

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 | Monitoring Regime: | Regular Monitoring |
| Implementing Agency: | Karachi Water and Sewerage Board (KWSB) | | |
| Project Team Leader: | Ghufran Shafi | | |
| Project Team Members: | Ildiko Almasi, 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 | | |
| Planned Site Visits by AIB: | TBD | | |

2. Project Summary and Objectives

The project Objective is to improve access to safe water services in Karachi and increase KWSB's 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 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)

| | | | |
|---------------|----|---------------------------|--|
| a) Committed: | 40 | b) Cancellation (if any): | |
|---------------|----|---------------------------|--|

| | | | |
|-----------------|--------|---|----------------------|
| c) Disbursed: | 1.085 | d) Most recent disbursement: (amount / date) | 0.985, Jun. 22, 2020 |
| e) Undisbursed: | 38.915 | f) Disbursement Ratio(%) ¹ : | 2.7 |

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. All the disbursement conditions were met (and first disbursement has been made). Preliminary physical activities include: procurement of first lot of sewage suction and jetting machinery, and multiple consultancy contracts including the important design and construction supervision firm, and the project management consultant.

| Components | Physical Progress | Environmental & Social Compliance | Procurement |
|---|--|-----------------------------------|---|
| Component 1: Operational and Enabling Environment Reforms | Experienced some delays but remain in normal range | No issue | Multiple activities and procurement documents are under preparation. They include: HR Plans and Trainings; Customer Survey and Identification; and Improved Billing, Collection System and Tariff Review. |
| Component 2: Infrastructure Investments | Experienced some COVID related delays but remain in normal range | No issue | Goods and consulting services are under procurement. They include: Procurement of 14 Pairs of Sewage Suction and Jetting Trucks; and Priority Sewer Lines Condition Survey and Design. |
| Component 3: Project Management and Studies | Experienced some COVID related delays but remain in normal range | No issue | Project Management Consultant and Design & Supervision Firm are under procurement |

Financial Management:

No Issues

6. Status of the Grievance Redress Mechanism (GRM)

KWSB existing GRM system will be improved through staff trainings of complaint cells and developing multi-tiered platforms at project and central levels once the physical works commence

7. Results Monitoring

NA

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

| Project Objective Indicators | Year | Target | Actual | Others, if any |
|---|---------------|---------|--------|----------------|
| Persons (of which females) provided with access to drinking water uncontaminated by fecal coliforms under the project | Jun. 30, 2025 | 2000000 | NA | |
| Coverage of Operation & Maintenance Costs | Jun. 30, 2025 | 100 | NA | |

| Intermediate Result Indicators | Year | Target | Actual | Others, if any |
|---|---------------|--------|--------|----------------|
| KWSB Act amended to increase KWSB's financial and operational autonomy | Jun. 30, 2025 | Yes | NA | |
| New customer service centers opened that are adequately staffed including a separate desk for women | Jun. 30, 2025 | 6 | NA | |
| Informal settlements provided with improved water and sewer services by KWSB under the project | Jun. 30, 2025 | 3 | NA | |

| | | | | |
|---|---------------|----------|----|--|
| Piped household water connections affected by rehabilitation works undertaken under the project | Jun. 30, 2025 | 400000 | NA | |
| Kilometers of sewerage network rehabilitated | Jun. 30, 2025 | 160 | NA | |
| Non Revenue Water Reduction (cubic meters/year) | Jun. 30, 2025 | 32000000 | NA | |

Remarks: