



DIRECTOR'S REPORT 2020-21

WATER AND SANITATION SERVICES PESHAWAR
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)

DIRECTOR'S REPORT 2020-21

The Directors of the Company are pleased to present the Directors' Report together with the audited financial statements and statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 for the year ended June 30, 2021

ABOUT THE COMPANY

Water and Sanitation Services Peshawar (WSSP) was incorporated by KPK Government on January 8, 2014, as a Public Sector Company limited by guarantee, having no share capital, under section 42 of the repealed Companies Ordinance, 1984. As per section 216 and Third Schedule of Companies Act 2017, the company is classified as Public Interest Company. The primary objective of the company is to establish, run and manage an integrated, corporatized, and modern water and sanitation utility in Peshawar city, ensuring unremitting water, sanitation, and solid waste management services delivery to the residents of Peshawar city.

The company started its operations from September 15, 2014. The registered office of the company is situated at Plot No: 33, Sector E8, LCB Building, Phase-VII, Hayatabad, Peshawar. The company's territorial jurisdiction is divided into four operational zones covering urban and semi-urban peripherals of Peshawar City.

HEAD OFFICE BUILDING IN HAYATABAD.

The Board of Directors has approved an acquisition of a 2 kanal building located in Phase-5 Hayatabad Peshawar for establishment of Company Head Office. The Cost of building is Rs 95.50 million and will be financed through ADP funds which were already credited to the company by the Provincial Government.

ALLOTMENT OF LAND BY THE PROVINCIAL GOVERNMENT.

The Provincial Government has allotted 40 Kanal land in Hazarkhwani Peshawar to the company for which proposal for establishment of transfer station is under process and will be placed further in the Board of Directors meeting for further consideration.

FINANCIAL PERFORMANCE

The statement of income and expenditure account for the year ended June 30, 2021, and June 30, 2020, are summarized as under:

INCOME	2021	2020
	Rupees	Rupees
Revenue from services	523,013,605	426,481,073
Government grant for operations	2,904,503,811	2,955,395,230
Amortization of deferred Capital Grant	85,015,323	54,199,646
Total	3,512,532,739	3,436,075,949
EXPENDITURE		
Operational expenses	2,901,022,168	2,793,920,525
Administrative expenses	355,596,800	338,638,192
Program cost (Projects)	250,330,185	298,144,536
	3,506,949,153	3,430,703,253

DIRECTOR'S REPORT 2020-21

Operating surplus or (deficit)	5,583,586		5,372,696
Finance cost	5,583,586		5,372,696
Other income	24,217,442		27,562,728
Surplus before taxation	24,217,442		27,562,728
Taxation			
Net Surplus for the year	24,217,442		27,562,728

The Company is reliant on Government Grants and since inception the WSSP is financing its operations mainly through Government Grants. However, the company is doing its best to decrease dependency by improving efficiency, cost control and enhancement of revenue collection.

Both income and expenditure showed an increase of 23 % & 2 % respectively. The Income increase is primarily due to increase in the revenue from the services which grew by 23 %. The contributing factor to this upward trend is yearly increase in the services tariff, regularization of illegal connections / ground water extractors, and issuance of NOCs to various under construction commercial building in compliances with BCAs of different regulatory authorities falling in the company jurisdiction.

Under total expenditure, total operational expenses are reported with 4 % increase. Although the company has achieved efficiency in controlling its utilities and vehicle running expense and reduce both expenses by 4 % and 21 % respectively despite increasing tariffs and rates. But in compliance with the Provincial Government directions for increments and fixation in salary and benefits of TMA deputed supports staff, the cumulative figure of the operational expenses showed an increasing trend. The 5 % increase in administrative expenses figures were due to provision of gratuity and depreciation of assets.

The operating surplus is increased by 4% and but due to reduced mark-up income, net surplus is decreased by 12 %. Although cash in bank is remarkably increased by 53%, but declining interest rates as fixed by the SBP lowered the company earned profit as compared to the last year.

REVENUE COLLECTION

Dedicated efforts are being made to enhance recovery of current year revenue and arrears from the consumers for WATSAN services. Although the company requires government grants for financing its operations, but the dependence will be diluted gradually with improvement in revenue collection. The revenue collection increased from Rs 198 million to Rs 287 million with an increase of 45 % and it is further targeted to make collection of Rs 360 million in the following year.

TAXATION

The Company is a PCP certified Non-Profit Organization (NPO) and is entitled to 100 % tax credit under Section 100C of the Income Tax Ordinance, 2001.

ISO (International Organization for Standardization)

The Company has successfully attained two ISO certification (ISO-9001: 2015 and ISO 14001: 2015) which means that now the Company services and operations are in line with internationally set standards of quality assurance and environmental impact.

COMPLAINTS REDRESSAL

The Company is cognizant for a provision of a well-placed compliant redressal system. Currently two parallel compliant redressal system (1334—a universal municipal services excess code) and Government

DIRECTOR'S REPORT 2020-21

controlled Pakistan citizen Portal are commissioned in the company on 24/7 basis to facilitate the Peshawar public to record their complaints and provide feedback on efficiency of the company services. In addition, virtual application Safa Peshawar and dedicated WhatsApp number is also provided to ease out the complainants in registering their grievances. During the year, a total of 5275 and 2404 compliant were registered through 1334 and PCP respectively. All the complaints were redressed and closed successfully with in due course of time.

OPERATIONAL EFFICIENCIES

The Provincial Government of Khyber Pakhtunkhwa has approved an expansion of the company services to 23 additional peri-urban union councils Peshawar along with additional grant to financially support the operations. To effectively manage the services in additional union councils, the Board of Directors has approved the restructuring of all the company existing zones territorial jurisdiction along with creation of 5th Zone, which is expected to be established in the beginning of the next year. This expansion shows the Government confidence over the company management for delivery of municipal services in Peshawar.

Under financial supports of M/S Swiss Agency for development & Cooperation, the Integrated Master Planning for Water Supply, Solid and Sewerage system with planning horizon of 2048 was prepared and presented to the Board of Directors. The Board approved the plan and further directed to present it to the Provincial Government for its review and reflection in short- and long-term development plans.

As per directions of the Board of Directors, the Company has started monitoring of its operations by adopting 33 out of 59 Key Performance Indicators (KPIs) developed by International Benchmarking and Networking for water and sanitation utilities (IBNET). The summary of all adopted KPIs along with its average calculation for the year are detailed as below:

Water Supply		
Serial No.	KPI	Results FY 2020-21
1.	No. of Water Connections.	76736
2.	Water Coverage (Population %).	36.24
3.	Connection Coverage (%).	44.77
4.	Water Production (MGPD).	52.27
5.	Unit Operating Cost Water Produced (Rs. / Cum).	23.45
6.	Pipe Breaks / Leakage (No./km).	0.09
7.	Water Staff/1000 Water Connection (No.).	15.68
8.	No. of Tests Conducted.	75
9.	Chemically Unfit Taps (%).	0
10.	Biologically Unfit Taps (%).	20

DIRECTOR'S REPORT 2020-21

11.	Water Quality Sampling (%).	0.30
12.	Water Supply Complaints (%).	0.59
13.	Revenue/Billing Complaints (%).	0.01
Solid Waste Management		
14.	Solid Waste Service Complaints (No.)	335
15.	Unit Operating Cost Waste Collected (Rs. /kg).	4.5
16.	Solid Waste Staff/1000 Population Served (No.).	1.14
17.	Collection Efficiency (%).	69
18.	Waste Disposed Per Month (Tons).	20048
19.	Average Daily Waste Disposed (Tons).	659
Sewerage		
20.	Sewer System Blockage (No.).	464
21.	Replacement of Manhole Covers (No.).	193
22.	Cleaning De-Siltation of Manholes (No.).	240
23.	Cleaning De-Siltation of Drains/Sewers (Length in km).	86
24.	Wastewater Staff/1000 WW Connections (No.).	5.5
Financials		
25.	Salaries as Fraction of Total Operational Cost (%).	58.77
26.	Electricity Cost as Fraction of Total Operational Cost (%).	25.32
27.	Maintenance Cost as Fraction of Total Operational Cost (%).	1.36
28.	Contracted Out Maintenance as Fraction of Total Operational Cost (%)	8.17

DIRECTOR'S REPORT 2020-21

29.	Amount Collected as Current Bills Rs. In Millions.	155
30.	Amount Collected as Arrears Rs. In Millions.	132
31.	Billing Efficiency (%).	85.5
32.	Collection Efficiency of Sep & Oct Billing Cycle (%).	25
33.	Operational Cost Coverage (%).	14.38

➤ **Solid Waste Management (SWM)**

- Solid waste collection of around 250,000 tons with collection efficiency of 69 %.
- Primary collection of SWM through 4 transfer stations. 3 of which are occupied on rental basis, and one premises provided by the Provincial Government.
- Continuous execution of 2nd Shift, night shift and beat system for sanitation services on the city main roads.
- Recovery of useful items from solid waste has been planned in the project titled "Integrated Solid Waste Management for Peshawar City".

➤ **Sanitation and Sewerage**

- 618 km De-siltation of Drains.
- 1222 km De-siltation of Manholes.
- 1194 number of manholes covers replacement.
- ADP of Feasibility Study & Rehabilitation of (Sewerage Treatment Plant) STPs In Peshawar. Key features of this ADP are rehabilitation of 3 STPs in Peshawar. This scheme is approved by the Provincial Government and expected to be completed in June-22.
- ADP of Rs 11,669 million for Construction of STP at Faqir Kalay Peshawar. The ADP PC-1 has been submitted and expected to be approved in the next year. Key features of the scheme are upstream catchment area of 11 Union Councils, Conveyance system, wastewater treatment of 32 MGD. Time frame of completion is 4 years.
- ADP of Rs 150 million for Improvement of Drainage system in Peshawar Zoo & Rahat Abad area. The ADP PC-1 has been submitted and expected to be approved in the next year.
- ADP of Rs 300 million for Rehabilitation of Shahi Katha Peshawar. The objective of this project is to rehabilitate Shahi Katha to ease out the WSSP in its operational activities.
- For PSDP Schemes, the concept notes of Yaseen Abad Wastewater Treatment Plant (D-1 & D-11) is submitted with the Provincial Government.

➤ **Water Supply**

- The Company has increased its water supply coverage for Peshawar Population from 35 % in 2020 to 36 % in 2021 with having registered 75736 consumers.
- Operation and Maintenance of 539 Tube wells.

DIRECTOR'S REPORT 2020-21

- Operation and Maintenance of 35 filtration plants.
- 21 KM of pipe installation of drinking water supply.
- 33 numbers of Water Supply Schemes Construction / Rehabilitations.
- 981 water quality tests made for ensuring provision of clean drinking water.
- For PSDP Schemes, the concept note of Surface Water Supply from Mohmand Dam is submitted with the Provincial Government.

➤ **COVID-19 Mitigation Supports Services**

- Establishment of 200 hand wash points in the city with assistance of UNICEF to fight COVID-19
- Operation of 2 Quarantine Centers established in Peshawar to fight Covid-19.
- Disinfection Sprays at Govt entities (airports/govt offices), bus stands, hospitals, streets, mosques, houses of Covid positive patients and other public places to fight Covid -19
- Screening of staff for COVID-19.

➤ **Dengue Control Activities**

Total 426 rounds of fumigations were made in the peak dengue season across the company jurisdiction which has mitigated the viral infection to a greater extend.

➤ **Community Liaison Cell (CLC)**

The CLC was established in February-2018 for community liaison and behavior change in WASH. Currently it is working under the Operations Department. Major works and achievement for the year 2020 were:

- Raised awareness of 60,000 population of the WSSP operation that has significant contribution in waste management practices and water conservation.
- Initiate establishing Model streets/NC that has been acknowledge by Chief Minister and further advice to expend this approach.
- Established Network of the Religious Scholars (Ulema) and disseminating information improving WASH behavior and payment of WSSP tariff through Friday sermons. Developed 25 articles on WASH in the light of Quran and Sunnah to mobilize public for improving behavior and payment of WSSP tariff.
- Support revenue team in collection of WSSP tariff through mobilizing community and resultantly exceed revenue from the target of fiscal year.
- Secured funding from UNICEF consisting of 154 million funds for social mobilization and infrastructure development.
- Engaged 35642 students for improving WASH practice at school and Household level.
- Established urban WASH group through this forum Pakistan Islamic Relief has upgraded 17 Water filtration plants, Peace and Development Organization (PADO) 75 sanitation tools kits and training to the staff.

➤ **MIS related works**

- Enterprise Resource Planning (ERP) under the MMIU Project with the support of USAID Municipal Services Project (MSP). ERP covers Finance, HR, Procurement, and asset management modules were implemented.

DIRECTOR'S REPORT 2020-21

- In the next year, Establishment of Data Centre (Tier-3) in the company premises under the financial assistance of M/S MSP and procurement of Operational Walkie Talkie for field staff is planned.

Khyber Pakhtunkhwa Cities Improvement Projects (KPCIP)

The Provincial Government KPCIP under financial arrangement with the ADP will improve the quality of life of the residents of at least four cities, including Abbottabad, Kohat, Mardan, Mingora (Swat) and Peshawar, directly benefitting about 3.5 million of urban population. This Project will help selected cities to improve their access to quality urban services through enhanced municipal infrastructure, public urban spaces, strengthening institutional capacities of municipal services companies.

Under KPCIP, two projects are pertaining to the WSSP namely. "Improvement of Water Supply System in Peshawar" and "Integrated Solid Waste Management System in Peshawar".

The salient features of water supply system project are:

- 61 Tube wells will be rehabilitated after energy audit.
- Complete water supply network of 61 scheme will be replaced for 22,000 consumers.
- Tube wells will be controlled and monitored by 100 % SCADA system.
- An alternate resources of energy like solar system will be utilized for Tube wells pumping.
- Out of 34 current Overhead reservoirs 23 will be dismantled for new construction, while the remaining 10 out of 11 will be further rehabilitated.
- Approximately 22,000 water supply metered connection will be converted to 24/7 water supply services.
- SCADA will be installed in 34-metered water districts.

The salient features Integrated solid waste management system is:

- Financial outlay of around Rs 12 billion.
- Two transfer stations will be constructed in the city.
- 400 new vehicles will be procured for primary SWM Collection.
- Waste treatment facility will be made in the WSSP owned Shamshatoo Landfill site for SW treatment.
- Waste segregation will be made.
- 100 % Door to Door collection.
- Recycling and Composting will be made.
- Five engineered landfill cells.
- Weigh bridge for proper accounting of collected waste.

An institutional review and capacity building consultants has been hired for professional assessment of WSSCs in all KP major cities. The construction design under the supervision of consultant is completed and its PC-1 was submitted and approved by the PDWP & CDWP.

CORPORATE GOVERNANCE

The Board of Directors and the management of the company are committed to the principles of good corporate management practices, with particular emphasis on disclosures, transparency, and to

DIRECTOR'S REPORT 2020-21

acknowledge their responsibilities with respect to the corporate and financial reporting framework. The directors are pleased to state that:

- The financial Statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operation, cash flows and changes of General Fund.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed, where practically possible, in the preparation of the financial statements and any departure there has been adequately disclosed.
- Sound internal controls have been effectively implemented and monitored.
- There is no doubt on the Company's ability to continue as a going concern.
- Information about Government Grants, outstanding taxes and levies are given in the notes of the financial statements.
- There has been no material departure from the best practices of corporate governance.
- The Companies runs unfunded Gratuity schemes under which its amount is recognized as non-current liabilities in the Financial Statements.

The Statement of Compliance with Public Sector Companies (Corporate Governance) Rules, 2013 is attached.

DIRECTORS REMUNERATIONS

In Compliance with Section 7 (VII) of Regulation for Non-Profit Organizations 2018 issued by the Securities and Exchange Commission of Pakistan (SECP) and Memorandum of Association of the Company, the Directors are working without any remuneration, except reimbursement of travelling and miscellaneous expenses incurred for attending meetings (Section 7 (V) of Regulation for Non-Profit Organizations 2018).

ROLE OF CHIEF EXECUTIVE OFFICER AND CHAIRMAN BOARD OF DIRECTORS

Position of Chairman and Chief Executive Officer in WSSP are headed by separate individuals. The Chairman is a primarily responsible for working of the Company's Board and all matters relevant to governance of the Company, where superintendence of the Board in necessary. The Chairman leads the Board and focuses on strategic matters for setting high standards of governance and fostering the effectiveness of the Board. He conducts the Board meetings including agenda of the meeting.

The CEO is responsible for managing the company's overall operations and is involved in the management of day-to-day operations of the Company and procedures relating to financial and other matters. He is responsible of implementation of strategies and policies approved by the Board, making appropriate arrangements to make sure that business activities are in line with the directives of the Board and safeguarding resources while ensuring their efficient use.

AUDIT COMMITTEE

The Board has constituted an Audit Committee chaired by independent member Mr. Khursheed Khan, other members of the committee are Mr. Shumail Butt, Syed Shah Nasir, Dr. Bushra Khan, Secretary LGE&RD and Secretary Energy and Power.

DIRECTOR'S REPORT 2020-21

BOARD OF DIRECTORS' MEETING

A total of six meetings of the Board of Directors were held during the period **July 01, 2020, to June 30, 2021.**

Sr.No.	Name of Directors	Board Meetings attended
1.	Haji Muhammad Javed	5
2.	Dr. Muhammad Iqbal Khalil	6
3.	Engr. Tahir Azim	5
4.	Arbab Usman Advocate	0
5.	Mr. Shumail Butt, Advocate	0
6.	Mr. Abdul Fayaz Advocate	1
7.	Mr. Khurshid	6
8.	Prof. Dr. Rashid Rehan	6
9.	Prof. Dr. Bushra Khan	6
10.	Syed Shan Nasir	4
11.	Additional Chief Secretary P&D Department	0
12.	Secretary Finance Department	1
13.	Secretary LGE& RD Department	1
14.	Secretary Energy & Power Department	0
15.	Director General LGE & RD Department	0
16.	Syed Zafar Ali Shah, Chief Executive Officer.	4
17.	Mr. Hassan Nasir, Chief Executive Officer.	2

PATTERN OF SHAREHOLDING AND EARNINGS PER SHARE

Water and Sanitation Services Peshawar (WSSP) is a Public Sector Company limited by guarantees with having no share capital.

DIRECTOR'S REPORT 2020-21

KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS.

Financial Years	2020	2019	2018	2017	2016	2015
	-----Rs in Millions-----					
Revenue from services	426	444	322	256	220	136
Operational Expenses	2,794	2,393	2,016	2,190	2,030	1,719
Administrative Expenses	339	294	198	203	140	78
Operating Surplus/(Deficit)	5	2	1	(299)	(349)	(1,661)
Government grant / budgetary support	2,955	2,197	1,845	2,371	1,928	1,653
Other Income	28	21	28	32	55	31
Surplus / (deficit)	28	28	29	73	35	25
Non-current assets	263	244	201	230	195	158
Current assets	2,418	2,053	1,855	1,118	1,389	2,055
Current liabilities	291	408	311	267	-	
Non-current liabilities	2,188	1,698	1,583	949	184	143
Net assets	201	190	161	132	1,399	2,070

APPOINTMENT OF AUDITORS

Messrs. RSM Avais Hyder Liaquat Nauman Chartered Accountants has completed the Annual Audit for the Financial Year 2020-21 and issued their report showing "true and fair review of the affairs of the Company financial results". The auditors will retire on the conclusion of the upcoming Annual General Meeting of the Company and as per Section 23 (6) of Corporate Governance Rules amended 2017, they are eligible for re-appointment.

ACKNOWLEDGEMENT

At the end, I would like to convey my sincere appreciation for the efforts and dedicated contributions put in by the Company employees at all levels. I am thankful to WSSP Board of Directors for their wise counsel and invaluable guidance.

On behalf of the Board of Directors

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Chief Executive Officer
Water and Sanitation Services Peshawar

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Director
Water and Sanitation Services Peshawar

Dated: August 29, 2022.