

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), the World Bank, the Government of Japan, and the Government of the People’s Republic of China (PRC), through the Exim Bank of China, have been the major development partners in supporting the Government of Pakistan’s ongoing efforts to enhance infrastructure development, with a focus on energy, transport, and urban infrastructure development. Bilateral development partners, such as Agence Française de Développement (AFD), the Department for International Development (DFID), Japan International Cooperation Agency (JICA), and US Agency for International Development (USAID) also support Pakistan in the areas of urban transport, energy, climate change planning and management, poverty reduction, livelihood, gender, and social development. In Khyber Pakhtunkhwa Province (KPK), AFD finances an urban transport project (co-financed with ADB and the European Investment Bank (EIB), JICA supports urban water projects, and USAID supports poverty reduction, gender, and social sector development. PRC is also financing the development of hydropower plan in KPK. United Nations Agencies support urban governance, master planning, and coronavirus disease (COVID-19) emergency projects.¹

2. Urban development is a major policy thrust for the Government of Khyber Pakhtunkhwa (GOKP) aimed at implementing a component of the amended KPK Local Government Act (2019) that features cities as engines of growth. The key priority areas within the urban sector include the supply of clean water, provision of effective and efficient sewerage and drainage system, environment-friendly disposal of sewage, safe and efficient urban transport infrastructure, provision of consolidated solid waste management services, and strategic urban planning.² GOKP is increasing its budget allocation for urban developments. Under fiscal year (FY) 2021 budget, it is estimated that about 22% of the provincial budget supports urban sector development projects, including health, water, sanitation, and livable city development.³ ADB and other development partners are working closely with GOKP to complement the GOKP’s development projects. Major urban projects in KPK are listed below in Table 1.

Table 1: Major Development Partners and Urban Projects in Khyber Pakhtunkhwa

Development Partners	Project Name	Duration	Amount (\$ million)
ADB/AFD/EIB	Peshawar Sustainable Bus Rapid Transit Corridor Project	2017–2021	560 ^a
ADB/UCCRTF	Khyber Pakhtunkhwa Cities Improvement Project - Project Readiness Financing Facility	2019–2024	10 ^b
JICA	Abbottabad Water Supply Project	2010–2014	33 ^c
USAID	Humanitarian Assistance (include water, sanitation, and hygiene)	2014	338 ^d

ADB = Asian Development Bank, AFD = Agence Française de Développement, EIB = European Investment Bank, JICA = Japan International Cooperation Agency, UCCRTF = Urban Climate Change Resilience Trust Fund, USAID = United States Agency for International Development.

^a The project is cofinanced with AFD and European Investment Bank.

^b The project is cofinanced with Urban Climate Change, Resilience Trust Fund.

^c Converted into USD from 3,644 million yen. JICA website.

¹ KPK Budget Paper, June 2020.

² KPK Urban Development Priority 2015–2018.

³ KPK Budget Paper, June 2020.

^d United States Agency for International Development. [Provincial Fact Sheet-Khyber Pakhtunkhwa and the Merged Districts.](#)

Note: Exchange rate = PKR155.75/USD1.00 (as of 10 June 2021).

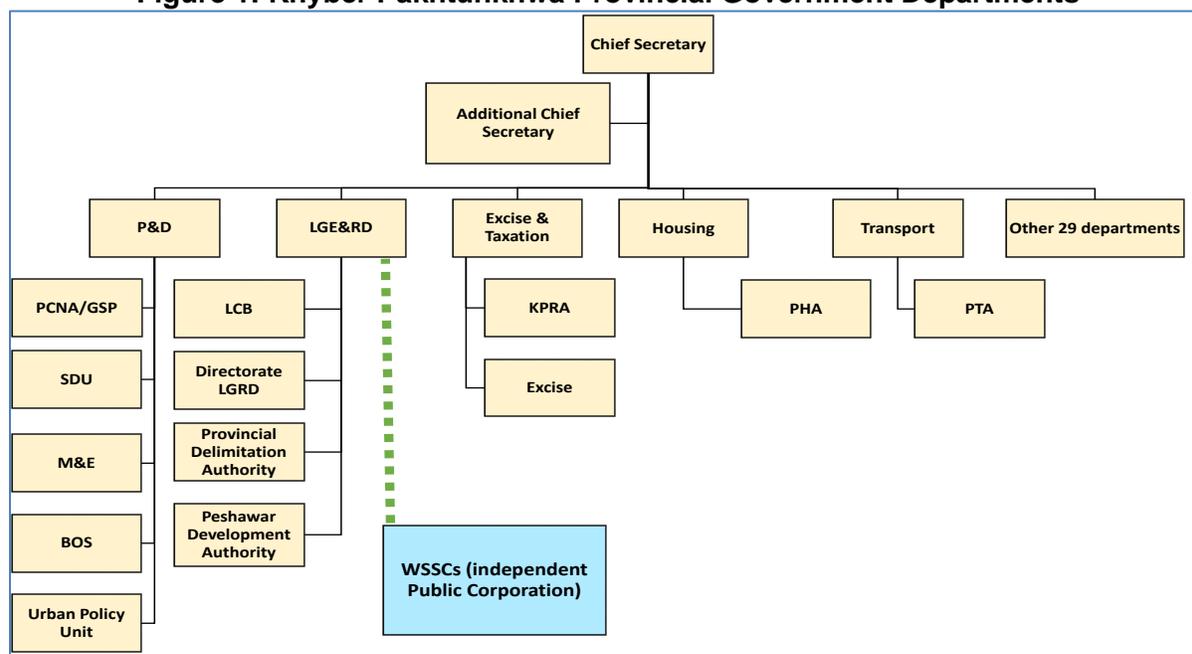
Source: Asian Development Bank and Planning Commission of Pakistan.

B. Institutional Arrangements and Processes for Development Coordination

3. GOKP has the following institutional arrangements for development coordination.

4. **Planning and Development Department.** The Planning and Development Department (P&D Department) has the mandate for providing policy input for provincial and sectoral development policies. It appraises all development projects, coordinates, and adds value to the project proposals of all provincial departments. All foreign funded projects are coordinated by the P&D Department. The development of the Provincial Annual Development Program is one of the key functions of this department. Interaction with international partners is another focus of P&D activities. Monitoring and evaluation of projects, interaction with federal level institutions, and long-term planning are all areas which the department undertakes as part of its duties. Preparation of provincial statistics and planning for districts also lie within P&D Department's mandate. The department also oversees the Government's reform initiatives. P&D Department has continued undertaking strategic level planning over the last 2 years, including the development of an integrated development strategy, a strategic development partnership framework, and a provincial growth strategy. For the urban development sector, the Urban Sector Planning & Development Services Unit Pvt. Ltd. (Urban Policy Unit) serves as the technical advisor to the GOKP and the focal point for both internal and external development partners engaged in urban development initiatives in the province. Regular meetings are held with development partner agencies active in the urban and related sectors in KPK. Figure 1 illustrates the organogram of the GOKP.

Figure 1: Khyber Pakhtunkhwa Provincial Government Departments



BOS = Bureau of Statistics; GSP = Governance Support Project; KPRA = Khyber Pakhtunkhwa Revenue Authority; LCB = Local Council Board; LGE&RD = Local Government, Election and Rural Development Department; LGRD = Local Government and Rural Development Directorate; M&E = Monitoring and Evaluation Directorate; P&D = Planning and Development (Department); PCNA = post crisis need assessment; PHA = Provincial Housing Authority; PTA =

Provincial Transport Authority; SDU = Special Development Unit; WSSC = water and sanitation service company.

5. **Local Government, Election and Rural Development Department.** The Local Government, Election and Rural Development Department (LGE&RDD) has the oversight role over local governments, including the deputy commissioners and assistant commissioners respectively heading KPK districts and tehsils, ensuring that these entities discharge their functions and adhere to federal and provincial laws. The LGE&RDD oversees urban projects at provincial level. The LGE&RDD is the proposed executing agency of KPCIP. In 2019, the Minister of LGE&RDD met ADB senior management in ADB headquarters and expressed his support on the project and development coordination.

C. Lessons Learned

6. Key lessons from the ongoing and completed ADB urban sector projects in Pakistan include the following: (i) an efficient project management system including monitoring and evaluation during implementation enables GOKP and PMU to track construction progress of multiple scattered subprojects and development outcomes; (ii) involvement of staff of water and sanitation services companies (WSSCs) in project design and implementation generates ownership and commitment; (iii) using project readiness financing facility not only help achieve project readiness but also enhance development partner coordination; (iv) behavior change and communication outreach programs are essential to promote the new service level and house connections with meters and bolster customer trust, equity, and fairness; this is particularly so amid COVID-19 pandemic; (v) contract management requires continuous capacity building of all stakeholders; and (vi) institutional strengthening is essential to sustainable service delivery.

D. Summary and Recommendations

7. ADB aims to continue working closely with other development partners under the GOKP's coordination. It is useful to develop a practical and action-oriented coordination roadmap to improve the quality of projects. When such coordination roadmap is prepared, all agencies (including ADB) can discuss a series of specific implementation measures and establish a monitoring system to assess the progress and ensure development partners and GOKP are held accountable for their commitments.

8. The urban sector has been gaining increased recognition in Pakistan and KPK through the Pakistan Vision 2025, and KPK amended Local Government Act (2019), all of which clearly acknowledge that cities are the key to social and economic development and increased investment in the urban sector is essential. GOKP lacks sufficient human, technical, and financial resources, and is relying heavily on a combination of external and private sector partnership coordination to achieve their goals. ADB has fully aligned its KPCIP design with Pakistan's and KPK's urban policies, and is recommended to continue supporting the ongoing and incremental urban development direction clearly prioritized by both governments.