

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Punjab Development Finance Program
Lending/Financing Modality:	Policy-based loan	Department/Division:	SARD/SAPF

### I. POVERTY ISSUES

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

Achieving poverty, especially human poverty, reduction and social development through faster and more inclusive growth is a priority in India's Eleventh Five-Year Plan (11th FYP, 2007–2012). The country partnership strategy (CPS) for 2009–2012 aims to support the Government's overall vision of the Eleventh FYP (April 2007–March 2012) to make growth more inclusive and to increase the pace of poverty reduction and social development. However, it was also recognized that mainstreaming inclusive growth requires large investment in economic and social infrastructure in a sustained manner which, in turn, requires adequate fiscal space at all levels of Governments. It was also estimated that to achieve the targeted annual growth rate of 9%, domestic investment would have to rise from an average of 32.1% of gross domestic product (GDP) in the 10th FYP to 36.7% in the 11th FYP. The approach paper to the 12th FYP also echoes the similar strategy.

Consequently, it was decided that ADB would continue to support selected state governments in creating the fiscal space required to undertake development activities. It was also decided to support fiscal consolidation at the state level.

#### B. Targeting Classification

Select the targeting classification of the project:

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

**Explain the basis for the targeting classification.** The finances of the Government of Punjab remain very fragile at this juncture. Consequently, discretionary development financing is sacrificed for nondiscretionary committed expenditure (salary, pension, and debt servicing). Thus, the primary objective of the program is to initiate and partner key reforms for stabilizing Government's finances. Improved finances, in turn, will help the Government to spend more on social infrastructure (including operations and maintenance) in a sustained manner. Important features of the proposed program are (i) support for the state government to continue its focus on economic and social development, and (ii) help for the Government to better align resource allocation to desired long-term outcomes in many sectors including health and education.

#### C. Poverty Analysis

1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed? Not applicable.
2. What resources are allocated in the PPTA/due diligence? The project preparatory technical assistance (PPTA) has the provision for hiring a social development specialist.
3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)? The pro-poor governance components/indicators will be developed/designed with the help of the social development specialist. An analysis of subsidies will help to improve targeting of subsidies under the proposed program.

## II. SOCIAL DEVELOPMENT ISSUES

### A. Initial Social Analysis

Based on existing information:

1. Who are the potential primary beneficiaries of the project? How do the poor and the socially-excluded benefit from the project? The primary beneficiaries are the citizens of Punjab. The poor and the socially-excluded will immensely benefit from higher development financing and targeted subsidies.
2. What are the potential needs of beneficiaries in relation to the proposed project? Improved delivery of public services is the primary need of the poor.
3. What are the potential constraints in accessing the proposed benefits and services and how will the project address them? The program's focus on improved financial management and creating fiscal space will help the state government to spend more on service delivery, especially in health and education, with better targeting.

### B. Consultation and Participation

1. Indicate the potential initial stakeholders. The potential stakeholder groups include central policymakers at the Department of Economic Affairs, Department of Expenditure, Government of India; Government of Punjab officials based in various departments; nongovernmental organizations; and academicians in Punjab.
2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernmental organizations and community-based organizations, etc.)? Participatory public consultations will be carried out.
3. What level of participation is envisaged for project design?  
 Information sharing     Consultation     Collaborative decision making     Empowerment
4. Will a C&P plan be prepared during the project design for project implementation?  Yes  No  
 Consultations with the stakeholders will be carried out based on the needs of the program through a mix of formal and informal consultations.

### C. Gender and Development Proposed Gender Mainstreaming Category: ~~Some Gender Elements~~

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program? The primary objective of the proposed program is to initiate and partner key reforms for stabilizing the Government's finances and generate fiscal space to enhance and sustain development financing (capital outlays) in the state. This will enable the state to invest more on economic and social infrastructure. The proposed program will also support many reforms to streamline and improve targeting of expenditure on the social sectors including health and education. One such reform will be the introduction of medium-term expenditure framework (MTEF) in a gender responsive manner. It will be easier to target outputs/outcomes which are sensitive to the gender issues if the departmental budget (especially health and education) strictly adhere to the MTEF frameworks. All these initiatives are expected to improve service delivery in health (removing the factors contributing to "three delays"—delays in seeking health care, delays in reaching an appropriate facility and delays in receiving care) and education. Greater accessibility and improved delivery of basic services will mean greater coverage for women and children.
2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making?  Yes     No
3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?  Yes     No

<b>III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS</b>			
<b>Issue</b>	<b>Nature of Social Issue</b>	<b>Significant/Limited/No Impact/Not Known</b>	<b>Plan or Other Action Required</b>
<b>Involuntary Resettlement</b>	The proposed policy actions under the program will have no direct and indirect impacts.	No impact.	<input type="checkbox"/> Resettlement Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> Environmental and Social Management System Arrangement <input checked="" type="checkbox"/> None <input type="checkbox"/> Uncertain
<b>Indigenous Peoples</b>	The proposed policy actions under the program will have no direct and indirect impacts.	No impact.	<input type="checkbox"/> Indigenous Peoples Plan <input type="checkbox"/> Indigenous Peoples Planning Framework <input type="checkbox"/> Environmental and Social Management System Arrangement <input checked="" type="checkbox"/> None <input type="checkbox"/> Uncertain
<b>Labor</b> <input type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	The proposed policy actions under the program will have no direct and indirect impacts. However, the counterpart funds could be used to pay voluntary retirement scheme to the staff of some closed and nonworking public sector enterprises. A statewide labor re-training (in alternative skills) plan will be prepared.	No impact.	<input checked="" type="checkbox"/> Plan <input type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Affordability</b>	The proposed policy actions under the program will have no direct and indirect impacts.	No impact.	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Other Risks and/or Vulnerabilities</b> <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input checked="" type="checkbox"/> Others (conflict, political instability, etc.), please specify	Lack of capacity of the executing agency could be a potential risk in program implementation.	The technical assistance will ensure targeted capacity building in relevant government departments.	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT</b>			
1. Does the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No    If no, please explain why.			
2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

