SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Pakistan	Project Title:	Enhancing Public-Private Partnerships in Punjab Project
Lending/Financing	Project	Department/	Central and West Asia Department
Modality:	,	Division:	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%), 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. 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.

5. Design features. The project impact is aligned with growth in private sector investments and overall employment					
in Punjab. The project will have the following outcome: more sustainable and fiscally responsible PPP projects that					
offer VFM. The outputs are (i) PDF and VGF resources for PPP projects augmented, and (ii) PPP institutional					
capacity enhanced and strengthened. Under output 1, at least one project will be approved with direct benefits to vulnerable groups such as the poor, women, girls, elderly, and persons with disabilities.					
C. Poverty Impact Analysis for Policy-Based Lending. N/A					
II. PARTICIPATION AND EMPOWERING THE POOR					
1. Participatory approaches and project activities. Some consultations with various groups—especially the poor,					
women, youth, the elderly and people with disabilities—were undertaken for the project, mainly for information					
dissemination, and to solicit inputs on PPP projects most needed by communities.					
2. Civil society organizations. The project will further consult with nongovernment organizations and community-					
based organizations to identify needed PPP projects.					
3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA):					
L Information gathering and sharing L Consultation L Collaboration L Partnership					
4. Participation plan.					
As this is a financial intermediation project, engagement with civil society is limited. The project will deal mainly with					
line departments in the preparation of proposals. As such, no participation plan will be prepared					
III. GENDER AND DEVELOPMENT					
Gender mainstreaming category: Effective Gender Mainstreaming (EGM)					
A. Key issues. Pakistan ranks 130th out of 159 countries in the 2015 Gender Inequality Index. ^h In Punjab, gender					
disparities exist in all aspects of social, economic, and political life. Limited access to adequate infrastructure and					
basic services disproportionately affects women and contributes to: a high maternal mortality rate of 227 deaths per 100,000 live births; a high infant mortality rate (IMR), especially in rural Punjab, of 8.4% (higher than the national					
IMR of 6.6% and the urban Punjab IMR of 5.8%); and a low literacy rate among females aged 10 and above of 54%,					
compared to 72% for males. Transportation is a key factor in accessing health and education services, as well as					
training, employment and livelihood opportunities; however, vehicle ownership is overwhelmingly restricted to males.					
Women have to contend with poor public transportation, which often puts them at risk of sexual harassment.					
Increasing and unscheduled power outages, and poor access to water supply and sanitation facilities place additional					
burdens on women, who are in charge of cooking and other household and family obligations, including caring for					
sick and elderly family members. Women comprise just 4.2% of owners of cottage and small-scale industries; and 15% of gazetted employees of the Government of Punjab, mostly in the social services.					
B. Key actions. Increased PPP projects in key sectors (e.g., energy, transport, and water and sanitation) as well as					
social sectors (health and education) are expected to address women's time poverty, and other social and gender					
issues discussed above. The project will ensure that PPP project proposals that are submitted include a social and					
gender assessment. Gender training will be provided to line departments to ensure the design of PPP proposals is					
socially and gender inclusive. Screening guidelines and tools will incorporate social and gender criteria. At least one					
of the five approved proposals will have direct social and gender benefits (e.g., a health sector project). Participation					
by female staff from key line departments in PPP training will be ensured. RMU and PPP Cell staff will undergo gender training.					
☐ Gender action plan ☐ Other actions or measures ☐ No action or measure					
IV. ADDRESSING SOCIAL SAFEGUARD ISSUES					
A. Involuntary Resettlement (IR) Safeguard Category: A B C M FI					
1. Key impacts. The due diligence indicates that public infrastructure PPP projects to be considered for VGF support					
will include construction of roads, housing and environmental management schemes that may involve land					
acquisition and resettlement (LAR) impacts. Land acquisition in the road and environmental management projects					
is expected to be of significant scale. The number of displaced persons and the quantity of assets to be affected will					
be known following social impact assessment by the PPP Nodes, which are focal points for specific PPP projects in					
line departments and district governments. 2. Strategy to address the impacts. An Environment and Social Management System (ESMS) will be established to					
screen all subprojects, ensuring that subprojects involving LAR impacts meet and comply with the requirements of					
the ADB Safeguard Policy Statement 2009 (SPS). The ESMS will incorporate (i) environment and social policies; (ii)					
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B. Indigenous Peoples (IP) Safeguard Category: A B C 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? Yes Strategy to address the impacts. NA	⊠ No				
3. Plan or other actions.					
Indigenous peoples plan Indigenous peoples planning framework	Combined resettlement plan and indigenous peoples plan				
Environmental and social management system arrangement	Combined resettlement framework and indigenous peoples planning framework				
☐ Social impact matrix☑ No action	Indigenous peoples plan elements integrated in project with a summary				
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).					
☐ L unemployment ☐ L underemployment ☐ L retrenc					
2. Labor market impact. Well-designed relevant PPP pro					
The project will ensure that in such cases, core labor sta					
forced labor and child labor, as well as the provision of equ	ual pay for work of equal value.				
B. Affordability					
To ensure social inclusiveness, PPP projects focusing on					
be assessed for affordability. Mitigation measures will be					
exclude poor sections of the population due to affordability	rissues.				
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): □L Communicable diseases □L Human trafficking					
Others (please specify)	and many many name and sink with a majorat will amount				
2. Risks to people in project area. PPP infrastructure proj					
that awarded PPP infrastructure projects will put in place	measures to minimize and mitigate the risks of numan				
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.					
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.
- ⁹ 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
- Government of Pakistan. Finance Division. 2017. Pakistan Economic Survey 2016-17. Islamabad Source: Asian Development Bank.