

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	India	Project Title:	Odisha Skills Development Project
Lending/Financing Modality:	Project loan	Department/ Division:	South Asia Department/Human and Social Development Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The Twelfth Five Year Plan (2012–2017) focuses on demand aligned skill development, and suggests growth in employment in manufacturing, so that underemployed labor force can speedily move from low-paid farm jobs to better paid, more productive manufacturing and services sectors. Even though Odisha has a competitive advantage based on large mineral base for large manufacturing enterprises, the manufacturing sector has been hit hard due to global economic slowdown and other factors. The sector has recorded a growth rate of only 2.5% during 2012-13. While the Govt. of Odisha puts in effort to catalyze the industry sector, Employment, Technical Education and Training Department (ETETD) along with the Directorate of Technical Education and Training (DTET) and Odisha State Employment Mission (OSEM) is proposing to put in systems to align with the suggestions of the Twelfth Plan and develop strategy to address skill challenges in terms of outreach, quality and systemic/institutional setups.

The proposed strategy towards increased employment in formal sector and reduction of skills-gap in priority sectors resonates well with the ADB's draft country partnership strategy (2013-2017). The project is included in the COBP for 2013-2015.

B. Targeting Classification

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

Odisha is one of the poorest states in the country with a per capita GDP of Rs.46,150 compared to the national average of Rs.61,564 and is ranked 24th in the list of 32 states. The number of households in Odisha living at less than Rs.2,500 per month (abject poverty) is 29.9%, while the country average for the same is 10.86%. Further, about 45.53% (compared to 34.22% of the national population) have monthly income of Rs.2,500 to Rs.5,000. With a high share of tribal population (scheduled tribes: 22.61%, compared to 8.69% in the country), the state faces difficult demographic challenges both for growth and equity.

The Human Development Index (HDI) of 0.362 for Odisha is much lower compared to 0.462 for India. Even with low social indicators, the state has recorded impressive growth recently: at an average of 9.5% in the Xth Plan and 9.14% in 2012-13. Such kind of a paradox of high growth and inequitable distribution is not only faced by Odisha but also the country and therefore both the XIth and the XIIth plans have emphasized equitable and inclusive growth with focus on capitalizing the demographic dividend.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

Nearly 29.91% of rural and 26.35% of urban population in Odisha live at less than \$1.5/day while the country average is 11.25% for rural and 12.74% for urban. Similarly, nearly 57.52% of rural and 59.49% of urban population in Odisha live at less than \$2.0/day while the country average is 29.72% for rural and 40.92% for urban. More than 60% of the population depends on agriculture, while the contribution of the sector to GSDP is a mere 17.5%. The project targets to address the core problem of low employability of Odisha's youth and workforce which manifests in the form of unemployment, low productivity for industries, demand-supply mismatch between training and jobs and social disparities, frustrations, and alienation amongst youth.

2. Impact channels and expected systemic changes.

The project has adopted a four-pronged approach to address the problems of low employability by (i) increasing equitable access to market-responsive skills development programs; (ii) enhancing quality and relevance of skills development programs; (iii) strengthening the skills ecosystem; and (iv) effective project management. Whether it is the expansion and modernization of existing government infrastructure or expansion of the number of private providers' ability to deliver large number of training seats in remote areas of Odisha, the larger goal of skills development would remain gainful employment for all, higher productivity and improvement in quality of life for the people of Odisha.

3. Focus of (and resources allocated in) the PPTA or due diligence.

The PPTA will focus on how effective the programs have been in well served blocks and draw lessons for the unserved blocks and under-served population. Based on the findings, the PPTA will propose strategies and plans to ensure effective targeting and implementation.

4. Specific analysis for policy-based lending.

Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Even though the female literacy rate (64.36%) in Odisha is nearly at par with the country average (65.46%), the disparities grow when the same rates appear very low for women in Scheduled Tribes or in remote locations of Odisha. With almost 173 blocks out of the 315 blocks declared as Educationally Backward Blocks (EBB), the mainstreaming of women in productive labor force is yet to happen. The Gender Development Index (GDI) in Odisha is low at 0.524, while the Gender Empowerment Measure (GEM) and the GDI and GEM rank for Odisha is 32 and 29 respectively out of 35.

2. Does the proposed project or program have the potential to make a contribution 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

A gender action plan will be prepared during due diligence under the PPTA.

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

Yes No

The project will not have an adverse impact on women and/or girls or widen gender inequality.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) 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 main stakeholders are the training providers (public and private), working age population over 15 years with particular focus on the youth, concerned policy makers and private sector. None of the population is expected to be affected negatively. The PPTA due diligence will provide the details.

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 PPTA due diligence will provide the details.

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?

M Information generation and sharing **M** Consultation **M** Collaboration **M** Partnership

This will be firmed up during project due diligence.

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

The project design is envisaged to identify a menu-driven approach to identify the target groups in priority sectors and skills level for skilling/up-skilling so that the project can include those that have completed grades 5, 8, 10 and 12, for jobs within and outside Odisha, for formal and informal sectors, and for self-employment where feasible. In order to identify the target groups, the design includes consultancy provision to undertake economic and financial analysis, labor market analysis, and social safeguards analysis including preparation of a consultation and participation plan to ensure active participation of the target groups.

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

While new construction is envisaged, it will be done in places where land is already available and does not require

resettlement.

2. What action plan is required to address involuntary resettlement as part of the PPTA 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

This project will not affect these aspects.

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

The project is expected to have positive impact on indigenous communities. It will be important to seek their active participation in training programs in order to improve their livelihoods.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

- Indigenous peoples plan Indigenous peoples planning framework Social impact matrix
 Environmental and social management system arrangement None

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(**H**) Adhering to core labor standards(**L**) Labor retrenchment(**N**)
 Spread of communicable diseases, including HIV/AIDS (**N**) Increase in human trafficking (**N**) Affordability(**N**)
 Increase in unplanned migration(**N**) Increase in vulnerability to natural disasters(**N**) Creating political instability(**N**)
 Creating internal social conflicts(**N**) Others, please specify(**N**) None

2. How are these additional social issues and risks going to be addressed in the project design?

Funding will be tied to results and performance. A major requirement will be to ensure at least 70% job placement and/or self-employment of graduates of training programs.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

- Yes No

Yes relevant specialists have been identified.

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 PPTA or due diligence?

A social development and gender specialist is provisioned for 2 months and a social safeguards specialist is provisioned for 2 months of inputs. The provision for an economic, financial and costing analyst for 3 months will also help assess the implications on poverty and social development.