

ASIAN DEVELOPMENT BANK

TAR: PAK 34335

TECHNICAL ASSISTANCE
(Cofinanced by the Government of Denmark)

TO THE

ISLAMIC REPUBLIC OF PAKISTAN

FOR PREPARING THE

BALUCHISTAN RURAL DEVELOPMENT

AND DROUGHT MITIGATION PROJECT

August 2004

CURRENCY EQUIVALENTS

(as of 31 July 2004)

Currency Unit	–	Pakistan rupee/s (PRe/PRs)
PRe1.00	=	\$0.01717
\$1.00	=	PRs58.21

ABBREVIATIONS

ADB	–	Asian Development Bank
BLGD	–	Balochistan Local Government Department
NGO	–	nongovernment organization
TA	–	technical assistance

TA CLASSIFICATION

Poverty Classification	Core poverty intervention
Sector	Agriculture and natural resources
Subsector	Agriculture sector development
Thematic	Sustainable economic growth, and environmental sustainability

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 June. FY, before a calendar year denotes the year in which the fiscal year ends, e.g., FY2005 ends on 30 June 2005.
- (ii) In this report, "\$" refers to US dollars.

This report was prepared by B. Fawcett.

I. INTRODUCTION

1. In 2002 the Government of Pakistan requested the Asian Development Bank (ADB) to provide project preparatory technical assistance (TA) for the Balochistan Rural Development and Drought Mitigation Project. The ADB Fact-Finding Mission visited Pakistan during 2–8 March 2004 and consulted with representatives of the Government, nongovernment organizations (NGOs), and other development partner agencies. The Mission reached an understanding with the Government on the objectives, scope, cost estimates and financing plan, implementation arrangements, and outline terms of reference for the TA.¹ The proposed project is environment category B.

II. ISSUES

2. Balochistan is the largest of Pakistan's four provinces (44% of the country's area), but is the least developed and has the smallest population (with 7.1 million people, only 5.1% of the total population). The incidence of poverty is very pronounced in the province; literacy rates are very low, especially for rural women (only 8%, compared to 20% for women in Pakistan). Over 76% of the population is rural. Agriculture, the mainstay of the rural economy, accounts for over 65% of the gross provincial domestic product, and employs 60–65% of the labor force. Crops contribute around 60% of the gross farm income, and livestock about 35%. Subsistence agriculture and livestock rearing, poor quality rural roads and tracks, and inadequacy of access to public services, drinking water, health and education, characterize the province.

3. Water supply is a critical and unreliable input in the agricultural system in Balochistan. Much of the rural population depends on irrigation, either surface or groundwater, to engage in agriculture. This is so to the extent that groundwater is being mined, and the groundwater table is declining at a rapid rate. Rainfed agriculture is extremely risky, particularly in a drought situation, which has prevailed in the province the past 5 years, with rainfall 50–60% below the average annual rainfall of only 250 millimeters. The low level of rainfall has reduced the water flow in major rivers used for irrigation, affected rainfed agriculture, and further reduced the groundwater table. The drought is compounded by inefficient agricultural practices, poor water management in surface irrigation schemes, poor natural resource management practices, and depletion of forest resources, which are also an effect of the drought. The long-term environmental impacts of the drought are significant. A concerted effort is required to mitigate these impacts, expedite the recovery of the natural resource base, and promote sustainable interventions to alleviate poverty throughout this drought-stricken province. This will require improved and integrated management of water and watershed resources to enable the rural poor to maintain their traditional agricultural systems, or begin new income-generating activities.

4. The drought has had a major impact on agricultural production in Balochistan. About 30% of the livestock population has been depleted in the past 5 years, from a previous total of 20 million ruminants (sheep and goats). Food and cash crop production, including orchards, have also declined, leading to significant declines in income and food consumption. Malnutrition and a variety of drought-related diseases have also beset the rural poor. About 100,000 families have been displaced, seeking drinking water and better pastureland for their animals. About 1.9 million people, or 27% of the province's population have been affected by the drought. Poverty levels have increased, particularly among the poor and most vulnerable. Whereas about 38% of the province was poor in 1997, an estimated 47% of the people are now below the poverty line.²

¹ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 18 May 2004.

² Government of Balochistan. 2003. *Poverty Reduction Strategy Paper*. Quetta.

5. A number of governance issues contribute to the degree of poverty in Balochistan. First, provincial management systems are inadequate. The lack of transparency, widespread wastage and leakages in expenditure, and frequent staff transfers result in an absence of accountability. Second, the poor and marginalized, particularly women, are adversely affected by the traditional forms of dispute resolution, and lack of access to other redress mechanisms. Third, with the new local government legislation assigning major responsibility for delivery of key services to elected district governments and lower levels of government, streamlined management systems and capacity development in the local governments are of crucial importance to enable them to discharge their responsibilities. To alleviate rural poverty effectively, attention and interventions to address the issues is essential.³

6. The experience and lessons learned from earlier projects show that the intended distribution of project benefits to the poor was not achieved because of inadequate attention to beneficiary targeting in the project design. As a result, the relatively better-off farmers and landowners with better contacts, information, and influence have benefited disproportionately from development projects. In other cases, benefits have been confined to small groups of the poor. Women have largely been bypassed in the development process, and women's groups have not been sustained. The institutional impact of rural development projects has been minimal because local communities were not fully involved in the project design and implementation, and the linkages with and involvement of local government institutions and agencies were weak. Thus, the impact on the rural society and community, particularly in relation to women and the poor, has been marginal. The proposed Project will build on the experience and lessons learned from previous and ongoing investments by focusing on poverty targeting, women's empowerment, and facilitating social change.

7. The provincial government developed its poverty reduction strategy paper after extensive consultation throughout the province. Five pillars of the province's poverty reduction strategy emerged from the consultation process, and include (i) engendering growth, (ii) managing the scarce water resources and ensuring sustainable natural resource exploitation, (iii) introducing governance reforms, (iv) improving human development, and (v) addressing the vulnerability to shocks by providing safety nets. The provincial government has enumerated a four-pronged strategy to improve rural livelihoods, including (i) revival of the rural economy through improved opportunities for employment and income generation, particularly through revitalization of the agriculture sector and promotion of small and medium enterprise development; (ii) empowerment of the poor through expansion of the household asset base; (iii) improved governance and the institutional environment; and (iv) improved physical infrastructure. These objectives are consistent with ADB's 2003 Country Strategy and Program Update for Pakistan,⁴ which emphasizes good governance, sustainable pro-poor economic growth, and inclusive social development. For pro-poor interventions in rural areas, in addition to required governance reforms, the ADB strategy prioritizes higher economic growth and employment generation; and interventions on water conservation, drought mitigation, and rehabilitation of the irrigation infrastructure.

8. The rural sector remains the major source of incomes and livelihood for the people of Balochistan, despite the recent severe drought. The TA and the proposed Project will build on

³ ADB is currently providing TA to the Balochistan government to address some of these issues under ADB. 2003. *Technical Assistance to the Islamic Republic of Pakistan for the Balochistan Resource Management Program*. Manila. Other development partners are also financing interventions to address these constraints (para.12).

⁴ ADB 2003. *Country Strategy and Program Update (2004-2006): Pakistan*. Manila.

the lessons learned from experience, and the fact that rural development and drought mitigation, if well targeted and implemented, are an effective means of reducing rural poverty, especially for women. The impact of the drought requires major improvements in mitigation measures, both in terms of natural resources and rangeland management, water conservation, and better management of water for irrigation. Improved local governance arrangements, including improvements in public goods and service management, consideration of nongovernment and private sector alternatives, and enhanced community involvement are essential to improve service delivery and development of the social capital of the poor, thereby contributing to improved rural livelihoods. The TA and the proposed Project will seek to ensure that the policy environment supports improved rural development and governance. The focus will be on sustainable and socially equitable development. The proposed Project is consistent with the provincial government's and ADB's poverty reduction strategies as enunciated in the provincial government's poverty reduction strategy paper, the poverty partnership agreement between the Government and ADB, and ADB's 2003 country strategy and program update.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

9. The goal of the TA is to reduce the incidence of rural poverty in Balochistan Province through economic and social interventions that lead to increased rural incomes, create jobs, and reduce resource and environmental degradation. The purpose of the TA is to assess and prioritize interventions to stimulate economic development in rural areas and mitigate drought impacts. The output of the TA will be the feasibility study and design of an investment project that is suitable for external financing, possibly covering 18 seriously drought-affected and poor districts in the province. The technical assistance framework is in Appendix 1.

B. Methodology and Key Activities

10. The TA will be implemented in two phases over 5.5 months, from September 2004 to February 2005. Phase 1 (3 months) will involve (i) preparing a draft work plan and identifying target areas; (ii) conducting a detailed poverty and social analysis, including rapid rural appraisals and baseline surveys; (iii) identifying stakeholders; (iv) reviewing lessons learned and incorporating them into the project design; (v) holding participatory workshops; (vi) collecting data; (vii) planning the scope of the project components; and (viii) identifying policy issues. The TA will be implemented flexibly, with second phase consultant inputs determined by the outcome of the first phase studies and recommendations. Phase 2 (2.5 months) will involve finalizing the feasibility study for an investment project. Extensive participatory consultation with a wide range of stakeholders through numerous workshops will develop commitment to the participatory development process that will be promoted during the Project's design and implementation, and ownership of the project design.

11. The TA will adopt a people-centered focus, as well as a pro-poor focus. A participatory approach using various techniques to obtain the full participation and inputs of all stakeholders will guide project planning and implementation. A partnership approach will use the strengths and resources of the public sector (provincial and district agencies), NGOs and community-based organizations, the private sector (entrepreneurs, and private sector associations), and farmers (in groups, associations, or cooperatives). A systems learning approach will be used that ensures a thorough understanding of the agricultural, economic, and social systems in rural Balochistan; and will provide flexibility, engender commitment, and a sense of stakeholder ownership of the Project. The project design will provide flexibility for subsequent project

management—project elements can be modified as progress and experience dictate. Lessons learned from relevant previous and ongoing projects will be incorporated into the project design. A summary initial poverty and social analysis is in Appendix 2.

12. The TA will prepare a feasibility study for a project that targets poverty reduction and promotes gender equality, job creation, private sector involvement and public-private partnerships, and drought mitigation. The TA will review agriculture and rural development experience in the country, and particularly Balochistan. The TA will analyze alternatives, and phase 2 of the TA will finalize the feasibility of possible interventions to (i) strengthen agricultural, crop, and particularly livestock services, and productivity to increase farmer incomes and employment, particularly of poor farmers; (ii) promote improved marketing, and agriculture enterprises and service delivery through the private sector; (iii) mitigate the impact of the current drought, focusing on community watershed and rangeland management improvements, and water conservation measures using water harvesting and small scale community irrigation structures; (iv) improve farm-to-market access linkages through rural roads to promote agricultural production and marketing opportunities for poor farmers; (v) build the capacity of poor communities and local government offices, including community mobilization and gender integration, particularly women empowerment; and (vi) address gender and social inclusion issues.

13. The TA will develop linkages with interventions of the Government to improve local governance that are being supported by development partners (the United Nations Development Programme, the World Bank, and others), and work closely with the ADB Decentralization Support Program⁵ and the Balochistan Resource Management Program TA (footnote 3). Taking into account these interventions, the TA will review the implementation of the new local government system and recommend any additional required institutional strengthening and capacity building needed. Relevant policy actions recommended by the Balochistan Resource Management TA for implementation will be incorporated into the design of the Project.

C. Cost And Financing

14. The TA will cost \$750,000 equivalent, comprising a foreign exchange cost of \$302,500 and local currency cost of \$447,500 equivalent. The TA will be financed, on a grant basis, with \$300,000 equivalent being financed by the Government of Denmark and \$300,000 equivalent by ADB's TA funding program. The Government has given its assurance that when the TA begins, it will contribute the remaining local currency cost of \$150,000 equivalent for office accommodation, equipment, counterpart staff support, field transport, facilities for workshops, and other administrative expenses. The Government will provide all relevant information required for the TA activities. Details of the cost estimates and financing plan are in Appendix 3. The Government has been advised that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

15. The Executing Agency for the TA will be the Balochistan Local Government Department (BLGD), which will be responsible for coordination with concerned provincial and federal government departments and agencies, district governments, NGOs, development partners,

⁵ ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Islamic Republic of Pakistan for the Decentralization Support Program*. Manila.

and other stakeholders as required; and provision of required support to the TA consultants, including access to information and project sites and facilities. BLGD will (i) appoint a senior qualified TA project coordinator (director general BLGD), and sufficient counterpart and support staff to provide overall support and coordination; (ii) assist in providing transportation for the consultants and government counterparts; (iii) provide office space, equipment, utilities, furnishings, and local communications facilities for the consultants and counterparts; and (iv) assist with surveys, stakeholder workshops, and participatory exercises.

16. The consulting services for the TA total 48 person-months: 11 person-months of international and 37 person-months of domestic specialists. The international consultants will have experience in (i) poverty-focused rural development (team leader), (ii) agricultural economics, (iii) poverty reduction and social analysis, and (iv) participatory and systems learning approaches. The domestic consultants will have experience in areas such as (i) local institutions and governance (deputy team leader); (ii) rural roads; (iii) small-scale irrigation and water conservation; (iv) livestock; (v) natural resources and rangeland management; (vi) agricultural economics (financial and economic analysis, and project costing); (vii) poverty economics; (viii) social analysis and gender issues; (ix) agriculture enterprise development, and marketing; (x) human resources development; (xi) legal issues related to women in development; (xii) environmental assessment; and (xiii) resettlement. ADB will engage the international and domestic consultants through a firm in accordance with its *Guidelines on the Use of Consultants by ADB and its Borrowers* and other arrangements satisfactory to ADB for engaging domestic consultants. The consultants will be selected using the quality-and cost-based selection method. The simplified technical proposal procedure will be used to select the consulting firm. The outline terms of reference for the consultants are in Appendix 4.

17. The Government has agreed to provide necessary office equipment, and the TA will provide any additional required equipment that the consultant will purchase in accordance with ADB's *Guidelines for Procurement*. The equipment will be handed over to BLGD upon completion of the TA. The TA will also provide funds for workshops, working group studies, and surveys to be conducted by the consultants in accordance with arrangements acceptable to ADB.

18. The consultants will prepare (i) an inception report 3 weeks after the TA starts, for discussion at the inception tripartite meeting; (ii) a progress report to be submitted 3 months after the TA starts, before the second tripartite meeting; (iii) a draft final feasibility report after 4.5 months, before the final tripartite meeting; and (iv) a final report at the conclusion of the consulting services. All reports will be submitted to the Government, the advisory group, and ADB.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved (i) ADB administering a portion of technical assistance not exceeding the equivalent \$300,000 to be financed on a grant basis by the Government of Denmark, and (ii) ADB providing the balance not exceeding the equivalent of \$300,000 on a grant basis to the Government of Pakistan for preparing the Balochistan Rural Development and Drought Mitigation Project, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal of the resulting loan Reduce the incidence of rural poverty in drought-affected districts of Balochistan.</p>	<p>Poverty and income indicators improved.</p> <p>Targets will be refined during the technical assistance (TA).</p>	<p>Baseline survey, monitoring mechanisms.</p> <p>Mechanisms will be refined during the TA.</p>	
<p>Purpose of the resulting loan Stimulate economic development in rural areas and mitigate drought impacts.</p> <p>Will be refined by the TA.</p>	<p>Improved incomes, improved access, and improved rangeland management achieved.</p> <p>Will be refined by the TA.</p>	<p>Time-slice surveys and government and project reports.</p> <p>Will be refined by the TA.</p>	<p>Cooperation between district and provincial governments.</p> <p>Government at all levels and nongovernment organizations and other stakeholders are committed to the Project and capable of its implementation.</p> <p>Drought does not constrain production.</p> <p>Will be refined by the TA.</p>
<p>Output of the TA Preparation of a feasibility study and design of an investment project that is suitable for external financing.</p>	<p>Phase I: Data collected, analyzed, participatory planning undertaken, and initial project design prepared.</p> <p>Phase II: Project feasibility report and design finalized.</p>	<p>TA reports.</p>	<p>All stakeholders support participatory approaches.</p> <p>Technologies to mitigate the impact of drought are available and adopted.</p> <p>Targeting criteria to benefit the poor are accepted and implemented.</p>
<p>Activities Prepare a draft work plan and identify target areas.</p> <p>Conduct detailed poverty and social analysis.</p> <p>Identify stakeholders.</p> <p>Review lessons learned, and incorporate them into project design.</p> <p>Hold participatory workshops.</p> <p>Plan the scope of project components by examining alternatives and the feasibility of possible</p>	<p>All activities satisfactorily completed.</p>	<p>TA reports.</p>	<p>Effective working relationships at all levels established, without excessive provincial control over local governments.</p> <p>Partnership approach between public sector (provincial and district agencies), the nongovernment sector, and beneficiaries is successfully implemented.</p> <p>Political interference is minimized.</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>interventions in the areas of agriculture, marketing, drought mitigation, farm-to-market access, capacity building of poor communities and local governments, and gender and social inclusion.</p> <p>Identify policy issues.</p> <p>Develop linkages with local governance improvement interventions in Balochistan.</p>			
<p>Inputs 11 person-months of international specialists and 37 person-months of domestic specialists.</p> <p>Foreign exchange cost of \$302,500 and local currency cost of \$447,500 equivalent.</p>	<p>TA starts in October 2004 and ends in February 2005</p>	<p>TA report</p>	<p>Consultants hired without delay.</p> <p>Government approval of TA is expedited without delay</p>

SUMMARY INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

Sector identified as a national priority in country poverty analysis? Yes	Sector identified as a national priority in country poverty partnership agreement? Yes
<p>Contribution of the sector/subsector to reduce poverty in Pakistan:</p> <p>Balochistan is Pakistan's largest province in terms of area (44%) but the smallest in terms of population (7.1 million people, only 5.1% of the total population). According to the Balochistan poverty reduction strategy paper (April 2003), social indicators are poor, gender disparities are large, and estimated poverty levels as high as 47%. Social indicators, particularly those related to women, are also worse than those of other provinces, with the 1998 literacy rate for rural women barely 8% (compared to 20% for women in Pakistan), gross primary enrolment rate of 62% (44% for girls), and infant mortality rate of 108 per 1,000 live births. Only 33% of the land area is productive grazing or agricultural land. Over 76% of the population is rural, with agriculture the mainstay of the rural economy, accounting for over 65% of the provincial gross domestic product, and employing 60–65% of the labor force, mainly in livestock rearing and dry land farming. Crops contribute around 60% of the gross farm income and livestock about 35%. Subsistence agriculture and livestock rearing, inadequate and poor quality rural roads and tracks, and limited access to public services (water, health, and education) characterize the province.</p> <p>The Government has assigned high priority to development of the productive sectors of the rural economy, —prevention of natural resource and environmental degradation, provision of social and physical infrastructure (roads and water), microfinance, social protection (food support and welfare), building of partnerships with civil society, and governance reforms (decentralization, civil service, and access to justice). The poverty reduction strategy of the Asian Development Bank (ADB) describes poverty as a deprivation of essential assets and opportunities to which every human being is entitled. In line with the ADB strategy, the rural development activities examined in the technical assistance (TA) build on the Government's efforts, with a core element of women's empowerment in parallel with improvement of access to opportunities for growth in agriculture and livestock, efficient water and natural resource management, nonfarm employment, and rural road infrastructure, with leading roles for civil society organizations, the private sector, and local government.</p>	

B. Poverty Analysis

Proposed Classification: CPI

To ensure that targeting of poor small-scale farmers and women is achieved and project benefits reach the poor, it is essential that an understanding of the poverty environment and of poor households be developed before embarking on project design. A systems learning approach will be used that ensures a thorough understanding of the agricultural, economic, and social systems in rural Balochistan. Analytical papers will examine natural resource management and environmental conditions, including common property and asset ownership by women; agribusiness, marketing, and enterprise promotion; livestock; road and road infrastructure; social and poverty studies with emphasis on gender; and local governance and institutions, including nongovernment organizations (NGOs). Poverty studies, drawing from recent participatory poverty appraisals and supplemented if necessary by fieldwork, will profile the characteristics of poverty and of the poor households on a gender-disaggregated basis. Area-specific and gender-disaggregated poverty targeting indicators will be developed for use in the design of project interventions aimed at the poor, to ensure that the Project will be in areas of high poverty concentration to benefit vulnerable groups.

C. Participation Process

A participatory approach using various techniques to obtain the full participation and inputs of all stakeholders will guide project planning and implementation. A partnership approach will use the strengths and resources of the public sector, the private sector, NGOs, and farmers. The technical assistance will include (i) a social assessment (social, political, and economic relations of associations; inequality; local

elites; patronage; and group organizations), including gender relations and asset ownership by women and land titling; and (ii) an assessment of communities and formal institutions (government, private, and civil society) and the strengths of institutions, their role and scope.

Together with poverty studies, the assessment of social, NGO, and local governance institutions will provide the basis for recommendations on roles and responsibilities of the stakeholders as well as their capacity building needs.

Extensive stakeholder consultations will be used in the TA. Workshops, focus group discussions, and appropriate media will be used in the consultations. The workshops will be held in the project districts to discuss results of the analysis and assessments, the selection criteria for project subdistricts, and the development initiatives. Project area communities, NGOs, women's groups, district governments, provincial government, and ADB representatives will participate in the workshops.

The TA will indicate, as part of the project design, the modalities for adopting a systems learning process approach in participatory planning, implementation, and monitoring—clearly indicating how the district government will adapt to a facilitation role.

D. Gender and Development

Empowerment of women will be a core element of the TA by providing opportunities for women to participate in project preparation by improving access to information and ultimately to loan funded activities. Comprehensive gender analysis will lead to mainstreaming gender throughout the proposed project.

A gender plan in line with the gender reform action plan will be required and prepared during TA implementation.

E. Social Safeguards and other Social Risks

Item	Significant/ Nonsignificant/ None	Strategy to Address Issues	Plan Required
Resettlement	None	The interventions being examined under the TA will not require any element of land acquisition, except under road improvements. Road alignments normally are generally not near dwellings, so no involuntary settlement is likely. This will be screened during the TA for all proposed interventions.	Not likely
Indigenous Peoples	None	An important marker of ethnic distinction in Pakistan is language. The population of Balochistan comprises those whose mother tongue is Balochi (55%), Pushto (30%), Sindhi (5.6%), Seraki (2.6%), other (Punjabi 2.5%, and Urdu 1%). 86% of the Balochi speaking population are concentrated in four regions of Balochistan (Kalat 89%, Mekran 99%, Sibi 64%, and Nasirabad 60%) with 98% of the province's Pushto speaking population residing in the Zhob (84%), Quetta (56%), and Sibi (24%) regions. 90% of the Sindhi speakers are in the Nasirabad and Kalat regions. The concentration of linguistic groups and the regional balancing ensures that as long as investment benefits cover all districts, no group would be adversely affected or disadvantaged. A second data set covered by the census refers to religion. 98.7% of the population is Muslim, while non-	No

		Muslim minorities include Hindus (32,400 and scheduled castes 6,800), and Christians (26,500). As the proposed Project will be a core poverty intervention, all minority groups who are poor will be targeted to benefit from the Project. The analysis of social structures, systems, and conditions will provide the necessary basis for such targeting.	
Labor	None	Not applicable	No
Affordability	Nonsignificant	Linkages and partnerships with microfinance and welfare institutions will be recommended in the TA to ensure that low income households and the poor have greater access to credit, and vulnerable groups to welfare institutions in times of crisis.	No
Other Risks/ Vulnerabilities	None	Ownership and commitment to project strategies and interventions will be ensured through extensive stakeholder consultations and the use of participatory approaches in project planning and design, thus addressing potential risks or vulnerabilities.	No

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank (ADB) and the Government of Denmark Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	225.5	0.0	225.5
ii. Domestic Consultants	0.0	170.2	170.2
b. International and Local Travel	35.0	8.0	43.0
c. Reports and Communications	0.0	5.0	5.0
2. Equipment ^b	0.0	10.0	10.0
3. Vehicle Rental	0.0	12.0	12.0
4. Workshops and Consultations ^c	0.0	15.0	15.0
5. Studies and Surveys ^d	0.0	30.0	30.0
6. Miscellaneous Administration and Support Costs ^e	0.0	8.5	8.5
7. Representative for Contract Negotiations	3.0	0.0	3.0
8. Contingencies	39.0	38.8	77.8
Subtotal (A)	302.5	297.5	600.0
B. Government Financing			
1. Counterpart Personnel, Remuneration, and Per Diem	0.0	40.0	40.0
2. Office Accommodation and Utilities ^f	0.0	30.0	30.0
3. Furniture and Fixtures	0.0	10.0	10.0
4. Workshops and Consultations ^g	0.0	5.0	5.0
5. Supply of Data, Maps, and all Official Documentation	0.0	4.0	4.0
6. Local Travel and Vehicle(s) Costs	0.0	30.0	30.0
7. Overhead and Other Administrative Costs	0.0	15.0	15.0
8. Contingency	0.0	16.0	16.0
Subtotal (B)	0.0	150.0	150.0
TOTAL	302.5	447.5	750.0

^a To be financed by the Government of Denmark on a grant basis, not exceeding \$300,000, and administered by ADB. The remaining balance of \$300,000 to be financed by ADB's technical assistance funding program.

^b Procurement of photocopier, computers, printers, authorized software, and other required office equipment will follow ADB's Guidelines for Procurement through direct purchase procedure with at least three quotations.

^c Costs of consultants for workshops and for consultation meetings in the districts.

^d Including local institution contract, other surveys and rapid appraisals as required, and required research assistants.

^e Including office utilities and supplies, and secretarial expenses.

^f Including accommodation and utilities for consultant's main offices and other offices in the districts.

^g Including all costs of workshop facilitation, accommodation, materials, and working meals; and travel, accommodation, and subsistence costs for nongovernment participants to the workshops, meetings, and consultations.

Source: ADB estimates.

TERMS OF REFERENCE FOR CONSULTANTS

A. Overall Responsibilities

1. An international expert with experience in poverty-focused rural development projects, preferably in Pakistan, will lead the technical assistance (TA). The team leader will lead and coordinate all activities of the TA and act as the primary contact between the TA team and the provincial and federal governments, the Executing Agency, and the district governments. The team leader will be responsible for the timely production of TA outputs of a standard acceptable to the Government and the Asian Development Bank (ADB). TA consultant inputs will be flexibly managed to provide expertise in the focused areas of intervention identified during the early stages of phase 1. The type and duration of specialist input will be determined by the priorities for project interventions identified in the consultative workshops to be organized by the consultants in phase 1. A domestic specialist in local institutions and governance will be the deputy team leader. The consultant's responsibilities are described in the following paragraphs.

B. Phase 1: Data Collection, Analysis, Participatory Planning, and Initial Project Design

1. Existing Information

2. Review the terms of reference for the TA; relevant documents, studies, surveys, statistics, and reports from related projects, both ongoing and past (including evaluation studies) to identify issues and lessons learned from previous projects; studies and reports on poverty reduction, agriculture, microfinance, and small and medium enterprise development; and area, rural, and agricultural and water resource development in Balochistan. Start dialogue with relevant provincial and district government agencies on implementing the TA to prepare the Balochistan Rural Development and Drought Mitigation. Begin development of the project framework for review by stakeholders and ADB. The analytical papers will assess the existing situation and development constraints, examine development options to remove the constraints, identify opportunities for further development, and explicitly incorporate lessons learned into any recommendations.

2. Analysis

3. The consultants, working in collaboration with government counterparts, will prepare analytical papers in a number of areas, including but not limited to the following:

- (i) **Natural resource management.** Management methods for natural resources and the current understanding of the issues among stakeholders (government agencies, land owners, and the poor); soil and water conservation practices; management of common property and resources including pastures and rangeland; land- and water-use and rights; traditional and current land tenure arrangements and related issues affecting resource use; collect, compile, and review from available sources (supplemented by reconnaissance visits where necessary) relevant environmental data on agriculture, livestock, forest, rangeland and agrochemical use; and make recommendations on poverty-focused interventions that could be included in the Project without loss of land, income, or other assets, taking account of ongoing and planned activities of other projects, and environmental considerations;
- (ii) **Environmental impact analysis guidelines.** While adverse environmental implications of the Project's interventions are likely to be minimal because of their

small scale, delineate environmental criteria and guidelines to be followed for subproject selection considering national and provincial legislation and policies;

- (iii) **On-farm systems.** Review the existing farming systems and potential for higher value crop and livestock production considering markets, opportunities, and prices; assess the status of technology in crop production technology; and review existing extension and education structures, services and their effectiveness, and recommend improvements making use of existing public and private sector services in the area;
- (iv) **Off-farm agribusiness, marketing, and enterprise systems.** Assess the status of technology for handling, storage, grading, quality control, and transport of harvested material, and make recommendations; critically assess underlying factors of an effective marketing system and make recommendations for realistic interventions by government for fairer trading mechanisms, and improved management and organization; analyze and review the role of the private sector, particularly the potential, opportunities, constraints, and reasons for market under-performance in small and micro agro enterprises and initiatives; keeping in view possibilities of linkages with ongoing initiatives supported by ADB, make recommendations on the role of the private sector in the area and possible activities and interventions that could be included to further the objective of poverty reduction, and indicate mechanisms that would allow for the establishment of partnerships between government and the private sector;
- (v) **Labor markets.** Analyze labor markets, including constraints on employment access and promotion in the formal and informal sectors, and identify potential opportunities; and make recommendations to facilitate and promote employment and income generation and human resource development (vocational and technical education with focus on women and functional literacy);
- (vi) **Livestock.** Identify the range of uses and trends in livestock and livestock products; assess livestock and poultry development and goat and sheep rearing activities and practices, fodder production and availability, and feed requirements and sources; identify major constraints and technical possibilities to improve production and animal health; and make recommendations for improvements to existing public sector extension services in the area, to complement other ongoing and planned initiatives;
- (vii) **Road and rural infrastructure.** Review the existing farm-to-market and rural access road network including proposed plans and schemes of the provincial and district governments, and identify required linkages that have not been planned; review existing irrigation arrangements, small-scale irrigation and water resource development plans and schemes of the provincial government and identify the potential for new high priority initiatives not covered by other programs; review methods, materials, design, construction standards, and costs for rural roads and small-scale irrigation; critically examine repair and maintenance practices, costs, and funding; make recommendations for inclusion of high priority rural road linkages and small-scale irrigation works in the Project, in consultation with district governments, that will ensure sustainable operation and maintenance arrangements with private sector and community cofinancing;

- (viii) **Social, poverty, and legal studies.** (a) present studies on poverty levels, characteristics of poverty and income and expenditure estimates disaggregated by gender and area; social, tribal, political, and economic relations of associations; inequality, local elites, patronage, and group organization and the effects on collective action supported by relevant case studies; impact of the local tribal council (Sardari system) on justice, local bodies, dispute settlement, women's rights, and land related rights; (b) review the legal framework to determine the extent to which legal provisions or their implementation impede (i) gender equality and empowerment; (ii) social inclusion; and (iii) access for all beneficiaries to opportunities, services, and resources; gender relations; asset ownership by women, and titling; (c) assess the effect of land, water, grazing, and other customary institutional practices and of vested interests on access to resources and to common property, particularly as they affect women; (d) assess literacy and living conditions with focus on women; communities and formal institutions (government, private, and civil society organizations) and the strengths of institutions, their role and scope; (e) describe and make a general assessment of international, national, and provincial and local nongovernment organizations (NGOs) active, including their outreach to different social structures and to women; (f) make recommendations for gender-specific poverty targeting indicators, social and community mobilization, and linkages with citizen community boards, and participatory decision making allowing greater involvement of the poor in local government decisions, the potential role of NGOs and community based organizations and other civil society organizations in the Project, and their representation in project design workshops; and (g) identify key stakeholder groups associated with the Project and alternative ways to ensure that the Project will be located in areas of high poverty concentration to target effectively and benefit vulnerable groups, particularly women; and
- (ix) **Local institutions and governance.** Taking into account at the outset work and studies under the ADB-supported Decentralization Support Program, the TA for the Balochistan Resource Management Program, the United Nations Development Program's support for decentralization, and other initiatives, review as required institutional arrangements of the provincial and district governments and their roles, responsibilities, staffing, capacities, and capabilities; review government outreach, linkages, and cooperation with the private sector and NGOs; taking into account work under the same initiatives, identify gaps and areas where additional support is required, and make recommendations for capacity building of relevant offices of the local government that may be necessary to implement and sustain the core project interventions.

3. Presentation Meetings

4. Present the work conducted in Phase 1 to the provincial and local governments, civil society, the private sector, and other stakeholders in participatory workshops to be held at selected district headquarters. Views of the participants will be sought on the project design.

4. Participatory Project Design

5. On the basis of the analytical studies and the consultation meetings, the consultants will, in consultation with district governments and a range of stakeholders, prepare (i) feasible and relevant prioritized entry points for the Project concerning women and the poor (possibly in rural

infrastructure, agriculture, livestock, and functional literacy and empowerment of women); (ii) poverty targeting indicators; (iii) selection criteria for project activities, interventions, and subproject selection; and (iv) the broad strategy for project implementation, including fund flows. Specifically, identify and consider a variety of useful linkages and synergies across sectors, and all levels, both public and private, and geographically, to provide a basis for the focused and targeted design of appropriately sequenced project interventions.

6. Carefully assess the scope and geographic coverage of ongoing or planned interventions in the districts, particularly where a number of similar programs are being implemented. TA consultant inputs will be flexibly managed to provide expertise in the focused areas of intervention identified during the early stages of phase 1. Identify prioritized entry points on a district-specific basis from alternative simple, small-scale interventions. Develop criteria for district selection, and determine the number of participating districts after the consultation meetings. After determining the number of participating districts, examine the appropriateness of using the existing provincial resource distribution formula to allocate project funds to the districts.

C. Phase 2—Final Project Feasibility and Design

7. Complete the detailed draft final report examining the feasibility and design of the Project, and undertake the following:

- (i) Using an integrated systems approach to integrate the phase 1 studies, describe the project scope (inputs, components and activities, outputs, and underlying technical assumptions), and define project areas and target groups.
- (ii) Prepare detailed project cost estimates and financing plan using the COSTAB computer software.
- (iii) Assess the incentives for beneficiaries to participate in project-related market and nonmarket opportunities, including financial analysis. Include assessments of local market conditions, costs, and other measurable transaction costs.
- (iv) Conduct detailed financial and economic analyses for each proposed component using ADB's *Guidelines for the Economic Analysis of Projects*, including cost-benefit analyses and indicative internal rates of return or benefit incidence analyses as appropriate for independent subcomponents.
- (v) Carry out a distribution and poverty impact analysis using the results of the stakeholder analysis from phase 1, identifying how the project affects various groups, including access to project inputs, outputs, and distribution of benefits.
- (vi) Based on the detailed social and gender analysis outlined in ADB's *Handbook for Poverty and Social Analysis*, assess the likely socioeconomic impact of the Project on vulnerable groups and recommend measures to enhance the Project's poverty impact.
- (vii) Assess the financial and institutional sustainability of the Project, including the likely fiscal impact of the Project, with the goal of minimizing government expenditure and increasing beneficiary contributions to the selection, design, implementation, and operation and maintenance of project investments. Use the institutional assessment to identify how the functions, form, and capacity of project-related agencies are likely to affect institutional incentives to improve service delivery and implementation.
- (viii) Discuss elements of subsidies for project activities, and address issues of sustainability and user charges (where relevant) in the context of willingness of beneficiaries to pay for project inputs and services.

- (ix) Identify the plausible range of variability for key parameters or assumptions and conduct sensitivity and risk analysis as appropriate.
- (x) Indicate environmental impacts of the Project and recommend mitigation and remedial measures and costs. Prepare an initial environmental examination and its summary in accordance with ADB's *Environmental Assessment Guidelines*.
- (xi) Indicate if necessary, resettlement planning measures in accordance with ADB's *Handbook on Resettlement*.
- (xii) Use fiscal, institutional, financial and economic, environmental, poverty, and social (distributional) analyses to develop subproject selection criteria to meet project stakeholder and poverty alleviation objectives.
- (xiii) Finalize a gender action plan for the proposed Project in the light of the recommendations of the ADB-supported regional TA for a Gender Reform Program, and in accordance with ADB policies and guidelines.
- (xiv) Outline the design and support for an effective project performance management system.
- (xv) Describe strategies for institutional strengthening and detail the mechanisms and modalities for incorporating a participatory planning process in management and implementation, focused at the district level.
- (xvi) Assess and make recommendations on methods and arrangements for implementing project components and subcomponents to be aligned with, and supportive of devolution, including procurement. Propose an organizational framework and staffing for project review and coordination at the provincial level and liaison with the district governments; and for project management including planning, monitoring, and reporting by the district governments. Give detailed recommendations for project implementation support through consultants and NGOs and Community-based organizations, including their detailed terms of reference.
- (xvii) Propose a training program, and recommend ways to promote exchange of experience through study visits and information sharing.
- (xviii) Prepare an overall implementation schedule for the various project components with supporting charts.

D. Reporting Requirements

8. The consultants will submit the following reports to the Government and ADB:
 - (i) an inception report, within 3 weeks of the start of the TA, outlining the work plan including detailed design and methodology;
 - (ii) an interim report, to be submitted within 12 weeks of the commencement of the TA, containing a report on phase 1, including the initial project design;
 - (iii) a draft final report containing all work undertaken under the TA, at the end of the 4.5 months; and
 - (iv) a final report, to be submitted within 1 month after the Government and ADB have provided comments on the draft final report.