



Pakistan: Khyber Pakhtunkhwa Cities Improvement Project

Project Name	Khyber Pakhtunkhwa Cities Improvement Project				
Project Number	51036-002				
Country	Pakistan				
Project Status	Proposed				
Project Type / Modality of Assistance	Loan				
Source of Funding / Amount	<table border="1"> <tr> <td>Loan: Khyber Pakhtunkhwa Cities Improvement Project</td> <td></td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 500.00 million</td> </tr> </table>	Loan: Khyber Pakhtunkhwa Cities Improvement Project		Ordinary capital resources	US\$ 500.00 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth				
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development				
Sector / Subsector	Water and other urban infrastructure and services - Other urban services - Urban flood protection - Urban policy, institutional and capacity development - Urban sewerage - Urban water supply				
Gender Equity and Mainstreaming	Effective gender mainstreaming				
Description	The government in Pakistan elected in July 2018 issued its national development priorities, explicitly highlighting citizens' access to safe water supply, sanitation, and the right to live in a healthy environment as a part of its core priorities for the country. The proposed Khyber Pakhtunkhwa Intermediate Cities Improvement Project (the project) will help the government to improve livability of the five cities of Abbottabad, Kohat, Mardan, Mingora, and Peshawar in the Khyber Pakhtunkhwa Province (the KP province) through improvements in: (i) urban infrastructure; and (ii) institutional strengthening for urban services providers. The project aims to benefit about 3.5 million current population that is estimated to increase to about 5.5 million by 2033. The project is included in ADB's Country Operations Business Plan (2019-2021). The project will support the government's development priorities including (i) National Water Policy (2018), (ii) Local Government Act (2019), and (iii) Pakistan Vision 2025.				
Project Rationale and Linkage to Country/Regional Strategy	<p>Rapid Urbanization and Municipal Services. Cities in the KP province have been experiencing high rates of urbanization and rapid population growth. By 2033, it is estimated that more than 72% of KPs population will live in these five cities. Urban development in KP is characterized by lateral expansion of the urban area rather than densification such that the unplanned urban sprawl severely stretches cities' services beyond its capacity. This has led to the suboptimal uses of urban spaces, over-extension of public utilities and services resulting in wastage of resources, long distance commutes, inefficiencies and reduced livability. While cities planning continued, there is a need to address challenges of rapid urbanization include aggravating urban deficit, degrading urban ecology, and eroding livability.</p> <p>Inadequate Urban Infrastructures. Urban infrastructure development has not kept pace with the rapid urbanization in the KP province. Piped water is available in only 42% of the urban population, and typically for only 6 hours a day. In many cities the primary water supply is fed from groundwater resources which are being overstressed, resulting in reducing water availability at a time when the demand for water is increasing rapidly. Due to poor maintenance and leakages, there are significant losses in piped networks, as well as significant contamination of the water supply currently 85% of the supplied water is considered unsafe for consumption. Operational sewerage systems serve less than 5% of urban areas. Where sewer networks are installed, these are poorly maintained, frequently clogged and prone to overflow. Typically, sewerage and wastewater are conveyed via open drains, which also drain stormwater. There are no functional wastewater treatment plants: wastewater and sewage are discharged untreated into surface water drains and canals or onto agricultural land. Solid waste management is deficient in all urban areas because of a lack of equipment as well as technical capacity. Less than 30% of municipal solid waste generated is collected, with the majority of uncollected waste burnt, disposed in drains and canals, or used to fill low-lying land and depressions. The rest of the collected waste is disposed in open dumps, which lack engineering controls to mitigate pollution of the surrounding environment. There are no sanitary landfills and treatment plants for solid waste. Inner city areas lack many provisions for green spaces and urban parks. The current green space allocation (3.5%) is significantly below recommended international norms (15-20%) and Punjab (5.0%).</p> <p>Operational Capacity of Municipal Services Delivery. The Government of Khyber Pakhtunkhwa (the Government of KP) promotes decentralization and corporatization of municipal services delivery. In 2015, the Government of KP established seven independent urban utility companies (Water and Sanitation Services Companies, WSSCs) mandated with taking over the provision of water supply, wastewater, solid waste management services from local government institutions. The WSSCs have introduced a few reform measures to improve the operations of municipal services. Being a new initiative in the province, the WSSCs faces challenges to service delivery and sustainability. Project preparation and implementation are often inadequate largely due to WSSC's limited technical capacity, leading to low quality of feasibility studies, safeguards, and engineering designs. There is inadequate technical capacity to regularly monitor and supervise consultants' work, which leads to poor quality of infrastructures. The insufficient administrative capacity of WSSCs also leads to urban infrastructure deficits. The WSSCs have introduced cost-recovery tariffs on a trial basis but collection systems are still weak, which, together with limited subsidy from the GOKP, results in insufficient funding for infrastructure projects. Overall, the WSSCs need support in (i) strengthening corporate governance, tariff structuring, and business model improvement, (ii) harnessing public-private partnerships and optimizing capital and human resources, and (iii) increasing own-source revenues, and strengthening planning, budgeting and resource utilization capacities.</p> <p>Selection of the Cities. Peshawar is the capital city of the KP province whereas other four cities are district headquarters. Mardan and Peshawar are mostly responsible for the province's economic growth. Abbottabad is a tourist and educational center of KP located on the China Pakistan Economic Corridor. Kohat is a major node on the N-55 Indus Highway that connects Peshawar to Karachi and the N-80 highway that connects Kohat to Islamabad. Mingora had been deprived of urban development investments due to security concerns, which have now been addressed, and the city now needs infrastructure investments to move forward. The area is also vital due to the Central Asia Regional Economic Corridor 5, which opens a trading link between the landlocked Central Asian countries and the port of Karachi. The five target cities have good track records in urban projects with major development partners such as the Japan International Cooperation Agency, and the United States Agency for International Development. During the implementation of the ongoing project readiness financing (PRF), additional cities may be included upon agreement between ADB and the government.</p>				
Impact					
Outcome					

Outputs

Geographical Location

Safeguard Categories

Environment	B
Involuntary Resettlement	A
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer	Nakamitsu, Kiyoshi
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Urban Development and Water Division, CWRD
Executing Agencies	Local Gov't, Elections and Rural Dev. Dept Peshawar, Pakistan

Timetable

Concept Clearance	26 Jun 2019
Fact Finding	11 Nov 2019 to 15 Nov 2019
MRM	18 Dec 2019
Approval	-
Last Review Mission	-
Last PDS Update	06 Jun 2019

Project Page	https://www.adb.org/projects/51036-002/main
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