

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Pakistan	Project Title:	Engro Fast-Track Liquefied Natural Gas Regasification Project
Lending/Financing Modality:	Project Loan	Department / Division:	Private Sector Operations Department/ Infrastructure Finance Division 1

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Targeting classification: General intervention

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

The energy sector tops the priorities of the Government of Pakistan. Power brown-outs and occasional blackouts, predominantly on account of fuel unavailability; both for gas and fuel oil —has resulted in shutdowns, massive layoffs and unrest. Almost half of the country's energy requirements is being met by domestic gas resources; which is depleting fast. To achieve energy security, this project was identified by the Ministry of Petroleum and Natural Resources (MPNR), focusing on the utilization of existing energy handling infrastructure in the country.

Successful development of the project will play a part in satisfying the growing domestic demand for hydrocarbons— helping to reduce the unmet energy demand in Pakistan. It is also anticipated that the project will contribute to national energy security priorities and significantly affect both regional and economic growth through local investments and taxes.

B. Results from the Poverty and Social Analysis during Due Diligence

1. Key poverty and social issues. Pakistan has made considerable progress in reducing absolute poverty and improving shared prosperity over the last two decades. From 1991 to 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% in FY2002 to an estimated 13.6% in FY2011. However, progress slowed in FY2009–FY2011 as a result of two massive floods hitting the country, conflict, and the global economic slowdown.^a

2. Beneficiaries. The project will contribute to economic growth, poverty reduction, job creation, and improvement of power supply in Pakistan. Construction will directly employ the local community, and will create income opportunities in providing support services and provision of food and agricultural products to construction workers.

3. Impact channels. The project will generate employment opportunities, and Engro Elengy Terminal Private Limited (EETPL) will prioritize local labor as part of its commitment to local residents. Locals will also be employed during mangrove reforestation and re-vegetation activities.

4. Other social and poverty issues. A mangrove reforestation plan will be jointly implemented by EETPL and the International Union for Conservation of Nature.

5. Design features. Construction-related public health impacts will be addressed through contractors' obligations regarding minimizing dust, noise, and air pollutants; and traffic safety. Measures will be adopted to ensure adherence to national labor laws and core labor standards.

II. PARTICIPATION AND EMPOWERING THE POOR

1. Participatory approaches and project activities. Several consultations have been conducted for the project; and the views of local residents, government, and other stakeholders were solicited to ensure that all issues have been addressed prior to project implementation. Consultations will be continuously undertaken by the project, and a grievance mechanism is in place with a designated community liaison officer as the main point of contact with the local community to ensure that feedback and concerns are addressed throughout project construction and operation.

2. Civil society organizations. Civil society organizations were consulted regarding the project and the safeguards mitigation plans.

3. Civil society organizations. The International Union for Conservation of Nature, together with the project sponsor, will implement the project's mangrove replantation plan.

4. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA): (M) Information gathering and sharing (M) Consultation (M) Collaboration (M) Partnership

5. Participation plan. Consultation will be regularly undertaken with the community to ensure that issues in relation to the project are immediately addressed and to seek their views with respect to potential development projects in the area as part of the project sponsor's corporate and social responsibility related activities.

