

Minutes of Twelfth (12th) meeting of Project Steering Committee (PSC) for Sindh Water Sector Improvement Project Phase-I (WSIP) held on Wednesday 27th October, 2010 under the Chairmanship of ACS (Dev.) P&D Department, GoSindh at Karachi

List of the participants of the meeting is attached at **Annex-A**.

After welcome remarks and introductions of participants, the meeting proceeded as per agenda of the meeting. The proceedings of the meeting recorded as under:

Item # 1: Confirmation of the minutes of 11th meeting of the Committee:

2. The forum was informed that the minutes of 11th meeting of Steering Committee held on 2nd June, 2010 were circulated to all concerned departments/agencies and participants of the meeting. No comments on the minutes have been received from any quarter. The Chair, however, enquired from all the participants for any comments. All participants agreed with the minutes of previous meeting, hence minutes of the eleventh meeting were confirmed.

Item # 2: Review of updated implementation status / progress of Project activities:

3. The Managing Director SIDA who is also Project Director, WSIP made presentation during the meeting. Apprising the Project background/introduction and present implementation status /progress of each Project Component, it was informed that the Project have five major components including (A) Institutional Strengthening & Capacity Building of SIDA, AWBs and FOs, (B) Rehabilitation/Improvement of Irrigation and Drainage network of three AWBs, (C) Preparation of Master Plan for addressing the floods and drainage issues of Left Bank of Indus and Carrying out feasibility studies for Barrages, (D) Project Monitoring & Evaluation and (E) Project Management, Coordination, Strategic Studies and Trainings.

4. It was informed that initially the Project was delayed due to one or the other reasons particularly the delay in appointments of the Consultants specifically FAO Team as Project Management Consultants / Procurement agent (PMC/A) and Project Implementation Consultants for Civil works and also appointment of separate Project Director, WSIP. However, most of the problems/issues have now stand resolved and the pace of implementation is going on faster track.

5. MD SIDA further informed that under Component-A of Project, the appointments of staff for SIDA including MD, SIDA and staffs for FOs have almost been completed. The selection process for staff of AWBs including Director AWBs has been completed and recommendations have been sent to GoSindh in June, 2010 through Chairman SIDA for approval of Chief Minister Sindh. On the query from the Chair, MD, SIDA informed that the vacant post of Project Director, WSIP has been advertised through local press and also SIDA website. PMC/A will start the selection process after receipt of applications on the response of advertisement. The Chair directed that, the selection of PD WSIP be expedited and should be done in transparent manner. On the request of MD, SIDA, the Chair assured that he will contact with CM House for getting approval of staff for AWBs.

6. The MD SIDA further stated that the process for formation of Farmer Organizations (FOs) is being re-started very soon to complete the formation of remaining FOs as per directives of Honourable ACS (Dev.) during his visit to Badin. On the query from the Chair, it was informed that about 40-50 remaining FOs are to be formed in three AWBs for which SIDA will get the financial support from WSIP Project for deployment of social mobilizers in the field for which proposal is under preparation. The Chair desired to get the best use of retired agriculture department's expert in the filed of social mobilization/formation of FOs and directed SIDA to speedup process and complete the FOs formation process without further delay.

7. It was apprised to the forum that the documentations work has been completed for award of civil works and rehabilitation /improvement works of main Nara Canal under Component-B of the Project is ready for award and by December 2010 the contracts for rehabilitation/ improvement of 44 Distributaries/Minors (FOs Channels) would be awarded. The all stakeholders particularly AWBs and farmers community have been involved during the process of identification and finalization of civil works and subsequently the tender/bid opening process was made in a very transparent manner by inviting all stakeholders, civil societies, NGOs, media Transparency International Pakistan (TIP) etc.

8. Most of the major consultancy services under Component-C have been hired / appointed and the process for selection of remaining consultancy services for Guddu and Sukkur Barrages under Component-C is under way. Although IPD is responsible for implementation of sub-component of Barrage studies, however, IPD has authorized SIDA to complete the process for procurement of consultancy services. The procurement process for Guddu Barrage is near completion and the Contract Agreement would be signed after clearance of report from the Committee to be notified by S&GAD, whereas the process for Sukkur barrage has been started. The Chair further directed MD SIDA to pursue with S&GAD to get the notification issued for committee of Guddu Barrage study as the Chief Secretary has already approved the recommendation for formation of committee submitted to CS through P&D Department.

9. The Team Leader, PICs made presentation and apprised the implementation status of the activities done by them as per their contract agreement. The PICs have completed survey, designs etc for rehabilitation/improvement of Nara Canal and have prepared two packages at the total cost of US \$ 66.5 million and are ready for award. The survey work on Ghotki Feeder and Fulleli Canal has also been completed and preparation of detailed design reports etc are under preparation. The bidding process for award of works on 44 distributaries/Minors (FOs Channels) is under process and by December, 2010, the works on these 44 channels would be awarded. It was informed that in addition to the activities related with Component-B, PICs has to provide assistance/support to SIDA on some activities related with Component-A of the project. In this regard PICs have submitted documents related with Business Rules, Procurement Manual, Plan, accounting & financial manuals, staffing regulations etc. As of now, PICs have produced and submitted 94 different types of reports/documents related with component-A and B of the project.

10. The Senior Chief (W&P) P&D Department, pointed out that cost of civil works estimated by PICs specifically for component-B1 should be maintained as per allocation of approved PC-I. The MD SIDA explained the reasons for increasing of the cost with reference to previous discussions with the World Bank and also assured that SIDA will take care on the issue.

11. The Chair directed to speedup the process for award of works and to catch up the accumulated delay. He desired that, the irrigation system should be rehabilitated in a way to meet the requirement of the farmers and to improve the services delivery in equitable and transparent manner with the satisfaction of the farmers. The Chair desired to arrange meeting at Chotiari Reservoir with all stakeholders and officers to discuss the issues related with proper filling, operation/function of the Reservoir so that detailed report may be prepared as per directives of Honourable President of Pakistan. In this regard MD SIDA will consult with staff of ACS (Dev.) for fixing date and time for the meeting.

12. The Team Leader, Master Plan Consultancy made presentation during the meeting and apprised the background, objectives of the study being carried out by the consultants under the Component-C and also apprised the status of activities done by them. It was informed that SIDA has signed the Contract Agreement on 5th March, 2010 with M/s. Louis Berger Group, Inc USA in association with Indus Associated Consultants (Pvt.) Ltd, Pakistan for the period of 36 months period.

13. Under this agreement Consultants in close consultation with all stakeholders will prepare Regional Master Plan for addressing the flooding issues and to provide proper drainage to the area on Left Bank of River Indus through structural and non structural measures. The Consultants has also to suggest remedial measures for any outstanding deficiencies in the Left Bank outfall Drainage System and measures for retention and / or Safe disposal of drainage, Storm as result of flood Water. The study for supply of water for Thar Coal Project will also be carried out by the consultants.

14. Presenting the updated status of activities being carried out by the consultants for preparation of Master Plan, it was informed that after mobilization of the team, consultants conducted 7 workshops with stakeholders of Hyderabad, Badin, Mirpurkhas, Tando Allahyar, Tando Muhammed Khan and Matiari districts and 1 workshop for the SIDA field staff. Although the submission of 1st report was little delayed, however, it would be submitted very shortly. During the presentation, the team leader, shared lessons learned by them during the recent floods in the Province and highlighted the Risks, Threat and Vulnerability.

15. The Chair appreciated the need and importance of the study and desired that outcome of the study should be made result oriented and directed that implementation on the study should be speeded up to fill the gap of delay and get it completed as per agreed time schedule.

16. Giving the updated status of Component-D activities, the Director Coordination/ PC PCMU informed that M/s. NESPAK Pvt. Limited have been appointed as M&E Consultants by signing of the Contract Agreement on December 19, 2009 to carry out M&E activities of the project under Component-D. Unfortunately, the consultants are not providing their services based on the requirement of the Agreement. PCMU is facing difficulties in managing the consultancy due to delay in deployment of professional staff, delay in finalization of 1st basic document of Inception Report, delay in carrying out baseline surveys, submission of poor quality of quarterly reports and also delay in establishment of field offices etc. The concerns have been discussed and conveyed time and again with consultants as well as top management of the firm but with a very dismal result. The PMC/A expressed his serious observations on poor performance of the consultants for not providing of deliverables in time. The position was apprised in previous PSC meeting held on 2nd June, 2010. The matter was also discussed with recent World Bank Mission of July, 2010 and it was mutually agreed that that PCMU will re-consider the requests of firm for replacement of staff with the condition that if within four months period starting from July 20, 2010, the performance of the Consultants are not responsive to the TORs in letter and spirit, the PCMU on advise of PMC/A will take necessary action as per the contract agreement which may include termination of the agreement. Accordingly, PCMU re-considered / approved all requests of consultants for replacement of staff, but still performance is not up to the mark.

17. After detailed discussion, it was decided that PCMU in consultation with PMC/A will review the situation/performance of M&E Consultants in light of decision taken during the World Bank Mission's meeting and submit its report with recommendations for future line of action for taking further decision.

Item # 3: Compliance status of the decisions of previous (11th) meeting of PSC.

18. It was pointed out that, the most of the decisions of previous PSC meeting were taken; however, MD SIDA apprised the status of actions on some of pending decisions as per working paper. It was informed that SIDA has taken steps / measures to increase the Abiana recovery by deployment of professional staff etc and hopefully recovery would be increased.

19. It was further informed that AWBs have taken decision to increase the Abiana rate from one rupee to ten rupees for use of irrigation water for commercial/ industrial purpose. However, SIDA and AWBs are facing difficulty for recovery of Abiana from other users i.e. local government offices, authorities etc for which support/ help is required. In this regard it was decided that in next PSC meeting SIDA will submit details report/proposal on the subject. Regarding finalization of Rules of Business of SIDA in compliance with the directives of CM Sindh and Business Plan for AWBs, SIDA was directed to get it finalized as soon as possible. The pending issue regarding increase of salary of SIDA staff under WSIP Project was discussed and informed that proposal for enhancement of salary as per decision of previous PSC meeting was under preparation with SIDA. It was pointed out that the salary of SIDA staff has not been increased since 2001, whereas salary of government staff is being increased by the government on annual basis. After discussion, it was decided that SIDA may submit proposal in detail giving full justification for enhancement of salary package of Staff of SIDA in next PSC meeting. The Chair directed that decisions of PSC meeting should strictly be followed /complied within the agreed time frame.

Item # 4: Compliance Status of agreed actions / recommendations highlighted in recent World Bank Mission's aide-memoire (July 2010)

20. It was informed that the World Bank Supervision Mission on WSIP Project visited during 5th to 9th July, 2010 and reviewed the progress on a wide range of Project implementation of Water Sector Improvement Project. The Bank Mission in their visit report/aide-memoire recommended actions required to be taken to get the project implementation on faster track. Apprising the compliance status of the actions taken on the recommendations of Mission, the MD SIDA informed that most of the actions specifically appointments of staff for SIDA and finalization of project audits have been complied and accordingly the World Bank has considered / upgraded the project performance as "Marginally Satisfactory" as was previously "Unsatisfactory".

Item # 5: Diversion of WSIP funds to meet urgent need of recent floods damages:

21. The position on the subject matter was apprised to the forum that the GoSindh is looking funding arrangements from its own resources as well as support from the International Donors for restoration/rehabilitation of irrigation and drainage network of right side of the Indus damaged due to recent high floods in the Province.

22. In this regard a meeting was held on 21st September, 2010 under the Chairmanship of Honourable Advisor to Chief Minister Sindh to discuss re-structure/re-prioritize the WSIP activities so that restoration of floods damages may be carried out on priority basis from available resources of WSIP Project. The meeting attended by the representatives from IPD, SIDA, PCMU, P&D Department and PMC/A. Accordingly, an amount of US \$ 33 million has been proposed to be diverted from the Project approved IDA Credit allocation of US \$ 150 million by adjustment of the allocation and some activities kept in pending for time to meet the urgent need/ requirements of recent floods damages. Further action for diversion of proposed funds would be taken after getting approval/consent from the Government as well as the World Bank for which Video Conference meeting will be held shortly. The representative of PICs stated that since some amount of component-B has been proposed to be diverted and PICs involved in implementation of component-B, therefore, they may be involved in the process of decision on the subject. The Chair directed SIDA to keep inform the PICs on the decision of GoSindh on the subject

23. At the end of the meeting Chair desired that all project partners particularly SIDA being lead implementing agency have to play their role and responsibilities to follow agreed implementation schedule strictly in order to get the project implementation on faster track as to catch up the previous delay.

24. The meeting ended with a vote of thanks from and to the Chair.

25. The decisions of the above meeting are summarized as under:

- i) *The minutes of the 11th meeting of PSC were confirmed.*
- ii) *The process for selection of Project Director WSIP be expedited and should be done in transparent manner.*
- iii) *SIDA to get best use of retired agriculture department's experts FOs formation and to speedup process as to complete the formation process without further delay*
- iv) *MD SIDA will pursue with S&GAD to get the notification issued for committee of Guddu Barrage study as the Chief Secretary has already approved the recommendation for formation of committee submitted to CS through P&D Department.*
- v) *SIDA and consultants should speedup the process for award of works to fill the gap of previous delay. By December, 2010 SIDA will award civil works for rehabilitation/improvement of 44 distributaries/Minors (FOs Channels) and by January, 2011, SIDA will award contract works for main Nara Canal package-1.*
- vi) *SIDA will consult with staff of ACS (Dev.) for fixing of date and time for meeting under the Chairmanship of ACS (Dev.) at Chotiari Reservoir with all stakeholders and officers to discuss the issues related with proper filling, operation/function of the Reservoir for preparation of detailed report for Honorable President of Pakistan.*
- vii) *SIDA should actively pursue the consultants to the implementation on the Master Plan study and speedup the process to fill the gap of delay and get it completed as per agreed time schedule.*
- viii) *PCMU in consultation with PMC/A will review the situation/performance of M&E Consultants in light of decision taken during the World Bank Mission's meeting and submit its report with recommendations for future line of action for taking further decision.*
- ix) *The decisions of PSC meeting should strictly be followed /complied within the agreed time frame. (a) SIDA will submit details report/proposal of overdue Abiana Recovery in next PSC meeting; (b) SIDA to get the Rules of Business of SIDA and Business Plan for AWBs finalized as soon as possible and (c) SIDA will submit proposal in detail giving full justification for enhancement of salary package of Staff of SIDA in next PSC meeting.*
- x) *Action for diversion of proposed funds to the recent floods damages would be taken after getting approval/consent from the Government as well as the World Bank.*

List of the Participants of the 12th Meeting of PSC, WSIP held on 27th October, 2010

- 1) Mr. Muhammad Ishaque Lashari In Chair
Additional Chief Secretary (Dev), P&D Department
- 2) Syed Mazhar Ali Shah, Additional Secretary, IPD, GoSindh
- 3) Mr. Syedain Raza Zaidi, Additional Secretary (Coord) S&GAD, GoSindh
- 4) Mr. Fazal A. Nizamani, Senior Chief (W&P) P&D Department, GoSindh
- 5) Mr. Muhammad Ehsan Leghari, Managing Director, SIDA/P.D, WSIP
- 6) Mr. Mohsin Mushtaq, Director General Sindh Coastal Development Authority
- 7) Mr. Naeem Ahmed Mughal, Director General, EPA, Sindh
- 8) Ms. Abida Lodhi, Deputy Secretary (Dev-I) Finance Department, GoSindh
- 9) Mr. Naushad Ali Jamali, Project Director, AE&WM, Agriculture Department, GoSindh
- 10) Mr. Nazir Hussain Mughal, Director (C&WM) PCMU, WSIP
- 11) Dr. Nisar A. Memon, Director, M&E, PCMU, WSIP
- 12) Mr. Faizullah Khatri, Chief (E) P&D Department, GoSindh
- 13) Mr. Nazeer Ahmed Memon, General Manager (Transition) SIDA
- 14) Mr. Naeem Ahmed Memon, General Manager (Finance) SIDA
- 15) Mr. Jai Ram Motwani, Acting General Manager (Operation) SIDA
- 16) Mr. Ishtiaque Ahmed, Assistant Chief (W&P) P&D Department, GoSindh
- 17) Mr. Mohammad Shafiq Shaikh, Section Officer, Forest & Wildlife Department
- 18) Mr. Muhammad Ashraf Sahto, Assistant Director Sindh CDA
- 19) Mr. Muhammad Ayoub Soomro, Sr. Irrigation & Drainage Engineer, PMC/A, WSIP
- 20) Mr. Khadim Ali Memon, Deputy Team Leader, PIC, WSIP
- 21) Mr. Carlos Gandarillas, Team Leader Master Plan Consultants, WSIP
- 22) Ms. Dragrm Veselinoric, Sociologist, Master Plan Consultants, WSIP
- 23) Mr. Ghulam Hyder Qureshi, Sociologist, PCMU/WSIP, P&D Department