

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Pakistan	Project Title:	Enhancing Public-Private Partnerships in Punjab Project
Lending/Financing Modality:	Project	Department/Division:	Central and West Asia Department Public Management, Financial Sector, and Trade Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: General Intervention

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

Pakistan's 2010 Poverty Reduction Strategy Paper – II 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 Government of Punjab's *Growth Strategy 2018* has also identified key drivers of change including upgrading its infrastructure, revival of private sector investment, and quality provision of social services.^c

The Asian Development Bank (ADB) *Pakistan Country Partnership Strategy, 2015–2019* is aligned with the government's priorities of inclusive and sustained growth.^d The thrust of the strategy is to improve connectivity, productivity, and access to markets and public services. As part of its support for infrastructure development and institutional reforms, ADB supports the government in building the capacity of institutions for PPPs. The project, which is included in Pakistan's Country Operations Business Plan for 2017, aims to improve the institutional structure and capacity in Punjab, to result in more sustainable and fiscally responsible PPP projects that offer value-for-money (VFM).^e

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. Poverty—as measured by Pakistan's multidimensional poverty index—has fallen from 55% in 2004 to 39% in 2015, but is uneven across regions. The poverty rate in urban areas is 9.3%, compared to 54.6% in rural areas. The overall poverty rate in Punjab is low (31%),^f but while this is one of the lowest rates among Pakistan's provinces, the rate is uneven: rural populations in southern Punjab suffer more from chronic poverty than rural populations in northern or central Punjab.^g A huge infrastructure deficit and financing gap threatens the already limited infrastructure and services that are available. Overall, public and private investment in infrastructure in Pakistan is inadequate, resulting in a deficient road network, low irrigation efficiency, inadequate water and sanitation facilities, high energy transmission and distribution losses, and energy shortages. This in turn affects productivity and limits access to key public services, which particularly affects the poorer segments of the population who have less recourse to alternatives. Improved PPP operations are expected to successfully harness private sector resources for needed public infrastructure investments that cannot be funded exclusively from state resources.

2. Beneficiaries. The people of Punjab (48% of whom are female, and 52% male), will be the ultimate beneficiaries of the project. Improvements in institutional structure and capacity for PPPs in Punjab 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 of Punjab will 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.

3. Impact channels. The project is expected to improve the provincial 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 provincial infrastructure projects is expected to increase and the people of Punjab can look forward to improved infrastructure and services from the provincial 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 of rural Punjab communities.

4. Other social and poverty issues. The government's efforts to reduce poverty and attain economic growth are constrained by various factors, including domestic and regional conflicts and natural disasters. Ethnopolitical and religiously motivated violence have occurred intermittently for many years. Conflicts and natural disasters result in millions of internally displaced persons, with women and children usually comprising the majority. The Punjab Growth Strategy 2018 (footnote c) recognizes these challenges, sets out key actions to accelerate economic growth and improve human capital, and rallies government agencies, the private sector, and other stakeholders to achieve social outcomes.

B. Indigenous Peoples (IP)		Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI	
1. Key impacts. Punjab does not have indigenous peoples that are distinct, vulnerable, social and cultural groups possessing the following characteristics: (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the project areas; (iii) customary cultural, economic, social or political institutions that are separate from those of the society and culture; and (iv) distinct language often different from the official language of the country or region.			
Is broad community support triggered? <input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No	
2. Strategy to address the impacts. NA			
3. Plan or other actions.			
<input type="checkbox"/> Indigenous peoples plan		<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan	
<input type="checkbox"/> Indigenous peoples planning framework		<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework	
Environmental and social management system arrangement		<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary	
<input type="checkbox"/> Social impact matrix			
<input checked="" type="checkbox"/> No action			
V. ADDRESSING OTHER SOCIAL RISKS			
A. Risks in the Labor Market			
1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L).			
<input type="checkbox"/> L unemployment <input type="checkbox"/> L underemployment <input type="checkbox"/> L retrenchment <input type="checkbox"/> L core labor standards			
2. Labor market impact. Well-designed relevant PPP projects could provide employment for the local population. The project will ensure that in such cases, core labor standards will be observed, especially in the prohibition of forced labor and child labor, as well as the provision of equal pay for work of equal value.			
B. Affordability			
To ensure social inclusiveness, PPP projects focusing on infrastructure and those providing improved services will be assessed for affordability. Mitigation measures will be identified as needed for projects that could unwittingly exclude poor sections of the population due to affordability issues.			
C. Communicable Diseases and Other Social Risks			
1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):			
<input type="checkbox"/> L Communicable diseases <input type="checkbox"/> L Human trafficking			
<input type="checkbox"/> Others (please specify) _____			
2. Risks to people in project area. PPP infrastructure projects may pose some social risks. The project will ensure that awarded PPP infrastructure projects will put in place measures to minimize and mitigate the risks of human trafficking and communicable diseases.			
VI. MONITORING AND EVALUATION			
1. Targets and indicators. The project will monitor progress in the achievement of social targets, including by measuring the (i) number of submitted proposals on social projects that directly benefit vulnerable groups, (ii) systems and tools that include social and gender indicators, and (iii) women's participation in PPP training. The Risk Management Unit (RMU) of the Finance Department, as well as the PPP Cell of the Planning and Development Department, are responsible for ensuring achievement of these targets.			
2. Required human resources. A social safeguard expert, an environment expert, and a social and gender expert will be engaged (under the accompanying technical assistance) in the PPP Cell and PPP Nodes to ensure implementation of the project's key environment, social and gender requirements and actions, and ESMS. The RMU and PPP Cell are committed to implementing the project's social actions.			
3. Monitoring tools. The Gender Action Plan summarizes the project's social and gender actions and targets. The project will prepare progress and monitoring reports, including LAR plan monitoring reports and an ESMS audit.			
^a See https://www.imf.org/~media/Websites/IMF/imported-full-text-pdf/external/pubs/ft/scr/2010/_cr10183.ashx			
^b Government of Pakistan, Ministry of Planning, Development and Reform. 2014. Pakistan Vision 2025. Islamabad.			
^c Government of Punjab. 2015. Punjab Growth Strategy 2018: Accelerating Economic Growth and Improving Social Outcomes. Lahore.			
^d ADB. 2015. Country Partnership Strategy: Pakistan, 2015–2019. Manila			
^e ADB. 2016. Country Operations Business Plan: Pakistan, 2017–2019. Manila. See https://www.adb.org/sites/default/files/institutional-document/215981/cobp-pak-2017-2019.pdf			
^f Government of Pakistan, Ministry of Planning, Development and Reform. 2016. Multidimensional Poverty in Pakistan. Islamabad.			
^g G.M. Arif and S. Farooq. 2012. Dynamics of Rural Poverty in Pakistan: Evidence from Three Waves of the Panel Survey. Pakistan Institute of Development Economics. Islamabad.			
^h United Nations Development Programme. Gender Inequality Index. http://hdr.undp.org/en/composite/GII			
ⁱ Government of Pakistan. Finance Division. 2017. Pakistan Economic Survey 2016-17. Islamabad			
Source: Asian Development Bank.			