



Initial Poverty and Social Analysis

Project Number: 55054-001
August 2021

India: Sustainable Urban Development and Service Delivery Program (Subprogram 1)

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 05 August 2021)

Currency unit	–	Indian Rupee (₹)
₹1.00	=	\$0.013
\$1.00	=	₹74.17

ABBREVIATIONS

ADB	–	Asian Development Bank
SUDSDP	–	Sustainable Urban Development and Service Delivery Program
WSS	–	water supply and sanitation

NOTES

- (i) The fiscal year (FY) of the Government of India and its agencies ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2021 ends on 31 March 2021.
- (ii) In this report, “\$” refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Sustainable Urban Development and Service Delivery Program
Lending/Financing Modality:	Policy-based loan	Department/Division:	South Asia Department (SARD)/ Urban Development and Water Division (SAUW)

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed Sustainable Urban Development and Service Delivery Program (SUDSDP) is in line with the socioeconomic development strategy of India, as proposed by National Institution for Transforming India (NITI Aayog), a premier policy 'think-tank' of the Government of India.^a It is in line with the four pillars of development of drivers, infrastructure, inclusion and governance. The government's goal is for India to be a \$4.0 trillion economy by 2022 with three key milestones: (i) development must become a mass movement in which every citizen recognizes her role and also experiences the tangible benefits accruing in the form of better ease of living; (ii) development strategy should help achieve broad-based economic growth to ensure balanced development across all regions and states and across sectors; and (iii) bridge the gap between public and private sector performance. The SUDSDP will support equitable access to basic infrastructure, public services, and opportunities to all citizens with better-living conditions by accelerating and implementing a series of policy actions and urban reforms through mainstreaming performance-linked funding for urban service delivery. The overarching development objective is transforming Indian cities into economically vibrant and environmentally sustainable habitats for all, including poor and marginalized sections. The program is aligned with various national flagship programs the Government of India such as, *Jal Jeevan Mission – Urban* and *Pradhan Mantri Awas Yojana* (Housing for all) for achieving dynamic economic growth and contribute to liveable environment in close coordination with Ministry of Housing and Urban Affairs (MOHUA). The program is also aligned with the Asian Development Bank (ADB) country partnership strategy, 2018–2022 for India, which envisages inclusive urbanization through policy advice and alignment with the government's national programs.^b

B. Poverty Targeting

General intervention Individual or household (TI-H) Geographic (TI-G) Non-income MDGs (TI-M1, M2, etc.) The program will address key poverty dimensions. The policy actions under the national flagship programs will contribute to better public health, quality of life, environmental and living conditions of the cities, households, and beneficiaries in urban areas.

C. Poverty and Social Analysis

1. **Key issues and potential beneficiaries.** India is among the world's fastest growing economies. As per the 2020 global Multidimensional Poverty Index (MPI), India halved its MPI value from fiscal year (FY)2006 to FY 2016 and had the biggest reduction in the number of multidimensionally poor people (273 million), which is the largest among countries in the world.^c Although India has achieved most of the millennium development goals, its Human Development Index score of 0.62 in 2015 was lower than the median (0.67) for developing countries. A growing gap between higher- and lower-income states remains a chronic and major concern.^d Maternal mortality ratio of India has declined to 113 in 2016–2018 from 122 in 2015–2017 and 130 in 2014–2016, which is still higher than the sustainable development goals (3.1) target of 70 set by United Nations.^e Infant mortality rate (IMR) decreased considerably in the last decade from 50 (2009) to 32 (2018) and specifically for urban areas IMR reduced from 34 (2009) to 23 (2018).^f The life expectancy at birth increased from 66.24 (2009) to 69.65 (2019).^g Only 56.9% of the urban households have piped water supply within their premises. About 9.1% of urban households report insufficient quantity of water and 49.1% carryout additional treatment/disinfection of water within their premises. Almost all the urban areas lack continuous water supply and nonrevenue water levels exceed 40%. Only 53.5% of the urban households are connected to an underground drainage system, while the rest dispose their wastewater in covered surface drains (16.2%) or in an unsafe manner (27.8%). Only 77.6% of households have access to private toilets. About 46% of the cities have less than 5% of the households connected to sewerage system.^h About 17.6% of the households report no access to a formal waste collection system. Similarly, 37.4% of urban households do not own a house and 17% of the urban population live in slums and 12.6% of the households reported problems of stagnant water around premises and 38.9% of the households reported severe problem of flies/mosquitoes.ⁱ The mass exodus of migrant workers from cities during the coronavirus disease pandemic amplified their housing needs. Although India made prominent qualitative and quantitative progress in eradicating poverty and basic facility gap for the citizens, several concerns remain. The coronavirus disease pandemic could impact about 400 million workers from India's informal sector pushing them deeper into poverty. India's overall poverty rate may rise to 46.3%, i.e., more than twice the 2011–2012 levels, which means an additional 354 million poor.^j Potential beneficiaries include urban poor communities, migrant workers, and other vulnerable groups.

2. **Impact channels and expected systemic changes.** The SUDSDP will identify criteria for release of grants under national flagship programs to participating states including coverage, service delivery parameters related to water and wastewater sector, rejuvenation of water bodies, and rental housing for migrant workers in urban areas.^k It will support the development of the government's long-term approach to water supply and sanitation (WSS) and housing aimed at improving people's living and health conditions. Lack of access to affordable housing results in increasing numbers of poor migrant workers including women in cities and industrial estates living in sub-standard housing or commuting from considerable distances. Women, urban poor communities (slum dwellers), migrant workers and other socially excluded and vulnerable population (i.e., elderly, children, persons with disabilities) will benefit from improved water supply, sanitation, and housing. Improved access to WSS and housing will allow them more time and healthy conditions for productive activities. ADB will support MOHUA to integrate gender equality and social inclusion (GESI) elements in program design.

3. **Focus of (and resources allocated in) the transaction technical assistance (TA) or due diligence.** The project design will require a thorough assessment of how the program resources will be used to ensure the gaps related to WSS and housing infrastructure are understood and ensure policy level changes and innovations to mitigate the gaps. Additional due diligence will be carried out to understand the contextual complexities as prevalent in multiple states and address them with appropriate measures. Economic assessment will be conducted to demonstrate sector-wide and economy-wide impact of the proposed policy reforms under this PBL.^l The economic assessment will, among others, analyze India's macroeconomic situation, provide context to water and urban sector in India, underline the rationale for proposed reforms, and discuss transmission mechanism through which proposed reforms will lead to economic benefits. Monitoring indicators will be put in place to emphasize the welfare of all in both design and implementation.

4. **Specific analysis for policy-based lending.** The proposed modality is a policy-based loan designed under the programmatic approach. There will be two subprograms of \$500 million and \$250 million. The programmatic approach will support policy actions in a sequential manner ensuring that reforms are coherently undertaken both at national and state levels within the policy-based loan period of 2021–2023, which will have direct and indirect impacts on the poor and vulnerable population.

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?** According to the 2011 Census, about 29% of urban households do not have source of water within the premises, about 36% of urban households have to fetch water for general usage, and 18% fetch drinking water from a source located more than 100 meters respectively.^m Gaps in water supply service provision are causing city dwellers to depend on privately extracted ground water, bringing down local water tables. Sixty percent of the states and Union Territories provide more than 80% of its urban population with drinking water supply. However, states such as Rajasthan, Bihar, Nagaland, and Assam provide less than 50% of its urban population with drinking water supply and need to make significant improvements.ⁿ About 34% of all slum households do not have treated tap water facility and latrine facility within the premises.^o Women are worst affected by the unavailability or poor quality of the WSS system as they are responsible for water and sanitation management as well as caregiving within the households. The national flagship programs such as JJM-U will improve living conditions for women and reduce women's drudgery and time poverty. Women, urban poor communities, migrant workers, persons with disabilities and other vulnerable groups will be direct beneficiaries of PMAY with priority allotment and other benefits to women. These programs will continue to provide employment opportunities to women and other socially excluded and vulnerable groups. Greater involvement of women and other vulnerable groups in operation and maintenance, training, and monitoring and evaluation is crucial to institutional strengthening as well as overall empowerment of such groups.

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 program will include gender equality and social inclusion (GESI) actions in the program design detailing its responses to the above identified gender-related issues. Targeted poverty reduction (such as in urban slums) and GESI-responsive components will support inclusiveness.

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 EMPOWERING THE POOR

1. **Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's design.** Apart from the program proponents or government agencies, the other project stakeholders are state departments, urban local bodies, women, urban poor communities such as slum dwellers, migrant workers, people with disabilities and other vulnerable groups. All these stakeholders will be consulted on policy guidelines, project design and their collaboration may be utilized for project implementation, monitoring, and evaluation.

2. **Who are the key, active, and relevant CSOs in the project area?** There are several CSOs with regional and/or pan-India presence both in the housing and water and sanitation sector (SPARC, AILSG, Arghyam and Janaagraha).

3. **Are there issues during project design for which participation of the poor and vulnerable is important?**
 Yes No. **If yes, what are these issues?** The program design will consider issues of coverage, service delivery parameters, water-body rejuvenation guidelines, promoting rental housing for poor and migrant workers in urban areas. Participatory approaches will be employed, particularly in discussions on affordability and sustainability.

4. **How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues?** Stakeholder analysis will be conducted, and targeted consultation and feedback mechanisms will be considered, including consultations with civil society, and these will be incorporated during program preparation.

5. **What level of CSO participation is planned during the project design?** CSOs will be included in stakeholder consultations related to key policy and institutional reforms.

Information generation and sharing (M) Consultation (M) Collaboration (L) Partnership (NA)

IV. SOCIAL SAFEGUARDS

A. **Involuntary Resettlement Category** A B C FI

<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 The proposed policy actions are not anticipated to involve land acquisition and/or involuntary resettlement impacts.</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 checked="" type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p>B. Indigenous Peoples Category <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.</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?</p> <p><input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p align="center">V. OTHER SOCIAL ISSUES AND RISKS</p> <p>1. What other social issues and risks should be considered in the project design? – None</p> <p><input type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> 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 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? Not applicable.</p>
<p align="center">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? A gender and social development specialist is being engaged during the program preparation.</p>

- ^a Government of India, NITI Aayog. 2018. *Strategy for New India@75*. Delhi: NITI Aayog.
- ^b ADB. 2017. [Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation](#). Manila.
- ^c Oxford Poverty and Human Development Initiative and UNDP. 2020. [Global Multidimensional Poverty Index 2020](#).
- ^d The per capita income in five high-income states (Gujarat, Haryana, Karnataka, Maharashtra, and Tamil Nadu) grew by 6.0% during FY2012–FY2016. In five large low-income states where 54% of the country's poor are concentrated (Bihar, Jharkhand, Madhya Pradesh, Odisha, and Uttar Pradesh), it grew by 5.0% during the same period. Source: ADB. 2017. [Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation](#). Manila.
- ^e Government of India, Office of the Registrar General. 2020. [Special Bulletin on Maternal Mortality in India 2016-18](#). Delhi.
- ^f Government of India, Office of the Registrar General. 2020. [SRS Bulletin Volume 53 No. 1](#). Delhi.
- ^g World Bank. [Life expectancy at birth, total \(years\) – India](#). (accessed 10 May 2021)
- ^h Government of India, National Statistical Office. 2019. *Drinking Water, Sanitation, Hygiene and Housing Condition in India. NSS 76th Round*. Delhi.
- ⁱ Government of India, Office of the Registrar General. 2013. [Primary Census Abstract for Slum](#). (accessed 10 May 2021)
- ^j S. Saini. 2020. [COVID-19 may double poverty in India](#). *Financial Express*. 30 April.
- ^k India plans to construct 29.5 million housing units in rural areas and 12 million housing units in urban areas to address the shortage of housing units.
- ^l ADB. 2020. *Guidance Note on Economic Assessment of Policy-Based Lending*. Manila.
- ^m Government of India, Census of India. 2011. [Houses, Household Amenities and Assets Data 2001 - 2011 - Visualizing Through Maps](#). Delhi.
- ⁿ Government of India, NITI Aayog, June 2018. [Composite Water Resources Management Index: A tool for water management](#)
- ^o Government of India, Census of India. 2011. [HH-6 Slum Households by Main Source of Drinking Water and Location](#). Delhi.