

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	<input type="text" value="Pakistan"/>	Project Title:	<input type="text" value="Pak: Gulpur Hydropower Project"/>
Lending/Financing Modality:	<input type="text" value="Project Loan"/>	Department/Division:	<input type="text" value="PSOD/PSIF 1"/>

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

As deterioration in the energy sector is the main constraint on its growth and a major cause of its financial and economic fragility, this sector tops the priorities of the Government of Pakistan (GoP). To ensure a sustainable supply of energy, the GoP launched a number of initiatives to promote private sector participation in the country's infrastructure, with a major focus on the power sector. As a result, a number of power policies were introduced and have resulted in significant, although still insufficient, investment from the private sector. As of FY2013, 11,220 megawatts (MW) or 47.4% of the country's installed power capacity was owned and operated by private sector investors². The project is one of the earlier hydro power projects identified under the 2002 Power Policy by the Private Power Investment Board (PPIB) – the national institution entrusted with bringing private investment into Pakistan's power sector.

The successful development of the project will help alleviate Pakistan's severe power shortage, which cramps the country's economic growth and efforts to reduce poverty. Successful implementation of the project will also foster confidence among potential investors and lenders and promote further private sector investment in renewable energy and power in Pakistan.

B. Targeting Classification:

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

The project will help alleviate Pakistan's severe power shortage and will contribute to economic growth, poverty reduction and provide employment opportunities to local communities during construction and operation.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Pakistan has made considerable progress in reducing absolute poverty and improving shared prosperity over the last two decades. Between 1991 and 2011, the proportion of people with an income of less than \$1.25 a day was more than halved, led by rural areas. The percentage of the population below the national poverty rate has fallen from 34.7 percent in FY02 to an estimated 13.6 percent in FY11. Progress, however, slowed in FY09–11 due to two massive floods hitting the country, conflict, and the global economic slowdown. (International Bank for Reconstruction and Development and International Development Association and International Finance Corporation and Multilateral Investment Guarantee Agency for the Islamic Republic of Pakistan for the Period FY2015-19, April 4, 2014)

2. Impact channels and expected systemic changes. The project will contribute to economic growth, poverty reduction, job creation, and improvement of electricity supply in Pakistan. Construction will directly employ the local community with many income opportunities from support services and provision of food and agricultural products to construction workers.

3. Focus of (and resources allocated in) the PPTA or due diligence. ADB Team will conduct a due diligence on the following: (a) involuntary resettlement issues and impact to Indigenous Peoples including construction-related public health impacts, (b) issues raised by community and project affected persons on identified impacts, (c) proposed mitigation measures and (d) capacity of the project sponsor to comply with social safeguard requirements including adherence to national labor laws and core labor standards, gender aspects and stakeholder engagement.

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? Ninety nine percent (99%) of the households in the project area are headed by men and only 4% of women are involved in occupations like government employee or private jobs and businesses. No women in the area are employed as skilled or unskilled worker. Families live jointly and share all productive resources such as land, and productive assets Women are in charge of domestic management and all external matters are handled by the male

household heads. Consultations conducted revealed that the following are their priority projects: upgrading of school and hospital/dispensary, household-based livelihood activities for women, vocational training and employment of household members during construction and operation of the project.

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 Please explain. The due diligence will explore measures to implement skills development and livelihood activities for women and the project sponsor will be encouraged to engage a female community welfare officer to work directly with the local women and handle gender-specific grievances.

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

Yes No Please explain

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 project stakeholders include relevant government agencies, host community including project affected households and concerned civil society organizations. The ADB Team will meet with some of these stakeholders during project preparation and will continue to have dialogues with local communities especially the affected households during project implementation.

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? Several consultations since 2013 have been conducted for the project. Views of the local residents and government have been considered, resulting in best design option significantly reducing the number of households that will be physically and economically displaced. Consultations will be continuously undertaken by the project with grievance mechanism in place to address feedback and concerns throughout project construction and operation.

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 Collaboration Partnership

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

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI (treated as C)

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

The project will displace 4 households and 166 households will be economically impacted as more than 10% of their productive assets will be acquired. The project will also impact on two households conducting businesses in the riverbank.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Land Acquisition and Resettlement Plan

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

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 PPTA or due diligence process?

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 Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify (L) Risk to people in the project area

The MPL will ensure that a code of conduct mandatory for project and contractor staff will be implemented, that contractors and subcontractors will comply with the national labor law, and adopt measures to comply with internationally recognized core labor standards. The project sponsor will also ensure that there will be no direct interaction of workers with the local community except for local workers/laborers. The labor camp has separate access road while the village near the camp has a separate access road.

2. How are these additional social issues and risks going to be addressed in the project design? These will be included in the Environmental and Social Management Plan of the project. This will ensure compliance with the national labor standards and relevant measures are crafted to comply with the core labor standards.

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

3. 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? The ADB Team will conduct due diligence and meetings with clients that will cover social safeguards, labor, gender, and other social aspects of the project.