

Pakistan : Karachi Water and Sewerage Services Improvement

1. Project Information

Project ID:	P000082	Instrument ID:	L0082A
Member:	Pakistan	Region:	Southern Asia
Sector:	Water	Sub-sector:	Water supply, sanitation, and wastewater treatment
Instrument type:	<input checked="" type="checkbox"/> Loan:40.00 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	World Bank
ES category:	B	Borrowing Entity:	
Implementing Entity:			
Project Team Leader:	Ghufran Shafi (DG: Supee Teravaninthorn; Responsible Department: INF2)		
Project Team Members:	Liu Yang, Project Counsel; Rui Xiang, OSD - Financial Management Specialist; Georgi Georgiev Dzhartov, OSD - Social Development Specialist; Zhixi Zhu, OSD - Environment Specialist; Yangzom Yangzom, OSD - Procurement Specialist;		
Completed Site Visits by AIIB:	Oct, 2019 Mar, 2020 Sep, 2020 Virtual Mission Aug, 2021 Virtual Mission Mar, 2022 Virtual Mission		
Planned Site Visits by AIIB:	Jul, 2022 TBD (Subject to COVID-19 controls)		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2021/09		

2. Project Summary and Objectives

The project Objective is to improve access to safe water services in Karachi and increase Karachi Water and Sewerage Board (KWSB) financial and operational performance.

The Project will support infrastructure rehabilitation, capacity building of Karachi Water and Sewerage Board (KWSB), and improvements to the enabling environment for mobilizing private finance and enhancements in services delivery. It will help to improve Karachi's water and sewerage services delivery through upgrading of critical infrastructure; build technical and managerial capacity of KWSB; and expand the water and sanitation services to impoverished areas of Karachi. The project is expected benefit two million residents of Karachi (50% of which are women) through provision of sustainable water and sewerage services. KWSB will benefit through institutional reforms and increased revenue. The Project activities are grouped in following three components:

- Operational and Enabling Environment Reform: This component will build KWSB technical and managerial capacity and improve operational performance. The component will also prepare and implement planned enabling environment reforms – including improved institutional performance and operational autonomy – by supporting various activities including: revenue management, customer care, non-revenue water reduction, institutional reforms, social sector policy and Katchi Abadi (informal settlements) program.

- **Infrastructure Investments:** This component will support investments in water and sewerage infrastructure, mostly rehabilitation of existing infrastructure. The activities will be implemented through a framework approach that guides the selection of capital investment according to an established criteria. This component will also support measures to improve energy efficiency in KWSB's pumping stations and treatment plants.
- **Project Management and Studies:** This component will support project management costs including contract management; as well as the preparation of subsequent phases, including the preparation of safeguards documents, feasibility studies and tender documents.

3. Key Dates

Approval:	Sep. 26, 2019	Signing:	Dec. 11, 2019
Effective:	Feb. 24, 2020	Restructured (if any):	
Orig. Closing:	Jun. 30, 2025	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	3.09	Most recent disbursement (amount/date):	2.00/Feb. 16, 2021
Undisbursed:	36.92	Disbursement Ratio (%) ¹ :	7.71

5. Project Implementation Update

The implementation of KWSSIP-1 under both reforms and capital works are underway. On the reforms side, a revised representative Board has been notified which is meeting regularly. A revised KWSB Act has been drafted which is undergoing review at different levels. After finalization, the draft Act has to be cleared by Chief Minister and his Cabinet before it is tabled in the Provincial Assembly for legislation. On capital works, procurement is advancing but the progress was slowed due to COVID and other factors. PMU is making efforts to advance the procurement activities. A second batch of sewer suction and jetting trucks (about USD5million) was recently contracted. Designs for the first works package (water supply and sanitation) are finalized for tendering to commence in H1-2022. Other key activities include procurement of a project management firm, institutional reform studies and revision of KWSB Master Plan.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Operational and Enabling Environment Reforms	Encountered some delays because of lumping together of multiple activities (HR plans, improved billing and customer surveys, and tariff reviews) into one package. These activities are now being procured as a single study. Master Plan and Project Management Firm are also under procurement.	An Environmental Management Framework (EMF) and a Social Management Framework (SMF) which also includes a Resettlement Policy Framework (RPF) have been prepared. The consultant has been engaged to carry out sub-project level E&S studies.	Multiple activities and procurement documents are under preparation. They include: HR Plans and Trainings; Customer Survey and Identification; Improved Billing, Collection System and Tariff Review.

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Component 2: Infrastructure Investments	Major milestone include award of a second batch of suction and jetting trucks (USD 5 million). It is expected that the preparation of planned capital works will also improve going forward. The designs for the first large works package (water supply and sewerage networks) are expected to be completed by H1, 2022	An Environmental Management Framework (EMF) and a Social Management Framework (SMF) which also includes a Resettlement Policy Framework (RPF) have been prepared. The consultant has been engaged to carry out sub-project level E&S studies.	First contract for procurement of 14 pairs of suction/jetting trucks (about USD 4 million) was completed. Second contract is under tendering
Component 3: Project Management and Studies	Encountered some COVID related delays but remain in normal range	An Environmental Management Framework (EMF) and a Social Management Framework (SMF) which also includes a Resettlement Policy Framework (RPF) have been prepared. The consultant has been engaged to carry out sub-project level E&S studies.	Consultancies services that are under procurement include: Design, tender documents and supervision of sub-projects (priority Sewer Lines) and Project Management Firm

Financial Management:

The FM review concluded that FM rating is retained at Moderately Satisfactory. The suggestion on the internal audit and cash forecast were made to implementing entity to improve PMU budget utilization and record keeping.

The KWSSIP Statutory Audit for the FY 2021-22 has been conducted by the Director General of Audit, and the report is acceptable to the Bank and WB. However, the project is not preparing Interim Financial Reports for the AIIB component which must be reviewed by the Bank as per project agreement. This requirement has been communicated to the FM team of the project.

6. Status of the Grievance Redress Mechanism (GRM)

The PMU has established the Grievance Redress Committee (GRC) with PMU staff and a representative from an NGO as members. Information about this GRC has been publicized. KWSB's existing GRM system is applicable for this Project. Grievances associated with this Project but received through the existing GRM system will be diverted to the GRC. Since the subprojects are yet to be started, no complaints have so far been received in the GRM.

7. Results Monitoring

NA

Project Objective Indicators #1

Persons (of which females) provided with access to drinking water uncontaminated by fecal coliforms under the project

Year	Target	Actual	Comments, if any
Jun. 30, 2025	2000000	NA	

Project Objective Indicators #2

Coverage of Operation & Maintenance Costs (Percent)

Year	Target	Actual	Comments, if any
Jun. 30, 2025	100 %	NA	

Project Objective Indicators #3

KWSB Act amended to increase KWSB's financial and operational autonomy

Year	Target	Actual	Comments, if any
Jun. 30, 2025	Yes	NA	

Intermediate Result Indicators #1

New customer service centers opened that are adequately staffed including a separate desk for women

Year	Target	Actual	Comments, if any
Jun. 30, 2025	6	NA	

Intermediate Result Indicators #2

Informal settlements provided with improved water and sewer services by KWSB under the project

Year	Target	Actual	Comments, if any
Jun. 30, 2025	3	NA	

Intermediate Result Indicators #3

Piped household water connections affected by rehabilitation works undertaken under the project

Year	Target	Actual	Comments, if any
Jun. 30, 2025	400000	NA	

Intermediate Result Indicators #4

Kilometers of sewerage network rehabilitated

Year	Target	Actual	Comments, if any
Jun. 30, 2025	160	NA	

Intermediate Result Indicators #5

Non Revenue Water Reduction (cubic meters/year)

Year	Target	Actual	Comments, if any
Jun. 30, 2025	32000000	NA	

Remarks:

