

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Pakistan	Project Title:	Pak: Power Distribution Enhancement Investment Program 2
Lending/Financing Modality:	Multitranches Financing Facility	Department/Division:	CWRD/CWEN

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The objective of the proposed investment program is to introduce Advanced Metering Infrastructure (AMI)^a in different distribution companies (DISCOs) of Pakistan. AMI aims at: (i) reducing distribution losses and improving revenue collection, (ii) enhancing load control and load management, (iii) providing automated consumption data collection of all customers, and (iv) modernizing of electricity metering and billing system.</p> <p>The proposed investment is consistent with the country's vision 2030 which underscores the need for alternative solutions for promoting energy security such as improvement in efficiency of transmission and distribution network, and end-user devices. The Pakistan Poverty Reduction Strategy Paper (PRSP) II also places a high emphasis on improving energy efficiency for accelerating country's gross domestic product (GDP) growth which, according to an estimate, could be reduced by at least 2% with persistent energy shortfall and power outages. The Annual Plan (2011–2012) of the Planning Commission of Pakistan also envisages development of energy efficiency projects including compact fluorescent lamp replacement, smart metering, rehabilitation of de-rated power generation capacity, upgrading power and gas distribution and transmission networks. The project is also aligned with the Asian Development Bank's (ADB) country partnership strategy (2009–2013) which focuses on increasing energy security and efficiency and proposes that ADB support power generation, transmission and distribution activities.</p> <p>The current energy crisis situation is the worst in the country's history, with power blackouts of up to 12 hours in urban areas and 18–20 hours in rural areas whereas 30% of the population is without access to electricity. Hardest hit are the small- and medium-sized enterprises that employ the most number of people but cannot afford back-up electricity and fuel. The proposed program will benefit all segments of the population including poor and vulnerable customers through increased accessibility and improved quality of power supply.</p>
<p>B. Targeting Classification:</p> <p><input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>The proposed infrastructure contributes to improvements in energy efficiency and electricity distribution services, benefiting all including the poor and marginalized groups, but without specific poverty targets.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries. The potential primary beneficiaries of the project would be the general population and industries in the different regions of Pakistan. In the first tranche, Lahore city and Rawalpindi city in the areas of the Lahore Electric Supply Company (LESCO) and Islamabad Electric Supply Company (IESCO), respectively, will benefit from this program. These are the hardest hit cities facing 8 to 12 hours of unscheduled load shedding. Increase in energy crisis and power outages has resulted into high inflation and unemployment rates. There is a significant loss of productivity with additional costs of alternative power solutions such as UPS, generators and fuel. Most importantly, the energy situation has induced social unrest in the country with frequent strikes, protests and processions. Through this project, more reliable power supply is expected to benefit firms and industries in these regions, which will provide increased economic and job opportunities for households, including the poor and socially excluded. No potential constraints to access the services have been identified. The issue will be explored further during project preparation and due diligence activities</p> <p>2. Impact channels and expected systemic changes. The program is focused on improving the energy efficiency and reliability of the distribution system. AMI will improve revenue collection systems, reduce commercial losses and load management capability of the system, hence improving the accessibility of all segments of population</p>

^a Based on the recommendations of the prefeasibility study carried out by consultants hired under an ADB-funded multitranches financing facility tranche 1 (Loan 2439). The prefeasibility study has been endorsed by the concerned DISCOs.

including poor and vulnerable customers towards quality power supply. Adequate and reliable electricity supply will improve the quality of life and well-being of the people. It will reduce the productivity, profit loss and additional costs of the small and medium entrepreneurs which, according to an estimate, contribute almost 80% of the total non-agricultural labor force in the country.

3. **Focus of (and resources allocated in) the PPTA or due diligence.** The project preparatory technical assistance (PPTA) due diligence will cover the poverty reduction, social and gender impacts. The impacts of the improvement of the power supply, energy information, and tariff collection method on end-users, including women, if any, will be confirmed. A national social development expert (one person-month) will be recruited to undertake rapid poverty and social analysis of the targeted areas.

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?

According to the global gender gap report^b 2012, Pakistan ranks 134 out of 135 countries in the Gender Gap Index. Literacy rate for women is only 45% as compared to 69% for men.^c Labor force participation rate of women (15.5%) is much lower than men's (49.5%). Unemployment rate for women is 8% as compared to 5% for men.^d Women are mainly found in informal sector working as paid and unpaid workers hence are deprived from the benefits of labor laws and policies. Women's employment rate in energy sector is negligible.

In Pakistan, women are traditionally responsible for household chores and domestic work. With increased power outages and unscheduled load shedding, their work load has been increased.

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 program does not have direct impact on gender equity and women's empowerment, but it will provide relief to women while reducing their work load with improved power supply. Reduced load shedding will provide more productive hours to women specifically home based workers. Under the PPTA, a gender specialist will be hired to conduct a gender analysis and assess entry points for increasing women's participation at the institution and program level for the proposed investment.

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

Yes No Please explain

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

^b World Economic Forum, The Global Gender Gap report 2012.

^c Government of Pakistan, 2010–2011, Pakistan Social and Living Measurement Survey, Islamabad.

^d Government of Pakistan, 2009–2010 Pakistan Labour Force Survey, Islamabad.

III. PARTICIPATION AND EMPOWERMENT
<p>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 main stakeholders will include power distribution companies, consumers (men and women), business and public institutes and media.</p> <p>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? During PPTA, consultations with the poor and low-income groups will be conducted to include them in the planning process. Risks and vulnerabilities for low income, women, poor and excluded groups will be documented in consultation and participation of these groups.</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? M<input checked="" type="checkbox"/> Information generation and sharing L<input type="checkbox"/> Consultation N<input type="checkbox"/> Collaboration P<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</p>
IV. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <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>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? <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 No land acquisition will be required for the project and as such no physical or economic displacement of persons/households is anticipated.</p>
<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>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 It is expected that there are no Indigenous Peoples in the project areas of all Tranches, and as such the project will not impact on their rights, livelihood, cultural practices, lands and resources</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design? <input type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input checked="" type="checkbox"/> (L) 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? The meter readers will not be retrenched but will be required to have their skills upgraded through training provided as project component.</p>
VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT
<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 (vi) other social risks. Are the relevant specialists identified? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p>
<p>3. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analyses, and participation plan during the PPTA or due diligence? A national social development (gender) expert (1 person-month) is included in the PPTA.</p>