



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	Approved	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan 3470-PAK: Pehur High Level Canal Extension (formerly: Khyber Pakhtunkhwa Water Resources Project)	
	Ordinary capital resources	US\$ 86.41 million
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	<p>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.</p> <p>The impact of the proposed project is increased farm incomes and incomes of non-farm households engaged to 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.</p> <p>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 cop losses during project implementation; and (iii) careful assessment and processing of the impact on environment and involuntary resettlement.</p>	

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 (iv) 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_ well 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 KPP's 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	Increased Farm incomes and income of non-farm households engaged to agriculture in target arid areas in KPP
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Project Outcome

Description of Outcome	Increased Agriculture productivity in arid areas in KPP
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Progress Toward Outcome	
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Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> 1. Increased water supply capacities in arid areas 2. Increased water-use and farm-management capacities in arid areas 3. Efficient and effective project management system
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Status of Implementation Progress (Outputs, Activities, and Issues)	
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Geographical Location	Khyber Pakhtunkhwa Province
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Safeguard Categories

Environment	A
Involuntary Resettlement	A
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design TBD

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

Responsible Staff

Responsible ADB Officer Takaku, Ryutaro

Responsible ADB Department Central and West Asia Department

Responsible ADB Division Environment, Natural Resources & Agriculture Division, CWRD

Executing Agencies *Khyber Pakhtunkhwa Irrigation Department
Government of Khyber Pakhtunkhwa
Peshawar
Pakistan*

Timetable

Concept Clearance 24 Oct 2013

Fact Finding 01 Mar 2016 to 14 Mar 2016

MRM 12 Jul 2016

Approval 24 Nov 2016

Last Review Mission -

Last PDS Update 29 Mar 2017

Loan 3470-PAK

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
24 Nov 2016	09 Jun 2017	-	30 Jun 2023	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	96.60		Cumulative Contract Awards			
ADB	86.41		24 Nov 2016	0.00	0.00	0%
Counterpart	10.20		Cumulative Disbursements			
Cofinancing	0.00		24 Nov 2016	0.00	0.00	0%

Project Page <https://www.adb.org/projects/47024-004/main>

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