



Initial Poverty and Social Analysis

June 2020

India: Himachal Pradesh Subtropical Horticulture, Irrigation, and Value Addition Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 2 June 2020)

Currency unit	–	Indian Rupee (₹)
₹1.00	=	\$0.00961
\$1.00	=	₹103.99

ABBREVIATIONS

ADB	–	Asian Development Bank
HP-SHIVA	–	Himachal Pradesh Subtropical Horticulture, Irrigation and Value Addition
WUA	–	water user associations
PRF	–	Project Readiness Financing

NOTE

In this report, "\$" refers to United States dollars

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Himachal Pradesh Subtropical Horticulture, Irrigation and Value Addition Project (HP-SHIVA)
Lending/Financing Modality:	Project Loan	Department/ Division:	South Asia Department, Environment, Natural Resources and Agriculture Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy	<p>The Himachal Pradesh Subtropical Horticulture, Irrigation and Value Addition (HP-SHIVA) responds to both state and national poverty reduction strategies. At the state level, the proposed project is aligned with the state government's Strategy for Doubling Farmers Income in Himachal Pradesh. This strategy identifies development of subtropical horticulture and irrigation facilities as a priority to address a significant income gap between the temperate zones of hilly areas and the subtropical zones in low and mid-hills areas. Subtropical horticulture farmers' income is less than 8% of temperate horticulture farmers. The state government has identified 28 priority blocks in the seven districts (Bilaspur, Hamipur, Kangra, Mandi, Solan, Sirmour and Una) in the subtropical low hills zone and some in the mid hills subhumid zone of the state as target areas for HP-SHIVA. At the national level, HP-SHIVA aligns with pillar 2 of ADB country partnership strategy for India 2018–2022, which promotes inclusive provision of infrastructure network and services, and increased rural income. HP-SHIVA is included in the country operations business plan, 2020–2022 for India.</p>
B. Poverty Targeting	<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 proposed project is a general poverty targeting intervention that aims to improve farmers' incomes and horticulture productivity. Low growth of farmers' income and decreasing share of agriculture and allied activities in the gross domestic product have been key concerns of state and central governments in India. Farmers in the government also suffer from small landholding size, with 69.78% of the landholdings below one hectare covering only 28.63% of the total agriculture land. Small landholdings and the unavailability of efficient irrigation facilities have made agriculture unprofitable. In recent years, farmers have also been negatively impacted by damage of crops by wild and stray animals. There is income disparity between farmers of temperate and subtropical areas in Himachal Pradesh (?). Farmers in temperate areas earn high from producing apple which is the dominant fruit crop in Himachal Pradesh. Subtropical area farmers are forced to abandon farming due to the aforementioned constraints. As per 2011–2012 data, the state poverty line for rural areas in the government has been estimated as INR 913, equivalent to approximately \$12.85.^c The project will target mainly small, medium and marginal farmers (approximately 25,000 farmers) in the seven districts, of which at least 20% are below poverty line or with less than 0.25 hectare landholding.. Project interventions including efficient irrigation, high density subtropical horticulture production, animal deterrent fencing and capacity building will be available to all the farmers in the selected clusters.</p>
C. Poverty and Social Analysis	<p>1. Key issues and potential beneficiaries.</p> <p>More than 90% of the population in the government resides in rural areas and more than 62% of the population is engaged in agriculture, but the contribution of the agriculture sector to the state's gross value added is only 15%. This has been mainly due to uneconomical agriculture, mostly in the subtropical region of the state.^d Crop losses from wild and stray animal attacks have resulted in farmers abandoning farming and farmlands being left fallow. Farmers require access to better irrigation facilities, planting material and inputs to protect crops and improve yield quality. There is also a need to improve linkages of farmers to modern agribusiness value chain to improve farmers's share in prices through value addition and improved post-harvest best practices and infrastructure. The impact of climate change is increasing because of erratic and extreme rainfall conditions along with rise in temperature leading to increased incidences of pests, etc. The proposed project will directly benefit small and marginal farmers who have stopped farming or have reduced their areas under cultivation because of a lack of irrigation facilities, and crop damage by wild and stray animals</p> <p>2. Impact channels and expected systemic changes.</p> <p>The project aims to increase the income of subtropical farmers in Himachal Pradesh by delivering three outputs: (i) irrigated area expanded and sustainably operated; (ii) climate resilient horticultural production increased; and (iii) market access for subtropical horticulture farmers developed. The project's main approaches to bring systemic changes are: (i) introducing innovative climate and disaster risk resilient designs in irrigation schemes and water use management; (ii) employing a market-driven approach through establishing farmers marketing organizations, empowering farmers groups and developing public-private or producer-private partnerships; and (iii) integrating climate resilient technologies and holistic natural resource management practices into farm management (soil health, fertilization, pesticide use, water saving). The project shall help in the creation and empowerment of water user association for efficient management of on-farm irrigation systems with the help of necessary policy and legislative reforms.</p> <p>3. Focus of (and resources allocated in) the transaction TA or due diligence.</p> <p>A Project Readiness Financing (PRF) will support detailed district and cluster wise stakeholder analysis. The analysis will identify: (i) current farmers income; (ii) potential irrigation technologies; and (iii) horticulture production systems and value chains to improve the project design. The PRF stakeholder analysis will reserve 20% of the study sample for marginal farmers (either below poverty line income group or with less than 0.25 hectare landholding) and other vulnerable groups including women, scheduled caste and scheduled tribes.</p>

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?

Women form approximately 50% of the state's rural population, 42% of the labor force in the state, and 56% of the total cultivators' population, however, their participation in the farming sector is mainly labor oriented.⁶ Women's share of land ownership is negligible due to the patriarchal social system of land ownership. Women do not get a direct share or control of farming income as the land ownership is under the name of male members of the households.⁷ Reforms in the Panchayati Raj Act, which is related to the local self-government system for rural areas in India, and in some of the regulations for participatory irrigation management have enforced reservation stipulations for women in the elected entities, leading to increased participation of women in decision making processes.⁹

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 project proposes to support value addition activities in horticulture value chains and other value-added income generating activities. The PRF will develop a gender action plan for such activities under the ensuing loan and ensure women farmers participate and benefit from all the project components. The project also proposes to support the state government in promoting functional water user associations (WUAs) and farmer producer organizations in which women's membership will comprise at least 30%, and appointments to the chairperson and vice-chairperson posts of such groups will be gender equitable. These interventions will support women's representation and improve their voice in agriculture decision making as well as strength income generation opportunities.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes No / No adverse impact anticipated.

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 EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The project's primary beneficiaries are rural households living in the seven targeted districts of the government. Interventions including improved irrigation facilities, horticulture crop inputs and animal deterrent fencing will be available to the farmers in the irrigation schemes in targeted districts. Other stakeholders include input suppliers, technology suppliers, buyers, financing institutions, civil society organizations, academic institutions, government departments (horticulture, agriculture, rural development, forest and irrigation) and consumers. State departments of horticulture and irrigation will participate in the project as implementation agencies while other departments will act as supporting organization to the beneficiaries and to the implementing agencies. The private sector will either participate by providing inputs to the beneficiaries, by buying the produce of the beneficiaries or by partnering with beneficiaries in horticulture value chain development. Active engagement of private sector in improving farmers' income will be considered in project design. The project will directly support innovative value chain development that actively engages farmer horticulture producer groups.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded?

The project will establish WUAs or strengthen existing WUAs to empower farming communities (including 20% poor households and 30% women) in efficiently using and, over time, managing farm water resource infrastructure. The project will establish horticulture farmer groups to manage common infrastructure in the cluster, and attempt to form farmer producer organizations at subregional level to empower farmers groups in transacting with value chains, selected on a competitive basis.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design? Information generation and sharing (L) Consultation (L) Collaboration (L) Partnership

In the initial consultation missions, farmers mentioned that there is no civil society organization presence in the subtropical horticulture sector. In one of the clusters, farmers in Bilaspur District mentioned that they are part of the milk collection value chain of the nongovernment organization Kamdhenu Hitkari Manch. In the design phase, the PRF will identify local civil society organizations working with farmers in agriculture and other allied activities, to facilitate consultation, and capacity building of farmers in relation to formation of water user association and farmer horticulture production and marketing groups.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? Yes No

Approximately 88% of the total holdings in Himachal Pradesh are owned by small and marginal farmers. Since high value horticulture may require (i) an initial drop in farm income during the gestation period for fruit trees; and (ii) higher cost of drip irrigation and other inputs required, the project would focus on providing income-sustaining, appropriate and affordable technology/inputs for small and marginal farmers. Since the project provides basic benefits of irrigation and animal menace protection to all farmers in a target cluster, at no cost to them, poor farmers will get opportunity to increase their incomes by opting to grow vegetables, forage etc. for faster value realization.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C F1

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No

The project focuses on improving the beneficiaries' land utilization in rural areas. The project will create common infrastructure facilities like water tanks, pipelines and animal deterrence structures as per the design and taking prior consent of the participating farmers through WUAs. No involuntary land acquisition or involuntary physical or economic displacement is anticipated, however due diligence supported by the PRF will confirm land availability and recategorize the project accordingly.

<p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? Social due diligence will confirm the requirements.</p> <p><input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input 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 checked="" type="checkbox"/> B <input 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>Indigenous Peoples (mainly Gujjars and Gaddis) are present in the project area and will be provided opportunities to voluntarily participate in the project activities. On this basis the project is tentatively categorized as B due to potential positive direct and indirect benefits in the form of increased demand for farm labour resulting from increased horticulture production.</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 type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p> <p>A separate IP plan will not be required to account for positive benefits, rather, the project will streamline an inclusive approach in the projects gender action plan.</p>
<p>V. OTHER SOCIAL ISSUES AND RISKS</p>
<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 (H) <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 checked="" type="checkbox"/> Affordability (M) <input checked="" type="checkbox"/> Increase in unplanned migration (M) <input checked="" 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? The introduction of high value horticulture and other diversified agriculture interventions would increase labor requirements in the project areas. In addition to creating employment for local poor households, this could lead to in-migration of agriculture labor. Project beneficiaries have argued that this will help reverse out-migration of labor in their locality, which will be a socially positive outcome. The project, through training of WUA and farmer producer/marketing organizations, will promote fair employment conditions, including equal pay for male and female employees for equivalent work. High value horticulture farming entails investment in inputs by the farmer which creates affordability risk for small and marginal farmers. The project will support the formation of farmer groups and larger farmer organization to: (i) help them take advantage of collective procurement and marketing; (ii) local value addition and participation; (iii) as partners in value chains; and (v) thereby improve affordability and profitability for poor farmers.</p>
<p>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? During the PRF implementation, one national gender and social safeguard specialist will be identified and engaged by the state government through the project management unit. <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? The state government will recruit a national gender and social safeguard specialist in the project management unit to support PRF implementation, and design of the HP-SHIVA project. The specialist will be responsible for conducting a baseline survey that will define the current socioeconomic circumstances of targeted communities, and community participation in the design of planned irrigation systems and horticulture interventions for their communities.</p>

ADB = Asian Development Bank, HP-SHIVA = Himachal Pradesh Subtropical Horticulture, WUAs = water user associations, PRF = Project Readiness Financing

- ^a HC Sharma. [Strategies for Doubling Farmers Income in Himachal Pradesh](#). YSP University of Horticulture and Forestry, Nauni, Solan 173230, Himachal Pradesh
- ^b Drishti Himachal Pradesh-2030 Sustainable Development Goals. <https://hpplanning.nic.in/Drishti-HP-2030.pdf>.
- ^c Reserve Bank of India. Table 162: Number and Percentage of Population Below Poverty Line. Publications [Handbook of Statistics of Indian Economy](#).
- ^d The World Bank. <https://www.worldbank.org/en/news/press-release/2015/01/28/himachal-pradesh-has-effectively-balanced-economic-growth-with-social-inclusion-says-new-world-bank-report>.
- ^e Government of Himachal Pradesh, Department of Economic and Statistics. 2017–2018. [Statistical Abstract of Himachal Pradesh](#). Shimla.
- ^f Government of Himachal Pradesh, Planning Department. 2017. [Patterns and Context of Rural Livelihoods in Himachal Pradesh](#). Shimla
- ^g Gender Statistics, Directorate of Economics and Statistics. <https://himachalservices.nic.in/economics/en-IN/index.html>