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PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA47107

Project Name	PK-Balochistan Integrated Water Resources Management & Development Project (P154255)
Region	SOUTH ASIA
Country	Pakistan
Sector(s)	Irrigation and drainage (60%), Forestry (10%), Public administration- Water, sanitation and flood protection (10%), Water supply (10 %), Flood protection (10%)
Theme(s)	Natural disaster management (10%), Rural services and infrastructure (40%), Other rural development (10%), Climate change (10%), Wat er resource management (30%)
Lending Instrument	Investment Project Financing
Project ID	P154255
Borrower(s)	Economic Affairs Division, Government of Pakistan
Implementing Agency	Balochistan Irrigation Department, Government of Balochistan
Environmental Category	A-Full Assessment
Date PID Prepared/Updated	09-Mar-2016
Date PID Approved/Disclosed	13-Mar-2016
Estimated Date of Appraisal Completion	04-Mar-2016
Estimated Date of Board Approval	02-Jun-2016
Appraisal Review Decision (from Decision Note)	The decision meeting held on January 25, 2016 authorized the team to proceed with appraisal on the condition that all the comments received at the meeting be addressed (including those addressing issues relating to strategic and policy context, PDO design, readiness, risk and partner donor financing arrangements), The meeting also required that the SIAMP be revised in line with comments received and disclosed prior to appraisal.

I. Project Context

Country Context

Pakistan is the world's sixth most populous country with an estimated population of 185 million people and a per capita income of US$1,360 in 2013, falling into the category of a lower-middle income country. While Pakistan's per capita income has almost doubled and the share of population living in poverty has decreased by two thirds over the last decade, the country's recent GDP growth rates (estimated at 4.2% in 2015) have been slower than needed to provide for the level of jobs required for a young and growing population. Prospects for economic growth are beginning to

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improve, supported by increasing reserves, low inflation and continuing strong remittances. Nevertheless, a weak private sector environment, low public sector management and implementation capacity, and security issues will continue to hamper performance.

Balochistan is Pakistan's largest (43 percent by area) but most sparsely populated province (~10 million inhabitants). It borders Afghanistan and Iran and has approximately 1000 km of coastline extending to the strategically important Straits of Hormuz. It is thus well-situated for trade with Afghanistan, Central Asia, Iran and Persian Gulf countries. The province has huge deposits of coal, natural gas, oil, iron, gold and precious stones. Its strategic location and extensive natural resources make it a focus for conflict and power politics.

In spite of its size, location and resources, Balochistan is Pakistan's least developed province. An estimated 47 percent of people live below the official poverty line (cf 33 percent nationally), annual per capita GDP is less than 60 percent of the national average, the literacy rate is 50 percent (cf 58 percent nationally) and less than 15 percent of people have access to clean water. Security difficulties cause a substantial "brain drain", and together with the sparse population and lack of infrastructure, mean the cost of delivering goods and services is very high. These factors coupled with limited investment and an absence of coordinated economic policy have led to economic stagnation in recent decades.

Sectoral and institutional Context

Pakistan Water Sector

Water is critical to the Pakistan economy, including for agriculture (22 percent of GDP and 45 percent of jobs) where irrigation represents 93 percent of total water use. In global terms however, Pakistan has low water availability per capita at approximately 1250 m3/year, high variability inter and intra-annual water availability and very low water storage capacity (~12 percent of mean annual flow). The Indus River and associated alluvial groundwater systems are Pakistan's main sources of water, and most of the population and the majority of irrigated agriculture is found on the Indus Plain. The Indus Basin Irrigation System (IBIS) is the largest irrigation system in the world, and IBIS and hydropower development in the upper basin are the focus of most of water management and water policy debate in the country.

The Federal Ministry of Water and Power is responsible for water resources management and development at a national level. While there are relatively stable arrangements in place for the management of the Indus River (both internationally and nationally), there is no national water policy framework and no coordinated approach to guide the development and increasing critical reforms in the sector required to underpin national economic growth. A National Water Policy was drafted several years ago, but it is only very recently that the government is again considering how to progress in this sector. As in many federated systems, the Pakistan Constitution assigns policy and planning responsibilities for water to the provinces and irrigation and drainage are managed at this level. The Provincial Irrigation and Drainage Authority Act provides a framework for the establishment of provincial authorities, water boards and farmer organizations.

Balochistan Water Sector

Balochistan however, is different from the rest of Pakistan. Less than 40 percent of its available water is from the Indus River, and this fraction is only available to around 5 percent of the area of the province given the challenges of topography. Inadequate water distribution infrastructure means

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that less than half of the water available to Balochistan from the Indus is utilized.

The largest usable water resource for the province is internal floodwater generated from intense but highly episodic rainfall that given the lack of significant water storage is harnessed for irregular “spate irrigation”. Spate irrigation in the province is however, generally poorly managed and reliant on inadequate infrastructure meaning it is both relatively inefficient and unproductive. The nature of the climate also means that both extended droughts and destructive flash floods are relatively common, and are expected to worsen with future climate change.

Groundwater is a small fraction of the overall resource but its comparative reliability means it is in high demand. In the absence of regulation or coherent management, groundwater has fueled horticultural development, the most economically important component of agriculture in Balochistan, and supports most urban areas and is thus over-abstracted leading to major declines in groundwater levels.

In spite of its considerable mineral and energy resources and lack of reliable water, weak governance and a lack of investment mean the province is still highly dependent on agriculture (60 percent of provincial GDP and 67 percent of labor). Recent economic growth has been largely driven expansion of tube-well irrigation for high-value agriculture, especially horticulture with key agricultural products including wheat, apples, grapes, vegetables, barley, milk and meat. The majority of the rural poor in the Balochistan however, depend on unreliable surface water irrigation (either spate irrigation or rainfall harvesting), or livestock-based production across the extensive but relatively unproductive rangelands of the province.

While per capita water availability in Balochistan is well above the national average, this simply reflects the low population. Variability in water availability is far higher than the national average and per capita water storage is only 20 percent of the (grossly inadequate) national value. As a consequence, Balochistan is the least water-secure province in Pakistan, the most at risk from climate change, and the least able to cope with water-related development challenges. In the current context improving rural livelihoods and stimulating economic growth require vastly improved management of the scarce water resources of the province.

Balochistan Water Institutions

Water management in Balochistan is the responsibility of the Irrigation Department. The department is responsible for management of irrigation, drainage and flood control infrastructure and equitable distribution of irrigation water. In addition, the department under the Canal and Drainage Act and under the Balochistan Groundwater Rights Administration Ordinance (1978, amended in 2000) to formulate and implement water policy.

The Balochistan Water Users’ Association Ordinance (1981) provides for the formation, operation and promotion of WUAs in the province; it makes it obligatory for farmers to organize themselves into WUAs for collective action including watercourse rehabilitation and ongoing maintenance. The Ordinance however, is only applicable to canal irrigation systems and not to the more widespread small-scale irrigation schemes operated by farmer organizations. Some limited efforts have been made to establish functioning WUAs outside canal irrigation areas, but significant additional effort is required to move towards provision of labor, cost-sharing, O&M cost-recovery and transferal of operation of local schemes to community groups.

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Women have very limited involvement in WUAs given the strict separation of men and women in most of rural Balochistan, the low social and economic status of most rural women, and their restricted mobility and lack of decision-making authority. In the long-term, finding appropriate entry points for changing the perceptions in rural Balochistan on the roles and abilities of women in general, and the opportunities for their contributions to improved community water management, will be critical.

Balochistan Water Policy
In 2006 the Government of Balochistan adopted an IWRM Policy developed with ADB-supported technical assistance. The policy describes the provincial situation of severe water scarcity, inefficient and profligate usage, prolonged droughts and the dire consequences for rural livelihoods and economic growth. It is organized into 16 “thrust areas” for improving and sustaining the management of surface and groundwater resources. The policy identifies numerous studies required to fill important knowledge gaps, critical capacity gaps, regulatory reforms and institutional reforms.

While useful progress has been made in the last decade with outside assistance in undertaking many of the identified studies, the fundamental required changes identified in the policy have not been tackled. The primary reasons for the lack of substantive progress are (i) the lack of any national framework or national political push for water sector reform, (ii) the highly political nature of water in the province and the lack of real political will and (iii) the lack of technical and policy capacity within government to change from within. Recent relative improvements in the security situation and political stability, together with the relative success of the recently completed World-Bank financed Balochistan Small Scale Irrigation Project (BSSIP) that trialled irrigation aspects of the IWRM Policy in the Pishin Lora River Basin, have significantly increased the government appetite for tackling water reform.

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The key issues identified in the IWRM Policy that will be targeted through this project include: (i) establishing adequate and reliable water data, (ii) improving coordination between the water and agricultural sectors, (iii) adopting an integrated approach to project formulation and to project M&E, (iv) improving irrigation water use efficiency, (v) improving groundwater recharge through watershe d management and water conservation, and (vi) ensuring effective participation of water users and other stakeholders in water management. These will provide a solid foundation for longer-term reforms, a road-map for which will be developed during the project

II. Proposed Development Objectives

To strengthen provincial government capacity for water resources monitoring and management and to improve community-based water management for targeted irrigation schemes in Balochistan.

III. Project Description

Component Name

Component A: IWRM Institution, Capacity and Information

Comments (optional)

Component A will lay the foundation for a transition to IWRM in Balochistan. It will support institutional restructuring, professional development, installation and operation of hydro-meteorological systems, and establishment of multi-agency river basin information systems that provide public access to all available hydromet data. River basin information systems will combine

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hydrologic data with land-use, soils, topography, river networks, environmental asset data etc. Appropriate institutional arrangements for initial IWRM efforts will be determined and progressively implemented during the Project. Investment will be made in professional development to support IWRM including in aspects of water resources planning and management.

Component Name

Component B: IWRM Sub-Projects

Comments (optional)

Component B will support implementation of IWRM sectoral investments in Nari and Porali basins within a framework of community mobilization and participation. Investments will include: construction and/or rehabilitation of irrigation and potable water supply facilities; flood protection infrastructure; watershed and rangeland management and environmental protection works; and on-farm water management and agricultural productivity activities. Investments will include: B1 – Construction and/or rehabilitation of irrigation and potable water supply facilities; flood protection infrastructure; B2 – Related watershed and rangeland management and environmental protection works; and B3 – On-farm water management and agricultural productivity activities.

Component Name

Component C: Project Management and Technical Assistance

Comments (optional)

This component will support project management, monitoring and evaluation and studies. The component will finance expenditures associated with overall project implementation costs including incremental costs associated with PMU and the PIUs, Project Supervision and Implementation Assistance (PSIA) consultants, Monitoring and Evaluation (M&E) consultants, and implementation of Management Plans and Strategic Studies including Environmental Management Plan, Social Management Plan, Gender Action Plan, and strategic studies.

IV. Financing *(in USD Million)*

Total Project Cost:	209.70	Total Bank Financing:	200.00
Financing Gap:	0.00		

For Loans/Credits/Others	**Amount**
BORROWER/RECIPIENT	9.70
International Development Association (IDA)	200.00
Total	209.70

V. Implementation

The Balochistan Irrigation Department (BID) will be the lead Implementing Agency supported by the departments of Agriculture, Forestry, Livestock, and Public Health Engineering. A central Project Management Unit (PMU) in Quetta will incorporate functions from the BID Planning and Monitoring wing and the BID Water Resource Management directorate, supplemented with additional suitably qualified staff. The PMU will be supported by Project Implementation Units (PIUs) in the Nari and Porali river basins, located in the towns of Sibi and Uthal respectively.

Led by a Project Director, the PMU will have overall responsibility for project implementation including financial management, procurement, and recruitment of staff, consultants and contractors. Led by Executing Engineers, the PIUs will be responsible for sub-project implementation and

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community liaison and participation through community and farmer organizations. The PMU and PIUs will be supported by PSIA and M&E consultants. A Project Steering Committee will provide strategic guidance and facilitate inter-agency coordination. A Grievance Redress Mechanism will deter fraud and corruption, mitigate risks and provide project staff with practical guidance on accountability, transparency and responsiveness to beneficiary requests. A communication strategy will strengthen government capacity in public engagement and communication and help manage Project risks. To support longer-term IWRM, the PMU will strengthened as an ongoing unit of the Irrigation Department to champion IWRM policy implementation, working in particular with the two PIUs to progress development and reform in the two project basins.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	×	
Natural Habitats OP/BP 4.04	×	
Forests OP/BP 4.36	×	
Pest Management OP 4.09	×	
Physical Cultural Resources OP/BP 4.11	×	
Indigenous Peoples OP/BP 4.10		×
Involuntary Resettlement OP/BP 4.12	×	
Safety of Dams OP/BP 4.37		×
Projects on International Waterways OP/BP 7.50		×
Projects in Disputed Areas OP/BP 7.60		×

Comments (optional)

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