



# Initial Poverty and Social Analysis

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## India: Wabag Working Capital Project

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## **ABBREVIATIONS**

ADB	–	Asian Development Bank
CSO	–	civil society organization
EPC	–	engineering, procurement, and construction
ESMS	–	Environmental and social management system

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## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Wabag Working Capital Project
Lending/Financing Modality:	Corporate Finance	Department/ Division	Private Sector Operations Department Infrastructure Finance Division 1

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p><b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b></p> <p>Under the National Water Policy 2012, the Government of India aims to provide improved water supply and proper sewerage facilities in India. The project will help attain the policy's objectives by supporting the improvement of existing water resources' quality and pushing for the reuse of water, which is expected to increase the availability of freshwater in the country.</p>
<p><b>B. Poverty Targeting</b></p> <p><input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>The project is ADB's first financial assistance under its nonsovereign operations in the water sector in India. The project will increase the number of sewage treatment plants and the sewage treatment capacity in the country.</p>
<p><b>C. Poverty and Social Analysis</b></p> <p>1. Key issues and potential beneficiaries. The project will benefit communities served by the improved wastewater treatment facilities. Clean water is a scarce resource in India. Despite having 18% of the world's population, the country only has 4% of the world's water resources.<sup>a</sup> In the rural areas, only 56% of the population uses safely managed drinking water services.<sup>b</sup></p> <p>2. Impact channels and expected systemic changes. The project will support the execution of various wastewater treatment contracts, which will lead to the lowering of water pollution, benefiting those who access and use the waterways. The project will also provide jobs during construction and operation and adopt gender measures that will benefit the company's female employees and its subcontractors.</p> <p>3. Focus of (and resources allocated in) the transaction TA or due diligence. Due diligence for the project focused on reviewing the adequacy of the company's environmental and social management system, its capacity to manage environmental and social risks, and its track record in managing environmental and social risks as EPC contractor.</p> <p>4. Specific analysis for policy-based lending. Not applicable.</p>
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Before the coronavirus disease pandemic, India had made progress toward its development goals despite persisting gender disparities. The health and economic crisis triggered by the pandemic had a tremendous negative impact on widening these gender-based disparities across all sectors, including a decline in women's labor force participation and an increasing trend of harassment against women. Regarding women's role in the water and wastewater treatment segment in India, they are the primary providers, managers, and users of water. For Indian women and girls, fetching water can take up to 15 hours per month.<sup>c</sup> Despite this, they are minimally recognized in formal jobs in the segment, with women representing only about 6% of water and wastewater operators.<sup>d</sup> Further, women shy away from working in the construction industry because of barriers such as gender - based discrimination, the harsh work environment of construction sites, exposure to sexual and other forms of harassment, and the shortage of successful women in construction as role models.<sup>e</sup></p> <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>The project has the potential to enhance gender equality results by fostering a gender sensitive and respectful work environment and gender due diligence will look into gender design features that would support women's career development opportunities and promote gender inclusive practices, particularly related to anti-sexual harassment and violence against women.</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:</p> <p><input type="checkbox"/> GEN (gender equity)                      <input type="checkbox"/> EGM (effective gender mainstreaming)</p> <p><input checked="" type="checkbox"/> SGE (some gender elements)              <input type="checkbox"/> NGE (no gender elements)</p>
<b>III. PARTICIPATION AND EMPOWERING THE POOR</b>
<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 the communities who are expected to benefit from the improved wastewater treatment facilities. The company has established a formal stakeholder engagement plan at the corporate level that guides the engagement of stakeholders in a culturally appropriate manner.</p> <p>2. Who are the key, active, and relevant CSOs in the project area? The corporate-level environmental and social manager is responsible for identifying and engaging with third-party agencies and/or nongovernment organizations.</p> <p>3. Are there issues during project design for which participation of the poor and vulnerable is important?</p> <p><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?</p> <p>The company's stakeholder engagement plan at the corporate level seeks inclusiveness in the representation of views, including women, vulnerable and elderly people, and minority groups. At the site level, the company has adopted a site-specific engagement strategy based on the project needs, project sponsor requirements, or requests from the local community.</p> <p>5. What level of CSO participation is planned during the project design?</p> <p><u>  </u> Information generation and sharing    <u>NA</u> Consultation    <u>NA</u> Collaboration    <u>NA</u> Partnership</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</p> <p>ADB will require the company to enhance its ESMS, including developing a screening procedure that will exclude any contract (utilizing the ADB loan) that has outstanding involuntary resettlement issues or that will result in 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 type="checkbox"/> Social impact matrix</p> <p><input checked="" type="checkbox"/> Environmental and social management system arrangement                              <input 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</p> <p>ADB will require the exclusion of any contract (utilizing the ADB loan) that will result in the displacement of indigenous peoples; impacts on their ancestral domain, livelihood systems, traditional sociocultural and belief practices; or commercial development of their cultural and natural resources.</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</p> <p><input checked="" type="checkbox"/> Environmental and social management system arrangement                              <input type="checkbox"/> None</p>

### V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment (M)  
 Adhering to core labor standards (M)  
 Labor retrenchment (L)  
 Spread of communicable diseases, including HIV/AIDS (M)  
 Increase in human trafficking (M)  
 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? The project will provide jobs during construction and operation. For the contracts utilizing ADB loan, the company will be required to prepare a retrenchment policy to manage any large-scale dismissal of workers that may happen in the future. The company will be required to comply with local labor laws and core labor standards. Any other risks will be managed by appropriate environmental, social, and labor management plans.

### VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

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?

- Yes                       No

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? The company was required to engage external consultants to conduct environmental and social due diligence.

ADB = Asian Development Bank; CSO = civil society organization; EPC = engineering, procurement, and construction; ESMS = environmental and social management system; TA = technical assistance; Wabag = VA Tech Wabag Limited.

<sup>a</sup> World Bank. 2022. [World Water Day 2022: How India is addressing its water needs](#). 14 March.

<sup>b</sup> ADB. 2022. [Basic 2022 Statistics](#). Manila.

<sup>c</sup> Data extracted from Wabag. 2021. [Annual Report 2020-2021: Enriching Lives Engineering Growth](#). Tamil Nadu (India).

<sup>d</sup> Data USA. 2020. [Water & Wastewater Treatment Plant & System Operators](#). (last accessed 09 September 2022)

<sup>e</sup> R. L. Patel and J. Pitroda 2016. [The Role Of Women In Construction Industry: An Indian Perspective](#). Indian Journal of Technical Education (IJTE) | Special Issue for ICWSTCSC-2016.

Sources: ADB; and Wabag.