Pakistan: Pehur High Level Canal Extension Project (formerly Khyber Pakhtunkhwa Water Resources Project)

Project Name: Pehur High Level Canal Extension Project (formerly Khyber Pakhtunkhwa Water Resources Project)
Project Number: 47024-004
Country: Pakistan
Project Status: Active
Project Type / Modality of Assistance: Loan
Source of Funding / Amount: Loan 3470-PAK: Pehur High Level Canal Extension (formerly: Khyber Pakhtunkhwa Water Resources Project)

Strategic Agendas:
- Environmentally sustainable growth
- Inclusive economic growth

Drivers of Change:
- Governance and capacity development

Sector / Subsector:
- Agriculture, natural resources and rural development - Agricultural production - Irrigation

Gender Equity and Mainstreaming:
- Some gender elements

Description:
A sector loan project is proposed as the Government of KPP has a development plan to meet the priority development needs of the IAWR sector as included in the CDS up to 2017, and several subprojects were identified for new irrigated agriculture developments associated with small-medium dam constructions. Selection of the subprojects will be carried out during project implementation. The proposed project is in line with the Country Partnership Strategy, which includes water and irrigation as one of the core sectors, and focuses on the expansion of irrigated agriculture as well as the rehabilitation of irrigation systems. It is included in the Country Operations Business Plan.

ADB is already financing improvement of irrigated agriculture over 2 million ha through a $700 million Punjab Irrigated Agriculture Investment Program (PIAIP), which includes upgrading the irrigation infrastructure, on-farm agricultural enhancement and institutional reforms. The impact of the proposed project is increased farm incomes and incomes of non-farm households engaged in agriculture in arid areas in KPP. The outcome is increased agriculture productivity in arid areas. The key outputs will be the following: (i) water supply capacities are increased in arid areas; (ii) water-use and farm-management capacities are increased in arid areas; and (iii) efficient and effective project management system is operational.

The key issues in project design and implementation will be (i) to select feasible subprojects with due consideration given to security issue, sound economic viability, and requirement of land acquisition, resettlement, and compensation for crop losses during project implementation; and (iii) careful assessment and processing of the impact on environment and involuntary resettlement.

Project Rationale and Linkage to Country/Regional Strategy:
The challenge for Pakistan today is to stabilize economic fundamentals while keeping the economy on a broad-based sustainable growth path - to enable it to halve the incidence of poverty by 2015 and meet its commitments to the millennium development goals. For sustainable and inclusive growth to be achieved, public policy needs to emphasize employment and the productive capacity of the economy. At the same time, structural change and transformation is central to sustaining growth, creating opportunity, and reducing poverty.

Pakistan's population during the last three decades has increased from 65 million to 162 million and is expected to further increase to 234 million by 2025. About 68% of the rural population depends on agriculture, which employs over 46% of the labor force and accounts for more than 60% of Pakistan's foreign exchange earnings. Khyber Pakhtunkhwa Province (KPP) has a population of more than 22.2 million in 2009 and is expected to further increase to 34.5 million by 2025, considering the current population growth rate of 2.8% per annum. About 80% of the population is dwelling in rural areas and over 75% of the population is at least partly dependent on agriculture for their livelihood in KPP. About 25% of the country's land, which is suitable for intensive agriculture, is subject to flooding, water logging, salinity and reduction in soil fertility, and in particular the non-availability or limited availability of irrigation water. From about 79.61 million hectares (ha) of the total land of Pakistan, almost 68 million ha of land (85.4%) receives less than 300 millimeters rainfall annually, and thus about 80% of the arable lands in Pakistan are entirely dependent on irrigation. In KPP, although it has 10.17 million ha of land, only about 16.6% of land is cultivable, of which over 50% is already irrigated and about 15% is used for rain-fed crops and about 30% is fallow. Pakistan faces a number of serious issues in the irrigated agriculture and water resource (IAWR) sector, such as (i) deteriorating and inefficient irrigation infrastructure; (ii) poor capacity of irrigation service delivery; (iii) low water-use efficiency and water productivity; (iv) over-exploitation and deteriorating quality of groundwater; and (v) declining storage capacity. KPP is no exception. The Comprehensive Development Strategy (CDS) 2010-2017 in KPP highlighted key issues in the IAWR sector. From water-supply side, these are (i) water scarcity and a lack of effort in water conservation; (ii) inequitable water supply distribution and low cost recovery, which has resulted in deferred maintenance; (iii) limited institutional capacity to manage irrigation systems; and (iv) limited funding availability. From water-use side, these are rain-fed agriculture and poor irrigated agricultural management practices.

Improving the IAWR sector is a key priority for the Governments of Pakistan and KPP. Pakistan in the 21st Century: Vision 2030 recognizes the issues in the IAWR sector and suggests the strategic approach to promote the concept of More Crop per Drop, the increase of water storage capacity, and the integrated water resources management to ensure optimal use of water resources. These suggestions will be realized in association with more specific measures such as: (i) protection of water resources; (ii) securing benefits of water related infrastructure; (iii) optimization of water use efficiency; (iv) enforcement of improved irrigated agriculture methods and practices; (v) enabling irrigation stakeholders to participate effectively in the decision-making processes; and (vi) management of groundwater sustainably.

The CDS in KPP targets new cultivable land of 70,000 ha by 2015 to meet the food demand of the KPPs growing population and suggests various measures in both water-supply and water-use sides to address the issues in the IAWR sector. For water-supply side, the following are suggested in the CDS: (i) provi

Impact:
Irrigated agriculture area increased in KPP, and food security ensured for the decade 2010 -2020 in KPP.

Description of Outcome:
Increased agricultural production in the project areas
ICB-01 worth US$45 Million is under procurement. Once procurement process gets completed, physical work will be started on the outputs to achieve the project outcome.

**Implementation Progress**

**Description of Project Outputs**

1. Available agricultural water project areas increased
2. Water-use skill and farm management capacity improved in project areas

**Status of Implementation Progress (Outputs, Activities, and Issues)**

Procurement for works is on-going.
Output 1: Available agricultural water project areas increased
Output 2: Water-use skill and farm management capacity improved in project areas

Design report approved in June 2018. Invitation for Bid issued. Technical bids were opened on 29 August 2018. BER is under preparation by PMO, Irrigation Department.

M&E system specimen shared with PMO. Project Implementation Consultants will prepare O&M Plan.

Procurement for works is on-going.
As it is a downstream activity KPAD will mobilize full staff by end of December 2018 and will be monitor at later stage and status of progress will be provided accordingly.

**Geographical Location**

Khyber Pakhtunkhwa

**Safeguard Categories**

- **Environment**: A
- **Involuntary Resettlement**: A
- **Indigenous Peoples**: C

**Summary of Environmental and Social Aspects**

**Environmental Aspects**

The project will draw on available water resources from the Tarbela reservoir and within the existing water use permits for PHLC, and will have an insignificant impact on overall water resource availability in the project area and in the Tarbela reservoir. The environmental impacts will be restricted to the construction phase and can be managed through environmental mitigation measures provided in the environmental impact assessment (EIA) and the environmental management plan (EMP). Two rounds of community consultations were held during the EIA process. To address community concerns about environmental impacts, a grievance redress mechanism will be established with community focal persons. Due to the large scale of project activities, and since it is a new irrigation scheme, the project is classified as category A for environment. EIA has been disclosed on the ADB website on 9 March 2016. PMO will have an environment and social unit and one full-time environment specialist. PIC will have one part-time international, and one full-time national environment specialist, and provide capacity support to PMO. PMO will ensure that the design and construction are carried out in accordance with ADB's Safeguard Policy Statement (2009), the applicable environmental laws and regulations of Pakistan, and EIA and its EMP. KPID will ensure that potential adverse environmental impacts arising from the project are minimized by implementing all the mitigation measures in EMP. Should any change in scope take place, KPID will inform ADB and a due diligence on the environment will be carried out, following ADB’s Safeguard Policy Statement. Any unanticipated environmental impacts will be reviewed and a corrective action plan prepared by the contractor for implementation under the PMO’s supervision with PIC’s assistance.

**Involuntary Resettlement**

The project is classified as category A for involuntary resettlement because approximately 125 households will either be physically displaced or lose 10% or more of their productive assets. Approximately, 219 ha of land will be acquired under the project. More than 400 households are likely to lose land and/or other assets. KPID has endorsed a draft land acquisition and resettlement plan (LARP) prepared by the project preparatory TA consultants based on a preliminary alignment of the irrigation system and consultations with potentially displaced households following ADB’s Safeguard Policy Statement. The draft LARP was disclosed on ADB’s website on 20 June 2016. Information brochures on the draft LARP in the local language will be disseminated to potential displaced persons. KPID, with support from PIC, will update LARP based on the approved design and alignment after proper notification under Section 4 of the Land Acquisition Act of 1894. Language acquisition and resettlement activities will be managed and implemented by KPID, through PMO, in coordination with the Board of Revenue. Given KPID’s limited experience in handling resettlement issues in externally financed projects, the PIC’s social safeguard management team will support PMO in developing and maintaining a land acquisition and resettlement database and management information system. The team will also update and implement LARP, including facilitation of possible land swapping and land consolidation. A functioning grievance redress mechanism will be established. Internal monitoring reports will be prepared by PMO and PIC on a semiannual basis. A qualified and experienced external monitoring agency, acceptable to ADB, will verify these internal monitoring reports, identify issues, and recommend corrective measures if needed. All monitoring reports will be disclosed on the ADB website. ADB will also help KPID and PMO conduct the external monitoring of safeguards compliance by recruiting the individual consultants as necessary.

**Indigenous Peoples**

There are no indigenous peoples in the project area as defined by ADB’s Safeguard Policy Statement. No indigenous communities will be affected by the project and, accordingly, no indigenous peoples planning document is required.

**Stakeholder Communication, Participation, and Consultation**

- **During Project Design**: Two rounds of community consultations were held during the EIA process. To address community concerns about environmental impacts, a grievance redress mechanism will be established with community focal persons.
- **During Project Implementation**: TBD

**Business Opportunities**

- **Consulting Services**: Advance contracting for project Consulting services for $5.2 million using QCBS method
- **Procurement**: ICB works - 1 contract
  - NCB - 4 contracts
  - Shopping - multiple
  - TBD

**Responsible ADB Officer**: Asad Ali Zafar

**Responsible ADB Department**: Central and West Asia Department

**Responsible ADB Division**: Pakistan Resident Mission

**Executing Agencies**:
- Irrigation Department Khyber Pakhtunkhwa
- Pehur High Level Canal Extension Project
- Gohati Mardan Road, Swabi Khyber
- Pakhtunkhwa Province, Pakistan

**Timetable**

- **Concept Clearance**: 24 Oct 2013
- **Fact Finding**: 01 Mar 2016 to 14 Mar 2016
- **MRM**: 12 Jul 2016
- **Approval**: 24 Nov 2016
Loan 3470-PAK

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