

Project Number: 3  
July 2007

# Rural Development Projects Review (Pakistan)

(Financed by the  
Australia-ADB South Asia Development Partnership Facility  
[RETA 6337: Development Partnership Program for South Asia])

## Proposal for RETA 6337 Development Partnership Program for South Asia

<b>A. Basic Data</b>
1. Activity Title: Rural Development Projects Review (Pakistan)
2. Project Officer: C. Holmemo, CWAE
3. Request Date: June 8, 2007
4. Executing Agency: Asian Development Bank, CWAE
5. Implementing Agency: Ministry of Food, Agriculture and Livestock, Pakistan
6. Types of Interventions: Targeted Assessment
7. Amount Requested: \$200,000
8. Period this funding request will cover: September 2007 – February 2008
9. Region/Country: Pakistan (NWFP, Punjab, Sindh)
<b>B. Description of Executing and Implementing Agency: N/A</b>
<b>C. Proposed Project</b>
<p>1. Background and Rationale:</p> <p>Despite a rapid decline in the incidence of poverty in Pakistan between 2000/01 and 2004/05, rural poverty continues to be a significant concern as 28.1%<sup>1</sup> of people in rural areas live in poverty. While agriculture remains the foundation of Pakistan’s rural economy, the growth rates achieved by agriculture in the past decades did not translate into lower poverty incidence. Furthermore, the poorest segments of the population are not benefiting equally from economic growth, illustrated by a 2001 Gini coefficient of 0.42. There is therefore a need to look anew at the agriculture sector and the context in which it operates. In particular, rural non-farm income sources have become increasingly important over time and on the average poverty incidence is higher in non-farm than farm households. Furthermore, social inequalities persist and are manifested in the lack of control of economic resources, political disenfranchisement, and disempowerment of certain groups.</p> <p>Over the years, ADB has supported rural poverty reduction in Pakistan by financing a series of rural development projects, 8 of which are currently ongoing.<sup>2</sup> These projects have typically either combined investments in rural infrastructure, community empowerment, and livelihood development, or focused on investments in agricultural development. However, the projects and the approaches used have received mixed reviews. While some are considered successful, mainly based on their effective delivery of infrastructure and other outputs, others have experienced problems in sustainability, replicability and in implementation itself. ADB and other donor agencies now recognize that growth and development of the rural economy as a whole is essential to reduce rural poverty, including on-farm and off-farm employment, connectivity to markets, access to capital, technology and information, improved governance and public sector management, service delivery, and partnerships between public and private actors. Furthermore, as many of the agriculture and rural development related functions have been devolved to the local governments there is a need to build and enhance the institutional capacity at the local level to ensure that delivery of public goods and services in rural areas are accountable, efficient, and demand-driven.</p>

<sup>1</sup> ADB-PAK Initiating CPS paper, 2007.

<sup>2</sup> These are DG Khan RDP, Bahawalpur RDP (just closed, June 2007) and Sustainable Livelihoods in Barani Areas Project, Punjab; Malakand RD and NWFP Barani Area Development II, NWFP; Sindh Coastal Community Development Project and Sindh Rural Development Project, Sindh; and FATA RDP, Federally Administered Tribal Areas.

However, to effectively design and implement “new-generation” rural development initiatives, it is necessary to develop a stronger understanding of what worked and what did not in past interventions and to find sound solutions to the previous problems of effectively delivering outputs. In addition, new actors and the ongoing devolution process means that more research is needed to develop efficient implementation arrangements for rural development projects.

The Government of Pakistan (GoP) has asked the ADB to support them to better understand the critical farm to nonfarm linkages and the priority constraints and key interventions required to improve the impact of rural development projects. They have also asked that ADB address the above issues in the upcoming Country Partnership Strategy (CPS). As such, the proposed Rural Development Projects Review has strong relevance to ADB’s ongoing and future initiatives to help Pakistan address the issues of rural poverty. It will also help address the recommendations in the recent draft Country Assistance Program Evaluation (CAPE) for Pakistan, which emphasized the importance of strengthened analytical sector work to ensure more efficient resource allocation to support rural growth and poverty reduction and to enhance the impact and effectiveness of ADB development support.

## 2. Objectives:

The objective of the Rural Development Projects Review is to improve the effectiveness and efficiency of ADB’s and the Government of Pakistan’s support to rural development. By developing a framework to guide policies and investment decisions in rural development, the study will assist the national and provincial governments to identify strategies to

- 1) improve local governance, particularly of rural development services (infrastructure, markets, finance, employment); and
- 2) support inclusive growth, addressing rural poverty and the widening urban-rural gap

The primary audience for the study will be Pakistan government agencies at national and province levels designing and implementing rural development operations. The study will also greatly benefit ADB staff supporting such operations.

## 3. Scope of Work/Description of Proposed Approaches:

The study will be the first comprehensive review of ADB’s rural development operations in Pakistan. The review will assess the performance of rural development projects in delivering outputs and identify the core elements of those projects that have been successfully implemented. Based on this assessment, a framework detailing the key elements required for efficient, inclusive and cost effective rural development will be prepared for integration into future rural development programs and projects. The assessment and framework will incorporate social impacts and safeguards (resettlement, indigenous peoples), gender and environment impacts, and required interventions.

The Review will:

- A) Study key rural development issues where significant knowledge gaps remain, including i) Sources of income and livelihoods strategies in rural areas; ii) Sources of growth in the rural economy and future prospects; iii) Governance of rural institutions and public service delivery in rural areas under devolution;

- B) Review and assess past rural development interventions. The review will look at i) if and how the projects have evolved over time; ii) whether and in what they have been successful; iii) whether the mechanisms used were the most effective/appropriate and what adjustments should have been made; and iv) whether they were undertaken with a thorough analysis of the binding constraints.
- C) Provide recommendations for more effective project design. This will focus both on the modality of interventions for inclusive rural growth and the effectiveness of stand-alone investments vs. a mix of investments, policy, and institutional interventions. It will also include i) the institutional set-up and key features of project management, including staffing; ii) arrangements for overall policy and strategic directions; iii) arrangements for provision of inputs such as consultant selection and procurement decisions; iv) funds flow and financial management; v) accounting, auditing and reporting; vi) extent and level of community participation; and vii) monitoring and evaluation.
- D) Recommendations for more effective project implementation. Specifically, the study will make recommendations for addressing the ongoing process of devolution and the implication for the continued use, if any, and structure of Project Management Units (PMU) and their linkages with higher (central) authorities as well as lower (local) authorities.

#### 4. Workplan and Reporting

The following specific tasks will be undertaken as part of the Rural Development Projects Review:

1. Background studies on i) Sources of income and livelihoods strategies in rural areas; ii) Sources of growth in the rural economy and future prospects; iii) Governance of rural institutions and public service delivery in rural areas under devolution: September-October 2007;
2. Analytical assessment on the concept of rural development and typology for rural development projects to describe i) the core elements/characteristics of these projects and ii) their objectives: September-October 2007;
3. Review of relevant project and evaluation documents within and outside ADB. Comparison and analyses of design and implementation arrangements of ADB's ongoing rural development projects: October – November 2007;
4. Key informant surveys to further assess design and implementation arrangements identified in 3.
5. Consolidation of findings and analysis of lessons learned; development of rural development framework: December 2007 – January 2008
6. In-country workshop to present and discuss findings and recommendations: January 2008
7. Report dissemination and presentation of findings: January-February 2008.

#### 5. Expected Outputs and Outcomes

##### Outputs:

- Knowledge dissemination: report presenting current situation in rural economy and evaluation of Rural Development Projects;
- Framework detailing the key elements required for improved design, implementation, and effectiveness of rural development projects;

##### Outcome:

- Enhanced analytical base to improve the institutional framework and design of rural development operations

#### 6. Project Evaluation and Information Dissemination

This targeted assessment will enhance the analytical base for policy dialogue on rural development in Pakistan. The report will go through a careful consultation and review process and a group of experts will be formed to provide guidance throughout the process of this work. Publication of the evaluation paper, and in-country workshop and ADB learning events such as brown-bag lunches will facilitate information dissemination.

#### 7. Scope of Replication/Use in other DMCs

This is the first comprehensive review of Rural Development Projects in Pakistan. In addition to providing insights to government agencies, ADB staff, other donors and civil society organizations in Pakistan, the findings will also be of great use to other DMCs that are seeking answers to many of the same questions, particularly in South Asia where rural development remains critical to generate inclusive growth and reduce poverty. Countries such as India, Bangladesh, Nepal and Sri Lanka all have large investments in rural development and dissemination of lessons learned will facilitate knowledge exchange and adoption of lessons learned.

### D. Cost Estimate and Disbursement Schedule

Item	Total Cost
<b>1. Rural Development Projects Review</b>	
International Consultant	
- Remuneration and Per Diem	60,000
- Travel	10,000
Local Consultant/assistant	
- Remuneration and per diem	9,000
- Travel	2,000
Survey implementation	50,000
<b>2. Background studies (3)</b>	
Consultants (3)	
- Remuneration and Per Diem	24,000
- Travel	6,000
<b>3. Information dissemination and Capacity Building</b>	
- In-country Workshops	20,000
- Publications	7,000
<b>4. Contingency</b>	32,000
<b>Total Expenses</b>	<b>220,000</b>
GOP will provide counterpart contribution in kind (office space and staff), exact value to be confirmed.	

### **E. Proposed Project Management System**

The Rural Development Projects Review will be executed by the Agriculture, Environment, and Natural Resources Division of the Central and West Asia Department, in close cooperation with the Pakistan Resident Mission (PRM). The Ministry of Food, Livestock, and Agriculture (MINFAL) will be the Implementing Agency. The Provincial governments of Punjab, Sindh and NWFP will play a key role in the analytical work, particularly as relates to identifying improved implementation arrangements for rural development operations.

3 person-months of international consulting services and 9 person months of national consulting services will be required. Individual consultants will be recruited by ADB in accordance with ADB's Guidelines on the Use of Consultants (2007, as amended from time to time). The consultants will be managed by CWAE. Outline terms of reference for the consultant services are provided as an appendix to this proposal.

### DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b></p> <p>Improved effectiveness and efficiency of ADB's support to rural development in Pakistan.</p>	<p>Rural development continues to be a priority for the Government and ADB in Pakistan.</p>	<p>ADB project reports; National development plans; and ADB's strategic documents.</p>	<p><b>Assumptions</b></p> <p>Government clients and ADB officers are able to translate the findings and recommendations of the report into productive design changes for rural development operations.</p>
<p><b>Outcome</b></p> <p>ADB's analytical basis for designing rural development operations in Pakistan is enhanced.</p>	<p>Report presenting evaluation of Rural Development Projects and recommendations for future project design and implementation mechanisms.</p>	<p>Project progress reports, Project Completion Report; survey findings.</p>	<p><b>Assumptions</b></p> <p>The necessary inputs and information are made available to the study teams in a timely manner.</p>
<p><b>Outputs</b></p> <ol style="list-style-type: none"> <li>1. Knowledge dissemination for lessons learned on Rural Development in Pakistan.</li> <li>2. Framework detailing the key design/implementation aspects required for improved design, implementation, and effectiveness of rural development projects in Pakistan.</li> </ol>	<p>Report disseminated in Pakistan and within ADB; presentations of findings.</p> <p>New Pakistan rural development operations are designed based on insights and lessons learned from the Rural Development Projects Review.</p> <p>Reduced delays in the start-up of rural development operations.</p>	<p>Semi-annual progress reports, Project Completion Report</p> <p>ADB Project reports</p>	<p><b>Risks</b></p> <p>ADB-wide operational focus will shift further away from rural development.</p>
<p><b>Activities with Milestones</b></p> <ol style="list-style-type: none"> <li>1. Background studies on i) Sources of income and livelihoods strategies in rural areas; ii) Sources of growth in the rural economy and future prospects; iii) Governance of rural institutions and public service delivery in rural areas under devolution: September-October 2007;</li> <li>2. Analytical assessment on the concept of rural development and typology for rural development projects to describe i) the core elements/characteristics of these projects and ii) their objectives: September-October 2007;</li> <li>3. Review of relevant project and evaluation documents within and outside ADB; Comparison and analyses of design and implementation arrangements of ADB's ongoing rural development projects: October 2007;</li> <li>4. Analysis of designs and implementation arrangements, including surveys and field work: October – November 2007;</li> <li>5. Consolidation of findings and analysis of lessons learned; development of rural development framework: December 2007 – January 2008;</li> <li>6. In-country workshop to present and discuss findings and recommendations: January 2008;</li> <li>7. Report dissemination and presentation of findings: January-February 2008.</li> </ol>			<p><b>Inputs</b></p> <p>DPPSA: \$200,000            CWAE: \$20,000            GOP: In-kind counterpart contribution</p>