



# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

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Concept Stage | Date Prepared/Updated: 26-Jul-2017 | Report No: PIDISDSC17746



**BASIC INFORMATION**

**A. Basic Project Data**

Country Pakistan	Project ID P159292	Parent Project ID (if any)	Project Name Balochistan Integrated Growth and Service Delivery Project (P159292)
Region SOUTH ASIA	Estimated Appraisal Date Aug 02, 2017	Estimated Board Date Mar 29, 2018	Practice Area (Lead) Agriculture
Financing Instrument Investment Project Financing	Borrower(s) Government of Pakistan: Economic Affairs Division	Implementing Agency Planning and Development Department, Government of Balochistan	

**Financing (in USD Million)**

Financing Source	Amount
MDTF for Crisi Affected Areas of NWFP/FATA/Balochistan	15.00
<b>Total Project Cost</b>	<b>15.00</b>

Environmental Assessment Category

B-Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

NA

**B. Introduction and Context**

**Country Context**

Since 2010, Pakistan has experienced an improvement in economic development, with growth rates almost doubling from 2.58 percent in 2009-2010 to a projected 4.24 percent in 2015-16. Since the 2013 elections and the first ever democratic transition in Pakistan, new growth opportunities have emerged such as the China Pakistan Economic Corridor (CPEC), which is critical in promoting infrastructure-led growth, regional integration and employment generation for skilled and semi-skilled workers. There has also been significant investment in energy, particularly through the private sector. The regulatory environment has also evolved favorably, geared towards generating local and foreign investments. Pakistan has also redefined its poverty line to ensure that it better captures the determinants of poverty.



While these changes have led to growth at the macro level, challenges persist at the micro and community levels. Whereas the security situation has stabilized over the last two years, it continues to remain uncertain. Pakistan has experienced recurring natural disasters such as earthquakes and floods; the capacity to either mitigate the risk or to cope with the impact of these events is limited. According to the new poverty line, almost 30 percent of the country's 200 million citizens are poor, mainly concentrated in the rural areas. Large parts of the country's rural areas remain remote and isolated, have difficulties in accessing and entering markets. Nevertheless, key economic indicators remain weak in Pakistan. Gross enrolment rates at the primary level are 91 percent and at the middle level falls to 55 percent with poor retention especially for girls. Immunization amongst children between 12 to 23 months of age is low and has fallen to 76 percent while infant mortality has risen to 65 per thousand live births. Overall unemployment rate has reached 5.9 percent with youth unemployment as high as 8 percent and in rural areas female unemployment rates are twice as high as male unemployment rates.

These challenges also exist in the province of Balochistan and manifest across four distinct categories.

*Poverty:* Even-though poverty in Balochistan has fallen by 15 percentage points since 2001-2, it remains high, at 56.8 percent. Given that the province is predominantly rural, poverty is also mainly concentrated in rural areas, 62.4 percent compared to 41.8 percent in urban areas. Most significantly, Balochistan is away from the country's main economic hubs, implying that overall growth in national GDP does not translate in investment or consumption growth. Primary enrolment in the province is 73 percent while secondary enrolment is 39 percent with a significant gender divide: 50 percent for males and 21 percent for females. Adult literacy is 38 percent, 56 percent for males and 18 percent for females. Only 51 percent of the population has access to basic health services.

*Natural Resources:* Balochistan is richly endowed in natural resources however, these remain underutilized and there is a mismatch between the area and resource allocation of the province. Mineral wealth in the province, concentrated in the north is estimated to be US\$ 1 trillion. The province has the potential to generate 1.2 million megawatts of solar energy and 3.9 million hectares of land, available for cultivation, remains unused. The province faces an acute water shortage, with only 115 mm of precipitation, which is also shrinking due to climate change. Water depletion continues due to indiscriminate usage of water resources.

*Employment:* Unemployment in Balochistan is the highest in the country, at 33.4 percent. Of the 25,000 graduates in the province, only an estimated 2,000 become gainfully employed. Employment opportunities for graduates is mostly in the public sector, making it the 'employer of last resort'. While agriculture remains the main source of income for over 64 percent of the households, scope for agriculture has been shrinking due to climate change. Employment opportunities in the off and non-farm sector are limited and low levels of skill and vocational training imply low employability.



*Public Sector Resources:* Balochistan's tax revenue has increased by 33 percent from 2014-15 to 2015-16 but it remains low in absolute terms: US\$ 15.78 million in 2015-16. Total expenditure has increased by 24.1 percent from US\$ 1.6 to US\$ 2.02 billion over the period 2013-14 to 2015-16 but this has mainly been in the recurrent budget (35 percent increase) while the development budget has fallen by 2.47 percent over the period. Agriculture, which is the main source of income for majority of the population is approximately 5 percent of the total PSDP for 2015-16.

## Sectoral and Institutional Context

### **Development Challenges of Balochistan**

The socio-economic context of Balochistan manifests itself in three main development challenges, requiring action on the 'hardware' and 'software' of growth, necessitating a multi-pronged strategy focusing on institutional reforms, promoting productive sectors (particularly in growth nodes) and facilitating the informal sector at the grassroots and community level. These challenges include:

*Low population density:* Population density in the province is 38 persons per square kilometer and this falls to 15 in the rural areas. This population is in small settlements that are usually far-flung and isolated, implying high cost and inefficient service delivery.

*Value addition at source:* Resource mobilization at the grassroots level is particularly constrained and this is exacerbated by, amongst others, lack of skills, awareness regarding market opportunities, access to finance and high cost of doing business<sup>1</sup>. At the macro level, the resource mobilization capacity of the province is restricted given the low tax base and allocations received through the NFC (9 percent). In this context, rural communities in Balochistan suffer from a 'location disadvantage'.

*Weak capacity:* There is a dearth of qualified human resources in the public and private sector in Balochistan, which hinders service delivery to the poor. In addition, weak institutional structures imply the state is neither efficient nor responsive in responding to the needs of rural communities particularly those located in far-flung areas. The Government of Balochistan did conduct local government elections in 2014 however, according to the latest Public

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<sup>1</sup> According to the Sub National Doing Business (SNDB) Report 2010, the capital of Balochistan, Quetta is ranked the lowest across 13 surveyed districts and cities.



Expenditure and Financial Accountability (PEFA)<sup>2</sup> Assessment being prepared for Balochistan, capacity of the Local Government and Rural Development Department is weak and the law is expected to undergo a number of revisions.

### **Rationale for World Bank Involvement**

The World Bank set up the Khyber Pakhtunkhwa (KP), Federally Administered Tribal Areas (FATA) and Balochistan Multi Donor Trust Fund (MDTF) in 2010 as a response to the Post Crisis Needs Assessment (PCNA), which was carried out in 2009-10. The objective of the MDTF was to promote peace building through restoration of state-citizen trust, promoting livelihoods and improving access to basic services. The MDTF has, since its inception, successfully implemented three projects in Balochistan, focusing on governance and policy reform, promoting girls' education and disaster management. In addition, recognizing that the PCNA was covering the areas of KP and FATA only, the MDTF supported the compilation of the Balochistan Development Needs Assessment (BDNA) in 2012, which has been developed in collaboration with the Government and is fully endorsed.

Going forward, the Provincial Government, through the Economic Affairs Division (EAD) has requested the World Bank to support an integrated service delivery and growth project in the province to stimulate development of rural areas. The operation being proposed through this Project Concept Note, to be supported through the MDTF, is being developed to respond to this request of the Government.

### Relationship to CPF

The World Bank's Country Partnership Strategy (CPS) for Pakistan 2015-20 is designed to contribute towards the Bank's twin goals of reducing poverty and boosting shared prosperity while supporting the federal and provincial governments to achieve their priorities. The CPS is centred around four results areas including energy, private sector development, inclusion and service delivery. The proposed project is fully aligned to the CPS 2015-20 and is expected to contribute to multiple outcomes including:

Result Area 2 – Outcome 2.3: Improved youth's skills for businesses

Result Area 3 – Outcome 3.1: Improved financial inclusion for MSMEs and Women

Result Area 3 – Outcome 3.2: Reduced vulnerability for groups at risk

The proposed operation is also expected to contribute to the IDA 18 priorities of addressing issues related to refugees and host communities, gender mainstreaming, fragility and climate change.

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<sup>2</sup> To be published in 2017



### **C. Proposed Development Objective(s)**

To improve the well-being of underserved communities in Balochistan by promoting socio-economic development and improved access to services

Key Results (From PCN)

The proposed programme would have the following PDO Indicators:

- Number of project beneficiaries disaggregated by gender
- Number of rural groups organized around their comparative advantage
- Number of local entrepreneurs supported through interventions promoting livelihoods
- Number of local entrepreneurs that have improved access to productive infrastructure
- Capacity of implementing entities strengthened to manage municipal services and community development initiatives

These indicators will measure progress towards the PDO by capturing the results chain. Project results will target women and results indicators will be disaggregated by gender. These results will be tracked using field reports and household surveys as required. Total beneficiaries (including indirect beneficiaries) will be estimated using total number of households and individuals receiving services, overall household size and demographic structure. Given the focus of the project on improving livelihoods, specific plans will be developed to capture number of youth targeted through related activities. ICT tools will be used to monitor achievements on the ground and create a database of results, which will be easily accessible. Results will also be tracked vis-à-vis village level list of priority activities. A list of process indicators will also be developed to track capacity development initiatives proposed through the operation. Baseline surveys will be conducted as part of the preparation process and endline surveys will be conducted to demonstrate impact and results.

### **D. Concept Description**

The proposed operation is an integrated service delivery and economic growth project, targeting rural and urban areas, addressing citizens' needs in a holistic manner. The project will have four components, described below.

#### **Component 1: Community-led Enterprise Development**



*Rationale:* Organising rural communities around interest groups and take advantage of the ‘collective’ to mobilise resources.

This component will focus on creating Savings Groups (SGs) and Enterprise Groups (EGs). This component will have two main objectives: i) provision of training on basic management and book-keeping skills; and, ii) mobilization of savings to ensure sustainability of social mobilization efforts as well as local resource mobilization. These resources can be utilized to support income generation and entrepreneurial activities that are indigenous to the local context and reflect local realities. Social mobilization will include sensitizing communities on climate smart practices. Special emphasis will be laid on the inclusion of women and marginalized segments such as ‘Persons with Disabilities’.

### **Component 2: Productivity Enhancement and Livelihood Development**

*Rationale:* Support local entrepreneurs to enhance incomes and promote skills.

The emphasis of this component would be on enhancing productivity and promoting livelihoods while accounting for local realities in Balochistan. The focus of this intervention would be on the full spectrum of value chains (including agriculture, livestock, vocational training, horticulture, traditional handicrafts etc.) to cover on-farm activities at the community level as well as household level income generation activities. Activities will focus on promoting and improving livelihoods and income generating opportunities as relevant to the local context. The project will support micro entrepreneurs with critical inputs to ensure direct support for their livelihoods with special attention to inclusion of women and marginalized segments such as ‘Persons with Disabilities’ and ‘Women with Disabled Husbands’. This component will also facilitate SMEs with services such as business development, access to finance and ascertaining technical feasibilities and economic viabilities. Particular emphasis will also be placed on developing climate smart agriculture interventions.

### **Component 3: Priority Infrastructure Investment Projects**

*Rationale:* Promote the development of infrastructure, which will promote livelihoods.

This component will support priority infrastructure investments in selected villages and peri-urban areas of Balochistan, chosen in consultation with the Government. Activities can include rehabilitation of existing infrastructure, the construction of new infrastructure, and operation and maintenance (O&M), with priorities to be established in consultation with the community groups, recognizing that overall priority would be accorded to rehabilitation and O&M.



This component will also support infrastructure aimed at mitigating the impact of risk and natural disasters, mainly drought and flash floods, which have a significant devastating impact on livelihoods in Balochistan.

#### **Component 4: Institutional Support and Capacity Building**

*Rationale:* Support capacity building and institutional reform for a more responsive and efficient public sector.

This component will focus on building capacity of the Balochistan Government and relevant line departments/agencies for improved planning and delivery of services particularly at the sub-national levels. Activities implemented through this component will be targeted towards the key implementing agencies including Planning and Development and Local Government Departments. Particular emphasis will be on: i) strengthening the district-level offices, which have been empowered after the recently concluded Local Government Elections; and, ii) building the capacity of relevant line departments in identifying and managing the impact of climate change (including the development and implementation of climate screening tools).

In essence, the project design seeks to address the development challenges highlighted above. Organising rural communities around their comparative advantage is essential to address the issue of low population density and enable people to ensure local resource mobilization. Livelihoods interventions and improved access to productive infrastructure will support local communities in value addition at source thereby addressing Balochistan's issue of location disadvantage.

#### **Grant Amount, Duration and Lending Instrument**

This PCN is being prepared as an Investment Policy Financing instrument, for an amount of US\$ 15 million and the proposed operation will be funded by the MDTF.

#### **Geographical Scope**

The project will be implemented in eight northern districts of Killa Abdullah, Killa Saifullah, Pishin, Nushki, Sherani, Zhob, Chagai and Mastung. In addition to being prioritized by the Government of Balochistan, these districts have been chosen for a number of reasons:





- Contiguity with KP and FATA allows for synergies across the projects being implemented in the neighbouring province/region
- Impact of refugees – the selected districts have been affected by refugee populations (Afghan refugees and TDPs in the aftermath of Zarb-e-Azab.
- Poverty rates in these districts are high, at an average of 45 percent reaching as high as 77 percent in Sherani.
- Ethnic balance to ensure equity across the Pashtun and Baloch districts.

Upon consultations with the Government of Balochistan, it has been agreed to adopt a ‘spread-out’ approach to ensure greater coverage districts and, given resource constraints, demonstrate success across the maximum number communities.

## SAFEGUARDS

### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be implemented in eight districts of Northern Balochistan including Killa Abdullah, Killa Saifullah, Nushki, Chagai, Sherani, Zhob, Pishin and Mastung. The area exhibits a great variety of physical features, consisting of vast rocky deserts with extremes of climate and very low rainfall. The northern most areas of Balochistan are dominated by high relief and a rugged landscape. From here, towering mountain ranges arc southward. The Toba Kakar Range forms the boundary with Afghanistan, while the Sulaiman Range forms the boundary with the Indus valley. From the central region of the Province, the mountains sweep south and west, reaching almost to the sea. Elevations exceed 2,000 m in many areas, with peaks reaching to 3,500 m around Quetta. Primarily due to vastness of the province and predominantly rural setup, Balochistan has a low population density, compared to the rest of the country. Most parts of Balochistan face water scarcity, a problem which has been further exacerbated due to the frequent droughts.

### B. Borrower’s Institutional Capacity for Safeguard Policies

The proposed implementing agency (Planning and Development Department) has limited experience of the Bank’s safeguard policies. However various provincial government departments including Irrigation, Education, and Health departments have been implementing Bank funded projects with a varying degree of safeguard requirements. Extensive capacity building of the key institutions involved in the project will be needed for effective management of safeguard requirements.

### C. Environmental and Social Safeguards Specialists on the Team

### D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)



Environmental Assessment OP/BP 4.01	Yes	The project activities particularly under Components 2 and 3 may potentially cause limited adverse environmental and social impacts. However most of these impacts are likely to be low to moderate in intensity and reversible, localized and temporary in nature. Therefore the OP 4.01 is triggered. The frameworks approach will be adopted and Environment and Social Management Framework (ESMF) will be prepared by the Client prior to appraisal. The ESMF will outline the screening mechanism, potential impacts, mitigation measures, monitoring arrangements, capacity building/training etc. for potential activities. The ESMF will be disclosed on the Client's websites and subsequently on the Bank infoshop.
Natural Habitats OP/BP 4.04	TBD	Project activities are demand-driven and being implemented in areas where it is possible that natural habitats might be affected. Therefore, this policy may be triggered depending upon the precise nature of activities.
Forests OP/BP 4.36	TBD	.Project activities are demand-driven and being implemented in areas where it is possible that natural forests might be affected. Therefore, this policy may be triggered depending upon the precise nature of activities.
Pest Management OP 4.09	TBD	This policy may be triggered in the event of specific agricultural activities such as kitchen gardening.
Physical Cultural Resources OP/BP 4.11	No	Most of the proposed activities will be carried out in the built-up area. Therefore the proposed activities are unlikely to affect any PCRs.
Indigenous Peoples OP/BP 4.10	No	None of the project interventions will be targeted towards indigenous people.
Involuntary Resettlement OP/BP 4.12	TBD	To be triggered based on assessment of proposed resilience related infrastructure.
Safety of Dams OP/BP 4.37	TBD	Assessment of proposed resilience related infrastructure to be carried out during preparation. It will be subsequently decided whether this policy needs to be triggered or not.
Projects on International Waterways OP/BP 7.50	No	No works will be carried out at or in any international waterways.
Projects in Disputed Areas OP/BP 7.60	No	No disputed territories as defined in the OP exist in the Province.

**E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS



Sep 29, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Baseline survey is already completed and other proposed studies will be initiated in August. It is expected that these will be completed by appraisal. ESMF will be prepared and disclosed. Beneficiary feedback will also be conducted as part of preparation.

## **CONTACT POINT**

### **World Bank**

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### **Borrower/Client/Recipient**

Government of Pakistan: Economic Affairs Division

### **Implementing Agencies**

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**APPROVAL**

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