



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 20-Feb-2017 | Report No: PIDISDSA20961



BASIC INFORMATION

A. Basic Project Data

Country Pakistan	Project ID P161980	Project Name Karachi Neighborhood Improvement Project	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 14-Feb-2017	Estimated Board Date 04-Apr-2017	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Lending Instrument Investment Project Financing	Borrower(s) Islamic Republic of Pakistan	Implementing Agency Province of Sindh, Directorate of Urban Policy and Strategic Planning, Planning and Development Depa	

Proposed Development Objective(s)

To enhance public spaces in targeted neighborhoods of Karachi, and improve the city’s capacity to provide selected administrative services.

Components

Public Spaces and Mobility Improvements in Selected Neighborhoods
City Management and City Capacity Development
Technical Assistance and Project Implementation Support

Financing (in USD Million)

Financing Source	Amount
Borrower	14.00
International Development Association (IDA)	86.00
Total Project Cost	100.00

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

Pakistan is the world's sixth most populous country with an estimated 189 million people, and the most urbanized large country in South Asia. Nearly two-fifths of the population is urban according to official statistics, and urbanization is estimated to reach 50 percent in the next 15 years. Estimates based on the Agglomeration Index, however, indicate that Pakistan has already crossed the 50 percent urbanization mark. Sindh is the most urbanized province of the country with about 50 percent of the population living in towns and cities, and one in five urban dwellers in Pakistan lives in Karachi metropolitan.

Sectoral and Institutional Context

Karachi dominates the economic and demographic landscape of Sindh Province, with an estimated 22 to 24 million residents. The city is the political and economic hub of the country, and contributes around 15 percent to the national GDP. Rapid population growth (primarily from migration) has led to significant changes in the ethnic composition of the city with major impacts on politics, social fabric and governance. While Karachi's security situation has recently seen a significant reduction in violent crime, urban segregation and social exclusion continue to be challenges that require immediate attention.

A *Karachi City Diagnostic* (KCD) was prepared by the World Bank from 2014 to 2016, to collect comprehensive data on the economy, livability and key urban infrastructure of the city. The KCD found that Karachi's urban environment, including public spaces, has declined alongside infrastructure provision. Many roads lack basic safety features or are not regularly maintained, which reduces accessibility and mobility (particularly for women, the elderly, and people with disabilities). Degraded urban environments can also be an enabling factor for youth at a high risk of participation in social ills such as drugs, theft and crime. Lastly, lack of maintenance for key infrastructure increases Karachi's risk for disasters related to climate change.

Attempts to improve city management must also address the large financial and technical gaps of local governments (LGs) to fulfill basic service delivery functions and administrative services. LG revenues are insufficient to cover basic infrastructure and service delivery needs, and are highly dependent on fiscal transfers from the Government of Sindh (which are frequently unpredictable and delayed). LGs lack modern financial management systems to manage revenues, assets and expenditures, and maintain public assets.

LGs' limited capacity directly impacts their ability to provide important administrative services for citizens, such as business licenses and construction permits. According to the World Bank's *Doing Business* survey, starting a business in Karachi requires up to 12 procedures, 18 days and 12.4 percent of income per capita. The construction permitting process for a typical warehouse takes 15 procedures, 260 days and 9.1 percent of the warehouse value. Lack of reliable and easily accessible information often leads to unnecessary delays in the permit approval process. Finally, functions related to public access to information, grievance redress, etc., are rudimentary. Complaints are registered manually at four district offices, however citizens have lost faith in the capacity of the local authorities to effectively address their complaints.

The KCD suggested that the city's needs and challenges must be framed within its complex political and social landscape. Institutional fragmentation in city management has led to very limited coordination on



issues of governance, financing, planning and service delivery. There is no formal coordination or relationship between KMC and DMCs. The GoS retains substantial control of city services, and in the recent past has taken over a number of key municipal/urban functions. The province and the various LGs are also controlled by rival political parties, resulting in an asymmetrical balance of power that adversely impacts service delivery and impedes vertical integration across various tiers of government.

Stakeholder consultations conducted as part of the KCD process highlighted the need for a city planning and management system that is inclusive and responsive to citizens' needs with focus on themes like "pedestrian-friendly and walkable" and "citizen-friendly and pro-poor" instead of solely economic benefits of development projects. Women, in particular, stressed the need for better quality and more inclusive public spaces and safe public transport in Karachi. Lastly, stakeholder consultations emphasized the need for a sustained and long term engagement of an impartial interlocutor like the Bank to support the city's transformation.

The proposed project aims to demonstrate the importance and validity of an inclusive process for neighborhood improvements, by financing highly visible but low cost public space enhancements through a collaborative process. Second, it will support improvements to selected administrative services, and lay the foundation for better city management. Finally, the project will facilitate the high level policy dialogue needed to address the complex policy reforms and large investment needs in a comprehensive and coordinated manner.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To enhance public spaces in targeted neighborhoods of Karachi, and improve the city's capacity to provide selected administrative services.

Key Results

It is estimated that the project will directly benefit about 2.1 million people, which are residents, businesses and commuters of project beneficiary neighborhoods. Specifically, the project will benefit approximately 660,000 people in Saddar downtown, 700,000 people in Korangi area, and 800,000 people in Malir area. It is estimated that women represent 50 percent of beneficiaries. Karachi Metropolitan Corporation, Sindh Building Control Authority and Sindh Board of Investment will be the main beneficiary institutions of the institutional development activities of the project.

D. Project Description

The project is comprised of three components:

Component 1: Public Space and Mobility Improvements in Selected Neighborhoods

The objectives of this component is to enhance the usability, safety and attractiveness of public spaces; improve mobility and pedestrian access to key destinations; and improve traffic safety of public spaces in three targeted neighborhoods. Neighborhoods have been selected based a set of criteria and considerations focused on potential to demonstrate the project's impact on livability; complementarity with ongoing or future public investment; anticipated negative social and environmental impacts; ethnicity and political balance; and potential for engagement with low-income and vulnerable groups (including youth and women). These three neighborhoods are Saddar downtown area, Malir neighborhood, and Korangi neighborhood.



Specific sub-projects will be selected and designed via a framework approach. Each sub-project will be appraised by the Bank according to agreed criteria when preparation is complete until all project funds have been committed. The criteria are: focus on public spaces enhancements; in line with international standards and best practices; economically viable; no major or irreversible environmental and social impacts; and ready for implementation. The framework also integrates a systematic stakeholder engagement process during sub-project preparation and implementation to ensure investments are responsive to the local context and beneficiaries' needs, and build bottom-up support and community ownership of the project.

Component 2: Support to Improved Administrative Services and City Capacity Development

The objectives of this component are to: improve selected administrative services to ease doing business in Karachi; and lay the foundations for better city management and support the sustainability of Component 1 investments. This component will support: (i) Automation of construction permits and business registration in Karachi; and (ii) laying the foundation for better city management at the KMC level through an integrated financial management information system, activities to improve own-source revenues, and a web-based platform for selected services and public access to information.

Component 3: Support to Implementation and Technical Assistance

This component will finance technical assistance and advisory services to PIU and the Karachi Transformation Steering Committee (KTSC), including: project management and coordination costs associated with project implementation; consultancy services for feasibility, conceptual and detailed designs, environmental and social assessments for sub-projects and to prepare follow-on operations; and consultancy services for the preparation of a study on parking management in Saddar Downtown.

E. Implementation

Institutional and Implementation Arrangements

A Project Implementation Unit (PIU), hosted by the Directorate of Urban Policy & Strategic Planning, will have the overall responsibility for implementing the project including technical, operational, environmental and social safeguards, procurement, financial management, disbursement, oversight of technical assistance, training, public awareness and communication activities. It will report to the Secretary Planning and Development of the GoS. The PIU will also be supported by Project Supervision and Contract Management Consultants and Monitoring and Evaluation (M&E) Consultants. A project coordination committee, headed by the Additional Chief Secretary (ACS) of Planning and Development of GoS and high level representatives of city and provincial utilities/agencies/boards as well as key civil society stakeholders, will be established to ensure inter-agency coordination and resolve any implementation bottlenecks.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Karachi is confronted with severe environmental challenges. The city has a high incidence of air, land and water pollution (including marine pollution) mostly resulting from inadequate management of solid and hazardous waste (including medical waste, raw sewage, industrial effluent and vehicular pollution). Open burning of industrial solid waste and discharge of untreated liquid waste pose serious hazard for the city. In



the absence of effluent treatment plants, industrial liquid waste containing oil, heavy metals and toxic chemicals are discharged directly into the rivers and have affected human and marine life considerably. Geographically, Karachi can be classified into two broad categories: (i) hilly areas in the north and west, and (ii) plains and coastal areas in the south-east. The hills in Karachi are the off-shoots of Kirthar range. Three major rivers namely, Malir, Layari and Hub flow through Karachi district. Malir flows through western portion of the city. Layari flows through the heart of the city. The city has a moderate temperate climate. The Project will be implemented in Saddar Downtown Area, Malir Area, and Korangi Area. These areas are heavily populated with mixed residential, commercial and industrial uses. Several shops are located in the vicinity of roads and mobile vendors also ply their trade. As the precise location of individual sub-projects will only be determined during the early implementation stage, not all environmental and social impacts have been fully assessed at this stage. The client has prepared the following safeguard instruments: Environment and Social Management Framework; and Resettlement Policy Framework. In parallel, a detailed Social Assessment is under preparation for the project-impacted areas which will inform the design of safeguard instruments. Once the interventions have been designed, the counterpart will prepare Environment and Social Management Plans and Resettlement Action Plans for each intervention, where required.

G. Environmental and Social Safeguards Specialists on the Team

Salma Omar,Ahmad Imran Aslam

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project triggers Bank OP 4.01 because activities financed under Component 1 have the potential to cause negative environmental impacts. The project is not expected to have significant or irreversible environmental and social impacts. Impacts would be primarily associated with: (i) temporary disruption due to improved public spaces, paving for sidewalks, pedestrian crossings and roads; street lighting; and (ii) repaving roads and associated rehabilitation, if required, of underground infrastructure (sewerage, water, storm water drainage). The proposed project therefore falls under the Bank’s Environmental Category "B". Potential adverse environmental impacts may include the following: air quality



		<p>deterioration; increase in noise pollution; construction debris and waste including old piping and sewerage infrastructure requiring proper disposal; employee health and safety issues; vehicular and pedestrian traffic disruptions; disruptions in water supply; and risk of water contamination in the existing system.</p> <p>As the precise location of activities under Component 1 will only be determined during the early implementation stage, an Environmental & Social Management Framework (ESMF) has been prepared and disclosed in-country and at the Bank's Infoshop. Site-specific Environmental & Social Management Plans (ESMPs) will be prepared for each sub-project.</p>
Natural Habitats OP/BP 4.04	No	The project does not involve or affect natural habitats.
Forests OP/BP 4.36	No	The project does not involve or affect forests.
Pest Management OP 4.09	No	The project does not involve pest management.
Physical Cultural Resources OP/BP 4.11	Yes	The project will not support rehabilitation of any cultural heritage assets. However the rehabilitation of roads and other urban infrastructures may involve excavations with the potential for chance discoveries of physical cultural resources. Also, lesser known monuments may be present in areas where civil works take place. Therefore OP 4.11 Physical Cultural Resources has been triggered. The ESMF includes a guideline for identification of physical cultural resources and "chance find" procedures for protection of cultural property.
Indigenous Peoples OP/BP 4.10	No	There are no indigenous groups in the project area that meet the characteristics as defined in the policy.
Involuntary Resettlement OP/BP 4.12	Yes	The project will undertake civil works in densely populated urban areas with mixed commercial and some residential use. Several shops are located in the vicinity of roads and mobile vendors also ply their trade. Works financed under Component 1 are likely to impact livelihoods of several people including roadside shops, mobile vendors and temporary markets. Therefore OP 4.12 has been triggered.



The rehabilitation of urban public spaces may result in limited involuntary resettlement, and imposition of easements, and temporary negative impacts on livelihoods during the works. The Project is not expected to require land acquisition, as it will improve or rehabilitate existing infrastructure.

As the precise location of activities under Component 1 will only be determined during the early implementation stage, an Environmental & Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) have been prepared and disclosed in-country and at the Bank's Infoshop. The RPF provides an overview of all the sub-projects that will be financed, with the likelihood that these will result in involuntary resettlement, and a plan for when the detailed impacts will be assessed and mitigated in a Resettlement Action Plan (RAP). Site-specific Environmental & Social Management Plans (ESMPs) and Resettlement Action Plans (RAPs) will be prepared for each sub-project as needed.

A Social Assessment (SA) is also under preparation, and will cover topics beyond simply social impacts, to include related social issues such as gender, social inclusion, social accountability, stakeholder analysis, institutional and political risk analysis etc.

Safety of Dams OP/BP 4.37	No	The project will not finance dam or dam-related investments.
Projects on International Waterways OP/BP 7.50	Yes	The Project includes aspects of urban water supply and approximately 80 percent of the bulk water supply in Karachi is sourced from the Indus River (an international waterway as defined in OP 7.50). As part of such improvements under Component 1, the Project may involve rehabilitation of existing water supply networks at the same time as surface upgrade of urban roads and municipal streets, in order to minimize the risk that future work on the water infrastructure would necessitate subsequent excavation of those same roads and streets rehabilitated under the Project. Therefore the Project triggers OP 7.50 (Projects on International Waterways).



It has been determined that the Project also falls under the Exceptions to Notification of the policy, as there is no anticipated net increase in potable demand for water supply from the neighborhoods where the proposed water supply rehabilitation would be implemented, and Project will not involve any additional diversion from the Indus River. A memo for this exception has been approved by the Regional Vice-President (RVP).

Projects in Disputed Areas OP/BP 7.60

No

This project is not being implemented in any disputed areas.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

On the basis of available information and assessed environmental and social risks associated with this project, the project is not expected to have significant or irreversible environmental and social impacts. The Project is not expected to require land acquisition.

The proposed project falls under the Bank’s Environmental Category "B" due to potential adverse environmental impacts that are site-specific and reversible and thus easily remediable by applying appropriate mitigation measures. These potential adverse environmental impacts may include air quality deterioration; increase in noise pollution; construction debris and waste including old piping and sewerage infrastructure requiring proper disposal; employee health and safety issues; vehicular and pedestrian traffic disruptions; disruptions in water supply; and risk of water contamination in the existing system.

As the precise location of individual sub-projects will be finalized during implementation, an Environmental & Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) have been prepared and disclosed in-country and at the Bank’s Infoshop prior to Appraisal. Site-specific Environmental & Social Management Plans (ESMPs) will be prepared for each sub-project. To address any any temporary impacts on livelihoods or access issues, Resettlement Action Plans (RAPs) will be prepared and implemented, as required.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The ESMF has confirmed that most of the Project’s long term environmental and social impacts will be beneficial, including for example the ease of mobility, pedestrian-only areas for the convenience of general public, and business-friendly infrastructure development. However, during construction phase, most of the Project’s environmental and social impacts will be adverse, including for example air quality deterioration due to dust emissions during construction activities, traffic congestion and management due to road closure, surface and ground water quality deterioration due to spills from construction equipment, fuel, inadequate disposal of waste material, possible noise emissions from running of construction machinery, public nuisance, etc. These impacts would be reversible and



require appropriate mitigation and management measures to contain them.

The potential for social conflict in heavily populated urban areas cannot be ruled out. However, a robust plan for Public Consultations and citizen engagement has been outlined in the ESMF and through a Social Assessment, to ensure that all stakeholders are taken on board when designing and implementing sub-projects.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Investments under Component 1 will be located in three neighborhoods that have been selected in consultation with the government and stakeholders based on the following considerations and criteria: (i) areas with a high potential to demonstrate the project's impact on livability; (ii) complementarity with ongoing or future investments in public spaces (including the BRTS and the redevelopment of cultural sites by outside groups); (iii) low anticipated negative social and environmental impacts; (iv) ethnicity and political balance; and (v) the potential to engage with low-income and marginalized groups, to support confidence-building between citizens and the government.

Within each neighborhood, specific sub-projects will be selected and designed and appraised via a framework approach. Appraisal criteria for sub-projects include: focused on public spaces enhancements; have no major or irreversible environmental and social impacts; ready for implementation, and are economically viable. The project also integrates a systematic stakeholder engagement process during the sub-project preparation stages to ensure investments in public spaces are responsive to the local context and beneficiaries' needs, and build bottom-up support and community ownership of the project

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The Bank staff will work with the counterparts and build their capacity through a series of measures including hiring professionals to strengthen PIU safeguard unit and trainings. Furthermore, to ensure compliance with environment and social safeguard aspects, an Environment and Resettlement Unit will be created within PIU. It will house a full time environment specialist to oversee implementation of ESMF and EMPs. The unit will also comprise of one (01) Resettlement Specialist, one (01) Social development specialist and one (01) Gender specialist to address social safeguard aspects of the Project. This Unit will guide the production and implementation of Resettlement Action Plans. It will also ensure that social aspects of ESMPs are implemented and monitored.

In parallel, two sets of consultants--Project Supervision and Contract Management Consultants, and Monitoring and Evaluation Consultants--will also support the PIU.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders will consist of local residents, businesses, transport users and informal workers. These stakeholders will benefit from improvements in infrastructure. A thorough stakeholder consultation process is fully embedded in the framework for Component 1. These consultations will take place during sub-project identification and design, and will continue through implementation.

The ESMF and RPF have been finalized and disclosed through the Infoshop and the PIU website. The same will be done for sub-project-related ESMPs and RAPs (as needed). Thorough consultations will take place with Project Affected People during sub-project design, especially when RAPs are prepared.



B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission to InfoShop	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
07-Feb-2017	12-Feb-2017	

"In country" Disclosure

Pakistan
12-Feb-2017

Comments

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission to InfoShop
07-Feb-2017	12-Feb-2017

"In country" Disclosure

Pakistan
12-Feb-2017

Comments

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

Yes



Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

OP 7.50 - Projects on International Waterways

Have the other riparians been notified of the project?

No

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?

Yes

Has the RVP approved such an exception?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

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APPROVAL

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Approved By

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Country Director:	Anthony Cholst	21-Feb-2017