



Project Summary Information

Date of Document Preparation/Updating: 12/17/24	
Program Name	Reconstruction of National Highway N-5 under Pakistan's Resilient Recovery, Rehabilitation and Reconstruction Framework Project (the "Multi-phase Program" or "MPP")
Program Number	M000002
Project Name	Reconstruction of National Highway N-5 under Pakistan's Resilient Recovery, Rehabilitation and Reconstruction Framework Project – Phase 1A (the "Project")
Project Number	P000913
AIIB member	Pakistan
Sector/Subsector	Transport / Road
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation
Status of Financing	Under Preparation
Objective	<p>MPP: To improve the climate resilience, operational efficiency, and road safety in selected critical sections of the National Highway N-5 in Pakistan.</p> <p>Phase 1A: To contribute to the improvements of climate resilience, operational efficiency, and road safety in selected critical sections of the National Highway N-5 in Pakistan.</p>
Project Description	<p>The Reconstruction of National Highway N-5 under Pakistan's Resilient Recovery, Rehabilitation, and Reconstruction Framework Project aims to enhance the climate resilience, operational efficiency, and road safety by reconstructing and upgrading critical four-lane segments into a climate-resilient six-lane dual carriageway. AIIB's financing (referred as the "Multi-phase Program" or "MPP") encompasses the reconstruction of four sections of N-5, totaling 213 kilometers (km) across Islamabad Capital Territory, Punjab, Khyber Pakhtunkhwa (KP), and Sindh provinces, and the reconstruction of two 1-kilometer-long bridges in Sindh province. The MPP aligns with the Phase 1 of the National Highway Authority (NHA) of Pakistan's 20-year, four-phase plan to rebuild and expand this critical national infrastructure.</p> <p>Within this broader MPP framework, the Phase 1A Project (the "Project") focuses on two key sections of N-5, covering a</p>

	<p>total of 75 km: Rawalpindi to Burhan (44 km) and Nowshera to Peshawar (31 km), alongside the reconstruction of the Nai Baran Bridge located southwest of Hyderabad in Sindh province. The Phase 1B project will focus on another two key sections of N-5, covering a total of 138 km: Lahore to Gujranwala (68 km) in Punjab province and Ranipur to Rohri (70 km) in Sindh province, alongside the reconstruction of the Indus River Bridge at Hyderabad in Sindh province. The Phase 1B project will be prepared and approved later than the Phase 1A Project after meeting certain criteria.</p> <p>The Phase 1A Project consists of three components: (1) civil works to reconstruct two sections of N-5 (Rawalpindi – Burhan, and Nowshera - Peshawar) and the Nai Baran Bridge; (2) design review and construction supervision consultant; and (3) baseline cost such as resettlement of informal users, environmental and social (ES) management, and government fees and permits.</p> <p>The AIIB has mobilized a USD 2 million Project Preparation Special Fund (PPSF) grant to strengthen the preparation of the Project and the MPP by enhancing climate resilience, safety, ES assessments, and digital project management capabilities.</p> <p>This Project represents the Bank’s first standalone project in Pakistan’s transport sector.</p>
Expected Results	<p>The MPP and the Phase 1A Project results will be measured through the following indicators:</p> <ul style="list-style-type: none"> (i) Enhancement in climate resilience – Climate-related traffic disruptions (number) of all Project sections in a year (ii) Increase in operational efficiency – Travel time (minutes) of each Project section (iii) Increase in operational efficiency – Annual Average Daily Traffic (AADT) of each Project section (iv) Improvement in road safety – Share of reconstructed N-5 highway (length) with a safety rating of 3-star and above (v) Improvement in road safety – Road fatalities (number) of all Project sections (vi) Improvement in road safety – Road injuries (number) of all Project sections
Environmental and Social Category	A
Environmental and Social Information	<p>Applicable Policy and Categorization: AIIB’s Environmental and Social Policy (ESP), including the Environmental and Social Standards (ESSs) and the Environmental and Social Exclusion List (ESEL), applies to the both the MPP and the Phase 1A Project. The Project triggers ESS 1 (Environmental and Social Assessment and Management) and ESS 2 (Involuntary Resettlement). ESS 3 (Indigenous Peoples) is not applicable, as no indigenous peoples are present or have a collective attachment to the Project area. The Project is classified as Environmental and Social (ES) Category A, reflecting significant ES risks due to large-scale construction activities, including the widening, and upgrading of an existing highway from four lanes to six lanes and the construction of bridges. These activities span a large geographic area, with the potential to generate substantial ES impacts.</p>

Environmental and Social Instruments: The Project adopts a Multi-phase Program (MPP) approach, where only the first two priority N-5 sections and a bridge (Phase 1A) will undergo detailed engineering design prior to Project Appraisal. As a result, both a framework approach and site-specific ES assessments are necessary. These instruments include: (a) Framework-level instruments: Environmental and Social Management Planning Framework (ESMPF), Resettlement Planning Framework (RPF), Labor Management Plan (LMP), and Stakeholder Engagement Plan (SEP), covering both Phase 1A and Phase 1B; and (b) Site-specific instruments for Phase 1A: Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP), and Resettlement Action Plan (RAP).

Environment Aspects: The MPP and Project scope involves the widening and upgrading of the existing highway from four lanes to six, along with the construction of bridges. Although many environmental risks and impacts are already present due to the highway's current state, the proposed upgrades could introduce new impacts. Initial ES screening and reconnaissance site visits have identified several key environmental concerns, including sensitive receptors such as nearby forests and national parks, water bodies, traffic congestion, accidents, drainage issues, waterlogging, and the presence of trees and vegetation within the right-of-way (ROW) of N-5. Potential environmental risks identified include: (i) construction waste management; (ii) air and noise pollution due to dust, noise, and vibration; (iii) the risk of operational or accidental spills, particularly from fuel and lubricants used in construction machinery; (iv) biodiversity risks and damage to aquatic ecology, changes in hydrological conditions, obstruction of animal migration, and water pollution; and (v) improper site reinstatement, where construction sites are inadequately restored post-project. The ESMPF will address these risks with generic mitigation measures. A more detailed, site-specific assessment of these risks will be carried out during the ESIA and ESMP processes, with appropriate mitigation measures developed during the road planning and design phases to minimize potential impacts.

Social Aspects: The MPP and the Project are expected to generate positive social benefits for the local population, including enhanced climate resilience, improved travel conditions, better road safety, reduced transportation costs, shorter travel times, and alleviated congestion. However, there are potential social risks and impacts that need to be addressed. These include the potential lack of inclusion of vulnerable and disadvantaged groups to share the Project benefits, inadequate and ineffective stakeholder engagement, large resettlement and relocation (R&R), restrictions on land use, and economic displacement caused by civil works. Additionally, risks are associated with labor and working conditions, including occupational health and safety (OHS), community health and safety related to potential labor influx. The livelihood impacts related to R&R primarily concern the economic displacement of informal businesses, such as shops and stalls, due to road widening. The extent and severity of these impacts will be evaluated and mitigated in the RAP. Furthermore, the potential impact of Project activities on women will be assessed in the gender assessment and ESIA. Measures to address the potential negative impacts, particularly from the migrant workers' influx and the associated risks of gender-based violence, will be included in the ESMP and the Gender Action Plan (GAP).

Occupational Health and Safety (OHS), Labor and Working Conditions (LWC): The MPP and the Project will involve typical construction work-related OHS risks such as work-related accidents, hazards associated with the use of explosives and hazardous chemicals, electric shock, mechanical and load handling hazards, health issues from work environment, and traffic and road safety. Relevant mitigation measures will be formulated in the ESMP. Construction-specific risks and impacts considered under the MPP and the Project are further related to significant labor influx and potential social tensions with the host communities. The ESMP and the Labor Working Plan (LMP) prepared for the Project will include relevant procedures to manage LWC risks and impacts during both the construction and operational phases. The EMSP/LMP will be implemented, monitored, and reported to address these OHS/LWC risks and impacts.

Stakeholder Consultation, and Information Disclosure: Preliminary consultations with key stakeholders, including relevant national and state departments, have been carried out by the Client and their consultant as part of site reconnaissance process. An SEP will be prepared to identify stakeholders, including Project affected people, and build and maintain a constructive relationship with them. The SEP will assess stakeholders' interests and support of the Project and take their views and feedback into account in Project design and in the management of ES risks and impacts, through meaningful and inclusive consultations with potentially affected and interested stakeholders throughout the Project cycle. In terms of information disclosure, the draft ES documentation will be disclosed in English and the local languages on both the Borrower's and AIIB's websites in a timely and appropriate manner.

Project Grievance Redress Mechanism (GRM): The specific arrangements for the Project GRM will be discussed and agreed with the Client prior to the Appraisal Review. Given the Project geographical scope and associated ES risks, a two-tier GRM will be proposed, with the first tier at Project site level, and the second tier at the Project Management Unit (PMU) level. A worker specific GRM will also be established to manage specific risks and impacts related to OHS/LWC. The Project GRM will be established and operational prior to the commencement of any project activities, construction work, or R&R, and will be maintained throughout Project Implementation. The information of established GRMs and Bank's Project-affected People's Mechanism (PPM) will be timely disclosed in an appropriate manner.

Monitoring and Reporting Arrangement. The NHA will oversee the overall implementation of the Project. To support this, the NHA plans to engage a design review and construction supervision consultant to assist in implementing civil works, as well as in monitoring and evaluation. Project progress will also be jointly monitored by the Bank through semi-annual progress reports prepared by the NHA based on agreed format. AIIB will conduct supervision missions semi-annually to extend comprehensive implementation support. In addition, AIIB requires the NHA to engage third-party monitoring consultants, and the Bank team will assist the NHA with stakeholder engagement if necessary. More details of those arrangement will be further discussion and determined with NHA during the appraisal review.

Cost and Financing Plan	MPP cost: USD 587.98 million; AIIB loan: USD 500 million (85%); Government of Pakistan (GoP): USD 87.98 million (15%) Phase 1A Project cost: USD 247.75 million; AIIB Loan: USD 210.12 million (85%); GoP: USD 37.63 million (15%)		
Borrower/Investee Company/Counter party/Guaranteed entity	Islamic Republic of Pakistan		
Implementing Entity/Sponsor	National Highway Authority (NHA) of Pakistan		
Estimated date of loan closing	MPP: December 2029 Phase 1A: December 2028		
Contact Points:	AIIB	Borrower	Implementation Organization/Sponsor
Name	Wenjing Pu	Yahya Akhunzada	Mateen Raana Kazmi
Title	Investment Officer	Joint Secretary, Economic Affairs Division	Project Director
Email Address	Wenjing.pu@aiib.org	akhunyahya@gmail.com	mateen.nha@gmail.com
Date of Concept Decision	December 12, 2024		
Estimated Date of Appraisal Decision	March, 2025		
Estimated Date of Financing Approval	May, 2025		
Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanisms or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html		