

**SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY**

Country:	Bangladesh	Project Title:	PRAN Agribusiness Project
Lending/Financing Modality:	Loan	Department/ Division:	Private Sector Operations Department / Private Sector Infrastructure Finance Division 1

**I. POVERTY ANALYSIS AND STRATEGY****A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy**

The project is consistent with Strategy 2020, which identifies agriculture as an area of operations for the Asian Development Bank (ADB) Supporting agriculture and rural areas is indeed an “underlying component of the inclusive growth strategy” because “the majority of the poor still live in rural areas, and agriculture remains a source of productivity improvement, seasonal employment, and income growth—especially when connected to urban, industrial, and export markets.”<sup>a</sup> As such, the project is particularly relevant because PRAN, as an integrated food and agribusiness company, is connecting agricultural production to food processing and export markets. The project is also consistent with Strategy 2020’s objective of scaling-up private sector development and private sector operations in all operational areas.

The project aligns with ADB’s agriculture sector strategy. In particular, the Operational Plan for Sustainable Food Security recommends an “expanded partnership with the private sector” to attract “more direct investments in productivity enhancement, agro-processing, agro-retailing and other nonfarm rural business.”<sup>b</sup> Assistance to an integrated food and agribusiness company also addresses the operational plan’s objective of “increasing synergy and value addition in the backward and forward linkages along the food and agriculture value chain.” Improved linkages along the value chain enhance productivity, employment opportunities, exports and regional trade, and food security for the poor in both rural and urban areas.

Agriculture and natural resources is one of six sectors identified for ADB assistance under the Bangladesh country partnership strategy, 2011–2015.<sup>c</sup> The strategy mentions that ADB’s private sector operations will consider financial support for the food processing industry. The project will benefit from synergies with ADB’s sovereign assistance to rural infrastructure and water resource management. For example, rural road improvement may improve the ability of farmers to sell their products to PRAN.

**B. Poverty Analysis****Targeting Classification:** General Intervention

**Key issues.** Agricultural development and sustainable natural resource management are critical to poverty reduction. as the vast majority of the poor in Bangladesh are in rural areas and depend on agriculture for their livelihoods. Some 75% of the population and 85% of the poor live in rural areas. Agriculture generates half of employment, contributes 20% of the gross domestic product, and provides a secure supply of food to the whole population.

**Design features.** The project will be developed by a new group company, Sylvan Agriculture Limited (SAL), enjoying full support from the group’s shared services and including several components. First, PRAN will set up plants for the in-house production of two ingredients used in its food products but currently procured externally: liquid glucose and wheat flour. Second, PRAN will set up a plant for processing frozen foods.

**C. Poverty Impact Analysis for Policy-Based Lending:** Not applicable.

<b>II. SOCIAL ANALYSIS AND STRATEGY</b>	
<b>A. Findings of Social Analysis</b>	<p><b>Social safeguards.</b> The project is category C for involuntary resettlement and indigenous peoples. Project facilities will be located in Danga, 30 kilometers east of Dhaka, and Olipur, 120 kilometers northeast of Dhaka. As the land is within industrial parks owned by the group, no land acquisition is involved, and the project has no adverse impact on indigenous peoples.</p> <p><b>Labor.</b> The project will employ about 1,000 workers during operation. No significant issues pertaining to labor are expected. The initial environment examination includes provisions on social protection, and the group will comply with core labor standards to ensure fair, safe, and healthy working conditions in investments using ADB's funds.</p>
<b>B. Consultation and Participation</b>	<p>1. Provide a summary of the consultation and participation (C&amp;P) process during project preparation.</p> <p>C&amp;P will be carried out with stakeholders, especially with the local farmers in surrounding communities who will provide raw materials for the plants. The participation of beneficiaries will include awareness activities concerning the public health and food safety issues.</p> <p>2. What level of C&amp;P is envisaged during the project implementation and monitoring?</p> <p><input checked="" type="checkbox"/> Information sharing   <input checked="" type="checkbox"/> Consultation   <input type="checkbox"/> Collaborative decision making   <input type="checkbox"/> Empowerment</p> <p>3. Was a C&amp;P plan prepared for project implementation?   <input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p> <p>C&amp;P issues are discussed under the initial environment examination.</p>
<b>C. Gender and Development</b>	<p style="text-align: right;"><b>Gender Mainstreaming Category:</b> Some Gender Benefits</p> <p><b>Key issues.</b> Food processing is a light industry with potential to hire a large proportion of women. PRAN employs about 7,000 women, or 24% of the group's work force, which is a relatively high percentage in the context of Bangladesh.</p> <p><b>Key actions.</b> Through a covenant in the ADB loan document, SAL will commit to employing at least 30% women, an improvement over the group's current 24%. The project will thus provide employment to at least 300 women. SAL will strive to hire even more women, but the company may be restricted by the number of applicants, as women prefer working close to their homes more than do men, who are more willing to work far from home.</p> <p><input type="checkbox"/> Gender action plan   <input checked="" type="checkbox"/> Other actions or measures   <input type="checkbox"/> No action or measure</p>

<b>III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS</b>			
<b>Issue</b>	<b>Significant/Limited/ No Impact</b>	<b>Strategy to Address Issue</b>	<b>Plan or Other Measures Included in Design</b>
Involuntary Resettlement	No impact. The project is not expected to cause significant physical or economic displacement. The project will not cause involuntary resettlement.	The project will be located in industrial zones in Danga and Olipur already owned by PRAN, so no land will be acquired.	<input checked="" type="checkbox"/> No Action
Indigenous Peoples	No impact. The project is not expected to have any impact to indigenous peoples.	The project will be located in industrial zones with no residents and, thus, no indigenous peoples.	<input checked="" type="checkbox"/> No Action
<b>Labor</b> <input checked="" type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Core labor standards	The impact will be positive in term of employment opportunities during construction and operation.	The project will comply with core labor standards required by countries and ADB's Safeguard Policy Statement (2009).	<input checked="" type="checkbox"/> Other action
<b>Affordability</b>	None	No impact	<input checked="" type="checkbox"/> No action
<b>Other Risks and/or Vulnerabilities</b> <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (conflict, political instability, etc.)	None	No impact	<input checked="" type="checkbox"/> No action
<b>IV. MONITORING AND EVALUATION</b>			
Are social indicators included in the design and monitoring framework to facilitate monitoring of gender and social development activities and/or social impacts during project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			

<sup>a</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

<sup>b</sup> ADB. 2009. *Operational Plan for Sustainable Food Security in Asia and the Pacific*. Manila.

<sup>c</sup> ADB. 2011. *Country Partnership Strategy: Bangladesh, 2011–2015*. Manila.