



Initial Poverty and Social Analysis

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Regional: Olam Global Agri Food Security Support
Project (Bangladesh, India, Indonesia, Nepal,
Pakistan, Viet Nam)

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Polic

ABBREVIATIONS

ADB	–	Asian Development Bank
CSO	–	civil society organizations
ESMS	–	environmental and social management system
OGA	–	Olam Global Agri Private Limited
OGATPL	–	Olam Global Agri Treasury Private Limited
SPS	–	Safeguard Policy Statement

NOTE{S}

- (i) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Regional (Bangladesh, India, Indonesia, Nepal, Pakistan, Viet Nam)	Project Title:	Olam Global Agri Food Security Support Project
Lending/Financing Modality:	Corporate Finance	Department/ Division	Private Sector Operations Department / Agribusiness Investment Team 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 loan of up to US\$80,000,000 to Olam Global Agri Private Limited (OGA) and Olam Global Agri Treasury Private Limited (OGATPL) to finance its incremental working capital needs for wheat and pulses import and rice export supply chains in Bangladesh, India, Indonesia, Nepal, Pakistan, and Viet Nam caused by the increased prices of commodity due to disruptions in the supply chain resulting from the COVID-19 pandemic, and the Russian invasion of Ukraine. The proposed loan will support the livelihood of smallholder farmers and food security in the target developing member countries. This transaction is in line with ADB Strategy 2030 of promoting rural development and food security.^a This is also consistent with the Operational Plan for Private Sector Operations, 2019-2024, which includes pursuing more investments in sectors such as agribusiness.^b

B. Poverty Targeting:

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

Disruptions to supply chains due to the Russian invasion of Ukraine and COVID-19 pandemic caused significant increase in prices of commodities. This project will focus on providing the increasing working capital needs of OGA for the trading of rice, wheat, and pulses contributing to increasing the availability of these food staples, thereby supporting food security in the target developing member countries.

C. Poverty and Social Analysis

- 1 Key issues and potential beneficiaries. One worsening problem worldwide is food insecurity. The COVID-19 pandemic contributed to this problem, but was further worsened due to the Russian invasion of Ukraine. Supply chain disruptions were not just on fossil fuels, but on food staples such as rice and wheat as well. In response to securing food for their people, some Asian countries like India and Indonesia implemented export bans on wheat and palm oil, causing more shortages in supplies. All these, coupled with increasing costs of fertilizers and other farming inputs, contributed to the increase of food prices. This transaction is designed to support the trading of rice, wheat, and pulses across Bangladesh, Nepal, India, Indonesia, Pakistan, and Viet Nam, and as a result support the livelihood of smallholder farmers. This project is foreseen to benefit the vulnerable population with immediate food needs, and to contribute to supporting food security in the target countries.
2. Impact channels and expected systemic changes. The proposed project aims to contribute to increasing food staples supply through providing financial support on food staples trading. This will support the livelihoods of smallholder farmers, and make these food staples accessible to the people, especially the population with immediate food needs. This proposed transaction is also envisaged to contribute to the continuous employment of company's current workforce.
3. Focus of (and resources allocated in) the transaction TA or due diligence. A third-party expert will be commissioned by the borrower to conduct an audit of OGA's environmental and social management system (ESMS) and evaluate its environmental and social compliance with the ADB Safeguard Policy Statement (SPS) 2009 requirements. The ADB team will also conduct due diligence and will look into OGA's adherence to national laws, its labor policies and practices, and its gender responsiveness.

II. GENDER AND DEVELOPMENT

- 1.1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Women also make essential contributions to the agriculture sector comprising 40%–50% of the agricultural labor force in East and Southeast Asia and 30% in South Asia.^c Despite their significant involvement in farming, women have fewer assets and more limited access to inputs and technology.^d Climate change is further exacerbating the prevailing gender inequalities by posing additional risks to the health and well-being of women.^e Female workers participate in activities throughout the agricultural value chain, as well as across different products and geographies. The expansion of agricultural production for the global market has been linked with increases in women's employment. While majority of research on women's participation in agribusiness in emerging economies focuses on

small-holder farming contexts, experiences from these countries indicate business gains associated with proactive interventions related to women's employment.^f

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? Yes No

Potential gender measures which may be explored during the project's due diligence include enhancing gender-inclusiveness of OGA's workplace through awareness-raising initiatives with staff and actions to systematically capture learnings from their existing work on gender equality with female farmers.

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. The owners and shareholders of OGA, its employees, small holder farmers, and its customers are the main stakeholders of the project. Interviews with the employees and consultation with relevant stakeholders will be conducted as part of the audit.
2. Who are the key, active, and relevant CSOs in the project area? The CSOs that OGA may engage with during project processing will be covered during due diligence.
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?
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 corporate ESMS and facility level audit will involve gathering of insights from the stakeholders that will be interviewed and sharing of information about the project. OGA's stakeholder engagement activities, including its external grievance management, will also be evaluated.
5. What level of CSO participation is planned during the project design?
 L Information generation and sharing L Consultation NA Collaboration NA Partnership

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

OGA business sites are on land either owned or leased by the company, and this will be verified during the audit. No additional land acquisition or involuntary restrictions on land use is envisaged for this transaction.

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

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No

Facilities of the business sites are located on industrial clusters where no villages of known ethnic minorities occupy or have occupied. This will be validated during the audit.

3. Will the project require broad community support of affected indigenous communities? Yes No

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 type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design?</p> <input checked="" type="checkbox"/> (L) Creating decent jobs and employment <input checked="" type="checkbox"/> (L) 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>2. How are these additional social issues and risks going to be addressed in the project design? Due diligence will assess OGA's human resources policies, employment contracts, and its adherence to national labor laws and the core labor standards. OGA's process of ensuring that its contractors or third-party service providers compliance with the national labor laws will also be part of the audit.</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> <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 the participation plan during the transaction TA or due diligence? A third-party expert will be engaged by the borrower to conduct an audit on OGA's environmental and social management system and evaluate its compliance with the requirements of the ADB SPS. An ADB team composed of environment, social, and gender specialists will conduct virtual due diligence for the proposed project, review the audit reports and other documents provided by the client.</p>

^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 FAO. 2017. *Regional Gender Strategy and Action Plan 2017–2019 for Asia and the Pacific*. Bangkok.

^d R. Mehra, and M. H. Rojas. 2008. *A Significant Shift: Women, Food Security and Agriculture in a Global Marketplace*. Washington, DC: International Center for Research on Women.

^e UN Women. 2022. [Women and the environment – An Asia Pacific Snapshot](#). New York.

^f International Finance Corporation. 2016. [The Business Case for Women's Employment in Agribusiness](#). Washington DC.

Source: Asian Development Bank