

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA35399

Project Name	Water Sector Capacity Building and Advisory Services (P155226)
Parent Project Name	Water Sector Capacity Building & Advisory Services Project (WCAP) (P110099)
Region	SOUTH ASIA
Country	Pakistan
Sector(s)	General water, sanitation and flood protection sector (100%)
Theme(s)	Water resource management (70%), Climate change (30%)
Lending Instrument	Investment Project Financing
Project ID	P155226
Parent Project ID	P110099
Borrower(s)	Economics Affairs Division, Government of Pakistan
Implementing Agency	Water and Power Development Authority (WAPDA), Indus River System Authority (IRSA), Ministry of Water and Power, Government of Pakistan, Project Management and Policy Implementation Unit (PMPIU)
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	02-Nov-2015
Date PID Approved/Disclosed	04-Nov-2015
Estimated Date of Appraisal Completion	03-Nov-2015
Estimated Date of Board Approval	21-Dec-2015
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

The key challenge for Pakistan is to sustain its recent growth performance in order to generate significant poverty reduction, necessitating continued sound macroeconomic management along with further improvements in the investment climate. In particular, Pakistan's infrastructure platform needs significant investment in order to support its growth and service delivery goals; infrastructure services including electricity, paved roads, municipal services, and telecommunications which reach a relatively low proportion of the population, and are critical to improving human development outcomes. Per capita water availability in Pakistan is currently 1,100 cubic meters (CM) which is projected to decline to 800 CM by the year 2020. The infrastructure challenge is particularly acute with respect to water, as Pakistan relies on the largest contiguous irrigation system in the world to provide basic food

security (90 % of food production and 25 % of Gross Domestic Product GDP).

Pakistan has already begun ramping up its investments, beginning with the urgent rehabilitation of barrages. Yet there remains a need for significant new investment, not only in irrigation but also in other uses of water, including hydropower generation and urban-industrial and domestic supplies (50 % of the population is not served by a formal supply system and sanitation and water treatment reaches less than 10 % of the population).

Sectoral and institutional Context

Pakistan is an agrarian economy that is heavily dependent on the waters of the Indus River, mainly for agriculture (95 percent) and hydropower generation. The country is facing serious water and increasing energy shortages. The development and management of Pakistan's water resources, in general, and of the Indus Basin, in particular, is a significant challenge, requiring high level of administrative, engineering and scientific capabilities. The issues facing the water sector are serious and complex - addressing them will require a series of investments and long term commitment on the part of the Government. Over the recent decades, the capacity for modern water resources management at both the federal and provincial levels has not evolved rapidly enough to meet emerging challenges. Development of key institutions and adequate mechanisms and instruments that effectively address a consistent basin water resources management strategy is therefore critical for the country.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The project objective is to improve the management and investment planning of water resources in the Indus River Basin.

III. Project Description

Component Name

Component A: Capacity Building of and Support to Federal/Provincial Institutions in Water Resources Planning and Management

Comments (optional)

1. Capacity Building in planning, development and testing of water resources infrastructure, by upgrading (through staffing, training, software and hardware improvement) and modernizing existing provincial research facilities.
2. Capacity Building in system planning, management and operation, by carrying out analyses and measurements.
3. Capacity Building for the Planning Commission.

Component Name

Component B: Improvement in Water Resources Management and Development

Comments (optional)

1. Developing tools to improve forecasts and an integrated office management system at WAPDA.
2. Strengthening WAPDA's capacity for hydropower planning, asset management plans, dam safety inspections and studies, by strengthening its research laboratories.

3. Carrying out Eligible Feasibility Studies for the implementation of the Recipient's Indus Cascade Hydropower Development Plan.

Component Name

Component C: Project Management and Additional Studies

Comments (optional)

1. Supporting the day-to-day implementation of the Project
2. Carrying out selected strategic studies, and studies approved by the Project Steering Committee with respect to which the Association has confirmed in writing that it may be financed from the proceeds of the Financing.

IV. Financing (in USD Million)

Total Project Cost:	34.95	Total Bank Financing:	34.95
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			34.95
Total			34.95

V. Implementation

The existing implementing arrangements are satisfactory for planning, implementing, and coordinating project activities, including activities funded by the Additional Financing and no changes are proposed. The implementation and coordination of the project's ongoing and the additional activities shall be actively managed by the Project Management and Policy Implementation Unit (PMPIU) of the Ministry of Water & Power (MoWP) located at and manned by Federal Flood Commission whereas, Pakistan Water & Power Development Authority (WAPDA), Indus River System Authority (IRSA) and Planning Commission's Water Section shall remain the key implementing agencies for WCAP. The Infrastructure Project Development Facility (IPDF) has been dropped as implementing agency.

PMPIU established under a technical assistance project financed by ADB would continue to be the technical arm to the Ministry of Water and Power and would be responsible for the overall implementation and coordination with the other implementing agencies including IRSA, WAPDA and Planning Commission. Experience from the implementation of the original project shows initial delays during the project start up mainly due to delays in recruitment of PMPIU staff, inadequate Rupee cover provided in the Government budget, and project's lack of experience with the Bank's procurement procedures. Since project has now functioning PMPIU, it is expected that the delays in the original project implementation will not be experienced for the proposed additional financing.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x

Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50	x	
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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