



Initial Poverty and Social Analysis

Project Number: 56137-001
June 2022

India: Smartchem Climate-Smart High-Efficiency Crop Nutrition Project

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country: India Project Title: Smartchem Climate-Smart High-Efficiency Crop Nutrition Project

Lending/Financing Modality: General Corporate Finance 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 a 5-year secured loan of up to \$30 million in Smartchem Technologies Limited (STL), a company engaged in fertilizers and mining chemicals. STL is 100% owned by Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL), one of India's leading fertilizer and chemical producers. The project is aligned with Strategy 2030's operational priorities on (i) addressing remaining poverty and reducing inequalities, (ii) accelerating progress in gender equality, (iii) tackling climate change and enhancing environmental sustainability, and (iv) promoting rural development and food security.^a The project is likewise consistent with the Operational Plan for Private Sector Operations, 2019–2024, which calls for focusing on the agricultural inputs subsector and mobilizing funds for “more environmentally sustainable” subsectors and climate-adapted agribusiness projects.^b The project is also aligned with the country partnership strategy for India, 2018–2022, which emphasizes supporting investments in rural infrastructure to improve agricultural productivity and reduce the growing urban-rural gap.^c The country partnership strategy also signified that ADB will focus on government priorities to double farmers' incomes and provide support to intensify and diversify agricultural production.

B. Poverty Targeting

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

The project will make more fertilizers available to farmers through improvements in production efficiency and capacity and support research and development toward new product development and digital initiatives to expand acceptance of these fertilizers.

C. Poverty and Social Analysis

- 1 Key issues and potential beneficiaries. As of 2011, 21.9% of the Indian population lived below the national poverty line.^d In 2012, an estimated 270 million Indian people were considered poor; the poverty rate was higher in rural areas (25%) than in urban areas (14%), with about 80% of the poor living in rural areas.^e The National Institution for Transforming India suggests that progress in the quality and judicious use of inputs such as water, seeds, fertilizers, and pesticides is one way to address the issue of productivity.^f The project will directly benefit STL and its employees. The project will likewise benefit the farmers STL serves and the businesses and workers in STL's supply chain. The project also aims to increase the participation of women in manufacturing.
2. Impact channels and expected systemic changes. More jobs will be created for the manufacturing business and more farmers will be reached as the fertilizer plant's capacity and the availability of fertilizers are improved. The project is also adopting several gender measures to benefit women.
3. Focus of (and resources allocated in) the transaction TA or due diligence The due diligence will look into potential environmental and social risks and impacts of the project, including labor.
4. Specific analysis for policy-based lending. Not applicable.

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? India was ranked 140th out of the 156 countries on the Global Gender Gap Index 2021, and since 2006, the collective gap (spanning economic, education, health, and political participation) has grown significantly.^g India is characterized by low gender equality in both work and society, driven by poor access to essential services, limited legal rights, and social cultural norms that constrain the role played by women.^h Women's workforce participation in India, which began declining in 2005, was one of the lowest in the world in 2019 at just 21% compared with 74% for men.ⁱ An exception to this trend is women's increasing role in the agriculture sector as a result of increasing migration of men from rural to urban areas. Women are playing multiple roles as cultivators, entrepreneurs, and laborers, and as a result require increased access to productive resources such as fertilizer.^j Even outside the agriculture sector, women are typically employed in low-productivity jobs that do not allow them to achieve their full economic potential. Women have lower education than men, particularly in technical streams (endnote h). The fertilizer sector is considered a nontraditional sector of employment for women.

<p>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 access to and use of opportunities, services, resources, assets, and participation in decision-making? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Potential gender measures which may be explored during the project's due diligence include increasing the proportion of women employed, marketing materials to farmers that promote gender equality, gender sensitization training to sales agents, piloting the use of women-only groups to deliver extension training, and providing training to women in modern farming, climate-resilient agricultural practices, and/or financial literacy.</p> <p>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>
III. PARTICIPATION AND EMPOWERING THE POOR
<p>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. The main stakeholders of the project are Smartchem's employees, the businesses and workers in their supply chain, and the farmers Smartchem serves.</p> <p>2. Who are the key, active, and relevant CSOs in the project area? There is limited scope for civil society participation in this project.</p> <p>3. Are there issues during project design for which participation of the poor and vulnerable is important? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, what are these issues?</p> <p>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? The project will develop a stakeholder engagement to support regular engagement with various stakeholders.</p> <p>5. What level of CSO participation is planned during the project design? <u>NA</u> Information generation and sharing <u>NA</u> Consultation <u>NA</u> Collaboration <u>NA</u> Partnership</p>
IV. SOCIAL SAFEGUARDS
<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 The project site is being leased from a government entity. No land acquisition or involuntary resettlement impacts are envisaged.</p> <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input checked="" 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 The project site is in an industrial area. No impacts on Indigenous Peoples are envisaged.</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? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>

V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment (L) <input checked="" type="checkbox"/> Adhering to core labor standards (L) <input type="checkbox"/> Labor retrenchment</p> <p><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability</p> <p><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? Smartchem will be required to comply with national labor laws and internationally recognized core labor standards.</p>
VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT
<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 the participation plan during the transaction TA or due diligence? Consultants were engaged to the conduct the environmental and social due diligence.</p>

Sources: Asian Development Bank and Smartchem Technologies Limited

- ^a ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.
- ^b ADB. 2019. [Operational Plan for Private Sector Operations, 2019–2024](#). Manila.
- ^c ADB. 2017. [Country Partnership Strategy: India, 2018–2022—Accelerating Inclusive Economic Transformation](#). Manila.
- ^d ADB. 2019. [Basic 2019 Statistics](#). Manila.
- ^e World Bank. 2016. [India's Poverty Profile](#). 27 May.
- ^f Government of India, National Institution for Transforming India, Task Force on Agriculture Development. 2015. [Raising Agricultural Productivity and Making Farming Remunerative for Farmers](#). New Delhi.
- ^g World Economic Forum. 2021. [Global Gender Gap Report 2021](#). Geneva.
- ^h McKinsey Global Institute. 2015. [The Power of Parity: Advancing Women's Equality in India](#). New York.
- ⁱ International Labour Organization. 2011. [Restructuring, employment and social dialogue in the chemicals and pharmaceutical industries](#). Geneva.
- ^j Government of India, Ministry of Finance, Press Information Bureau. 2018. [Growing Migration of Men is Causing 'Feminisation' of Agriculture Sector, says Economic Survey](#). News release. 28 January.