Project Summary Information

	Date of Document Preparation/Updating: 6/May/2025
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	MPP: To improve the climate resilience, operational efficiency, and road safety in selected critical sections of the National Highway N-5 in Pakistan. Phase 1A: To improve the climate resilience, operational efficiency, and road safety in the road sections of Ranipur-Sukkur, Rawalpindi-Hassanabdal, and Nowshera-Peshawar of the National Highway N-5 in Pakistan.
Project Description	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 209 kilometers (km) across Islamabad Capital Territory, Punjab, Khyber Pakhtunkhwa (KP), and Sindh provinces, and the reconstruction of a 1-kilometer-long bridge 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.

	Within this broader MPP framework, the Phase 1A Project (the "Project") focuses on three key sections of N-5, covering a total of 141 km: Ranipur to Sukkur (70 km) in Sindh Province, Rawalpindi to Burhan (40 km) in Punjab Province and the Islamabad Capital Territory, and Nowshera to Peshawar (31 km) in KP Province. The Phase 1B project will focus on another key section of N-5: Lahore to Gujranwala (68 km) in Punjab province, alongside the reconstruction of the Nai Baran Bridge in Sindh Province. The Phase 1B project will be prepared and approved later than the Phase 1A Project after meeting certain criteria. The Phase 1A Project consists of three components: 1) Civil Works to reconstruct the three critical sections of N-5. 2) Consultancy Support and Capacity Building, including the hiring of a Design Review and Construction Supervision Consultancy, an Independent Environmental and Social Monitoring Consultancy, and the Project Management Unit capacity building. 3) Baseline Cost and Improvements, such as Resettlement and Relocation cost, shifting of utilities, etc. 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 mitigation and resilience, safety, ES assessments, and digital project management capabilities. This Project represents the Bank's first standalone project in Pakistan's transport sector.
Expected Results	The MPP and the Phase 1A Project results will be measured through the following indicators: (i) Enhancement in climate resilience – Share of population serviced by the Project sections having access to climate-resilient N-5 highway. (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	**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

	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 resettlement and relocation (R&R) and construction activities, including the widening and upgrading of an existing highway from four lanes to six lanes. These activities span a large geographic area, with the potential to generate substantial ES impacts. **Environmental and Social Instruments**: The Project adopts a Multi-phase Program (MPP) approach, where only the first three priority N-5 sections have undergone 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), Stakeholder Engagement Plan (SEP) Gender Action Planning Framework (GAPF), and Environmental and Social Action Plan (ESAP), covering both Phase 1A and Phase 1B; and (b) Site-specific instruments for Phase 1A: Environmental and Social Impact Assessment (ESIA) including 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. 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 has addressed these risks with generic mitigation measures. A more detailed, site-specific assessment of these risks has also been carried out during the ESIA and ESMP processes for Phase 1A, with appropriate mitigation measures developed during the road planning and design phases to minimize potential impacts. In addition, a comprehensive noise assessment will be conducted, including additional measurements and noise modeling at various locations, particularly near noise-sensitive receptors.

	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-scale 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, and impacts on religious and community structures. The extent and severity of these impacts have been evaluated and mitigated in the RAP. Furthermore, the potential impact of Project activities on women has been assessed in the gender assessment for the GAPF and ESIA. Measures to address the potential negative impacts, particularly from the migrant workers' influx and the associated risks of gender-based violence (GBV)/Sexual Harassment (SH)/Sexual Exploitation and Abuse (SEA), have been included in the ESMP and the GAPF, as well as in the Gender Action Plan (GAP) to be integrated into each site-specific RAP. **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 have been 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 LMP prepared for the Project have included 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 and project-affected peoples (PAPs), have been carried out by the Client and their consultant as part of the site reconnaissance process. A SEP has been prepared to identify stakeholders and build and maintain a constructive relationship with them. Site-specific identification and analysis of stakeholders, and plans for the ongoing engagement throughout the Project cycle, has been included in the RAPs. The SEP has assessed stakeholders' interests and support of the Project and taken their views and feedback into account in Project design and in the assessment of ES risks and impacts, this will continue through meaningful and inclusive consultations with potentially affected and interested stakeholders throughout the Project

	cycle. In addition, the draft ES documentation has been disclosed in English and the local languages on both the Borrower's and AIIB's websites. **Project Grievance Redress Mechanism (GRM):** Given the Project geographical scope and associated ES risks, a three-tier GRM has been proposed, with the first tier at community level, the second tier at the Regional Implementation Unit (RIU) level at Project sites and the third tier at the Project Implementation Unit (PIU)-level at the NHA headquarters in Islamabad. 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 disclosed in an appropriate manner, including on the Borrower's website. **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 (DRCSC) 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 an 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, including an Independent Environment and Social Monitoring Consultant (IESC) firm and the Bank team will assist the NHA with stakeholder engagement if necessary.
Cost and Financing Plan	MPP cost: USD 555.03 million; AIIB loan: USD 499.53 million (90%); Government of Pakistan (GoP): USD 55.50 million (10%) Phase 1A Project cost: USD 355.73 million; AIIB Loan: USD 320.16 million (90%); GoP: USD 35.57 million (10%)
Borrower/Investee Company/Counterparty/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

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Date of Concept Decision	December 12, 2024		
Date of Appraisal Decision	April 23, 2025		
Estimated Date of Financing Approval	June 22, 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		