

INITIAL POVERTY AND SOCIAL ANALYSIS

Country: Project Title:

Lending/ Financing Modality: Department/Division:

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

One of the chronic problems limiting socio-economic growth in Pakistan has been power shortage making the energy sector the top priority of the government. A number of initiatives to ensure sustainable supply of energy have been launched by the government to promote private sector participation since 1994. As a result, a number of power policies were introduced and have resulted in significant, although insufficient, investment from the private sector. As of FY2015, 11,574 megawatts (MW) or 46.2% of the country's installed power capacity was owned and operated by private sector investors.^a

The proposed project with an aggregate capacity of 150 MW will contribute in improving Pakistan's severe power shortage, which stalls the country's economic growth and efforts to reduce poverty. Successful implementation of the project will also foster confidence among potential investors and lenders, and promote further private sector investment in renewable energy and power in Pakistan. This is consistent with the the government's priorities reflected in its "four Es" agenda—economy, energy, education, and elimination of extremism and in line with ADB's Midterm Review of Strategy 2020 which aims to promote a reliable and affordable energy system.^b

B. Targeting Classification

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

The proposed project will contribute in improving Pakistan's severe power shortage stalling economic growth and efforts to reduce poverty.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Pakistan has made considerable progress in reducing absolute poverty and improving shared prosperity over the last two decades. From 1991 to 2011, the percentage of the population below the national poverty line has fallen from 34.7% in FY2002 to an estimated 13.6% in FY2011. However, progress was hindered by two massive floods, conflict, and the global economic slowdown from FY2009 to FY2011. Key social issues in the country include energy crisis, poverty, limited economic opportunities, illiteracy, and poor health services. Study Report conducted by WWF in 2007^c revealed that although Sindh has the highest per capita income among the four provinces in Pakistan, it is the second least developed province in terms of human and social development indicators. In a ranking done for 100 districts in the country based on social and economic development indicators, Thatta district was at the bottom of the scale. Thatta district is also the least urbanized with only 11% of its district population living in urban areas.^d

2. Impact channels and expected systemic changes. The project will indirectly contribute to economic growth, poverty reduction, job creation, and improvement of electricity supply in Pakistan. It will generate employment opportunities.

3. Focus of (and resources allocated in) the PPTA or due diligence. Due diligence will address the following: potential impact of the proposed project, consultations conducted with the stakeholders, operation of TBCC and its existing projects; quality of team that will be in charge of ensuring TBCC's compliance with national laws and ADB's environmental and social safeguards requirements among others.

4. Specific analysis for policy-based lending. N/A

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Households in the vicinity of the project area are headed by men and no women are gainfully employed as skilled or unskilled workers. Families live jointly and share all productive resources such as land, and productive assets. Women are in charge of domestic management, and all external matters are handled by male household heads.

The project is categorized as No Gender Element given its limited potential for gender-inclusive design. Since it is not common in Pakistan for women to work in construction field, the project has no employment target. The project sponsor, however, adheres to the principle that there will be no discrimination during recruitment of project workers.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes No Please explain. The nature of the proposed project does not provide opportunities to contribute in promoting gender equity and/or empowerment of women.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? The proposed project is not expected to cause any specific cultural or social impact upon or exclude any socioeconomic group. It instead aims to increase women's access to financial facilities provided by KBL.

Yes No Please explain If yes, actions and measures should be prepared during PPTA or due diligence. The project is not expected to have adverse impact on women and/or girls or widen gender inequality.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. Potential stakeholders include the businesses and households that will be served due to additional power that will be generated by the proposed project, renewable energy developers, local community residing near the project site including those individuals who will be employed during construction and

operation of the proposed project.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? Consultation meetings and outreach activities will be conducted by TBCC with the relevant stakeholders.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design? TBCC is considering, at present, to engage an NGO in the implementation of its CSR activities.

L Information generation and sharing H Consultation M Collaboration N/A
Partnership

Indicate in each box the level of participation by marking high (H), medium (M), low (L), or not applicable (N) based on definitions in the ADB's Guide to Participation.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No Please explain.

Details of the consultation and participation activities, grievance and dispute resolution will be included in TBCC's periodic reports.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI (treated as C)

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? Yes No The project will not entail physical or economic displacement. A total of 3,852 acres of flat, rocky and unproductive land was leased to TBCC by the Government of Sindh for the development of the wind farm. The closest household is around 100 meters from the site boundary. A few households occasionally utilize a portion of the project site for grazing, depending on the growth of bushes which is very scarce. Aside from vast grazing grounds available in other nearby area, access will not be affected as the site will not be fenced and will remain accessible to these households.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process? None

B. Indigenous Peoples Category A B C FI (Treated as C)

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? Yes No The project is not expected to entail any significant impact on indigenous peoples.

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No The project will not have significant impacts on Indigenous Peoples.

3. Will the project require broad community support of affected indigenous communities?
 Yes No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?
 None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

L Adhering to core labor standards

Indicate high (H), medium (M), low (L) for selected boxes

2. How are these additional social issues and risks going to be addressed in the project design?
 During construction, local community members will be engaged to provide skilled and unskilled labor. TBCC will ensure that contractors and subcontractors will comply with national labor laws, and take measures to comply with internationally recognized core labor standards.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

Yes No If no, please explain why. There is no PPTA but the client will mobilize competent staff to cover social dimension issues.

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis and participation plan during the PPTA or due diligence? Due diligence will be undertaken by staff.

Sources:

^a National Electric Power Regulatory Authority. 2016. *State of the Industry Report 2015*. Islamabad.

^b ADB. 2012. *Asian Development Outlook 2012*. Manila.

^c World Wide Fund for Nature – Pakistan. 2007. *Indus for All Programme: Preliminary Socio-Economic Baseline Study Report*. Pakistan

^d Population Census Organization, Statistics Division. 1998. *Provincial Census Report of Sindh 1998*. Islamabad: Pakistan.