



**NATIONAL HIGHWAY AUTHORITY, PAKISTAN**

**Resettlement Policy  
Framework (RPF)**

## **WIDENING & IMPROVEMENT OF PRIORITY SECTIONS OF N-5 (487 KM)**



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PAKISTAN



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### RESETTLEMENT POLICY FRAMEWORK (RPF)

#### TABLE OF CONTENTS

<b>TABLE OF CONTENTS .....</b>	<b>II</b>
<b>LIST OF ANNEXURES.....</b>	<b>IV</b>
<b>LIST OF TABLES .....</b>	<b>V</b>
<b>LIST OF FIGURES .....</b>	<b>V</b>
<b>LIST OF ABBREVIATIONS.....</b>	<b>VI</b>
<b>GLOSSARY .....</b>	<b>VII</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>I</b>
<b>1. INTRODUCTION.....</b>	<b>1-1</b>
1.1 BACKGROUND.....	1-1
1.2 NEED ASSESSMENT .....	1-1
1.3 PROJECT SCOPE .....	1-1
1.4 PROJECT PHASING .....	1-2
1.5 N-5 PROJECT OBJECTIVES.....	1-3
1.6 PROJECT DESCRIPTION .....	1-3
1.7 PROJECT SCOPE OF WORK .....	1-3
1.8 NEED FOR LAND ACQUISITION AND RESETTLEMENT .....	1-4
1.9 RESETTLEMENT POLICY FRAMEWORK.....	1-4
1.10 ASSESSMENT OF IMPACTS .....	1-5
1.11 INFORMATION DISCLOSURE PROCESS TO AFFECTED PERSONS (APs) .....	1-7
<b>2. PRINCIPLES OF RESETTLEMENT POLICY FRAMEWORK FOR N5 PROJECT .....</b>	<b>2-1</b>
<b>3. LEGAL FRAMEWORK.....</b>	<b>3-1</b>
3.1 OVERVIEW .....	3-1
3.2 APPLICABLE NATIONAL POLICIES AND LEGISLATION .....	3-1
3.2.1 Constitution of Pakistan (1973).....	3-1
3.2.2 Land Acquisition Act (1894) .....	3-2
3.2.3 Land Acquisition (Sindh Amendment) Act 2009 .....	3-4
3.2.4 Sindh Katchi Abadis (SKAA), Act 1987 .....	3-4
3.2.5 Sindh Resettlement and Rehabilitation Policy, 2023.....	3-5
3.2.6 Punjab Land Acquisition Rules 1983 .....	3-5
3.2.7 KP LAA Amendments and KP Rules 2020 .....	3-6
3.2.8 Khyber Pakhtunkhwa Land Revenue (Amendment) Act, 2014 .....	3-6
3.2.9 Khyber Pakhtunkhwa Local Government Act, 2013 Including Later Amendments .....	3-6
3.2.10 Protection of Trees and Bush wood Act, 1949 .....	3-6
3.2.11 Forest Act (1927)/ Addendum.....	3-7
3.3 ASIAN INFRASTRUCTURE INVESTMENT BANK ENVIRONMENTAL AND SOCIAL FRAMEWORK, FEBRUARY 2016 (AMENDED FEBRUARY 2019, MAY 2021, NOVEMBER 2022, AND JUNE 26, 2024) .....	3-7



3.4	COMPARISON BETWEEN LAND ACQUISITION ACT 1894 AND ASIAN INFRASTRUCTURE INVESTMENT BANK'S LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT STANDARDS (ESS2)	3-8
<b>4.</b>	<b>COMPENSATION ELIGIBILITY AND ENTITLEMENT MATRIX</b>	<b>4-1</b>
4.1	GENERAL	4-1
4.2	COMPENSATION FOR LOST ASSETS	4-1
4.2.1	Compensation for Land	4-1
4.2.2	Compensation for Structures (residential/ commercial and other)	4-3
4.2.3	Crops	4-4
4.2.4	Trees	4-4
4.2.5	Independent Valuation Study (IVS)	4-4
4.3	RESETTLEMENT & RELOCATION ASSISTANCE	4-4
4.3.1	Self-Relocation Assistance	4-5
4.3.2	Transport Allowance	4-5
4.3.3	Transitional Support against Lost Residential Structures	4-5
4.3.4	Severe Impact Allowance	4-6
4.3.5	Income Restoration Measures	4-6
4.3.6	Uninterrupted Access to Resources and Means of Livelihood	4-7
4.3.7	Public Services and Facilities	4-7
4.3.8	Special Provisions for Vulnerable Aps	4-7
4.4	LIVELIHOOD RESTORATION PLAN	4-9
4.5	ENTITLEMENT MATRIX	4-9
4.6	LAR COST ESTIMATION AND BUDGETING	4-21
<b>5.</b>	<b>INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS</b>	<b>5-1</b>
5.1	GENERAL	5-1
5.2	INSTITUTIONAL ROLES AND RESPONSIBILITIES	5-3
5.2.1	National Highway Authority (NHA)	5-3
5.2.2	General Manager (Engineer) NHA-HQ - PIU	5-3
5.2.3	Environment, Afforestation, Land and Social Unit (EALS)	5-3
5.2.4	Environment and Social Cell (ESC) at PIU-HQ	5-4
5.2.5	Project Director(s) – RIU	5-5
5.2.6	Third Party Validation (TPV)	5-6
5.2.7	Supervision Consultant (SC)	5-6
<b>6.</b>	<b>GRIEVANCE REDRESS MECHANISM (GRM)</b>	<b>6-1</b>
6.1	PRINCIPLES	6-1
6.2	OBJECTIVES	6-1
6.3	TYPE OF COMPLAINTS	6-2
6.4	DISCLOSURE OF GRM	6-2
6.5	STRUCTURE OF GRIEVANCE REDRESS MECHANISM	6-2
6.5.1	Community GRC (Tier-1)	Error! Bookmark not defined.
6.5.2	PIU Level GRC (Tier-2)	Error! Bookmark not defined.
6.5.3	PMU-GRC (Tier-3)	Error! Bookmark not defined.
6.5.4	Gender Based Violence (GBV) Committee	Error! Bookmark not defined.
6.5.5	Worker's GRM	Error! Bookmark not defined.
6.6	GRIEVANCE REDRESS PROCEDURE/ MECHANISM	ERROR! BOOKMARK NOT DEFINED.



6.6.1	Lodging of Complaint.....	<b>Error! Bookmark not defined.</b>
6.7	MONITORING AND REPORTING OF GRM .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
6.8	GRM DISSEMINATION AND TRAINING REQUIREMENTS .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
6.9	CONSULTATIONS .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
6.10	UPDATING OF RESETTLEMENT POLICY FRAMEWORK .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
6.11	PREPARATION AND APPROVAL OF RAP .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>

## LIST OF ANNEXURES

ANNEXURE-01: CONTENT OF RESETTLEMENT ACTION PLAN



## LIST OF TABLES

---

TABLE 1.1: PACKAGE DETAIL AND LENGTH	1-2
TABLE 2.1: SALIENT FEATURES OF THE LAA (1894) AND ITS SUCCESSIVE AMENDMENTS	3-3
TABLE 2.2: COMPARISON OF PAKISTAN'S LAA AND THE AIIB'S ESS2	3-8
TABLE 4.1: ELIGIBILITY AND COMPENSATION ENTITLEMENT MATRIX	4-9
TABLE 4.2: TENTATIVE LAR BUDGET OF N5 PROJECT	4-21

## LIST OF FIGURES

---

FIGURE 5.1: ORGANIZATIONAL SETUP FOR IMPLEMENTATION OF E&S INSTRUMENTS	5-2
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## LIST OF ABBREVIATIONS

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AHs	Affected Households
AIIB	Asian Infrastructure Investment Bank
AOI	Area of influence
AP	Affected Persons
BOR	Board of Revenue
CAS	Compulsory Acquisition Surcharge
CSC	Construction Supervision Consultant
DPAC	District Price Assessment Committee
EALS	Environment, Afforestation, Land and Social Unit
ESF	Environmental and Social Framework
ESS	Environmental and Social Standards
DCR	District Census Report
DOR	District Officer Revenue
EA	Executing Agency
EMA	External Monitoring Agency
GRC	Grievance Redress Committee
GRM	Grievance Redress Mechanism
HQ	Head Quarter
IA	Implementation Agency
IMR	Internal Monitoring Report
IP	Indigenous People
IR	Involuntary Resettlement
KP	Khyber Pakhtunkhwa
LAA	Land Acquisition Act
LAC	Land Acquisition Collector
LAR	Land Acquisition and Resettlement
LCC	Land Coordination Committee
RC	Replacement Cost
RU	Resettlement Unit
M&E	Monitoring and Evaluation
NESPAK	National Engineering Services of Pakistan
NH	National Highway
NHA	National Highway Authority
OPL	Official Poverty Line
PD	Project Director
PIU	Project Implementation Unit
PMU	Project Management Unit
ROW	Right of Way
RP	Resettlement Plan
RPF	Resettlement Policy Framework
RU	Resettlement Unit
SES	Socio-economic Survey
SKAA	Sindh Katchi Abadi Act
SSE	Social Safeguard Expert
TOR	Terms of Reference



## GLOSSARY

Activity	Specific subset of activities under a Project that is supported entirely or in part under Bank financing, either directly by the Client, normally an FI, or indirectly through another FI. The term also includes investments made for general corporate purposes
Affected Persons	Any person affected or adversely affected by any project related interventions or change in use of land, water or other natural resources, or the person/s who loses his/her/their asset or property movable or fixed, in full or in part including land, with or without displacement, after the commencement and during execution of a project. The economically affected person will also be considered as affected persons.
Beneficiary	Recipient or other beneficiary of the Bank financing extended for an activity under a Project
Chance find procedures	Measures to address archaeological material encountered unexpectedly during Project construction or operation. A chance find procedure is a Project-specific procedure which sets out how chance finds associated with the Project will be managed. This procedure generally includes a requirement to notify relevant authorities of found objects or sites, to close off the area of finds or sites to avoid further disturbance, to conduct an assessment of found objects or sites by cultural resources experts, to identify and implement actions consistent with the requirements of Environmental and Social Standard (ESS) 1 and national law and to train Project workers on chance find procedures.
Collective attachment	For generations there has been a physical presence in, and economic ties to, land and territories traditionally owned, or customarily used or occupied, by the group concerned, including areas that hold special significance for it, such as sacred sites.
Compensation	Payment in cash or in kind of the replacement cost of the acquired assets.
Cut-off-date	The date after which people will not be considered eligible for compensation i.e. they are not included in the list of APs as defined by the census. The cut-off date is the start of census for all land and non-land related entitlements, the date for announcement of Section 4 notification under the LA Act of 1894 under which any person entering the project area after the cut-off date is not eligible to receive the agreed upon entitlements.



	The Bank accepts the date of the baseline survey as the cutoff date for eligibility.
Detailed measurement survey	Detailed inventory of losses that is completed after detailed design and marking of project boundaries on the ground.
Disability	The term persons with disabilities is used to apply to all persons with disabilities, including those who have long-term physical, mental, intellectual or sensory impairments which, in interaction with various attitudinal and environmental barriers, hinder their full and effective participation in society on an equal basis with others.
Economic Displacement	A loss of productive assets or usage rights or livelihood capacities caused by the project.
Eligibility	The criteria for qualification to receive benefits under a resettlement program.
Encroachers/Squatters	People who do not have legal title, and have trespassed onto private/community land to which they are not authorized. If such people arrived before the entitlements cut-off date, they are eligible for compensation for any structures, crops or land improvements that they will lose.
Entitlement	Range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation, which are due to displaced persons, depending on the nature of their losses, to restore their economic and social base.
Forced eviction	Defined as the permanent or temporary removal, against the will of individuals, families and/or communities, from homes or land (or both), which they occupy, without the provision of, or access to, appropriate forms of legal or other protection. The exercise of eminent domain, compulsory acquisition or similar powers, is not considered to be forced eviction, providing it complies with the requirements of national law, and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeal, and avoidance of the use of unnecessary, disproportionate or excessive force).
Gender-based violence	Umbrella term for any harmful act that is perpetrated against a person's will and that is based on socially ascribed gender-related differences between people. It includes acts that inflict physical, sexual or mental harm or suffering, threats of such acts, coercion, and other deprivations of liberty. These acts can occur in public or in private.





Good international practice	Exercise of professional skill, diligence, prudence and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the Project employs the most appropriate technologies in the Project-specific circumstances.
Involuntary Resettlement	Land acquisition, including restrictions on land use and access to assets and natural resources that cause physical displacement (relocation, loss of land or shelter) and/or economic displacement (loss of land or assets, or restrictions on land use, assets or natural resources leading to loss of income sources or means of livelihood). Involuntary Resettlement covers both of these impacts and the processes to mitigate and compensate these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement.
Kharif	Summer cropping season of the year
Labor influx	Rapid migration to and settlement of workers and followers in the Project area that occur when the Project involves civil works for which the required labor force and associated goods and services cannot be fully supplied locally for a number of reasons, among them worker unavailability and lack of technical skills and capacity. In such cases, the labor force (total or partial) must be brought in from outside the Project area. In many cases, this influx is compounded by an influx of other people who follow the incoming workforce with the aim of selling them goods and services, or in pursuit of job or business opportunities.
Land acquisition	All methods of obtaining land for Project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way, and changes in land use rights. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) Project impacts that result in land being submerged or otherwise rendered unusable or inaccessible. "Land" includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and water bodies legally associated with the land.
Livelihood	Full range of means that individuals, families and communities utilize to make a living, such as wage-based income, agriculture,



	fishing, foraging, other natural resource-based livelihoods, petty trade and bartering.
Patwari	An official of the District Administration from District Revenue Office deputed at village level that is responsible for all land and revenue related matters.
Project workers	Persons engaged directly by the Client (whether full-time, part-time, temporary, seasonal or migrant), to work specifically on the Project; contractors engaged by the Client to work on the Project; and subcontractors hired by these contractors to work on the Project. The term does not apply to any other workers of the Client or other entities. It also does not apply to employees of an FI.
Rabi	Winter cropping season of the year.
Rehabilitation	Compensatory measures provided under the AIIB's ESS-2 on Involuntary Resettlement other than payment of the replacement cost of acquired assets aimed at re- establishing incomes, livelihoods, and social systems.
Relocation	The physical resettlement of APs from his/ her pre-project place of residence.
Replacement cost	Method of valuation yielding compensation sufficient to replace assets, plus necessary transaction costs associated with asset replacement. Where functioning markets exist, replacement cost is the market value as established through independent and competent real estate valuation, plus transaction costs. Where functioning markets do not exist, replacement cost may be determined through alternative means, such as calculation of output value for land or productive assets, or the undepreciated value of replacement material and labor for construction of structures or other fixed assets, plus transaction costs. In all instances where physical displacement results in loss of shelter, replacement cost must at least be sufficient to enable purchase or construction of housing that meets acceptable minimum community standards of quality and safety. The valuation method for determining replacement cost should be documented and included in relevant resettlement planning documents. Transaction costs include administrative charges, registration or title fees, reasonable moving expenses and any similar costs imposed on affected persons. In order for compensation to be made at replacement cost, planned compensation rates may require updating in Project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.



Resettlement Plan	A resettlement plan is a planning document that describes what will be done to address the direct social and economic impacts associated with involuntary resettlement.
Resettlement Allowance	Cash paid to cover resettlement related expenses other than losses of immoveable assets. An allowance is distinguished from compensation, which reimburses the loss of an immoveable asset.
Resettlement Compensation	Payment in cash or in kind for an asset or resource acquired or affected by the project.
Resettlement Entitlements	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.
Sexual exploitation and abuse (SEA)	Any actual or attempted abuse of a position of vulnerability, differential power or trust, for sexual purposes, including, but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another. Sexual abuse is further defined as “the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.” SEA is not limited to a particular gender. In the context of Bank-supported projects, Project beneficiaries and members of Project-affected communities may experience SEA.
Sexual harassment (SH)	Unwelcome sexual advances, requests for sexual favors and other unwanted verbal or physical conduct of a sexual nature. SH occurs between personnel/staff working on the Project, and not between such personnel/staff and Project beneficiaries or communities (compare SEA above). SH is not limited to a particular gender.
Substantial/Significant Resettlement Impacts	Two hundred or more people physically displaced or losing more than 10 percent of their productive assets (income generating).
Severe Impact	If the impact land loss is severe, i.e. land loss is more than 10% of the land holding.
Third party monitoring	(a) an approach to monitoring whereby the Bank contracts an independent agent to verify that Project implementation by the Client complies with the provisions of the Legal Agreements consistent with the ESMP (or other Bank-approved document); and/or (b) an approach to Project implementation whereby the Client contracts third parties to strengthen monitoring and evaluation systems and obtain additional data on the achievement of progress under the Project. When used for Bank oversight, the Bank maintains its own oversight responsibilities, but may transfer the implementation of the monitoring to an



agent. Monitoring by a third party refers to a party external to the Project, who is neither a direct beneficiary of the Project nor part of the Project's management structure.

Vulnerable groups or individuals

People who, by virtue of factors beyond their control: (a) may be more likely to be adversely affected by the Project's environmental and social impacts; and (b) may be more limited than others in their ability to claim or take advantage of Project benefits. Such individuals or groups are also more likely to be excluded from or unable to participate fully in the mainstream consultation process and may require specific measures or assistance (or both) to do so



## EXECUTIVE SUMMARY

### Background

National Highway N5 having a total length of 1,819 km is the lifeline for Pakistan's economy linking the port of Karachi to Peshawar and the Afghan border, via almost all of the country's main population and economic centers of Hyderabad, Multan, Lahore, Gujranwala, Rawalpindi / Islamabad, and via the Karakorum Highway up to the international border of Peoples Republic of China.

The current capacity of the N5 highway is inadequate to meet the continuously growing demands for traffic flow. Furthermore, in the 2022 flood events, numerous segments of the N5 highway experienced significant impacts, resulting in traffic interruptions, particularly within the Sindh province.

The Project will involve the detailed design for improvement and widening of N5 which will facilitate the movement of various types of traffic on N5 and increase the traffic-carrying capacity of the road and reduce traffic congestion in major urban areas.

As per the Terms of Reference (TOR), the Project has been divided into following eight (08) Sections i.e., Section # 01: Hyderabad to Hala, Section # 02: Ranipur to Rohri, Section # 03: Okara to Manga, Section # 04: Lahore to Gujranwala, Section # 05: Kharian to Dina, Section # 06: Dina to Rawat, Section # 07: Rawalpindi to Burhan, and Section # 08: Nowshera to Peshawar.

The AIIB will provide financial assistance to the Government of Pakistan (GoP) through a Multi-Phase Program (MPP) approach. Phase 1 is further divided into Phase 1A and Phase 1B projects. The Phase 1A includes Section #2, Section#7 and Section# 08, while Phase 1B includes Section#04 alongside the reconstruction of the Nai Baran Bridge located southwest of Hyderabad in Sindh province. Phase-2 project includes all of the remaining Sections.

### Project Objectives

- To ensure that the N-5 provides a safe, sustainable, and disaster-resilient road corridor;
- To provide dedicated heavy traffic lanes to minimize road deterioration;
- Provision of service lanes in urban areas to manage the local traffic and reduce their direct accessibility on the main carriageway; and,
- Enhance road safety through Star Rating improvements up to 3 Star or better.

### Resettlement Policy Framework

The available right of way (ROW) at numerous locations has been encroached with permanent and moveable structures. The encroached ROW entails impact to commercial and residential



structures as well as community and other public properties. Similarly, it is envisaged that the adequate ROW is not available at various locations for construction of the service roads. Therefore, the land may be acquired for construction of the service roads as well as for widening of the road in various sections where available ROW doesn't meet the requirements.

This Resettlement Policy Framework (RPF) has been prepared conforming to the national and the provincial laws and the Asian Infrastructure Investment Bank's (AIIB's) Environmental and Social Framework (ESF), 2024.

In line with the Environmental and Social Standard (ESS) 2 of AIIB, The purpose of developing this RPF is (a) to avoid Involuntary Resettlement wherever feasible; (b) to minimize Involuntary Resettlement by exploring Project alternatives; (c) where avoidance of Involuntary Resettlement is not feasible, to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-Project levels and to provide resettlement assistance; (d) to understand and address gender-related risks and differential impacts of Involuntary Resettlement; (e) to improve the overall socioeconomic status of the displaced poor and other vulnerable groups; and (f) to conceive and implement resettlement activities as sustainable development programs, providing sufficient resources to enable the persons displaced by the Project to share in Project benefits. RPF is to ensure that that affected communities will be identified, consulted, and adequately compensated, fostering inclusive development. The RPF provide guidelines and procedures that will be used to develop site-specific Resettlement Action Plans (RAPs).

## **Principles of the Resettlement Policy Framework**

The project's RPF ensures thorough social impact assessments (SIAs) and comprehensive Resettlement Action Plans (RAPs) for all packages with involuntary resettlement impacts. Meaningful stakeholder engagement, fair compensation practices, and robust grievance redress mechanisms are integral to the Project's approach. The policy prioritizes the restoration of livelihoods and socio-economic improvement of displaced persons, while ensuring continuous monitoring and compliance with AIIB's ESS2 requirements.

## **Legal Framework**

This RPF aligns with both Pakistan's national and provincial land acquisition laws, and AIIB's ESS2 social safeguard standards. It addresses any discrepancies between local laws and AIIB policies, ensuring compliance with ESS2 requirements. In cases where local and AIIB standards differ, the stipulations of the AIIB's ESS2 will take precedence as per the Project Agreement with the GoP.

## **Compensation Eligibility and Entitlement Matrix**

This section will deal with the compensation for affected land, structures and assets that will be proposed based on the findings of the census, survey, and under the legal and policy framework of GoP & AIIB's ESF.



An Entitlement Matrix has been developed, that summarizes the types of losses and the corresponding nature and scope of entitlements. The entitlement matrix presents the entitlements corresponding to the tenure of the affected households.

The allocation and provision of financial resources is the responsibility of the Executing Agency (EA) for affective management of project Land Acquisition and Resettlement (LAR) requirements including acquisition of ROW land free from encumbrances, payment of compensation for acquired assets, provision of relocation and resettlement costs, implementation of income restoration measures, etc.

### **Institutional and Implementation Arrangements**

The LAR planning, preparation, implementation, and monitoring of the project as well as compensation/rehabilitation program involves an institutional arrangement and distinct processes to be carried out by different agencies. The main institutions in implementation of E&S instruments include NHA as EA which will be overall responsible for project execution and delivery of safeguards management following provisions outlined in the RPF consistent with the AIIB's ESS2 policy principles and the national legal framework. The construction supervision consultants (CSC) will include safeguards specialists for assisting NHA in the implementation and monitoring of the RFP and the site-specific RAPs during the execution of the Project. For LAR impact assessment and valuation as well as the acquisition of land and other assets for the project, other line departments/agencies, such as the Revenue Forest, and Agriculture Departments will also be involved. Moreover, Third Party Monitoring and Evaluation Consultant will monitor implementation of RPF/RAPs as well as other E&S parameters and conduct field surveys at the construction sites.

### **Grievance Redress Mechanism (GRM)**

A Grievance Redress Mechanism (GRM) will be established to address any complaints or grievances arising during various stages of project cycle. People of the project area may perceive risks to themselves or their property or their legal rights or have concerns about the possible adverse E&S impact that a project may have. Any concerns or grievances will be addressed quickly and transparently, and without retribution to the project affectees or community members or complainant. The Chairman along with 60% of members of each committee will form an acceptable quorum for the hearing of Grievances.

Meaningful consultations will be carried out, particularly with affected persons, beneficiaries, and other key stakeholders during preliminary surveys and as part of the preparation of the RFP, and site-specific RAPs for the Project.

Moreover, this RPF will be updated as and when changes or amendments to the applicable laws and policies are made and based on implementation experience and lessons learnt.





## 1. INTRODUCTION

### 1.1 BACKGROUND

National Highway N-5 having a total length of 1,819 km is the lifeline for Pakistan's economy. The N-5's importance lies in its linking the port of Karachi to Peshawar and the Afghan border, via almost all of the country's main population and economic centres of Hyderabad, Multan, Lahore, Gujranwala, Rawalpindi / Islamabad, and via Karakorum Highway up to the international border of Peoples Republic of China.

N-5 while serving the domestic needs of about 80% of Pakistan's urban population in the provinces of Sindh, Punjab, and Khyber Pakhtunkhwa also carries 65% of the country's freight traffic, especially in its southern sections. Out of a total 28,000 to 62,000 daily traffic, a high percentage of heavy traffic coupled with overloading is causing colossal damage to the road network precluding the achievement of a sustainable national highway network. The current capacity of the N-5 highway is inadequate to meet the continuously growing demands for traffic flow.

In the 2022 flood events, numerous segments of the N-5 highway experienced significant impacts, resulting in traffic interruptions, particularly within the Sindh province. The primary cause was the severe flooding in the region.

### 1.2 NEED ASSESSMENT

- The volume of the traffic has increased tremendously during recent years on N-5.
- The project will facilitate the movement of various types of traffic, including trade, construction materials, agricultural goods, industrial products, and commercial freight, along the N-5 route from Karachi to Torkham;
- Widening and improving existing roads will increase the traffic-carrying capacity of the road and reduce traffic congestion in major urban areas;
- Widening and improvement of existing structures to cater to the local catchment hydrology;
- Geometry of sharp curves and turns also requires improvement; and,
- The massive impact of the project on land use will surely help in the progress of the area and local people, as employment and business will be generated in the vicinity by implementing the project.

### 1.3 PROJECT SCOPE

The project's scope includes Consultancy services for Detailed Design for the improvement and widening of N-5 in the following two zones depicted in **Table 1.1**.

- North Package
- South Package



**Table 1.1: Package Detail and Length**

Package #	Name	Length (km)
<b>South Package</b>		
1	Hyderabad - Hala	65
2	Ranipur - Rohri	70
<b>Total</b>		<b>135</b>
<b>North Package</b>		
3	Okara - Manga	83
4	Lahore - Gujranwala	68
5	Kharian - Dina	41
6	Dina - Rawat	72
7	Rawalpindi - Hassanabdal	48
8	Nowshera - Peshawar	40
<b>Total</b>		<b>352</b>
<b>GRAND TOTAL</b>		<b>487</b>

## 1.4 PROJECT PHASING

The NHA technical team and E&S team has worked out the prioritization of each project section / package based on environment, social, resettlement along with other technical parameters like road condition, traffic situation and Climate & Hydrology/Hydraulics. The following E&S and technical criteria has been considered for the proposed project.

- i. **Road Condition and NHA Requirements:** The priority has been given to the section with poor road condition which require the rehabilitation on priority basis. Moreover, the consent of NHA (Client) for prioritization of road has been incorporated in this criteria.
- ii. **Traffic:** The priority has been given to the section with major traffic congestion and high traffic load which require the rehabilitation and widening within the available ROW on priority basis.
- iii. **Climate & Hydrology/Hydraulics:** The priority has been given to the section with major and severely affected areas / section during the devastating flood 2022. Moreover, the other sections were prioritize based on the potential river, stream, nullah crossings and other hydraulics aspects.
- iv. **Environment and Social:** The priority has been given to the section with least E&S impacts like, less tree cutting, less impact on social disturbance, less possible impact on sensitive receptors, etc.
- v. **Resettlement:** It is envisaged that no land acquisition will be required for the proposed project and all the work will be confined within the proposed ROW of N5. The priority has been given to the section with least resettlement and livelihood loss impacts.

Based on the above technical parameters along with the tentative project cost, the whole program was phased out in two major phases:



### **Phase 1:**

- Phase 1(A):
  - Package # 02: Ranipur to Rohri
  - Package # 07: Rawalpindi to Hassanabdal
  - Package # 08: Nowshera to Peshawar
- Phase 1(B):
  - Package # 04: Lahore to Gujranwala
  - Nai Baran Bridge

### **Phase 2:**

- Package # 01: Hyderabad to Hala
- Package # 03: Okara to Manga
- Package # 05: Kharian to Dina
- Package # 06: Dina to Rawat

The E&S framework documents will be prepared for the whole project and E&S documents i.e., ESIA, ESMP, RAP or LRP according to Package and site requirements. The NHA has presently been working on Phase 1(A) on a priority basis.

## **1.5 N-5 PROJECT OBJECTIVES**

- To ensure that the N-5 provides a safe, sustainable, and disaster-resilient road corridor;
- To provide dedicated heavy traffic lanes to minimize road deterioration;
- Provision of service lanes in urban areas to manage the local traffic and reduce their direct accessibility on the main carriageway; and,
- Enhance road safety through Star Rating improvements up to 3 Star or better.

## **1.6 PROJECT DESCRIPTION**

As mentioned earlier, the project under consideration is divided into two packages, i.e., South Package (135 km) and North Package (352 km) on N-5.

## **1.7 PROJECT SCOPE OF WORK**

The Scope of work is given as under:

- Conversion of the 4-lane dual carriageway into a 6-lane dual carriageway;
- Construction of 7.3 m wide or width as per availability of the ROW service road in urban areas;
- Upgrading existing road corridor into climate resilient infrastructure through additional cross drainage structures;
- Widening and improvement of existing bridge structures;
- Rehabilitation of existing deteriorated road sections; and,



- Highway safety works through geometric improvements, installation of road safety devices, pedestrian crossings, dedicated U-Turns, etc.

## 1.8 NEED FOR LAND ACQUISITION AND RESETTLEMENT

The proposed scope of work, to convert a 4-lane dual carriageway into a 6-lane dual carriageway along with other required improvements. The available right of way (ROW) at numerous locations has been encroached by permanent and moveable structures which need to be cleared for implementation of the proposed project. The encroached ROW entailing impact to commercial and residential structures as well as community and other public properties. Similarly, through the reconnaissance survey it has been noted that the adequate right-of-way is not available at various locations for construction of the service roads. Therefore, the land may need to be acquired for construction of the service roads as well as or for widening of the road. The land requirements will be assessed once the detailed design is finalized of the proposed project.

## 1.9 RESETTLEMENT POLICY FRAMEWORK

This Resettlement Policy Framework (RPF) has been prepared conforming to the National and the provincial laws and the Asian Infrastructure Investment Bank's (AIIB's) Environmental and Social Framework (ESF), 2024.

The purpose of developing this RPF is to provide guidelines and procedures that will be used to develop specific Resettlement Action Plans (RAPs) once more detailed information becomes available. RPF provides a structured approach to managing the social impacts associated with proposed project, particularly land acquisition, physical and economic displacement. In line with the AIIB's ESF, this RPF ensures that affected communities will be identified, consulted, and adequately compensated, fostering inclusive development.

It outlines the principles and processes for resettlement, ensuring that all stakeholders are engaged and that any adverse impacts on livelihoods and living conditions will be mitigated. By adhering to these guidelines, the RPF promotes social equity and enhances project sustainability.

The framework is intended to ensure that all resettlement activities are conducted in a manner that is transparent, compliant with AIIB's ESF and other applicable laws and standards, and sensitive to the needs of affected persons.

Further, the RPF describes the principles and approach in avoiding, minimizing and mitigating adverse social impacts that may arise in implementing the proposed project. The RPF also describes the process for: (i) screening projects; (ii) assessment of involuntary resettlement impacts; (iii) categorisation and significance of involuntary resettlement impact; (iv) structure and process for consultations; (v) approach and methodology in undertaking census and socio-economic surveys; and (vi) preparation and implementation of resettlement plans.



N5 project may impact a considerable number of individuals and households due to the need for land acquisition for widening and improving the road. This includes both physical displacement and economic displacement due to loss of residential, commercial, and agricultural land. The categories of affected persons may include landowners, tenants and leaseholders, business owners and their workers, religious/community leaders and custodians of religious/community buildings, vulnerable Groups, informal Settlers and encroachers.

## **1.10 ASSESSMENT OF IMPACTS**

ROW will be needed to clear for the proposed Project. For each section, the proposed locations occupied by landowners, crops, businesses for commercial purposes, industrial units, residential and religious / community structures and fixtures etc will be observed. All parameters and steps will be followed firmly to note down all project impacts, valuation of the affected structures/assets, consultations with the stakeholders, particularly the affected persons (APs), entitlement matrix and estimated compensation cost of the lost economic assets. The category of the project will be identified, in part, according to the intensity of the resettlement issues and recommendations regarding preparation of a full or short RAP will be given accordingly. All these will be considered in the assessment of Project impacts as given below:

- Impact on Private and Government Land;
- Impact on Privately Owned Structures;
- Impact on Religious/Community Owned Assets / Structures;
- Impact on Public Owned Assets / Structures;
- Impacts on Vulnerable Groups; and,
- Impacts on Trees.

### **I. CENSUS SURVEY AND ASSETS INVENTORY**

After finalization of Right of Way (ROW) for the proposed Project, data will be collected regarding quantification of the structures and land falling in ROW. This important task will be carried out through impact assessment, socioeconomic survey and community consultations.

### **II. SOCIO-ECONOMIC SURVEY**

After social impact assessment (SIA), the gender segregated socioeconomic survey of 20-25 percent affected persons will be carried out to assess initial social and poverty issues, and to inform the site-specific integrated gender action plan (GAP), as per the Gender Action Planning Framework (GAPF).

The data will include but not limited to:

- Socio-economic data related to demographic characteristics, settlement patterns, education, health, drinking water, sanitation, conflict resolution, culture & traditions,



- archaeological sites, social organization, NGOs, economic feature, sources of income, household income, expenditure, migration status;
- Housing characteristics in the Study area, including types of housing and occupancy levels;
- Areas of unique significance;
- The social impacts due to project implementation;
- Gender issues & access to public and infrastructure activities including health, education, sanitation, communication, role of women in decision making and economic activities etc. with the pressing needs of women in the project will be highlighted in the report;
- Other sources of vulnerability and categories of locally specific vulnerable groups and
- Identify appropriate social development indicators for project monitoring & evaluation.

### **III Assets Inventory Survey**

Following the socio-economic survey, an Assets Inventory Survey will be conducted to catalogue and appraise all affected properties and assets within the project area. The data gathered will include, but not be limited to:

- Documentation of all types of physical assets, including land, buildings (residential, commercial, and public infrastructure), and movable assets within the impacted area.
- Identification of ownership status for each asset, distinguishing between private, public, and communal ownership, and noting any disputed ownership cases.
- Identification and documentation of sites with cultural, historical, or religious significance that might be impacted, ensuring appropriate mitigation measures are planned.
- Determination of eligibility for compensation for each asset type, based on legal titles, customary rights, or usage patterns; and
- Demographic profile of the respondents.

### **IV. COMMUNITY CONSULTATIONS**

Community consultation will play a vital role to collect the data, raise awareness of the project, studying the impacts of the Project on the stakeholders and in the successful execution of the proposed Project. Public involvement is a compulsory feature of any development project, which, enhance the project acceptability to the general public and elicit feedback from the community. Consultation will be conducted at different levels. The important and general objectives of the consultation process are:

- Provide key project information to the stakeholders, and to solicit their views on the project and perceived impacts;
- Identification of problems and needs;
- Collaboration in problem solving;
- Reaction and feedback on project;
- Create a sense of ownership among the stakeholder regarding the project;
- To engage the local communities, following methods will be adopted:

➤ Focus Group Discussion (FGDs);



- Key Informative Interviews; and
- Consultations with local women and vulnerable/disadvantaged groups

## V. RESETTLEMENT ACTION PLAN

The Resettlement Action Plan (RAP) will be meticulously prepared with careful consideration of its major components to ensure a holistic approach to resettlement. Starting with comprehensive baseline data collection, the plan will assess the socio-economic conditions of affected communities, enabling a nuanced understanding of their needs. The legal framework will be examined to align with both national laws and AIIB's guidelines, ensuring compliance and fairness. A thorough impact assessment will identify potential challenges, guiding the development of effective mitigation strategies. Compensation and entitlements will be clearly defined to provide equitable restitution for different categories of affected persons. Active community consultation and participation will be integral throughout the process, ensuring that local voices are heard and incorporated. The relocation strategy will address the provision of essential infrastructure and services, while livelihood restoration program will support individuals in rebuilding their lives. By incorporating a robust monitoring and evaluation framework, the RAP will facilitate ongoing assessment and adjustments, ensuring the resettlement process is not only successful but also sustainable and equitable for all affected persons.

The RAP will be structured as per the outline in **Annexure-01** and will be detailed as needed depending upon the magnitude and nature of impacts. The RAP will comply with the principles outlined in this RPF adopted for the project. The RAP for each package of the Project will be reviewed and endorsed by the AIIB and approved by competent authority in the Government prior to invitation of bids for civil works. Disbursement of compensation payments and entitlements will be made prior to displacement and prior to handing over of the land parcels to contractors.

### 1.11 INFORMATION DISCLOSURE PROCESS TO AFFECTED PERSONS (APs)

Effective communication and transparent information disclosure are crucial to ensuring the cooperation and trust of Affected Persons (APs) throughout the project lifecycle. The strategy for disclosing information to APs in the RRP) includes: public consultations, direct mailings, and postings in local languages at community gathering spots. Information Centers, Website, Brochures and Leaflets, Workshops and Training Sessions.



## 2. PRINCIPLES OF RESETTLEMENT POLICY FRAMEWORK FOR N5 PROJECT

Based on identified gaps between AIIB's ESS2 requirements and LAA practice and procedures following LAR policy is formulated for the Project:

- A Social Impact Assessment will be carried out for all project packages involving IR impacts and the packages will be screened at early stage to avoid, minimize or mitigate IR impacts causing physical and/or economic displacement. For packages with IR impacts, a comprehensive assessment of social impacts, involving (a) a census of all affected persons (titled and without title), and an inventory of their lost assets (b) a sample based socio-economic survey of affected persons, and (c) a detailed measurement survey and valuation of all lost assets including lost income sources will be carried out and accordingly comprehensive RAP will be prepared for all packages with LAR impacts under the Project.
- Potential stakeholders will be identified, and meaningful consultations will be carried out at each stage of the project planning and design and shall be continued throughout project planning, implementation and monitoring periods. The APs and other stakeholders will be consulted and informed as well as given an opportunity to participate in resettlement planning and implementation activities. All consultations will be documented and the consultation records will be maintained throughout project implementation. The potential stakeholders may include Affected Persons (APs), local community members, religious/community leaders, vulnerable/disadvantaged groups, business owners, government officials, civil society organisations (CSOs) non-governmental organizations (NGOs). Specific engagement strategies will be tailored to the needs and preferences of different stakeholder groups to ensure their active participation in resettlement planning and implementation activities. These engagement strategies will include organizing targeted workshops and focus groups for diverse stakeholder groups, conducting regular public information sessions at community centers; establishing stakeholder advisory panels; utilizing interactive digital platforms for updates and feedback; providing accessible project documentation in local languages and formats. Additionally, distributing regular updates through newsletters, and establishing a transparent grievance redress mechanism will ensure all stakeholders are actively involved and their concerns are promptly addressed, fostering a participatory approach throughout the project lifecycle.
  - Involuntary resettlement will be avoided to the maximum extent possible by meticulously exploring all feasible project alternatives. When avoidance is not feasible, the livelihoods of all displaced persons in real terms to their pre-project levels will be restored. The overall socio-economic status of the displaced poor and other vulnerable groups will be improved through targeted support measures. Resettlement activities will be designed as sustainable development programs, ensuring that sufficient resources are allocated to enable displaced persons to meaningfully share in the benefits of the project, thus aligning their growth with broader development goals. An effective grievance redress mechanism (GRM) with representation of all stakeholders will be established at project and package level at the time of project inception and will





be kept intact and functional throughout implementation period to address the social issues related to project design, resettlement planning and implementation, restriction of access to resources and basic amenities during construction and any other social matter that arises during implementation of the project. All cases/disputes will be recorded and an updated record of such cases will be maintained at project level.

- The absence of legal title will not be a bar to compensation under the project, and all APs with legal title or recognizable title/claim to acquired land and land-based assets on or before the cut-off date will be entitled for compensation of acquired assets including land and relocation and rehabilitation measures, as applicable, regardless of nature and type of impacts (permanent or temporary, full or partial). However, the APs occupying the public ROW or acquired land (on or before cut-off date), without legally recognizable claims to land will be only entitled for compensation to the extent of affected assets other than land as well as relocation and rehabilitation support under RAP provisions and entitlements.
- Compensation of land and structures will be at full replacement value, either through the replacement of land or structures of equivalent or higher value and quality or through cash compensation at replacement cost. The value of structures will not be depreciated for age and the salvage will be allowed to APs. It will be ensured that APs are not displaced physically or economically before payment of compensation and other entitlements for their lost assets and income and livelihood restoration program is in place.
- Incomes and livelihood sources lost due to acquisition of land or interruption of business activities and employment due to lost productive assets or business structures will be fully compensated either on actual loss if the lost income potential is supported with tax records or on the bases of minimum earning levels prevalent in the project corridor for a period required to re-establish and restore the income levels as assessed during census and socio-economic assessment surveys. In addition, the APs who will permanently lose income and livelihood sources as well as poor and vulnerable APs will be entitled to credit, training and employment assistance to maintain or improve their livelihoods.
- All lost civic infrastructure and community services including, , religious structures i.e. Mosques, Shrine, water supply, sewerage and transmission poles etc. will be either restored at site or established at replacement land and the APs will be provided opportunities to share development benefits of the project, if feasible.
- In case of project-based resettlement sites for relocation, the APs will be entitled for secure tenure to replacement land, better housing, transitional support and access to civic infrastructure and services at resettlement site.
- For all packages involving IR impacts RAP will be prepared following the principals outlined in this RPF for the Project. RAP elaborating on displaced persons' entitlements, stakeholder identification and analysis including for locally specific vulnerable/disadvantaged groups and CSOs/NGOs, the income and livelihood





restoration strategy, institutional arrangements, monitoring and reporting framework, RAP budget with financing plan, and time bound implementation schedule will be shared with AIIB for review and clearance before appraisal of Project. The RAP will be disclosed on the AIIB's and Implementing Agency's (IAs) websites while hard copies translated into language understandable to local community will be placed at accessible place in project area. The RAP provisions, particularly those on impact assessment and valuation, eligibility and entitlements, compensation delivery and grievance redress mechanisms will be disclosed to the affected persons by the IA through dissemination of information brochures, placing information boards/banners at conspicuous places in affected communities around the project corridor. Moreover, the information will also be disseminated through newsletters, interactive digital platforms including WhatsApp and regular public information sessions at community centers.

- A monitoring mechanism for regular monitoring (internal and/or external) of RAP implementation progress will be established before start of implementation of government endorsed and AIIB cleared final RAP for all packages. The RAP implementation progress and livelihood restoration measure in place for the project will be monitored and evaluated during RAP implementation and periodic social monitoring reports will be compiled and shared with AIIB.



### 3. LEGAL FRAMEWORK

#### 3.1 OVERVIEW

The Projects may involve land acquisition and resettlement (LAR), which will cause adverse social and resettlement impacts. To mitigate the LAR impacts sufficiently and promptly, this RPF is designed on the basis of the laws and regulatory framework with its successive amendments relevant to land acquisition and resettlement in Pakistan and the province and in compliance with the Asian Infrastructure Investment Bank's social safeguard standards of ESS2. The RPF provides measures to reconcile and address the gaps between two sets of instruments to ensure IR requirements of ESS2 are complied. Specific provisions are included in the framework to address any gaps between national, provincial laws and regulations and the AIIB Policy that are not fully addressed in the provincial laws and regulations. In case of gaps between national/provincial laws and the AIIB's Environmental and Social Standards (ESS2), the provisions of the AIIB ESS2 will prevail.

#### 3.2 APPLICABLE NATIONAL POLICIES AND LEGISLATION

##### 3.2.1 Constitution of Pakistan (1973)

The Constitution of Pakistan provides following fundamental rights to its citizen regarding the protection of property rights:

- Article 23 of the Constitution of Pakistan establishes the right of every citizen to acquire, hold, and dispose of property in any part of Pakistan, underscoring the legal framework for property rights essential to the land acquisition process.
- Article 24 provides protection of property rights, emphasizing that no property can 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.

##### 3.2.1.1 Protection of the Rights of Individuals to Private Property

The Constitution includes provisions to protect the rights of individuals to private property, and also sets principles under Article 23 of the constitution establishes the right of every citizen to acquire, hold and dispose of his or her property in any part of Pakistan and Article 24 of the constitution relates to the protection of property rights and has direct relevance to the Project. The article 24 underscores the balance between individual rights and the state's authority to acquire property for public good, ensuring fairness and compensation in such instances.



### 3.2.1.2 Gender Equality

Constitution of Islamic Republic of Pakistan provides the principle of equal rights and equal treatment to all citizens/ persons, without any distinction including on the basis of sex.

Following articles of Constitution of Islamic Republic of Pakistan broadly cover the women rights:

- Article 3 calls upon the State to eliminate all forms of exploitation.
- Article 4 provides for the right of individual to enjoy the protection of law and to be treated in accordance with the law. This applies to the citizens as well as “to every other person for the time being within Pakistan” without distinction. This article also clearly states that certain rights cannot be suspended.
- Article 25 ensures equality before the law and equal protection of the law and states that there shall be no discrimination on the basis of sex alone.
- Articles 25(3) and 26(2) allow the state to make special provisions for the protection of women and children.
- Article 26 & 27 provide for equal access to public places and equality of employment in the public and private sector.
- Articles 11 & 37 (g) prohibit trafficking in human beings as well as prostitution.
- Article 32 makes special provisions for the representation of women in local Government.
- Article 34 directs the state to take appropriate measures to enable women to participate in all spheres of life and social activities.
- Article 35 asks the state to protect the marriage, the family, the mother and the child.
- Article 37 (e) directs the state to make provisions for securing just and humane conditions of work ensuring that children and women are not employed in vocations unsuited to their age or sex, and for ensuring maternity benefits for women in employment
- Articles 51 & 106 provide for the reservation of seats for women in the legislatures.

### 3.2.2 Land Acquisition Act (1894)

In Pakistan, the governing legislation for land acquisition and compensation is the Land Acquisition Act (LAA) of 1894 with successive amendments, which regulates the land acquisition process and enables the federal and provincial governments to acquire private land for public purposes. Land acquisition is a provincial subject and each province has its own interpretation of the Act, and some have their own province specific implementation rules.

The law deals with the matters related with acquisition of private land and other immovable properties existing on the land for the public purpose. The public purpose, inter alia, includes the construction of development projects of public interest. The LAA specifies a systematic approach for acquiring and compensation of land and other properties for development projects. It stipulates various sections pertaining to notifications, surveys, acquisition, compensation and apportionment awards and disputes resolution, penalties, and exemptions.



A few relevant sections were synthesized from the LAA Act 1894 are summarized in **Table 2.1:**

**Table 3.1: Salient Features of the LAA (1894) and its Successive Amendments**

Key Sections	Salient Features of the LAA (1894)
Section 4	Publication of preliminary notification and power for conducting survey.
Section 6	The Government makes a more formal declaration of intent to acquire land.
Section 7	The Land Commissioner shall direct the Land Acquisition Collector (LAC) to take order the acquisition of the land.
Section 8	The LAC has then to direct the land to be marked out, measured and planned.
Section 9	The LAC gives notice to all APs that the Govt. intends to take possession of the land and if they have any claims for compensation that should be made to him at an appointed time.
Section 10	Delegates power to the LAC to record statements of APs in the land or any part thereof as co-proprietor, sub-proprietor, mortgagee, and tenant or otherwise.
Section 11	Enables the Collector to make enquiry into measurements, value and claim and issue the final "award". Included the land's marked area and valuation of compensation.
Section 16	When the LAC 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.
Section 18	In case of AP's dissatisfaction with the award who may request the LAC to refer the case onward to the court for decision. This does not affect the taking possession of the land.
Section 23	The award of compensation for the owners for acquired land is determined at its market value plus 15% in view of compulsory nature of the acquisition for public purposes.
Section 28	Relates with determining compensation values and interest premium for land acquisition
Section 31	The Section 31 provides that the LAC 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.

The LAA prescribes provisions for fair and adequate compensation for land acquired involuntarily, however, its enforcement marred with many lacunas due to the bureaucratic ineptness and the whole process from notification to compensation and grievance resolution often encumbered with inordinate delays and under the guise of eminent domain the state coercively acquires the citizen's property and agonizing and pushing them in impoverishment with a little recourse. In addition, the LAA procedures do not entail the consultation and participation of affected people, but leave the entire process to the discretion of the revenue department and implementing agency.

The framework of the LAA is generally considered to be constricted in scope and inadequately take into account the rehabilitation and resettlement of displaced populations and restoration of their livelihoods. The LAA also does not specifically provide any assistance for the poor, vulnerable or severely APs, nor does it cover for livelihood losses or resettlement costs for rehabilitation. Generally, it is limited to a cash compensation policy for the acquisition of land and built-up property, and damage to other assets such as crops, trees, and infrastructure.



Consequently, a National Resettlement Policy and Resettlement Ordinance in 2002 with a wider scope of eligibility and entitlements had been drafted. However, the national policy and ordinance have yet to be officially approved, notified and enacted. In order to fill the vacuum, currently some transient measures are taken to compensate adversely affected non-titled people, non-registered tenants, businesses and wage workers under project specific arrangements for their rehabilitation, payment of resettlement costs and assistance for livelihood restoration.

For different range of infrastructural and developmental functions, land acquisition laws are applied. Land Acquisition Act of 1894 allows the various government departments including NHA authorities to apply to relevant Boards of Revenue or other authorities for acquisition of land for its development projects.

### **3.2.3 Land Acquisition (Sindh Amendment) Act 2009**

In Sindh, the LAA 1894 was amended in 2010 and a notice was issued on 9th July 2010 after the amendment was approved and passed by the Provincial assembly. The LAA 1894 as a result of this amendment was called the “Land Acquisition (Sindh Amendment) Act, 2009.

There were 4 major changes adopted which are listed as follows:

- The Land Acquisition Act 1894 was renamed “Land Acquisition (Sindh Amendment) Act, 2009;
- Section 16 of the LAA was amended by adding the following statement “Provided that the amount of compensation is to be paid to the owner of land or deposited in civil court in his name by the acquisition authority before taking over possession of land”;
- Market value of the land will be assessed on the date of the issuance of Section 6 instead of at the time of notification of Section 4. This is an important amendment as the compensation amounts assessed through this amendment will be much closer and realistic to the prevailing market rates at the time of declaration of award;
- Section 28-A of the LAA 1894 dealing with the additional compensation was omitted through the amendments to the LAA 1894. The Section allowed the provision of an additional amount of 15% per annum on the compensation fixed from the time of issuance of Section 4 till the announcement of award.

### **3.2.4 Sindh Katchi Abadis (SKAA), Act 1987**

Under the Sindh Katchi Abadi Act (SKAA) 1987, settlements can be declared as official katchi abadis and allows the right of urban squatters to rehabilitations. The SKAA envisages the regularization and provision of infrastructure to all squatter settlements on government land which were established before 23 March 1985. The SKAA was tasked to coordinate the process of awarding leases to the residents and to provide infrastructure and other basic services. It is a provincial wide agency that operates in other towns and cities as well as Karachi. The Act stipulates the transfer of government owned land to the urban squatters or allocates funds for cash assistance. The Act need to be updated and should include all de-facto land titleholders and ownership of the all-existing settlements. Based on this SKKA 1987



the NHA can provide rehabilitation compensation to encroachers or squatters affected by the project.

### **3.2.5 Sindh Resettlement and Rehabilitation Policy, 2023**

The Sindh Resettlement and Rehabilitation Policy, 2023, was formulated to address the challenges and impacts associated with the displacement of individuals and communities due to infrastructure development and other public interest projects within the province of Sindh. The primary purpose of this policy is to ensure that all affected persons and communities are adequately compensated and rehabilitated in a manner that respects their rights and sustains or improves their livelihoods and living standards. The policy aims to minimize displacement where possible, provide prompt and fair compensation for losses, ensure participatory and inclusive resettlement processes, and promote sustainable development that benefits displaced communities. This policy extends to all major development projects initiated by the government or private sectors that require land acquisition and result in the involuntary resettlement of individuals or groups. By providing a clear and consistent framework for resettlement and rehabilitation, the policy aims to facilitate the fair treatment of all displaced persons and to integrate these efforts into the larger developmental goals of the province.

### **3.2.6 Punjab Land Acquisition Rules 1983**

The Punjab Land Acquisition Rules of 1983 govern the process of land acquisition in the Punjab province of Pakistan, providing a legal framework for how the government can acquire land for public purposes. These rules outline the procedures for notifying landowners, conducting surveys, and determining compensation. The key points from Punjab Land Acquisition Rules 1983 are summarized below:

**Rule 4:** Enable the Collector to examine feasibility taking into consideration the genuineness of the public purpose and suitability of the area proposed for requisition.

**Rule 5:** Collector notifies that the land be acquired for the acquiring agency under section 4 of the Act (1984) and clearly states the location, dimensions and boundaries of area to be acquired.

**Rule 6:** The collector submits his report to the Commissioner within sixty days from the date of publication of the Notification under section 4.

**Rule 8:** The Commissioner immediately on receipt of the survey report of the Collector forwards the same to the Board of Revenue.

**Rule 10:** The Commissioner issue a Notification and ensure that the description of acquired land is mentioned under rules 5 and the Collector carefully calculated the estimated price of the land, considering the factors laid down in sections 23 and 24 of the Act; like average market price of land based on the one-year land transaction.



### **3.2.7 KP LAA Amendments and KP Rules 2020**

The Amendment adds Section 11-C to the LAA 1894 for acquisition in Newly Merged Areas to recognize communally and tribally owned land, and to put in place procedures for land acquisition and compensation for the newly merged districts where land settlement has not been done by the government and therefore land records are not available. The Amendment states that “notwithstanding anything contained in this Act or any other law for the time being in force, in the Merged Districts as defined in paragraph (c) of Article 246 of the Constitution of the Islamic Republic of Pakistan, where no record of rights exists, the land acquisition and subsequent determination of price shall be made, on the bases of prevailing local customs, traditions and usages regarding determination of ownership of land its sale or purchase, including but not limited to qaumi commission of elders of the locality, nikat or private negotiation where the ownership is undisputed, in the manner as may be prescribed.” The Amendment and subsequent Khyber Pakhtunkhwa Land Acquisition Rules (2020) are in use for land acquisition by the government in the Newly Merged Districts, as confirmed by the KP Board of Revenue and Peshawar Commissioner’s Office (responsible for revenue in Mohmand and Khyber).

The KP Land Acquisition Rules 2020 based on the LAA 1894 govern land acquisition in KP province covering compulsory acquisition by the government, acquisition through private negotiations and acquisition by companies. Part IV of the Rules cover land acquisition in Merged Areas subject to identification of land by the Collector and availability of sufficient funds for acquisition by the Acquiring Department

### **3.2.8 Khyber Pakhtunkhwa Land Revenue (Amendment) Act, 2014**

This act is Amendment in West Pakistan Land Revenue Act, 1967 (W.P. Act No. XVII of 1967). Rural land includes irrigated land and un- irrigated land and is governed by the Land Revenue Act (1967) which must be read in conjunction with the LAA and other and the various Land Reform Regulations. Rural land falls under the jurisdiction of revenue districts. Under this amendment, Sections 04, 42, 43, 47, 48, 55 and 177 are amended and section 41A and 42A are inserted in Act No. XVII of 1967.

### **3.2.9 Khyber Pakhtunkhwa Local Government Act, 2013 Including Later Amendments**

Urban land is governed by various regulations and ordinances including this act. Urban land falls under jurisdiction of municipal and local government authorities. Land, other than rural land, is urban and including all permutations there- under such as residential, commercial, built upon and build- able.

### **3.2.10 Protection of Trees and Bush wood Act, 1949**

This Act prohibits cutting or lopping of trees and brushwood without permission of the Forest Department. The Forest Department will be approached for permission to cut trees along the





proposed project site. This law will control greater number of trees cutting for the sake of development.

### **3.2.11 Forest Act (1927)/ Addendum**

The Forest Act 1927 is designed to protect forest areas. The law prohibits grazing hunting, quarrying, clearing for the purpose of cultivation, removing forest produce, and felling or looping trees in forest or protected areas. Section 26 of the act prohibits the clearing of land, felling trees, cultivation, grazing livestock, trespassing, mining and collecting forest reserves along with setting traps or snares and poisoning of water. However, after Forest Ordinance Amendment (2016) in sec 27 and 34-A of the Forest Act 1927 a sub-section (3) is inserted according to which the government after approval from the provincial cabinet declares reserved forest as no more reserved and can acquire the forest land for purpose of projects of national importance. This law will avoid cutting of trees in development of tourist's facilities.

### **3.3 ASIAN INFRASTRUCTURE INVESTMENT BANK ENVIRONMENTAL AND SOCIAL FRAMEWORK, FEBRUARY 2016 (AMENDED FEBRUARY 2019, MAY 2021, NOVEMBER 2022, AND JUNE 26, 2024)**

The objective of the Asian Infrastructure Investment Bank's Environmental and Social Framework (ESF) is to ensure that environmental and social risks and impacts in projects financed by the Bank are addressed and to provide a robust structure and mechanism to manage the environmental and social risks in identification, preparation and implementation of projects. The framework outlines the environmental and social requirements through three Environmental and Social Standards (ESS), namely Environmental and Social Assessment and Management (ESS1), Land Acquisition and Involuntary Resettlement (ESS2), and Indigenous Peoples (ESS3). ESS2 and ESS3 are applied conditionally, contingent upon the confirmation of, respectively, land acquisition and involuntary resettlement (LAIR) impacts and the presence of Indigenous Peoples (IP) in the project area.

#### **ESS-2 on Land Acquisition and Involuntary Resettlement:**

The objectives of the Asian Infrastructure Investment Bank's policy with regard to Environmental and Social Standards 2 on land acquisition and involuntary resettlement are: (i) involuntary resettlement should be avoided wherever possible, to minimise involuntary resettlement by exploring project alternatives; (ii) where avoidance of involuntary resettlement is not feasible, to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; (iii) to improve the overall socio-economic status of the displaced poor and other vulnerable groups; and (iv) to conceive and implement resettlement activities as sustainable development programs, by providing sufficient resources to enable the persons displaced by the project to share in project benefits.

Involuntary resettlement covers physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land or access to land and natural resources, loss of assets or 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. This also includes informal settlers who may not have formal legal rights to the land they occupy. The standard covers such displacement whether these losses and involuntary restrictions are full or partial, permanent or temporary in nature.

### 3.4 COMPARISON BETWEEN LAND ACQUISITION ACT 1894 AND ASIAN INFRASTRUCTURE INVESTMENT BANK'S LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT STANDARDS (ESS2)

The comparison between Pakistan's Land Acquisition Act of 1894 and the Asian Infrastructure Investment Bank's (AIIB) Land Acquisition and Involuntary Resettlement Standards (ESS2) highlights significant differences in their approaches to land acquisition and resettlement. The Land Acquisition Act primarily focuses on the procedural aspects of acquiring land for public purposes, emphasizing compensation based on market value but offering limited provisions for the rehabilitation of displaced individuals. In contrast, ESS2 advocates for a comprehensive framework that prioritizes community engagement, requiring meaningful consultation with affected populations and the development of Resettlement Action Plans to address both physical and socio-economic impacts. Additionally, while the Act has a more bureaucratic implementation process with limited grievance mechanisms, ESS2 promotes robust monitoring and grievance redress systems to ensure fair treatment and adequate compensation, reflecting a more holistic approach to involuntary resettlement that seeks to restore or enhance the livelihoods of affected individuals.

Moreover, the objectives of ESS2 are clear in their aim to avoid involuntary resettlement caused by land acquisition measures wherever feasible and if not possible to apply such compensation principles for impacts on all APs and to restore their livelihoods at least to pre-project level. In general, the institutional framework for expropriation in Pakistan is not completely in compliance with the ESS2, and the most evident differences relate to the requirements to compensate at replacement cost for land vis-à-vis the national requirement of compensating land at market value without payment of taxes and fees as part of compensation package. Additionally, the national law does not recognize informal users, occupiers and settlements. It does not require a project specific grievance redress mechanism, a social impact assessment, gender disaggregated data and assistance to vulnerable persons. **Table 2.2** provides an overview of specific gaps between the national expropriation law vis-à-vis ESS2 and the recommendations for remedy and/or mitigation in order to comply with the AIIB's ESS2 requirements.

**Table 3.2: Comparison of Pakistan's LAA and the AIIB's ESS2**

Pakistan 1894 Land Acquisition Act	AIIB's ESS2	Measures Adopted to Address the Gap
The expropriation elaborate contains a detailed list of properties to be expropriated, their location, information about individuals who have formal legal rights on these properties. No socio economic study is required.	Preparation of this RPF, Preparation of RAP, census survey and socioeconomic study is envisaged. The	All documents must be prepared in accordance with AIIB ESS2 requirements, in addition to national legal requirements. The implementation of a census is required to identify the



Pakistan 1894 Land Acquisition Act	AIIB's ESS2	Measures Adopted to Address the Gap
	study should include information on (i) current occupants in the affected area, (ii) characteristics of displaced households and their standards of living and livelihoods, (iii) magnitude of expected losses and extent of displacement, and (iv) information on vulnerable groups or persons.	persons who will be affected by the project (including those who are not registered through national procedures). The implementation of census survey/ household census is necessary also to identify characteristics of displaced households, including standard of living, level of vulnerability, establishing baseline conditions for monitoring and evaluation purposes, and to set a cut-off date.
The Expropriation Law recognizes the eligibility of persons who have formal legal rights on land and structures, as registered by the cadastre and those whose rights are recognizable under national laws (factual ownership).	AIIB ESS2 also recognizes those who have no recognizable legal right or claim to the land they are occupying on cut-off-date are also eligible for rehabilitation assistance and compensation for loss of non-land assets at replacement value.	Compensation and assistance to APs without legal right or claims will be made as per principles and entitlements provided in the entitlement matrix of this RPF, if they are present in the project affected area at the time of the cut-off date. Asset inventory and valuations of their affected properties will be conducted and all measures will be recorded in the internal periodical (monthly or quarterly).
Compensation for land and other assets is based on average values and department unit rates that do not ensure replacement market value of the property acquired. However, LAA requires that a 15% compulsory acquisition surcharge supplement the assessed compensation.	APs are to be compensated for all their losses at replacement cost, including transaction cost and other related expenses, without deducting for depreciation.	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.
No provision for resettlement expenses, income/livelihood rehabilitation measures or allowances for displaced poor and vulnerable groups.	Requires support for rehabilitation of income and livelihood, severe	Provision should be made to pay for resettlement expenses (transportation and transitional allowances), compensate for loss of income, and provide



Pakistan 1894 Land Acquisition Act	AIIB's ESS2	Measures Adopted to Address the Gap
	losses, and for vulnerable groups	support to vulnerable persons and those severely impacted (considered to be those losing more than 10% of their productive assets).
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).	Lack of formal title is not a bar to compensation and rehabilitation. All APs, including non-titled APs, are eligible for compensation of all non-land assets.	Squatters, informal tenants/leaseholders are entitled to compensation for loss of structures and livelihood and for relocation.
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.	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.	IA 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 AIIB's ESS. Where gaps exist in the interpretation of Pakistan law and resettlement practices, requirements of AIIB'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.
No convenient grievance redress mechanism except recourse of appeal to formal administrative jurisdiction or the court of law.	Requires the establishment of accessible grievance redress mechanisms to receive and facilitate the resolution of APs' concerns about displacement and other impacts, including compensation.	IAs will establish easily accessible grievance redress mechanism available throughout project implementation that will be widely publicized within respective project area and amongst the APs.
Except invoking legal process by notifying the land under different provisions of the LAA and	AIIB require social impact assessment and	Following ESS2 criteria, the EA, in collaboration with AIIB shall conduct social impact



Pakistan 1894 Land Acquisition Act	AIIB's ESS2	Measures Adopted to Address the Gap
announcement of award, LAA does not require social impact assessment and preparation and disclosure of specific LAR planning and monitoring documents.	preparation and disclosure of specific IR documents at different stages of project planning, design and implementation and these include IR categorization checklists, Social Impact Assessment, RPF/RAP and periodic monitoring reports etc.	assessment of the project and will prepare RAP for the project with IR impacts and social due diligence reports for the project without tangible IR impacts at project planning and design stage. While the periodic monitoring reports (internal and external) confirming RAP implementation progress will be prepared periodically.
The LAA does not specifically address gender differences or the differential impacts of land acquisition on men and women. It largely treats affected populations homogeneously, without special provisions for addressing the unique vulnerabilities or needs of women, or those of other vulnerable/disadvantaged groups	ESS2 emphasizes understanding and addressing the gender-related risks and the differential impacts of involuntary resettlement. It mandates the incorporation of gender-sensitive approaches to ensure that resettlement plans consider the specific needs and vulnerabilities of women, including their involvement in decision-making processes, access to compensation, and restoration of livelihoods.	IA will ensure that all data collected during the census, socio-economic surveys, and asset registration are disaggregated by gender. This data will inform tailored strategies to effectively support both men and women. RAP document will specifically address the needs of women, ensuring they receive fair compensation, and support that reflects their socio-economic contributions and roles. It will also conduct identification and analysis of locally specific vulnerable/disadvantaged groups, and ensure their sustained engagement throughout the project cycle, as well as any additional resourcing necessary to mitigate additional risks and ensure their inclusion in project benefits.



## 4. COMPENSATION ELIGIBILITY AND ENTITLEMENT MATRIX

### 4.1 GENERAL

This section will deal with the compensation for affected land, structures and assets that will be proposed based on the findings of the census, survey, and under the legal and policy framework of Government of Pakistan (GoP) & AIIB's ESF. The RPF focuses on providing compensation for lost assets and rehabilitation assistance to help restore APs livelihoods and living standards prior to the project.

### 4.2 COMPENSATION FOR LOST ASSETS

#### 4.2.1 Compensation for Land

For the purpose of land compensation, all titleholders (recorded landowners) or those having land rights recognizable under local law or custom are entitled to compensation for acquired land either through replacement land parcel of similar type and size (if available) or through cash compensation at full replacement costs including fair market value, transaction costs, interest accrued and other applicable payments for acquired land parcel including agricultural land (irrigated/non-irrigated), barren land, residential land and commercial land. Leaseholders are entitled to compensation commensurate to the lease type and appropriate recovery of paid advance or paid lease amount for the remaining lease period, crop compensation and other appropriate rehabilitation and transitional support. Sharecroppers/tenants are entitled to cash compensation equal to the gross value of crops based on their sharecropping arrangement. Likewise, temporary impacts on land due to construction related use by contractors require leasing of land at replacement cost rates for the respective localities.

**Individually/ Privately Owned Land:** Privately owned agricultural, residential, or commercial land subject to acquisition will be assessed and compensated as per LAA provisions but on replacement cost basis including fair market value of land, transaction costs, applicable taxes with other costs etc. For acquiring privately owned land, the District Price Assessment Committee (DPAC) notified by the concerned provincial BOR will assess the compensation cost for awarding compensation package that will be based on fair market value and other incidental costs as provided in Section-23 of LAA 1894. However, to ensure the compensation is reflective of replacement cost, the factors that are to be considered by the DPAC/land revenue officers and the LAC appointed by the BOR will include: (i) the price paid for land recently acquired in the project area and price paid for land in recent recorded private transactions (recorded in the year preceding notification under Section-4) in mutations register/land records or the record of the registration department; ii) review of update land valuation tables and other available information and instructions on valuation of assets under national laws and LAA procedures etc., (iii) review of prevailing market rate determined through consultation with notables and property agents/appraisers who are disinterested with regard to the value of the land etc. In addition to the land compensation determined under law, a 15% compulsory acquisition surcharge and additional assistance applicable under law is also provided.



**Affected State Owned Land:** For state-owned land leased out to registered leaseholders, the term and conditions of the lease will be reviewed and assessed to determine the compensation costs to be paid for land parcels required for project purpose. Besides refund of paid lease for the land parcels required, the compensation for any improvements made to enhance productivity of land will also be assessed and determined on replacement cost basis. The refund for advance will be calculated as equivalent to paid advance for remaining lease period of acquired land or mutually agreed period that may be up to three years at maximum. In addition to assessed standard crop compensation as provided under crop losses below, one-year additional crop compensation will be allowed to offset any income losses or diminution of profits due to severing of acquired land from remaining leased land parcels.

**Non-titled land users:** Non-titled land users without traditional/recognizable rights and encroachers in public ROWs will not be entitled to land compensation but will be provided compensation for their assets other than land or improvements (if any) made to land. In case of arable land, they will be provided an income rehabilitation allowance in cash equal to the net market value of yearly harvest income based on relevant cropping pattern and cultivation record (additional to standard crop compensation), and compensation for any irrigation infrastructure and other improvements made to the land (but not for the land) at full replacement cost; and other appropriate rehabilitation to be defined in the final RAP based on project situation and AP consultation.

**Negotiated Land Acquisition:** Safeguard Requirements does not apply to negotiated settlements<sup>1</sup>, unless expropriation would result upon the failure of negotiations. Negotiated settlements help avoid expropriation and eliminate the need to use governmental authority to remove people forcibly. The borrower/client is encouraged to acquire land and other assets through a negotiated settlement wherever possible, based on meaningful consultation with affected persons. A negotiated settlement will offer adequate and fair price for land and/or other assets. The borrower/client will ensure that any negotiations with displaced persons openly address the risks of asymmetry of information and bargaining power of the parties involved in such transactions. For this purpose, the borrower/client will agree on consultation processes, policies, and laws that are applicable to such transactions; third-party validation; mechanisms for calculating the replacement costs of land and other assets affected; and record-keeping requirements. The Negotiated Settlement Protocol/ Procedure is as follow:

- The Project proponent will conduct meaningful consultation in an understandable language with the PAP/AHs to ensure they are properly informed about the project/sub project, its benefits, the land needed for the project/subproject, resettlement policies, laws and regulations, entitlements and compensation at full replacement costs at current market rates.
- The Project Proponent will conduct a Detailed Measurement Survey (DMS) and a replacement cost study (RCS) to determine the inventory losses and replacement costs for each PAP/AH.

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<sup>1</sup> **Negotiated Settlement** refers to situations where the borrower/project proponent/ implementing entity needs to acquire specific land or restrict its use for project purposes, the project proponent first tries to arrive at a mutually agreeable negotiated settlement with the landowner/user, rather than going through an expropriation proceeding.





- The Project Proponent will calculate the replacement value at current market price, including transaction costs, interest accrued, transitional and restoration costs, and any other applicable payments, if any, for affected assets such as land, houses, structures, and trees etc.
- The project proponent will ensure that any negotiations with displaced people address the risks of asymmetry /irregularity of information and bargaining power of the parties involved in such transactions.
- The project proponent should engage an independent external party to validate and document the negotiation and settlement processes and agree with AIIB on the processes, policies, calculation of costs, and record-keeping requirements.
- If there is a loss of income, the Project Proponent consultant will calculate the number of losses based on the Entitlement Matrix in the RFP.
- In case of loss of fruit trees, the project proponent consultant will calculate the economic loss based on maturity and the formula shown in the Entitlement Matrix in this RFP.
- If there is physical displacement, transition allowances will be provided as per the Entitlement Matrix in this RFP.
- The total amount of compensation will be calculated and offered as a lump sum amount.
- A contract will be prepared, showing the total amount of compensation and the breakdown to facilitate negotiation with each PAP/ AH. Once agreed, minutes will be prepared and signed by the PAP/AH will be required to sign with the project proponent/representative as the witness of the local council official.
- If all PAP/AHs agree with their lump sum as a full compensation package, the lump sum amount will be paid upon contract signing. A report on the process and results of the negotiated settlement will be prepared after compensation and will be submitted to the AIIB.
- The information on the negotiated settlement will be included in the monitoring reports after the process is completed and submitted to the AIIB

#### **4.2.2 Compensation for Structures (residential/ commercial and other)**

The structure loss is determined based on the identified impacts and functional/ economic viability of remaining structure or possibility for its restoration and to put it into the same use as was before the project. For partial loss of structure, the owners (including non-titled land users/squatters) will be entitled to receive cash compensation for the lost parts of a structure at replacement cost and for the repair of the remaining structure at the market rate for materials, labour, transport, and other incidental costs, without deduction of depreciation for the age of the structure.

Full loss of structure or loss to the extent that the remaining structure becomes functionally/economically unviable for use, such structures are compensated to entirety at full replacement cost, including all transaction costs (such as applicable fees and taxes), without deduction of depreciation for age, for self-relocation. Occupants of such structures will also be provided with costs for installed utility (electricity and telephone lines) relocation costs and drinking water supplies (if any).

For stalls and kiosks or other temporary commercial structures like thatch huts, whether titled or licensed or not, alternative sites comparable in business potential to the lost location will be



provided and the vendors will receive cash compensation for self-relocation of their stalls at the current market rate for the cost of labour, materials, transport, and other incidental costs, as required, without deduction of depreciation for age.

The public and community structures including fully and partially affected will be compensated at replacement costs basis. The compensation for mosques and other religious assets will go to the community nominated caretaker responsible for re-establishment of the affected parts. Compensation for affected public structures will go to the concerned management who will be responsible to re-construct and re-establish affected structures.

#### **4.2.3 Crops**

All affected crop owners will be entitled for cash compensation (one-year crop) at current market rate proportionate to size of lost plot, based on crop type and highest average yield. assessed by respective Agricultural Departments.

#### **4.2.4 Trees**

The fruit trees will be compensated on replacement cost basis calculated at the current market rate of product value. For timber wood trees, cash compensation will be paid at the current market rate of the timber value of the species. In addition to replacement cost, the costs incurred to purchase seedling and required inputs will be considered.

#### **4.2.5 Independent Valuation Study (IVS)**

In parallel with the land valuation process under law explained above, an independent evaluation firm (accredited valuator of State Bank of Pakistan) can be engaged to review prevailing market rate and determining prevailing market value reflective to replacement cost for acquisition of land and land based assets, The independent valuation firm, after conducting sample based assessment and valuation of lost assets, will prepare a draft independent valuation study (IVS) report explaining the current market value and replacement cost including the livelihood restoration support likely to be provided for land and assets to be acquired (if any) along project corridor. The study findings will be shared with the concerned Deputy Commissioner and the District Price Assessment committees for their review and consideration while determining the compensation costs to be awarded under the law to ensure compensation provided under this RPF meets the replacement cost principle as required in the RPF and IR requirements under AIIB's ESF 2016 as amended 2024. The results of the IVS will be incorporated in the final RAP.

### **4.3 RESETTLEMENT & RELOCATION ASSISTANCE**

This section describes options for relocating housing and other structures, including replacement cash compensation, and/or self-relocation; outlines measures to assist APs for establishing at new sites; describes income restoration programs, including multiple options for restoring all types of livelihoods and describes special measures to support vulnerable groups and women.





#### 4.3.1 Self-Relocation Assistance

The Affected Households (AHs) requiring relocation due to significantly affected residential or commercial structure will be supported by providing cash assistance (one-time lump sum) to relocate and re-establish their assets at the relocation site of their choice along the project corridor. While preparing the RAP, the relocation options will be reviewed in detail for AHs/APs experiencing physical displacement due to lost residential or business structures. The disrupted facilities and access to civic amenities like water supply, sewerage and electricity will be restored when APs are relocated outside or within the ROW.

During random consultations, APs and local people informed that the person wishing to rent a residential structure or shop in a nearby settlement has to pay advance amount that varies from PKR. 45,000 to PKR. 50,000 depending on the location of the selected structure/plot. Based on the above information, an amount of PKR.50, 000/- has been taken as self-relocation allowance, which will be provided to AHs to be relocated. The AHs entitled for self-relocation assistance will be identified during detailed social impact assessment and census survey. The amount of self-relocation assistance will further be rationalized during detailed assessment.

#### 4.3.2 Transport Allowance

All AHs to be relocated due to loss of land and/or structures including residences and business premises are entitled to receive a cash allowance to cover the cost of transport of people and their movable property (debris of affected structure, furniture, household items, personal effects, machinery, tools etc.) and of setting up at the new premises at the current market rate for labour, vehicle hire, fuel and incidental costs.

A lump sum amount of compensation (covering all items discussed) will be provided to the entitled AHs. The allowed transportation allowance rate for lost residential structure will be PKR. 40,000/- and for lost business structures/premises is PKR 30,000/- under this RPF.

#### 4.3.3 Transitional Support against Lost Residential Structures

Presuming one grown member of affected structure owner household will have to supervise the relocation/reconstruction activities of the affected residential structure. This may disable him to earn his livelihood during relocation/construction period. So, to offset impact of lost earnings, this transitional support allowance will be provided to all AHs facing relocation of their affected residential structure. APs facing interruption in livelihood earnings during the period required to re-establish or relocate their lost residential structure will be entitled to transitional support in lieu of severe impact up to a period of 3 months. This transitional support/allowance will be based on business income validated through tax records. In case of unavailability of the tax records, the officially designated minimum wage rate will be used as base rate to compute compensation for APs. In this case, the allowance will be provided as lump sum based on officially designated minimum wage rate for 2024-25, i.e., PKR. 37,000x03= PKR 111,000. This transitional support will be in addition to the compensation



entitlement for business or income losses for any of the household member or residential structure AP.

#### 4.3.4 Severe Impact Allowance

The AHs losing 10% or more of productive assets (commercial structure or productive arable land) are entitled for severe impact allowance to offset accrued income losses due to loss of productive assets.

AHs losing 10% or more arable land are entitled to one-time severe impact allowance equal to market value of gross annual yield from acquired land in addition to other entitled compensation and income restoration measures.

All AHs experiencing severe impacts due to loss of commercial structures are entitled for severe impact allowance.

In addition to entitled compensation for lost commercial assets and other entitlements for relocation, rehabilitation, and business loss.

#### 4.3.5 Income Restoration Measures

In addition to the compensation entitlement for acquired assets and corresponding resettlement and relocation allowance, the AHs facing loss of income generating productive assets/livelihood source and vulnerable AHs are entitled to income restoration measures in addition to compensation for lost assets. These include providing additional financing support and restoration allowances, employment in project-related jobs, training, linking with existing micro-finance and livelihood support institutions in the project area and other relevant agencies. The Construction Supervision Consultant (CSC) will support NHA in preparing a livelihood restoration program following the completion of the socioeconomic surveys, consultations, and field assessment during the preparation of the RAP.

##### 4.3.5.1 Loss of Agriculture Based Livelihood

Compensation for acquired land through providing alternate land parcels with similar size and productivity will not be possible under the project. Therefore, for income restoration of the AHs having land-based livelihood, following provisions are considered in addition to the applicable compensation costs and other resettlement and rehabilitation allowances.

- **Partial loss of arable land when remaining land is functionally viable:** in addition to cash compensation for lost land and applicable severe impact allowance, the AHs (owners/cultivators and/or non-titled land users) will be entitled for additional financial support for investing in productivity enhancing inputs like land levelling, restoration of irrigation infrastructure and purchase of farming tools, fertilizers, and seeds etc., as feasible and applicable.
- **Full loss of arable land and/or when remaining land is functionally unviable:** the AHs (owners/cultivators and/or non-titled user) of land will be provided with project-based job-



placement or training on alternate employment opportunities as well as with organizational and logistical support to establish the AP in an alternative income generation activity.

APs losing crops and facing severe impacts on their agriculture-based livelihood due to loss of arable titled land will be considered economically displaced and eligible for income restoration allowance @ PKR. 50,000/ for investment in productivity enhancing measures.

#### **4.3.5.2 Businesses Loss**

Business owners operating in impacted structures (temporary or permanent) will be entitled to receive cash compensation equal to the lost income during the period of business interruption up to 3 months if loss is temporary and reversible and up to 6 months if the loss is permanent. The compensation allowance will be based on business income validated through tax records. In case of unavailability of the tax records, the compensation for lost income will be calculated based on the government announced monthly minimum wage-rate of PKR 37,000 /month and based on that business loss allowance for 03 month lost income will be calculated as (PKR (37,000 x03) = PKR 111,000/- while for lost income for 06 months it will be (37,000x06) PKR. 222,000.

#### **4.3.6 Uninterrupted Access to Resources and Means of Livelihood**

In the design, it will be ensured that the local routes and facilities are kept open for uninterrupted access for affected communities to access resources and means of livelihood. During execution of project civil works, it will be ensured that the local routes are kept free of obstructions and the local communities and APs are not restricted to access their resources and means of livelihood. Contractors will be contractually obligated to ensure uninterrupted access and will be monitored during project implementation. However, in this RPF it is affirmed that if unanticipated impacts are identified during execution of project works, will be reviewed, and assessed as per LAR provisions. Corrective measures will be determined and compensated as per applicable entitlement provisions explained in the EM.

#### **4.3.7 Public Services and Facilities**

Public services and facilities interrupted and/or displaced due to resettlement impacts will be fully restored and re-established at their original location or a relocation site. All compensation, relocation, and rehabilitation provisions of this RPF will be applicable to public services and facilities.

#### **4.3.8 Special Provisions for Vulnerable APs**

Displaced elderly, disabled, female-headed households and families living below the poverty line and Afghan refugees are recognized as vulnerable. Besides, the social impact assessment will identify other sources of the vulnerability. All vulnerable AHs, in addition to applicable compensation for lost assets, relocation and income restoration will be entitled to livelihood restoration/improvement support in the form of cash assistance and preference to project-based employment or training with additional financial support and/or micro-credit



facilities as well as organizational and logistical support to establish the AP in an alternative income generation activity. To facilitate the process of training and establishment of a new income generation activity, a subsistence allowance equal to 3 months' income computed based on officially designated minimum wage i.e., Rs. 37,000 per month will be paid in addition to any income loss compensation and transition allowance, as applicable. Moreover, provision related to preference for project-related employment will be reflected in the civil works contracts. During project execution, interested APs will be provided project-based employment as per their abilities.

### 4.3.9 Initial Social Analysis and Potential Vulnerable Groups

**Poverty:** Approximately 38.3% of Pakistan's population is classified as multidimensional poor, with an additional 12.9% vulnerable to multidimensional poverty. This translates to over 88 million people living in poverty and nearly 30 million at risk. Human Development Reports.

**Female-Headed Households:** Women heading households often encounter economic hardships due to limited employment opportunities and societal constraints, making it challenging for them to achieve financial stability.

**Children:** Children in Pakistan are susceptible to malnutrition, child labor, and limited access to quality education. The Pakistan Demographic and Health Survey 2017-18 indicates that women with no education have an average of 1.6 more children than those with higher education (4.2 versus 2.6), highlighting the correlation between parental education and child welfare. Pakistan Bureau of Statistics.

**Elderly-Headed Households:** Elderly individuals, particularly those heading households without adequate family support, face economic instability and health issues. The Pakistan Demographic Survey 2020 reveals that the average household size is 6.4 persons, with variations across urban and rural areas, indicating potential challenges for elderly individuals in managing larger households. Pakistan Bureau of Statistics.

**Persons with Disabilities:** This group often experiences social exclusion and inadequate support services, limiting their access to education, employment, and healthcare. Specific data on the prevalence and conditions of persons with disabilities in Pakistan are limited, underscoring the need for comprehensive data collection and targeted interventions.

**Ethnic and Religious Minorities:** Minority groups frequently face discrimination, restricting their access to resources and opportunities. A study on socio-economic inequalities in Pakistan notes that approximately one-fourth of the population faces dual disadvantages due to minority status and lower socio-economic class, impacting their health and social outcomes.

**Internally Displaced Persons (IDPs):** Individuals displaced by natural disasters or conflicts encounter severe hardships, including food insecurity and lack of shelter. The Pakistan Demographic Survey 2020 provides data on population dynamics that can be essential for planning interventions for such vulnerable groups.



#### 4.4 LIVELIHOOD RESTORATION PLAN

The project will primarily affect small and medium business operators along the N-5 road who have encroached upon the NHA-owned ROW. These individuals are more vulnerable than large business operators and industry owners, and may require additional support. It is proposed to develop a livelihood restoration plan (LRP) to restore livelihoods and support these small and medium business operators, as well as other vulnerable groups, including women.

- Capacity building support will be provided to the affected persons, with a focus on those severely affected and vulnerable AHs.
- Training programs will be recommended based on the findings of a training needs assessment to build the capacity of the APs.
- The livelihood restoration program will provide necessary tools and equipment to each trainee, facilitating the establishment of their selected profession and supporting their income generation.
- Linkage development support for obtaining soft loans (or interest-free loans) may be provided to individuals willing to improve, expand, or launch their businesses. This initiative will be implemented in partnership with local and national NGOs, such as Akhuwat and NRSP, or other microcredit partners, targeting highly vulnerable people, including women.

The activities outlined in this action plan will be developed in collaboration with the potential beneficiaries and concerned stakeholders.

The design of the LRP will include the following steps:

- Identification of potential entrepreneurs within the target groups (women, small and medium business operators, employees, and renters of commercial structures, including vulnerable APs).
- Selection of entrepreneurs, finalization of the LRP with selected partners and operators (e.g., Akhuwat, local NGOs, or civil society organizations).
- Implementation of the projects.

PAPs must be fully engaged from the identification phase to the implementation phase. They will monitor the LRP implementation and actively contribute to the process.

#### 4.5 ENTITLEMENT MATRIX

Entitlements for compensation, relocation and resettlement rehabilitation assistance are summarized in the entitlement matrix in **Table 4.1**

**Table 4.1: Eligibility and Compensation Entitlement Matrix**

Type of Loss	Specification	Eligibility	Entitlements
<b>1. LAND</b>			



Type of Loss	Specification	Eligibility	Entitlements
Permanent Impact on arable Land	All land losses independently from impact severity	Owner (titleholder, or holder of traditional rights)	<ul style="list-style-type: none"> <li>Cash compensation at full replacement cost (RC) either through negotiated settlement between the NHA and the landowners or assessed based on provisions of Section 23 of LAA including fair market value plus damages/costs applicable free from taxes and levies plus 15% compulsory acquisition surcharge (CAS).</li> </ul>
		Leaseholder titled/untitled	<ul style="list-style-type: none"> <li>Compensation commensurate to lease type and as appropriate for recovery of paid advance or paid lease amount for the remaining lease period but up to three years maximum.</li> <li>Crop compensation for standing crop with an additional crop (based on relevant cropping pattern/cultivation record) and other appropriate rehabilitation as transitional support under other entitlements.</li> </ul>
		Sharecropper/tenant (titled/untitled)	<ul style="list-style-type: none"> <li>Cash compensation equal to gross market value of crop compensation to be shared with the land owner based on the sharecropping arrangement.</li> </ul>
		Agriculture labourers	<ul style="list-style-type: none"> <li>The agricultural laborers facing employment/wage loss because of land</li> </ul>



Type of Loss	Specification	Eligibility	Entitlements
			acquisition will be entitled to income rehabilitation allowance in cash equal to net value of one crop season based on relevant cropping pattern/cultivation record or 3 months officially designated minimum wage i.e. PKR. 37,000x03=111,000/-.
		Encroacher	<ul style="list-style-type: none"> <li>No compensation for land loss</li> <li>Income rehabilitation allowance in cash equal to net value of annual crop production and other appropriate rehabilitation to be defined in the RAP based on project specific situation and AP consultation.</li> </ul>
Residential/commercial land	All land losses independently from impact severity	Titleholder, or holder of traditional rights	<ul style="list-style-type: none"> <li>Cash compensation at full replacement cost including fair market value plus 15% compulsory acquisition surcharge, all transaction costs, applicable fees and taxes and any other payment applicable</li> </ul>
		Lessee, tenant	<ul style="list-style-type: none"> <li>Cash refund at rate of rental fee proportionate to size of lost part of structure and duration of remaining lease period already paid.</li> <li>Any improvements made to lost structure by a tenant will be taken into account and will be compensated at full replacement cost payable as per agreed</li> </ul>





Type of Loss	Specification	Eligibility	Entitlements
			apportionment through consultation meetings.
		Renter/ leaseholder	<ul style="list-style-type: none"> <li>Rent allowance in cash equivalent to 3-6 months' rent to be decided in consultation meetings with APs.</li> </ul>
		Non-titled user without traditional rights (squatters)	<ul style="list-style-type: none"> <li>No compensation for land loss.</li> <li>Self-relocation allowance in cash equivalent to 3-6 months livelihood based on minimum wage rate or as assessed based on income analysis.</li> <li>Where required, additional support required ensuring improved standard of living to be determined through the social impact assessment.</li> </ul>
Temporary land occupation	Land temporarily required during civil works	Owner, lessee, tenant	<ul style="list-style-type: none"> <li>Rental fee payment for period of occupation of land, as mutually agreed by the parties;</li> <li>Restoration of land to original state; and</li> <li>Guaranteed access to structures (if any) and remaining land with restored infrastructure and water supplies.</li> </ul>
		Non-titled user	<ul style="list-style-type: none"> <li>Guaranteed access to land and structures located on remaining land with restored access to water supplies for irrigation (if applicable)</li> <li>Restoration of land to original state; and,</li> <li>Income rehabilitation support, i.e., compensation for lost crops/trees as per entitlements provided</li> </ul>



Type of Loss	Specification	Eligibility	Entitlements
			(refer crop and tree section below).
<b>2. STRUCTURES</b>			
Residential, agricultural, commercial, public, community	Partial loss of structure	Owner (including non- titled land user)	<ul style="list-style-type: none"> <li>• Cash compensation for affected structure (taking into account functioning viability of remaining portion of partially affected structure) for its restoration to original use) at full replacement cost computed at market rate for materials, labor, transport and other incidental costs, without deduction of depreciation.</li> <li>• Right to salvage materials from lost structure</li> </ul>
		Lessee, tenant	<ul style="list-style-type: none"> <li>• Cash refund at rate of rental fee (monthly rent) proportionate to size of lost part of structure and duration of remaining lease period already paid.</li> <li>• Any improvements made to lost structure by a tenant will be taken into account and will be compensated at full replacement cost payable as per agreed apportionment through consultation meetings.</li> </ul>
	Full loss of structure and relocation	Owner (including non-titled land user)	<ul style="list-style-type: none"> <li>• Cash compensation at full replacement cost, including all transaction costs, such as applicable fees and taxes, without deduction of depreciation for age, for self- relocation.</li> <li>• Right to salvage the affected structure.</li> </ul>
		Lessee, tenant	<ul style="list-style-type: none"> <li>• Cash refund at rate of rental fee (monthly rent)</li> </ul>



Type of Loss	Specification	Eligibility	Entitlements
			<p>proportionate to duration of remaining lease period;</p> <ul style="list-style-type: none"> <li>Any improvements made to lost structure by lessee/ tenant will be taken into account and will be compensated at full replacement cost payable as per agreed apportionment through consultation meetings.</li> </ul>
	Moving of minor structures (fences, sheds, latrines etc.)	Owner, lessee, tenant	<ul style="list-style-type: none"> <li>Cash compensation for self-relocation of structure at market rate (labor, materials, transport and other incidental costs, as required, without deduction of depreciation for age). Or</li> <li>Relocation of the structure by the project.</li> </ul>
	Stalls, kiosks	Vendors (including titled and non-titled land users)	<ul style="list-style-type: none"> <li>Assist in allocation of alternative location comparable to lost location; and</li> <li>Cash compensation for self-relocation of stall/kiosk at market rate (labor, materials, transport and other incidental costs, as required, without deduction of depreciation for age) and entitled relocation assistance for self-relocating at the place of APs choice.</li> </ul>
3. Crops	Affected crops	Cultivator	<ul style="list-style-type: none"> <li>Cash compensation (one-year crop) at current market rate proportionate to size of lost plot, based on crop type and highest average yield over past 3 years or as assessed</li> </ul>



Type of Loss	Specification	Eligibility	Entitlements
			through the respective Agricultural Departments.
4. Trees		Forest Department	<ul style="list-style-type: none"> <li>• Cash compensation for fruit trees at current market rate of crop type and average yield (i) multiplied, for immature non-bearing trees, by the years required to grow tree to productivity or (ii) multiplied, for mature crop bearing trees, by the average years of crops forgone; plus cost of purchase of seedlings and required inputs to replace trees.</li> <li>• Cash compensation for timber trees at current market rate of timber value of species at current volume, plus cost of purchase of seedlings and required inputs to replace trees.</li> </ul>
<b>5. RESETTLEMENT &amp; RELOCATION</b>			
Relocation Assistance	All types of structures affected	All AHs titled/untitled requiring to relocate due to lost land and structures	<ul style="list-style-type: none"> <li>• The project will facilitate all eligible AHs in relocating their affected structures at the place of their choice along the project corridor and a self-relocation allowance in lump sum equivalent to PKR. 50,000 for one time will paid as project-based support.</li> <li>• The disrupted facilities and access to civic amenities like water supply, sewerage and electricity will be restored when AHs are relocated outside or within the ROW limits.</li> </ul>



Type of Loss	Specification	Eligibility	Entitlements
Security of tenure	Replacement land and structures	All APs and tenants needing to relocate to project relocation sites.	<ul style="list-style-type: none"> <li>If APs are required to relocate to project relocation sites, they will be provided with secure tenure to the replacement land and structures.</li> </ul>
Transport allowance	All types of structures requiring relocation	All asset owner/tenant APs requiring to relocate due to lost land and structures	<ul style="list-style-type: none"> <li>For residential structure a lump sum amount of PKR. 40,000/ or higher depending upon the situation on ground.</li> <li>For commercial structure or agricultural farm structure a lump sum amount of PKR. 30,000/ or higher depending upon the situation on ground.</li> </ul>
House rent	All types of structures requiring relocation	All APs and tenants required to relocate as a result of losing land and structures	<ul style="list-style-type: none"> <li>Rental assistance as a lump sum amount computed on the basis of prevailing rental rate for a period as agreed between the AP and project team, to assist the APs in renting house or commercial structure.</li> </ul>
Transition allowance	All residential structures requiring relocation	All AHs requiring relocating their structures.	<ul style="list-style-type: none"> <li>On a case-to-case basis, the residential structure owners will be provided with transitional allowance equal to 3 months of recorded income or equal to officially designated minimum wage rate/month (i.e. PKR. 37,000/month) in addition to other applicable compensation entitlements.</li> </ul>
Severe Impact	Loss of 10% or more of productive arable land.	All landowners/land user APs with land-based livelihood.	<ul style="list-style-type: none"> <li>Severe impact allowance equal to market value of the gross annual yield of lost land for one year in addition to entitled compensation and other</li> </ul>



Type of Loss	Specification	Eligibility	Entitlements
			income restoration measures.
	Complete loss of commercial structure	All structure owner / occupier APs facing business loss	<ul style="list-style-type: none"> <li>Severe impact allowance equal to either three months of actual lost income as evidenced by tax record or in the absence of tax records three months of the officially designated minimum wage rate, in addition to entitled compensation for lost asset and business loss.</li> </ul>
	Complete loss of residential structure	All residential structure owner / occupier APs experiencing physical displacement	<ul style="list-style-type: none"> <li>Severe impact allowance equal to either three months of actual lost income as evidenced by tax record or in the absence of tax records three months of the officially designated minimum wage rate, in addition to applicable compensation entitlements.</li> </ul>
<b>6. INCOME RESTORATION</b>			
Impacted land-based livelihoods	All land losses	All APs with land-based livelihoods affected	<ul style="list-style-type: none"> <li>Land for land compensation through provision of plots of equal value and productivity as that of lost and if land-based compensation is not possible non-land-based options like built around opportunities for employment or self-employment will be provided in addition to cash compensation at full replacement costs for land and other assets lost. The following entitlements will apply if replacement land is not available or is not the preferred option of the APs:</li> <li><b>Partial loss of arable</b></li> </ul>



Type of Loss	Specification	Eligibility	Entitlements
			<p><b>land:</b> APs will be provided support for investing in productivity enhancing inputs to the extent of the affected land parcel, such as land levelling, erosion control, irrigation infrastructure and farming tools, fertilizers, and seeds etc., as feasible and applicable.</p> <ul style="list-style-type: none"> <li>• <b>Full Loss of arable land:</b> Project based employment for the willing APs will be worked out and included in bidding documents or training with additional financial support to invest as well as organizational/logistical support for establishing alternate means of livelihood.</li> </ul>
Restricted access to means of livelihood	Avoidance of obstruction by subproject facilities	All APs	<ul style="list-style-type: none"> <li>• Un-interrupted access to agricultural fields, business premises and residences of persons in the project area will be ensured in consultation with the APs.</li> </ul>
Businesses Loss	Temporary business loss due to LAR or construction activities by Project	Owner of business (registered, informal)	<ul style="list-style-type: none"> <li>• Cash compensation equal to lost income during period of business interruption up to 4 months based on tax record or, in its absence, comparable rates from registered businesses of the same type with tax records or computed based on officially designated minimum wage rate.</li> </ul>
	Permanent business loss due to LAR without possibility of	Owner of business (registered, informal)	<ul style="list-style-type: none"> <li>• Cash compensation equal to lost income for 6 months based on tax record or, in its absence,</li> </ul>





Type of Loss	Specification	Eligibility	Entitlements
	establishing alternative business		<p>comparable rates from registered businesses of the same type with tax records, or computed based on officially designated minimum wage rate, and</p> <ul style="list-style-type: none"> <li>Provision of project-based employment to adult household member or re-training with opportunity for additional financial grants and micro-credit and organizational/ logistical support to establish AP in alternative income generation activity.</li> </ul>
Employment	Employment loss (temporary or permanent) due to LAR.	All employees with impacted wages due to affected businesses	<ul style="list-style-type: none"> <li>Cash compensation equal to lost wages at comparable rates as of employment record for a period of 4 months (if temporary) and for 6 months (if permanent) or in absence of record computed based on official minimum wage rate. Or</li> <li>Provision of project-based employment or re-training, with additional financial as well as organizational/logistical support to establish AP in alternative income generation activity.</li> </ul>
<b>7. PUBLIC SERVICES AND FACILITIES</b>			
Loss of public services and facilities	Schools, health centres, mosque, shrines, services infrastructure, graveyards and other public utilities.	Service provider	<ul style="list-style-type: none"> <li>Full restoration at original site or re-establishment at relocation site of lost public services and facilities, including replacement of related land and relocation of structures according to provisions under sections 1 and 2 of this entitlement</li> </ul>



Type of Loss	Specification	Eligibility	Entitlements
			matrix.
<b>8. SPECIAL PROVISIONS</b>			
Vulnerable APs	Livelihood improvement	All vulnerable APs including those below poverty line, migrants, landless and those without legal title, elderly, women and children, or indigenous peoples.	<ul style="list-style-type: none"> <li>• In addition to applicable compensation entitlements for lost assets, relocation and livelihood restoration under section,1 to 7 the vulnerable APs will be provided with:</li> <li>• Subsistence allowance for 4 months computed based on officially designated minimum wage rate (PKR.135, 000) and other appropriate rehabilitation measures as defined in the RAP based on income analysis and consultations with APs to ensure the living standard of the APs is maintained.</li> <li>• Provision of project-based employment or re-training, with additional financial as well as organizational/logistical support to establish AP in alternative income generation activity.</li> <li>• Assistance to legal and affordable access to adequate housing to improve their living standard to at least national minimum standard, as feasible and applicable.</li> </ul>
Unanticipated Impacts	As and when identified	All APs facing impact	<ul style="list-style-type: none"> <li>• Dealt with as appropriate during project implementation according to the applicable Safeguard Policy.</li> <li>• The explained EM provisions of RPF will</li> </ul>



Type of Loss	Specification	Eligibility	Entitlements
			apply to compensate all un-anticipated impacts, <ul style="list-style-type: none"> <li>• However, if entitlement and eligibility provisions found missing in the EM of the RPF, additional provisions in accordance with the AIIB ESS2 and LAA 1894 will be considered.</li> </ul>

#### 4.6 LAR COST ESTIMATION AND BUDGETING

The allocation and provision of financial resource is the responsibility of the EA for affective management of project LAR requirements including acquisition of ROW land free from encumbrances, payment of compensation for acquired assets, provision of relocation and resettlement costs, implementation of income restoration measures, etc. Hence, the land acquisition, compensation, assistance, relocation and rehabilitation of income and livelihood will be considered as an integral component of project costs and included in the approved PC-1 for land and resettlement component. All land acquisition funds will be provided by the NHA from counterpart financing share of the government. Loan proceeds will not be used for land acquisition purposes. The tentative package wise budget of LAR cost along is provided in Table 4.2.

**Table 4.2: Tentative LAR Budget of N5 Project**

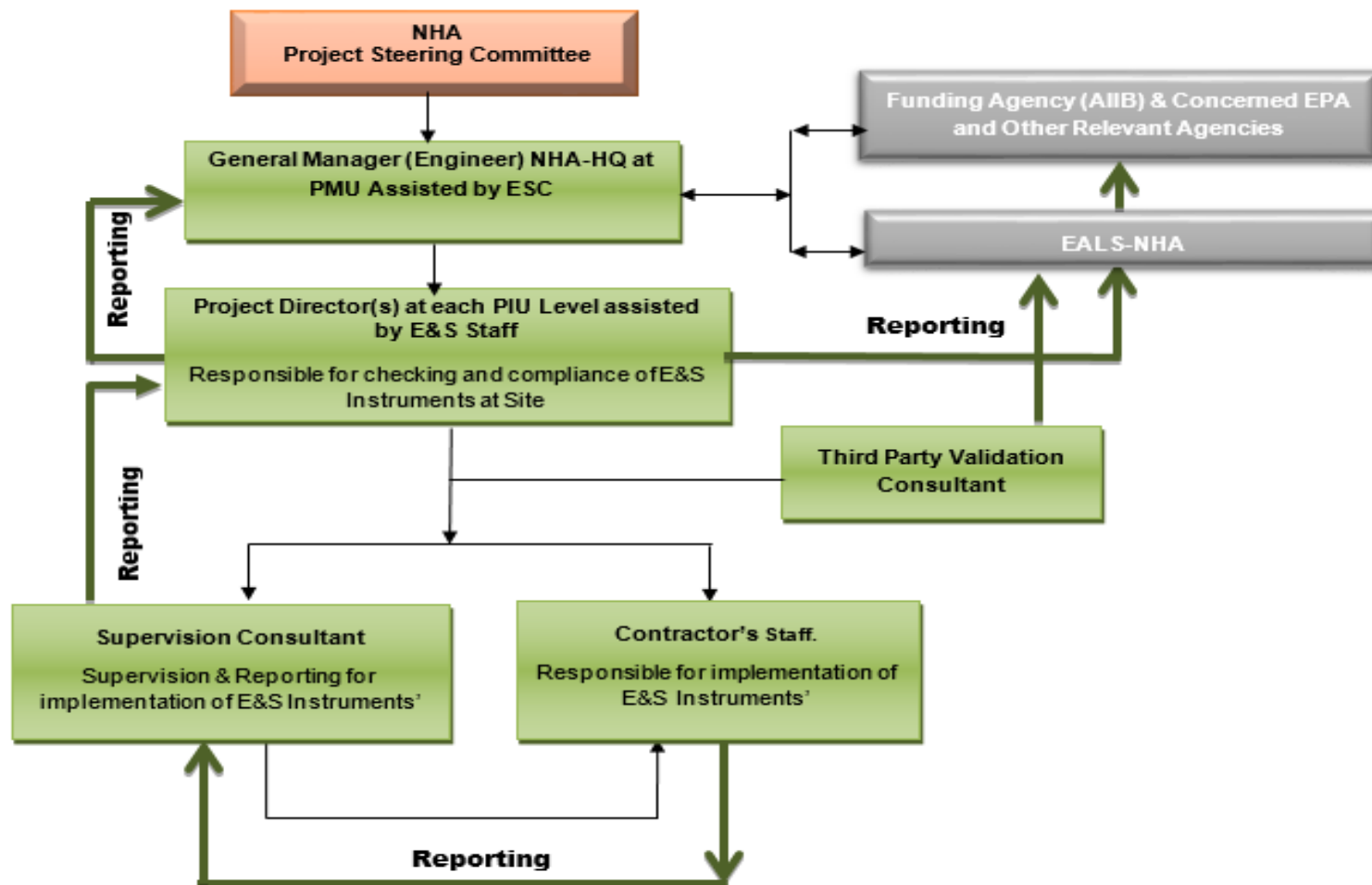
Sr. No.	Package	Million PKR	Million USD
1.	Package 1	213.01	0.76
2.	Package 2 (A)	271.46	0.97
3.	Package 3	158.01	0.56
4.	Package 4 (B)	143.01	0.51
5.	Package 5	198.01	0.71
6.	Package 6	243.01	0.87
7.	Package 7 (A)	<b>442.73</b>	<b>1.58</b>
8.	Package 8 (A)	<b>2,243.44</b>	<b>8.03</b>
	<b>Total Cost</b>	<b>1669.24</b>	<b>5.96</b>



## 5. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

### 5.1 General

The resettlement planning, preparation, implementation, and monitoring of the project as well as compensation/rehabilitation program described in this RAP involves an institutional arrangement and distinct processes to be carried out by different agencies. The main institutions in LAR activities include NHA as the executing agency (EA) which will be overall responsible for project execution and delivery of safeguards management following provisions outlined in the RAP consistent with the AIIB's ESS2 policy principles and national legal framework. The supervision consultants include safeguards specialists for assisting NHA in the implementation and monitoring of the RAP during the execution of the project. For LAR impact assessment and valuation for the project, other line departments/agencies, such as the Revenue department, Forest, and Agriculture departments are also involved. The institutional arrangement for supervision and implementation of LAR process and compensation, relocation, and resettlement program are explained in following sub sections while the organizational setup for implementation of E&S instruments is provided in **Figure 5.1**.



**Figure 5.1: Organizational Setup for Implementation of E&S Instruments**



## 5.2 INSTITUTIONAL ROLES AND RESPONSIBILITIES

### 5.2.1 National Highway Authority (NHA)

NHA has overall responsibility for the Program including preparation, implementation, and financing of all LAR tasks and cross-agency coordination. NHA at its HQ has different wings/units for planning and design, construction, procurement, finance, and administration of NHA activities. Each wing/unit is headed by a Member under the overall supervision of the Chairman. For supervision of countrywide road infrastructure, NHA has established 5 zones<sup>2</sup> each headed by a Zonal Member responsible for the road network and development projects in their respective zones. However, for foreign funded projects, project-specific implementation units are established to ensure proper and timely execution of the project.

For the safeguards management of this project, NHA will exercise its functions through the project implementation unit (PMU) and Environment and Social Cell (ESC) at NHA HQ and through project implementation units (RIU) at field level to be tasked with daily RAP implementation activities at the project level.

### 5.2.2 General Manager (Engineer) NHA-HQ - PIU

The General Manager (Engineer) NHA-HQ of PIU is the executive head of the entire N5 project. He is responsible for necessary policy, administrative and financial decisions and actions for effective and timely implementation of the project as per the approved framework and implementation schedules. He will be responsible for overall implementation of the project including environmental and social management aspects and hiring of contractors and consultants. The General Manager (Engineer) NHA-HQ PIU will be assisted by Project Director(s) of project Section for the onsite administration and other matters with close coordination with General Manager (Engineer) NHA-HQ PIU.

### 5.2.3 Environment, Afforestation, Land and Social Unit (EALS)

For the acquisition and management of ROW land as well as environmental and social safeguards management of foreign funded projects, NHA, under the supervision of member administration has established a unit called Environment Afforestation Land and Social (EALS) at the HQ. EALS land management and social staff are also extended to zonal and project levels for assisting in the land acquisition process and delivery of LAR activities.

The EALS at HQ will be responsible for policies, planning, and implementation of all safeguards-related activities of the Project through ESC.

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<sup>2</sup> Five zones include: Punjab, Sindh, KP, Baluchistan and Gilgit-Baltistan (GB).



#### 5.2.4 Environment and Social Cell (ESC) at PIU-HQ

An ESC will be established at PIU-HQ-NHA, which currently consists of following specialists at project preparation stage:

- One Environment Specialist;
- One Social Safeguard Specialist;
- One Climate Change Specialist;
- One OHS Specialist; and
- One Gender Specialist.

ESC- PIU-HQ will be responsible for overall implementation of E&S Instruments including RAP and other related E&S tasks. The ESC of PIU-HQ will also closely coordinate with EALS-NHA in all matters including but not limited to the induction, trainings, documentation and implementation. ESC- PIU-HQ will be responsible for ensuring that E&S Instruments are included in the contract documents as well as supervision of E&S Instrument's implementation. The ESC under PIU-HQ will manage environmental and social aspects of the project activities. ESC will arrange environmental and social monitoring and prepare compliance reports and submit to General Manager (Engineer) PIU-HQ PMU for further submitting to the AIIB and concerned agencies, to fulfill their monitoring, reporting and compliance requirements of environmental and social aspects of the project. The PIU-HQ will hire the services of independent environmental and social consultancy firm with close coordination with EALS-NHA as Third Party for Third Party Validation (TPV).

Moreover, ESC- PIU-HQ shall be responsible for:

- Ensuring that the required environmental and social training is provided to the concerned staff;
- Make sure that all the contractual obligations related to the environmental and social compliance are met;
- Check compliance of the E&S instruments including implementation status of the project during construction phase is being properly carried out;
- Review monitoring reports for the progress of environment and social related activities including implementation of RAP;
- Document and disclose monitoring results and identify necessary corrective and preventive actions in the periodic monitoring reports, and make follow-up on these actions to ensure progress toward the desired outcomes;
- Oversee the compliance of all the monitoring programs as given in E&S instruments;
- Report immediately to AIIB when environmental and social incidents are occurred;
- Maintaining interface with the other lined departments/stakeholders; and
- Reporting to the concerned and relevant agencies on status of E&S Instruments implementation.





### 5.2.5 Project Director(s) – RIU

The Project Director (PD) of RIU is the executive head of the concerned Project Section. He is responsible for necessary administrative and financial decisions and actions for effective and timely implementation of the project as per the approved framework and implementation schedules. He will be responsible for overall implementation of the project including environmental and social management aspects at site. The PD-RIU will be assisted by Deputy Project Director(s) and its E&S Staff of the project section 02 for the onsite administration and other matters with close coordination with PIU-HQ.

The E&S staff will be placed in the RIU which will manage LAR tasks at the project level with technical assistance and guidance from the ESC at PIU-HQ. The E&S staff at RIU will take the ultimate responsibility for the updating, implementation, and monitoring of the RAP for the project.

The PD of RIU will be assisted by E&S Staff at site during project implementation stage which consist of:

- One Social and Gender Officer,
- One OHS Officer; and
- One Environment and Climate Officer.

The E&S Staff at RIU will be responsible to ensure compliance of E&S instruments during construction/implementation phase. The compliance will require measurements of environmental and social parameters and observations at the construction sites to evaluate compliance.

Furthermore, E&S Staff at RIU shall be responsible for:

- Regular site visits of the construction sites to review the environmental and social performance of the Contractor(s);
- Make sure that the Contractor is implementing the additional measures suggested by the SC in environmental and social monitoring reports;
- Assist ESC- PIU-HQ in the assessment of the livelihood loss and negotiation with the affectees for fixation of compensation to be paid for temporary impacts;
- Assist in checking genuine ownerships of the claimants for prompt payment to the affectees;
- Assist the Contractor for the timely payments of negotiated prices;
- Assist Contractor(s) for obtaining necessary approvals from the concerned departments;
- Ensuring that the required environmental and social training is provided to the concerned site staff;
- Review monitoring reports for the progress of environment and social related activities;
- Report immediately to PIU-HQ when environmental and social incidents are occurred; and
- Maintaining interface with the other lined departments/stakeholders in coordination with PIU-HQ.



### 5.2.6 Third Party Validation (TPV)

The TPV will be carried out through independent E&S Specialists / Consultants. They will monitor the environmental and social parameters and conduct field surveys at the construction sites to evaluate compliance level. They will be engaged to conduct the external and independent monitoring of the implementation of the E&S instruments including RAP. This external monitoring agency is to conduct biannual, annual and final evaluation of the E&S Instruments including RAP document implementation and recommend changes if and when necessary to the ESC.

Roles and responsibilities of third-party E&S Specialists / Consultants will be:

- Carry out independent monitoring at critical locations during construction phase and monitoring the implementation of E&S instrument including RAP;
- Monitor GRM and resolution of complaints;
- Inform ESC, NHA and AIIB of any significant impacts arising during construction;
- Observe and amend/prepare (if required) of corrective action plans; and
- Monitor plan implementation along with project Implementation Consultant.

### 5.2.7 Supervision Consultant (SC)

PIU-HQ will engage Supervision Consultants (SC) for the proposed project as per the bidding requirements. The consultant firm will prepare site specific monthly monitoring and evaluation report and submit to RIU, ESC-PIU-HQ as well as EALS-NHA. The E&S Staff of RIU will review the report, discuss with the consultant firm and finalize the findings. In case of noncompliance from the contractors, the relevant SC will have the authority to halt the construction activities or impose penalties as per the contract conditions. The SC will submit the final version of monitoring and evaluation reports to RIU as per periodic reporting mechanism (defined in section 13). RIU will submit these reports to ESC- PIU-HQ, EALS-NHA and AIIB for their review and further action. Beside its other roles and responsibilities for implementation of the entire project, the SC will be responsible for following tasks for implementation of the RAP;

- Regularly monitor the implementation of the RAP, ensuring that the compensation, resettlement, and rehabilitation processes are being carried out according to the approved plan and schedule. Provide timely progress reports to the project management;
- Ensure that all activities related to resettlement and compensation are compliant with the policies outlined in the RAP, national regulations, and the Environmental and Social Framework (ESF) of AIIB;
- Provide technical support and guidance to the project's implementation team, local authorities, and stakeholders, ensuring they are well-equipped to carry out the RAP requirements effectively;
- Monitor the grievance redress process, ensuring that affected persons have access to a transparent and efficient mechanism for resolving issues related to resettlement, compensation, and relocation;



- Facilitate consultations and meetings with affected persons and communities to ensure they are well-informed about the RAP process and their rights. Ensure that their feedback is incorporated into the implementation process;
- Identify and address any emerging risks related to the resettlement and compensation process, including potential delays, disputes, or non-compliance with the RAP provisions;
- Ensure the quality of the resettlement activities, including proper documentation, timely payments, and the restoration of livelihoods and community structures, in accordance with the RAP's objectives; and
- Coordinate and support independent audits or evaluations of RAP implementation to assess its effectiveness and propose necessary adjustments.

E&S-Staff of SC of the proposed project will consists of the following personnel:

- E&S Team Leader (One specialist);
- Environment and Climate Change Specialist;
- OHS Specialist;
- Social Safeguard Specialist; and
- Gender Specialist.



## 6. GRIEVANCE REDRESS MECHANISM (GRM)

This Section outlines the policy and procedure for documenting, addressing, responding and employing methods to resolve project grievances and complaints that may be raised by the project affectees or community members arising from environmental and social performance, the engagement process, resettlement and/or unanticipated environmental or social impacts resulting from project activities that are performed and/or undertaken by PIU, NHA. The Section describes the scope and procedural steps and specifies roles and responsibilities of the parties involved in addressing the grievances.

### 6.1 PRINCIPLES

A Grievance Redress Mechanism (GRM)<sup>3</sup> is established to address any complaints or grievances arising during various stages of project cycle. People of the project area may provide feedback/suggestions and perceive risks to themselves or their property or their legal rights or have concerns about the possible adverse environmental and social impact that a project may have. Any concerns or grievances will be addressed quickly and transparently, and without retribution to the project affectees or community members or complainant. Chairman along with 60% of members of each committee will form an acceptable quorum for the hearing of Grievances

The primary principle of GRM is that all complaints or grievances are resolved as quickly as possible in a fair and transparent manner.

### 6.2 OBJECTIVES

The objectives of the GRM are to:

- Develop an organizational framework to address and resolve the grievances of individual(s) or community(s), fairly and equitably;
- Provide enhanced level of satisfaction to the aggrieved;
- Provide easy accessibility to the aggrieved/affected individual or community for immediate grievance redress;
- Ensure that the targeted communities and individuals are treated fairly at all times;
- Identify systemic flaws in the operational functions of the project and suggest corrective measures; and
- Ensure sustainability of the project.

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<sup>3</sup> A mechanism to receive and facilitate the resolution of project affected persons' concerns and grievances about physical and economic displacement and other project impacts, paying particular attention to the impacts on vulnerable groups. It addresses project affected persons' concerns and complaints promptly, using an understandable and transparent process that is gender-responsive, culturally appropriate, and readily accessible to project affected persons at no cost and without retribution. The mechanism will not impede access to the country's judicial or administrative remedies. However, the project affected persons are free to go to the Court of Law as and when desired.



### 6.3 TYPE OF COMPLAINTS

The major complaints that may arise during the execution of the proposed project at site include but not limited to:

- E&S issues (dust, noise, air pollution, social and cultural issues);
- Damage and blockage of public utilities;
- Traffic inconvenience and access restrictions;
- Gender Based Violence (GBV) and harassment;
- Land (Row Possession and Title Confirmation), Resettlement and relocation issues including loss of livelihood;
- Issues related to compensation of resettlement impacts which includes:
  - Project alignment and requests to avoid specific affected assets,
  - The omission of impacts and names of some PAPs in census and inventory of lost assets,
  - Impact assessment and valuation of losses,
  - Disbursement of compensation relative to entitlements stipulated in a RAP/LRP
  - Disputes about ownership of affected assets apportionment of compensation with payment delay issues,
  - Delays in payment of relocation and rehabilitation costs and design and completion of relocation sites/facilities,
  - The adequacy and appropriateness of income restoration measures.
- Other E&S related issues including stakeholder engagement, occupational and community health and safety etc.

### 6.4 DISCLOSURE OF GRM

The GRM and Grievance Redress Committees (GRCs) shall be notified after approval of concerned Member (Engineer) and disclosed at PIU(s) and PMU NHA Headquarter Islamabad, and concerned project offices, NHA's website as well as at sub-project sites offices and project areas.

### 6.5 STRUCTURE OF GRIEVANCE REDRESS MECHANISM

The formal GRM provided for this project has a three-tiered structure including, i) a Community / Local Level GRC; ii) PIU level GRC; and (iii) PMU-NHA Level GRC. Moreover, the complainant can pursue the grievance through the court as is his/her legal right in accordance with law. The outline and structure of the full GRM can be found in the Stakeholder Engagement Plan (SEP).

# ANNEXURES

## **ANNEXURE-01: CONTENT OF RESETTLEMENT ACTION PLAN\**

### **Outline of a Resettlement Action Plan**

A resettlement action plan is required for all 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 action plan.

### **Executive Summary**

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

#### **I. 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.

#### **II. Scope of Land Acquisition and Resettlement**

This section;

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

#### **III. 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:

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



impacts, needs, and priorities of women.

#### **IV. Information Disclosure, Consultation, and Participation**

This section;

- Identifies project stakeholders, especially primary stakeholders;
- Describes the consultation and participation mechanisms to be used during the different stages of the project cycle;
- Describes the activities undertaken to disseminate project and resettlement information during project design and preparation for engaging stakeholders;
- 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;
- Confirms disclosure of the draft resettlement action plan to affected persons and includes arrangements to disclose any subsequent plans; and
- 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.

#### **V. 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.

#### **VI. Legal Framework**

This section;

- Describes national and local laws and regulations that apply to the project and identify gaps between local laws and international policies requirements; and discuss how any gaps will be addressed.
- Describes the legal and policy commitments from the executing agency for all types of displaced persons;
- 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.
- Describes the land acquisition process and prepare a schedule for meeting key procedural requirements.

#### **VII. Entitlements, Assistance and Benefits**

This section;

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

## **VIII. Relocation of Housing and Settlements**

This section;

- 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);
- Describes alternative relocation sites considered; community consultations conducted; and justification for selected sites, including details about location, environmental assessment of sites, and development needs;
- Provides timetables for site preparation and transfer;
- Describes the legal arrangements to regularize tenure and transfer titles to resettled persons;
- Outlines measures to assist displaced persons with their transfer and establishment at new sites;
- Describes plans to provide civic infrastructure; and
- Explains how integration with host populations will be carried out.

## **IX. Income Restoration and Rehabilitation**

This section:

- Identifies livelihood risks and prepare disaggregated tables based on demographic data and livelihood sources;
- 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);
- Outlines measures to provide social safety net through social insurance and/or project special funds;
- Describes special measures to support vulnerable groups;
- Explains gender considerations; and
- Describes training programs.

## **X. Resettlement Budget and Financing Plan**

This section;

- Provides 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.
- Describes the flow of funds (the annual resettlement budget should show the budget- scheduled expenditure for key items).
- 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.

## **XI. Institutional Arrangements**

This section;

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

## **XII. 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.

## **XIII. 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.

