



Major Change in Scope and Amount

Project Number: 39577
Technical Assistance Number: 4720
September 2006

Pakistan: Preparing the Bahawalpur Rural Development Project, Phase II

1. The technical assistance (TA) was approved on 8 December 2005 in the amount of \$300,000 from Asian Development Bank's (ADB) TA Special Fund, to prepare the Second Bahawalpur Rural Development Project (BRDP) for possible ADB financing. The Executing Agency is the Planning and Development Department (P&DD) of the government of Punjab. The TA financed 10 person-months and 5 person-months of international and domestics' individual consultants, respectively, over 5 months.

2. The TA's premise was that the first phase of the BRDP¹ would be generally successful, and that the review of the performance of the project's activities and outcomes, identifying lessons from implementation, would allow the government of Punjab and ADB to quickly replicate and expand similar initiatives in the contiguous, poverty-stricken area. Accordingly, the draft project design for the second phase, as proposed by the TA consultant team, trained the same focus on developing rural infrastructure (roads and electrification) as in the first BRDP, together with provision for community improvement and income-generating activities.

¹ Loan 1467-PAK(SF), approved in September 1996 and scheduled to close in March 2007.

3. Further analysis of the TA findings, however, led the ADB project team and P&DD to a view that the grant-based livelihood generation, without adequate attention to markets, may encourage rural communities to continue to rely on the government's hand-outs rather than integrate into increasingly vibrant, private sector-led vertical chains. At the final wrap-up meeting held on 17 July 2006, the ADB project team and the P&DD representatives agreed on an additional study to identify opportunities to develop stronger market links for various on-farm and nonfarm activities, along with more direct access to existing microfinance institutions.

4. Both the ADB project team and P&DD felt that reorienting the project would allow stronger links between the target rural communities and the intended rural infrastructure improvement (using the improved access to infrastructure as a stepping stone to sustainable improvement of economic well-being). Know-how on integrating rural communities into increasingly commercial agriculture is warranted as the country has enjoyed sustained high economic growth for the past 4–5 years, with resulting increase in demand from growing urban centers for quality processed agricultural products.

5. The change in scope and increase in TA amount are, therefore, necessary to investigate options to integrate small farmers and the landless into the mainstream economy, and to help finalize the project design. The change will involve a comprehensive study of (i) the major market chains and possible gain of value along the chain, (ii) opportunities for existing private agribusinesses or market distribution to establish business partnerships with small-farmers' groups, and (iii) opportunities for and constraints on the private sector to establish or extend agroprocessing or other employment-intensive businesses in the project areas.

6. ADB's Board of Directors is notified of the change in scope and increase in the TA amount by \$180,000, financed on a grant basis from ADB's TA Special Fund, along with an extension of the TA closing date to 31 May 2007. In accordance with Project Administration Instructions 5.11 (paras. 31-32), the Board is notified of this approval.