

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Pakistan	Project Title:	Power Transmission Enhancement Investment Program II
Lending/Financing Modality:	Multitranchise Financing Facility (MFF)	Department/ Division:	Central West Asia Department (CWRD) Energy (CWEN)

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The proposed investment program is in line with the 2014–2015 interim country partnership strategy of the Asian Development Bank (ADB) for Pakistan, with investment and reforms in energy and infrastructure as one of three strategic focal areas.¹ The strategic investment goal of the interim country partnership strategy is to increase energy security and efficiency through a focus on energy supply, by means of assistance from both public and private funding sources. It proposes that ADB should support power generation, transmission and distribution activities. The project is fully consistent with this strategy and is aligned with ADB's Strategy 2020 Midterm Review.

The project is also consistent with Pakistan's Poverty Reduction Strategy Paper (PRSP) II² and Vision 2025.³ PRSP II highlights the removal of infrastructure bottlenecks as key to achieving inclusive and sustainable growth. Addressing the country's energy needs is a top priority of PRSP II, with an integrated energy development program recognized as one of the strategy's nine pillars for poverty reduction. In July 2013, the government approved the National Power Policy to support current and future energy needs. The policy seeks to eliminate load shedding by 2017 by (i) reducing the average system-wide generation cost from \$0.12 per kilowatt-hour (kWh) to \$0.10 per kWh; (ii) decreasing transmission and distribution losses from the current 25%–28% to 16%; and (iii) increasing revenue collection from 85% to 95% of total billing. The proposed Power Transmission Enhancement Investment Program II aims to reduce the infrastructure bottlenecks to improve energy supply and security, reduce transmission losses, and expand the national transmission system between generation sources and load centers.

B. Poverty Targeting (Select one):

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

Pakistan is suffering from an acute energy crisis. The current average shortfall in the supply-demand gap is between 4,500 and 6,000 megawatts, resulting in routine load shedding of up to 12 hours per day in urban areas and 18–20 hours in rural areas.⁴

Poor and vulnerable consumers, as well as social utilities such as hospitals and schools, are often the hardest hit by inadequate power supply, load shedding, and poor power quality. They will derive substantial positive economic and social benefits from the project. The benefits will be generalized nationwide, distributed through the national grid. Most poor people in Pakistan are wage laborers or are self-employed. Improved power supply will positively impact on wage rates, the growth of rural agribusiness, and agro-industrial sector development, and will contribute significantly to rural poverty reduction.

The improved power supply will result in more work opportunities and improved livelihoods for the poor (increases in the Human Development Index are strongly correlated with access to reliable electricity supplies).⁵ The indirect benefits of a reliable energy supply will include reduced time poverty and domestic burdens for women, as well as improved health by reducing fume-related indoor pollution and water- and food-borne diseases (by enabling easier boiling of water and food).

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The project will improve the volume and reliability of the power supply throughout the national grid, but will not be directed at particular social groups. Thus, although all consumers will benefit (urban, rural, industrial, agricultural, commercial and domestic), it is not possible to build in project design features directly benefitting women or marginalized groups.

¹ ADB. 2014. *Interim Country Partnership Strategy: Pakistan, 2014–2015*. Manila.

² Government of Pakistan, Finance Division. 2008. *Poverty Reduction Strategy Paper (PRSP) II*. Islamabad.

³ Government of Pakistan, Planning Commission. 2014. *Vision 2025*. Islamabad.

⁴ Government of Pakistan, National Electric Power Regulatory Authority. 2012. *State of Industry Report, 2012*. Islamabad.

⁵ United States Agency for International Development. 2007. *Energy Sector Assessment for Pakistan*. Washington, D.C.

2. Impact channels and expected systemic changes. As noted above, the substantial benefits of this project are generalized and indirect and, by its nature (improved transmission) the project does not permit design features targeting particular social groups.
3. Focus of (and resources allocated in) the PPTA or due diligence. Poverty, social analysis and social safeguards due diligence and a rapid poverty and social assessment (including gender analysis) will be completed under the PPTA.
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? The key gender issues emerging from prolonged power outages relate to employment and women's domestic responsibilities and labor patterns. At least 30% of textile manufacturing employees are female. Laying off employees because of energy shortages disproportionately affects women and destroys a crucial part of their livelihoods. At household and community levels, women are the main household managers responsible for household tasks including food preparation, washing and cleaning, and care of children, the elderly and the sick. Even if they have a grid connection, load shedding and unreliable energy supplies force them to seek other energy sources, which is typically expensive and time consuming. Women have a high stake in improved power supply to households as homemakers and caregivers for the family. The expected gender mainstreaming category is currently NGE, pending PPTA findings. Because of the nature of the project, benefits are generalized for the national grid and the whole population, and specific components targeting women are not possible.
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 As noted above, gender design elements are not possible because of the nature of the project. However, the PPTA will conduct a rapid gender analysis and will assess opportunities to design project interventions, such as i) promoting employment and career development for women in the energy sector; ii) inclusion of public facilities, such as kindergartens and schools, in the large substation developments; and iii) training on maximizing benefits from the improved electricity supply, e.g. in home production, food processing, and other livelihood options. During the implementation of the project itself, equal employment opportunities for all social groups, equal pay for equal work regardless of gender, and prohibition of child labor will be monitored by the project management unit of National Transmission and Despatch Company. The monitoring results will continue to be included in quarterly progress reports and semi-annual environmental reports completed for the MFF. Women will be directly consulted during resettlement plan implementation, and women and men will receive equal compensation for lost land. Both men and women will sign all relevant documentation.
3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? Yes No The substantial benefits of this project are generalized and indirect.
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 project will increase the quantity and reliability of power supplied to customers by expanding and improving the national power transmission system. All consumers (urban, rural, industrial, agricultural, commercial and domestic) connected to the grid are potential beneficiaries; however, their direct participation cannot contribute to the project design. Those affected directly by any required land acquisition and resettlement will be closely consulted in preparation of the land acquisition and resettlement plan (LARP) or due diligence reports (DDR) for each subproject as applicable, and will be provided the opportunity to participate in its implementation. The requirement to fully resource and implement the subproject LARPs and DDRs will be incorporated in the framework financing agreement and loan agreements. On approval of the LARPs, each sectional LARP will be implemented prior to giving notice to proceed to the contractor to commence construction activities. LARP implementation will be confirmed by internal monitoring reports submitted by the supervision consultant.
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? The projects are expected to have few direct and focused benefits from a social and poverty perspective. Those affected through resettlement will be directly engaged.

<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>Civil society organizations relevant to social impact and development are expected to have a limited role in the project during implementation; but the project will seek to engage with any civil society organizations expressing interest in being involved, ensure information flows are fully transparent, and seek their advice as appropriate.</p> <p><input checked="" type="checkbox"/> Information generation and sharing <input checked="" type="checkbox"/> Consultation <input checked="" type="checkbox"/> Collaboration <input checked="" 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 projects will have generalized rather than direct and focused benefits from a social and poverty perspective. Those affected through resettlement will be directly engaged.</p>
IV. SOCIAL SAFEGUARDS
<p>A. Involuntary Resettlement Category <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No Based on the experience of previous projects completed in this sector there is the potential requirement for involuntary resettlement. The project selection and design process will include attempts to minimize the numbers of significantly affected people.</p> <p>2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?</p> <p><input checked="" type="checkbox"/> Resettlement plan <input checked="" type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</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 The project selection and design process will specifically confirm the absence of impacts on indigenous people in each location.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Impact on indigenous people is not expected.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?</p> <p><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>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design?</p> <p><input checked="" 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?</p> <p>Positive impacts on the labor market are expected. The projects will require construction labor and will result in permanent employment for the operation and maintenance of the projects. Contracts will require full conformity with core labor standards and will be closely monitored. Contractors will be required to provide information and awareness-raising to communities and laborers on risks of communicable diseases, particularly where there may be laborers' camps.</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 (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 participation plan during the PPTA or due diligence?</p> <p>Social development and gender experts (total 5 person months) and a social safeguards and resettlement specialist (8 person months) have been included in the PPTA team.</p>