

SBF Project Implementation Monitoring Report

Pakistan: Karachi Water and Sewerage Services Improvement Project

1. Project Information

Project ID:	000082	Investment Number:	L0082A
Member:	Pakistan	Region:	Southern asia
Sector:	Water	Sub-sector:	Sewerage, Water Supply
AIB Financing Type:	Loan: 40 USD million	Co-financier(s):	WB
E&S category:	B	Borrower:	Islamic Republic of Pakistan
Red Flags Assigned:	0 (Q1: 0)	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Karachi Water and Sewerage Board (KWSB)		
Project Team Leader:	Ghufran Shafi		
Project Team Members:	Georgi G. Dzhartov, Social Development Specialist Liu Yang, Counsel Omar Khalid, Social Development Consultant, Yangzom Yangzom, Procurement Specialist Zhixi Zhu, Environment Specialist		
Completed Site Visits by AIB:	Oct, 2019 Mar, 2020 Sep, 2020 Virtual Mission Aug, 2021 Virtual Mission		
Planned Site Visits by AIB:	Jul, 2021 TBD (Subject to COVID-19 controls)		

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 (million)

Currency:	USD		
a) Committed:	40	b) Cancellation (if any):	
c) Disbursed:	3.085	d) Most recent disbursement: (amount / date)	2, Feb. 16, 2021
e) Undisbursed:	36.915	f) Disbursement Ratio(%) ¹ :	7.7

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

The loan and project agreements were made effective on Feb. 24, 2020. The Project Implementation Unit (PIU) has been established and staffed. Designated Account for WB and AIIB funds have been opened. The initial key deliverables, including Project Operation Manual, Annual Work Plan and Budget, and Procurement Plan have been approved. Updates under the initial procurement plan include: procurement and delivery of first lot of sewage suction and jetting trucks while tendering of second lot is underway; bidding ongoing for a design & supervision firm as well as a project management consultancy firm. Other activities for which procurement activities will commence shortly include: development of an asset management program; improvement of GIS system; update of KWSB master plan; and a consolidated reform study for Human Resource, Financial Management, and Customer identification for billing improvement.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Operational and Enabling Environment Reforms	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.	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.
Component 2: Infrastructure Investments	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.	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:

No Issues. WB has granted waiver for the last year as there were no expenditures. The audit for next year will cover 16 months to cover for this period.

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

Baseline Year: Sep. 30, 2019 End Target Year: Jun. 30, 2025

Project Objective Indicators #1

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

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

Project Objective Indicators #2

Coverage of Operation & Maintenance Costs (Percent)

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

Intermediate Result Indicators #4

Kilometers of sewerage network rehabilitated

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

Intermediate Result Indicators #5

Non Revenue Water Reduction (cubic meters/year)

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

Remarks: