



Completion Report

Project Number: 26479
Loan Number: 1467
December 2008

Pakistan: Bahawalpur Rural Development Project

CURRENCY EQUIVALENTS

Currency Unit – Pakistani rupee (PR)

		At Appraisal (15 August 1996)	At Project Completion (12 October 2007)
PR1.00	=	\$0.0281	\$0.0165
\$1.00	=	PRs35.619	PRs60.625

ABBREVIATIONS

ADB	–	Asian Development Bank
BME	–	benefit monitoring and evaluation
BRDP	–	Bahawalpur Rural Development Project
CDA	–	Cholistan Development Authority
CWD	–	Communication and Works Department
DOWM	–	Directorate of On-farm Water Management
EIRR	–	economic internal rate of return
FIRR	–	financial internal rate of return
FMR	–	farm-to-market road
IsDB	–	Islamic Development Bank
LGRDD	–	Local Government and Rural Development Department
LSRS	–	large-scale reconnaissance survey
MEPCO	–	Multan Electric Power Company
M&E	–	monitoring and evaluation
NGO	–	nongovernment organization
O&M	–	operation and maintenance
P&DD	–	Planning and Development Department
PCC	–	project coordination committee
PCR	–	project completion review
PMU	–	project management unit
PSC	–	project steering committee
RRP	–	report and recommendation of the President
SDR	–	special drawing rights
SSI	–	small-scale infrastructure
VOC	–	vehicle operating cost
WAPDA	–	Water and Power Development Authority
WDC	–	women's development center
WUA	–	water users' association

NOTES

- (i) The fiscal year of the Government of Pakistan ends on 30 June.
- (ii) In this Report, "\$" refers to US dollars.

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BASIC DATA

A. Loan Identification

1.	Country	Pakistan
2.	Loan Number	1467
3.	Project Title	Bahawalpur Rural Development Project
4.	Borrower	Islamic Republic of Pakistan
5.	Executing Agency	Planning and Development Department
6.	Amount of Loan	SDR26,070,000
7.	Project Completion Report Number	PCR:PAK 1087

B. Loan Data

1.	Appraisal	
	– Date Started	17 June 1996
	– Date Completed	2 July 1996
2.	Loan Negotiations	
	– Date Started	26 August 1996
	– Date Completed	28 August 1996
3.	Date of Board Approval	26 September 1996
4.	Date of Loan Agreement	8 January 1997
5.	Date of Loan Effectiveness	
	– In Loan Agreement	8 April 1997
	– Actual	11 June 1997
	– Number of Extensions	2
6.	Closing Date	
	– In Loan Agreement	30 June 2003
	– Actual	12 October 2007
	– Number of Extensions	4
7.	Terms of Loan	
	– Interest Rate	1% per annum
	– Maturity (number of years)	35
	– Grace Period (number of years)	10

9. Disbursements

a. Dates

Initial Disbursement	Final Disbursement	Time Interval
23 September 1997	12 October 2007	122 months
Effective Date	Original Closing Date	Time Interval
11 June 1997	30 June 2003	74 months

b. Amount (in SDR '000) SDR26,070 US\$38,000

Category or Subloan	Original Allocation	Last Revised Allocation	Amount Canceled	Amount Disbursed
01A Civil Works - Rural Roads	13,310	12,118	(1,192)	12,118
01B Civil Works— Watercourse Improvement	2,538	3,449	911	3,449
01C Civil Works—Small-Scale Infrastructure	1,990	2,026	36	2,026
01D Rural Electrification		2,381	2,381	2,381
02A Institutional Strengthening— Equipment & Vehicles	137	145	8	145
02B Institutional Strengthening—Contract Management Staff	480	369	(111)	369
02C Institutional Strengthening—NGOs	2,127	579	(1,548)	579
02D Institutional Strengthening— Consulting Services	412	996	584	996
02E Institutional Strengthening—Studies	274	44	(230)	44
03 Service Charge	1,372	800	(572)	800
04 Unallocated	3,430		(3,430)	
99 Imprest Fund				
Total SDR	26,070	22,906	(3,164)	22,906
Total US\$ Equivalent	38,000	31,816	4,709	31,816

10. Local Costs (Financed)

- Amount (\$ million)	19.5
- Percent of Local Costs	54.3
- Percent of Total Cost	40.5

C. Project Data

1. Project Cost (\$ million)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	16.3	12.3
Local Currency Cost	48.5	35.9
Total	64.8	48.2

2. Financing Plan (\$ million)

Cost	Appraisal Estimate	Actual
Implementation Costs		
Borrower-Financed	9.0	6.0
ADB-Financed	38.0	31.8
Beneficiaries	10.8	5.3
IsDB	7.0	5.1
Total	64.8	48.2

ADB = Asian Development Bank, IsDB = Islamic Development Bank.

3. Cost Breakdown by Project Component (\$ million)

Component	Appraisal Estimate	Actual
Rural Roads	31.3	21.9
Watercourse Improvement	9.2	8.3
Small-Scale Infrastructure	5.4	4.1
Rural Electrification	2.8	6.5
Institutional Strengthening	5.6	6.3
Total Base Cost	54.3	47.1
Contingencies	7.7	0.0
Service Charge During Construction	2.8	1.1
Total Project Cost	64.8	48.2

4. Project Schedule

Item	Appraisal Estimate	Actual
A. Date of Contract with Consultants		
Project Implementation Consultants	1998–1999	March 1999
Benefit Monitoring and Evaluation Consultants	1998–1999	March 1999
Contract Agreement Consultant	1998–1999	January 1999
Engineering Design Consultant	1997–1998	May 1999
B. Civil Works		
1. Main Road		
a. Date of Award	1998–1999	February 2001
b. Completion of Work	1999–2000	December 2005
2. Farm-to-Market Road		
a. Date of Award	1998–1999	August 1999
b. Completion of Work	2002–2003	March 2007
3. Link Road		
a. Date of Award	1998–1999	January 2000
b. Completion of Work	2002–2003	March 2007
4. Watercourse Improvement		
a. Date of Award	1998–1999	December 1998
b. Completion of Work	2002–2003	June 2005
5. Rural Electrification		
a. Date of Award	1998–1999	January 1999
b. Completion of Work	1999–2000	October 2006
6. Small-scale Infrastructure		
a. Date of Award	1998–1999	December 1998
b. Completion of Work	2002–2003	February 2007
C. Equipment and Supplies		
1. First Procurement	1997–1998	September 1997
2. Last Procurement	1997–1998	February 2007
D. Vehicles		
1. First Procurement	1997–1998	September 1997
2. Last Procurement	1997–1998	October 2003
E. Other Milestones		
Reallocation of Loan Proceeds		
a. First		September 2002
b. Second		March 2004

5. Project Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From June 1998 to December 1998	Satisfactory	Satisfactory
From January 1999 to December 1999	Satisfactory	Satisfactory
From January 2000 to December 2000	Partly Satisfactory	Satisfactory
From January 2001 to December 2001	Satisfactory	Satisfactory
From January 2002 to December 2002	Satisfactory	Satisfactory
From January 2003 to December 2003	Satisfactory	Satisfactory
From January 2004 to December 2004	Satisfactory	Satisfactory
From January 2005 to December 2005	Satisfactory	Satisfactory
From January 2006 to December 2006	Satisfactory	Satisfactory
From January 2007 to October 2007	Satisfactory	Satisfactory

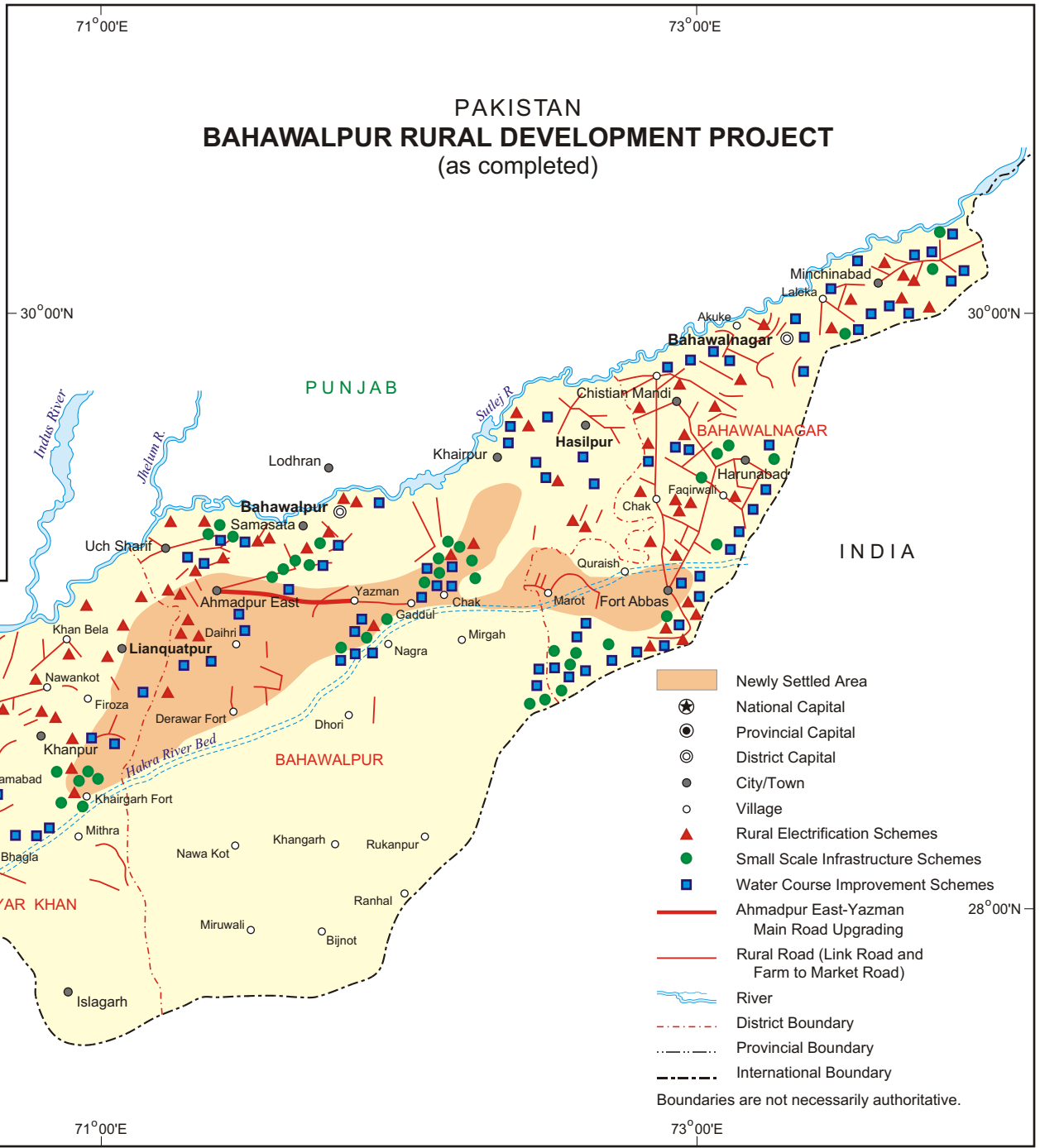
D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members
Loan Fact-Finding Mission	7–19 Apr 1996	5	65	a, b, c, d, e
Appraisal Mission	17 Jun–2 Jul 1996	5	80	a, f, g, h, i
Inception Mission	9–15 Jul 1997	2	14	j, i
Review Mission 1	23 Mar–1 Apr 1998	2	20	a, k
Review Mission 2	19–25 Nov 1998	2	14	a, l
Special Administration Mission	22–23 & 27 Jul 1999	2	6	m, k
Special Administration Mission	3–12 Apr 2000	1	10	m
Midterm Review Mission	9–24 Nov 2000	2	32	m, l
Review Mission 3	14–20 Sep 2001	1	7	m
Review Mission 4	5–12 May 2003	1	8	m
Review Mission 5	22–30 Nov 2004	2	18	m, k
Special Administration Mission	5–6 Jul 2005	1	2	m
Review Mission 6	20 Feb–2 Mar 2007	3	33	n, k, o,
Project Completion Review Mission	7–21 July 2008	4	58	p, k, q, r

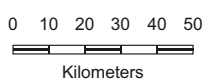
a = senior project economist, b = social development specialist, c = young professional, d = civil engineer (consultant), e = rural development planner (consultant), f = project specialist, g = programs officer, h = senior counsel, i = project implementation officer, j = project administration unit head, k = project analyst, l = economist, m = senior project specialist, n = rural development specialist, o = disbursement analyst, p = natural resources economist, q = rural roads engineer (consultant), r = economist/financial analyst (consultant).



PAKISTAN BAHAWALPUR RURAL DEVELOPMENT PROJECT (as completed)



- Newly Settled Area
 - National Capital
 - Provincial Capital
 - District Capital
 - City/Town
 - Village
 - Rural Electrification Schemes
 - Small Scale Infrastructure Schemes
 - Water Course Improvement Schemes
 - Ahmadpur East-Yazman Main Road Upgrading
 - Rural Road (Link Road and Farm to Market Road)
 - River
 - District Boundary
 - Provincial Boundary
 - International Boundary
- Boundaries are not necessarily authoritative.



I. PROJECT DESCRIPTION

1. The Bahawalpur Rural Development Project was designed for the now defunct¹ Bahawalpur Division of Punjab Province. At appraisal, this Division was considered one of the least developed divisions in Pakistan, with more than 50% of the population living below the poverty line.² The Project intended to target poor communities in newly settled areas within the division that were least served by infrastructure services and most isolated from social services. The poverty level in the newly settled areas was much higher—approximately 80%—and therefore needed urgent investment. The expected impact of the Project was poverty reduction in the project area. The expected outcome was increased rural incomes, employment, and quality of life through improvements in infrastructure services, agricultural production, and economic/market activities. The project scope, components, and targets in the report and recommendation of the President (RRP) were as follows:

- (i) Rural roads: improvement of about 100 existing roads totaling an estimated 400 kilometers (km), with emphasis on roads linking agricultural areas with markets. Targets were the widening of about 60 km of the existing road from Ahmadpur East Town to Yazman Town from a single-lane to a double-lane paved carriageway, upgrading of 10 existing farm-to-market roads (FMR), and upgrading of 90 existing link roads or tracks;
- (ii) Watercourse improvement: organization of about 480 water users' associations (WUA), and improvement of 1,440 km of watercourses with an irrigated area of about 52,800 hectares (ha);
- (iii) Small-scale infrastructure (SSI): implementation of an estimated 450 works³ identified by the communities;
- (iv) Rural electrification: connection of about 150 selected villages to existing transmission lines; and
- (v) Institutional strengthening: capacity building and institutional strengthening of government agencies and community organizations of project beneficiaries to (a) prepare an investment program based on participatory approaches, (b) implement the Project, (c) update and maintain databases relevant to the monitoring and evaluation (M&E) of the Project, and (d) establish an M&E system.

2. The Project was approved on 26 September 1996 for the amount of SDR26,070,000. It became effective on 11 June 1997. At appraisal, the total project cost was estimated at \$64.8 million, of which Asian Development Bank (ADB) funding covered \$38.0 million and an estimated \$7.0 million was in parallel cofinancing from the Islamic Development Bank (IsDB). The IsDB cofinancing was to support the widening of the main road from Ahmadpur East Town to Yazman Town, and rural electrification activities. The planned closing date was 30 June 2003 and the actual closing date was 12 October 2007. Four extensions were requested by the Government and granted by ADB.

¹ The "Division" level of administration was abolished during the local government reforms of 2001. Administrative powers at the division level were devolved to the district governments. There are three districts in the defunct Bahawalpur Division: Bahawalpur District, Bahawalnagar District, and Rahim Yar Khan District.

² ADB. 1996. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Pakistan for the Bahawalpur Rural Development Project*. Manila.

³ Such as community buildings, simple drinking water systems, wells, tube-wells, ponds, feed processing units, small flour mills, oil pressing units, saw mills, fruit and forest nurseries, road drainage structures, and social facilities.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

3. At appraisal, the Project's design in terms of expected impact (then goal) and outcome (then purpose), as stated in para. 1, was consistent with ADB's strategy in Pakistan and with the Government's objectives on rural poverty reduction. The location of the Project within Bahawalpur Division appears to have been appropriate as the poverty incidence for the Punjab Cotton/Wheat Zone, within which the project area falls, was 56%—the second highest in the country.⁴ In particular, the RRP made the case for targeting newly settled areas (primarily in Bahawalpur and Rahim Yar Khan Districts) between the more settled area adjacent to the Sutlej River to the north and the Cholistan Desert to the south.⁵ However, there was also only limited analysis of the proposed investment mix and the extent to which investments would contribute toward the expected poverty reduction impact.⁶

4. **Targeting.** At the start of project implementation, the project management unit (PMU), in consultation with the Executing Agency, the Planning and Development Department (P&DD) of the Government of Punjab, concluded that targeting the newly settled areas was not necessary as the poverty levels in the newly settled areas did not significantly differ from the division average poverty level of approximately 55%.⁷ Therefore, the PMU did not specifically focus its activities on the newly settled areas.

5. **Lessons.** The RRP comprehensively documented lessons from similar agricultural and rural development projects and incorporated them into the design of the Project, especially lessons on beneficiary participation and operation and maintenance (O&M).

B. Project Outputs

6. Project output achievements and indicators are presented in Appendix 1 using the project monitoring and development framework in the RRP as a basis for comparing planned and actual achievements. ADB revised the output targets twice, in September 2002 and in June 2003. The Government also revised output targets twice. The first revised Proforma-I⁸ was approved in October 2000 and the second in December 2004. In most areas, physical project targets were surpassed. Details of outputs at completion, broken down by component, are as follows:

1. Rural Roads

7. The rural roads component upgraded 126 individual roads, with a total length of 574 km⁹ against a planned total of 400 km. This comprised 89 (268 km) link roads, 36 (246 km) FMRs,

⁴ Household Consumption-Expenditure Survey of May 2004.

⁵ As defined in Article 1 of the Loan Agreement dated 8 January 1997.

⁶ For example, there is little discussion on the poverty reduction rationale for including a significant cost item in the Project, the widening of the 60 km existing farm-to-market road (FMR) from a single-lane to double-lane road.

⁷ PMU communication during Project Completion Review (PCR) Mission. No official ADB documentation records ADB concurrence to the change in targeting approach.

⁸ Proforma I of the Planning Commission of the Government of Pakistan approved by the Executive Committee of the Government of Pakistan's National Economic Council for the Project.

⁹ Discrepancies appear in the project management unit (PMU) PCR in respect of the total length of road constructed. Appendix 2 therein refers to the length of roads for which contracts were awarded as 586.2 km, and Appendix 9 (Table 13) uses 587 km. However, the actual construction specified in Appendix 1 indicates that 574 km were completed.

