

INITIAL POVERTY AND SOCIAL ANALYSIS

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| Country: | Pakistan | Project Title: | Central Asia Regional Economic Cooperation Corridor Development Investment Program |
| Lending/Financing Modality: | Multitranche Financing Facility | Department/ Division: | CWRD/CWTC |

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

Pakistan's strategic location has a potential to play a role as regional transport hub by connecting land locked Central Asian countries with Pakistan's sea ports through road infrastructure. Recognizing the potential Pakistan Joined CAREC program in 2011. To harness benefits of regional trade, the GoP is committed to invest in improving the transportation infrastructure and *facilities; and accordingly* has planned to focus on improvement of road sections on eastern and western sides of the Indus River as part of CAREC Corridor. Development of road infrastructure for enhanced regional trade is aligned with the pillar VII of Vision 2025,¹ principles of Vision 2030² and Medium Term Development Framework (2005–2010) and 10th 5 year plan (2010–2015) to meet the objectives of sustainable economic growth through increased Pakistan's competitiveness to secure a growing share of regional and global markets.

The Government of Pakistan's Poverty Reduction Strategy PRSP-II (2009–2011)³ provides a framework beyond three years timeframe. Based on an analysis of the determinants of poverty, Pakistan's poverty reduction strategy explicitly recognizes that while economic growth and service delivery are crucial for poverty reduction, infrastructure development (aviation ports, railways, and roads) is critical as a catalyst for sustainable economic development and for providing better integration of Pakistan's various provinces and regions. Increased trade with neighboring countries facilitated through highways and other means contributes to macroeconomic stability and reduces risks of shocks for the vulnerable poor.

Infrastructure development for transportation, leading to better regional connectivity is a critical catalyst for generating economic activity, employment, accelerated growth and sustainable macroeconomic development country wide. More economic activities and employment opportunities along the project corridor and beyond will contribute to revenue generation, which indirectly escort to increase in social spending to benefit the poor. Those goals are in line with the ADB's long-term development framework, the Midterm Review of Strategy 2020,⁴ and the Pakistan Interim Country Partnership Strategy (CPS) for 2014–2015, which stresses needs of inclusive growth, infrastructure development and human capital development.

B. Poverty Targeting

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

The MFF is planned to rehabilitate and upgrade sections of National Highways and Motorways network in Sind, Punjab and Khyber Pakhtunkhwa Provinces of Pakistan to enhance regional connectivity and trade via Central Asia Regional Economic Cooperation (CAREC) corridor in Pakistan. The project is related to infrastructure development and will have no direct link with poverty reduction; it is why classified as General Intervention (GI). However, indirectly it will contribute to curb poverty in the project corridor with increased employment opportunities during project implementation and improved access to socio-economic opportunities in and beyond the project corridor.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries.

The country's national Gross domestic product per capita is \$1,386 with annual growth of 3.5% (2013–2014).⁵ Pakistan Economic Survey (2013–2014) points out the latest National poverty incidence for year 2010–2011 as 12.4% with urban rural disparity in poverty incidence as 7.1% and 15.1% of headcounts respectively. Alongside the rural-urban disparity at the national level, poverty is unequally distributed across the four provinces and across rural-urban population within each province. Mainly the areas with limited access to the basic social amenities and off-farm livelihood opportunities have the higher poverty incidence. Factors that affect the livelihood of the poor include (i) low literacy; (ii) lack of access to employment opportunities and; (iii) exclusion from benefit of development projects etc.

The Potential beneficiaries of the project are the traders, transport operators, freight forwarders as well as those involved in trading agriculture products and local population that will access country wide better connectivity through CAREC Corridor leading to enhanced socio-economic networking and improved access to the better income earning

¹ Government of Pakistan, Planning Commission Ministry of Planning and Development, 2014. Pakistan Vision 2025. Islamabad.

² Government of Pakistan, Water and Power Development Authority. 2005. *Vision 2030*. Islamabad.

³ Government of Pakistan, Ministry of Finance. 2009. *Poverty Reduction Strategy Paper (PRSP II)*. Islamabad.

⁴ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

⁵ Government of Pakistan, Economic Survey of Pakistan 2013–2014.

opportunities.

2. Impact channels and expected systemic changes

The MFF is designed to improve road infrastructure included in CAREC corridor to enhance regional connectivity and trade. It will produce several other benefits including lowered transportation costs, reduced travel time and reduced shipment time for edible/perishable agricultural products. The improvement of roads will ultimately lead to sustainable economic development, better access to the livelihood opportunities and civic amenities for the population living around project road sections.

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

The PPTA consultants will include Social Development and Gender Specialist (International and National), who will conduct detailed Poverty and Social Analysis of the project roads that are to be included in MFF.

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?

Gender inequality is evident in Pakistan, which has a Gender Development Index rank of 124 out of 155 countries and a gender gap rank of 132 out of 134 Asian countries.⁶ In 2012–2013, the labor force participation rate of men and women was 68.9% and 21.5%, respectively. During this period, literacy rate for women in Pakistan was 48.1% vs. 71.1% for men; meanwhile, maternal mortality was estimated at 220 per 100,000 live births⁷—one of the highest in the region.

The road infrastructure development project will have no disproportionate negative impacts on women during implementation of project. Due to socio-economic fabric of the country the participation of women in outdoor economic activity is limited; hence the economic benefits of the project on women will be imperceptible, as their economic contribution is usually invisible.

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.

It is envisaged that there will be very limited direct gender interventions. However, the PPTA will assess gender issues and opportunities available for women to participate in construction activities during project design and implementation phase. Specific clauses will be included in the bidding documents for providing work opportunities and to ensure equal payment for equal work, although women's participation in formal employment is subject to local customs and cultural practices.

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

Yes No Please explain

The MFF is focused on road infrastructure development projects, hence no direct adverse impacts are envisaged at this stage. However, the PPTA will further firm up through assessment.

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 main stake holders of the project include public institution (Ministry of Communication, National Highway Department, Ministry of Trade and Commerce and local government departments with other law enforcing agencies like Motorways and Highways Police) and project beneficiaries including business community and traders, freight forwarders, transport operators as well as passengers and the local community having their assets landed and non-landed in project corridor and affected persons.

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?

Focus group discussions, workshops, community mobilization, in-depth interviews and consultations conducted for discussion on the environment and social safeguard issues, land acquisition and resettlement planning and implementation documentation, potential needs of the community and other social-related issues such as gender, HIV/AIDs, human trafficking, child labor etc.

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?

⁶ Social Policy and Development Centre (SPDC). 2009. *Social Development in Pakistan, Annual Review Women at Work 2007–2008*. Karachi.

⁷ Government of Pakistan. 2012. *Pakistan Economic Survey, 2012–2013*. Islamabad.

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| <input checked="" type="checkbox"/> Information generation and sharing (M) <input checked="" type="checkbox"/> Consultation (M) <input checked="" type="checkbox"/> Collaboration (L) <input checked="" type="checkbox"/> Partnership (N) Active CSOs/NGOs will be identified by and engaged in consultative process during preparation of LARP by PPTA and during LARP and project implementation by Executing Agency. 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No The Acquisition of land and assets may impact disproportionately to poor and excluded along road sections to be improved upgraded under MFF. The participation of the poor is important during preparation of land acquisition and resettlement plan to provide entitlements for assistance and livelihood restoration under LARP provisions. The PPTA will conduct meaningful consultation to ensure participation poor and excluded during LARP preparation. |
| IV. SOCIAL SAFEGUARDS |
| A. Involuntary Resettlement Category <input checked="" type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI |
| 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 It is likely that the tranche projects will include (i) M-4 (Shorkot–Khanewal) Section-III, (ii) N-55 (Rato–Dero to DG Khan) and (iii) Peshawar Torkham. The M-4 Section-III and Peshawar Torkham Motorways will be green field projects and land for entire ROW will be acquired, while N-55 is existing Highway which may have resettlement impacts related to clearance of ROW mostly. The Resettlement Specialists (International and National staff) under PPTA consultants will assess the LAR impacts for each road as per design and will prepare Land Acquisition and Resettlement Framework for MFF and Land Acquisition and Resettlement Plans for each road section accordingly. 2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? <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 |
| B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The information so far available indicates that there are no indigenous people living in the Project area. However, PPTA will carry out a detailed survey of road sections that are likely to be included in MFF as tranche projects, to assess the existence of indigenous people and projects impacts (if any) thereto. 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 3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? <input checked="" 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 |
| V. OTHER SOCIAL ISSUES AND RISKS |
| 1. What other social issues and risks should be considered in the project design? <input checked="" type="checkbox"/> Creating decent jobs and employment (L) <input checked="" type="checkbox"/> Adhering to core labor standards (L) <input checked="" type="checkbox"/> Labor retrenchment (L) <input checked="" type="checkbox"/> Spread of communicable diseases, including HIV/AIDS (L) <input checked="" type="checkbox"/> Increase in human trafficking (L) <input checked="" type="checkbox"/> Affordability (L) <input checked="" type="checkbox"/> Increase in unplanned migration (L) <input checked="" type="checkbox"/> Increase in vulnerability to natural disasters (L) <input checked="" type="checkbox"/> Creating political instability (L) <input checked="" type="checkbox"/> Creating internal social conflicts (L) <input type="checkbox"/> Others, please specify _____ 2. How are these additional social issues and risks going to be addressed in the project design? The PPTA will assess the social issues and risks of the project and accordingly the requirement to comply with core labor standards, preference for local labor and provisions on awareness campaigns on communicable diseases including HIV/AIDS and human trafficking will be included in the bidding documents and contracts. |
| 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? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 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? Under PPTA consulting firm will be recruited to Design the MFF and conducting feasibility assessment of the tranche projects to be financed under MFF. The PPTA consultants will analyze (i) poverty and social impact; (ii) gender impacts, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. The PPTA consultant's team includes Social Development and Gender Specialist (International and National staff) to conduct poverty and social assessment of the project and Resettlement Specialist (International and National staff) for preparation of LARF for the MFF and LARPs for Tranche 1. Accordingly, the PPTA budget estimates includes remuneration and field survey costs. |