



Initial Poverty and Social Analysis

Project Number: 55183-001
August 2022

Pakistan: Promoting Sustainable Public–Private Partnerships Program (Subprogram 1)

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

CURRENCY EQUIVALENTS

(as of 11 July 2022)

| | | |
|---------------|---|----------------------------|
| Currency unit | – | Pakistan rupee/s (PRe/PRs) |
| PRe1.00 | = | \$0.0048 |
| \$1.00 | = | PRe207.01 |

ABBREVIATIONS

| | | |
|-----|---|--------------------------------------|
| ADB | – | Asian Development Bank |
| PPP | – | public–private partnership |
| P3A | – | Public Private Partnership Authority |
| VFM | – | value-for-money |

NOTES

- (i) The fiscal year (FY) of the Government of Pakistan ends on 30 June. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2020 ends on 30 June 2020.
- (ii) In this report, "\$" refers to United States dollars

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

INITIAL POVERTY AND SOCIAL ANALYSIS

| | | | |
|-----------------------------|----------------------|----------------------|---|
| Country: | Pakistan | Project Title: | Promoting Sustainable Public–Private Partnerships Program |
| Lending/Financing Modality: | Policy-Based Lending | Department/ Division | Central and West Asia Department/ Public Management, Financial Sector, and Trade Division |

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Pakistan's 2010 Poverty Reduction Strategy Paper sets out the country's vision for economic growth and poverty reduction.^a The strategy identifies massive investment in infrastructure as a key to sustaining high rates of private sector-led growth, with much of the financing leveraged through public–private partnerships (PPPs). Included in the nine pillars for poverty reduction are: (i) macroeconomic stability and real sector growth, (ii) making industry internationally competitive, (iii) removing infrastructure bottlenecks through PPPs, (iv) capital and finance for development, and (v) governance for a just and fair system. This is consistent with Vision 2025, which highlights the government's overarching goal of achieving inclusive, indigenous and sustained growth.^b The Asian Development Bank (ADB) Pakistan Country Partnership Strategy, 2021–2025 is aligned with the government's priorities of inclusive and sustained growth.^c The program aims to improve the institutional structure and capacity, to result in more sustainable and fiscally responsible PPP projects that offer value-for-money (VFM).

B. Poverty Targeting

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

The program will enable increased private sector participation through development and operations of PPP projects. The option to develop additional projects with lesser direct government funding will allow the federal government to redirect resources towards greater targeted initiatives for the benefit of poorer sections of the society. Furthermore, the development and operations of the PPP projects will stimulate economic activity in those areas, and generate increased employment opportunities.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The people of Pakistan (48.5% of whom are female, and 51.5% male),^d will be the ultimate beneficiaries of the program. Improvements in institutional structure and capacity for PPPs in Pakistan will benefit the people as transactions will be rigorously scrutinized to ensure that the projects offer VFM for the government, thereby mitigating potential fiscal and project-related risks and ensuring more prudent use of public resources. The vulnerable sectors also benefit directly through better connectivity, improved access to basic services, and targeted social programs, brought about by well chosen, planned and implemented PPP projects.

2. Impact channels and expected systemic changes.

The program is expected to improve the federal government's capacity to identify and manage PPP projects that maximize VFM, resulting in a net positive gain to society. Through this project, private investment in infrastructure and social projects is expected to increase and the people in the capital and federal territories can look forward to improved infrastructure and services from the government. Including gender and socially responsive criteria in selection of PPP projects could prioritize and significantly increase the number of projects that directly narrow gender gaps or address the marginalization certain communities.

3. Focus of (and resources allocated in) the transaction TA or due diligence.

Not applicable. The technical assistance will focus on the operational and institutional capacity of the government agencies.

4. Specific analysis for policy-based lending.

The program will support in the economic development of the region through introduction of improved infrastructure by harnessing private sector resources, developing PPP projects with maximized value-for-money, and increased revenues for the Federal Government. The program will benefit urban and rural areas by increasing economic connectivity and opportunities. The program will have direct impact on poverty alleviation in the medium term by utilizing private sector investments, increased access to employment opportunities, and better infrastructure and services.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Pakistan ranks at 153th out of 156 countries in the 2021 Global Gender Gap Index.^e Limited access to adequate infrastructure and basic services disproportionately affects women and contributes to a high maternal mortality rate of 186 deaths per 100,000 live births;^f a high infant mortality rate (IMR), of 5.4%;^g and a low literacy rate among females aged 10 and above of 50%, compared to 70% for males.^h Transportation is a key factor in accessing health and education services, as well as training, employment, and livelihood opportunities; however, vehicle ownership is overwhelmingly skewed towards males. Women must contend with poor public transportation, which often puts them at risk of sexual harassment. Increasing and unscheduled power outages, and poor access to water supply and sanitation facilities place additional burdens on women, who are in charge of cooking and other household and family obligations, including caring for sick and elderly family members. Women comprise just 4.2% of owners of small-scale industries;ⁱ and 5% of Federal government employees.^j

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women access to and use of opportunities, services, resources, assets, and participation in decision-making? ☒ Yes ☐ No

The program directly supports improving the gender equity within Federal Public-Private Partnership Authority (P3A) through development of new gender and inclusive policy, and greater women participation in capacity building initiatives of P3A. The program also ensures promotion of social and gender inclusive PPP projects, and adoption of social and gender criteria as part of project screening.

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

☐ Yes ☒ No

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 EMPOWERING THE POOR

1. Who are the main stakeholders of the project, including beneficiaries and affected people? Explain how they will each participate in the project's design.

The potential stakeholders will be (i) government agencies, i.e., Ministry of Finance, P3A, Debt Policy and Coordination Office (DPCO), and line ministries, (ii) private sector advisors, investors and operators, (iii) private commercial banks, and (iv) employees of the PPP projects and general population of the region. The government agencies will be involved in selecting, analyzing and marketing the PPP project, with support from private/public sector advisors, followed by development and operationalization of the project through private sector investors, with financing support from the banks. The general population of the region with PPP project will benefit indirectly through increased economic connectivity and economic opportunities.

2. Who are the key, active, and relevant CSOs in the project area?

Civil society organization (CSOs) relating to environment, social and corporate governance sector may be involved in project selection and development stage.

3. Are there issues during project design for which participation of the poor and vulnerable is important?

☐ Yes ☒ No

4. How will the project ensure the participation of beneficiaries and affected people, particularly the poor and vulnerable and/or CSOs, during project design to address these issues?

The team will undertake consultations with various groups—especially the poor, women, youth, the elderly and people with disabilities—mainly for information dissemination, and to solicit inputs on PPP projects most needed by communities.

5. What level of CSO participation is planned during the project design?

M Information generation and sharing H Consultation NA Collaboration NA Partnership

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

Not applicable. The proposed program is for budgetary support targets design and implementation of reforms to increase well-structured and fiscally responsible PPPs and infrastructure investments. It does not involve any involuntary resettlement.

| |
|--|
| <p>2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?</p> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Environmental and social management system arrangement </div> <div> <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> None </div> </div> |
| <p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project 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> <p>Not applicable. The proposed program is for budgetary support targets design and implementation of reforms to increase well-structured and fiscally responsible PPPs and infrastructure investments. It does not have any impact on indigenous peoples.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please see above.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?</p> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Environmental and social management system arrangement </div> <div> <input type="checkbox"/> Indigenous peoples planning framework <input checked="" type="checkbox"/> None </div> <div> <input type="checkbox"/> Social impact matrix </div> </div> |
| <p>V. OTHER SOCIAL ISSUES AND RISKS</p> |
| <p>1. What other social issues and risks should be considered in the project design?</p> <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"><input type="checkbox"/> Creating decent jobs and employment</div> <div style="width: 33%;"><input type="checkbox"/> Adhering to core labor standards</div> <div style="width: 33%;"><input type="checkbox"/> Labor retrenchment</div> <div style="width: 33%;"><input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS</div> <div style="width: 33%;"><input type="checkbox"/> Increase in human trafficking</div> <div style="width: 33%;"><input checked="" type="checkbox"/> Affordability M</div> <div style="width: 33%;"><input type="checkbox"/> Increase in unplanned migration</div> <div style="width: 33%;"><input type="checkbox"/> Increase in vulnerability to natural disasters</div> <div style="width: 33%;"><input type="checkbox"/> Creating political instability</div> <div style="width: 33%;"><input type="checkbox"/> Creating internal social conflicts</div> <div style="width: 33%;"><input type="checkbox"/> Others, please specify _____</div> </div> <p>2. How are these additional social issues and risks going to be addressed in the project design? The program ensures framework for development of projects that maximize VFM. The project selection criteria will be based on analysis of financial and economic risks and VFM.</p> |
| <p>VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT</p> |
| <p>1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA 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?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis; and the participation plan during the transaction TA or due diligence? One national consultant will be engaged to finalize the environmental and social management system (ESMS) for P3A. One consultant will undertake gender analysis.</p> |

^a International Monetary Fund's Pakistan: [Joint Staff Advisory Note on the Second Poverty Reduction Strategy Paper, June 2010](#).

^b Government of Pakistan, Ministry of Planning, Development & Reform, [Pakistan Vision 2025](#).

^c ADB's Pakistan: [Country Partnership Strategy, 2021-2025](#).

^d World Bank database, [female population % - Pakistan, 2020](#). Accessed on 24 March 2022).

^e World Economic Forum, [Global Gender Gap Report 2021](#).

^f UNFPA Pakistan, [published news article](#) dated 21 August 2020.

^g UNICEF data warehouse, [Pakistan Infant Mortality Rate](#), 2020. Accessed on 24 March 2022.

^h Government of Pakistan. [Economic Survey of Pakistan](#), 2020-2021.

ⁱ Global Sociological Review journal, [Vol. III, No. I \(2018\)](#), Female Involvement in Cottage Industry and Rural Livelihood in Mianwali.

^j Government of Pakistan, Establishment Division's [Annual Statistical Bulletin of Federal Government Employees \(2019-20\)](#).