

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Pakistan	Project Title:	Power Sector Rehabilitation Project (PSRP)
Lending/Financing Modality:	Project Loan	Department/ Division:	CWRD/ CWEN

### I. POVERTY ISSUES

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

The Government of Pakistan's current Poverty Reduction Strategy covers the three-year PRSP-II period of FY2008/09 – FY2010/11, as well as provides a framework for thinking well beyond this timeframe. The PRSP-II draws upon lessons learned during the implementation of PRSP-I. The Poverty Reduction Strategy is built upon nine pillars: (i) macroeconomic stability and real sector growth; (ii) protecting the poor and the vulnerable; (iii) increasing productivity and value addition in agriculture; (iv) integrated energy development program; (v) making industry internationally competitive; (vi) human development for the 21st century; (vii) removing infrastructure bottlenecks through public private partnerships; (viii) capital and finance for development; and (ix) governance for a just and fair system. Agriculture, most of which is irrigated and which accounts for about 24% of the country's GDP, was given high priority in the PRSP-II especially as the bulk of the poor are concentrated in rural areas. Ensuring energy security and efficiency was also among the government's top priorities in order to tackle the current energy crisis and enable sufficient supply of energy for domestic, as well as commercial use. Environmental sustainability, a key cross-cutting theme, also formed an integral part of the PRSP-II.

Major interventions in the energy sector are designed to achieve economic progress through infrastructure development. By rehabilitating existing power plants, the project is expected to result in improved quality and reliable delivery of services to customers, particularly benefiting commercial, residential, and agricultural customers in Pakistan. The long hours of load shedding, especially unscheduled, has had dire impact on employment. The manufacturing sector has been hardest hit. An estimated 400,000 people have become unemployed or underemployed because of lack of electricity. The project is the least-cost method, aside from conservation, to increase power into the system.

#### B. Targeting Classification

Select the targeting classification of the project:

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

Explain the basis for the targeting classification:

The power produced will not be targeted to a specific area but will benefit the grid.

#### C. Poverty Analysis

3. If GI, is there any opportunity for pro-poor design - Not Applicable

### II. SOCIAL DEVELOPMENT ISSUES

#### A. Initial Social Analysis

Based on existing information, the project is of national importance and will support economic recovery of the country. An analysis will be conducted to assess the impact of increased electricity supply at the national level for industries, especially small- and medium-sized enterprises (SMEs) and on their productivity and employment opportunities. The SME sector is hardest hit in the manufacturing sector since they do not have back-up sources of power. These enterprises employ the largest number of people. Increase in electricity supply can thus lead to increased employment opportunity and re-hiring of laid-off personnel (due to previous energy deficiency). The analysis will also look at potential decrease in load shedding hours for urban versus rural residential areas.

#### B. Consultation and Participation

1. Indicate the potential initial stakeholders.

Except in Jamshoro, the sites are contained within operating power plants and do not have squatters. In Jamshoro, the site for the ash pond, requires the acquisition of approximately 100 acres of privately owned barren land which will not cause any physical or economic displacement. Other stakeholders which will be

consulted are SME enterprises, urban and rural households that will be affected by load-shedding. Consultations will also be held with environment nongovernment organizations (NGOs).

2. What type of consultation and participation (C&P) is required during the PPTA or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)?

Information sharing and consultations will be conducted with community-based organizations, environment NGOs, power plant staff, SMEs, rural and urban households.

3. What level of participation is envisaged for project design?

☒ Information sharing ☒ Consultation ☐ Collaborative decision making ☐ Empowerment

4. Will a C&P plan be prepared during the project design for project implementation? ☐ Yes ☒ No Please explain.

### C. Gender and Development

Proposed Gender Mainstreaming Category: category IV

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program?

Gender issues will be significant in two areas: (i) in the industrial sector, as at least 30%<sup>1</sup> of textile manufacturing employees are female. Laying off of employees due to insufficient energy supply affects women the most, and destroys their single source of livelihood; and (ii) at the household and community levels—women are main household managers, responsible for both reproductive and food preparation tasks (if connected with the grid); load shedding and unreliable energy supply forces them to find other source of energy for the family, which in most cases, is expensive and time consuming; and unreliable energy supply in the communities leads to intermittent public lighting which consequently puts women at risk when moving outside of their houses during the night.

The planned analysis will assess potential impact on employment and reduction of load shedding in rural versus urban residential areas from this project.

2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? ☐ Yes ☒ No Please explain. {If yes, a gender action plan should be prepared during PPTA/due diligence.}

3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality? ☐ Yes ☒ No Please explain {If yes, actions/measures should be prepared during PPTA/due diligence.}

### III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required {Delete boxes not required}
<b>Involuntary Resettlement</b>	The plants identified so far are rehabilitation of existing plants and barren land which will not involve involuntary resettlement.	No physical or economic displacement	<input checked="" type="checkbox"/> Resettlement Plan <input type="checkbox"/> Resettlement Framework <input type="checkbox"/> Environmental and Social Management System Arrangement <input type="checkbox"/> None <input type="checkbox"/> Uncertain
<b>Indigenous Peoples</b>	There will be no affected indigenous peoples through this project.	No Impact	<input type="checkbox"/> Indigenous Peoples Plan <input type="checkbox"/> Indigenous Peoples Planning Framework <input type="checkbox"/> Environmental and Social Management System Arrangement <input checked="" type="checkbox"/> None <input type="checkbox"/> Uncertain

<sup>1</sup> Source: Organizing for Labor Rights, Women in Textile Manufacturing Sector in Pakistan and Bangladesh, 2009.

<b>Labor</b> <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	The subprojects will require some construction labor, and will retain current staff for employment for the operation and maintenance.	Limited	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Affordability</b>	No issue with affordability since the generated electricity goes to the national grid and contributes to closing the electricity deficiency gap and lowering of the pooled price for electricity.	Limited	<input type="checkbox"/> Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>Other Risks and/or Vulnerabilities</b> <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input type="checkbox"/> Others (conflict, political instability, etc.), please specify	No other significant risks were identified.	No Impact	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
<b>IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT</b>			
<p>1. Do the TOR for the PPTA (or other due diligence) include poverty, social and gender analysis and the relevant specialist/s?  <input checked="" type="checkbox"/> Yes      <input type="checkbox"/> No    If no, please explain why.</p> <p>2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social and/or gender analysis, and C&amp;P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No    If yes, please provide details. If no, please explain why. – Consultations with people living in the vicinity of subproject.</p>			