

P3A-Environmental and Social Management System (ESMS)

PUBLIC PRIVATE PARTNERSHIP AUTHORITY (P3A)

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Acronyms

ADB	Asian Development Bank
APF	Approvals and Process Flow
CAS	Compulsory Acquisition Surcharge
CEO	Chief Executive Officer
CRVA	Climate and risk vulnerability assessment
DPs	Displaced Persons
E&S	Environmental and social
ECNEC	Executive Committee of the National Economic Council
EIA	Environmental Impact Assessment
EPA	Environment Protection Agency
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
FI	Financial intermediary
GOP	Government of Pakistan
GRM	Grievance Redress Mechanism
IA	Implementing Agency
IAM	Independent Accountability Mechanism
ICP	Informed Consultation and Participation
IEE	Initial Environmental Examination
IFC	International Finance Corporation
ILO	International Labor Organization
IPs	Indigenous Peoples
IPDP	Indigenous Peoples' Development Plan
IR	Involuntary resettlement
LARP	Land Acquisition and Resettlement Plan
MDB	Multilateral development bank



NEQS	National Environmental Quality Standards
NOC	No Objection Certificate
P3A	Federal PPP Authority
P3WP	PPP Working Party
PCP	Project Concept Proposal
PDF	Project Development Facility
PQP	Project Qualification Proposal
PEPA	Pakistan Environment Protection Agency
PIAL	Prohibited Investment Activities List
PPP	Public private partnership
PSs	Performance Standards
REA	Rapid Environmental Assessment
ROW	Right of Way
SDDR	Social Due Diligence Report
SPC	Special Purpose Company
SPS	Safeguard Policy Statement
TA	Technical Advisors
TOR	Terms of Reference
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNESCO	United Nations Educational, Scientific and Cultural Organization
VGf	Viability Gap Fund
WB	World Bank



Glossary

Biodiversity	Biodiversity is the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.
Cultural heritage	encompasses tangible and intangible heritage, which may be recognized and valued at a local, regional, national or global level.
Economic displacement	Loss of land, assets, access to assets, income sources, or means of livelihood as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.
Eminent domain	The right of the state using its sovereign power to acquire land for public purposes. National law establishes which public agencies have the prerogative to exercise eminent domain.
Entitlement	Resettlement entitlements with respect to a particular eligibility category are the sum total of compensation and other forms of assistance provided to displaced persons in the respective eligibility category.
ESMP	Environmental and social management plan (ESMP) is an instrument that details (a) the measures to be taken during the implementation and operation of a project to eliminate or offset adverse environmental and social impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures.
ESMS	ESMS sets out policies and procedures to identify, assess, manage, and monitor the environmental and social risks and impacts projects on an ongoing basis.
Host communities	Communities receiving physically displaced persons of a project as re-settlers.
Physical cultural resources	Movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings and may be above or below ground or under water. Their cultural interest may be at the local, provincial, national, or international level.
Physical displacement	Relocation, loss of residential land, or loss of shelter as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas.
Relocation assistance	Support provided to persons who are physically displaced by a project. Relocation assistance may include transportation, food, shelter, and social services that are provided to the displaced persons during their relocation. It may also include cash allowances that compensate displaced persons for the inconvenience associated



with resettlement and defray the expenses of a transition to a new locale, such as moving expenses and lost work days.

Replacement cost Replacement cost involves replacing an asset at a cost prevailing at the time of its acquisition. This includes fair market value, transaction costs, interest accrued, transitional and restoration costs, and any other applicable payments, if any. Depreciation of assets and structures should not be taken into account for replacement cost. Where there are no active market conditions, replacement cost is equivalent to delivered cost of all building materials, labour cost for construction, and any transaction or relocation costs.

Security of tenure Protection of resettled persons from forced evictions at resettlement sites. Security of tenure applies to both titled and non-titled displaced persons.



1. Background

1.1 Overview

1. The Federal Government has recognized the importance of Public Private Partnerships (PPPs) as one of the ways to leverage private investments and private expertise for the development of essential economic and social infrastructure in the country to resolve the infrastructure service gaps and to improve the quality of public services.
2. The Parliament enacted the Public Private Partnership Authority Act, 2017 for the purpose of creating an enabling environment for private sector participation in development projects and in the provision of public infrastructure and related services in Pakistan through PPP projects. Parliament amended the 2017 Act in 2021 through the PPP Authority (Amendment) Act, 2021 and the (Amendment) Act, 2022.
3. The Act creates an enabling framework for the development, approval and implementation of PPPs in the country. As part of the framework, the Act has defined the approval processes and the institutions that are responsible for approving a PPP project through different stages of its development process.
4. The PPP Authority (P3A) refers to the Authority established by the Government in conformance with the P3A Act, 2017, and any ancillary amendments, for carrying out the purposes and objectives of the said Act. According to the Act, the Authority has been empowered to take such measures and exercise such powers as may be necessary for promoting and facilitating the realization of the concept and methods of Public Private Partnerships.
5. The P3A is responsible for administering three (3) funds as listed below. These Funds shall be established through an upfront grant-in-aid vested in the Authority:
 - a. **P3A Fund:** Shall comprise of non-lapsable fund to be utilized by the P3A in connection with its functions under the Act.
 - b. **Project Development Facility (PDF):** Shall be a pool of funds, including contributions from international donor agencies, which shall be utilized to support the preparation of any proposals for qualified projects.
 - c. **Viability Gap Fund (VGF):** Shall be a non-lapsable fund to be used to provide support to those qualified projects for which a feasibility study has found them to be economically or socially justified but not financially viable.
6. Different IFIs and/or development partners may provide financing for PPP projects through any of the three (3) P3A Funds listed above.

1.2 Purpose and Scope of the ESMS

7. In alignment with the Government of Pakistan's (GOP's) renewed global commitment in support of combating climate change under the UNFCCC Paris Agreement and the subsequent Nationally Determined Contributions (NDCs) in line with Article 6 of the Agreement, the P3A strives to ensure that PPP projects financed through the Authority avoid, minimize, manage and mitigate adverse environmental and social impacts.



8. P3A's Environment and Social Management System (ESMS) has been established to promote private sector participation in realizing the Government's climate ambition in priority sectors and in the development of nature-based solutions (NbS) that address Pakistan's mitigation and adaptation potential. This ESMS shall serve to formulate environmental and social safeguard requirements in a systematic manner as a core function of the P3A's management system. The P3A's ESMS is aligned with the requirements stipulated within national legal and regulatory policies, as well as internationally ratified conventions and agreements.
9. This ESMS has also been specifically developed to facilitate the flow of green-financing for the implementation of NDCs and adaptation and mitigation priorities from the GCF.
10. The ESMS is also aligned with international best practices, such as the Asian Development Bank's (ADB) Safeguard Policy Statement (SPS), 2009 and the World Bank Environmental and Social Framework (ESF), 2016. This alignment ensures adherence to the distinct environment and social policies of various IFIs and/or development partners that could provide funding through the PDF and/ or the VGF facilities. This ESMS is also designed to attract financing from different multilateral and financing agencies by showcasing the presence of robust environmental and social safeguard frameworks.
11. This ESMS identifies various international financing agency specific legal safeguard requirements and outlines internal procedures to be adopted in meeting these safeguard requirements.
12. This ESMS is applicable to all qualified PPP projects, as defined in the P3A Act, 2017 (as amended) and any other PPP projects that the P3A intends to be included in the scope of application. The ESMS applies to all stages of a PPP project's life cycle, from project identification to contract expiry of the PPP Agreement. This ESMS extends to the Implementing Agency (IA) and the Private Party as defined in the PPP Manual.
13. Safeguard policies and social standards of IFIs and/or development partners whose financing may be requested for PPP projects can be added to this ESMS, as and when required.
14. In the interest of providing context to IAs on the different mechanisms and policies already being implemented globally, it is worth mentioning that different IFIs and/or development partners such as the World Bank, ADB, FCDO etc. have been preparing and implementing ESMS' in the last few years by providing financing for projects involving Financial Intermediaries (FIs) such as the World Bank financed 'Pakistan Housing Finance Project'. Some of the sample policies and guidelines, primarily drawn from the ADB are enclosed for guidance and information.

1.3 Approach towards Developing ESMS

15. The P3A has developed this ESMS in a compatible manner with international environmental and social safeguard standards and best practices such as the ADB's SPS, 2009 and the WB's ESF and IFC's Performance Standards (PSs), 2016. It entails: (i) collation of relevant national legal and regulatory requirements, and internationally ratified conventions and agreements, (ii) consultations with P3A, potential donors, civil society, academia and potential IAs for developing the draft ESMS, (iii) deliberations on draft ESMS, and (iv) finalizing the draft ESMS in line with feedback received.



2. Definition of Environmental and Social Management System (ESMS)

16. The ESMS defines policies, principles, processes and institutional arrangements to identify, assess, manage and monitor environmental and social risks and impacts of qualified projects which are financed by the PDF and the VGF on an ongoing basis. The ESMS requires projects to undergo appropriate environmental and social (E&S) due diligence so as to be prepared and implemented in accordance with relevant environmental and social national laws and regulations.
17. The P3A has established this ESMS as a part of its overall management system to meet E&S related national laws, regulations, international conventions and agreements for implementation of international best practices.
18. This ESMS has the following elements:
 - i. Environmental and Social Framework;
 - ii. Clearly defined procedures for the identification, assessment and management of E&S risks and impacts of projects based on nature of activities, scale of operations, technology, locations, significance and severity of E&S risks and impacts;
 - iii. Mapping of institutional arrangements including organizational structure and staffing with appropriate skills and competencies in ESMS and institutional accountability by defining roles and responsibilities;
 - iv. Training requirements;
 - v. Monitoring and review of environmental and social risks of projects and the portfolio;
 - vi. External communications and grievance redressal mechanisms (GRM).
19. As stated above, this ESMS is applicable for all qualified projects and any such projects which P3A may specify. All parties involved in the PPP transaction shall adopt and implement this ESMS.
20. This ESMS is commensurate with the nature and magnitude of E&S risks and impacts of portfolio projects and it shall be revised as and when the E&S risk profile of the portfolio changes significantly. In addition, this ESMS shall be updated as and when existing legal requirements are modified or new legislation is introduced. Annual reviews and revisions (if any) shall be the sole responsibility of the P3A, who shall inform and update the parties that have adopted this ESMS of any changes.
21. Expected outcomes of this ESMS are i) enhancement of E&S performance; ii) fulfilment of compliance obligations and iii) achievement of E&S management objectives.



3. Environmental and Social Framework of P3A

3.1 Policy Statement

22. The P3A is fully committed to effectively addressing potential E&S risks, impacts, ensuring gender equality as well as enhancing positive impacts of its operations. The following policy principles are set in place to achieve this objective in planning, designing, constructing and implementing PPP projects:
- Complying with applicable national and international environmental and social laws, regulations as well as internationally ratified conventions and agreements;
 - Avoid or mitigate adverse impacts of PPP projects on individuals and the environment;
 - Conserve or rehabilitate biodiversity and natural habitats and promote the efficient and equitable use of natural resources and ecosystem services;
 - Promote worker and community health and safety;
 - Ensure that there is no prejudice or discrimination toward project-affected individuals or communities and give particular consideration to minority groups, and those disadvantaged or vulnerable, especially where adverse impacts may arise or development benefits are to be shared;
 - Address project-level impacts on climate change and consider the impacts of climate change on the selection, setting, planning, design and implementation and decommissioning of projects;
 - Maximize stakeholder engagement through enhanced consultation, participation and accountability; and
 - Promoting those qualified PPP projects that target the Government's commitment, as per Article 6 of the Paris Agreement, (i) to promote a bottom-up action by the private sector to develop plans for emissions reductions from major sectors, (ii) develop nature-based solutions (NbS) for the country's infrastructure needs, and (iii) address the criteria for facilitating the flow of Green Financing.
23. P3A recognizes the need of social inclusion and gender equality and equity.
24. The procedures put in place to achieve these objectives, as described throughout this ESMS, will be integrated into the terms of conditions of PPP agreements and reflected in the legal agreement(s)/contracts.

3.2 Policy Principles for Environmental and Social Management

25. This ESMS adopts a mitigation hierarchy approach to:
- Anticipate and avoid environmental and social risks and impacts of PPP projects;
 - Where avoidance is not possible, minimize or reduces risks and impacts to acceptable levels; in accordance with national and/or international standards and guidelines, such as provincial EPAs, WHO/IFC etc. as applicable;
 - Once risks and impacts have been minimized or reduced, mitigates; and



- Where significant residual impacts remain, compensate for or offset them, where technically and financially feasible.

26. The policy principles and actions required to avoid or mitigate E&S impacts are based on international best practices and are further elaborated in Table 3.1 below.

Table 3.1: Policy Principles and Actions

S.No	Principles in E&S Management	Description
1	ESMS	<ul style="list-style-type: none"> ▪ Screening PPP projects for identification of environmental and social risks and impacts, and consequent categorization of PPP projects based on nature of activities, scale of operations, technology, locations, significance and severity of E&S risks and impacts; ▪ Adopting measures to avoid or mitigate the identified risks and impacts in accordance with the mitigation hierarchy; ▪ Following the procedures on governance, institutional arrangements including organizational structure and staffing with appropriate skills and competencies in environmental and social management, and institutional accountability by defining roles and responsibilities; ▪ Contributes towards gender inclusive and responsive stakeholder consultations undertaken by the relevant IA/Private Party and disclosure of E&S safeguard documents prepared by the IA/Private Party, and their internal and external audit reports through appropriate means of communication. ▪ Recognizes the need for gender inclusive monitoring and reporting procedures.
2	Land Acquisition and Involuntary Resettlement	<ul style="list-style-type: none"> ▪ Objectives of policies and procedures pertaining to involuntary resettlement (IR) are (i) to avoid IR wherever possible; (ii) to minimize IR by exploring project and design alternatives; (iii) to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to the pre-project levels; and (iv) to improve the standards of living of the displaced poor and other vulnerable groups. ▪ Recognizes that unless properly managed, people and communities displaced by PPP projects can suffer severe economic, E&S distress, including the loss of their housing, productive lands, income sources and livelihoods as well as social tensions and diminished cultural identity. The vulnerable group and poor are more likely to be disproportionately affected, resulting in long-term hardship and impoverishment. ▪ If IR is unavoidable, thorough due diligence will be conducted and compensation, assistance, benefit sharing, assessment of social impacts, resettlement planning, information disclosure, consultation, GRM and monitoring and reporting will be set in place commensurate to risks. ▪ Recognizes that aforementioned principle is to be applied for the “person interested” on land use through the process of



S.No	Principles in E&S Management	Description
		<p>social and environmental assessment and no forced evictions will be carried out.</p> <ul style="list-style-type: none"> ▪ Recognizes the need for payment of compensation and provision of other resettlement entitlements before physical or economic displacement, in line with applicable governmental procedures / laws / rules.
3	Indigenous Peoples	<ul style="list-style-type: none"> ▪ Recognizes the need for identification of all impacts (positive & negative) on Indigenous Peoples (IPs); social assessment, Informed Consultation and Participation (ICP) to Indigenous Peoples' Development Plan (IPDP); ▪ Recognizes the need to anticipate and avoid, or when avoidance is not possible, minimize and/or compensate adverse impacts from a PPP project on communities of IPs as per applicable government policy and procedures; and ▪ Applies to PPP projects that impact individuals or communities that meet the definition of IP as defined in this document.
4	Social Inclusion, Gender Equality and Equity	<ul style="list-style-type: none"> ▪ Recognizes the need to protect human rights of men, women and children and comply with national and international human rights standards, treaties and due diligence practices in this regard. ▪ Recognizes the need to protect women against discrimination that could limit equal opportunity by taking steps towards monitoring men and women participation in decision-making and in accessing benefits. ▪ Recognizes the protection of men, women and children against violence.
5	Labour and Working Conditions	<p>Recognizes the importance of compliance with national labour laws and internationally recognized International Labour Organization's (ILO) Core Labour Standards as follows:</p> <ul style="list-style-type: none"> ▪ Recognizes the need to promote the fair treatment, non-discrimination, and equal opportunity of workers for both men and women; ▪ Recognizes the need for improvement of worker-management relationship; ▪ Recognizes the need to address issues of child labour, forced labour, migrant workers, workers engaged by third parties and workers in the concessionaire's supply chain; and ▪ Recognizes the need to promote safe and healthy working conditions and practices.
6	Consultation, Communication and Information Disclosure, and Grievance Redress Mechanism	<ul style="list-style-type: none"> ▪ P3A recognizes that stakeholder engagement is an inclusive process conducted throughout the project life cycle and that it should be initiated at an early stage of the project development process. ▪ Hold meaningful consultation with affected people and other concerned stakeholders, including civil society and facilitate their informed participation and to determine the level of



S.No	Principles in E&S Management	Description
		<p>stakeholder interest and support for the project to enable stakeholders' views to be taken into account in project design and environmental and social performance.</p> <ul style="list-style-type: none"> ▪ The importance of gender inclusive and gender responsive stakeholder consultations undertaken by the IA/Private Party and disclosure of environment and social safeguard documents prepared by the IA/Private Party and their internal and external audit reports through appropriate means of communication. ▪ Ensure that appropriate project information and relevant documents, including internal and external audit reports on environmental and social risks and impacts is disclosed to stakeholders in timely, understandable, accessible and appropriate manner and format. ▪ Provide project-affected parties with accessible and inclusive means to raise issues and grievances and respond to and manage such grievances.
7	Cultural Property and Heritage	<ul style="list-style-type: none"> ▪ Recognizes the importance of cultural property and heritage for current and future generations, consistent with UNESCO's Convention Concerning the Protection of the World Cultural and Natural Heritage (Paris, 1972); and ▪ Seeks to conserve physical cultural resources in the context of the project's area of influence and avoid destroying or damaging them by using field-based surveys that employ qualified and experienced experts during environmental assessment. Provide for the use of "Chance Find" procedures that include a pre-approved management and conservation approach for materials that may be discovered during project implementation. ▪ When a project may affect physical cultural resources, the IA and/or private party, as applicable, will ensure affected communities who use or have used them within living memory, for long-standing cultural purposes to identify physical cultural resources of importance are consulted and will incorporate the views of the affected communities into decision making process.
8	Biodiversity Conservation and Natural Resource Management	<ul style="list-style-type: none"> ▪ Recognizes the importance of protection, conservation and sustainable management of biodiversity and living natural resources; ▪ Recognizes the importance of maintaining the benefits from ecosystem services.
9	Pollution Prevention and Abatement and Climate Change	<ul style="list-style-type: none"> ▪ Recognizes the importance of addressing pollution by prevention and management of impacts arising from PPP project activities; ▪ Recognizes the importance of cooperating with the IA/Private Party in striving to conform with global good practice and standards by: <ul style="list-style-type: none"> - Recognizing the importance of promoting more sustainable use of resources; and



S.No	Principles in E&S Management	Description
		<ul style="list-style-type: none"> - Recognizes that climate change issues associated with PPP project activities are assessed, mitigated and monitored.
10	Community Health, Safety and Security	<ul style="list-style-type: none"> ▪ Recognizes the importance of avoiding or minimizing the risks and impacts to affected community's health, safety and security that may arise from PPP project activities. ▪ Understands that there may be ecosystem services that may result in adverse health and safety risks and impacts to affected communities due to the PPP project's direct impacts. ▪ Recognizes that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the affected communities; and ▪ Recognizes the need to cooperate with the IA/Private Party about special requirements related to the safety of dams associated with PPP projects.



4. Legal and Policy Framework

4.1 Overview

27. In light of the Government's commitment towards reducing GHG emissions and developing nature-based solutions in accordance with Article 6 of the Paris Agreement, the P3A is committed to addressing the risks and impacts of projects in its portfolio. As such, the P3A shall require IAs to conduct E&S due diligence commensurate with risks and impacts of a project, regardless of their magnitude, which shall be effectively managed during the PPP project's life cycle. Although the potential range of risks and impacts are wide, the below sections elaborate pertinent national laws and regulation as well as internationally ratified conventions and agreements for guidance to IAs.

4.2 Applicability of IFIs and/or development partners E&S Policy

28. The P3A or specific PPP projects may receive funding, on account of various Funds as prescribed and established under the P3A Act, 2017 (as amended), from various IFIs and/or development partners, such as Multilateral Development Banks (MDBs), with varying E&S requirements. As an example, the ADB follows SPS, 2009, while the WB implements its ESF, 2017. If multiple IFIs and/or development partners are supporting the same project, the most stringent of the policies shall be followed, subject to the mutual agreement of each IFI and/or development partner with consultation of P3A.

In the case of PPP projects that do not require financing from IFIs and/or development partners, the P3A shall require the IA to comply with this ESMS and national policies and regulations.

4.3 Environmental Safeguards

29. All project-related environmental risks and impacts need to be assessed and safeguarded against, which include direct, indirect, cumulative and induced impacts in the project's area of influence as well as any transboundary impacts.
30. Each PPP project needs to be assessed based on its type, location, scale and sensitivity and the magnitude of its potential environmental impacts. For clarification, environmental impacts include those related to the natural environment (air, water, and land), human health and safety, transboundary and global environmental aspects. Environmental safeguards, policies and requirements seek to avoid, minimize or mitigate adverse environmental impacts.

4.3.1 National Environmental Legislation

31. This section provides an overview of the policy framework and applicable legislation, both at the federal level as well as the applicable provincial environmental legislation based on the geographical locations of the projects under consideration, that may be applicable for the effective mitigation of environmental impacts stemming from project implementation. Any PPP project being considered for implementation needs to comply with all the applicable environmental policies, laws, guidelines, acts and legislations of the GOP.



32. Key relevant Acts,¹ Policies, Guidelines, Strategies and laws pertaining to environmental protection and management are provided in Appendix I.
33. The Pakistan Environment Protection Act, 1997 is a comprehensive legislation and provides a framework for protection, conservation, rehabilitation, and improvement of the environment. The Act is applicable to a broad range of issues and extends to air, water, soil, marine and noise pollution, as well as the import and handling of hazardous waste. The discharge or emission of any effluent, waste, air pollutant or noise in an amount, concentration, or level in excess of the National Environmental Quality Standards (NEQS) has been prohibited under the Act and penalties have been prescribed for those contravening the provisions of the Act.
34. Section 12 of the national legislation requires that environmental examination will be carried out for all new projects. The categorization of each project is based on the criteria provided in each provinces' legislation and can be accessed through the following links:
- Government of Balochistan (<https://bepa.gob.pk/rules-regulations/>)
 - Government of the Punjab (https://epd.punjab.gov.pk/rules_regulations)
 - Government of Khyber Pakhtunkhwa (<https://epakp.gov.pk/laws/>)
 - Government of Sindh (<https://epa.sindh.gov.pk/>)
35. The Federal Regulation (Review of IEE/EIA 2000) was prepared as an overarching Framework to be adopted by respective provincial Environment Protection Agencies (EPAs), devolved under the 18th Amendment to the Constitution of Pakistan. As such, each province has their own Environment Protection Act, derived from the national regulation (PEPA 1997) and the rules and guidelines for environmental assessments notified by Pak-EPA are currently being extended for compliance.

i. Pakistan Environmental Protection Rules

36. Under the Pakistan Environment Protection Act (PEPA) federal and provincial agencies have been established, with the authority and power to make environment protection rules. The agencies have already made a number of rules for self-monitoring and reporting by industries, biosafety, hazardous waste handling and storage etc.

ii. Guidelines for the Preparation and Review of Environmental Reports, 1997. Pakistan Environmental Protection Agency, GOP

37. The regulations (Review of IEE/EIA 2000) are packaged with sectoral guidelines which are used for specific projects falling under their category. The application format is also given with the regulations as Schedule IV to be filed along with IEE/EIA reports.

iii. Provincial Environmental Protection Acts

38. The respective provincial Environmental Protection Acts shall be applicable based on the geographical location of the project under consideration and may be referenced to as follows:

¹ The Pakistan Environment Protection Act, 1997



- Khyber Pakhtunkhwa Environmental Protection Act, 2014
- Sindh Environmental Protection Act, 2014
- Balochistan Environmental Protection Act, 2012
- Punjab Environmental Protection (Amendment) Act, 2017

iv. National & Provincial Environmental Quality Standards

39. The NEQS, 2000 specify national standards for different environmental parameters such as ambient air quality, noise, motor vehicle exhaust, municipal and liquid industrial effluents etc. (<https://environment.gov.pk/index>)
40. Furthermore, each province has specific quality standards for different environmental parameters that must be complied with and can be accessed through the following links:
- [Government of Sindh \(https://epa.sindh.gov.pk/sepa-act-2014rules/\)](https://epa.sindh.gov.pk/sepa-act-2014rules/)
 - [Government of Balochistan \(https://bepa.gob.pk/rules-regulations/\)](https://bepa.gob.pk/rules-regulations/)
 - Government of the Punjab (https://epd.punjab.gov.pk/rules_regulations)
 - Government of Khyber Pakhtunkhwa (<https://epakp.gov.pk/laws/>)

4.3.2 Other Environment Related Legislation

41. Other relevant national policies and legislation are detailed in Appendix I, while relevant multinational environmental agreements ratified by the GOP are listed in Appendix II.

4.4 Social Safeguards

42. Social safeguards relate to the *involuntary* physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood) of peoples as a result of PPP project-related land acquisition through: i) expropriation based on eminent domain, ii) negotiated settlement, if expropriation would result upon failure of negotiation, iii) and/or clearance of assets established on the state land and public Right of Ways required for the project. This does not apply to physical displacement or resettlement resulting from *voluntary* land transactions.
43. The P3A requires IAs to avoid, minimize (where avoidance is not possible) and mitigate adverse social and economic risks and impacts that PPP projects may entail. Furthermore, if avoidance is not possible, the IAs endeavors to mitigate all adverse social and economic impacts. For avoidance and mitigation of social and economic impacts, the IAs shall seek recourse under the Constitution of Pakistan which upholds the interests of people related to their property rights, and the Land Acquisition Act (LAA), 1894 (as amended) which provides for disbursement of compensation to titleholders upon acquisition of land.
44. The application of this ESMS requires IAs to comply with both constitutional provisions (relevant to social safeguards) and LAA procedures (in cases where land needs to be expropriated) and the E&S principles and mitigation actions as per P3A's Environment and Social Policy Statement read with contractual provisions of the PPP Agreement.



4.4.1 Involuntary Resettlement

i. National and Provincial Legislation on Involuntary Resettlement

a. Constitution of the Islamic Republic of Pakistan

45. The Constitution of Pakistan (1973) clearly addresses the protection of property rights (Article 24) such that *“no person shall be deprived of his property save in accordance with law”* (Article 24(1)), and *“No property shall be compulsorily acquired or taken possession of save for a public purpose, and save by the authority of law which provides for compensation therefor and either fixes the amount of compensation or specifies the principles on and the manner in which compensation is to be determined and given”* (Article 24(2)).
46. Further, Article 4(2a) reiterates the right of the people by stating that: *“No action detrimental to the life, liberty, body, reputation or property of any person shall be taken except in accordance with law”*.

b. The Land Acquisition Act, 1894

47. The Land Acquisition Act of 1894 (LAA 1894), as amended from time to time, is the primary legislation governing the acquisition of land and compensation. The LAA 1894 is a Federal law but its implementation is with the Provincial Board of Revenue (BOR). The Act is meant for the acquisition of land only and does not explicitly consider the social, cultural, economic, and environmental conditions of those needing to be resettled and/or rehabilitated.
48. The LAA 1894 requires that following the notification of land acquisition and the impacts assessment and valuation, land, structures, crops, and other improvements are compensated for in cash at market rate to titled landowners and registered land tenants/users. In addition, a 15% compulsory acquisition surcharge is provided.
49. Only legal owners and tenants registered with the land revenue department or with formal lease agreements are eligible for compensation / livelihood support. The LAA 1894 also does not openly mandate the provision of specific rehabilitation / assistance to poor and vulnerable groups, nor does it require rehabilitation of income / livelihood losses or resettlement costs. Section 17 of the LAA allows acquisition of land prior to compensation of DPs. There is also no requirement to monitor and assess resettlement outcomes and impacts or disclosure of monitoring reports.
50. The land acquisition process officially starts with the publication of preliminary notification under Section 4 of the LAA. This is followed with the conducting of surveys, measurements, valuation, inquiry on objections, formal declaration of intent to acquire land, dispute resolution, payment of compensation and taking possession of the acquired land as reflected in Appendix XV.
51. In case of projects being financed by IFIs and/or development partners which have their safeguard policies such as the Asian Development Bank’s (ADB) Safeguard Policy Statement (SPS), 2009 and the World Bank Environmental and Social Framework (ESF), 2016, the application of emergency clauses may not be acceptable as such financing is contingent upon compensation to DPs before land has been acquired.



ii. Eligibility and Entitlements of Displaced Persons (DPs)

52. In addition to implementing national laws/ policies, the respective IAs shall also ensure compliance by addition of appropriate clauses in the concession agreements with the ESMS requirements of IFIs and/ or development partners, if financing for PPP projects has been sourced from them. For example, in the case of ADB financing, the eligibility and entitlement requirements for people affected by PPP projects developed as laid out in Appendix XVI, shall be disbursed in accordance with the *ADB's Safeguard Policy Statement (SPS) 2009*. The specific requirements of any other IFIs and/or development partners providing financing may be added as guidance for IAs and Private Party to updated versions of this ESMS document as determined necessary by P3A.
53. In the case of sovereign financed projects, entitlement and compensation requirements shall be met as per national legislation.
54. For PPP Projects financed by IFIs and/or development partners, the IAs shall ensure that the compensation to DP's is made in the manner consistent with the requirements of the IFIs and/or development partners.

4.4.2 Indigenous Peoples (IPs)

55. The GOP has signed and ratified several International Human Rights treaties and declarations. Furthermore, the GOP also voted in favor of the United Nations Declaration on the Rights of Indigenous Peoples (IPs) (UNDRIP) on September 13, 2007.
56. The Constitution of Pakistan refers to "minority" several times but does not specifically refer to IPs. Article 36 of the Pakistan Constitution requires the State to safeguard the legitimate rights and interests of 'minorities,' including their representation in the Federal and Provincial services. However, as per the UNDRIP, UNESCO cites small groups of IPs in Pakistan, such as the Kihals and Mors and IPs from the Indus, the Buzdar from the Sulemain Mountains and the Kalasha.
57. The Pakistani Constitution states that adequate provisions shall be made so that minorities can freely practice their religions and develop their cultures. Article 33 of the Constitution states that all citizens shall be accorded fundamental rights, including economic and political justice and freedom of faith and worship. Furthermore, communities that possess "a distinct 'language, script, or culture' shall have the right to preserve the same".
58. In addition to Constitutional rights, the P3A, IAs and the Private Party shall also be guided by policies of IFIs and/or development partners (contingent upon such financing) wherein PPP projects shall be screened for potential impacts on IPs. This in turn will safeguard such PPP projects by designing and implementing these in a manner that fosters full respect for IPs identity, dignity, human rights, livelihood systems and cultural uniqueness as defined by the IPs themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of PPP projects and (iii) can participate actively in sub-projects that affect them.



4.4.3 Addressing Gender Issues in Environment and Social Safeguards Management

59. Processes of compulsory land acquisition, physical displacement or any form of involuntary resettlement and their aftermath affect men and women differently. In light of international best practices, it is imperative to have gender as a frame of analysis mainstreamed into this ESMS. E&S due diligence process shall be carried out with regard to gender considerations. Gender analysis related to E&S risks and impacts will be conducted so as to include collection of gender disaggregated data to identify and address gender issues in safeguards management, gender equity and equality shall be ensured for both genders in the provision of entitlements and other measures under the E&S safeguard instruments.
60. The IA and the Private Party will ensure meaningful participation of women in all consultations. Negative impacts of PPP projects on female-headed households will be taken up on a case-by-case basis and assistance to these households will be prioritized under the PPP projects. Specific measures will be formulated to ensure that socio-economic conditions, needs and priorities of women are identified and the process of land acquisition and resettlement does not disadvantage women. During disbursement of compensation and resettlement and rehabilitation assistance, priority shall be given to female-headed households. Joint ownership in the name of husband and wife will be encouraged, particularly in cases where land and other assets were acquired after marriage.
61. Potentially harmful impacts on people, including changes in livelihood, environmental degradation, and heightened violence directly or indirectly related to PPP projects will be identified and prevented. In case of substantial impacts on women, based on gender analysis, the IA and/or the Private Party shall develop a Gender Action Plan (GAP) to address women's' and men's' issues separately. The IA and/or the Private Party shall pay adequate attention to gender concerns, including specific measures addressing the need of female headed households, gender-inclusive consultations, information disclosure and grievance redressal mechanisms (GRM), to ensure that both men and women receive adequate and appropriate compensation for lost property and resettlement assistance, if required, as well as assistance to restore and improve their incomes and living standards. The resettlement plans shall specify the gender inclusive income and livelihoods restoration plans.

4.4.4 Incorporating Social Dimensions and Social Protection in ESMS

62. The P3A shall endeavor to follow international best practices and established standards for incorporating social protection elements in this ESMS and requires IAs to ensure that vulnerable groups (men, women and children) that may be negatively affected by any qualified PPP projects are adequately compensated and ensure that mitigation measures are put in place to avoid creating further poverty and endeavour to comply with internationally recognized core labor standards in the designing and implementation of subprojects and for monitoring compliance. As an example of international best practice, IAs and the Private Party may refer to ADB's Social Protection Strategy (2001) provided in Appendix V of this ESMS.



5. Organizational Responsibilities, Resources and Capacity

63. This chapter presents the institutional arrangements and roles of the different organizations in the development of qualified PPP projects of by the P3A in regard to this ESMS.

5.1 Roles and Responsibilities of Different Organizations

5.1.1 PPP Authority (P3A)

64. E&S responsibilities of P3A shall be as follows:
- a. Ensure that the proposed projects are not on the PIAL;
 - b. Ensure that E&S risks and impacts are identified and assessed appropriately by the IAs and E&S mitigation measures are commensurate to risks;
 - c. Advise, facilitate and actively support the IA on ESMS related issues;
 - d. Standardize contractual provisions, with the consultation of IAs and develop E&S specific provisions; and
 - e. Interact, collaborate and liaise with international agencies.

5.1.2 Implementing Agency (IA)

65. All IAs shall be required to adopt and implement this ESMS in its entirety for all qualified PPP projects.
66. The IA has varying roles depending on the phase of the project. From Project Concept Proposal (PCP) phase to Project Proposal Approval (PPA), the IA shall be the active implementer of the ESMS. Once the project is awarded, the Private Party shall be required to comply with the relevant sections of the ESMS, while the IA assumes a monitoring and auditing role of the Private Party's E&S compliance in line with P3A's ESMS.
67. Appoint a Transaction Advisor suitable to conduct E&S due diligence commensurate to the risks of the project and to support the IA, where required, with responsibilities described in the clause below.
68. Pre-project award responsibilities of the IA shall include:
- a. Ensure that the proposed projects are not on the PIAL;
 - b. Identify E&S risks and impacts as well as a risk categorization of the project to be elaborated in the PCP;
 - c. Respond to P3A's E&S related queries and request for additional information related to PCP;
 - d. If submitting an application for PDF funding, or if the PDF funding is provided on a project-specific basis by IFIs and/or development partners, to ensure that the E&S policies of IFIs and/or development partners are incorporated into the ESMS;



- e. Procurement and selection of Transaction Advisors (TA) for undertaking project development, transaction structuring and bid process management, and ensuring the selected TA has the required E&S capabilities;
 - f. Assessment of environmental and social impacts, risk allocation required for the preparation of the Project Qualification Proposal (PQP);
 - g. Responding to P3A's E&S queries and request for additional information related to PQP;
 - h. If submitting an application for Viability Gap Fund (VGF) funding, or if the funding is provided on a project-specific basis by IFIs and/or development partners, ensuring that the E&S policies of IFIs and/or development partners are incorporated into the ESMS;
 - i. Analysis required for finalisation of project feasibility, development of bid documents and drafting of PPP Agreement, which includes all necessary E&S clauses;
 - j. Preparation and submission of Project Proposal to P3A and ECNEC (if applicable);
 - k. Management of the bid process and selection of the Private Party;
 - l. Submission of application for approval of variations (if any) in the PPP Agreement, post selection of the Private Party;
 - m. Execution of the PPP Agreement with the SPC formed by the Private Party for this purpose;
69. If the IA is applying for both PDF and VGF, it should be noted that the IFIs and/or development partners of PDF and VGF may be different. In this case, IA is required to ensure requirements of each IFIs and/or development partners is applied at the relevant stage of the project.
70. Post-project award responsibilities of the IA shall include:
- a. Management of the PPP Agreement during its tenure;
 - b. Monitoring and management of the E&S performance of the SPC; and
 - c. Taking and handing-over of the project assets and facilities at the expiry of the PPP Agreement and becoming the implementor of the ESMS.

5.1.3 Transaction Advisory

71. The Transaction Advisor is appointed by the IA for supporting the preparation and procurement of the PPP project and provides support in conducting E&S related tasks as agreed between the IA and the Transaction Advisor.

5.1.4 Private Party

72. Among the key responsibilities of the Private Party are to comply with legal and regulatory requirements, environmental and social safeguards and other conditions that are applicable to the project. Given that the Private Party is responsible for the construction, operation, and maintenance of the project in line with the terms and conditions of the PPP Agreement until the handover of project assets and facilities to the IA at the contract expiry of the PPP Agreement,



the Private Party is required to comply with E&S requirements outlined in this ESMS. The key responsibilities of the Private Party shall include the following:

- a. Identify E&S risks and impacts and the risk categorization thereof for the project shall be elaborated in the PCP (in case of an unsolicited proposal);
- b. Respond to IAs & P3A's E&S related queries and request for additional information related to PCP (in case of an unsolicited proposal);
- c. Preparation and submission of PQP to IAs, which will thereon be submitting to P3A (in case of an unsolicited offer);
- d. Assessment of environmental and social impacts, risk allocation required for the preparation of the Project Qualification Proposal (PQP) (in case of an unsolicited proposal);
- e. Responding via the relevant IA to P3A's E&S queries and request for additional information related to PQP (in case of an unsolicited proposal);
- f. Submission of the technical and commercial offer to the IA, either on unsolicited basis or in response to a bid process undertaken by the IA, ensuring that the offer includes the required E&S capabilities and budget;
- g. Procuring necessary approvals and permits that are required for the construction, operations and maintenance of the project;
- h. Complying with legal and regulatory requirements, environmental and social safeguards and other any other conditions that are applicable to the project; and
- i. Handing over of the project assets and facilities, along with E&S related responsibilities, to the IA at the contract expiry of the PPP Agreement.

5.1.5 PPP Working Party (P3WP)

The P3WP shall consider the PCP and PQP to ensure the E&S safeguards as are provided within this ESMS while approving the PCP or PQP, as the case may be.

5.2 Staffing

73. The E&S Manager, P3A shall provide support as required to the IA and the Private Party to comply with the E&S policies and procedures outlined in this ESMS and any additional E&S policies of IFIs and/or development partners (contingent upon such financing). P3A's organizational structure may be updated from time to time by the Authority as needed.

5.3 Training and Capacity Building

74. The P3A shall take necessary measures to:
 - i. Develop ESMS related understanding and capacity of P3A's employees, the IA and Private Party, so as to effectively prepare, implement, monitor and where necessary manage and/or mitigate adverse E&S impacts of PPP projects;
 - ii. Endeavour to ensure effective PPP project implementation and results monitoring; and



- iii. Support awareness and capacity building workshops, trainings and consultations with PPP project stakeholders from the public and private sectors.
75. Capacity building shall be carried out in the areas of review and monitoring of environmental and social safeguards, particularly for Category A and Category B projects. P3A may also utilize additional support from IFIs and/or development partners for building capacity by requesting for international experts to conduct trainings and arrange exposure visits etc. for relevant E&S related staff at P3A, IA and Private Party.



6. Operational Procedures for Environmental and Social Compliance

76. The operational procedures for E&S compliance are applicable to the entire project life cycle, therefore, each stage of the life cycle entails performing different tasks to ensure E&S risks and impacts are managed effectively. The key stages of a qualified PPP project's life cycle are:

- **Stage 1: Project Concept Proposal Stage**
- **Stage 2: Project Qualification Proposal Stage**
- **Stage 3: Project Proposal Stage**
- **Stage 4: Project Implementation and Operations Stage**

77. The E&S Safeguards Manager of the P3A shall liaise directly with E&S staff of IAs, and only as and when necessary, may the IA request P3A to interact through in-person and/or online meetings and discussions with entities such as Transaction Advisors, Private Party etc. to ensure E&S compliance of each project.

78. If E&S staff of the IA and the Private Party require support in applying procedures set out within this ESMS, the E&S Manager of the P3A shall provide requisite guidance.

The following sections detail operational procedures for E&S compliance at each stage of the PPP qualified project life cycle.

6.1 Stage 1: Project Concept Proposal (PCP)

79. An IA may, but is not required to, submit a project concept proposal to the Authority in relation to a qualified project. This submission aims to establish alignment between the initial project concept and the national development framework, ensuring its viability and justification for proceeding with the preparation of a project qualification proposal.

80. If the IA (or a Private Party) deems it necessary or appropriate, they may develop and submit a PCP to the Authority for approval by the P3WP, in accordance with the procedures set forth in P3A's Approvals and Process Flow (APF) Regulations (and as further explained in the PPP manual). The PCP shall include a brief description of any anticipated E&S risks and resulting impacts as a result of or in connection with the project in accordance with the procedures described in Figure 6.1 below. For qualified projects, the IA shall be responsible for submitting the PCP to the P3A (including those received from a Private Party). Upon receipt of the PCP, once the Authority confirms that the IA has satisfied all submission requisites as per the regulations, it shall forward the PCP to the P3WP along with its recommendations. If the IA opts to submit a PCP, only after P3WP approval can the project proceed to the Project Qualification Proposal (PQP) stage. It shall not be mandatory to submit a Project Concept Proposal (PCP) before the Project Qualification Proposal (PQP) for approval of the Authority.

81. The procedural flow for screening and consequent categorization of qualified PPP projects is shown below in Figure 6.1.



6.1.1 Environment, IR & IP Screening and Risk Identification

82. All qualified PPP projects are required to be screened, reviewed and categorized for potential E&S risks and impacts at the PCP/Project Conceptualization stage by the respective IAs. Screening will place particular attention on adverse risks and impacts on IR, IPs, the environment, climate change, community health and safety, labour and working conditions, biodiversity and/or cultural heritage.
83. Other areas of risk may also be relevant to the delivery of E&S mitigation measures and outcomes, depending on the specific project and the context in which it is being developed. These may include legal and institutional considerations; the nature of the mitigation and technology being proposed; governance structures and legislation, and considerations relating to stability, conflict or security.
84. The P3A is committed to following international standards for the management of its E&S system, including gender aspects, by following international best practices. Therefore, the P3A has reviewed the PIALs of different multilateral agencies such as ADB, World Bank/IFC etc. and has developed a customized PIAL which-is provided in Appendix IV and may be further updated and revised as deemed necessary by P3A. Prior to making any specific investments, P3A's E&S Manager shall verify that the proposed PPP project is not on P3A's PIAL.
85. Once it has been ascertained by the E&S Manager, P3A that the proposed PPP project does not fall under any of the activities listed in the PIAL, the party preparing the PCP (IA or the Private Party) will undertake a detailed screening exercise for the proposed PPP project. For example, in the case of ADB financed projects, ADB may provide a Rapid Environmental Assessment (REA) Checklist as a valuable resource to aid the screening process.

6.1.2 Climate Change Risk Screening and Identification

86. All projects being considered for financing by P3A, either through sovereign financing or by IFIs and/or development partners, shall be screened using the preliminary Climate Risk Screening as provided in Appendix XI.
87. Based on this initial screening, if the climate risk is assessed to be 'medium' to 'high', then any internationally accepted Climate Risk Screening Tool may be utilized with assistance of the respective IFI and/or development partner project team and should be followed by a climate and risk vulnerability assessment (CRVA), based on the process flow and structure showed as shown in Appendix XIV. In case any recent secondary data/CRVAs are available for the project area, these can also be used to prepare the climate risk assessment.
88. Furthermore, in the case of seeking IFI/multilateral agency financing, all projects may also be screened using the assessment framework and methodology, provided as Appendix XII. This methodology is presently being used by multilateral banks globally to screen proposed project activities against the Paris Agreement requirements to assess whether they are aligned with the Adaptation and Climate Resilience Goals of the Paris Agreement.



6.1.3 E&S Risk Categorization

89. Risk categorization system is an essential component of the ESMS, which determines the scope and nature of E&S due diligence and risk management of projects. It also enables actions aiming to avoid and/or mitigate E&S risks to be commensurate with the nature and magnitude of those risks. The risk categorization takes sector, type, location, scale, sensitivity, local context as well as financial instruments into account. It accounts for direct, indirect, cumulative, and induced potential impacts in the project's area of influence. The overall system allows to analyse the aggregate risk of the P3A portfolio.

90. The categorization system of the P3A includes three categories as described below:

- **Category A: High or Substantial Risk.** PPP projects that constitute potentially significant and adverse E&S risks and/or impacts that are diverse, irreversible or unprecedented. These impacts may affect an area larger than the sites or facilities subject to physical works.

All projects listed under Schedule II of the Pakistan EPA Review of IEE & EIA Regulations, 2014 and those sited within a declared environmentally sensitive area are included in this category. In this case, the PPP project shall be subject to both national environmental regulations along with any specific environmental and social safeguard policies of the respective IFIs and/or development partners, in cases where financing from these sources are being utilized. Contingent upon financing of IFIs and/or development partners, prior review and approval shall be required.

With respect to IR, PPP projects where 200 or more persons will experience major impacts, which are defined as (i) being physically displaced from housing, or (ii) losing 10% or more of their productive assets (income generating) should be assigned as Category A.

As for IPs, if the PPP project is expected to have a significant effect on language use, cultural practices, institutional arrangements, and religious or spiritual beliefs, livelihood systems that Indigenous Peoples view as essential to their identity or well-being then the project should be assigned as Category A.

- **Category B: Moderate Risk.** PPP projects with potentially limited adverse environmental or social risks and/or impacts that are few in number, site-specific, few if any of them are irreversible and readily addressed through mitigation measures.

All projects listed under Schedule I of the Pakistan EPA Review of IEE/EIA Regulations, 2000 are included in this category. An initial IEE is required for such PPP projects in accordance with the Pakistan EPA Review of IEE and EIA Regulations, 2000 along with any specific E&S safeguard requirements of IFIs and/or development partners (contingent upon financing utilized for the project from this source) may be applicable.

- **Category C: Low Risk.** PPP projects that have minimal or no adverse environmental or social risks and/or impacts.

Only in cases where IFI and/or development partner financing is being sought, the REA checklists will be used for the purpose of screening projects from an environmental safeguards' perspective.

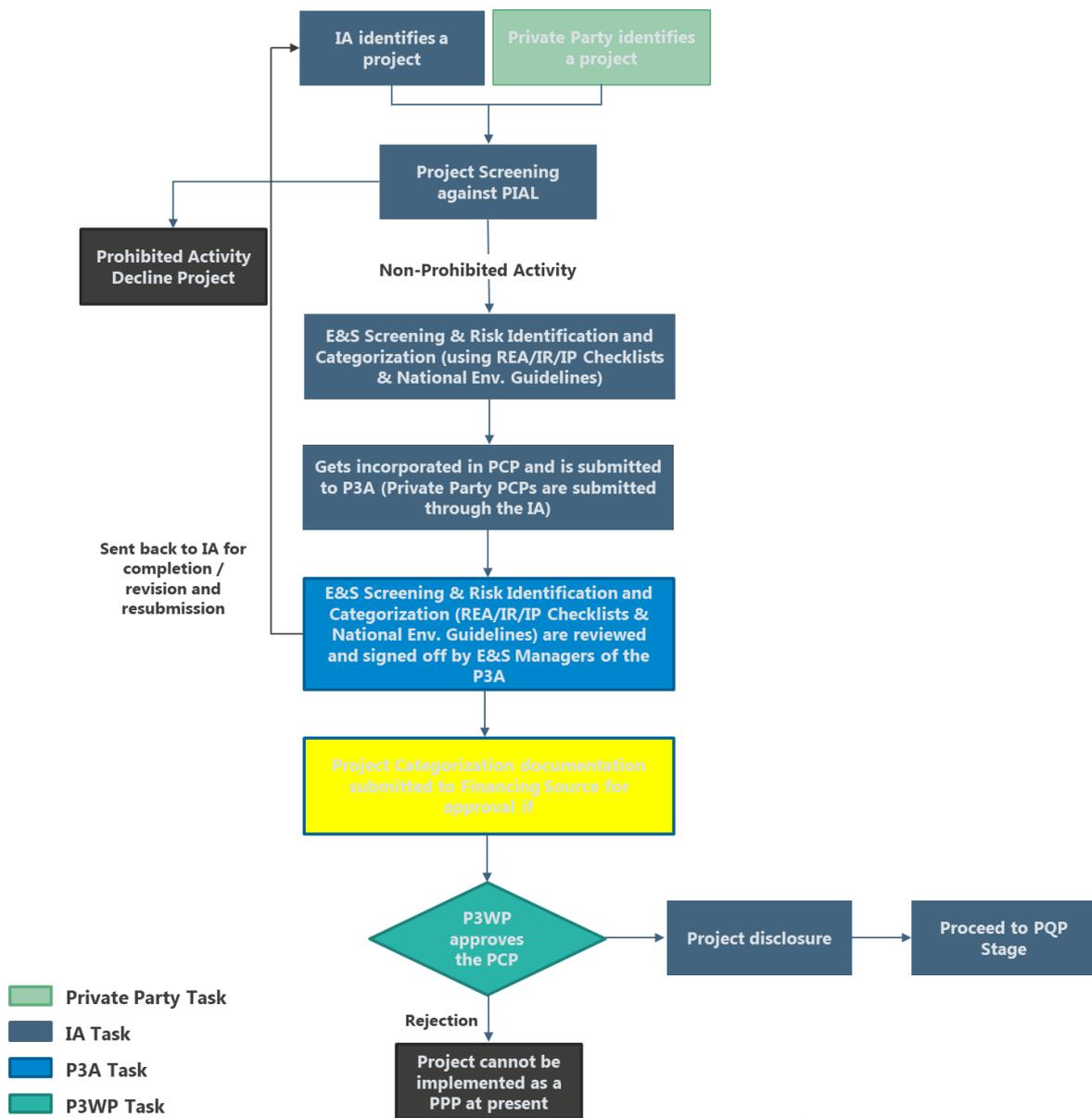
91. The E&S risk categorization is to be recommended by the entity preparing the PCP, whether it is the IA or a Private Party. Once a PCP is received, the E&S Manager, P3A shall assess



whether the recommended risk category is commensurate to E&S risks identified for the project. In the case where an IA applies for financing through the PDF, and the requisite project-specific funding is received from IFIs and/or development partners, the assigned risk category shall also be approved by the respective IFIs and/or development partners.

92. The E&S Manager, P3A shall review E&S risks and impacts on a regular basis, including during implementation. At any given stage of the project, changes in the risk profile should be reflected on the risk classification to ensure that it continues to represent associated risks and impacts of the project. If the PPP project is being financed by an IFI and/or development partner(s), P3A shall inform the IFIs and/or development partner(s) of any category change in a timely manner. The PCP process flow chart is provided in Figure 6.1 below.

Figure 6.1: PCP Process Flow



6.2 Stage 2: Project Qualification Proposal (PQP)

93. The PQP can be prepared by the IA in accordance with the P3A's APF Regulations and submitted for review and approval of the P3A. Post review, the P3A shall forward the PQP, along with its recommendations and comments, to the P3WP for approval.
94. PQP, among other things, shall cover the following information:
- A pre-feasibility and an outline of the transaction structure of the project;
 - A technical study explaining the bankability of the project as well as affordability for end-users;
 - Analyses with respect to environmental, social and gender impact of the project considering applicable international best practices;
 - Detailed information as to any government support which may be required in connection with the project including funding through the PDF and/or the VGF; and
 - Reports from stakeholder consultations conducted, including market sounding.
95. In case the IA submits a PCP for the project and it gets approved, it can start preparing the PQP immediately. However, as per the P3A's APF Regulations, submission of PCP is not a mandatory pre-condition to prepare and submit a PQP and hence the IA may decide to directly prepare and submit a PQP for a qualified PPP project. In such cases, the IA shall be required to include with its PQP, all E&S related information and documents that are requested under PCP as detailed beforehand at Para 89 (c).
96. In accordance to the PPP Manual and P3A's APF Regulations, if an IA submits a PCP and it is rejected, it cannot submit a PQP for the same project with the same scope and structure, unless it submits a revised PCP which is subsequently approved.

6.2.1 Environmental and Social Assessment

97. The Party preparing the PQP shall carry out an E&S assessment of the project which shall be commensurate to the E&S risk category assigned to the project.

It shall be based on current information, including an accurate description and delineation of the project and any associated aspects and E&S baseline data at an appropriate level of detail sufficient to inform characterization and identification of risks and impacts, and proposed mitigation measures. The assessment shall evaluate the project's potential E&S risks and impacts in detail, examine project alternatives, identify ways of improving project selection, siting, planning, design and implementation in order to apply the mitigation hierarchy for addressing any adverse environmental and social impacts, and seek opportunities to enhance the positive impacts of the project. The E&S assessment shall include stakeholder engagement as an integral part of the assessment.

The E&S assessment and compliance requirements per risk category is provided in Table 6.1 below.



Table 6.1: E&S Assessment and Compliance Requirements to meet National and/or IFI and development partner requirements

Risk Category	Environment	Involuntary Resettlement	Indigenous Peoples
Category A: High or Substantial	<p>National Requirement An Environmental Impact Assessment (EIA) study for all projects falling under Schedule II as per respective provincial EPA regulations. All disclosure and public hearing requirements of the respective EPA to be fulfilled.</p> <p>IFI and/or development partner requirements An EIA study that fulfils IFI and/or development partners environmental regulatory requirements is required.</p> <p>The draft EIA report shall be made publicly available (for example at P3A and IA's website as well as the IFIs and/or development partners website, if so desired, and locally) for the required minimum permitted time period as per IFI and/or development partner policies, prior to the PPP project's approval by the P3A Board, if so required by IFI.</p>	<p>National Requirement Comply with Pakistan national legal requirements including Land Acquisition Acts, 1897 etc.</p> <p>IFI and/or development partner requirements A culturally appropriate and gender-sensitive social impact assessment (SIA) is required.</p> <p>Land Acquisition and Resettlement Plan (LARP) or Livelihood Restoration Plan (LRP) to be prepared as per Appendix VI. The IFIs and/or development partners concurrence of the LARP shall be required.</p>	<p>National Requirement Comply with Pakistan national legal requirements.</p> <p>IFI and/or development partner requirements A culturally appropriate and gender-sensitive social impact assessment (SIA) is required.</p> <p>An Indigenous Peoples Plan (IPP), including assessment of social impacts, is required as per Appendix VII. FIs and/or development partners prior review and issuance of clearance is needed.</p>
Category B: Moderate	<p>National Requirement An Initial Environmental Examination (IEE) study for all projects falling under Schedule I as per respective provincial EPA regulations.</p> <p>IFI and/or development partner requirements An IEE study is to be prepared and the finalized version of the report needs to be disclosed on the P3A/IA/ IFIs and/or development partners websites once clearance has been obtained from the IFIs and/or development partners.</p>	<p>National Requirement Comply with Pakistan national legal requirements including Land Acquisition Acts, 1897 etc.</p> <p>IFI and/or development partner requirements LARP or LRP to be prepared as per Appendix VI. The IFIs and/or development partners clearance is <u>not</u> required.</p>	<p>National Requirement Comply with Pakistan national legal requirements.</p> <p>IFI and/or development partner requirements An IPP, including assessment of social impacts, is required. Where IPs are the overwhelming majority of direct project beneficiaries, the elements of the IPP could be integrated into</p>



			the project design in lieu of preparing a separate IPP. IFIs and/or development partners prior review is <u>not</u> needed.
Category C: Low	<p>National Requirement No environmental assessment for most EPAs. However, in certain cases, Checklist may be required to be prepared and submitted to certain EPAs. No disclosure requirement exists.</p> <p>IFI and/or development partner requirements In case of most IFIs and/or development partners, only Checklist needs to be filled. No disclosure requirement exists.</p>	<p>National Requirement No requirement exists.</p> <p>IFI and/or development partner requirements Social Due Diligence Report (SDDR) to be prepared and clearance will be obtained from IFIs and/or development partners. The SDDR is to fulfil IFIs and/or development partners requirements.</p>	<p>National Requirement No requirement exists.</p> <p>IFI and/or development partner requirements SDDR to be prepared to fulfil IFIs and/or development partners requirements and clearance to be obtained from them.</p>

- 98. Category A and Category B projects should include inventory of lost assets, census and socioeconomic assessment of physically / economically displaced household with applicable entitlements.
- 99. The procedural flow for the E&S safeguards management process as part of the PQP stage for the different PPP projects based on their respective categorization is provided in Figure 6.2 below.
- 100. For a project involving involuntary resettlement, a resettlement plan will be prepared that is commensurate with the extent and degree of the impacts. The degree of impacts shall be determined by (i) the scope of physical and economic displacement and (ii) vulnerability of the affected persons.

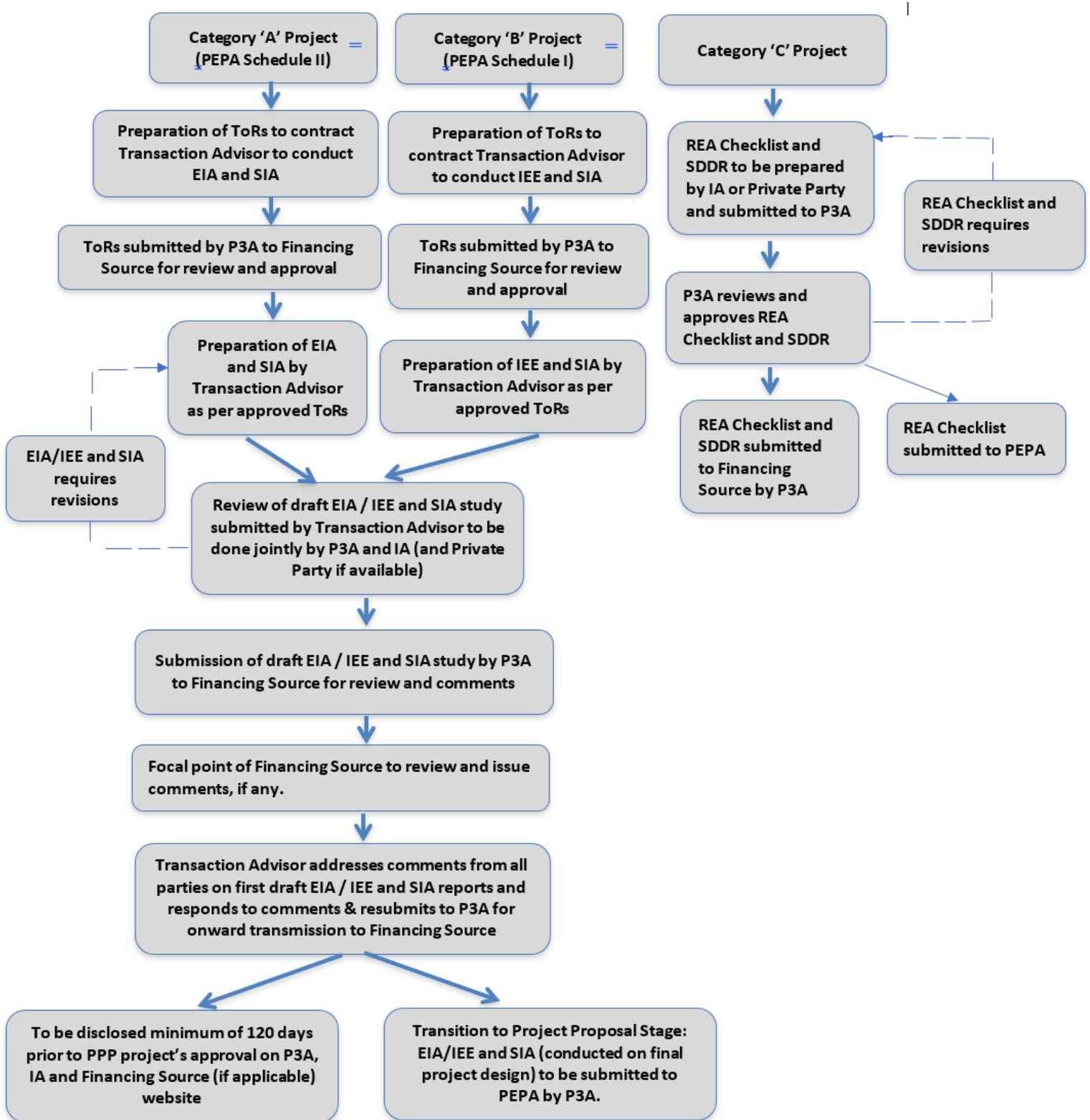
6.2.2 Procedures for E&S Assessment of PPP Projects

- 101. The IA, in consultant with P3A, shall examine the scope of E&S assessment studies and required human resources (expert staff positions) for conducting detailed impact assessments and preparation of requisite EIA, IR and IP planning documents commensurate with the complexity of the investment. The E&S Manager in P3A shall offer the IA(s) any guidance, if required, in the development of ToRs for E&S safeguards assessments and in developing the safeguard sections of the bidding documents for hiring Transaction Advisors.
- 102. The IA shall endeavour to ensure that the Transaction Advisor mobilizes appropriately qualified staff and resources to conduct E&S assessment and in cases where financing is being sought from IFIs and/or development partners, preparation of requisite LARP, LRP and IPP (if so needed). The IA shall ensure that the project location and RoW alignment is fixed and



Section-4 of LAA 1894 is published before commencing measurement surveys, socio-economic assessment and consultations with the affected households.

Figure 6.2: Procedures for E&S Assessments for IFI Financing



6.3 Stage 3: Project Proposal Stage

103. Project Proposal is the detailed proposal submitted by the IA to the P3A after it has received approval of the PQP prepared in respect of a qualified PPP project.
104. Project Proposal defines the key structure and technical and commercial terms of the PPP Contract to be executed between the IA and the Private Party. It shall cover:
- a. Comprehensive details of the proposed transaction structure with all supporting documents, including a complete techno-economic feasibility study, together with all associated and supplementary studies required to conduct an appraisal; and
 - b. A techno-economic analysis explaining the project rationale, fit with national development plans, bankability, economic and financial viability and project cost and financial model; and
 - c. Analyses with respect to legal, regulatory, environmental, social and gender impact of the project considering applicable international best practices;
 - d. A risk review;
 - e. Detailed information as to any government support which may be required in connection with the project, including funding through the VGF or the PDF;
 - f. Management and operation plan for the project, including proposed delivery mode; and
 - g. Such related documentation or information as the Authority may, from time to time, require.
105. The feasibility study constitutes a comprehensive assessment of the qualified PPP project to provide the basis for:
- a. Approval of the project to proceed to the procurement stage;
 - b. Finalisation of the PPP arrangement and the commercial principles of the PPP Contract;
 - c. Approval of the government support measures and budgeting for these measures; and
 - d. Definition of the evaluation criteria for the selection of the Private Party.
106. Wherein the IA shall be responsible for ensuring implementation of E&S safeguards and for monitoring that all concession agreements for PPP projects financed through the VGF will contain adequate E&S protection covenants requiring, among other things, that concessionaires / private parties comply with:
- a. All E&S applicable laws and regulations of Pakistan;
 - b. The E&S safeguard policies of respective IFI and/or development partners, contingent upon any external financing;
 - c. Core labour standards and the applicable laws and regulations of Pakistan, including, but not limited to, the requirements relating to
 - i. Workplace occupational safety norms;
 - ii. No use of child labour;



- iii. No discrimination against workers in respect of employment and occupation; and
 - iv. No use of forced labour;
 - d. Timelines for informing the IA of E&S related incidents;
 - e. Establishment and maintenance of a grievance redressal mechanism.
107. If this phase leads to significant changes in the project design, the EIA and the SIA or the IEE shall be revised to reflect the design changes based on detailed project design to be disclosed on the P3A's, respective IAs and IFIs and/or development partners' (if applicable) website. In case of major changes in project design, the required minimum disclosure period as per applicable IFI and/or development partner safeguard policies shall be implemented again, once the updated EIA has been uploaded and disclosed.
108. EIA and SIA/IEE (conducted based on final project design) to be submitted to the respective EPA by the relevant IA.
109. If required, the P3A's E&S Manager shall coordinate with the relevant IA, review and assess progress on land acquisition and social assessment, conduct site visits (as needed) and guide the IA's safeguards staff and Transaction Advisors on noted gaps, safeguards due diligence scope and level of assessment required based on feasibility level and/or final design.
110. The IA shall, in cases where financing is being sought from IFIs and/or development partners, endeavour that before finalizing the LARP based on detailed design, the land acquisition process and the notification under Section 5 (at least) is issued and published. Ideally, the social safeguards due diligence for project processing shall stick to the outlined procedures and implementation ready LARPs (where financing is being sought from IFIs and/or development partners), based on detailed design, should be delivered to conclude social safeguards due diligence before appraisal of the project. However, if the detailed design and land acquisition is to be completed² by the Private Party after appraisal of the project, the P3A and IA shall verify and ensure that the draft LARP prepared at feasibility level design is submitted for P3A's internal review, acceptance and confirmation of the IR and IP category of the investment.
111. The P3A shall review the E&S safeguards due diligence documents prepared at feasibility stage, identify potential risks and ESMS compliance gaps, recommend measures and conditions in project appraisal documents for causing proponents to ensure LARPs and IPPs (where financing is being sought from IFIs and/or development partners), are finalized, implemented and monitored throughout the PPP project cycle.
112. Best efforts shall be made, where possible, to ensure that the social due diligence documents, including (draft) LARP (if the detailed design was not completed at project appraisal) and implementation ready final LARP (based on detailed design) are disclosed by the IA to the affected persons and by the P3A on its websites before P3WP's meeting for review and approval of the project. For projects financed by IFI & development partners, P3A's

² Publication of Section 6 is formal declaration about acquired land for public purpose that is followed by announcement of land awards and disbursement of compensation.

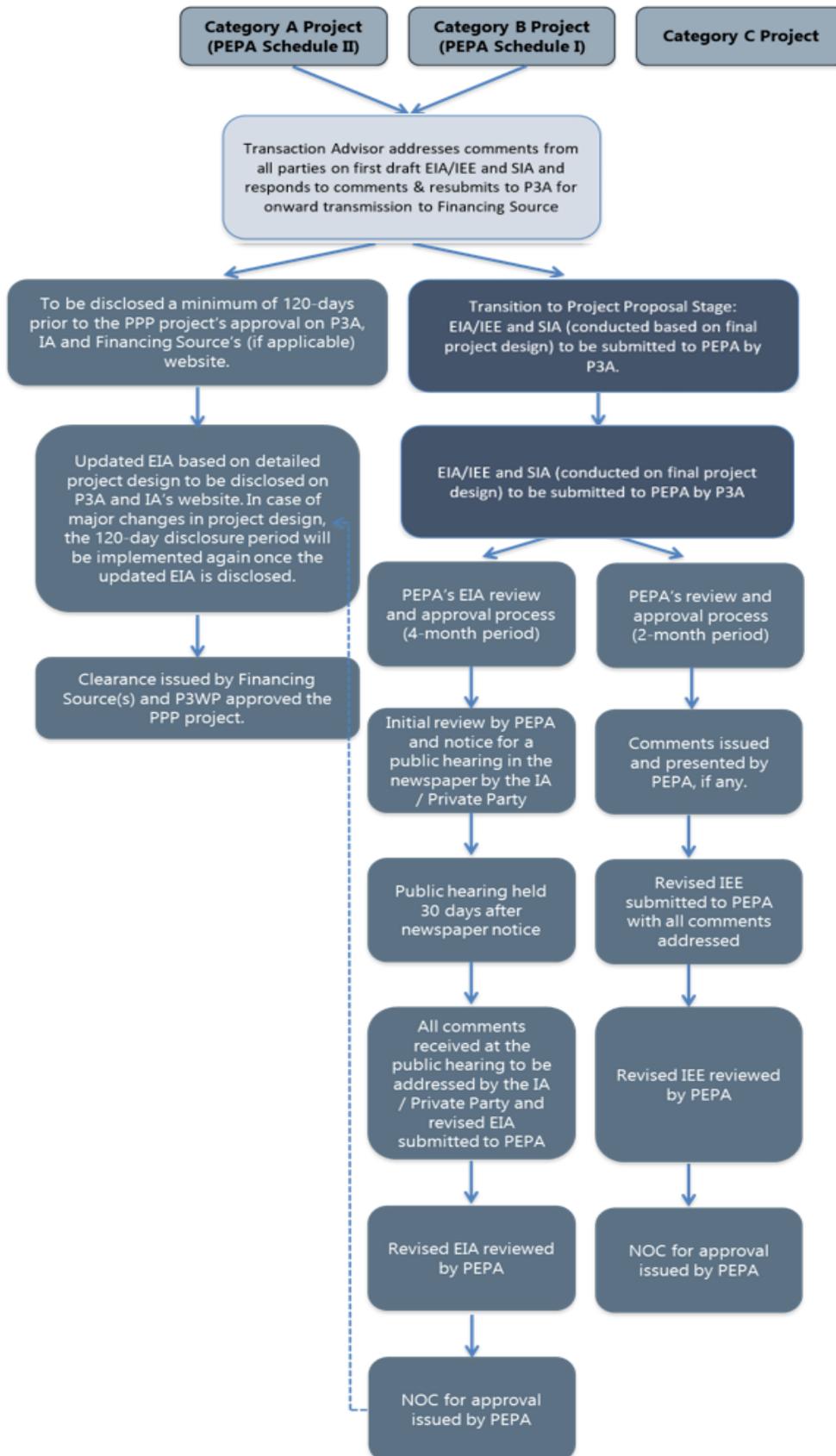


endorsed draft and final LARPs/PPPs LARPs/PPPs (where financing is being sought from IFIs and/or development partners), for all Category A projects shall be shared with the respective IFI & development partners for concurrence.

113. The procedural flow for the E&S safeguards management process for different PPP projects based on their respective risk categorization is provided in Figure 6.3 below.



Figure 6.3: Process Flow for Different Categories of Safeguard Assessments



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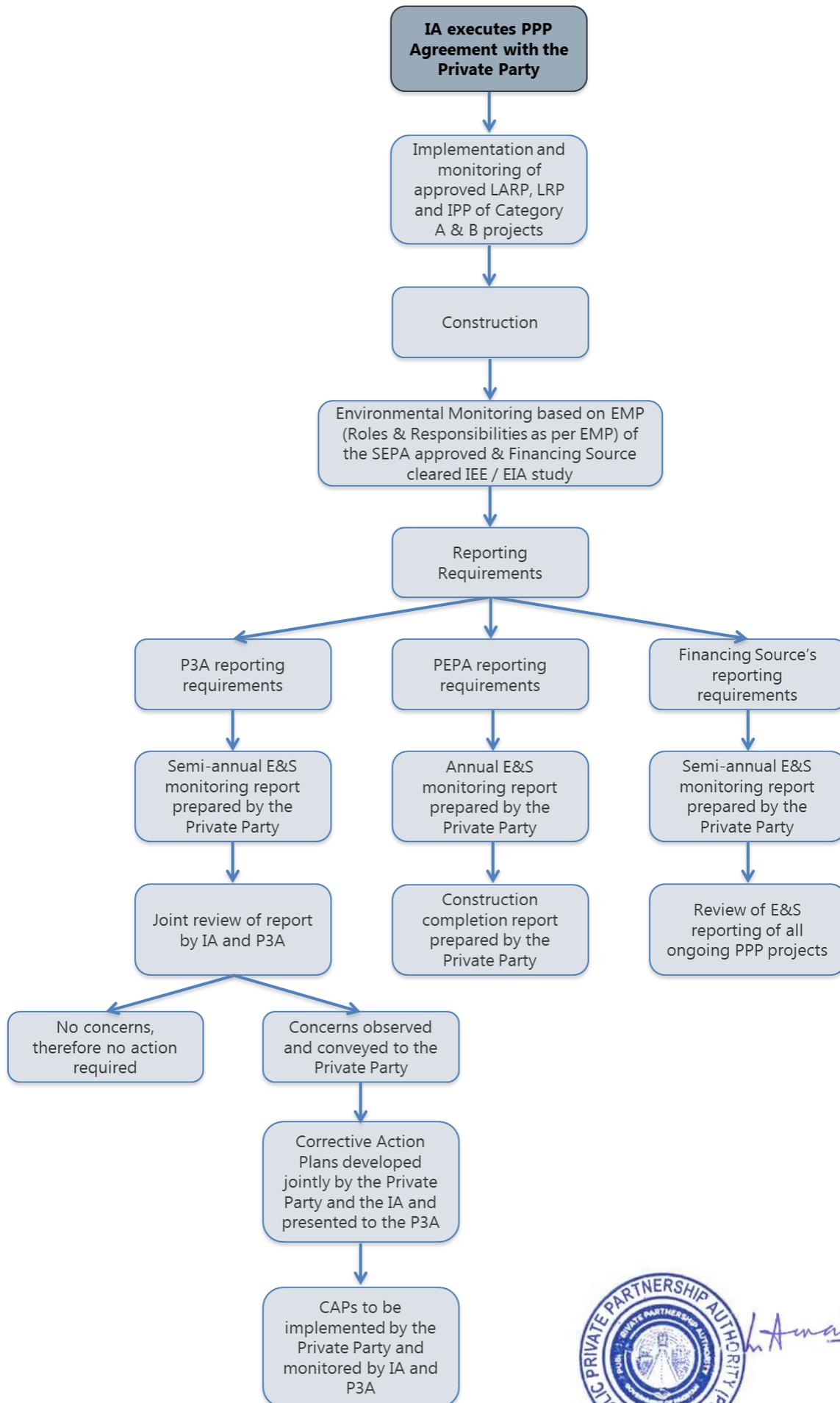
6.4 Stage 4: Project Implementation and Operations Stage

114. Once the PPP Agreement has been signed, the IA shall be responsible for monitoring E&S compliance of the Private Party while the P3A shall remain as an oversight body to monitor the performance of the IA in complying with the E&S requirements until the completion of the particular PPP project.
115. The IA and the Private Party shall ensure that all operations are monitored with the meaningful participation of project-affected parties.
116. The IA will ensure early release of funds for completing land acquisition as well as implementation of LARPs and IPPs in a manner consistent with the ESMS provisions, national laws and in instances where financing is being provided by IFIs and/or development partners, with the respective partners' social safeguards requirements. The respective IA shall also ensure that the requisite safeguards management staff is deployed in the Project Management/Implementation Units of the Private Party; LARP implementation, monitoring and reporting is in line with the LARP/IPP provisions and ESMS requirements and periodic E&S monitoring reports are prepared and submitted to the IA and P3A for their review and approval.³
117. The IA shall also ensure that the civil works implementation schedule is synchronized with the land acquisition and implementation of LARPs, and that construction works shall only be allowed in sections where land acquisition is completed and implementation of LARP is confirmed. The sections with on-going land acquisition and LARP implementation shall not be allowed and opened for construction until LARP implementation has been successfully completed. The IA shall prepare and submit periodic monitoring reports for P3A's review and reference.
118. The E&S Manager, P3A, may choose to, if so desired, conduct project site visits to oversee and monitor the implementation of LARPs and IPPs for Category A and Category B projects. The P3A safeguards teams may choose to join the IA safeguards teams as and when desired to: (i) conduct progress review missions, (ii) assess compliance with the social management requirements of ESMS, (iii) identify gaps and recommend corrective actions to be implemented by the IA, (iv) Project Management Units and the Private Party to ensure project implementation remains compliant with ESMS provisions, (v) land acquisition laws and social safeguards requirements of the IFIs and development partners, if being financed by them. Based on reviewed social safeguards progress, annual social safeguard monitoring reports as outlined in Appendix IX shall be compiled by the IA to demonstrate ESMS compliance status of ongoing projects.

³ An example in case of ADB (as an IFI and/or development partner) could be the following documents, specifically but not limited to Section G and H of its Chapter-VIII: https://www.adb.org/sites/default/files/project-documents/48404/48404-003-rp-en_2.pdf



Figure 6.4: Project Implementation Process Flow



6.5 Information Disclosure and Grievance Redress Mechanism

119. The P3A shall disclose each project in its portfolio after P3WP's approval of the PCP together with appropriate information and documentation, except such confidential information which may adversely affect the procurement process, as described in the aforementioned sections. Information disclosure shall be updated with additional documentation as the project progresses and shall reflect changes in the risk category, if any.
120. Each IA will establish their own GRMs wherever financing is being obtained from IFIs and/or development partners as per the requirements. P3A may provide any guidance and/or support to the IAs, as required to address and resolve E&S related concerns, complaints and grievances of project affected peoples and/or their representatives, such as civil society organizations in a gender sensitive manner.⁴ The P3A shall only maintain an oversight monitoring role to ensure any grievances received are resolved by the IAs in an efficient and timely manner, and P3A shall provide any advice that might be sought by the IAs for resolution of such grievances .
121. The GRM provides the option to make the submissions anonymously for those who are concerned of retaliation and/or discrimination. In addition, the GRM response shall seek to prevent any and all retaliation and/or discrimination should the project affected people or their representative chose to share their identity or provide information that reveals their identity.
122. The respective IFIs and/or development partners shall be requested to provide all required support to the IAs in endeavouring towards further development and implementation of the GRM for the first few PPP projects.
123. P3A shall require each IA, as well as the Private Party, to establish a project-based GRM for speedy and amicable resolution of community concerns and grievances about E&S related issues.
124. The GRM, to be set up and managed by the IA and Private Party (each) shall: (i) receive, (ii) review and (iii) resolve any grievances that are received for any qualified PPP project affected persons, including physically and economically displaced persons and thereby, (iv) facilitate an efficient and effective implementation of the ESMS by the IAs and Private Parties.
125. The IA and Private Party based GRMs shall maintain the following records:
- i. Details of information disclosure and consultations, if any, with affected people, local communities, civil society groups, and other stakeholders;
 - ii. Complaints, grievances, or protests received from local communities;

⁴ Guidance on this subject can found in a series of publications of the Compliance Advisor Ombudsman, the independent accountability mechanism of the International Finance Corporation and Multilateral Investment Guarantee Agency of the World Bank Group: a) *Getting Started with Dispute Resolution*, <https://www.cao-ombudsman.org/resources/reflections-practice-series-1-getting-started-dispute-resolution> b) *Representation*, <https://www.cao-ombudsman.org/resources/reflections-practice-series-2-representation> c) *Joint Fact Finding* <https://www.cao-ombudsman.org/resources/reflections-practice-series-3-joint-fact-finding> d) *Guidance Note: How to Adopt a Gender-Inclusive Approach to Dispute Resolution* <https://www.cao-ombudsman.org/sites/default/files/2021-06/CAODisputeResolutionGenderGuidanceNoteFINAL%20%281%29.pdf>



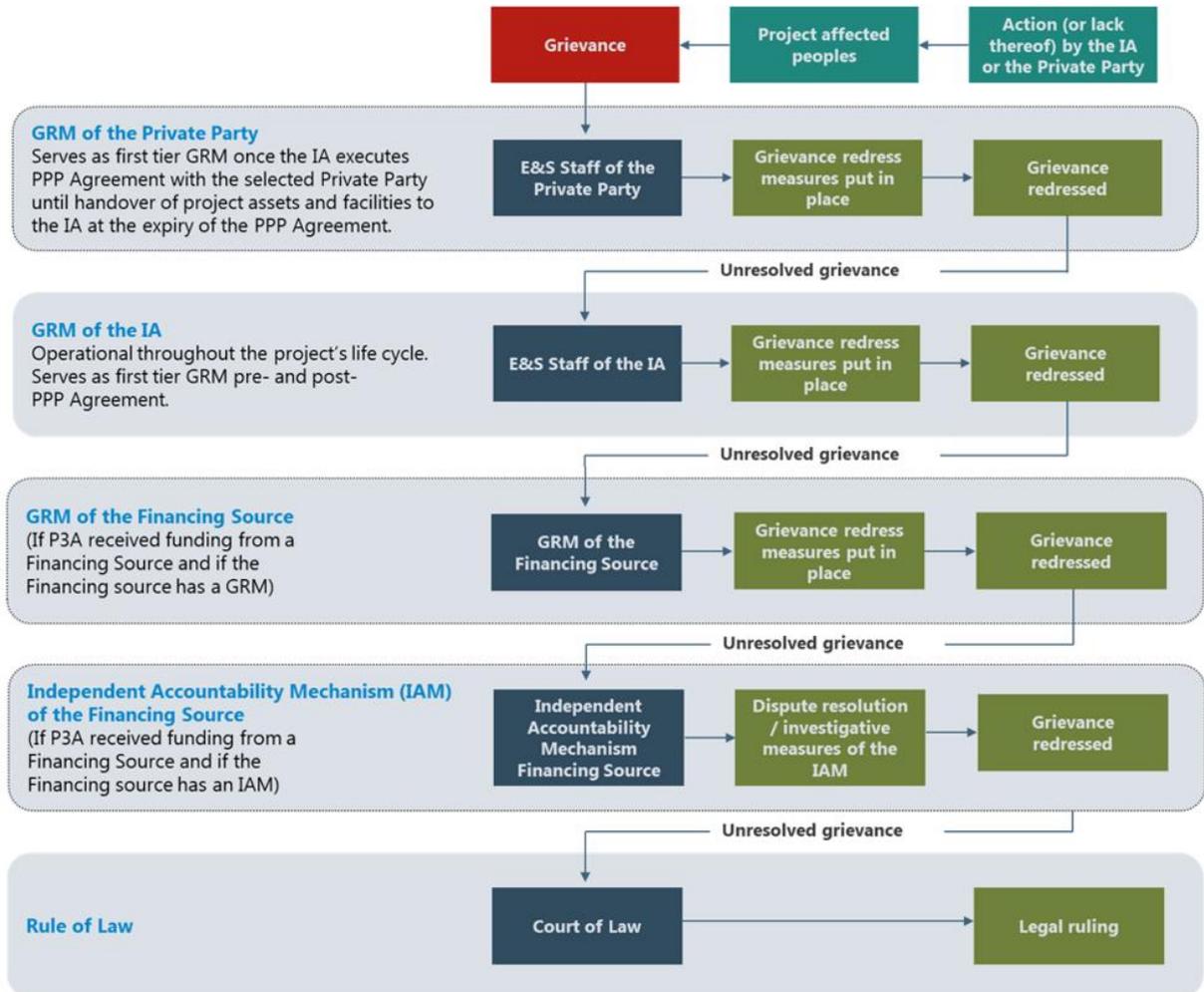
- iii. Recording dates and organizations involved;
 - iv. Actions taken to resolve grievances, and any outstanding issues;
 - v. Proposed measures for resolution; and
 - vi. Details of approach/methodology on addressing the concerns and issues raised at consultations.
126. The P3A shall also maintain a summarized / brief record of all GRM activities carried out at the IA's level.
127. The GRM framework between the IA and the Private Party follows a tiered approach based on the notion that problems are often resolved more easily, cheaply and efficiently when they are dealt with early and locally.
128. The project affected peoples (PAPs) or their representatives will first approach the GRM of either the IA or the Private Party based on the project life cycle stage the grievance occurs in.
129. The PAPs and/or their representatives also have the option to approach the GRM of the IFIs and/or development partners and/or the independent accountability mechanism (IA) of the Financing Mechanism, as well as the court of law of Pakistan.
130. In addition to the GRM, the complainant may also approach the Environmental Protection Tribunal, established under Section 21 of the Pakistan EPA, 1997 and the Environmental Tribunal (procedures and functions) Rules, 2008. A case can be filed with the environment tribunal after giving 30 days' notice of the contravention to the relevant environmental protection agency and his or her intention to make a complaint to the environmental tribunal.
131. If the grievance still remains unaddressed, the complainant may directly approach the local courts, Environment Tribunal and if necessary, may subsequently approach the High Court or the Supreme Court⁵.
132. While it is preferred that the PAPs and their representatives may seek recourse through the GRM initially, they also have the Constitutional right to escalate the process as they see fit.
133. The GRM for the IAs is triggered upon directly receiving a grievance from PAPs and/or their representatives or upon the IA or the Private Party requesting advice and guidance from the P3A in addressing a grievance.
134. The IA and P3A shall endeavour to ensure that in cases where the IFIs and/or development partners are providing financing, in case of any breach in any PPP project being financed by them, to require the concessionaire to bring the PPP projects into compliance with all applicable laws and regulations of the GOP and any additional laws as applicable.

⁵ Under the Constitution, the Supreme Court of Pakistan exercises original, appellate, and advisory jurisdiction. It exercises its original jurisdiction concurrently with the High Courts for the enforcement of fundamental rights where a question of public importance is involved (Article 184 (3)). The Supreme Court entertains the environmental cases under Article 184 (3).



135. Moreover, the P3A shall endeavour to provide oversight and monitor the performance and compliance of ESMS guidelines / policies, in the grievance redressal process being conducted by IAs and the Private Party. It is pertinent that the overall responsibility to run the GRM successfully, while meeting the desired results, shall rest upon the IA and the Private Party prior to opting for legal interventions by local courts by the affected person/party. P3A shall also be involved in communicating the information, specifically for EIAs (approved by IFIs and/or development partners where financing is being provided by them), in coordination with the IA and the Private Party.

Figure 6.5: GRM Structure for IFI and/or development partner financing



6.6 Internal ESMS Audit Procedure

136. The IA and the Private Party, both shall be required to comply with this ESMS and subject to the P3A Act, 2017 (as amended) and the rules and regulations made thereunder, P3A reserves the right to conduct an audit to:
- i. Assess the IA and the Private Party's ability to address relevant E&S risks and impacts of the project;
 - ii. Review the performance and compliance with respect of applicable to laws and regulations related to E&S matters, and
 - iii. Identification of the IA's, the Private Party's and other relevant stakeholder groups and ongoing stakeholders' engagement activities for the project.
137. The IA and the Private Party are expected to cooperate with the P3A in providing information and documents necessary to complete the audit.
138. If non-compliance or points of improvement are identified, the IA and Private Party shall agree on follow-up actions for each of the audit findings and shall delineate a timeframe to implement such mutually agreed follow-up actions.

6.7 Track Record in Environmental and Social Management

139. To assess the performance of the P3A portfolio with regards to E&S compliance of past PPP projects, this section shall be updated based on the track record in implementation of E&S safeguards for respective PPP projects.

6.8 External ESMS Audit Procedure

140. In compliance with respective IFI and/ or development partners (contingent upon project financing), the P3A's Board shall conduct an annual independent auditing of its ESMS, which shall include:
- i. Assess level of compliance of IAs in meeting ESMS requirements;
 - ii. An assessment of the P3A's ability to monitor and address relevant E&S risks and impacts of its business and operations;
 - iii. Identification of the P3A's and other relevant stakeholder groups and ongoing stakeholders' engagement activities. The audit will cover the ESMS within the P3A as well as selected PPP projects for their implementation compliance to safeguard requirements.
141. External and independent resource persons will be identified as ESMS auditors and will undertake this audit. The ESMS auditors will have the experience to do both management systems audits as well as audits of PPP projects. Resource persons, either as individuals or agencies certified as auditors by reputed accreditation bodies shall be employed for the purpose. P3A shall ensure that the audit team has a good mix of both auditing and subject knowledge/experience on environmental and social safeguards.



142. The P3A and IA shall provide the required information on their activities to the auditor and provide proper support and cooperation in the conduct of the audit. A sample-based approach shall be adopted by taking a representative sample of the project pipeline that may not be less than ten percent of the projects being implemented to ensure that a good mix of complex and high impact Category A projects along with some projects of lesser impacts and complexity i.e. Category B are selected for the audit.
143. ESMS auditors shall submit an audit report to the P3A for follow-up. The P3A's CEO shall provide approval on the follow-up action for each of the audit findings and to share the implementation timeframe with the respective IA.

6.9 Due Diligence Modality for Existing Facilities

144. In instances where IFIs and/or development partners financing has been allocated for PPP projects that either already exist or are under construction, the relevant IA shall be required to conduct and submit to P3A, an environment and/or social compliance audit, including an on-site assessment, to identify past or present concerns related to impacts on the environment, IR and IPs.
145. The purpose of the aforementioned due diligence/compliance audit shall be to determine whether all E&S related actions were completed in accordance with the respective IFIs and/or development partners safeguard principles and requirements so as to identify and plan any appropriate measures to address outstanding compliance issues. Where a non-compliance has been identified, a Corrective Action Plan (CAP) shall be prepared by the IA and agreed upon by P3A and the respective IFIs and/or development partners.
146. The CAP shall define:
- necessary remedial actions,
 - budget allocations for completing such actions, and
 - a time frame for resolution of any non-compliance(s).
147. The Environmental and Social Due Diligence report (ESDDR) (including a corrective action plan, if any) shall also be made available to the public in accordance with the information disclosure requirements of the respective IFIs and/or development partners.
148. For example, assuming that a PPP project already exists or is under construction and has been categorized as a Category A project for Environmental safeguards (assuming that the ADB is the IFI and/or development partner providing financing in this case), the P3A shall forward the ESDDR to ADB to disclose on ADB's website at least 120 days prior to ADB's Board approval of the project.
149. For example, if an existing PPP project involves an upgrade or expansion of existing facilities that has potentially adverse impacts on the environment, IR and/or IPs, the requirements for E&S impact assessments and planning specified in the policies of the IFI and/or development partner will need to be fulfilled. For example, in the case of ADB financing,



the Bank's Safeguard Requirements 1-3 shall apply in addition to ESDDR.⁶ An example of the ADB's Safeguard Requirements are further provided at Appendix III for reference.

Appendix I: National Policies and Legislations relevant to Environmental and Social Safeguards

Policy/Legislation	Description
Provincial Environment Protection Acts	<p>Since Environmental regulation is a devolved subject under the 18th Amendment of the Constitution, the following provincial environmental protection acts shall be applicable where necessary:</p> <ul style="list-style-type: none"> ▪ Khyber Pakhtunkhwa Environmental Protection Act, 2014 ▪ Sindh Environmental Protection Act, 2014 ▪ Balochistan Environmental Protection Act, 2012 ▪ Punjab Environmental Protection (Amendment) Act, 2017 ▪
Pakistan Penal Code 1860	<p>This outlines the penalties for violations concerning pollution of air, water bodies and land. Sections 272 and 273 of this Act deal with the adulteration of food or drink. Noise pollution has been covered in Section 268, which defines and recognizes noise as a public nuisance. "A person is guilty of a public nuisance who does any act or is guilty of an illegal omission which causes any common injury, danger or annoyance to the public or to the people in general who dwell or occupy property in the vicinity, or which must necessarily cause injury, obstruction, danger or annoyance to persons who may have occasion to use any public right</p>
Colonization of Government Lands Act, 1912	<p>This Act, unless the Provincial Government, otherwise directs, applies to land to which the provisions of the Government Tenants (Punjab) Act 1893, have been applied and to any other land to which the Provincial Government may by notification in the Official Gazette apply it and which at the time of the notification was the property of the Provincial Government, provided that unless the Provincial Government by general or special order otherwise directs nothing in Sections 20, 21, 22 and 23, or in the proviso to section 14, of this Act shall, apply to tenancies specified in Schedule I of this Act, or to any class of tenancies created hereafter which the Provincial Government may declare to be scheduled tenancies under this section.</p>
Forest Act 1927	<p>The act authorizes government department to establish forest reserves and protected forests and imposes restrictions on activities with the forest. The department is then given authority to make rules for activities</p>

⁶ 'Existing Facilities' under Section F, Paragraph 12, Page 67, Appendix 4: Safeguard Requirements 4, ADB SPS 2009.



	allowed or prohibited in forest reserves and forest produce ranging from notification for pasturing lands, agriculture or cutting of trees. The government can notify new areas as forest reserves or de-notify a previously declared forest.
Pakistan Antiquities Act 1975	The Antiquities Act of 1975 ensures the protection of cultural resources in Pakistan. The act is designed to protect antiquities from destruction, theft, negligence, unlawful excavation, trade and export. Antiquities have been defined in the Act as ancient products of human activity, historical sites, or sites of anthropological or cultural interest, national monuments, etc. The law prohibits new construction in the proximity of a protected antiquity and empowers the GOP to prohibit excavation in any area that may contain articles of archaeological significance.
The Bonded Labour System (Abolition) Act, 1992	<p>According to this act, forced labour is any type of work or kind of service in which someone engages involuntarily and under implied coercion a manifest threat of a party or oppression measures. The bonded labour can exist in following forms under different situations:</p> <ul style="list-style-type: none"> • Bonded labour in exchange of advance/an amount of money given before services are rendered, received by a person or his family. • Bonded labour as a consequence of some social or customary obligations. • Bonded labour in exchange of an economic benefit/consideration received by a person or his family, • Bonded labour of a guarantor in exchange for debtor who was unable to pay off his debt. • Bonded labour is prevalent in agriculture sector, brick kilns, domestic work and begging
National Environment Policy (2005)	The National Environmental Policy (hereinafter referred to as “NEP”) was adopted in 2005 by the Federal Government driven from the National Environment Action Plan (approved in 2001) by Pakistan Environmental Protection Council. The NEP provides an overarching framework for addressing the environmental issues facing Pakistan, particularly, pollution of freshwater bodies and coastal waters, air pollution, lack of proper waste management, deforestation, loss of biodiversity, desertification, natural disasters and climate change. It also gives directions for addressing the cross-sector issues as well as the underlying causes of environmental degradation and meeting international obligations.
Pakistan Labour Policy, 2010	Pakistan’s Labour Policy aims at attaining its objectives in a manner best suited to the resources of the country and the present state of economy. The Policy covers the equitable adjustment of rights between workers and employers to be ensured in an atmosphere of harmony, mutually



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	<p>beneficial to workers and the management. It prohibits the use of Child Labour. Article 11(3) of the constitution of Pakistan prohibits employment of children below the age of 14 years in any factory, mine, or any other hazardous employment. In accordance with this article, the Employment of Child Act 1991 disallows such child labour in the country. The Act states that no child shall be employed or permitted to work in any of the occupations set forth in the Act (such as transport sector, railways, construction, and ports) or in any workshop wherein any of the processes defined in the act is carried out.</p>
<p>National Sustainable Development Strategy, 2012</p>	<p>National Sustainable Development Strategy (NSDS) envisions to evolve a just and harmonious society in the country through promotion of a vibrant and equitable economic growth without overexploitation of natural resources with fair distribution of development dividends to all; in particular to the marginalized, poor and vulnerable in the society and to future generations. The NSDS is an attempt to define sustainable development and the pathway to a “green economy” in Pakistan’s context. It lays out an adaptive system and approach that can be continuously improved, through regular updates, to respond to evolving challenges. The focus has been on integrating not only across the three overall dimensions of economic, social and environment but also integrating the goals with the existing development paradigm with the aim of shifting it on to a more sustainable pathway.</p>
<p>National Disaster Risk Reduction Policy, 2013</p>	<p>This policy introduces a proactive and anticipatory approach by laying special emphasis on risk assessment, prevention, mitigation and preparedness, with the aim of creating a resilient nation. The policy contains four chapters: (i) risk awareness and preparedness in Pakistan, (ii) the National Disaster Management Authority's (NDMA) vision for capacity development in Pakistan, with a focus on vulnerable populations; (iii) NDMA's plan for policy interventions, particularly for development in the areas of risk knowledge, mitigation, and preparedness; (iv) NDMA's implementation framework to mainstream DRR in Pakistan, including plans for financing, monitoring, and educating students on disaster preparedness.</p>
<p>Framework for Implementation of Climate Change Policy, 2013</p>	<p>The development of this Framework for Implementation of NCCP is a follow-up of the National Climate Change Policy (NCCP), the parent document providing broader framework concerning how to adapt to the changing impacts of climate and how to play a role in its mitigation. The framework for Implementation of NCCP is developed keeping in view the current and future anticipated climate change threats to Pakistan’s various sectors. Furthermore, appropriate actions relating to disaster preparedness, capacity building, institutional strengthening; and awareness raising in relevant sectors has also been part of this document.</p>



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National Forest Policy, 2015	<p>The goal of the policy is to expand the national coverage of forests, protected areas, natural habitats and green areas for restoration of ecological functions and maximizing economic benefits while meeting Pakistan's obligations to international agreements related to forests. The policy puts into focus the forests and rangelands together with the biodiversity that inhabit these ecosystems as part of the ecology and economy of Pakistan, and an important national heritage that needs to be conserved for present and future generations. The policy emphasizes on the sustainable management of natural resources through active partnership with communities and various stakeholders for goods and services to support community livelihood systems; not considering the revenue generation as principal motive for their management. Ecosystems and habitats that are unique in their biodiversity and face extinction need to be conserved through a well-managed protected area management system and legislation.</p>
Pakistan Climate Change Act, 2017	<p>This Act is aimed to meet Pakistan's obligations under international conventions relating to climate change and address the effects of climatic change. The Act, consisting of 19 sections divided into five Chapters and one Schedule, establishes the requirements to meet Pakistan's obligations under international conventions relating to climate change and address the effects of climate change. The Act set up three relevant institutions: Pakistan Climate Change Council, Pakistan Climate Change Authority, and Pakistan Climate Change Fund. This section shall evaluate the relevant provisions of the Climate Change Act, in light of these institutions.</p>
National Climate Change Policy, 2021	<p>The National Climate Change Policy was established in 2012 to ensure that climate change is mainstreamed in the economically and socially vulnerable sectors of the economy and to steer Pakistan towards climate resilient development. The policy focuses on development sectors such as water resources, agriculture and livestock, forestry, human health, disaster preparedness, transport and energy.</p> <p>The goal of the policy is to ensure that climate change is mainstreamed in the economically and socially vulnerable sectors of the economy and to steer Pakistan towards climate resilient development. Some of the measures include flood forecasting warning systems, local rainwater harvesting, developing new varieties of resilient crops, health impact assessment of changing weather patterns, promotion of renewable energy sources and efficient mass transport systems.</p>
National Wildlife Policy, 2021	<p>National Wildlife Policy of Pakistan aims to promote conservation of wildlife resources including species, habitats and protected areas. The policy would provide the right direction and framework to conserve wildlife heritage promoting ecological, social, cultural and economic values of wildlife through sustainable management practices and to</p>



	<p>ensure good governance, including scientific management, accountability and transparency in all affairs of wildlife conservation. The prime goal of this policy was to maintain and improve the health and diversity of wildlife heritage and to promote its sustainable use for the benefit of future generations.</p>
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Appendix II: Relevant Multilateral Environmental Agreements

- Convention on Biological Diversity (CBD)
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (Basel Convention).
- Convention Concerning the Protection of the World Cultural and Natural Heritage (World Heritage Convention).
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Convention on the Conservation of Migratory Species of Wild Animals (CMS).
- Convention on the International Maritime Organization (IMO).
- Convention on Wetlands of International Importance (Ramsar Convention).
- International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA).
- Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides International Trade (PIC)
- South Asia Co-operative Environment Programme (SACEP).
- Basel Convention on Control of Trans-boundary Movement of Hazardous Wastes and their Disposal
- Stockholm Convention on Persistent Organic Pollutants (POPs).
- United Nations Convention to Combat Desertification (UNCCD).
- United Nations Framework Convention on Climate Change (UNFCCC).
- Kyoto Protocol to the UNFCCC (Kyoto Protocol). Accessed 11 Jan 2005.
- Vienna Convention for the Protection of the Ozone Layer (Vienna Convention).
- Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol).
- International Plant Protection Convention.
- Agreement on the Network of Aquaculture Centres in Asia and the Pacific.
- Plant Protection Agreement for the South-East Asia and Pacific Region.



Appendix III: ADB Safeguard Policy Statement

Environmental Safeguards

The ADB's SPS is approved by its Board of Governors and is required to be fully implemented on all ADB funded projects since June 2009. The SPS combines the three safeguard policies comprising the Involuntary Resettlement Policy (1995); the Policy on Indigenous Peoples (1998); and the Environment Policy (2002). The goal of SPS is to promote the sustainability of project outcomes by protecting the environment and people from project's potential adverse impacts. The objectives of ADB's safeguards are to:

- i. Avoid adverse impacts of projects on the environment and affected people, where possible;
- ii. Minimize, mitigate, and/or compensate for adverse project impacts on the environment and affected people when avoidance is not possible; and
- iii. Help borrowers/clients to strengthen their safeguard systems and develop the capacity to manage environmental and social risks.

For environmental safeguards, ADB has defined its policy objective as "to ensure the environmental soundness and sustainability of projects and to support the integration of environmental considerations into the project decision-making process." As per Policy, "the environmental safeguards are triggered if a project is likely to have potential environmental risks and impacts". The SPS outlines 11 policy principles for environmental safeguards compliance, which are provided in **Table 1** below. These Policy Principles elaborate the process of environmental assessment and management to be followed by proponents of projects and the Bank borrowers.

Table 1: ADB Policy Principles

S/No.	Policy principle	Summary
1	Screening and categorization	Screening process initiated early to determine the appropriate extent and type of environmental assessment.
2	Environmental assessment	Conduct an environmental assessment to identify potential impacts and risks in the context of the project's area of influence.
3	Alternatives	Examine alternatives to the project's location, design, technology, and components and their potential environmental and social impacts, including no project alternative.
4	Impact mitigation	Avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts. Prepare an environmental management plan (EMP).



S/No.	Policy principle	Summary
5	Public consultations	Carry out meaningful consultation with affected people and facilitate their informed participation. Involve stakeholders early in the project preparation process and ensure that their views and concerns are made known to and understood by decision makers and taken into account. Continue consultations with stakeholders throughout project implementation. Establish a grievance redress mechanism.
6	Disclosure of environmental assessment	Disclose a draft environmental assessment in a timely manner, in an accessible place and in a form and language(s) understandable to stakeholders. Disclose the final environmental assessment to stakeholders.
7	Environmental management plan	Implement the EMP and monitor its effectiveness. Document monitoring results and disclose monitoring reports.
8	Biodiversity	Do not implement project activities in areas of critical habitats.
9	Pollution prevention	Apply pollution prevention and control technologies and practices consistent with international good practices. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution, or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharges. Avoid the use of hazardous materials subject to international bans or phaseouts.
10	Occupational health and safety Community safety.	Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease. Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimize, adverse impacts and risks to the health and safety of local communities
11	Physical cultural resources	Conserve physical cultural resources and avoid destroying or damaging them. Provide for the use of "Chance Find" procedures.

Comparison between GoP & ADB Safeguard policies

Most of the GoP and ADB requirements pertaining to environmental safeguard policies are similar. The environmental related steps for both types of policies i.e. EIA, IEE and Environmental Checklist preparation for Category A, B and C type of projects respectively in ADB terminology are equivalent to Schedule I and II type of projects in GoP terminology.

The only difference is that while the GoP have categorically issued specific project types along with details regarding capacities and/or capital investments in order to classify projects into Schedule I or II, the ADB



policies require the REA Checklist to be completed and assessed by ADB staff to officially issue a categorization of the project under consideration.

Social Safeguards

Development projects that tend to or cause change in patterns of use of land and, water and other natural resources may entail adverse impacts on people who use these resources for their livelihoods. The projects involve acquisition of land and assets through expropriation (using eminent domain) or other regulatory measures that affect housing, public and community structures and systems, social networks and social services which can be disrupted and productive assets including land, income sources and livelihoods of people can be lost. The people affected have no option except to rebuild their lives, incomes and asset base elsewhere.

The ADB's SPS 2009 requires that adverse land acquisition and resettlement (LAR) impacts of development projects are avoided or minimized (if avoidance is not possible), and mitigated and compensated in accordance with IR and IP policy principles and implementation and monitoring procedures. Pakistan's legal system also safeguards the interests of people related to project-induced acquisition of private land and assets fixed to the land through a set of legal instruments and laws that are explained below.

The SPS 2009 is based on the following objectives: (i) to avoid involuntary resettlement wherever possible; (ii) to minimize involuntary resettlement by exploring project and design alternatives; (iii) to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and (iv) to improve the standards of living of the displaced poor and other vulnerable groups. The following principles are applied to reach these objectives:

Table 2: SPS Scope Triggers and Policy Principles

Scope and Triggers:	The involuntary resettlement safeguards covers physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers them whether such losses and involuntary restrictions are full or partial, permanent or temporary.
Policy Principles:	
1	Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.
2	Carry out meaningful consultations with affected persons, host communities, and concerned nongovernment organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples,



	and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.
3	<p>Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.</p>
4	Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.
5	Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.
6	Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.
7	Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of nonland assets.
8	Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.



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9	Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.
10	Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
11	Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.
12	Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

Comparison of LAA 1894 and ADB's SPS 2009

A comparison of Pakistan's LAA and ADB's SPS 2009 (**Table 3** below) shows that there exist major differences in the two instruments. The objective of this comparison is to identify if and where the two sets of procedures are in conformity with each other and more importantly where there are differences and gaps. The key ADB Policy Principles are (i) the need to screen the project early on the planning stage (ii) carry out meaningful consultation (iii) at the minimum restore livelihood levels to the pre-project conditions and improve the livelihoods of the affected vulnerable groups (iv) prompt compensation at full replacement cost is to be paid (v) provide displaced people with adequate assistance (vi) ensure that displaced people who have no statutory rights to the land that they are working are eligible for resettlement assistance and compensation for the loss of no-land assets and (vii) disclose all reports. **Table 3** below presents a gap-analysis between the Pakistan's LAA and ADB's SPS 2009.

Table 3: Comparison of LAA and ADB's SPS 2009



Pakistan LAA 1894	ADB SPS 2009	Proposed Measures to Address the Gaps
<p>Compensation for land and other assets is based on <u>average values and department unit rates that do not ensure replacement market value of the property acquired</u>. However, LAA requires that a 15% compulsory acquisition surcharge supplement the assessed compensation.</p>	<p>DPs are to be compensated for all their losses at replacement cost, including transaction cost and other related expenses, without deducting for depreciation.</p>	<p>Land valuation is to be based on current replacement (market) value with an additional payment of 15%. The valuation for the acquired housing land and other assets is the full replacement costs keeping in view the fair market values, transaction costs and other applicable payments that may be required.</p>
<p>No provision for resettlement expenses, income/livelihood rehabilitation measures or allowances for displaced poor and vulnerable groups.</p>	<p>Requires support for rehabilitation of income and livelihood, severe losses, and for vulnerable groups.</p>	<p>Provision should be made to pay for</p> <ol style="list-style-type: none"> 1. resettlement expenses (transportation and transitional allowances), 2. compensate for loss of income, and 3. provide support to vulnerable persons and 4. those severely impacted (considered to be those losing more than 10% of their productive assets).
<p>Lack of formal title or the absence of legally constituted agreements is a bar to compensation/rehabilitation. (Squatters and informal tenants/leaseholders are not entitled to compensation for loss of structures, crops).</p>	<p>Lack of formal title is not a bar to compensation and rehabilitation. All DPs, including non-titled DPs, are eligible for compensation of all non-land assets.</p>	<p>Squatters, informal tenants/ leaseholders are entitled to compensation for</p> <ol style="list-style-type: none"> 1. loss of structures and 2. livelihood and for relocation.



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Pakistan LAA 1894	ADB SPS 2009	Proposed Measures to Address the Gaps
<p>Land acquisition and compensation process is conducted independently by the Land Acquisition Collector following a lengthy prescribed legal and administrative procedure. There are emergency provisions in the procedure that can be leveraged for civil works to proceed before compensation is paid.</p>	<p>Involuntary resettlement is conceived, planned and executed as part of the project. Affected people are supported to re-establish their livelihoods and homes with time-bound action in coordination with the civil works. Civil works cannot proceed prior to compensation.</p>	<p>Respective EAs will prepare land acquisition and resettlement plans, as part of project preparation based on an inventory of losses, livelihood restoration measures, Pakistan law and principles enumerated in SPS. Where gaps exist in the interpretation of Pakistan law and resettlement practices, requirements of ADB's involuntary resettlement policy will prevail. Civil works may only proceed after the resettlement plan is implemented and compensation for loss of assets and other allowances (budgeted as part of the project cost) is fully paid.</p>
<p>No convenient grievance redress mechanism except recourse of appeal to formal administrative jurisdiction or the court of law.</p>	<p>Requires the establishment of accessible grievance redress mechanisms to receive and facilitate the resolution of DPs' concerns about displacement and other impacts, including compensation.</p>	<p>EAs will establish easily accessible grievance redress mechanism available throughout project implementation that will be widely publicized within respective project area and amongst the DPs.</p>

Remedial Measures to Bridge the Gaps

The following principles (LAR Policy for PPP Projects) have been adopted in this ESMS to address any gaps in ADB's SPS and applicable national laws, regulations and acts, etc.

i. LAR Policy for PPP Projects

All projects/subprojects funded under the PPP project with ADB's funding are required to comply with Pakistan's LAA and the IR and IPs requirements (SR 2 & 3) of ADB's SPS 2009.



Further in case of any gaps (as identified in **Table 3** above) in SPS 2009 and Pakistan's LAA 1894, the following LAR principles/policy measures will be applied to address them:

ii. Involuntary Land Acquisition and Resettlement:

- i. Avoid, minimize, mitigate or compensate all adverse impacts resulting out from acquisition of land and/or resettlement impacts (including economic and physical displacement of those affected by the projects/subprojects) in accordance with LAA 1894, and ADB's SPS 2009 (SR 2).
- ii. All projects/subprojects will be screened against ADB's Prohibited Investment Activities List (PIAL), and IR and IPs impacts, and accordingly categorized per SPS's IR/IP impacts significance criterion. Any project/subproject involving business activities included in the PIAL will not qualify for FI support using ADB funds.
- iii. For projects/subprojects that involve LAR impacts, LARPs will be prepared, implemented and monitored in accordance with SPS 2009 (SR 2) and applicable national/provincial laws, and monitoring reports provided to ADB and disclosed to DPs.
- iv. Non-title holders are also eligible for compensation at replacement costs (SR 2, para 10) for the loss of assets other than land, such as dwellings, and other improvements to the land provided they have been occupying/using the land or structure prior to establishing the project/subproject's cut-off date for eligibility for compensation/resettlement assistance. Special efforts will be made to identify the displaced persons losing livelihood (who are considered vulnerable) and will be provided with appropriate targeted assistance to help improve their standard of living or enable restoration to at least the pre-project conditions. No forced evictions will be carried out except in accordance with the provisions/entitlements and agreements with DPs as provided in the project-specific LARP and SPS 2009.

iii. Indigenous Peoples Impacts

Any project/subproject involving impacts on indigenous peoples who are defined in SPS as distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees; (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the protected areas and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (iv) a distinct language, often different from the official language of the country or region.

- i. An Indigenous People Plan (IPP) will be prepared, implemented and monitored in accordance SPS 2009 (SR 3) for all projects/subprojects that involve impacts on IPs as described in item v above.
- ii. All projects/subprojects involving both IR and IPs impacts will be screened (for IR, IPs and PIAL) and categorized, based on the SPS's impacts significance threshold, first by PPP nodes (through environment and resettlement specialists deputed or to be hired by PPP nodes), LARPs and/or IPPs prepared, reviewed by P3A (through environment and resettlement specialists deputed or to be hired), and implemented and monitored with



monitoring reports provided to ADB on a semi-annual basis and disclosed to DPs by PPP Cell.

ADB's Indigenous Peoples Safeguards

Objectives: To design and implement projects in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the Indigenous Peoples themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of projects, and (iii) can participate actively in projects that affect them.

Table 4: ADB's Indigenous Peoples (IP) Policy Principles

S#	Policy principle	Summary
1	Screening and categorization	Screen early on to determine (i) whether Indigenous Peoples are present in, or have collective attachment to, the project area; and (ii) whether project impacts on Indigenous Peoples are likely.
2	Impact assessment	Undertake a culturally appropriate and gender-sensitive social impact assessment or use similar methods to assess potential project impacts, both positive and adverse, on Indigenous Peoples. Give full consideration to options the affected Indigenous Peoples prefer in relation to the provision of project benefits and the design of mitigation measures. Identify social and economic benefits for affected Indigenous Peoples that are culturally appropriate and gender and intergenerationally inclusive and develop measures to avoid, minimize, and/or mitigate adverse impacts on Indigenous Peoples.
3	Meaningful Consultations	Conducted meaningful consultations with affected Indigenous Peoples communities and concerned Indigenous Peoples organizations to solicit their participation (i) in designing, implementing, and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects; and (ii) in tailoring project benefits for affected Indigenous Peoples communities in a culturally appropriate manner. To enhance Indigenous Peoples' active participation, projects affecting them will provide for culturally appropriate and gender inclusive capacity development. Establish a culturally appropriate and gender inclusive grievance mechanism to receive and facilitate resolution of the Indigenous Peoples' concerns.



S#	Policy principle	Summary
4	Information disclosure	Ascertain the consent of affected Indigenous Peoples communities to the following project activities: (i) commercial development of the cultural resources and knowledge of Indigenous Peoples; (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples. For the purposes of policy application, the consent of affected Indigenous Peoples communities refers to a collective expression by the affected Indigenous Peoples communities, through individuals and/or their recognized representatives, of broad community support for such project activities. Broad community support may exist even if some individuals or groups object to the project activities.
5	Mitigation Measures	Avoid, to the maximum extent possible, any restricted access to and physical displacement from protected areas and natural resources. Where avoidance is not possible, ensure that the affected Indigenous Peoples communities participate in the design, implementation, and monitoring and evaluation of management arrangements for such areas and natural resources and that their benefits are equitably shared.
6	Indigenous Peoples plan	Prepare an Indigenous Peoples plan (IPP) that is based on the social impact assessment with the assistance of qualified and experienced experts and that draw on indigenous knowledge and participation by the affected Indigenous Peoples communities. The IPP includes a framework for continued consultation with the affected Indigenous Peoples communities during project implementation; specifies measures to ensure that Indigenous Peoples receive culturally appropriate benefits; identifies measures to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.
7	Disclosure of Disclose a draft IPP	Disclose a draft IPP, including documentation of the consultation process and the results of the social impact assessment in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected Indigenous Peoples communities and other stakeholders. The final IPP and its updates will also be disclosed to the affected Indigenous Peoples communities and other stakeholders.



S#	Policy principle	Summary
8	An action plan	Prepare an action plan for legal recognition of customary rights to lands and territories or ancestral domains when the project involves (i) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied, or (ii) involuntary acquisition of such lands.
9	Monitoring of Implementation of IPP	Monitor implementation of the IPP using qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; and assess whether the IPP's objective and desired outcome have been achieved, taking into account the baseline conditions and the results of IPP monitoring. Disclose monitoring reports.

Incorporating Social Dimensions and Social Protection

ADB Social Protection Strategy (2001) requires ADB to (a) ensure that vulnerable groups that maybe negatively affected by an ADB intervention are adequately compensated and mitigation measures put in place to avoid creating further poverty, (b) comply with internationally recognized core labor standards in the design and formulation of loans, and (c) as part of its regular loan reviews, monitor that these are complied with ADB's Social Protection Strategy (2001).



Appendix IV: Prohibited Investment Activities List (PIAL)

Prohibited Investment Activities List (PIAL) of the ADB, which is largely consistent with the IFC Exclusion List (2007) is adopted in this ESMS where financing will be made available by the IFIs only and will be compliant with local laws in case of GoP financing. Accordingly, the following project activities do not qualify for P3A financing:

- (i) production or activities involving harmful or exploitative forms of forced labor⁷ or child labor;⁸
- (ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (a) pharmaceuticals,⁹ pesticides, and herbicides,¹⁰ (b) ozone-depleting substances,¹¹ (c) polychlorinated biphenyls¹² and other hazardous chemicals,¹³ (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,¹⁴ and (e) transboundary trade in waste or waste products;¹⁵
- (iii) production of or trade in weapons and munitions, including paramilitary materials;
- (iv) production of or trade in alcoholic beverages, excluding beer and wine;¹⁶
- (v) production of or trade in tobacco;¹⁰
- (vi) gambling, casinos, and equivalent enterprises;¹⁰
- (vii) production of or trade in radioactive materials,¹⁷ including nuclear reactors and components thereof;
- (viii) production of, trade in, or use of unbonded asbestos fibers;¹⁸
- (ix) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;
- (x) marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.

⁷ Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

⁸ Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

⁹ A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

¹⁰ A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

¹¹ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

¹² A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

¹³ A list of hazardous chemicals is available at <http://www.pic.int>.

¹⁴ A list is available at <http://www.cites.org>.

¹⁵ As defined by the Basel Convention; see <http://www.basel.int>.

¹⁶ This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

¹⁷ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

¹⁸ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.



Appendix V: ADB's Social Protection Requirements

The Social Protection Strategy requires all P3A projects that receive funding from the ADB to comply with applicable labor laws in relation to the investment. Sub-borrowers should take the following measures to comply with the core labor standards¹⁹:

- (a) Carry out its activities consistent with the intent of ensuring legally permissible equal opportunity, fair treatment and non-discrimination in relation to recruitment and hiring, compensation, working conditions and terms of employment for its workers (including prohibiting any form of discrimination against women during hiring and providing equal work for equal pay for men and women engaged by the sub-borrower);
- (b) Not restrict its workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and
- (c) Engage contractors and other providers of goods and services:
 - (i) Who do not employ child labor²⁰ or forced labor²¹;
 - (ii) Who have appropriate management systems that will allow them to operate in a manner which is consistent with the intent of (A) ensuring legally permissible equal opportunity and fair treatment and non-discrimination for their workers, and (B) not restricting their workers from developing a legally permissible means of expressing their grievances and protecting their rights regarding working conditions and terms of employment; and
 - (iii) Whose subcontracts contain provisions which are consistent with paragraphs (i) and (ii) above.

The above measures should be incorporated in the sub-borrowers' environmental (and/or social) management plan (ESMP).

The monitoring and reporting requirements should also state that the (i) the sub-borrower will provide P3A with an annual report on its compliance with the measures identified above. P3A should monitor the compliance of the sub-borrower and include this in this in the Semi-Annual Environmental and Social Performance Report.

¹⁹ The core labor standards are the elimination of all forms of forced or compulsory labor; the abolition of child labor; elimination of discrimination in respect of employment and occupation; and freedom of association and the effective recognition of the right to collective bargaining, as per the relevant conventions of the International Labor Organization.

²⁰ Child labor means the employment of children whose age is below the statutory minimum age of employment in Pakistan, or employment of children in contravention of International Labor Organization Convention No. 138 'Minimum Age Convention' (www.ilo.org).

²¹ Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.



Appendix VI: Outline of a Resettlement Plan For PPP Projects

A resettlement plan is required for all PPP projects with involuntary resettlement impacts. Its level of detail and comprehensiveness is commensurate with the significance of potential involuntary resettlement impacts and risks. The substantive aspects of the outline will guide the preparation of the resettlement plans, although not necessarily in the order shown.

A. Executive Summary

This section provides a concise statement of project scope, key survey findings, entitlements and recommended actions.

B. Project Description

This section provides a general description of the project, discusses project components that result in land acquisition, involuntary resettlement, or both and identify the project area. It also describes the alternatives considered to avoid or minimize resettlement. Include a table with quantified data and provide a rationale for the final decision.

C. Scope of Land Acquisition and Resettlement

This section:

- i. Discusses the project's potential impacts, and includes maps of the areas or zone of impact of project components or activities;
- ii. Describes the scope of land acquisition (provide maps) and explains why it is necessary for the main investment project;
- iii. Summarizes the key effects in terms of assets acquired and displaced persons; and
- iv. Provides details of any common property resources that will be acquired.

D. Socioeconomic Information and Profile

This section outlines the results of the social impact assessment, the census survey, and other studies, with information and/or data disaggregated by gender, vulnerability, and other social groupings, including:

- i. Define, identify, and enumerate the people and communities to be affected;
- ii. Describe the likely impacts of land and asset acquisition on the people and communities affected taking social, cultural, and economic parameters into account;
- iii. Discuss the project's impacts on the poor, indigenous and/or ethnic minorities and other vulnerable groups; and
- iv. Identify gender and resettlement impacts, and the socioeconomic situation, impacts, needs, and priorities of women.

E. Information Disclosure, Consultation, and Participation



This section:

- i. Identifies project stakeholders, especially primary stakeholders;
- ii. Describes the consultation and participation mechanisms to be used during the different stages of the project cycle;
- iii. Describes the activities undertaken to disseminate project and resettlement information during project design and preparation for engaging stakeholders;
- iv. Summarizes the results of consultations with affected persons (including host communities), and discusses how concerns raised and recommendations made were addressed in the resettlement plan;
- v. Confirms disclosure of the draft resettlement plan to affected persons and includes arrangements to disclose any subsequent plans; and
- vi. Describes the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for consultation with affected persons during project implementation.

F. Grievance Redress Mechanisms

This section describes mechanisms to receive and facilitate the resolution of affected persons' concerns and grievances. It explains how the procedures are accessible to affected persons and gender sensitive.

G. Legal Framework

This section:

- i. Describes national and local laws and regulations that apply to the project and identify gaps between local laws and ADB's policy requirements; and discuss how any gaps will be addressed.
- ii. Describes the legal and policy commitments from the executing agency for all types of displaced persons;
- iii. Outlines the principles and methodologies used for determining valuations and compensation rates at replacement cost for assets, incomes, and livelihoods; and set out the compensation and assistance eligibility criteria and how and when compensation and assistance will be provided.
- iv. Describes the land acquisition process and prepare a schedule for meeting key procedural requirements.

H. Entitlements, Assistance and Benefits

This section:

- i. Defines displaced persons' entitlements and eligibility, and describes all resettlement assistance measures (includes an entitlement matrix);
- ii. Specifies all assistance to vulnerable groups, including women, and other special groups; and.
- iii. Outline opportunities for affected persons to derive appropriate development benefits from the project.

I. Relocation of Housing and Settlements



This section:

- i. Describes options for relocating housing and other structures, including replacement housing, replacement cash compensation, and/or self-selection (ensure that gender concerns and support to vulnerable groups are identified);
- ii. Describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs;
- iii. Provides timetables for site preparation and transfer;
- iv. Describes the legal arrangements to regularize tenure and transfer titles to resettled persons;
- v. Outlines measures to assist displaced persons with their transfer and establishment at new sites;
- vi. Describes plans to provide civic infrastructure; and
- vii. Explains how integration with host populations will be carried out.

J. Income Restoration and Rehabilitation

This section:

- i. Identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources;
- ii. Describes income restoration programs, including multiple options for restoring all types of livelihoods (examples include project benefit sharing, revenue sharing arrangements, joint stock for equity contributions such as land, discuss sustainability and safety nets);
- iii. Outlines measures to provide social safety net through social insurance and/or project special funds;
- iv. Describes special measures to support vulnerable groups;
- v. Explains gender considerations; and
- vi. Describe training programs.

K. Resettlement Budget and Financing Plan

This section:

- i. Provide an itemized budget for all resettlement activities, including for the resettlement unit, staff training, monitoring and evaluation, and preparation of resettlement plans during loan implementation.
- ii. Describes the flow of funds (the annual resettlement budget should show the budget-scheduled expenditure for key items).
- iii. Includes a justification for all assumptions made in calculating compensation rates and other cost estimates (taking into account both physical and cost contingencies), plus replacement costs.
- iv. Include information about the source of funding for the resettlement plan budget.

L. Institutional Arrangements

This section:



- i. Describes institutional arrangement responsibilities and mechanisms for carrying out the measures of the resettlement plan;
- ii. Includes institutional capacity building program, including technical assistance, if required;
- iii. Describes role of NGOs, if involved, and organizations of affected persons in resettlement planning and management; and
- iv. Describes how women's groups will be involved in resettlement planning and management.

M. Implementation Schedule

This section includes a detailed, time bound, implementation schedule for all key resettlement and rehabilitation activities. The implementation schedule should cover all aspects of resettlement activities synchronized with the project schedule of civil works construction, and provide land acquisition process and timeline.

N. Monitoring and Reporting

This section describes the mechanisms and benchmarks appropriate to the project for monitoring and evaluating the implementation of the resettlement plan. It specifies arrangements for participation of affected persons in the monitoring process. This section will also describe reporting procedures.



Appendix VII: Outline of an Indigenous Peoples Plan for PPP Projects

1. An Indigenous Peoples plan (IPP) is required for all subprojects with impacts on Indigenous Peoples. Its level of detail and comprehensiveness is commensurate with the significance of potential impacts on Indigenous Peoples. The substantive aspects of this outline will guide the preparation of IPPs, although not necessarily in the order shown.

A. Executive Summary of the Indigenous Peoples Plan

2. This section concisely describes the critical facts, significant findings, and recommended actions.

B. Description of the PPP Project

3. This section provides a general description of the subproject; discusses subproject components and activities that may bring impacts on Indigenous Peoples; and identifies the subproject area.

C. Social Impact Assessment

4. This section:

- (i) Reviews the legal and institutional framework applicable to Indigenous Peoples in subproject context;
- (ii) Provides baseline information on the demographic, social, cultural, and political characteristics of the affected Indigenous Peoples communities; the land and territories that they have traditionally owned or customarily used or occupied; and the natural resources on which they depend;
- (iii) Identifies key subproject stakeholders and elaborate a culturally appropriate and gender-sensitive process for meaningful consultation with Indigenous Peoples at each stage of subproject preparation and implementation, taking the review and baseline information into account;
- (iv) Assesses, based on meaningful consultation with the affected Indigenous Peoples communities, the potential adverse and positive effects of the subproject. Critical to the determination of potential adverse impacts is a gender-sensitive analysis of the relative vulnerability of, and risks to, the affected Indigenous Peoples communities given their particular circumstances and close ties to land and natural resources, as well as their lack of access to opportunities relative to those available to other social groups in the communities, regions, or national societies in which they live;
- (v) Includes a gender-sensitive assessment of the affected Indigenous Peoples' perceptions about the subproject and its impact on their social, economic, and cultural status; and
- (vi) Identifies and recommends, based on meaningful consultation with the affected Indigenous Peoples communities, the measures necessary to avoid adverse effects or, if such measures are not possible, identifies measures to minimize, mitigate, and/or compensate for such effects and to ensure that the Indigenous Peoples receive culturally appropriate benefits under the subproject.

D. Information Disclosure, Consultation and Participation



5. This section:
- i. Describes the information disclosure, consultation and participation process with the affected Indigenous Peoples communities that was carried out during subproject preparation;
 - ii. Summarizes their comments on the results of the social impact assessment and identifies concerns raised during consultation and how these have been addressed in subproject design;
 - iii. In the case of subproject activities requiring broad community support, documents the process and outcome of consultations with affected Indigenous Peoples communities and any agreement resulting from such consultations for the subproject activities and safeguard measures addressing the impacts of such activities;
 - iv. Describes consultation and participation mechanisms to be used during implementation to ensure Indigenous Peoples participation during implementation; and
 - v. Confirms disclosure of the draft and final IPP to the affected Indigenous Peoples communities.

E. Beneficial Measures

6. This section specifies the measures to ensure that the Indigenous Peoples receive social and economic benefits that are culturally appropriate, and gender responsive.

F. Mitigative Measures

7. This section specifies the measures to avoid adverse impacts on Indigenous Peoples; and where the avoidance is impossible, specifies the measures to minimize, mitigate and compensate for identified unavoidable adverse impacts for each affected Indigenous Peoples groups.

G. Capacity Building

8. This section provides measures to strengthen the social, legal, and technical capabilities of (a) government institutions to address Indigenous Peoples issues in the subproject area; and (b) Indigenous Peoples organizations in the subproject area to enable them to represent the affected Indigenous Peoples more effectively.

H. Grievance Redress Mechanism

9. This section describes the procedures to redress grievances by affected Indigenous Peoples communities. It also explains how the procedures are accessible to Indigenous Peoples and culturally appropriate and gender sensitive.

I. Monitoring, Reporting and Evaluation

10. This section describes the mechanisms and benchmarks appropriate to the subproject for monitoring, and evaluating the implementation of the IPP. It also specifies arrangements for participation of affected Indigenous Peoples in the preparation and validation of monitoring, and evaluation reports.

J. Institutional Arrangement



11. This section describes institutional arrangement responsibilities and mechanisms for carrying out the various measures of the IPP. It also describes the process of including relevant local organizations and NGOs in carrying out the measures of the IPP.

K. Budget and Financing

12. This section provides an itemized budget for all activities described in the IPP.

Appendix VIII: Suggested Outline of Environmental and Social Due Diligence Report

A. Introduction

1. PPP project's description: title, type of PPP project, location and setting, amount, size (production capacity, number of staff, etc.).
2. Environmental and social categorization and rationale.
3. Applicable Environmental and Social Requirements.

B. Scope of Review and Methodology

1. Documents reviewed (e.g., environmental assessment reports, involuntary resettlement plan, Indigenous Peoples plan, or environmental and social compliance audit reports, copies of permits/licenses, etc.).
2. Methodology adopted (e.g. site visit, inspection report, etc)

C. Compliance and Liability (by relevant safeguard requirements applicable for the specific subproject, examine environmental and social issues and compliance)

1. Examine issues in terms of environmental, involuntary resettlement and indigenous peoples impacts, mitigation measures to address these issues (or corrective action plan for existing facilities) and compliance status with applicable IFIs and/or development partners (eg. ADB) environmental and social safeguard requirements and national laws, regulations, and standards:

(i) Environmental Safeguards

- a. Appropriate identification of major anticipated environmental impacts and risks;
- b. Adequacy of environmental assessment (for category A projects, including the adequacy of alternative analysis);
- c. Compliance status with applicable requirements on (i) information disclosure, (ii) consultation with affected people and other stakeholders, (iii) occupational and community health and safety, biodiversity conservation and sustainable natural resource management, and physical cultural resources; and
- d. Adequacy of mitigation measures and EMP (mitigation measures, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any.



(ii) Involuntary Resettlement Safeguards

- a. Appropriate identification of major anticipated involuntary resettlement impacts and risks (including both physical displacement and economic displacement);
- b. Adequacy of assessment of social impacts, information disclosure and consultation with affected people and other stakeholders;
- c. Adequacy of compensation and benefits for displaced persons
- d. Adequacy of resettlement plan (measures to enhance or restore the livelihoods of displaced persons, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any; and
- e. Private sector responsibilities under government-manages resettlement.

(iii) Indigenous Peoples Safeguards

- a. Appropriate identification of major anticipated impacts on Indigenous Peoples (including potential impacts on traditional or customary lands under use; relocation of Indigenous Peoples from traditional and customary lands, and impacts on cultural resources);
- b. Adequacy of information disclosure and meaningful consultation;
- c. Broad community support, where applicable;
- d. Adequacy of measures to avoid adverse impacts; and
- e. Adequacy of Indigenous Peoples plan (benefit sharing, measures to mitigate and minimize adverse impacts, monitoring and reporting, institutional arrangement, budget), or corrective action plan for existing facilities, if any.

(iv) Adequacy of grievance redress mechanism arrangements

2. Recommend mitigation measures, or corrective action plans, if gaps are identified
3. For existing facilities including PPP projects under construction, examine whether the PPP project's company paid pollution charges or fines/penalties for non-compliance in the last two years in accordance with national laws, whether the PPP project company is exposed to potentially significant liabilities, such as those arising from known or suspected land / groundwater contamination, major accidents and incidents related to the company's past or ongoing operations, and state further actions required / planned by the PPP project company, in particular actions to address any non-compliance problems and liabilities. Also examine whether there are complaints from the public or local communities regarding the PPP project company's environmental and social performance.
4. State any risk control or mitigation measures to be taken by the PPP project company, such as conditions, loan covenants or monitoring and reporting requirements

D. Other PPP project Specific Issues, if any**E. Conclusion and Recommendations**

Appendix IX: Suggested Scope for an Annual Social Safeguards Monitoring Report for PPP Projects

A. Introduction

- i. Brief project description

B. Physical Progress of Subproject Components with Resettlement and Indigenous Peoples Impacts

- i. List of subproject components with resettlement and indigenous peoples impacts and progress updates (including engineering progress, and ground clearing, land acquisition and structure demolition progress)

C. Scope of Resettlement Impacts and and/or Impacts on Indigenous Peoples

- i. Actual scope of land acquisition and resettlement (including the methodology to determine the actual scope of land acquisition and resettlement, and comparison with the scope of impacts in resettlement plan(s))
- ii. Actual impacts on Indigenous Peoples (including the methodology to determine the actual scope of impacts on Indigenous Peoples, and comparison with the scope of impacts in Indigenous Peoples plan(s))

D. Institutional Arrangements

- i. Key organizations involved in resettlement plan and/or IPP implementation
- ii. Progress of activities implemented by other organizations
- iii. Specific implementation arrangements for Indigenous Peoples

E. Compensation Rates, Payment and Assistance Delivery

- i. Compensation rates for land, resettlement subsidies, standing crops, and trees
- ii. Compensation for buildings and allowances for relocation
- iii. Allocation and utilization of resettlement compensation
- iv. Payment delivery to affected village groups and individuals
- v. Assistance delivery to affected Indigenous Peoples

F. Status of Land Acquisition, Resettlement, and Reconstruction

- i. Housing relocation and reconstruction
- ii. Provision of replacement agricultural and/or commercial land
- iii. Restoration of affected public infrastructure and facilities
- iv. Restoration of land used for construction-related activities
- v. Implementation progress of income restoration activities



- vi. Support to vulnerable groups
- vii. Implementation progress of specific measures for affected Indigenous Peoples

G. Status of Provisions for Indigenous Peoples

- i. Culturally appropriate beneficial measures for each affected IP groups
- ii. Mitigative measures for each affected IP groups
- iii. Capacity Building measures for IP communities in the subproject area
- iv. Broad community support, where required

H. Consultation and Disclosure Activities and Grievance Procedures

- i. Consultations on compensation standards and fees, relocation options, etc.
- ii. Specific consultations conducted with Indigenous Peoples on the subproject, its impacts and assistance to Indigenous Peoples
- iii. Any good faith negotiation to resolve major disagreements with Indigenous Peoples
- iv. Grievances received and actions taken to address them

I. Grievance Redress Mechanism

- i. Date established and description of organizational arrangements
- ii. Grievances reported and resolution processes (e.g., nature of grievance, recorded dates and organizations involved, actions taken to resolve grievances, and media or community reactions (if any))

J. Compliance with Applicable Social Safeguard Requirements as Defined in the Section II B of [Name of Bank]'s ESMS

K. Concerns and Work Plan

- i. Concerns encountered, solutions provided and good practices established
- ii. Work plan (staffing, training, and work schedules)

Name and Signature

Name: _____ Date: _____

Position: _____ Phone: _____

Signature: _____ E-mail _____



Appendix X: ToRs for Environment & Social Safeguards Audit of Existing Facilities

Scope of Work

The general objectives of this review and audit are as follows:

- Summarise the relevant characteristics of the Project related to environmental, social, and health and safety (ESHS) aspects based on a review of existing information and a site reconnaissance. Relevant characteristics include: the Project description; institutional and legal framework; environmental and social conditions; ESHS impacts and risks; environmental and social mitigation and monitoring measures; and consultation with affected population.
- Confirm to the IFIs and/or development partners the compliance of the Project development plan with applicable environmental and statutory requirements.
- Coordinate and assist the IFIs and/or development partners, in the review process with reference to environmental and social matters in connection with the financing of the Project, including coordinating an integrated and streamlined information exchange process among the IFIs and/or development partners. These general objectives have been undertaken by Sustainability following specific tasks identified as follows:

Task 1: Review of Background Information – this will include review of the EIA/IEE documentation and associated Environmental and Social reports, plans, policies and strategies submitted and provided and other publicly available information. The document review shall focus on the following main areas:

- Completeness in terms of baseline environmental and social data and impact analysis methodology; • Conformance with applicable national laws;
- Conformance with international environmental agreements and good international industry practice (GIIP);
- Conformance with IFIs and/or development partners specific policies and guidelines, such as ADB SPS and other social requirements (ADB Gender and Development (GAD) Policy, ADB's Policy on Incorporation of Social Dimensions into ADB Operations, and ADB's Public Communications Policy);
- Conformance with applicable IFC Performance Standards (PSs) and Equator Principles (EPs), as applicable;
- Status of ESMPs/Corrective Action Plan (CAP);
- Status of Stakeholder Engagement Plans (SEPs) including internal and external grievance mechanisms;
- Health and safety (H&S) provisions and record for the Project, including pertinent H&S provisions as presented in the ESIA documentation, other pertinent information on the Project web site, and information on the Project web site to provide a benchmark of accident rates for the Project relative to industry norms.

Task 2: Site Visit and Meetings with Project Personnel – The site visit and meetings will include

Task 3: Environmental and Social Due Diligence Report



- Preparation of an initial Draft Environmental and Social Compliance Audit Report for review and comment by lenders, such as ADB etc.
- Preparation of a Final Environmental and Social Compliance Audit Report.
- The report should include a table which clearly indicates each compliance requirement and an assessment of compliance against that requirement.
- The report may need to include a Corrective Action Plan.



Appendix XI: Preliminary Climate Risk Screening²²

Project Title:			
Implementing Agency/ Line Ministry:			
Project Location:			
Screening Questions		Score	Remarks
Location and Design of Project	Is siting and/or routing of the project (or its components) likely to be affected by climate conditions including extreme weather-related events such as floods, droughts, storms, landslides?		
	Would the project design (e.g. the clearance for bridges) need to consider any hydro-meteorological parameters (e.g. sea-level, peak river flow, reliable		
Materials and Maintenance	Would weather, current and likely future climate conditions (e.g prevailing humidity level, temperature contrast between hot summer days and cold winter days, exposure to wind and humidity hydro-meteorological parameters likely affect the selection of project inputs over the life of project outputs (e.g. construction material)?		
	Would weather, current and likely future climate conditions and related extreme events likely affect the maintenance (scheduling and cost) of project output(s)?		
Performance of project outputs	Would weather/climate conditions and related extreme events likely affect the performance (e.g. annual power production) of power output(s) (e.g. hydropower generation facilities) throughout their design lifetime?		

Options for answers and corresponding score are provided below:

Response	Score
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²² If possible, provide details on the sensitivity of project components to climate conditions, such as how climate parameters are considered in design standards for infrastructure components, how changes in key climate parameters and sea level might affect the siting/routing of project, the selection of construction material and/or scheduling, performances and/or the maintenance cost/scheduling of project outputs.



Not Likely	0
Likely	1
Very Likely	2

Result of initial screening (Low, Medium, High):

- **Will the project activity result in an overall net reduction in GHGs? Please provide details below, as applicable.**

- **Will the project activity result in climate adaptation? Please provide details below, as applicable.**

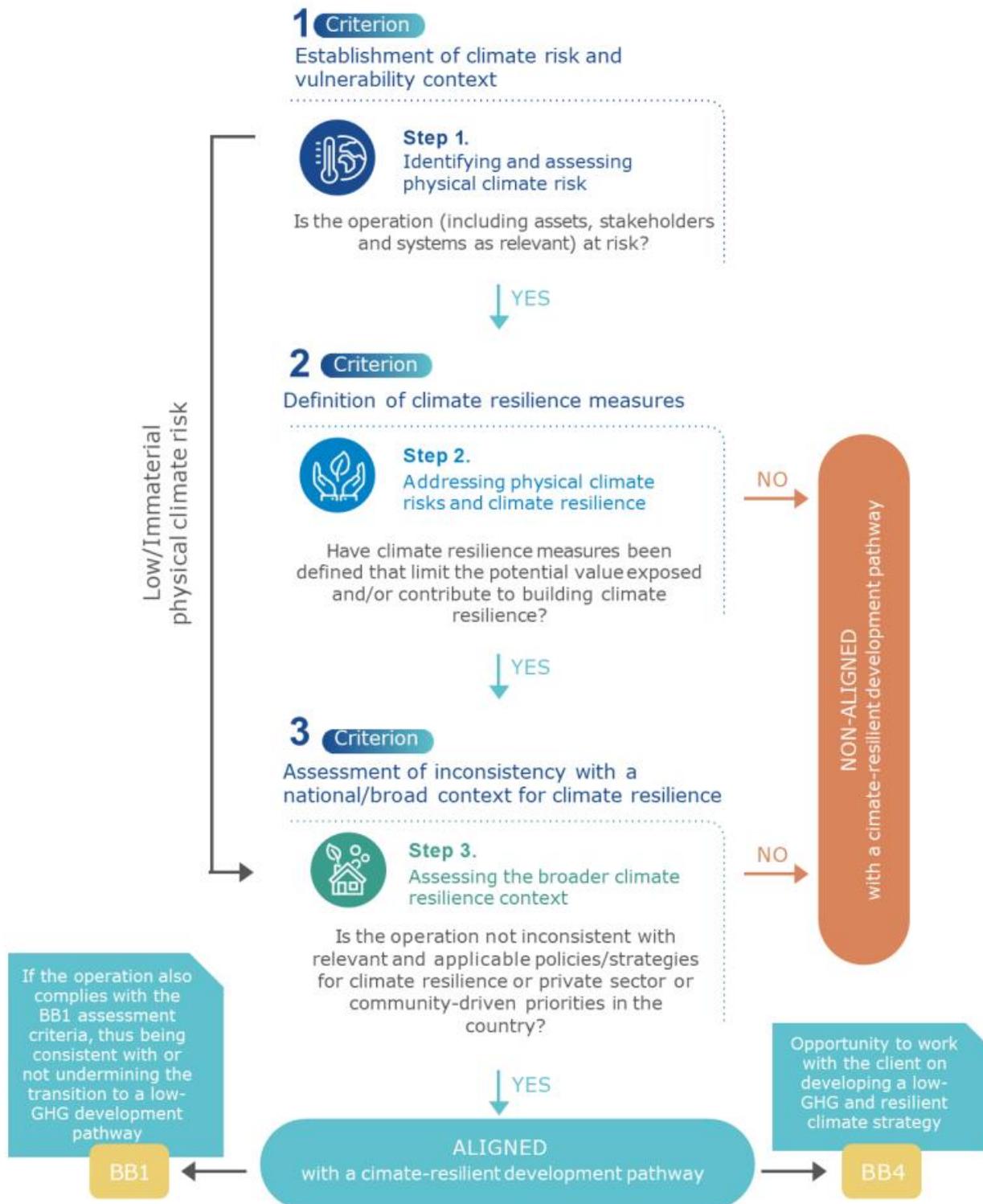
- **Will the project activity result in climate mitigation? Please provide details below, as applicable.**

Other comments:

Prepared by:



Appendix XII: MDBs assessment framework for alignment with the Paris Agreement’s adaptation and climate resilience goals



Amair

Appendix XIII: ESMS Case Studies

Pakistan

▪ National Disaster Risk Management Fund (NDRMF)

The Project has been providing financial and technical support to the National Disaster Risk Management Fund (NDRMF), which is being established as a government-owned non-bank financial intermediary with a corporate structure. The NDRMF will reduce the socio-economic and fiscal vulnerability of the country and its population to natural hazards by prioritizing and financing investments in disaster risk reduction and preparedness that have high economic benefits, taking into account climate change, as well as disaster risks and their impacts. The government will pass on ADB loan funds to the NDRMF as a grant, for on-granting by NDRMF to eligible implementing partners. The NDRMF will finance up to 70% of the cost of eligible subprojects that will enhance Pakistan's resilience to extreme weather events and other natural hazards. The NDRMF will also enter into insurance arrangements to develop markets for the transfer of residual risks that cannot be mitigated.

Additional details on this project can be accessed by visiting the following link:

<https://www.adb.org/projects/50316-001/main>

▪ PPP Support Facility (PSF), Sindh province

The project has been supporting the development policies of Government of Sindh (GoS) for sustainable infrastructure provision through PPPs. It is aligned with Midterm Review of Strategy 2020, in which PPPs are a key driver of change, and the Country Partnership Strategy 2015-2019. The project builds on ADB's partnership with GoS to develop the PPP framework under a program cluster in 2009, using lessons learned from this program and the Country Assistance Program Evaluation for Pakistan.

The expected impact of the project is aligned with the number of infrastructure investments and services in Sindh improved. The expected outcome is fiscally-responsible private sector participation and investment in infrastructure increased in Sindh.

The outputs are (i) GoS capacity to select and develop PPP projects strengthened; (ii) PPP project-related fiscal risk effectively managed by the PPP Support Facility (PSF); and (iii) PPP project selection and subsequent management capacity of line departments, finance, and planning and development departments strengthened.

Additional details on this project can be accessed by visiting the following link:

<https://www.adb.org/projects/46538-002/main>

▪ Punjab PPP Authority (PPPA), Punjab province

The project will provide financing for the project development facility (PDF) to support line departments in engaging the assistance of experienced transaction advisors. The ADB loan is being used to fund a dedicated viability gap fund (VGF) window that will be managed by the Planning and Development Department (PDD).

The project is aligned with the following impact: private sector investments and overall employment in Punjab increased. The project will have the following outcome: sustainable and fiscally responsible public-private partnership (PPP) projects that offer value for money (VFM) increased. The outputs are (i) PDF and VGF resources for PPP projects augmented, and (ii) PPP institutional capacity enhanced and strengthened.



Additional details on this project can be accessed by visiting the following link:

<https://www.adb.org/projects/49128-002/main>

Uzbekistan

▪ **Livestock Value Chain Development Project**

The proposed project will enhance livestock value chains. It will provide investment finance through eligible participating financial institutions (PFIs) to increase the volume and improve the quality and safety of commercially-oriented livestock production and processing. It will also provide finance for commercial fodder and feed production and for the establishment or expansion and/or improvement of private sector service providers, notably veterinary services, in support of government policy.

The project will build the capacity of PFIs in livestock-related credit policy, product development, procedures, outreach strategy, and in the identification, appraisal, and management of livestock sector lending. It will provide training, and technical support to help build the capacity of key sector stakeholders in identifying, monitoring, and controlling livestock disease risks. The project also will enhance the capacity of selected private sector service providers as a demonstration of best practices. The project management office based in the Agency for Implementation of Projects in the Field of Agro-industry and Food Security (AIFSA) will oversee implementation activities, including monitoring of relending; compliance for safeguards, gender, and financial covenants; and financial auditing.

Additional details on this project can be accessed by visiting the following link:

<https://www.adb.org/projects/documents/uzb-52110-001-esms>

China

▪ **Gansu Featured Agriculture and Financial Services System Development Project**

The Asian Development Bank is working with People's Republic of China in Gansu province to help small-scale agricultural producers boost output and incomes. The project is providing financial and technical support to upgrade farm infrastructure and to help farmers build links to new markets. It is also partnering with local banks to expand rural financial services support for small enterprises.

Additional details on this project can be accessed by visiting the following link:

<https://www.adb.org/projects/47046-002/main#project-pds>

Sri Lanka

▪ **Small and Medium-sized Enterprises Line of Credit Project: Hatton National Bank**

The proposed project is a line of credit through 13 participating financial institutions (PFIs) to targeted small and medium-sized enterprises (SMEs) in Sri Lanka, including SMEs that are led by women, are first-time borrowers, do not sufficient collateral and are located outside of Colombo. The fund allocation for 10 PFIs has been made on a competitive basis. The project also includes an attached technical assistance (TA) for (i) developing innovative financial schemes for SMEs and promoting export-oriented cluster development (funded by the Japan Fund for Poverty Reduction (JFPR) and (ii) developing an



ecosystem for women entrepreneurship in Sri Lanka (funded by the Women Entrepreneurs Finance Initiative (We-Fi).

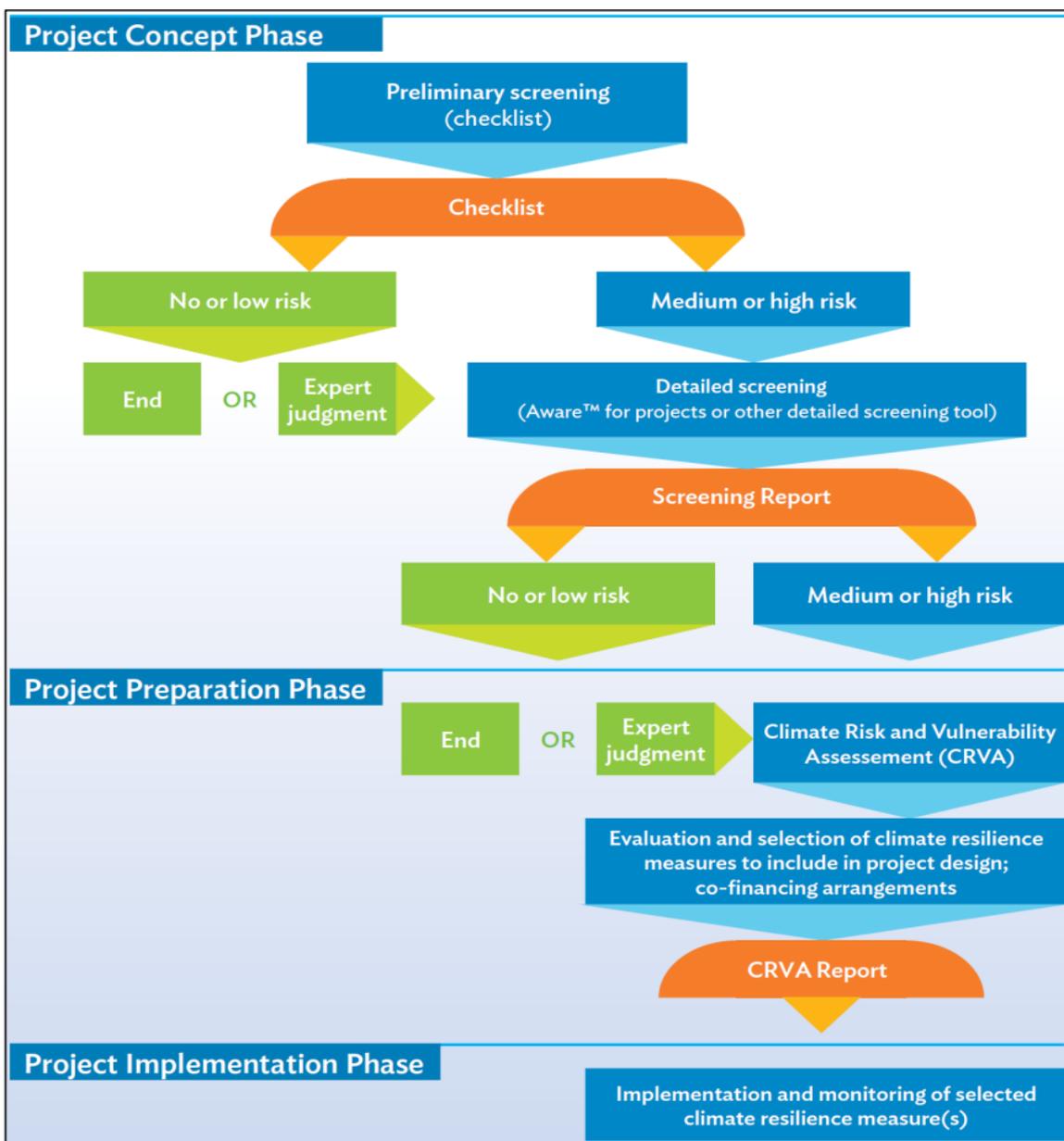
Additional details on this project can be accessed by visiting the following link:

<https://www.adb.org/projects/49273-001/main#project-pds>

Appendix XIV: Template for CRVAs

The first stage in the climate risk management framework is the initial screening of the project, which aims to identify whether the project may be vulnerable to climate change hazards. If the risk screening identifies any medium or high risks, a climate risk and vulnerability assessment (CRVA) is required.

Figure AXIV.1: Climate Risk Management Process



As outlined in ADB (2014a), the CRVA aims to quantify risks and identify adaptation options that can be integrated into the project design, noting that the level of detail to which the assessment goes are generally dictated by the complexity of the project, available information on the Project, and the available information on climate change projections for the Project site.

Overarching Methodology

When determining how climate change may influence a project, a standard approach is to determine current climate parameters, identify how they will change due to global climate change, assess how these climate hazards may affect the project design or impact the project assets, and then determine how to adapt the project specifications. The CRVA implements this standard approach to the extent possible. The overarching methodology for the CRVA involves:

- Engagement with key stakeholders;
- Review of the literature on:
 - Climate and climate change projections,
 - Previous technical investigations and design reports,
 - The impacts of climate change on project activity;
- Analysis of available data on key environmental parameters;
- Internal workshops on the existing issues, proposed design philosophy, strategic options evaluation, engineering feasibility, and proposed approach to climate resilience;
- Assessments of climate vulnerability and risk for the proposed project area to identify which elements of the design required specific consideration;
- Incorporation of adaptation measures into the design and assessment of residual climate risk (e.g. due to uncertainty in projections);
- Consideration of the total cost of the climate-resilient components of the project design; and
- Preparation and review of this CRVA report in consultation with project team members and climate specialists.

Key Elements of CRVA

- **Introduction**
- **Background and Project Context**
- **Approach to the CRVA**
 - Requirement for CRVA
 - Methodology
 - Inputs to CRVA
 - Limitations
- **Climate and Other Natural Hazards**
 - Regional Drivers of Climate
 - Existing Climate
 - Climate Change Projections
 - Other Natural Hazards
 - Summary of relevant climate change hazards
- **Vulnerability to Climate Risks and Risk Assessment**
 - Initial Screening and Vulnerability Assessment



- Risk Assessment Framework
- Assessment of Climate Risk to Project
- Review of measures adopted for Climate Change Adaptation
- Assessment of Residual Risk
- Cost of Climate Resilient Measures

▪ **Key Findings and Next Steps**

- Need for the project
- Existing and Future Climate Risks
- Climate Resilient Measures
- Opportunities for improve resilience and sustainability
- Assumptions and limitations of CRVA



Appendix XV: Land Acquisition Procedure as per LAA 1894

Table XV.1: Land Acquisition Procedure as per LAA 1894

LAA Section	Details
Preliminary Investigation	
<p>Section 4: Publication of preliminary notification and powers of officers thereupon (land loosely specified)</p>	<ol style="list-style-type: none"> When a piece of land in any locality is needed or is likely to be needed for any public purpose or for a Company, a notification to that effect shall be published in the official Gazette by the Collector of the District, and he shall cause public notice of the substance of such notification to be given at convenient places in the said locality. Thereupon it shall be lawful for any officer, either generally or specially authorised by the Collector of the District in this behalf, and for his servants and work-men:– <ul style="list-style-type: none"> - to enter upon and survey and take levels of any land in such locality; - to dig or bore into the subsoil; - to do all other acts necessary to ascertain whether the land is adapted for such purpose; - to set out the boundaries of the land proposed to be taken and the intended line of the work (if any) proposed to be made thereon; - to mark such levels, boundaries and lines by placing marks and cutting trenches; and, <p>where otherwise the survey cannot be completed and the levels taken and the boundaries and lines marked, to cut down and clear away any part of any standing crop, fence or jungle: Provided that no person shall enter into any building or upon any enclosed court or garden attached to a dwelling-house (unless with the consent of the occupier thereof) without previously giving such occupier at least seven days' notice in writing of his intention to do so.</p> The officer so authorised shall at the time of such entry pay or tender payment for all necessary damage to be done as aforesaid, and, in case of dispute as to the sufficiency of the amount so paid or tendered, he shall at once refer the dispute to the decision of the Collector or other chief revenue officer of the district, and such decision shall be final].
<p>Section 5: Notification that particular land is needed for a public purpose or for a Company (exact land specification)</p>	<ol style="list-style-type: none"> A notification to that effect shall be published in the official Gazette, stating the district or other territorial division in which the land is situate, the purpose for which it is needed, its approximate area and situation, and where a plan has been made of the land, the place where such plan may be inspected, and the Collector shall cause public notice to be given of the substance of the notification at convenient places on or near the land to be acquired. Procedural detail for issuance of notification: Where land is to be acquired for a public purpose, the Commissioner, and where land is to be acquired for a Company, the Provincial Government, is satisfied, after considering the result of the survey, if any, made under sub-section (2) of section 4, or if no survey is necessary, at any time, that any particular land included in a locality notified under sub-section (1) of section 4 is needed for a public purpose or a Company, as the case may be.
Objections	
<p>Section 5-A:</p>	<ol style="list-style-type: none"> Any person interested in any land which has been notified under section 5 as being needed for a public purpose or for a Company may, within 30



Hearing of objections	<p>days after the issue of the notification, object to the acquisition of the land or of any land in the locality, as the case may be.</p> <p>4. Every objection under sub-section (1) shall be made to the Collector in writing, and the Collector shall give the objector an opportunity of being heard either in person or by pleader and shall, after hearing all such objections and after making such further inquiry, if any, as he thinks necessary, submit the case for the decision of the [Commissioner] together with the record of the proceedings held by him and a report containing his recommendations on the objections. The decision of the [Commissioner] on the objections shall be final.</p> <p>5. Where land is needed for a Company, the Collector shall, after making such enquiries as he deems necessary, also make his recommendations to the [Commissioner] with regard to the area that in his opinion is reasonable for the purpose.</p> <p>6. For the purpose of this section, a person shall be deemed to be interested in land who would be entitled to claim an interest in compensation if the land were acquired under this Act.]</p>
Declaration of intended acquisition	
<p>Section 6: Declaration that land is required for a public purpose</p>	<p>7. Subject, to the provisions of Part VII of this Act, [when the [Commissioner]] is satisfied, after considering the report, if any, made under section 5-A, sub-section (2)], that any particular land is needed for a public purpose, or for a Company, a declaration shall be made to that effect under the signature of [Commissioner] or of some officer duly authorised to certify [such] order: Provided that no such declaration shall be made unless the compensation to be awarded for such property is to be paid by a Company, or wholly or partly out of public revenues or some fund controlled or managed by a local authority.</p> <p>8. The declaration shall be published in the official Gazette and shall state the district or other territorial division in which the land is situate, the purpose for which it is needed, its approximate area, and, where a plan shall have been made of the land, the place where such plan may be inspected.</p> <p>9. The said declaration shall be conclusive evidence that the land is needed for a public purpose or for a Company, as the case may be and, after making such declaration, the [Commissioner] may acquire the land in manner hereinafter appearing.</p> <p>10. When the area in respect of which the said declaration is made is less than the area previously notified under sub-section (1) of section 4, such previous notification, so far as it relates to the excess area, shall be deemed to have been superseded by the said declaration].</p>
<p>Section 7: After declaration Collector to take order for acquisition</p>	<p>Whenever any land shall have been so declared to be needed for a public purpose or for a Company, the Commissioner, or some officer authorised by the Commissioner in this behalf, shall direct the Collector to take order for the acquisition of the land.</p>
<p>Section 8:</p>	<p>The Collector shall thereupon cause the land (unless it has been already marked out under section 4) to be marked out. He shall also cause it to be measured, and if no plan has been made thereof, a plan to be made of the same.</p>



Amir

Land to be marked out, measured and planned	
Section 9: Notice to persons interested	<ol style="list-style-type: none"> 1. The Collector shall then cause public notice to be given at convenient places on or near the land to be taken, stating that the Government intends to take possession of the land, and that claims to compensation for all interests in such land may be made to him. 2. Such notice shall state the particulars of the land so needed, and shall require all persons interested in the land to appear personally or by agent before the Collector at a time and place therein mentioned (such time not being earlier than fifteen days after the date of publication of the notice), and to state the nature of their respective interests in the land and the amount and particulars of their claims to compensation for such interests and their objections (if any) to the measurements made under section 8. The Collector may in any case require such statement to be made in writing and signed by the party or his agent. 3. The Collector shall also serve notice to the same effect on the occupier (if any) of such land and on all such persons known or believed to be interested therein, or to be entitled to act for persons so interested, as reside or have agents authorised to receive service on their behalf, within the revenue district in which the land is situate. 4. In case any person so interested resides elsewhere, and has no such agent, the notice shall be sent to him by post in a letter addressed to him at his last known residence, address or place of business and registered under Part III of the Indian Post Office Act, 1866. 5. The Collector shall also serve notice of the enquiry to be held under section 11 (such notice not being less than fifteen days prior to the date fixed under sub-section (2) for determination of claims and objections) on the Department of Government, local authority or Company, as the case may be, for which land is being acquired, and require it to depute a duly authorised representative to attend the enquiry on its behalf for the purpose of making objections (if any) to the measurement of the land, claims to any interest in the land or the amount of any compensation. Such authorised representative shall be a party to the proceedings].
Section 10: Power to require and enforce the making of statements as to names and interests	<ol style="list-style-type: none"> 1. The Collector may also require any such person to make or deliver to him, at a time and place mentioned (such time not being earlier than fifteen days after the date of the requisition), a statement containing, so far as may be practicable, the name of every other person possessing any interest in the land or any part thereof as co-proprietor, sub-proprietor, mortgagee, tenant or otherwise, and of the nature of such interest, and of the rents and profits (if any) received or receivable on account thereof for three years next preceding the date of the statement. 2. Every person required to make or deliver a statement under this section or section 9 shall be deemed to be legally bound to do so within the meaning of sections 175 and 176 of the Pakistan Penal Code.
Enquiry into measurements, value and claims and award by the Collector	
Section 11: Enquiry and award by Collector	On the day so fixed, or on any other day to which the enquiry has been adjourned, the Collector shall proceed to enquire into the objections (if any) which any person interested [33][and a Department of Government, a local authority, or a Company, as the case may be], has stated pursuant to a notice given under section 9 to the measurements made under section 8, and into the value of the land [34][at the date of the publication of the notification under



	section 4, sub-section (1)], and into the respective interests of the persons claiming the compensation and shall make an award under his hand of– i. True area of the land; ii. Compensation which in his opinion should be allowed for the land; and iii. Apportionment of the said compensation among all the persons known or believed to be interested in the land, of whom, or of whose claims, he has information, whether or not they have respectively appeared before him.
Possession	
<u>Section 16</u>	When the Collector has made an award under Section 11, he will then take possession and the land shall thereupon vest absolutely in the Government, free from all encumbrances.
Land Acquisition under Emergency Clause	
<u>Section 17</u>	Emergency clause allows acquisition of land prior to compensation of DPs. Explanatory Note with respect to funding from IFI's: In case of projects being financed by multilateral agencies application of emergency clauses may be not be acceptable as such financing is contingent upon compensation to DPs before land has been acquired.
<u>Section 18</u>	In case of dissatisfaction with the award, DPs may request the LAC to refer the case onward to the court for a decision. This does not affect the Government taking possession of land.
Assessment of Compensation	
<u>Section 23</u>	The award of compensation to the title holders for acquired land is determined at i) Market value of land, ii) Loss of standing crops, trees and structures, iii) Any damage sustained at the time of possession, iv) Injurious affect to other property (moveable or immoveable) or his earnings, v) Expanses incidental to compelled relocation of the residence or business and vi) Diminution of the profits between the time of publication of Section 6 and the time of taking possession plus 15% premium in view of the compulsory nature of the acquisition for public purposes.
<u>Section 28</u>	This section relates to the determination of compensation values and interest premium for land acquisition (6% per annum from the date of possession).
<u>Section 31</u>	Section 31 provides that the Collector can, instead of awarding cash compensation in respect of any land, make any arrangement with a person having an interest in such land, including the grant of other lands in exchange.
Timeframe for Completion of Acquisition and Award of Compensation	
<u>Section 48 (A)</u>	This clause of the revised Land Acquisition Act (1986) entitles the owner of land to receive compensation for the damage suffered by him in consequence of the delay in award of compensation (unless he has been to a material extent responsible for the delay), if the compensation has not been made within a period of one year from the date of publication of declaration under section 6 in respect of any land, and the Collector has not made an award under section 11 in respect to such land.



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Appendix XVI: Eligibility and Entitlements for the Persons affected by PPP Projects as per ADB SPS, 2009

Type of Loss	Specification	Eligible Person	Compensation Entitlement
1. Agricultural land, including, uncultivable wasteland	All land losses	Legal and legalizable owner(s) of Land	<ul style="list-style-type: none"> ▪ Cash compensation at replacement cost plus 15% Compulsory Acquisition Surcharge (CAS), free of taxes, registration and transfer costs; or ▪ Land for land compensation through provision of plots of equal value and productivity as that of lost.
		Sharecropper/ tenant (registered or not)	Cash compensation equal to the market value of gross annual yield of lost land, proportionate to their share for two years.
		Lessee (registered or not)	Cash equivalent of the market value of the gross yield of lost land for the remaining lease years, up to maximum of three years
		Non-titled user (squatter, encroacher)	<ul style="list-style-type: none"> ▪ No compensation for lost land ▪ Rehabilitation allowance equal to the market value of the gross annual yield of lost land in addition to standard crop compensation. (see Loss Type 7 below)
	Additional provision for DPs losing more than 10% their total operational agricultural holding	Owner / lessee/, sharecrop tenant/squatter/ encroacher	<ul style="list-style-type: none"> ▪ Severe agricultural land impact allowance equal to the market value of the gross annual yield of lost land for one year.
2. Temporary impact on arable land	Land required temporarily during civil works	All eligible persons, as above, (with and without title)	Crop compensation for lost season (s) and reclamation of land to original use.
3. Residential/ commercial land		Owner (legal/legalizable)	Cash compensation at replacement cost plus 15% compulsory acquisition surcharge (CAS) free of taxes, registration and transfer costs;
		Renter/ Leaseholder	Cash compensation of a value proportionate to the duration of the remaining lease period.
		Non-titled user	No compensation for lost land



Type of Loss	Specification	Eligible Person	Compensation Entitlement
		(squatter, encroacher)	
		Non-titled owners (squatters) occupying land for dwelling identified by the census (only those actually occupying the dwellings)	Self-relocation allowance (equivalent to one year's income calculated at the prevailing official monthly minimum wage)
		Non-titled owners (squatters) occupying land for shops/stalls/ kiosks identified by the census and inventory of lost assets (only those actually occupying the facilities)	Option to set up a stall through a space rental agreement with respective local governments or authority at a designated commercial area in public land and at a location comparable to the last location.
4. Residential, commercial, agricultural and community structures		Owner(s), titled and non-titled of the structure and squatters (in case of squatters only those actually occupying the structures and in case of community structures the members of the community jointly)	<ul style="list-style-type: none"> ▪ Cash compensation at replacement cost for affected structures by type of construction and other fixed assets. ▪ In case of partial loss cash assistance compensation will be provided to restore the remaining structure. If more than 25% of the building's floor area is affected, cash compensation will be computed for the entire building/structure. Salvaged materials will be free of deductions. ▪ A lump sum transportation Allowance will be paid to relocating households, businesses, agricultural operations and mosques etc. for shifting their belongings, inventory, equipment and installations.
		Renter/ Leaseholder	Cash compensation equivalent to three months' rent or a value proportionate to the duration of the remaining lease.
5. Loss of livelihood during relocation	Residential structures affected	Head of the displaced household	Transition Allowance equivalent to 3 months of average monthly household income in the area.
6. Loss of business	Shops, stalls and	Business owners;	<ul style="list-style-type: none"> ▪ Cash grant for net income loss for



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Type of Loss	Specification	Eligible Person	Compensation Entitlement
and employment	kiosks.	(including, renters and informal settlers and squatters) and employees identified by the census.	duration of business stoppage (6 months for permanent loss and no more than 3 months for temporary stoppage.) <ul style="list-style-type: none"> A one- time cash grant will be paid to affected employees equivalent to 2 month's official monthly minimum wage.
7. Crops	Affected crops	Cultivator of crops irrespective of status of tenure	Crop compensation in cash at the full market rate for one year's gross crop yield.
8.Trees	All affected trees	Owners of fruit and wood trees	<ul style="list-style-type: none"> Compensation for mature fruit-bearing trees will comprise of the market rate of the yearly yield multiplied by the number of years required to grow such a tree to the same productive level it was cut; and for immature trees that are yet to bear fruit compensation will be based on the gross expense needed to reproduce the tree to the same age it was cut. Timber trees will be valued based on the market value of their dry wood volume. The wood of the fallen tree will remain with the owner and its value will not be deducted from the compensation.
9. Affected Vulnerable households	Poor and female-headed households and other vulnerable households, including the elderly, identified through the Social Impact Assessment.	Head of the household	<ul style="list-style-type: none"> Lump sum assistance allowance in cash equivalent to 3 months of average monthly household income in the area. Temporary or permanent employment during construction or operation of the facility that necessitated involuntary resettlement, where feasible.
10. Unidentified Losses	Unanticipated impacts	All DPs	Dealt with as appropriate during PPP project implementation according to the applicable Safeguard Policy.

*Each page signed and stamped

(Mohammad Awais)
Head Legal Affairs, P3A.

