Pakistan: Sustainable Livelihoods in Barani Areas Project
ABBREVIATIONS

ABAD – Agency for Barani Area Development
ADB – Asian Development Bank
CBO – community-based organization
MSI – medium-scale infrastructure
NGO – nongovernment organization
PCR – project completion report
PMU – project management unit
SSI – small-scale infrastructure
TA – technical assistance
VUDC – village and union development component

NOTE

In this report, “$” refers to US dollars.

Key Words

adb, access to market, asian development bank, barani, development, literacy, medium-scale infrastructure, pakistan, poverty, small-scale infrastructure, sustainable livelihood, validation, water conservation

The guidelines formally adopted by the Independent Evaluation Department (IED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. To the knowledge of IED management, there were no conflicts of interest of the persons preparing, reviewing, or approving this report.

In preparing any evaluation report, or by making any designation of or reference to a particular territory or geographic area in this document, IED does not intend to make any judgments as to the legal or other status of any territory or area.
A. Rationale

1. *Barani* areas are often characterized as areas with high levels of poverty. These areas primarily lack access to water for crop and livestock production, resulting in lower and uncertain crop yields and livestock productivity. Other factors adding to the high levels of poverty were limited access to markets, inputs, and services; lack of access to electricity; limited access to domestic drinking water; limited range of alternative crop varieties appropriate for *barani* areas; inadequate and poorly managed rangelands for livestock; serious loss of productive land due to water and wind erosion; poor access to agriculture and livestock advisory and support services; and low levels of literacy. The Sustainable Livelihoods in Barani Areas Project was formulated to

\[\text*\] *Barani* refers to rain-fed areas that are outside the control of Pakistan’s extensive irrigation system.
address these constraints by developing *barani* areas to enhance water storage and conservation; improve access to inputs and markets; and diversify sources of income while at the same time overcoming fundamental barriers to development such as illiteracy.  

2. To comply with the Punjab Local Government Ordinance of 2001, official institutions were established at the grass roots level in rural areas to elect representatives and allow local management of development activities. Experience and lessons learned in *barani* areas were merged with the new, representative rural institutions to implement a poverty-focused project that would reinforce the ongoing decentralization process and achieve a strong development impact. The project was designed to work with the new local government institutions, targeting areas with high levels of poverty through a beneficiary-driven process. The project was to support activities that were selected and managed by beneficiaries themselves to enhance productivity of resources, improve quality of life, gain access to markets through better rural infrastructure, and provide opportunities in improving skills and developing enterprises.

B. Expected Impact

3. The project’s envisaged impacts were improved quality of life, reduced poverty, and better management of natural resources. The project was expected to enhance the livelihood and quality of life of about 350,000 households in the rural areas of 200 disadvantaged and poor unions in Punjab that had marginal natural resources and weak social and institutional capacities. The impact indicators specified in the project framework were increased farm productivity, more job opportunities and enterprises, and increase in per capita income and improved social welfare.

C. Objectives or Expected Outcome

4. The expected project outcome was enhanced access to land, water, markets, services, agricultural inputs, technologies, and jobs for the people in the *barani* areas to increase income, improve quality of life, and ultimately, reduce poverty among vulnerable groups. The project framework specified the following outcome indicators: increased crop and livestock production by 15%–20% in target areas; and an increase in (i) traffic on targeted union roads, (ii) electricity in target areas, (iii) agriculture input sale in union markets, (iv) use of health and education services in targeted unions, and (v) literacy rate. The components of the project were designed to realize these outcomes.

D. Components and Outputs

5. The project covered parts of districts in Punjab province that had substantial areas of *barani* land but that have yet to be covered by a *barani* or area development project.  

The project had only two objectives: (i) enhance access to land, water, markets, services, agriculture inputs, technologies, and jobs for the people in the *barani* areas; and (ii) strengthen governance structures, aid the process of devolution, and build capacity within local governments to plan and implement development activities. The project had four components: (i) the provision of beneficiary-identified medium-scale infrastructure (MSI) such as upgraded feeder roads, markets, power line connections, water conveyance, or any feasible civil works or natural resources management intervention to unions based in *barani* areas (village and union development component [VUDC]), which the local population considered high priority; (ii) a

---


3 The districts covered by the project were Bhakkar, Chakwal, Gujrat, Jhelum, Khushab, Layyah, Mainwali, Narowal, Rawalpindi, and Sialkot.
targeted poverty alleviation component providing small-scale interventions to small beneficiary or community groups, which involves community mobilization, microcredit, and off-farm job opportunities; (iii) an enhanced literacy component targeting poor women and girls through skills training; and (iv) institutional and implementation support in the form of contracted institutional services to provide technical inputs in unions and assist in implementing the VUDC, consulting services for project management and implementation, logistics and administrative support to the Agency for Barani Area Development (ABAD), and support to ABAD for the project performance management system. The project’s design and implementation was designed to be driven by its intended beneficiaries. This meant that communities would identify and design project activities according to their needs and circumstances and implement them.

E. Provision of Inputs

6. The estimated cost at appraisal was $58.6 million. At loan closing, the actual project cost was $42.4 million or 72% of the appraised cost. The Asian Development Bank (ADB) financed $28.1 million or 66.3% of actual costs compared to the 79% share estimated at appraisal. In November 2011, a surplus amount of $9.31 million was canceled because of savings resulting from exchange rate depreciation and increase in the US dollar value of the loan. In addition, spending on MSI schemes was lower, and the associated funds provided to line agencies for designing and implementing MSI schemes were reduced. The cancellation of the surplus amount did not hamper delivery of key outputs. To support project start-up and assist the executing and implementing agencies, the project provided 385.1 person-months of consulting services or 97% of the appraisal estimate, including 28.1 person-months (international) and 357 person-months (national).

7. ADB guidelines were followed in the recruitment of consultants and procurement of goods and services. The shopping method for civil works under the MSI schemes was used instead of national competitive bidding since contracts were small at less than $100,000. The performance of consultants was generally satisfactory and expected deliverables were accomplished except for the envisaged project management system, which was not developed because of lack of input from international consultants attributed to security problems in Pakistan.

8. On 13 October 2004, ADB approved a technical assistance (TA) for $400,000 to support a program that empowers rural girls and women through nonformal provision of functional literary skills training and basic education. The methodology, materials, and systems developed under the TA were used by the Department of Literacy and Non-Formal Education for literacy and skills training under the project and were successfully replicated in the entire province of Punjab. The TA completion report rated it successful. This evaluation has a similar rating to that of the TA completion report in that the outputs were useful to the Department of Literacy and Non-Formal Education. The replication of the model in the entire province of Punjab indicates the effectiveness of the model developed under the TA.

F. Implementation Arrangements

9. The ABAD was the executing agency for the project responsible for overall project management and monitoring. The project management unit (PMU) within ABAD and district PMUs were established. The project steering committee provided oversight of the project and

---

its implementation. The district governments of the 10 project districts were the implementing agencies for the VUDC. Services of nongovernment organizations were tapped to implement the targeted poverty alleviation component and the adult literacy through the skills training component. District implementation committees supervised and monitored project activities in the districts.

10. Some issues were encountered in the implementation arrangements that were not taken into account at appraisal, such as (i) the need for a full district PMU for each of the 10 project districts to deal with the complex multisector interventions, (ii) the number of staff positions and degree of expertise that was less than the project requirements, and (iii) international consultants who could not provide inputs on time because of the lengthy recruitment process and security problems in Pakistan. To resolve these issues, minor revisions were made in the implementation arrangements that involved (i) increasing the number of district PMUs from 6 to 10; (ii) adding technical staff support for the PMU and district PMUs; (iii) increasing salaries to avoid high turnover and revising the financing arrangements for salaries from 100% government share to 70% loan proceeds and 30% government share; and (iv) because of security problems, reducing the inputs of international consultants, which were eventually converted into national consulting services or regular staff positions.

11. Given the multisector nature of the project, ABAD was the appropriate choice as the executing agency because it had the essential mandate and an established system of interagency coordination between provinces and districts. In the Second Barani Area Development Project financed by ADB, ABAD performed satisfactorily in interagency coordination, integration, and monitoring of project activities.6

12. Compliance with the loan covenants were generally satisfactory except for covenants relating to a dedicated project account for counterpart funds and establishment of a consultative forum that included political representatives of districts. The executing agency believed that the consultative forum would capture the benefits of district representatives and interfere with the approved selection criteria. Project counterpart funds were provided but were kept in the regular district government account instead of a dedicated account.

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

13. The PCR rated the project highly relevant. The project was consistent with ADB’s poverty reduction objectives, country strategy and program for Pakistan, and with the government’s strategy for rural development and the agriculture sector.7 The project was formulated within the context of the devolution of powers to local governments, focusing on the improvement of economic livelihood and quality of life of people in rural Punjab’s barani areas. It was able to build on the lessons from numerous other projects in the barani areas.

14. The following key design changes were made during implementation: (i) the beneficiary funding requirement for medium-scale public infrastructure schemes waived because of the inability of communities to share costs, which was a requirement for approval of schemes; (ii) procurement of civil works under the MSI schemes revised from national competitive bidding to the shopping method since small contracts were below $100,000; (iii) the number of district PMUs increased from 6 to 10 for better project management to deal with the complex nature of multisector interventions spread over 10 districts; and (iv) the small activity of directed

---

research under the target alleviation component dropped and replaced with small-scale interventions and community training that had similar objectives. These changes were in response to the delayed implementation of the MSI schemes, constraints in the project management structure, and overlapping activities in the targeted alleviation component. These changes were appropriate and relevant to realizing the expected outcome of enhanced access to land, water, markets, services, technologies, and jobs for the local population. While the changes in design did not significantly diminish the project’s relevance, these could have been anticipated at design formulation, which would have minimized implementation delays. In view of these changes, this validation rates the project relevant,\(^8\) a notch lower than the highly relevant rating of the PCR.

B. Effectiveness in Achieving Project Outcome

15. The PCR rated the project effective in achieving the envisaged outcomes. Overall, the project helped enhance access to land, water, markets, services, technologies, and jobs for people in the barani areas. Key output targets for the project components were met, resulting in the attainment of envisaged outcome. A total 619 MSI schemes were awarded, directly benefiting 858,654 beneficiaries. The MSI schemes were undertaken in 1,814 villages by 11,464 community organizations and/or village groups, exceeding the appraisal target of 1,800 community organizations. The key targets for the poverty alleviation component were surpassed with 8,918 community-based organizations (CBOs) formed (188% of appraisal target) with a total membership of 144,157 (112% of appraisal target). An average of 17 small-scale infrastructure schemes were undertaken in each of the 206 unions, higher than the 10–12 small-scale infrastructure (SSI) schemes in each of the 200 unions targeted at appraisal. As regards the literacy component, 13,868 women and girls (116% of appraisal target) completed a 6-month literacy and livelihood skills program. In terms of project management support, all envisaged offices were established, staff were recruited, vehicles and equipment were procured, and committees were established.

16. The targets for the outcome indicators were realized (para. 4). The project contributed in increasing crop production and helped change the cropping pattern in favor of high-income crops because irrigation water was made available, fertilizer use was higher, and cultural practices were better. Compared with the 2005 base year, production significantly increased by at least 171% for wheat, maize by 238%, berseem fodder by 326%, vegetables by 441% and orchards by 496%. In terms of crop production over “without project,” wheat increased by 12%, maize by 73%, berseem fodder by 124%, and vegetables by 44%. Further, livelihood production improved in barani project areas because of better union roads; increased electricity coverage through new electricity connections to 581 households; increased agriculture input sale in union markets; greater use of health and education services; and increased overall level of literacy in Punjab’s rural areas from 47% in 2005 to 70% in 2011. The key targets for the components and outcomes were met. This validation rates the project effective in achieving the envisaged outcome.

C. Efficiency of Resource Use in Achieving Outcome and Outputs

17. The PCR rated the project highly efficient. The project was completed at 72% of appraisal cost, with key targets for all components met. At completion, the overall project economic internal rate of return was estimated at 25.3%, higher than the appraisal estimate of 20%.\(^9\) This was mainly because of the lower implementation cost and higher returns for MSI

---

\(^8\) The operations department did not agree with the revision of the rating in the draft validation report.

\(^9\) The economic analysis included economic internal rates of return for 22 medium-scale and 11 small-scale schemes.
and SSI schemes compared to appraisal estimates. The assumptions and approach used for calculating the economic internal rate of return were sound and acceptable.

18. In terms of the efficiency of process, the project was extended for 9 months because of delays in implementation caused by (i) inconsistent flow of funds resulting from financial problems faced by district governments (para. 24); (ii) suspension of project activities caused by a freeze on development funds before the 2008 elections and after the floods in the project area in 2010; (iii) disruptions in project operations because of the political crisis and election in 2007–2008; (iv) administrative changes in local government; and (v) changes in project design (paras. 10 and 14). Although these factors delayed the implementation of the components particularly the village and union council development component that comprised 63% of total project baseline cost, this validation agrees with the PCR rating of highly efficient due to the high economic internal rates of return.

D. Preliminary Assessment of Sustainability

19. Sustainability of the project was rated most likely by the PCR. The overall financial internal rate of return was estimated at 24.4% with MSI schemes contributing 16.1% and SSI schemes contributing 8.3%. Majority (54%) of the 609 completed MSI schemes were carried out by community organizations and 85% were maintained by community organizations. District and municipal administrations operated and maintained the remaining schemes (15%). For sustainable operation of MSI schemes, 2,546 water user associations, 8,918 CBOs and project management committees in project union councils were established by the project for medium-scale interventions.

20. Additionally, 8,434 community activists were trained in natural resource management, and operation and maintenance of MSI schemes. As regards group-based small-scale initiatives, 8,918 CBOs were formed in 206 union councils to undertake SSI schemes. About 3,409 SSI schemes were completed, benefiting 77,932 households. This was combined with the training of 57,772 CBO office bearers and activists in basic and advanced development planning, community mobilization, fund management and account keeping, and gender mainstreaming. All SSI schemes were operated and maintained by CBOs. The Punjab government’s evaluation of 70 sample SSI schemes showed that all were operational and properly maintained. Microcredit was provided to farmers and entrepreneurs by the rural support programs using their own resources. At project completion, recovery of these loans was 92%, and rural support programs continued to run the program. Considering the strong financial and institutional sustainability, the validation rates the project most likely sustainable.

E. Impact

21. The PCR rated the overall impact of the project as highly positive. The project achieved the envisaged impact of improved quality of life, reduced poverty, and better natural resource management. The performance target for improved quality of life increased farm productivity. Indicators on crop yields indicate that the project contributed to this envisaged impact. Compared to the 2005 base year, overall increase in yields was 37% for wheat, 53% for maize, 8% for gram, 189% for groundnut, 17% for vegetables, and 152% for orchards. Overall increase in cropping intensity was 21% and changes in cropping patterns shifted in favor of high-value crops. An overall increase of 91% in net farm income was achieved because of the project’s irrigation schemes.

22. The project framework’s target for poverty reduction was an increase in jobs and enterprises. In this regard, 3.5 million person-days of employment were created annually, generally in farm-related activities, thus contributing to poverty reduction.
23. The performance targets for the expected impact of better natural resources management were increase in per capita income and improved social welfare. The project contributed to the increase in per capita income as indicated by the Pakistan living standards measurement survey that showed average per capita income increasing by 33% from $242.85 in 2006 to $322.88 in 2011 in rural areas of Punjab province. Living conditions improved—21,906 households were provided improved drinking water facilities, 2,517 households provided with biogas plants as alternative fuel (generating savings of $0.33 million annually), and transport ownership of various types increased by 2%–4.5% among households covered by the project. Improved water supply, sanitation, biogas, and rural electrification projects alleviated women’s workload. The status of women was improved through literacy, microcredit provided by the rural support programs, formation of CBOs, and training. The overall impact ratio of the project was estimated at 1.25 indicating that subprojects were generally pro-poor. Considering the achievement of strong impact targets and some other impacts elaborated above, the validation rates impact of the project as substantial.

III. OTHER PERFORMANCE ASSESSMENTS

A. Performance of the Borrower and Executing Agency

24. The performance of the borrower and ABAD as executing agency was rated satisfactory by the PCR. ABAD supervised the project effectively and successfully completed the project activities despite the initial delays. The project steering committee conducted 10 meetings over the 6-year implementation period and provided the necessary project oversight. The other committees called for by the project for review and approvals were established and functioned effectively. Counterpart funding was provided and required audit reports were submitted by ABAD. Delays in the transfer of funds to line agencies and clearing of payments to contractors were caused by systemic financial problems faced by district government. Nonetheless, implementing agencies were able to deliver their expected outputs. The performance of implementing agencies was generally satisfactory. This validation rates the performance of the borrower and executing agency as satisfactory.

B. Performance of the Asian Development Bank

25. The PCR rated the performance of ADB satisfactory. ADB provided adequate supervision and monitoring of the project. ADB fielded six review missions, a special loan administration mission, a midterm review mission, and a project completion review mission. After the initial delay, ADB sped up project implementation, made sure that loan conditions and covenants were met, provided training to ABAD on disbursements and procurement, approved the proposed changes in scope and implementation arrangements, and discussed with the government and addressed issues affecting the project. In 2006, project administration was delegated to the Pakistan Resident Mission. To allow the completion of projects that were delayed because of the 2010 floods, ADB extended the loan closing for 9 months. This validation rates ADB performance as satisfactory.

C. Others

26. The project had no significant adverse impact on resettlement, indigenous people, and the environment. The beneficiaries themselves were involved in identifying, designing, and implementing the subproject activities. The project did not require resettlement relocation or any land acquisition. The project area did not have indigenous people as defined for purposes of ADB operations. There was no adverse impact on the environment as subprojects were small to medium-scale spread over a large area, and these subprojects promoted
development activity in the area. ABAD submitted all audit reports and no major fiduciary issues were encountered during implementation.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

27. Overall, the validation rates the project successful, lower than the PCR’s highly successful rating. The project has realized the envisaged outcome of enhanced access to land, water, markets, services, agriculture inputs, technologies, and employment for people in the barani areas. It contributed in increasing incomes, improving the quality of life, and reducing poverty within the project area. Expected outputs of the four components were achieved except for the performance management system that was not realized because of security problems in Pakistan.

Overall Ratings

<table>
<thead>
<tr>
<th>Criteria</th>
<th>PCR</th>
<th>IED Review</th>
<th>Reason for Disagreement and/or Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance:</td>
<td>Highly relevant</td>
<td>Relevant</td>
<td>Design changes particularly in</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>implementation arrangements should</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>have been anticipated at formulation,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>which could have minimized implementation delays (para. 14).</td>
</tr>
<tr>
<td>Effectiveness in Achieving Outcome:</td>
<td>Effective</td>
<td>Effective</td>
<td></td>
</tr>
<tr>
<td>Efficiency in Achieving Outcome and Outputs:</td>
<td>Highly efficient</td>
<td>Highly Efficient</td>
<td></td>
</tr>
<tr>
<td>Preliminary Assessment of Sustainability:</td>
<td>Most likely</td>
<td>Most likely</td>
<td></td>
</tr>
<tr>
<td>Overall Assessment:</td>
<td>Highly successful</td>
<td>Successful</td>
<td>Based on the aggregation of core criteria ratings.</td>
</tr>
<tr>
<td>Borrower and Executing Agency:</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Performance of ADB:</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Impact:</td>
<td>Highly positive</td>
<td>Substantial</td>
<td>Refer to para. 23.</td>
</tr>
<tr>
<td>Quality of PCR:</td>
<td></td>
<td>Satisfactory</td>
<td>Refer to para. 31.</td>
</tr>
</tbody>
</table>


B. Lessons

28. This validation agrees with the PCR that a multisector development project covering multiple districts must have the following features: (i) the executing agency must have the essential mandate; (ii) the project needs to have a decentralized project management model; (iii) flexible and demand-driven design of interventions; (iv) flexibility in loan extension and responsiveness to security issues and natural disasters; (v) dedicated sub-account for district governments; and (vi) a project management system designed at appraisal. The incorporation in the design of a demand-driven approach for targeting the poor and ensuring sustainability, and the promotion of small and affordable technologies in villages were appropriate in addressing the development issues identified in the barani areas.
C. Recommendations for Follow-Up

29. This validation agrees with the recommendation to use incremental staff instead of consultants for more efficient project start-up; continuous monitoring by ABAD of the operation and maintenance of MSI schemes; and more socially responsible approach for community participation based on the state’s responsibility to provide basic services to its citizens. In addition, this validation recommends periodic monitoring of the operation and maintenance of SSI schemes undertaken by CBOs.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Evaluation Design, Implementation, and Utilization

30. The project envisaged the development of a functioning project performance management system that will provide a basis for monitoring implementation, performance, and evaluation. This was not fully realized because of the unavailability of international consultants caused by security problems in Pakistan. The revised implementation arrangement in 2009 added an incremental staff position but it was too late to establish a fully functioning system. However, the project had a scattered system maintained by the PMU, nongovernment organizations, and implementing agencies. In 2007, a baseline survey/study was undertaken by the PMU to establish the frame of reference for subsequent comparisons on which evaluation will be based.

B. Comments on Project Completion Report Quality

31. The quality of the PCR is satisfactory. The report is clear and concise. It is consistent with Project Administration Instructions 6.07A\textsuperscript{10} and provides adequate evidence and analysis to substantiate the ratings. The presentation of achievements in relation to targets in the project framework (Appendix 1) is informative and helpful in assessing project performance. The assumptions underlying the economic internal rate of return and financial internal rate of return are plausible and their estimation robust (para. 17). The lessons and recommendations are sound and drawn from the findings of the report.

C. Data Sources for Validation

32. Data sources for this validation were back-to-office mission reports, the ADB PCR, the RRP, management review and staff meeting documents, and project processing documents.

D. Recommendation for Independent Evaluation Department Follow-Up

33. The Independent Evaluation Department may consider conducting a project performance evaluation. This would provide sufficient time for reevaluating the outputs, and for outcomes and impact to be more apparent.