Project Summary Information

	Date of Document Preparation:10/23/2025
Project Name	Lahore Wastewater and Drainage Management Project
Project Number	P000074
AIIB member	Pakistan
Sector/Subsector	Water/Water supply, sanitation, and wastewater treatment
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Approved
Objective	To improve wastewater and drainage management services in Lahore, thereby enhancing the urban environment and reducing urban flooding.
Project Description	The Project will address the interrelated challenges of wastewater management and urban drainage in central Lahore by building modern wastewater infrastructure to divert sewage from drainage channels and low-lying areas currently contributing to environmental degradation due to the absence of well-connected trunk sewers. This infrastructure will ensure the safe conveyance of wastewater to designated disposal and treatment sites, thus mitigating the discharge of sewage into open waterways, reducing water pollution, addressing public health risks, and improving the urban environment in the surrounding areas. This will be achieved through implementing the following components: • Component A. Investment in Wastewater and Drainage Management: This component will invest in the: (i) construction of three modern trunk sewers - with a combined length of about 32.3 kilometers (km) through underground tunneling using trenchless techniques and gravity-based conveyance; (ii) construction of a new pumping station consisting of 16 pumps increasing the total pumping capacity from the existing 15,300 liters per second (lps) to 39,300 lps; (iii) rehabilitation of about 7 km of surface drains to alleviate urban flooding in central Lahore, while also diverting sewage to free nearly 9 km of local surface drains from wastewater discharge; and (iv) clean energy support for wastewater disposal pumps through solar energy installation. Construction of the new trunk sewers will allow decommissioning of old pumping stations which will significantly reduce the operating costs of the Lahore Water and Sanitation Agency (LWASA). • Component B. Project Management: This component will support LWASA to engage a Project Management Consultant (PMC) for design review, procurement of works and goods, and overall project management including

	construction supervision, managing environmental and social compliances, and ensuring quality assurance during construction.
Expected Results	The proposed key Project Intermediate Results Indicators are: (i) Trunk sewers constructed (km) (ii) Old pumping stations eliminated (Number) (iii) Operating cost of the disposal pumps reduced (PKR million) (iv) A new disposal station constructed and operational (Yes/No) (v) Stormwater drains rehabilitated (km) (vi) 450-kilowatt solar energy installation at the Gulshan-e-Ravi Disposal Station completed (Yes/No) (vii) Change in commercial property values in upgraded areas (PKR/square feet) (viii) Change in residential property values in upgraded areas (PKR/square feet) (ix) Resident satisfaction on urban services through annual survey of a representative sample of households focused on perception of improved drainage and flood reduction (Percentage) (x) Biological Oxygen Demand (BOD)/ Chemical Oxygen Demand (COD) levels in main drainage canals within Punjab Environmental Quality Standards (PEQS) limits (Yes/No) (xi) Grievances redressed within stipulated time (Yes/No) (xii) WASH and Gender-Sensitive Training Sessions held for females residing in the Project area (Number) (xiii) Project Management Unit (PMU)/LWASA staff trained on O&M (Number) (xiv) Semi-annual progress reports submitted on time (Yes/No)
Environmental and Social Category	A
Environmental and Social Information	**Applicable Policy and Categorization:** The Bank's Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), are applicable for the proposed Project. ESS1, Environmental and Social Assessment and Management, and ESS2, Land Acquisition and Involuntary Resettlement are triggered for this Project. The Project has been assigned Category A due to the nature of the Project activities, the local environmental and social (ES) context, and the potential ES impacts. **Environmental and Social Instruments:** An Environmental and Social Impact Assessment (ESIA), including an Environmental and Social Management Plan (ESMP), has been prepared by LWASA to address the ES risks and impacts of the Project. Additionally, a Stakeholder Engagement Plan (SEP), Livelihood Restoration Plan (LRP), and Gender Action Plan (GAP) are in place to ensure a comprehensive and successful implementation of the Project in accordance with AIIB's ESP. In addition, LWASA will construct a wastewater treatment plant (WWTP) at Babu Sabu with funding from the Agence

	Française de Développement (AFD). WWTP is an associated facility for the current Project. Preliminary sedimentation and medium load conventional activated sludge process will be used to treat the wastewater in WWTP, and the treated water will comply with PEQS and World Health Organization (WHO) Class V standards. The ES due diligence (ESDD) concluded that the ESIA of WWTP is generally in compliance with the AIIB ESP. **Environment Aspects:** Environmental impacts associated with the Project's construction phase include hazardous and solid waste generation, impact on flora and fauna, soil pollution due to spills, temporary blockage of access in and around the construction areas, traffic impacts due to mobilization and working of heavy machinery, management of excavated material and slurry, dust generation, noise, impact of vibration on the old/historical buildings, damage to utilities and occupational health and safety (OHS) impacts. The operational phase impacts include health and safety impacts during the maintenance of underground sewer lines, groundwater quality, generation of odor from the disposal station in case of any malfunction, noise and management of waste, including hazardous waste and end-of-life batteries and fire hazards. Mitigation measures are proposed in the ESIA to manage the impacts of construction and operational phases. A traffic management plan has been prepared to manage the traffic during the construction phase. The site-specific ESMPs will be prepared by contractors and implemented at sites. Relevant procedures to manage health and safety issues, emergency situations and incidents/accidents will be part of the site-specific management plans. **Social and Gender Aspects:** No land acquisition is involved in the construction of trunk sewers, disposal station and drainage channels as the land in the proposed alignment of trunk sewer belongs to government. However, there will be livelihood impacts on trunk sewer lines and drainage channels. To mitigate impacts due to temporary disruption of businesses, a detailed LRP has been prepared in accordance with AIIB's ESP. The LRP will be updated in line with any changes to the construction design by the EPC contractor. The impacts identified at the disposal station will be addressed in ESMP and include physical displacement and relocation of offices, 93 fruit and non-fruit-bearing trees; public utilities, such as an electricity pole and transmission lines, will also be relocated. LWASA plans to build the multi-story complex prior to the commencement of construction of the new disposal station. Additionally, the GAP for the Project emphasizes the importance of integrating gender issues into all project components, enhancing women's participation, raising awareness about health and sanitation, and addressing gender-based violence. The Project will focus on various initiatives such as awareness training on sewerage management and hygiene, capacity building for women, and economic opportunities during GAP implementation. **Occupational Health and Safety (OHS), Labor and Working Conditions:** OHS risks associated with the Project include working in deep trenches, handling excavated material and heavy machinery, and management of hazardous materials. All OHS risks and impacts were assessed as part of the ESIA, and mitigation measures are included in the ESMP. An Emergency Preparedness and Response Plan (EPRP) has been developed as part of the ESMP to manage emergency

	situations during implementation phase. Regular exercises and drills shall be performed to ensure adequate emergency response capabilities are in place. The contractors will be required to prepare and implement an Occupational Health and Safety Management Plan (OHSMP). In addition, all suppliers and contractors will be advised of the importance of implementing appropriate management measures to identify and address issues related to the ES provisions of the ESMP, including labor and working conditions and health and safety matters. Compliance with the ESMP is an essential part of the contract document with suppliers and contractors. **Stakeholder Engagement, Consultation and Information Disclosure:** The Project's SEP outlines a structured, phased approach to involve stakeholders throughout the Project lifecycle to address ES risks effectively and enhance Project design and implementation. Prior to undertaking any civil work, community awareness programs will be scheduled jointly by the PMU and the Contractor to inform the scope of the project, procedure of construction activities, possible disturbances to utilities, anticipated impacts and mitigation measures. The PMU and PMC are tasked with monitoring, record-keeping, and maintaining a database of engagement activities and grievances. ES documents, including the ESIA/ESMP, LRP, GAP, and SEP have been disclosed on the websites of LWASA and AIIB. The executive summaries of these documents in English and the local language (Urdu) are also disclosed, and the hard copies will be made available in Project areas. **Project Grievance Redress Mechanism (GRM):** A three-tier GRM will be made available to provide a time-bound, transparent, and fair resolution for Project-affected people and other stakeholder grievances. As a first step, PMC and contractors will devise awareness-raising to provide information on the GRM to Project-affected people and other stakeholders. A Grievance Redressal Cell will be established as the first tier of GRM at site. The second tier of the GRM will be at PMU level, and LWASA Management will form the third tier. A commensurate mechanism will be made available at the contractor level for workers' grievances. The information of established GRM and Bank's Project-affected People's Mechanism (PPM) will be disclosed timely in an appropriate manner. **Monitoring and Supervision Arrangements:** An ES manager is already working in the PMU. One deputy manager for ES and one assistant manager for social will be deputed to further strengthen the team. A PMC already engaged by the PMU will supervise the Project implementation, implementation of ES safeguard instruments, and prepare necessary monitoring reports. A third-party monitoring consultant will be engaged to monitor the implementation of ESMPs and provide advice to PMU on ES matters. During project implementation, the PMU will prepare quarterly ES monitoring reports for AIIB to review and disclose on the Project website. The Bank will regularly carry out field visits to monitor the implementation progress.
Cost and Financing Plan	Project Cost: USD177 million AIIB Loan: JPY24 billion (USD160 million equivalent) Government of Punjab: USD17 million equivalent

Borrower	Islamic Republic of Pakistan		
Implementing Entity	Provincial Government of Punjab; Lahore Water and Sanitation Agency		
Estimated date of loan closing (SBF)	June 2031		
Contact Points:	**AIIB**	**Borrower**	**Implementation Organization**
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Date of Concept Decision	04/06/18		
Date of Appraisal Decision	8/19/25		
Date of Financing Approval	10/09/25		

Independent Accountability Mechanism	AIIB's Policy on the Project-affected People's Mechanism (PPM) applies to this Project. The PPM has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.