

Ex-ante Evaluation

1. Name of the Project

Country: The Islamic Republic of Pakistan
 Project: Khyber Pakhtunkhwa Emergency Rural Road Rehabilitation Project
 Loan Agreement: February 22, 2011
 Loan Amount: 14,700 million Yen
 Borrower: The President of The Islamic Republic of Pakistan

2. Background and Necessity of the Project**(1) Current State and Issues of the Pakistan Floods Disaster in 2010**

Pakistan experienced extraordinary rainfall from late July, 2010, and it led to the worst floods since the birth of Pakistan covering over 20 percent of the country (160,000 square km) from northwest to south along the Indus River basin. As a result of the floods, more than 20 million people have been affected, 1.9 million homes have been destroyed, various kinds of infrastructures including roads and irrigation facilities have been seriously damaged, and more than 200 thousand of livestock have died. The medium and long-term reconstruction cost is estimated at about 8.9 billion US dollars, including 2.4 billion US dollars for transportation and communication sector (of which 2.1 billion US dollars are required for transportation sector), 2.2 billion US dollars for housing sector, and 1 billion US dollars for agricultural sector.

In these floods, the torrential rainfall was concentrated in Khyber Pakhtunkhwa Province (hereinafter referred to as “KP Province”) which is located at the upstream of Indus River, and the accompanying flash floods damaged approximately 6,511 km of roads and 314 bridges. The rural areas lost transportation access, which greatly affected daily lives of the residents. The road reconstruction cost in the province is estimated at \$690 million. In Malakand District with particularly severe flood damages, it is crucial to promote disaster restoration and development as soon as possible in order to stabilize the district, in which a large number of residents displaced due to armed conflicts since last year had just started to return home.

(2) Response to the Floods Disaster in Pakistan and the Priority of the Program

As well as mobilizing the Pakistan army to serve the relief activities for floods affected people, the government of Pakistan planned and coordinated the emergency humanitarian assistance and the early recovery plan with having the National Disaster Management Authority and each Provincial Disaster Management Authority as focal points for floods response. In order for prompt restoration, the Communication and Works Department of the Government of KP Province set up a special implementation unit exclusively for dealing with flood disaster, which is conducting assessment on damages, emergency repairing and medium and long-term rehabilitation plans. The project is intended to restore roads which are the lifelines of the rural areas, based on the aforementioned policy of the government of Pakistan.

(3) Japan and JICA’s Policy and Operations in response to the Floods Disaster

A disaster may bring serious damages on lives and assets of floods victims, and impede social and economic development as well as poverty alleviation in rural areas. The assistance for the recent floods can thus meet “ensuring human security and human development” and “well-balanced development of community and economy” under the Japan’s ODA assistance policy towards Pakistan. Addressing disaster, Japan takes a seamless assistance approach from emergency response to recovery and reconstruction phase. In case of the great northern Pakistan earthquake in 2005, the government of Japan provided a wide range of assistances such as dispatching Japan Disaster Relief team and Self-Defense Forces, financial assistance including a loan of 11,220 million Yen for “Emergency Earthquake Recovery Loan” and disaster education. In response to past floods disaster in Pakistan, JICA also participated in Damage and Needs Assessment (DNA) for reconstruction and recovery to develop medium and long-term plans for recovery support and coordinate arrangements with other donors. In the road sector, JICA identified the key issues of improvement of the living environment of

the poor and infrastructure improvement to facilitate access to public services and market access. JICA has performed 10 support projects including two sets of “Rural Roads Construction Project”, and has been providing support also on the technical aspect by dispatching specialists of transportation planning support and providing training on construction machinery.

(4) Other Donors’ Activity

Among the bilateral donors for these flood damages, the US has announced to donate almost \$1 billion, and Saudi Arabia approximately \$0.6 billion. The United Nations is providing aid sequentially based on the Floods Emergency Response Plan which was developed in September. The World Bank (“WB”) and the Asia Development Bank (“ADB”) have announced loans of \$1 billion and \$2 billion respectively (including funds from already existing loans) and already implemented DNA. In the road sector, WB focuses its support on maintenance of the National Highway No.5 and rehabilitation of main roads, and ADB is supporting maintenance of provincial roads and road access to rural villages.

(5) Necessity of the Project

The road sector of Pakistan is significantly damaged by the disaster: the medium and long-term reconstruction needs are worth \$2.1 billion, which is the highest among all the affected sectors. Especially, Sindh Province and KP Province need approximately \$800 million and \$700 million respectively. Concerning Sindh Province, it has been decided to use part of the budget of the ongoing project¹ (approximately ¥4 billion) for road reconstruction. As for KP Province, while the lifeline roads in the rural villages have been severely damaged which is greatly affecting the lives of the villagers, it is highly urgent and necessary to provide aid for recovery and rehabilitation of provincial and local roads. Especially in Malakand District that has been severely affected by armed conflicts, it is imperative to recover from the disaster as soon as possible in order to stabilize the community.

3. Project Description

(1) Project Objectives

The objective of the Program is to restore and improve traffic in the flood-stricken areas of KP Province, by rehabilitating damaged roads and bridges, thereby contributing to prompt restoration of economic and social activities and reducing poverty of the rural areas of the Province, as well as redressing regional economic disparities.

(2) Project Site/ Target Area

Khyber Pakhtunhwa Province

(3) Project Components

1) Rehabilitation of provincial and rural roads and bridges; 2) supporting activities for project implementation 3) consulting services (review of detailed designs, support for bidding, construction supervision, environmental and social considerations, improvement of maintenance capacity, etc.)

(4) Total Project Cost

¥16,981 million (including Japanese ODA loan of ¥14,700 million)

(5) Schedule

February 2011 - November 2016 (70 months in total). Project completion is defined as when all of the facilities are made available for use.(September 2015)

(6) Project Implementation structure

1) Borrower: The President of the Islamic Republic of Pakistan

2) Executing Agency: Communication and Works Department, Government of Khyber Pakhtunhwa

3) Operation and Maintenance: Same as b)

(7) Environmental and Social Consideration, Poverty Reduction, Social Development

1) Environmental and Social Consideration

¹ The target project is Rural Roads Construction Project (II) (Sindh Province) (L/A agreed in May 2008, ¥9.126 billion)

<p>①Category: FI</p> <p>②Reason for categorization: This project is classified as Category FI since, in accordance with the “Japan International Cooperation Agency (JICA) Guidelines for Confirmation of Environmental and Social Considerations” (promulgated in April 2010), the project provides loans to loan brokers and, before being approved by JICA, cannot specify sub-projects which are expected to have environmental influence.</p> <p>③Others: The executing agency selects sub-projects classified as either Category B or C based on the environmental research conducted by the consultant. While the project is to repair existing small-scale roads and local roads, it is required by the Pakistani domestic law to conduct Initial Environmental Examination (IEE) and, when deemed necessary, prepare an EIA report.</p> <p>2) Promotion of poverty reduction: The poverty rate of the rural areas in KP Province is 46.5%, which is higher than the national average of 32.6%. As the economic and social activities in the rural areas are stagnated by the flood disaster and the poverty situation is worsening more than ever, the project is expected to mitigate poverty by recovering the access between the rural areas and urban areas which has been cut by the floods, and rehabilitating the stagnated economic and social activities. Therefore, the project is applicable as a poverty reduction project.</p> <p>3) Promotion of social development (gender perspective, measures against infections including AIDS, participatory development, considerations for persons with disabilities, etc.): None</p> <p>(8) Cooperation with other donors: As described in (3) of 2</p> <p>(9) Other comments: None</p>
<p>4. Target Outcomes</p> <p>(1) Quantitative Effects</p> <p>1) Performance Indicators (Operation and Effect Indicator)</p> <p>Considering the nature of emergency recovery from disaster, the goal is to recover the functions of roads and bridges to the pre-disaster level. Ex-post evaluation is planned in 2 years after completion of the project, and it is expected to confirm using the quantitative data (basically equivalent to the design specifications of the relevant facilities) showing the recovery to the pre-disaster level.</p> <p>2) Internal Rate of Return</p> <p>Not to be calculated considering the nature of emergency aid</p> <p>(2) Qualitative effects</p> <p>Early recovery of economic and social activities in the victimized areas, poverty reduction in rural areas, and improvement of regional disparity</p>
<p>5. External Factors and Risk Control</p> <p>Deterioration in the security situation</p>
<p>6. Lessons Learned from Past Projects</p> <p>Findings from similar projects undertaken in the past highlighted the importance of 1) prompt set-up of the project implementation organization and its staffing, and 2) appropriate monitoring on the construction progress by its management unit and prompt procedures for payment to the constructors. In this regard, the project makes efforts for facilitation by making use of the forms for organization system, procedures, payment, etc. that have been established in the preceding ADB projects.</p>
<p>7. Plans for Future Evaluation</p> <p>(1) Indicators to be Used</p> <p>Quantitative data to demonstrate recovery to the pre-disaster level (basically equivalent to the design specifications of the relevant facilities)</p> <p>(2) Timing</p> <p>Two years after project completion</p>