocated in) the transaction due diligence. The proposed debt financing will provide the funding for the procurement of RT-PCR machines, COVID-19 testing kits and other materials needed for RT-PCR tests, computed radiography (CR) systems for digital X-ray imaging, PPE for Krsnaa employees, and basic hygiene products, and for other general working capital financing. Due diligence will examine the potential environmental and social risks impacts of Krsnaa's operations and determine Krsnaa's capability to distinguish and manage them. Krsnaa's labor policies and practices, its compliance with the national labor laws, standards set by the certification bodies, and its gender-responsiveness will be reviewed and verified.

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 India is making progress towards meeting its development goals, resulting in a reduction in absolute poverty, gains in life expectancy, access to education and health care, gender disparities are persisting across all sectors, including a decline in labor force participation and in livelihood sustainability. The health and economic crisis triggered by the COVID-19 pandemic is further widening these gender-based disparities. The

health of women generally is adversely impacted through the reallocation of resources and priorities, including those moved away from sexual and reproductive health services. Among other issues, India reports increased burden or unpaid care work and higher prevalence of psychological distress.⁹ Healthcare is one of India's largest sectors in terms of revenue and employment, yet women remain largely active in one segment of the industry, namely representing up to 89% of nurses and health facility service staff.^h The healthcare supply chain constraints have created consequences similar to other countries with difficulties finding appropriately sized personal protective equipment (PPE)ⁱ and in general, Indian women face shortages of access to feminine hygiene products.^j

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 potential for gender actions with regards to adequate protection of female healthcare workers, especially by providing appropriately sized PPE and hygiene products. Measures to support Krsnaa's female staff to face the impact of the COVID-19 pandemic on their livelihoods and opportunities to enhance women's economic empowerment through increased participation in the production supply chain or more diverse participation in the healthcare workforce will also be explored during due diligence.

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

Yes No

The proposed project is not expected to have adverse impacts on women and/or girls.

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 main stakeholders of the project are Krsnaa's personnel, patients for COVID-19 testing, and other patients seeking other pathology and radiology diagnostics services. Though there is limited opportunity to directly include and empower the poor and vulnerable, the project is expected to benefit all Krsnaa patients including those from low income groups.

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 is focused on providing Krsnaa personnel with enough PPE, additional RT-PCR machines, and testing kits to increase its daily COVID-19 testing capacity. There is no other issue that requires participation of the poor and excluded.

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? CSOs are prevalent in India in the health sector. Through due diligence the project will determine if there are suitable CSOs that Krsnaa may collaborate or partner with for additional project impact.

Information generation and sharing 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 The project will finance the procurement of additional RT-PCR machines, COVID-19 RT-PCR testing kits, CR systems for digital X-ray imaging, PPEs for Krsnaa employees and basic hygiene products, for infection prevention and control training, and for other general working capital. Participation of the poor and excluded in the project design is not anticipated. Due diligence will review Krsnaa's existing mechanism of communicating and engaging with its stakeholders.

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

There is no expected involuntary resettlement as the proposed debt financing will not be used to finance any land acquisition or project development activities that will result in physical or economic displacement. These initial findings will be reconfirmed during the due diligence process.

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

No Indigenous People (or scheduled tribes and castes) impacts are anticipated. Due diligence will confirm that there will be no project development activities that might impact the property, livelihoods, socio-cultural beliefs and practices of 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
The nature of the proposed project is not foreseen to cause displacement of the indigenous peoples from their traditional land, and will not include commercial development of any natural resources within customary land.
3. Will the project require broad community support of affected indigenous communities?
 Yes No Not applicable
4. What action plan is required to address risks to indigenous peoples as part of the transaction 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 (L) Adhering to core labor standards
 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?
Through the proposed project, Krsnaa's compliance with the national labor laws and related policies and the internationally recognized core labor standards will be verified, monitored and reported.

VI. TRANSACTION DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction due diligence contain key information needed to be gathered during transaction 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 transaction TA or due diligence?
ADB staff will conduct due diligence to review Krsnaa's environmental, health, safety and social policies and procedures and verify implementation in its operations.

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

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

^c WHO. 2020. *Coronavirus Disease (COVID-19) Dashboard*.

^d I. Bharali, P. Kumarm and S. Selvaraj. 2020. Future Development. How Well is India Responding to COVID-19?. *Brookings*. 2 July. <https://www.brookings.edu/blog/future-development/2020/07/02/how-well-is-india-responding-to-covid-19/>.

^e Indian Council of Medical Research. <https://icmr.gov.in>. Accessed on 9 September 2020.

^f ILO. 2020. *ILO Brief: Rapid Assessment of the Impact of the COVID-19 Crisis of Employment*.

^g Population Foundation of India. *Impact of COVID-19 on young people: (Bihar, Rajasthan and Uttar Pradesh) Rapid assessment in three States*. May 2020.

^h KD Rao, R. Shahrawat, A. Bhatnagar. 2016. *Composition and Distribution of the Health Workforce in India: Estimates Based on Data from the National Sample Survey*. WHO South-East Asia J Public Health. Volume 5. pp. 133-40.

ⁱ Shagatova, M. 2020. *Helping Women and Girls Survive COVID-19 and Its Aftermath*. Manila.

^j BBC. 2020. *Coronavirus sparks a sanitary pad crisis in India*.