

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Pakistan	Project Title:	Khyber Pakhtunkhwa Cities Improvement Project
Lending/Financing Modality:	Project	Department/ Division:	Central West Regional Department (CWRD) Central West Urban Unit (CWUW)/Pakistan Resident Mission (PRM)

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY	
Poverty targeting: Geographic Targeting	
<p>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</p> <p>The Khyber Pakhtunkhwa Cities Improvement Project is well-aligned with the development priorities of the government of Khyber Pakhtunkhwa Province (KPK), established in (i) the KPK Water Act (2020), (ii) the Amended Local Government Act (2019), (iii) the Integrated Water Resource Management Strategy for KPK, and (iv) Pakistan Vision 2025. These policy documents underscore the need to (i) improve spatial planning, (ii) reorganize the municipal service delivery structure, (iii) increase the role of public-private partnerships and community involvement in urban planning, and (iv) update the urban master plans for all KPK cities.</p> <p>The project will contribute to poverty reduction in its five target cities through (i) improved water supply, sanitation services, and solid waste management, which will reduce the incidence of waterborne and vector-borne diseases and, thereby, reduce household health expenses (including for low-income households); and (ii) upgraded road infrastructure, including well-lit pedestrian walkways and space for small vendors, which will largely benefit the poor and low-income groups. The project also includes additional grant resources financed by the Asian Development Fund (ADF 13) for gender, which will have targeted interventions to improve women's socioeconomic well-being, including poor and marginalized segments of the population.</p> <p>The project directly supports the following operational priorities of Strategy 2030 of the Asian Development Bank (ADB): (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; (iv) making cities more livable; and (v) strengthening governance and institutional capacity.^a The project is also aligned with the priorities of ADB's country partnership strategy for Pakistan, 2021–2025.^b</p>	
B. Results from the Poverty and Social Analysis during Transaction TA or Due Diligence	
<p>1. Key poverty and social issues. Before the onset of the coronavirus disease (COVID-19) pandemic, the poverty rate in Pakistan was estimated at 24.3% (2015);^c however, there is a fear that containment measures amid COVID-19 could exacerbate poverty in the country. The United Nation's report estimates that the poverty rate will increase (up to 40%) because of the COVID-19 crisis.^d According to the government's Multi-Dimensional Poverty Index, 2014–2015, poverty in KPK was at 49% overall while the poverty rate for urban area was 10%.^e Key causes of poverty in KPK's fast-growing cities include inadequate urban planning and under-resourced urban infrastructure and services. In KPK, piped water is available for only 42% of the urban population, and typically for only 6 hours a day.^f In many cities the primary water supply is fed from overstressed groundwater resources, resulting in reduced water availability during periods of peak demand. Because of poor maintenance, there are significant losses from piped networks, as well as significant contamination of the water supply—in 2014, 75% of the supplied water in Abbottabad was considered unsafe for consumption and in 2015, water loss in Peshawar was estimated at 67%. Operational sewerage systems serve less than 5% of urban areas. Wastewater and sewage are discharged untreated into surface water drains and canals or onto farmland, which poses a significant health risk to local farmers and communities. Less than 30% of municipal solid waste generated is collected; most uncollected waste is burned, disposed of in drains or canals, or used to fill low-lying land and depressions.</p> <p>Inner-city areas tend to lack green spaces. Those urban parks that have been developed are relatively small and underutilized. The cities of KPK are highly vulnerable to natural disasters and climate change. Since 2010, extreme climate events have led to at least four major floods, causing economic loss, physical damage of urban infrastructure, and health hazards. Additionally, the COVID-19 pandemic has revealed serious inadequacies in public health delivery models, which points to a need to alleviate gaps in service delivery.</p> <p>2. Beneficiaries. The project will directly benefit about 3.5 million residents of the five project cities, including the poor, vulnerable, and non-poor population. The poor and socially excluded (estimated at about 350,000 people in the five target cities—using the 10% rate) will benefit from improved quality, reliability, and management of basic urban services.</p> <p>3. Impact channels. Improved water supply and sanitation (including the safe disposal of wastewater after treatment), improved solid waste management, and more efficient flow of traffic both within and between cities will reduce the morbidity and health expenses of households, and improve the quality of life. This will result in increased household productivity and incomes. Climate-resilient urban infrastructure, and economic opportunities for women supported by ADF grant resources will improve the resilience of citizens (including the poor and vulnerable) to economic shocks.</p>	

5. Design features. The project design will ensure an inclusive approach and support pro-poor design features. Key design elements include (i) support for a Community Incentive Fund to promote water conservation, solid waste management, and green practices; (ii) a women's business development center in Kohat that will target poor and low-income households; and (iii) entrepreneurs for promoting social inclusion and addressing poverty.

1. Participatory approaches and project activities that will strengthen inclusiveness in project implementation. The project's communication strategy will promote partnerships with local organizations to raise awareness and improve hygiene behavior through life skills education, social media, and awareness campaign. The project will support community participation with a focus on women and children, youth groups, and the poor and vulnerable.

2. CSO participation. The project design envisages specific roles for civil society organizations (CSOs) in project implementation. Civil society will be part of the project's communication strategy and will be encouraged to initiate interventions for community participation in their respective areas for the inclusive use of improved water and sanitation services. CSOs will work with the implementation agencies to promote life skills (e.g., hygienic practice and moral education). Community water, sanitation, and hygiene (WASH) groups will support improved urban service provision.

3. Approaches of CSO participation envisaged during project implementation. The government of Khyber Pakhtunkhwa will engage CSOs during project implementation in community WASH and solid waste management operations.

4. Participation plan. ☒ Yes ☐ No. A gender action plan (GAP) and a land acquisition and resettlement plan (LARP) have been prepared, with allocated human and financial resources.

Gender mainstreaming category: Gender Equity Theme

A. Key issues. Unplanned urbanization poses higher risks to poor segments of the population, particularly women. For example, unplanned urbanization may lead to growth of illegal resettlements (slums) characterized by poor living conditions, a lack of access to quality services such as water and sanitation, and increasing threat of violence and other social issues. With limited access to technical skills, financial services, and business networks because of socio-cultural barriers and their lower literacy levels, women mainly end up in low-paid and semiskilled or unskilled occupations. Women's participation in the labor force is only 11.3% in KPK, declining to only 8% in urban areas, well below the national average of 20.1%.⁹ The findings of the gender assessment during project readiness financing (2019) revealed that women's participation in urban planning and governance is negligible in KPK. The five project water and sanitation services companies (WSSCs) employed only one to two women each, generally in junior administrative roles. The gender assessment revealed that there are only three polytechnic institutes for girls in the entire province, compared with one for boys in each of the five project cities.

Key targets and GAP measures include (i) percentage of women staff in urban services providers increased to 20% (2019 baseline: 2%); (ii) gender-inclusive features such as dedicated spaces to promote women's sports, family areas, well-lit separate toilets, and other improved facilities to encourage women's access to public spaces; (iii) gender-inclusive WASH initiatives in all five WSSCs; (iv) gender-sensitive human resources policies and procedures, improved working environment for female staff of WSSCs (including separate toilets, childcare facilities, and improved work stations); (v) construction of a women's business development center in Kohat, which will support income-generating skills and economic opportunities for women and girls; (vi) rehabilitation of the Polytechnic Institute for Women in Peshawar; and (vii) scholarship and internship programs for women and girls.

☒ Gender action plan ☐ Other actions or measures ☐ No action or measure

A. Involuntary Resettlement

Safeguard Category: ☒ A ☐ B ☐ C ☐ FI

1. Key impacts. A consolidated social due diligence report screened all 24 subprojects for involuntary resettlement safeguards. Consequently, 15 subprojects are classified *category C* for involuntary resettlement as they will not cause any land acquisition and resettlement (LAR) impacts, issues, or social risks, while the remaining nine subprojects have varying degrees of LAR impacts that are deemed insignificant in accordance with the involuntary resettlement categorization criteria of ADB's Safeguard Policy Statement (2009). The total count of significantly affected persons is estimated at about 152 persons as of August 2021. Adding a few more households from any of the above items would tip involuntary resettlement classification to category A.

2. Strategy to address the impacts. The project management unit is conducting an independent valuation study to determine the adequacy of compensation rates to ensure compliance with the Safeguard Policy Statement. All safeguard documents will be included in civil work contracts and disclosed on the project and ADB website and to affected persons. The institutional review and capacity development consulting firm hired under the ongoing project readiness financing is responsible for supporting the five city implementing units under the WSSCs in strengthening safeguards capacity and day-to-day implementation and periodic monitoring of the LARPs, and management of the

project-based grievance redress mechanism. The project management unit has taken additional actions to oversee upfront safeguard compliance.	
3. Plan or other Actions. <input checked="" type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix	
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. The project has been classified <i>category C</i> because no indigenous peoples or indigenous peoples' groups, as described in indigenous peoples policy of the Safeguard Policy Statement, exist in the project areas. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No 2. Strategy to address the impacts. No impacts on indigenous peoples are anticipated. 3. Plan or other actions. <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input checked="" type="checkbox"/> No action <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> 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. <input type="checkbox"/> unemployment <input type="checkbox"/> M underemployment <input type="checkbox"/> L retrenchment <input type="checkbox"/> core labor standards 2. Labor market impact. The project will finance the procurement of works, goods, and consulting services worth about \$600 million and this will create new job opportunities in KPK and other parts of Pakistan. The GOKP will comply with all the internationally recognized core labor standards and take all necessary and appropriate steps to ensure that ADB financed procurement of goods, services, and contractors and subcontractors and consultants will comply with Pakistan's labor legislation (including minimum wages, safe working conditions, social security contributions, and prohibitions of child labor, etc.) as well as with other core labor standards.	
B. Affordability Because of COVID-19, the government of Khyber Pakhtunkhwa carried out the willingness-to-pay survey using online survey services and social media (SurveyMonkey) rather than physically conducting a face-to-face survey. A total of 510 people participated in the online survey and the results confirm that people in KPK are willing to pay additional costs for improved municipal services.	
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"/> Communicable diseases <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (please specify) _____ Not applicable _____ 2. Risks to people in project area. Through improved water and sanitation services, the project will help mitigate the risks of communicable diseases.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. Social and gender targets in the design and monitoring framework include the number of female beneficiaries and the number of people (including poor people) with improved urban environments. 2. Required human resources. The project will employ social safeguard specialists, environment specialists and a gender team composed of consultants and staff as detailed in project administration manual. 3. Information in the project administration manual. The monitoring procedures and requirements of the GAP, design and monitoring framework, LARP, and environment plans are detailed in the project administration manual. 4. Monitoring tools. Project periodic reports, and quarterly and annual reports, including GAP progress.	

^a ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

^b ADB. 2020. *Country Partnership Strategy: Pakistan, 2021–2025*. Manila.

^c The poverty rate is the number of people living below the poverty line, divided by the total population, times 100.

^d United Nations Development Programme (UNDP). 2020. [COVID-19—Pakistan Socio-Economic Impact Assessment and Response Plan](#). New York.

^e Government of Pakistan, Ministry of Planning, Development and Reforms and UNDP. 2016. *Multidimensional Poverty in Pakistan*. Islamabad.

^f Cities Development Initiative for Asia. 2017. *Pre-Feasibility Studies for Khyber Pakhtunkhwa Intermediate Cities Project*. Manila.

^g Government of Pakistan, Bureau of Statistics. 2017–2018. *Labor Force Survey*. Islamabad.