

**INITIAL POVERTY AND SOCIAL ANALYSIS**

Country:	Pakistan	Project Title:	Enhancing Public–Private Partnerships in Pakistan (Provincial Support)
Lending/Financing Modality:	Project Loan	Department/Division:	Central and West Asia Department/Financial Sector, Public Management, and Trade Division

**I. POVERTY IMPACT AND SOCIAL DIMENSIONS****A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy**

The proposed project is consistent with Pakistan Poverty Reduction Strategy Paper (PRSP) II, Pakistan's Vision 2030 and the Planning Commission Framework for Economic Growth (FEG), which are the key frameworks for pro-poor infrastructure development in Pakistan.<sup>10</sup> PRSP II envisages urban and rural infrastructure as engines of development and growth. The FEG also underscores the role of cities as centers of economic activity, knowledge and the importance of economic connectivity. PRSP II identifies nine pillars for poverty reduction, of which five are particularly relevant to this project: (i) macroeconomic stability and real sector growth, (ii) making industry internationally competitive, (iii) removing infrastructure bottlenecks through public–private partnerships (PPPs), (iv) capital and finance for development, and (v) governance for a just and fair system.

The proposed project will support Government of Pakistan and Government of Sindh development goals for sustainable infrastructure provision through public-private partnerships.<sup>11</sup> The project is closely aligned with ADB's Strategy 2020, which identifies PPPs as one of the key drivers of change, and the development priorities identified in the Country Operations Business Plan, 2014–2016.<sup>12</sup> The project will support further development of the PPP institutional framework, strengthening project development and viability gap funding mechanisms, improving project structuring and management for developing a pipeline of bankable PPP projects and development of a PPP support facility in Sindh. Project design will be informed by the achievements of and the lessons learned from previous programs that supported PPPs and private sector participation in Sindh.

**B. Targeting Classification**

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

The project will enable increased private sector participation in infrastructure and public services which have been typically public-sector driven to date, especially for large scale projects. The ability to develop more infrastructure and services with less direct government funding will allow the provincial government to redirect associated finances for non-commercial but necessary social services, which are more likely to benefit poorer sections of the population. Further, the construction, maintenance and use of new or upgraded infrastructure assets (such as roads, bridges, social services) will stimulate diversified economic activity in those areas, and resultant increases in employment for core (e.g., road, building work) and non-core (e.g., service stations, restaurants along the roads) revenue-generating activities.

**C. Poverty and Social Analysis**

1. Key issues and potential beneficiaries.

The last official estimates of poverty incidence were released in Pakistan in 2005–06, with the headcount index for poverty reported at 22.3 percent.<sup>13</sup> Since 2007 the Government of Pakistan has faced external and domestic economic shocks, economic uncertainty and security problems. The annual gross domestic product (GDP) growth rates post-2007 were about 3 percent on average while inflation averaged 13.8 percent, further deteriorating living

<sup>10</sup> Government of Pakistan. 2007. *Pakistan in 21<sup>st</sup> Century, Vision 2030*. Islamabad; Government of Pakistan. 2010. *Poverty Reduction Strategy Paper (PRSP) – II*. Islamabad; Government of Pakistan. 2011. *Framework for Economic Growth Pakistan*. Islamabad.

<sup>11</sup> Government of Sindh. 2013. 2013-2014 Budget Speech by Chief Minister, Sindh. Karachi; Government of Sindh. 2011. *Policy for Public-Private Partnership Projects*. Karachi; Government of Pakistan. 2010. *Pakistan Policy on Public-Private Partnerships*. Islamabad; Government of Pakistan, Ministry of Planning, *Development and Reforms. Vision 2025 Approach Paper* ([http://www.pc.gov.pk/?page\\_id=137](http://www.pc.gov.pk/?page_id=137); accessed 7 May).

<sup>12</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila; ADB. 2014. *Country Operations Business Plan: Pakistan, 2014-2016*. The project was included in COBP 2014-2016 as part of the firm pipeline under the title "Enhancing Provincial Infrastructure PPPs." The title was revised pursuant to Government of Pakistan request for ADB assistance in creating an enabled environment for PPPs for infrastructure and public service provision.

<sup>13</sup> Government of Pakistan. 2009. *Pakistan Economic Survey 2008–09*. Islamabad.

standards. A recent study, using district-based poverty profiles, estimated poverty incidence at 33 percent of all households in the country.<sup>14</sup> The World Bank CPS for 2015 - 2019<sup>15</sup> notes that 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. Progress, however, slowed in FY09–11 due to two massive floods in Pakistan which particularly affected Sindh,<sup>16</sup> conflict, and the global economic slowdown.

The project will help increase private sector participation in infrastructure development and public service provision. This will benefit urban and rural areas, depending upon the location of the subprojects, by increasing economic connectivity and economic opportunities for the population. However, it will not specifically target those living on \$2/day or less and is thus classified as a general intervention. Given Pakistan's propensity to natural disaster, particularly floods, the project will incorporate disaster risk management into the infrastructure development framework, to increase the sustainability of investments.

## 2. Impact channels and expected systemic changes.

The project is expected to create jobs and employment opportunities, and generate revenues for the government that can reduce inequalities. Project selection criteria will include economic and social dividends as well as the commercial viability of the proposed PPP projects.

## 3. Focus of (and resources allocated in) the PPTA for due diligence.

Initial due diligence was conducted under TA 7201.<sup>17</sup> No direct adverse impacts on the poor and the vulnerable are expected. Any indirect impact related to poverty and social issues will be carefully reviewed in close consultation with project beneficiaries and stakeholders during project design; measures to mitigate any adverse risk will be incorporated in project design, as appropriate. There is no PPTA for this project.

## 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?

The project will aid private sector participation in infrastructure development and public service provision, and benefit both men and women indirectly by increasing economic connectivity and economic opportunities for the population.

### 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, the project will support government's ability to structure and manage PPP projects.

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

Yes  No, the project supports scaling up and mainstreaming of PPP management capacity.

### 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 Sindh Finance Department, Planning and Development Department, sector departments with PPP portfolios, private commercial banks and other private sector entities are the main stakeholders. The proposed project concept incorporates the findings and agreements from extensive consultations held with the stakeholders. Consultative process will continue during the design and implementation phases of the projects.

### 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?

<sup>14</sup> Naveed, A. and A. Nazim. 2012. *Clustered Deprivation—District Profile of Poverty in Pakistan*. Sustainable Development Policy Institute. Islamabad.

<sup>15</sup> World Bank. 2014. *Country Partnership Strategy for the Islamic Republic of Pakistan for the Period of FY2015-19*. Washington, D.C.

<sup>16</sup> Disaster risk management is mainstreamed in all Pakistan projects to augment sustainability of project results, as per ADB's *Integrated Disaster Risk Management Operational Plan, 2014*. It will also be incorporated in this project design as appropriate.

<sup>17</sup> TA 7201-PAK: *Improving Private Sector Participation and Public Expenditure Management*: Attached to ADB. 2008. *Report and Recommendation of the President to the Board of Directors on a Proposed Program Cluster and Loan to the Islamic Republic of Pakistan for Subprogram 1 Sindh Growth and Rural Revitalization Program*. Manila.

<p>The proposed project includes financing, institutional and capacity building to enable the concerned ministries and agencies to more effectively implement PPP projects. The target beneficiaries, including the public sector agencies and staff working on PPPs, will also receive funding resources and capacity building to enable them to usefully participate in the economic activities of Sindh.</p> <p>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?</p> <p><input checked="" type="checkbox"/> Information generation and sharing(M) <input checked="" type="checkbox"/> Consultation (M) <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p>
<p>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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No. The project is supporting systems and processes of the government; project activities and outputs are not directly relevant to the poor.</p>
<p><b>IV. SOCIAL SAFEGUARDS</b></p>
<p><b>A. Involuntary Resettlement Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p>
<p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No.</p> <p>There is no investment component under the project that can involve land acquisition or displacement.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix  <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p><b>B. Indigenous Peoples Category</b> <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, the project will not have an investment component that may have this affect.</p> <p>3. Will the project require broad community support of affected indigenous communities?  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?  <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix  <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p><b>V. OTHER SOCIAL ISSUES AND RISKS</b></p>
<p>1. What other social issues and risks should be considered in the project design? NA</p> <p><input type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment  <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability  <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability  <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? NA</p>
<p><b>VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT</b></p>
<p>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?  <input type="checkbox"/> Yes <input checked="" 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 participation plan during the PPTA or due diligence?</p> <p>Due diligence during project concept development was partially supported by TA 7201. As part of the results monitoring conducted under the TA, possible impact of upstream support for PPPs have been conducted from September 2009 to June 2012. Under 7201, extensive participatory design, implementation monitoring, consultations with PPP stakeholders and beneficiaries were conducted. The findings, agreements were systematically incorporated into further implementation. The proposed project will use and build on the tested consultative approach and participation plan that was successfully implemented for PPPs in Sindh previously.</p>