



Initial Poverty and Social Analysis

October 2017

PAK: Zorlu Solar Power Project

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Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Pakistan	Project Title:	Zorlu Solar Power Project
Lending/Financing Modality:	Project Loan	Department/ Division:	Private Sector Operations Department/ Infrastructure Division 1

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Power shortage has been limiting socio-economic growth in Pakistan making the energy sector the top priority of the government. A number of initiatives have been launched by the government to promote private sector participation since 1994 to ensure a sustainable supply of energy resulting in several power policies being introduced and investment from the private sector. As of 2016, 12,042 megawatts (MW) or 47% of the country's installed power capacity was owned and operated by private sector investors.^a The proposed project with 100 MW capacity will contribute in addressing Pakistan's severe power shortage and its successful implementation will also foster confidence among potential investors and lenders, and promote further private sector investment in renewable energy and power in Pakistan.

B. Poverty Targeting:

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

The proposed project will contribute in addressing power shortage in Pakistan and will promote private sector investment in Pakistan.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Key social issues in the country include energy crisis, poverty, limited economic opportunities, illiteracy, and poor health services. Pakistan's new poverty index reveals that 4 out of 10 Pakistanis live in multidimensional poverty encompassing not only monetary deprivation but also the inaccessibility of healthcare, education and other amenities for all communities across the country. Although poverty is lowest in Punjab (31.4% of its population is poor), poverty in rural areas is significantly higher than urban centers.^b

2. Impact channels and expected systemic changes. The project will indirectly contribute to economic growth, poverty reduction, job creation, and improvement of electricity supply in Pakistan. It will generate employment opportunities.

3. Focus of (and resources allocated in) the PPTA or due diligence. Due diligence will include review of performance of the company in implementing other projects in Pakistan including possible measures that can be undertaken to maximize benefits by the local community in terms of employment and small community projects. Site visit will be undertaken to confirm project acceptability among others.

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? Although women generally do not work outside the home and the project has no employment target for women, access to energy is important in women's daily lives and may enable them to spend extra time on economically productive activities. The project team will discuss with the project sponsor on potential gender measures that can be implemented so that project benefits can also be enjoyed by women.

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 nature of the project limits its capacity to set employment target for women.

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

Yes No Please explain. The proposed project will have no adverse impact on women or girls or widen gender inequality.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity) 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 local community where the proposed project will be established are among the main stakeholders of the project. Other stakeholders include the project company, the local government

and those who will benefit from additional power supply.

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? It is critical that stakeholder consultation be conducted to inform them about the proposed project, obtain their views, concerns and recommendations; and address/incorporate them in the project design.

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?

Low Information generation and sharing 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 Continuous engagement with the community is important during construction and operation so that the community is aware of the status of the project.

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 The proposed project will be located in Quaid-e-Azam Solar Park in Bahawalpur District. The government allocated 500 acres of land inside the solar park for the development of the project and no individuals or households are expected to be impacted by the establishment and operation of the solar farm.

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 The project will not cause any adverse impact on indigenous peoples.

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?

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 Low 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 _____

2. How are these additional social issues and risks going to be addressed in the project design? The project company will ensure that contractors and subcontractors comply with national labor laws and adopt measures to comply with internationally recognized 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 (v) other social risks. Are the relevant specialists identified?

Yes No The project team during due diligence will conduct document review, site visit and interview with the relevant staff of the project company and members of the local community to ensure that all critical aspects of the project has been assessed.

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? Due diligence will be undertaken by the project team/staff.

^a National Electric Power Regulatory Authority. 2017. *State of the Industry Report 2016*. Islamabad.

^b Ministry of Planning, Development and Reform. 2016. *Multidimensional Poverty in Pakistan*. Islamabad.