



Pakistan: Khyber Pakhtunkhwa Cities Improvement Project - Project Readiness Financing

Project Name	Khyber Pakhtunkhwa Cities Improvement Project - Project Readiness Financing	
Project Number	51036-003	
Country	Pakistan	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan: Khyber Pakhtunkhwa Intermediate Cities Improvement Project	
	Ordinary capital resources	US\$ 7.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Water and other urban infrastructure and services - Urban policy, institutional and capacity development - Urban sanitation - Urban sewerage - Urban solid waste management - Urban water supply	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The Khyber Pakhtunkhwa Cities Improvement Projects (KPCIP) will improve the quality of life of the residents of at least four cities, including Abbottabad, Kohat, Mardan, and Peshawar, directly benefitting about 3.5 million of urban population. The KPCIP will help selected cities improve their access to quality urban services through two interlinked outputs: (i) enhanced municipal infrastructure and public urban spaces, and (ii) strengthened institutional capacities and efficiency of provincial, municipal and city governments and urban service companies. The project readiness financing (PRF) will finance the preparation and engineering design of the KPCIP and possible future pipeline of urban projects in KPK. The PRF will ensure high project readiness of the KPCIP, thereby facilitating the timely and cost-effective achievement of the project outcomes.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>The cities in Pakistan's Khyber Pakhtunkhwa Province generate about 80% of the province's wealth and are home to about 20% of the province's population. The province's cities are developing fast, and the urban population has grown by 74% since 1998 at an average annual growth rate of 3%. This has caused the urban environment to expand rapidly in an uncoordinated, unplanned, and unregulated manner. Basic urban services such as water supply, wastewater collection and treatment, storm water drainage, and urban transport facilities are increasingly unable to respond to the population pressures and economic demands. This has increased the demand to develop the provincial economy in a sustainable manner and to make the cities more livable, with better living standards and improved public health.</p> <p>Since 1977, ADB has financed 19 urban-water projects in Pakistan. Key lessons learned from the past project is the importance of high project readiness before the approval of ensuing urban sector projects. When the urban project is approved based on preliminary design, significant time is required to complete detailed engineering design, prepare bidding documents, and address environmental and social safeguards issues once a loan becomes effective. Cost estimates are also less accurate when detailed engineering design is undertaken after project approval. Low project readiness often results in the need for extensions in project closing dates and additional financing when actual costs deviate from estimated costs and can ultimately reduce the development impact of ADB operations. To reflect this important lesson, ADB and the Government of Pakistan process the PRF to finance the preparation and engineering design of the KPCIP. The PRF will result in a procurement-ready project, enabling contract awards and disbursements immediately after loan effectiveness of the KPCIP, and potentially saving about 2 years from loan effectiveness to the mobilization of contractors during the initial phase of implementation.</p>	
Impact		
Outcome		

Outputs

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services To expedite consultant recruitment process, the government has requested ADB's assistance in selecting the consultants. Once ADB completes the proposal evaluations, the executing agency will negotiate with consultants and sign contracts accordingly.

Using QCBS 90:10 selection method, a detailed engineering design and construction management consulting firm to undertake detailed engineering design and procurement support activities. An institutional review and capacity building firm will facilitate improvements to the business model to ensure operational efficiency and sustainability.

Due diligence and climate change resilient experts will be engaged, using the individual consultant selection method, for a total of 275 person-months.

Procurement There is no procurement under the PRF.

Responsible ADB Officer Nakamitsu, Kiyoshi

Responsible ADB Department Central and West Asia Department

Responsible ADB Division Urban Development and Water Division, CWRD

Executing Agencies *Planning & Dev.Dept., Gov't of Khyber Pakhtunkhwa*

Timetable

Concept Clearance	-
Fact Finding	06 Mar 2018 to 16 Mar 2018
MRM	-
Approval	-
Last Review Mission	-
Last PDS Update	06 Dec 2018

Project Page <https://www.adb.org/projects/51036-003/main>

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