

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Pakistan	Project Title:	Second Power Transmission Enhancement Investment Program Tranche 4
Lending/Financing Modality:	Multitranche Financing Facility	Department/Division	Central and West Asia Department Energy 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 gross domestic product (GDP) grew by 5% in fiscal year (FY) 2022, although the economy is still facing macroeconomic imbalances and associated domestic and international risks. The economy of Pakistan rebounded from the pandemic (0.94% contraction in FY2020) and continued to post a V-shaped economic recovery that is higher than 5.74% in FY2021.^a The forced outages in transmission lines occurred 358 times (2020–2021), with duration of single outage of up to 32 minutes, hampering GDP growth and poverty reduction.^b An estimated PRs242 billion of GDP (agriculture, industry, and services sectors) is loss caused by electricity shortage in 2013.^c About 75.4% of the population have access to electricity (2020).^d Per capita power consumption is low at 448 kilowatt-hours in 2014.^e The Pakistan Poverty Reduction Strategy Paper II recognizes the need to address the power shortage to ensure adequate power to sustain economic growth and poverty reduction. One of the nine pillars of this strategy is an integrated energy development, where the need to improve the supply–demand balance by de-bottlenecking transmission and distribution system is counted one of the key challenges.^f Pakistan's Vision 2025 includes a component to eliminate the power supply–demand gap and add 25,000 megawatts (MW) by 2025.^g ADB's country partnership strategy for Pakistan, 2021–2025 strategic pillar 3 considers boosting competitiveness and private sector development by reducing electricity cost, mitigating climate change, and increasing access to indigenous fuel-based power projects. ADB will support both grid and off-grid power solutions for rural areas.^h

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

- Key poverty and social issues.** While the poverty rate declined from 64.3% in FY2001 to 24.3% in FY2015, progress across Pakistan remained uneven. The rural poverty headcount ratio of 30.7% is more than twice the urban ratio at 12.5%, with rural areas still accounting for four out of five poor individuals. The coronavirus disease (COVID-19) pandemic has triggered a sharp drop in household incomes and pushed more people into poverty and unemployment. ADB estimated that Pakistan's headcount poverty ratio in 2020 was 1.6% without COVID-19; however, this ratio would rise by 5.5% under the worst-case scenario of a 20% reduction in aggregate demand. Women and girls are likely to be affected disproportionately.^h Pakistan has the highest overall hourly average (mean) gender pay gap, at 34% (ILO's Global Wage Report 2018–2019), which is more than double the global average. Pakistani women account for almost 90% of the bottom 1% of wage earners.ⁱ
- Beneficiaries.** All economic sectors and population will benefit from enhanced transmission capacity and reduced power outages. This will strengthen capacity of the social (education and health facilities), agriculture (e.g., pumps irrigation schemes and use of machinery for harvest, food processing, and storage), industry, and private sectors.
- Impact channels.** The support of all sectors above will improve the wellbeing of the population, create employment and income opportunities, and alleviate poverty. It will contribute in the reduction of women's time poverty by having power to use in household cleaning and heating appliances, as women carry the burden of household works.
- Other social and poverty issues.** Power shortage and energy poverty disproportionately affect women and the rural poor and increase gender time poverty. About 29% of urban and 71% of the rural households are energy poor, and 55% of households are in multidimensional energy poverty (2014–2015). At the macro level, energy poverty increases income poverty. At the micro level, it is a barrier to education and empowerment especially for women.^j
- Design features.** Tranche 4 includes the installation of new transmission lines and substations, enhancing the capacity of selected substations through the extension and augmentation of transformers. Institutional component will enhance institutional efficiency, cost recovery, competition, transparency, and good governance through staff training, strengthening the regulatory and internal business processes of the National Transmission and Despatch Company Limited (NTDC).

II. PARTICIPATION AND EMPOWERING THE POOR

- Participatory approaches and project activities that will strengthen inclusiveness in project implementation.** Approximately 50 individual and public consultations were held, with 327 participants (affected persons [APs], authorities, and residents of local communities including poor) in preparation of Tranche 4 subprojects' safeguard documents and gender action plan (GAP). Information about the subprojects was consulted with people, including the anticipated resettlement and environmental impacts and mitigation measures provided in resettlements plans (RPs) and environmental management plans (EMPs). Local people have positive expectation and wish to work in

subprojects' civil works, which are reflected in the safeguard documents. The implementation of RPs, GAP, and EMPs are reflected in the project administration manual (PAM) and loan agreement.

2. **CSO participation.** Looking forward, consultations with project stakeholders, APs, and communities will be continued during the project implementation and RPs' update and implementation.
3. **Approaches of CSO participation envisaged during project implementation.** Consultations with project stakeholders, APs, and communities will be continued during the RPs' update and implementation. Drafts RPs for subprojects with involuntary resettlement (IR) impact have been prepared in consultation with APs and communities. Information booklets on resettlement process will be distributed to APs and communities during public consultations to disseminate information about the projects works, resettlement impact, and mitigation measures. Subprojects' RPs and EMPs include requirements and plans for participation of civil society, APs, and communities.

 M Information generation and sharing M Consultation NA Collaboration NA Partnership

4. Participation plan.

Yes.

No. Subprojects' RPs and environmental examination and management plans, and GAP include requirements and plans for participation and consultation with stakeholders, women, APs, and communities.

Other plans and/or frameworks

III. GENDER AND DEVELOPMENT

Gender mainstreaming category: Effective Gender Mainstreaming

1. **Key issues.** Pakistan ranks at 145 (among 146 ranked countries), with score of 0.564 by the Global Gender Gap Index 2022 rankings, making it second-worst on gender parity index. In global ranking, women's share is smallest in Pakistan in senior, managerial, and legislative roles (4.5%), and firms' top managers (6%), while women workers in the informal sector make up 82%.^k As of June 2022, of about 8,000 NTDC staff, 5% are women. Of the total 1,273 high management roles, women hold only 9.35% (118). On nontechnical high management level, women hold 22% (68) roles out of 310. For medium management technical roles, women hold only 1.35% (47) of total 3,482. Of 5,022 middle management nontechnical roles, women hold only 4.33% (218). The NTDC is committed to increase women's staff and create a gender-balanced working environment through established committees (June 2022) for developing the NTDC's Gender Policy and redressing employees' grievances, in particular on sexual harassment.^l
2. **Key actions.** Tranche 4 is classified as Effective Gender Mainstreaming. GAP is prepared with specific actions including (i) strengthen the existing internship programs at the NTDC, focusing on women; (ii) increase women employment and training participation in the NTDC; (iii) support the NTDC's gender policy development initiative; and (iv) implement project communities level interventions for women and girls.

Gender action plan Other actions or measures No action or measure

Key gender targets include (i) increased number of women in technical positions in the NTDC to 20% (baseline: 10.7%); (ii) women interns increased to 50% in electrical engineering field (baseline: 31%) and to 33% in civil engineering (baseline: 13%); (iii) at least 20% women staff took part in technical trainings (baseline: 7.4%); (iv) at least 20 women and girls in communities trained in skills relevant to the NTDC operations (baseline: 0); (v) the NTDC's Gender Equality Policy adopted (baseline: 0); (vi) at least 80% of the NTDC's male and female staff received anti-harassment trainings (baseline: 0); and (vii) grievance redress mechanism (GRM) committees received training and tools to redress grievances. Gender specialist hired under the attached Gender Technical Assistance will assist the NTDC to implement GAP and submit progress reports to ADB.

IV. ADDRESSING SOCIAL SAFEGUARD ISSUES

A. Involuntary Resettlement

Safeguard Category: A B C FI

1. **Key impacts.** Tranche 4 will have mostly temporary land impact, affecting crops and trees; only 1,075 acres land will be restricted permanently under tower footings, and 206.71 barren land (free from any productive use whether economic, residential, or commercial) will be acquired permanently. No physical relocation of people nor severe impact is caused. Of the total six subprojects, four will have a total of 704 affected households (AHs) and 4,850 APs with the family members of AHs, and two have no IR impact as will be on existing substation facilities and Social Audit Reports are prepared.
2. **Strategy to address the impacts.** The Second Multitranche Financing Facility (MFF2) approved resettlement framework (updated September 2022) and draft RPs are prepared for subprojects with impact, as per ADB's Safeguards Policy Statement (SPS, 2009) and national laws, which provide mitigation and compensation measures, GRM, and monitoring and reporting requirements. The NTDC will update the draft RPs based on detailed design and implement upon approval of ADB. No civil works will start before compensations are paid and validated by an external monitor.

3. Plan or other actions.

Resettlement plan

Combined resettlement and indigenous peoples plan

<input checked="" type="checkbox"/> Resettlement framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Social impact matrix
<input type="checkbox"/> No action	
B. Indigenous Peoples	
Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI	
1. Key impacts. No indigenous people (IP) as defined by SPS (2009) live in the subprojects' areas. All the subprojects are category C for IPs safeguards. 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. NA	
<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
<input type="checkbox"/> 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. Low (L)	
<input type="checkbox"/> unemployment	<input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input checked="" type="checkbox"/> core labor standards
2. Labor market impact. Contractors employ local labor, monitored by the NTDC for compliance with core labor standards.	
B. Affordability	
Tranche 4 will reduce transmission loss as a key factor to high electricity cost and enhances the NTDC's capacity. Electricity tariff will be universal and the tranche will benefit the poor by (i) reducing share of households' income for electricity, and (ii) reducing energy poverty by improved access to electricity.	
C. Communicable Diseases and Other Social Risks	
1. The impact of the following risks is rated as high (H), medium (M), low (L), or not applicable (NA):	
<input checked="" type="checkbox"/> Communicable diseases L	<input checked="" type="checkbox"/> Human trafficking L
<input type="checkbox"/> Others (please specify) _____	
2. Risks to people in project area. Community health and safety standards during the construction works will be reflected in the Contractor's contract, EMP, and Health and Safety specific plans, PAM, and agreement covenants.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. Tranche 4 indirectly contributes to poverty reduction. No specific target indicators envisaged.	
2. Required human resources. The project management unit and consultants will have gender, environment, and social safeguard specialists.	
3. Information in the project administration manual. Implementation of RPs, EMP, and GAP reporting reflected in the PAM.	
4. Monitoring tools. Monitoring and reporting requirements reflected in loan agreement and the PAM.	
<p>^a Government of Pakistan, Finance Division. 2022. <i>Highlights of Pakistan Economic Survey 2021–2022</i>. Islamabad.</p> <p>^b National Electric Power Regulatory Authority. 2016. <i>State of Industry Report, 2021</i>. Islamabad.</p> <p>^c M. Shahbaz. 2015. <i>Measuring Economic Cost of Electricity Shortage: Current Challenges and Future Prospects in Pakistan</i>. Lahore: Comsats Institute of Information Technology.</p> <p>^d ADB. Pakistan and ADB. <i>Poverty Data: Pakistan</i> (accessed 5 September 2022).</p> <p>^e World Bank. Open Data. <i>Electric Power Consumption (kWh per capita)</i> (accessed 5 September 2022).</p> <p>^f Government of Pakistan, Finance Division. 2008. <i>Poverty Reduction Strategy Paper (PRSP) - II</i>. Islamabad.</p> <p>^g Government of Pakistan, Planning Commission. 2014. <i>Pakistan 2025: One Nation - One Vision</i>. Islamabad.</p> <p>^h ADB. 2020. <i>Country Partnership Strategy: Pakistan, 2021–2025—Lifting Growth, Building Resilience, Increasing Competitiveness</i>. Manila.</p> <p>ⁱ International Labour Organization. 2018. <i>Global Wage Report 2018/19: What Lies Behind Gender Pay Gaps</i>. Geneva.</p> <p>^j Ashar Awan, Faik Bilgili, and Dil Bahadur Rahut. 2022. <i>Energy Poverty Trends and Determinants in Pakistan: Empirical Evidence from Eight Waves of HIES 1998–2019. Renewable and Sustainable Energy Reviews</i>. 158 (C). 112157.</p> <p>^k World Economic Forum. 2022. <i>Global Gender Gap Report 2022</i>. Cologne, Switzerland.</p> <p>^l ADB. 2022. Back-to-Office Report for ADB Mission to Pakistan, Tranche 4. Findings on Gender Equality. 13–25 June.</p>	
Sources: Asian Development Bank and National Transmission and Despatch Company	