

INITIAL POVERTY AND SOCIAL ANALYSIS

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| Country: | Pakistan | Program Title: | Access to Clean Energy |
| Lending/Financing Modality: | Results-based lending | Department/ Division: | Central and West Asia Regional Department/ Energy Division |

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The Program aims at increasing access to energy to off-grid communities in selected districts of Khyber Pakhtunkhwa (KPK) and Punjab in Pakistan by exploiting the available clean energy resources. The Integrated Energy Development Programme is one of the central pillars of Pakistan Poverty Reduction Strategy (PRSP) – II, which underscores the importance of maximizing access to affordable and clean energy to all. Energy is one of the key focused areas of Pakistan’s Vision 2025¹ which aims at ensuring uninterrupted access to affordable and clean energy to all sections of the population by 2025. The objectives of the project therefore will directly contribute to PRSP-II and Vision 2025.

The proposed results-based lending (RBL) is consistent with the ADB’s Country Partnership Strategy (2015–2019) for Pakistan with energy defined as one of the six sectors that ADB assistance will continue to focus on. Provision of energy to those remote and rural areas that are outside of the reach of the national grid is also aligned with the ADB’s Energy Policy 2009 where maximizing energy access to all, specifically for the rural poor is defined as one of the priority areas.

The main beneficiaries of the RBL will be the off-grid communities who live in far-flung rural areas, where the socio-economic indicators are relatively lower than the rest of the country. It will promote inclusion of isolated and comparatively disadvantaged segments of the rural population. Access to electricity will increase economic activity, create more job opportunities, reduce time poverty of both men and women, improve social services such as education and health, increase access to ICT, and will bring positive impact to the overall socio-economic well-being of the people.

B. Poverty Targeting

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

One of the key outputs of the proposed RBL is to support inclusive economic activity through increased power for productive uses and income generating activities. The program will directly benefit the off-grid communities who being isolated are relatively more vulnerable to economic shocks. Communities to be targeted by the program are the rural and inaccessible communities in KPK and Punjab where almost 70% of the rural population in KPK and more than 65% in Punjab lives below \$1.25 per day. Access to clean and affordable energy offers substantial health and education gains, improved living standards, reduced time poverty, increased household income and significant employment creation

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The primary beneficiaries of the project will be off-grid communities of the selected remote and rural districts in KPK and Punjab. In KPK and Punjab, energy poverty coincides with the economic poverty, especially in rural areas. Almost 70% of the rural population in KPK and more than 65% in Punjab live below \$1.25 per day.² Compared to Pakistan’s overall electrification rate of 69%, only 57% of the rural population has access to electricity. Electricity coverage further declines to 20% in some of the remote and rural districts in the provinces. Due to difficult terrain and geographic location, transmission lines either could not be extended or financially not feasible in such areas. It is highly likely that those areas will not be receiving access to electricity from the national grid in the near future.

2. Impact channels and expected systemic changes. As explained in Section B.

3. Focus of (and resources allocated in) the project preparatory technical assistance (PPTA) or due diligence. Under the PPTA, social and poverty analysis will be conducted to identify the poverty and social issues to be addressed during the project design. The analysis will help in developing the summary of poverty reduction and social strategy for the project which will also include measures to mitigate the risks of affordability, tariff collection, exclusion and other related issues.

¹ Pakistan 2025 One Nation - One Vision, Ministry of Planning Development and Reforms, Government of Pakistan (available at www.pc.gov.pk).

² Pakistan Household Integrated Economic Survey 2011-2012, Pakistan Bureau of Statistics.

| II. GENDER AND DEVELOPMENT |
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| <p>1. What are the key gender issues in the sector/subsector that are likely to be relevant to this program or program? The proposed program will be implemented in the off-grid, rural and geographically less accessible communities of the selected districts of KPK and Punjab. With rough terrain and low socio-economic indicators, these areas are relatively more marginalized and gender disparities are more pronounced than the other parts of the country. Lack of access to energy further increase the workload and household drudgery of women which may increase health risks. Shorter hours of work increase women's time poverty and reduce their opportunity to engage in productive work. Girls need not be withdrawn from school to help with household tasks. It will therefore have significant education and health gains for women and have a positive impact on the women and girls socio-economic well-being.</p> |
| <p>2. Does the proposed 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> |
| <p>3. Could the proposed program have an adverse impact on women and/or girls or widen gender inequality? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> |
| <p>4. Indicate the intended gender mainstreaming category: <input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming) <input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p> |
| III. PARTICIPATION AND EMPOWERMENT |
| <p>1. Who are the main stakeholders of the program, including beneficiaries and negatively affected people? Identify how they will participate in the program design. The main stakeholders of the project will include the beneficiary households, governments of KPK and Punjab province, private sector companies, communities (men and women) and civil society organizations (CSOs). All these stakeholders will be engaged through a consultation process for the project design and implementation.</p> |
| <p>2. How can the program contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the program design require participation of the poor and excluded? During the PPTA stage, the consultation and participation process will involve a stakeholder analysis followed by subsequent consultations with various groups. It is planned to conduct community meetings and consultations with local government, CSOs and private sector companies. A series of focus group discussions and consultation will be undertaken with all stakeholders as part of poverty assessment, the socio-economic analysis, gender analysis and program safeguards system assessment.</p> |
| <p>3. What are the key, active, and relevant civil society organizations (CSOs) in the program area? What is the level of CSO participation in the program design? (M) <input type="checkbox"/> Information generation and sharing (M) <input type="checkbox"/> Consultation (L) <input type="checkbox"/> Collaboration (L) <input type="checkbox"/> Partnership</p> |
| <p>4. Are there issues during program design for which participation of the poor and excluded is important? What are they and how will they be addressed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Participation of the poor and marginalized segments of the population will be required to ensure that measures are undertaken to mitigate the risks of affordability and exclusion. Resources are allocated under the PPTA to conduct a social and poverty analysis and identify the risks related to exclusion and ensuring the participation of CSOs, poor and vulnerable communities.</p> |
| IV. SOCIAL SAFEGUARDS |
| <p>A. Involuntary Resettlement Category <input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C</p> |
| <p>1. Does the program have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Generally, land required for the micro-hydropower plants in KP will be contributed by the beneficiary communities and households as counterpart. All proposals will be screened for IR impacts and efforts will be made to locate these in public or community lands. In Punjab, all sites for the solar panels will be within the existing school compounds. Potential IR impacts will be further assessed in during the PPTA.</p> |
| <p>2. What actions are required to address involuntary resettlement as part of the PPTA or assessment process? <input checked="" type="checkbox"/> Program safeguard system assessment and actions <input type="checkbox"/> None</p> |
| <p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C</p> |
| <p>1. Does the proposed program 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> |

There are no known IP communities, as defined under SPS, in the project area. This will be further evaluated during the PPTA.

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

4. What actions are required to address risks to indigenous peoples as part of the PPTA or the program assessment process?

Program safeguard system assessment and actions None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the program design?

(L) Creating decent jobs and employment (L) Adhering to core labor standards (L) Labor retrenchment
 (L) Spread of communicable diseases, including HIV/AIDS (L) Increase in human trafficking
 (M) Affordability (L) Increase in unplanned migration (L) Increase in vulnerability to natural disasters
 (L) Creating political instability (L) Creating internal social conflicts Others, please specify

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

Based on the findings of social and poverty assessment, risk mitigation plan will be developed. The requirement for preference for local labor will be included in the bidding documents. Compliance of core labor standards will be included in the loan covenants/work contracts. Provisions on awareness building on HIV/AIDS and other communicable diseases will be included in the risk mitigation plans.

VI. PPTA OR ASSESSMENT RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or program assessments) contain key information needed to be gathered during PPTA or the program assessment 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?

Yes No

2. What resources (e.g., consultants, survey budget, and budget for workshop(s)) are allocated for conducting poverty, social and/or gender analyses, and participation plan during the PPTA or the program assessments?

PPTA resources will be allocated to engage experts of social development, environment, social safeguard and gender for conducting social, poverty, gender and environment assessments, and due diligence required for assessing the social safeguard impacts.