

INTERIM REPORT

Volume 1: Main Report

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TA-8683 PAK: Punjab Intermediate Cities Improvement Investment Program (46526-001)

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ABBREVIATIONS

ADB	-	Asian Development Bank
BOT	-	Build Operate Transfer
CDS	-	City Development Strategy
COI	-	Corridor of Impact
CTS	-	Complaints Tracking System
CRVA	-	Climate-change Resilience and Vulnerability Assessment
DBO	-	Design Build Operate
DNI	-	Distribution Network Improvement
DPR	-	Detailed Project Report
DS	-	Disposal Station
EARF	-	Environmental Assessment and Review Framework
EIA	-	Environmental Impact Assessments
FGD	-	Focus Group Discussions
FS	-	Feasibility Study
GAP	-	Gender Action Plan
GIS	-	Geographical Information System
GoPb	-	Government of Punjab
GST	-	General Sale Tax
GT Road	-	Grand Trunk Road
HR	-	Human Resources
ICDS	-	Integrated City Development Strategy
IEE	-	Initial Environmental Examination
IRR	-	Internal Rate of Return
KII	-	Key Informant Interview
KPI	-	Key Performance Indicator
LARF	-	Land Acquisition and Resettlement Framework
LARP	-	Land Acquisition and Resettlement Plan
LG&CDD	-	Local Government and Community Development Department
LWMC	-	Lahore Waste Management Company
MFF	-	Multi-tranche Finance Facility
NGO	-	Non-Governmental Organization
O&M	-	Operation and Maintenance
OHR	-	Overhead Reservoir
OVI	-	Objectively Verifiable Indicator
PCGIP	-	Punjab cities governance Improvement Project
PFS	-	Pre-Feasibility Stage
PICIIP	-	Punjab Intermediate Cities Improvement Investment Program
PPP	-	Public Private Partnership
PRSS	-	Poverty Reduction and Local Strategy (Report)

PPTA	-	Project Preparation Technical Assistance
ROE	-	Return on Investment
RRP	-	Report and Recommendations to President (ADB)
RUA	-	Rapid Urban Assessment
SAMA	-	Services and Assets Management Agreement
SCADA	-	Supervisory Communication and Data Acquisition
STP	-	Sewage Treatment Plant
SWM	-	Solid Waste Management
SWMC	-	Sialkot Waste Management Company
SWOT	-	Strengths Weakness Opportunities and Threats
SPV	-	Special Purpose vehicle
TMA	-	Tehsil Municipal Administration
TO	-	Tehsil Officer
TO (I&S)	-	Tehsil Officer Infrastructure and Services
TORs	-	Terms of Reference
TO (P&C)	-	Tehsil Officer (Planning and Coordination)
UC	-	Union Council
USUC	-	Urban Services Utility Company
UU	-	Urban Unit
VAG	-	Viability Gap Funding

Contents

I.	Team Composition	1
II.	Introduction	2
III.	Progress	3
	A. Transport	3
	1. Sialkot	3
	2. Sahiwal	3
	B. Macroeconomic and Urban Sector Assessment	4
	C. Public Private Partnership	5
	D. Poverty Analysis and Social Development	5
	E. Land Acquisition and Resettlement Plan (LARP)	5
	F. Gender	6
	G. Asset Management	7
IV.	Appendices	8

I. TEAM COMPOSITION

- Ele Jan Saaf, Team Leader/Public Sector Utility/Institutional Development Specialist
- Keith Cornish, Municipal Finance & Urban Economics Specialist
- Ashraf John, Urban Economist
- Rashid Iqbal, Financial Analyst
- Azher Uddin Khan, Public Utility/Institutional Development Specialist
- Muhammad Ali, Procurement Specialist
- Zaki Ullah, Asset Management Specialist
- David Annandale, Safeguards & Environmental Specialist
- Saifur Rahman Sherani, Social Development Specialist
- Mahe Nau Haider, Gender Specialist
- Zaigham Khan, Communications Specialist
- Izhar ul Haq, Water Supply & Sanitation Specialist
- Kashif Masud, Sewerage & Drainage Specialist
- Muhammad Khalid, Solid Waste Management Specialist
- Karin Stibbe, Urban Transport & Public Space Specialist
- Khushal Khan, Urban Transport/Public Space Specialist
- Ahsan Ali Chughtai, Public Private Partnership Specialist
- Javed Iqbal, Urban Development Specialist
- Shafqat Ullah, Environmental Specialist
- Shabih ul Hasan Zaidi, Urban Development Specialist (RUA)

II. INTRODUCTION

1. This report is the Interim Report for the Punjab Intermediate Cities Improvement Investment Program (TA-8683 PAK). During recent discussions with the Responsible ADB Officer and the Urban Unit it was indicated that due to shifting priorities the submission of the interim report was considered a less important milestone. The consultant was instructed to focus instead on the RRP document and the relevant annexes. In response to this request, it was agreed that the interim report would nonetheless be submitted to inform the UU and the ADB on progress, and to trigger the interim payment.
2. This report therefore consists of a brief introduction, after which it flags a number of issues which the consultant deems important to be noted and considered by the ADB and the UU. Finally, it contains a large number of annexes with all of the outputs required as per the ToR. It is noted that the outputs are “work in progress”, as in many cases, specifically related to the financial work, many of the costings and investments required have not been identified by this date. This information will become available late December.
3. After submission and approval of this report the consultants will shift their focus to completing the RRP document and the appendices by 6 January 2017, which coincides with the submission date of the draft final report. From that point onwards, it is foreseen that the RRP is developed in consultation with the UU and the ADB.
4. By early January 2017, the Rapid Urban Assessments for the three additional cities will also be available for review. Work on these RUAs is on-going.
5. All technical support work for advance procurement is also being addressed and is sent to the UU and ADB, separately.

III. PROGRESS

6. This section presents the progress so far on various components of the assignment.

A. Transport

7. This progress section reflects the work done by the transport sub-project. The deliverables of this sub-project will be presented throughout the various elements of the RRP and Final Report.

1. Sialkot

Item 1. Topographic Surveys and Mapping,

8. **Scope:** 32 km of road links, 4 road junctions and survey of existing bus terminal.

9. Fielded Surveys completed for roads. Survey of existing bus terminal awaited because of grant of permission from Cantonment authorities. UU has arranged meeting on Thursday 1st December 2016.

10. 40 Percent of mapping is complete and received for design.

Item 2. Traffic Counts

11. **Scope:** Classified Volumetric Counts at 10 Screen Lines and Turning Volumetric Counts at 7 road junctions, Parking Survey on designated roads and daily bus departure survey at intercity bus terminal.

12. 2.1. Progress Achieved is 100 percent.

Item 3. Design

13. **Scope:** 32 km of road length and 4 road crossings. Details are as under;

14. Initial Design completed for 9 km of roads and 4 independent road crossings. Details are as under:

- Wazirabad Road= 4.600km
- Katchery Road= 0.840km
- Khawaja Safdar Road= 2.700 km
- Circular Road=0.760 km
- Crossings
 - Dewanpur Crossing [Aimanabad Road /Pasrur Bypass Crossing] = 1.285 km
 - Roras Chowk [Defence Road/ Roras Road Crossing] = 0.550 km
 - Shahbi Chowk [Defence Road / Shahab Pura Road Crossing] = 0.700 km
 - Fateh Garh Agency Chowk [Defence Road and Fateh Garh Road Crossing] = 0.480 km.

Item 4. Bid Documentation.

15. Work started on collection of road infrastructure specifications, road building item rates and formats of LCB from Provincial CWD and NHA. Work is also being initiated on bills of quantities for each road link as the design work gets finalized.

2. Sahiwal

Item 1. Topographic Surveys and Mapping,

16. **Scope:** 40 km of road links and 7 road crossings

17. Field Survey completed for 20 km of road links, mapping is yet to be prepared for this job. Field Survey of 7 road crossings completed together with its mapping.

Item 2. Traffic Counts

18. **Scope.** Classified volumetric counts 7 number of screen lines, turning volume counts at 8 road junctions and daily bus departure survey at two intercity bus terminals.

19. Field survey completed for all screen lines. Turning Volume counts are in hand.

20. Anticipated Date for Completion of field work. Topographic survey and traffic counts in Sahiwal are expected to be completed by December,5, 2016.

Item 3. Design.

21. Design work for Sahiwal road links and junctions is yet to be initiated and shall take at least three more weeks of desk work.

a. Over all Progress on Transport Subsector

22. We expect to complete the field work on topographic surveys, mapping, and traffic counts by December 5, 2016. However, an important field activity of existing road pavement testing is yet to be performed through road testing laboratory essentially required to determine the residual life of the existing road pavement and to design the road structure for expected future commercial traffic axle loadings. This activity would take at least two weeks. Team shall continue the design work; however, road surface overlay thicknesses shall be subject to verifications on receipt of the laboratory test results. The Team expect to complete the design work and bidding documents at the earliest by December 24, 2016.

B. Macroeconomic and Urban Sector Assessment

23. The main outputs to this point in time are scheduled to be:

- The preparation of macro-economic templates;
- Data compilation and analysis (including a sector assessment report and evaluation of urban services capacity);
- The design of organizational arrangement of the cities and their business planning process; and
- The preparation of a capacity development framework and capacity development design report for local governments of the selected cities.

24. During this period, there has been on-going work such as the review of documents, data collection, visits to sites and stakeholder meetings. Data collection has been carried at both resources of primary and secondary by use of questioners, meeting with stakeholder and by using other tools for this purpose. Utmost care has been made to make the data collected be helpful and useful for other clusters as well. Data input is in progress and being utilized for reporting and analysis wherever it is applicable.

25. The major tasks associated with this component, and the progress on each of these is given below:

- i. Economic Assessment – complete and submitted.
- ii. Microeconomic and Sector assessment report as required to be submitted. Economic analysis worksheet/template for costing and analysis. The template has been finalized in the line with ADB guideline. Data input is still awaited. Population and other data regarding Sialkot shall be available shortly and same shall be reported accordingly.
- iii. Economic Work Plan – complete and submitted.
- iv. Policy Framework – in progress.
- v. Investment Plan – in progress.

- vi. Organizational Chart – in progress.
- vii. Capacity Development – complete and submitted.
- viii. Project Economic Analysis (in progress)

C. Public Private Partnership

26. Based on the review of relevant literature and project documents, discussions with the PPTA team and the UU, the draft Public Private Partnership Report has been produced and appended to the Interim Report. It presents an overview of the PPP approach and modalities, and proposes most viable modalities for the proposed subprojects.

27. Based on the feedback on the interim submission, the PPP Report will be finalized adding specific PPP modality roadmap for the selected subproject.

D. Poverty Analysis and Social Development

28. After extensive visit to the Sahiwal city and interacting with the relevant stakeholders, the poverty analysis for the Sahiwal city has been undertaken. The key findings are:

- Sahiwal district has witnessed poverty reduction in the past decade. Population below poverty line was in range of 16% to 32% in urban areas of Sahiwal district according to different studies. According to planning commission of Pakistan 30.8% of the population was facing multidimensional poverty in the district in 2015.
- Social protection is weak in the city as social insurance (old age pension) is restricted to government employees, social assistance is provided by *zakat* and Benazir Income Support Programme. Child protection is weak and child labour is prevalent in the district. Unemployment rate is high, about 8% in urban areas but for women unemployment rate is very high at 20.4%. Child labour rate is high as about 10% of the households have working child in the district. Child labour mitigation measures were also introduced in the area. All out of school children are engaged in wage labour.

29. Social Development plan includes expansion of health and education services to cope with increasing population by 2025 and 2035. Water supply may be provided in selected areas without their own pumping arrangements. Sewerage and solid waste management needs considerable improvement. Unbridled growth of small scale housing societies need to be regulated and only large and planned housing schemes may be allowed.

30. Based on the Poverty Analysis and Social Development Plan, the Summary Poverty Reduction and Social Strategy (SPRSS) Report has been prepared which is appended to this report.

E. Land Acquisition and Resettlement Plan (LARP)

31. Land Acquisition and Resettlement Framework (LARF) for PICIIP was prepared to guide the preparation of LARP. Appendix-2 of the LARF includes 32 different tasks in sequence for preparation of LARP. Only the first four tasks in this list were complete by 4 November 2016.

32. Consultant visited the Assistant District Collector (ADC) of Sahiwal to enquire progress on land acquisition. The ADC was very kind and provided access to land revenue record and progress in this regard. The land revenue official of the concerned revenue unit - Patwari - was asked to assist the Consultant with land records and identification of land. The Patwari provided following assistance to Consultant.

- 1 Cadastral map of the land to be acquired, both government and private land.
- 2 List of landowners, their land holding and parcels of land to be acquired
- 3 *Khasra* (parcel) number of government land
- 4 Accompanied Consultant to identify location of the land
- 5 Advised *Numberdar* of *mouza* to assist Consultant's meeting with Displaced Persons (DP).

33. Consultant held meeting with DPs, collected socioeconomic data and prepared census of DPs and draft entitlement matrix. The land acquisition does not cause any physical displacement and it is only limited to alienation of cultivated land.

34. The government owned parcel is wasteland with bushes and many trees. The private land was cultivated with sorghum forage crop on 4 November 2016. The boundaries of both lands could not be ascertained because of standing crops, bushes and trees. Landowners informed that the entire private land is without any structure and it had only crops and trees.

35. Patwari informed that measurement of land and identification of Displaced Persons was made through marking on the cadastral map of the *mouza*. Cadastral map (*shijra parcha*) is commonly approximation lacking precision. Measurement and demarcation of land is required before acquisition. The exact size of land for every DP will be known after measurement and demarcation of land. Entitlement matrix will be finalized after demarcation and measurement of land for every DP.

36. The price negotiation committee was not notified. Price of land, crops, trees was not determined, and price negotiations were not held with DPs. Budget for LARP is not notified. Grievance redress committee is not notified.

37. Demarcation and measurement of land, price negotiations, budget allocation, schedule of payment to DPs, constitution of grievance redress committee and other institutional arrangements are required for completion of LARP. Draft LARP for the Sahiwal Sewerage Treatment Plant is prepared and appended for review and comments.

F. Gender

38. The Consultant conducted an initial consultation/meeting with the Urban Unit representatives to flesh out the work requirements. This meeting was held with Kashif Afzal, Social Safeguard Specialist and Ms Rizwana Anjum, Senior Specialist Environment & Social Safeguards.

39. The Consultant has reviewed the documents provided by the team and has prepared the Inception Report. Field-work was carried out in the two cities, Sialkot and Sahiwal, from 31st October to 8th November. The field-work was finalised in consultation with the designated focal persons (identified by the UU). Data was collected through focus group discussions (FGDs) with men and women in different union councils of the two cities and Key Informant Interviews (KIIs) with diverse stakeholders that include government and civil society organisations, among other local notables/leaders/activists.

40. A debriefing meeting was held amongst the members of Cluster C on 26th November to ensure the team members had a common understanding around core issues and for exchanging information. An interim report is prepared which presents key findings from the field. This draft will be further refined and expanded during December 2016. The gender action plan will also be prepared during this time and will provide a framework for ensuring gender inclusive design, implementation and monitoring. A draft narrative has been prepared for the gender action plan, which provides the key strategic thrusts that will be followed in preparing the plan. Stakeholders (PICIIP team, UU and ADB) are requested to provide their comments and feedback on the initial recommendations.

41. In summary, it is noted that while the field-work corroborates the findings of the PFS that the proposed project stands to benefit both men and women in terms of directly improving their access to social service and urban infrastructure and no adverse or negative impacts on men and women were noted. There are, however, additional elements or women specific issues that were uncovered and these are duly reflected in the interim report.

G. Asset Management

42. Since approval of the inception report, the Urban Unit was visited and a brief presentation of the draft Asset Management Framework was made. As the Urban Unit has populated the GIS with the asset data, an inventory of the assets was requested from them. In addition, field visit was made to Sahiwal and meeting was held with TMA staff and Urban Unit focal person. The trip also included visit to a wastewater treatment site and an overhead water tank site to witness condition of the assets and understand how TMA assess condition of their assets and how the assets are prioritized for maintenance. Together with TMA staff, a leaking pipe site was also visited to see how leaks are identified. During the field visit, key features of the framework were shared with TMA and their feedback / views were sought.

43. Based on the discussions, and feedback, the draft Asset Management Plan has been developed which is appended to this Report.

IV. APPENDICES

All appendices are placed in DropBox at the following link <https://www.dropbox.com/sh/wdn23ysp7hnifqb/AACucWgnDwsn2BVXLx0v5k2Na?dl=0> as separate files to ensure that all items, (some of which are very large) are received properly. In the table below an overview is presented of the various annexes that are all as per the Terms of Reference.

Document	Comments	File name
Economic Analysis Report	Completed - merged with macroeconomic assessment	Economic analysis submission
Financial Analysis Report	Completed - merged with macroeconomic assessment	Economic analysis submission
Fund Flow Analysis Report	Complete	ADB Funds Flow Design Mechanism submission PICIIP-Funds Flow Diagram submission PICIIP Funds Flow submission
Financial Management Assessment Report	Complete	Financial Management Assessment Submission
Financial Sustainability Plan	Draft projections	Draft Financial Projections submission
Key Stakeholders Capacity Assessment Report	Completed for specific stakeholders	Key Stakeholders Capacity Assessment Report submission
Environmental Assessment and Review Framework and IEE Tranche 1	Completed	EARF – PICIIP submission IEE Sahiwal submission
Climate Risk, Vulnerability and Adaptation Assessment Report		
Summary Poverty Reduction and Social Strategy Report	Completed for Sialkot	ADB-SPRSS Sialkot IR submission
Gender Analysis and Action Plan	Completed, some items still need to be verified	GAP submission
Land Acquisition and Resettlement Framework and LARP	LARF ready LARP STP Sahiwal ready	LARF submission LARP STP Sahiwal submission
Indigenous Peoples Plan	Not applicable	
Public Communication Program	Rough draft available for comments	PICIIP – Public Communication Draft submission
Procurement Risk Assessment Report		Procurement Risk Assessment submission
Development Coordination Report	Developed by PFS team	Not in Dropbox

Document	Comments	File name
Risk Assessment and Risk Mitigation Plan	Complete	PICIIP - Risk Assessment Risk Mitigation Plan submission
PPP Report	Complete	PPP submission
Investment Program Report	Template for data developed – work in progress	Data requirements for investment programme submission
Framework Financing Agreement	Put on hold by order of ADB Task Team Leader	
Design and Monitoring Framework	In progress; skeleton document is ready pending the baseline and target numbers	PICIIP-Design Monitoring Framework - submission
Facility Administration Manual	In progress; skeleton document is ready pending the project structuring and financial estimates	FAM submission
Punjab Macroeconomic and Sector Assessment Report	Merged with Economic Analysis	
Asset Management Plan		Asset Management Framework submission
Policy Reform Framework		
Sector Road Map and Investment Plan building on PFS work	Pending	