

**Power Distribution Enhancement
Multi-Tranche Financing Facility (MFF)
(ADB TA No. 4876-PAK)**

**LAND ACQUISITION AND RESETTLEMENT FRAMEWORK
(LARF)**

February 2008

GOVERNMENT OF PAKISTAN

Pakistan Electric Power Company (PEPCO)

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ABBREVIATIONS

ADB	Asian Development Bank
AF	Affected Family
AH	Affected Household
AP	Affected Person
BOR	Board of Revenue (Provincial)
CAS	Compulsory (Land) Acquisition Surcharge (Government: 15%; Companies: 25%)
CBO	Community-Based Organization
DISCOs	(Power) Distribution Companies (of Pakistan), including:
PEPCO	Pakistan Electric Power Company (Lahore: Coordinates Power Generation, Transmission and Distribution to Eight DISCOs)
FESCO	Faisalabad Electric Supply Company
GEPSCO	Gujranwala Electric Power Company
HESCO	Hyderabad Electric Supply Company
IESCO	Islamabad Electric Supply Company
LESCO	Lahore Electric Supply Company
MEPCO	Multan Electric Power Company
PESCO	Peshawar Electric Supply Company
QESCO	Quetta Electric Supply Company
DDR	Due Diligence Report
DOR	District Officer (Revenue) (see also LAC)
EA	Executing Agency (PEPCO)
EIA	Environmental Impact Assessment
EMA	External Monitoring Agency (Consultant)
EPA	Environmental Protection Agency (Pakistan/Provincial)
FFA	Framework Financing Agreement
FY	Fiscal Year
GRC	Grievance Redress Committee
IA	Implementing Agency (Each DISCO in its respective area)
IPDF	Indigenous Peoples Development Framework
IPDP	Indigenous Peoples Development Plan
IPSA	Initial Poverty and Social Assessment
MFF	Multi-Tranche Financing Facility
LAA	Land Acquisition Act, 1894 (amended)
LAC	Land Acquisition Collector (see also DOR)
LAR	Land Acquisition and Resettlement
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
LARU	Land Acquisition and Resettlement Unit (PEPCO/DISCOs)
kV	Killo-Volt (Unit of Power/Electricity)
NEPRA	National Electric Power Regulating Authority
NGO	Non-Governmental Organization
NRP	National Resettlement Policy of Pakistan (Not Yet Approved)
NTDC	National Transmission and Dispatch Company
NWFP	North-West Frontier Province
P&DD	Planning and Development Department (Provincial)
PBR	Provincial Boards of Revenue (NWFP, Punjab, Sindh and Balochistan)
PEPCO	Pakistan Electric Power Company (Lahore: Coordinates Power Generation, Transmission and Distribution to Eight DISCOs)
PMU	Project/Program Management Unit (PEPCO/DISCOs)
PPTA	Project Preparatory Technical Assistance (ADB)
SDC	Social Development Cell
TA	Technical Assistance (Project Preparation Grant - PPTA)
WAPDA	Water and Province Development Authority

DEFINITION OF TERMS

Beneficiary Community - All persons and households situated within the government-owned or acquired property who voluntarily seek to avail and be part of The Facility and represented by a community association that is duly recognized by the community residents, accredited by the local government, and legally registered with the appropriate institutions.

Compensation - Payment in cash or in kind of the replacement cost of the acquired assets.

Entitlement - Range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation which are due to affected people, depending on the nature of their losses, to restore their economic and social base.

Host population - Community residing near the area where a project beneficiaries propose to voluntarily resettle as part of the subproject.

Improvements - Structures constructed (dwelling unit, fence, waiting sheds, animal pens, utilities, community facilities, stores, warehouses, etc.) and crops/plants planted by the person, household, institution, or organization.

Land Acquisition - The process whereby a person is compelled by a government agency to alienate all or part of the land a person owns or possesses to the ownership and possession of the government agency for public purpose in return for a consideration.

Affected Person/People - Any person affected by Project-related changes in use of land, water, natural resources, or income losses.

Affected Family - All members of a household residing under one roof and operating as a single economic unit, who are adversely affected by a project, or any of its components. It may consist of a single nuclear family or an extended family group.

Rehabilitation - Compensatory measures provided under the Policy Framework on involuntary resettlement other than payment of the replacement cost of acquired assets.

Relocation - the physical relocation of a AP/AF from her/his pre-Project place of residence.

Replacement Cost - The value determined to be fair compensation for land based on its productive potential, the replacement cost of houses and structures (current fair market price of building materials and labor without depreciation or deductions for salvaged building material), and the market value of residential land, crops, trees, and other commodities.

Resettlement - All measures taken to mitigate any and all adverse impacts of a project on AP's property and/or livelihood, including compensation, relocation (where relevant), and rehabilitation of the damaged/removed infrastructure and installations.

LAND ACQUISITION AND RESETTLEMENT FRAMEWORK (LARF)

A. INTRODUCTION

1. This Resettlement Framework (LARF) for the Power Distribution Enhancement Multi-*Tranche* Financing Facility (MFF) , Pakistan (The Facility) has been prepared by the Pakistan Electric Power Company (PEPCO) and endorsed by all the eight Distribution Companies (DISCO) participating in The Facility, for providing guidance in the preparation and implementation of Land Acquisition and Resettlement (LAR) tasks for the power distribution subprojects in a fashion fitting the ADB Policy on Involuntary Resettlement and LAR conditionalities for the Multi-*tranche* Financing Facility (MFF). The LARF sets out the objectives, principles, eligibility criteria for affected people (APs), entitlements, legal and institutional framework, modes of compensation and rehabilitation, participation and consultation procedures and grievance redress mechanisms which will be employed to compensate, resettle and rehabilitate living standards of APs. The LARF also sets out the steps for preparation of LAR Plans (LARP) for the power distribution enhancement subprojects under all the eight DISCOs. This LARF is fully endorsed by PEPCO, all the eight DISCOs, Provincial Boards of Revenue (PBR) and by the concerned Provincial and District governments in the Program areas, and hereby seeks counter-endorsement of ADB.

2. The Facility will be financed by ADB through a Multi-*Tranche* Financing Facility (MFF or the Facility) including three *tranches*, each covering a number of subprojects. The Facility appraisal includes the appraisal of the first MFF *tranche* which involves subprojects targeting the expansion of existing grid stations through addition of transformers, construction of new grid stations, and installation of 132kV or 66kV transmission lines of various lengths. Based on the ADB operational policies regulating MFF proceedings all subprojects within a proposed *tranche* will have to be fully prepared. This will include, for subprojects entailing LAR, full LAR documentation, including if needed Land Acquisition and Resettlement Plans (LARPs)¹.

3. Prior to MFF appraisal this LARF will be translated into Urdu, distributed (in English and Urdu) to the respective DISCOs and subproject's Field Offices as a public document available to the AP communities upon request, and will be posted on the ADB website.

B. LAR PROCESSING REQUIREMENTS

4. LAR will follow Pakistan law and ADB's Policies on Involuntary Resettlement (1995), and Operations Manual F2 on Involuntary Resettlement (2003). Based on ADB policy and practice the appraisal of the MFF and each specific *tranche* and the approval of the implementation of subprojects under a *tranche* will require the preparation of a number of documents as follows:

- (i) a Land Acquisition and Resettlement Framework (LARF) for the whole financial facility and applicable to all subprojects. The LARF will be reviewed, if necessary updated, and resubmitted for ADB and Government approval as a condition to approve each new *tranche* under the Facility.

¹ It should be noted that, in fact, only part of the subprojects under this MFF will require LAR as some of the grid stations and transformers will be installed within existing grid station areas or on land already owned by the respective Discos. However, all the new transmission lines will require LARPs mainly crop compensation.

- (ii) an Initial Poverty and Social Assessment (IPSA) initially for the whole Project and if necessary for each of the subsequent *tranches*, indicating whether LAR impacts are likely to occur, type of impacts, likely magnitude, and whether there may be Indigenous Peoples (IP) affected; and
- (iii) if in a specific project under a tranche LAR is needed, either a LAR Due Diligence Report (DDR) or a Land Acquisition and Resettlement Plan (LARP) based on detailed design. The DDR, to be prepared in cases where the ADB policy on involuntary resettlement will not be triggered (see below), will provide detailed information on how land has been acquired. The LARP, to be prepared when instead the ADB policy on involuntary resettlement will apply, will include detailed compensation and administration budgets, institutional arrangements, and implementation schedules relating to the compensation and relocation/rehabilitation processes prior to the initiation of civil and installation works.

5. As detailed in the *Operations Manual (OM) Section F2/OP & BP (2006)*, a LARP content and complexity varies depending on the degree of impacts severity of a subproject. When impacts are considered *severe* [> 200 AP resettled or suffering $>10\%$ income losses], a subproject is classified as category “A” and a full LARP is to be prepared (Annex A). On the other hand, when losses are non- *severe* [<200 AP to be resettled or suffering $<10\%$ income losses], a subproject is classified as category “B” and only a short LARP is to be prepared (Annex B).

6. Based on ADB policy and practice, the appraisal of the MFF and each specific *tranche* and the approval of the implementation of subprojects under a *tranche* will be based on the following LAR-related conditionalities:

- (i) **MFF and first *tranche* appraisal:** Conditional to the preparation of: (a) a LARF for the whole MFF acceptable to ADB and (b) separate LARPs/DDR for all subprojects requiring LAR included the first *tranche*.
- (ii) **Following *tranches* appraisal:** Conditional to: (a.) review/update of the LARF (if necessary), and (b.) preparation of a LARP/DDR consistent with the revised LARF for each project requiring LAR.
- (iii) **Provision of notice to proceed to the subproject contractors:** Conditional to the full implementation of the LARP for each relevant subproject. Such a condition will be clearly spelled out in the text of the civil works contract, including satisfactory rehabilitation of all the private, communal and public infrastructure that may be damaged during the course of the subproject implementation.

7. To fit the above requirements PEPCO in consultation with all the eight DISCOs has (i) prepared: this LARF; (ii) fully designed all subprojects under *tranche 1*; and (iii) prepared 1 Short LARP + DDR for one subproject; 6 Short LARPs for other 6 subprojects and 1 DDRs for one final subproject.

C. EXPECTED PROJECT IMPACTS

8. Impacts on land and assets, resettlement, and income rehabilitation needs vary according to the type of infrastructure built under The Facility, namely: (i) new grid stations/substations; (ii) secondary transmission lines (STL) and (iii) distribution lines (DL).

(i) Grid Stations/substations. In the case of new grid stations and substations under

the Secondary Transmission Grid (STG) component of The Facility new land may have to be acquired. In such a case this will be done according to various modalities which in some cases may trigger the ADB resettlement policy and the right of eminent domain.(see below D).

(ii) Secondary Transmission/Medium voltage Distribution Lines (33 kV and above).

In the case of Lines 33kV and above land may have to be acquired when tower bases permanently affect land. For urban/rural residential-commercial land this will be always the case while for rural/agricultural land this will be so when access and cultivation under a new tower will not be possible. Beside land acquisition, the construction of towers and TLs may require the acquisition of houses and will require rehabilitation for income losses due to impacts on businesses, crops or tree losses.

(iii) Medium Voltage Distribution Lines (up to 11 kV). In the case of Lines (up to 11kV) land will not have to be acquired since these are small lines built on small poles which are commonly sited in public land along roads before entering the plot of the final beneficiary who requested the line extension and pays for it. In order to ensure that this will always be the case The loan agreement includes a covenant stating that lines up to 11 kV requiring land acquisition or negatively affecting land under private use are not eligible under the Facility.

D. LAND ACQUISITION MODALITIES AND APPLICATION OF THE ADB INVOLUNTARY RESETTLEMENT POLICY

9. All the eight DISCOs being the community service organizations supplying power for public use, have already adopted well established modes to acquire the land needed to build their power distribution enhancement projects. These modes include

- (1) **Voluntary provision (donations) of unoccupied land** for the installation of a grid station by the community requesting linkage to the power grid, such as planned housing development schemes and industrial estates;
- (2) **Acquisition of unoccupied Government owned land** against a negotiated price;
- (3) **Free Purchase of unoccupied land on the market** from a willing seller at a negotiated price; and,
- (4) **Involuntary land acquisition** under Land Acquisition Act, 1894 (amended), through the concerned Provincial Board of Revenue (BOR) and/or the concerned District's Land Acquisition Collector (LAC). This is always the last options, when all the first three options are not feasible, as this option often involves: (i) adverse impacts on affected persons/families and communities; (ii) high costs; (iii) lengthy procedures; and, (iv) processing delays.

10. Of the above, modes 1, 2, and 3 are adopted for the acquisition of land for facilities that do not imply the right of eminent domain nor trigger the ADB policy on Involuntary Resettlement. These facilities are essentially grid stations that do not need a specific construction place. Mode 4, on the contrary, implies the ultimate possibility of land expropriation and is subjected to the full preparation and implementation of LARPs as required by the ADB policy. Mode 4 is the only viable approach for the acquisition of land for a station that needs to be located in one specific place, and for the acquisition of land related to transmission lines.

11. Based on the above, ADB will approve the selection of projects with land acquired under Mode 1, 2, and 3 without the preparation of a LARP and based only on a Land

Acquisition Due-Diligence Document (LADDD) clearly documenting:

- (i) identity and legitimate property (title) of the previous owner;
- (ii) market value of plot and proof of purchase with amount value paid for it;
- (iii) the fully voluntary nature of the sale or donation through signatures, and
- (iv) that the acquired plot is not rented, encroached, encumbered, or with liens.

12. In case of projects involving land acquisition to be carried out under method 4 or even under the other methods when the plots to be acquired are rented out or occupied by encroachers, ADB will approve project implementation only if a LARP as defined below is prepared and fully carried out before the implementation of the subproject.

13. Box 1 summarizes the above.

Box 1: Land Acquisition Options and Application of the LARF

Modality	Status/Use of Land	Land Transfer to DISCO	Documentary Requirement
0 No Land acquisition	Within the bounds of existing grid station, with no expansion	No transfer	ADB's IR & IP Categorization Forms
1 Voluntary land donation by company/community	(a) Vacant plot without legal/illegal users	Transfer of land to DISCO based on donation agreement	LARDDR
	(b) Plot with Legal or Illegal users		Short/Full LARP
2 Public land purchase	(a) Vacant plot without legal/illegal users	Transfer of land to DISCO based on agreed price	LARDDR
	(b) Plot with Legal or Illegal users		Short/Full LARP
3 Free Purchase of Land on the market.	(a) Titled plot without legal/illegal users	Transfer of land against a mutually agreed land price	LARDDR
	(b) Titled plot with legal/illegal users		Short/Full LARP
4 Involuntary land acquisition under eminent domain	Owned/Possessed by Private Landowners (legal or Illegal). Likely in case of transmission lines.	Transfer of land to DISCO for cash compensation to affected persons (AP) through LAC	Short/Full LARP

E. LARP PREPARATION AND IMPLEMENTATION

14. LARP preparation activities will be initiated as part of the preparation of each *tranche* appraisal. Following the completion of detailed design each LARP will be reviewed and if necessary updated prior to its implementation. The design and supervision Consultant will have both international and local LAR capacity sufficient to cover all LAR planning and implementation needs for the first three year of the *tranche* implementation. ADB will provide capacity to the Pakistan Resident Mission in Islamabad for the review and approval of Category "B" Short LARPs and Category "C" (No Impact) IR and IP Categorization Forms. However, the Category "A" Full LARPs will be reviewed and approved by the Regional Department at ADB headquarters in Manila.

F. INDIGENOUS PEOPLES AND VULNERABLE GROUPS

15. If the IPSA undertaken for each subproject shows that there exist Indigenous Peoples (IP) who are likely to be negatively affected, special attention will need to be given to identify and address their special compensation, rehabilitation and/or developmental needs. The general approach on IP issues for The Facility has been defined in the Indigenous Peoples Development Framework (IPDF) prepared by PEPCO as a condition to The Facility appraisal. Based on the IPDF when a subproject will cause impacts on IPs the preparation of either an IPDP or a 'special action' included in the LARP will be required.

16. For what concerns LAR, the LARPs prepared and implemented in Tribal areas will surely

have to be adapted to the specific administrative situations in those areas and to the features of local society and land administration which are radically different from those of mainstream society. As long as the impacts of a subproject are limited to LAR effects affecting single social units the adaptation work to be done will essentially be the production of a culturally sensitive LARP. However, if the subproject causes impacts that negatively affect broad communities and have systemic effects on livelihoods and cultural systems, a self-standing IPDP inclusive of specific budgets and schedules will have to be prepared and implemented.

17. Special attention will also be given to identifying and addressing the needs of disadvantaged groups such as the landless, the poor, female-headed households, the elderly and the disabled, through measures included in the resettlement plan to try and improve (over and above cash compensations and restoration of) their livelihoods.

G. LEGAL AND POLICY BACKGROUND

G.1. Policy Provisions, Eligibility and Entitlements

18. For what concerns matters of land acquisition relative to subprojects requiring the application of the right of eminent domain, LAR will be regulated by different bodies of law, in particular the Land Acquisition Act (LAA) of 1984 covering land acquisition for stations and towers in urban areas and the Telegraphic Act of 1885 covering the construction of towers in rural areas. The Katch Abadi Act of 1997 will cover the rehabilitation of affected squatters.

G.2 Pakistan's Law and Regulations on Land Acquisition and Resettlement

a. Land Acquisition Act, 1894

19. With the exception of impacts caused by poles and towers for public utilities land acquisition in Pakistan is regulated by the Land Acquisition Act, 1894 (LAA) with its successive amendments is the main law regulating land acquisition for public purpose. The LAA has been variously interpreted by local governments, and some province has augmented the LAA by issuing provincial legislations. The LAA and its Implementation Rules require that following an impacts assessment/valuation effort, land and crops are compensated in cash at market rate to titled landowners and registered land tenants/users, respectively. The LAA mandates that land valuation is to be based on the latest three years average registered land sale rates, though, in several recent cases the median rate over the past year, or even the current rates, have been applied. Due to widespread land under-valuation by the Revenue Department, current market rates are now frequently used with an added 15% Compulsory Acquisition Surcharge as provided in the LAA.

20. Based on the LAA, only legal owners and tenants registered with the Land Revenue Department or possessing formal lease agreements, are eligible for compensation or livelihood support. The rights of the non-titled are however addressed under the 1986 Punjab Jinnah Abadis for Non-proprietors in Rural Areas Act which recognize to squatters the right to receive rehabilitation in form of a replacement plot. It is to be noted that this right has been sometimes extended in practice to include some form of rehabilitation in cash or in forms different from land. Projects such as Chotiari Dam, Ghazi Barotha Hydropower, and National Highways Improvement, have awarded compensation and assistance to unregistered tenants and other forms of AH (sharecroppers/squatters).

21. It is also noted that the LAA does not automatically mandate for specific rehabilitation/assistance provisions benefiting the poor, vulnerable groups, or severely affected AHs, nor it automatically provides for rehabilitation of income/livelihood losses or resettlement

costs. This however it is often done in many projects in form of ad hoc arrangements based on negotiations between a specific EA and the AHs.

22. As noted above, there are exceptions to the rule and the law is broadly interpreted at provincial level depending on operational requirements, local needs, and socio-economic circumstances. Recourse is often taken to ad hoc arrangements, agreements and understandings for resettlement in difficult situations. The above is also influenced by the fact that an amendment of the LAA has been considered necessary by the Ministry of Environment. Accordingly, a National Resettlement Policy and a Resettlement Ordinance have been drafted to broaden LAA provisions and current practices so as to widen the scope of eligibility, but both these documents are still awaiting Government approval for implementation.

b. Telegraph Act (TA), 1885

23. In case of impacts caused by poles and towers for public facilities and transmission lines land acquisition is not regulated by the LAA but instead by the Telegraph Act, 1885 (amended in 1975). The TA has been adopted by the DISCOS for the construction and maintenance of transmission/distribution lines. The TA was conceived in the British era for telegraphic poles and then was passed to post-independence Pakistan with a broader application covering also electric poles and towers. The original provision of this law was that the land occupied by telegraph poles was not to be compensated (only crops destroyed during the erection of the pole were compensated). This was based on the logic that a pole, covering only a negligible land area, does not cause substantial impacts to land users. This however is no longer the case once the same provision is extended to transmission towers.

24. The Telegraph Act (section 11) confers powers on the DISCOS to enter private lands and (section 10) construct/maintain electric poles and lines without the need to acquire the land affected and paying compensation for it. However sub-section 10 (d), provides that a DISCO is required to avoid causing unnecessary damages to the affected land and associated assets. Finally section 16 provides that if any such damage occurs (i.e. damages to crops, irrigation facilities, land quality or land income) The Facility proponent has to provide just compensation for the damages caused.

25. To accommodate the APs needs under this Program the DISCOs have agreed to apply the Telegraphic act liberally by: (i) compensating at market rates all land occupied by towers in urban areas; (ii) by avoiding land impacts in rural areas through the use of towers with sufficient vertical clearance to allow the continuation of unrestricted farming and animal grazing, and (iii) if the construction of such towers is impossible, by compensating the land occupied by tower bases land also in rural areas. In addition the DISCOs will compensate by default all crops expected to be affected by the 3 major DL construction phases: (i) construction of tower bases; (ii) tower erection; and (iii) stringing.

c. The Katchi Abadi Act (KAA) of 1987

26. The Katchi Abadi Act (KAA) covers the urban squatters rehabilitation rights by providing plots in public resettlement areas or cash assistance. Based on the KAA the DISCOs will provide rehabilitation compensation to eventual squatters/encroachers affected by The Facility.

G.3 ADB's Involuntary Resettlement Policy

27. The ADB *Policy on Involuntary Resettlement* is based on the following principles:

- Involuntary resettlement is to be avoided or at least minimized.

- Compensation must ensure the maintenance of the AHs' pre-project living standards.
- Compensation is required for any AH who as a result of a project has their access to, or use of, land restricted.
- AHs should be fully informed and consulted on LAR compensation options.
- AHs' socio-cultural institutions should be supported/ used as much as possible.
- Compensation will be carried out with equal consideration of women and men.
- Lack of formal legal land title should not be a hindrance to rehabilitation.
- Particular attention should be paid to households headed by women and other vulnerable groups, such as indigenous people and ethnic minorities, and appropriate assistance should be provided to help them improve their status.
- LAR should be conceived and executed as a part of a subproject, and the full costs of compensation should be included in project costs and benefits.
- Compensation/rehabilitation assistance will be paid prior to ground leveling and demolition.

G.4 Comparison of Land Acquisition Act and ADB Resettlement Policy

28. Table 1 below outlines the differences between Pakistani Law and ADB policy.

Box2 Pakistan and ADB Land Acquisition Policies

Pakistan's Land Acquisition & Telegraph Acts	ADB Involuntary Resettlement Policy
Land compensation only for titled landowners or holders of customary rights.	Lack of title should not be a bar to compensation and/or rehabilitation. Non-title-holders are to be rehabilitated.
Crop losses compensation provided only to registered landowners and lease/sharecrop tenants (Non-registered are often deprived).	Crop compensation are provided to landowners and sharecrop/lease tenants according to their shares whether they are registered or not
Tree losses are compensated on the basis of officially fixed rates by the Forest and Horticulture departments	Tree losses are compensated according to actual worth of Affected trees based on market rates.
Land valuation based on the median registered land transfer rate over the previous 3 years.	Land valuation is to be based on current replacement (open market) value.
Structures valuation based on official rates, with depreciation deducted from the structure gross value.	Valuation of built-up structures is based on current market value/cost of new construction of the structure
Land Acquisition Collector (LAC) or District Judge (in case of the Telegraph act) are the final authorities to decide disputes and address complaints regarding quantification and assessment of compensation for the affected lands and other assets	Complaints and grievances are resolved informally through community participation in the Grievance Redress Committees (GRC), local governments, NGO and/or local-level community based organizations
The Telegraph act (TA) provides that land for tower construction or under a transmission line is not to be acquired or compensated as long as the land's permanent productive potential is not affected. Under the TA therefore only temporary impacts on crops are compensated.	Based on ADB policy all land impacts are to be compensated. As urban/residential-commercial land is affected both if a tower provides clearance or not, the TA provisions have been modified for this project so as to address damages that a tower causes to plots with real estate value. For this project urban and commercial or residential plots whether urban or rural will be fully acquired and compensated at market rates. The same will happen in case of rural/agricultural land when the land under a tower is no longer usable or access o it is restricted.

G.5 Remedial Measures to Bridge the Gap

29. In principle, Pakistan Law and ADB Policy adhere not only to the objective of AH compensation, but also to that of AH rehabilitation. However, Pakistan law is unclear on how

rehabilitation is to be achieved and in practice the provision of rehabilitation is left to ad hoc arrangements of local governments and project proponents. To clarify these issues and reconcile gaps between Pakistani Laws and ADB Policy, MEPCO will comply with the LARF prepared for the program, ensuring compensation at replacement cost for all items affected, the rehabilitation of informal settlers, and the provision of subsidies or allowances for any AHs that may be relocated, suffer business losses, or who may be severely affected.

G.6 Land Classification

30. In terms of application of the LARF prepared for the program, identifying the type of land affected is an important step in determining whether land is to be compensated or not. According to the LARF, the land classification, as well as, land use will be the basis for identifying the affected lands. They are: (i) urban versus rural lands; and, (ii) residential/commercial versus agricultural lands.

31. Urban or residential/commercial land affected by tower construction both in rural and urban areas will be considered as acquired permanently and land compensation will be paid to the affected households. Agricultural land in rural areas, instead, will not be considered as permanently affected as long as permanent cultivation and access remains possible under a tower and therefore will not be acquired and compensated. However, when land under a tower become un-accessible agricultural /rural land will be considered as permanently affected and as such acquired and compensated.

32. For The Facility Urban and Rural areas will be identified based on the official records of the board of revenue.

33. Also for The Facility residential, commercial and agricultural plots will be identified based on the classification provided by district revenue records or based on the actual use of the affected land prior to the entitlements cut-off date. In case of discordance between revenue records and actual use the latter will prevail.

H. COMPENSATION ELIGIBILITY AND ENTITLEMENTS FOR THE FACILITY

34. LAR tasks based on the principle of eminent domain will be implemented according to a compensation eligibility and entitlements framework in line with both Pakistani law/regulation and ADB Policy. A summary entitlements matrix is provided in Box 2, next page.

H. 1 Eligibility

35. APs entitled for compensation or, at least provisions for rehabilitation assistance under The Facility are:

- All APs losing land whether covered by legal title/traditional land rights or without any legal/traditional status;
- Tenants and sharecroppers whether registered or not;
- Owners of buildings, crops, plants, or other objects attached to the land, irrespective of their legal status;
- APs losing business, income, and salaries;
- Rehabilitation all affected private, communal and/or public infrastructure to their original status and usage levels.

Box 3 - Compensation Eligibility and Entitlements Matrix

Asset	Specification	Affected People	Compensation Entitlements
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Land permanently acquired for sub-station	Donated/bought on the open market 2. Acquired via right of eminent domain	Land owners	1. if donated or voluntarily sold ADB Policy is not triggered 2. If acquired via exercise of the right of eminent domain land will be compensated at full market value.
Arable Land temporarily affected by construction of towers or TL.	Access is not restricted and existing or current land use will remain unchanged by the construction of towers and transmission line	Farmer, Titleholder	No land compensation provided that land is rehabilitated/restored to former quality following completion of works. Compensation, in cash, for all damaged crops and trees as per item below
		Leaseholder (registered or not)	No land compensation provided that the land is rehabilitated/restored to former quality following completion of works. Compensation, in cash, for all damaged crops and trees as per item below
		Sharecroppers (registered or not)	Compensation, in cash or kind, for all damaged crops/trees as per item below
		Squatters	Compensation, in cash, for all damaged crops/trees as per item below
Arable Land where tower/TL construction restricts access or agricultural use.	All adverse effects on land use independent of severity of impact	Farmer, Titleholder	Land for land compensation with plots of equal value and productivity to the plots lost; or cash for affected land at replacement cost based on market value plus 15% compulsory acquisition surcharge and free of taxes, registration, and transfer costs
		Leaseholder (registered or not)	Renewal of lease in plots of equal value/productivity of plots lost, or Cash equivalent to market value of gross yield of affected land for the remaining lease years (up to a maximum of 3 years).
		Sharecroppers (registered or not)	Cash compensation equal to market value of lost harvest share once (temporary impact) or twice (permanent impact)
		Agricultural workers	Cash indemnity equal to salary (including portions in kind) for remaining part of agricultural year.
		Squatters	1 rehabilitation allowance equal to market value of 1 gross harvest (additional to crop compensation) for land use loss.
	Additional for severe impacts (>10% of land loss)	Farmer, Titleholder Leaseholder	1 severe impact allowance equal to market value of gross harvest of affected land for 1 year (inclusive of winter and summer crop and additional to standard crop compensation)
		Sharecroppers (registered or not)	1 severe impact allowance equal to market value of harvest share (additional to standard crop compensation)
		Squatters	1 severe impact allowance equal to market value of gross harvest of the affected land for 1 year (inclusive of winter and summer crops and additional to standard crop compensation)
Residential/ Commercial Land affected by towers/ TL	Future usage of the land will get restricted permanently	Titleholder	Land for land through provision of plots comparable in value/location to plot lost; or cash for affected land at full replacement cost free of taxes, registration, transfer costs plus 15% compulsory acquisition surcharge.
		Renter, Leaseholder	1-3 months allowance based on current monthly rent
		Squatters	Relocation in a public resettlement area or a self-relocation allowance
Houses and Structures	Affected houses /structures will be demolished	relevant AHs/ squatters	Cash compensation at replacement rate for affected structure/other fixed assets free of salvaged materials, depreciation transaction costs. For partial impacts full cash assistance to restore structure.
Crops	Crops affected (damaged/lost)	All AHs/ squatters	1. <u>Tower impacts</u> : Crop compensation in cash at full market rate based on actual impact for a maximum of 3 harvests 2. <u>Line corridor stringing</u> : cash compensation at market rate of 1 harvest.
Trees	Trees removed	All AHs/ squatters	Cash compensation shall reflect income replacement
Business Employment	loss of business or employment	All AH/ squatters	Owner: (i) Cash compensation equal to 1 year income, if loss permanent; (ii) cash compensation for the period of business interruption, if loss is temporary. Worker/employee: lost wages indemnity for the business interruption period up to 3 months
Relocation	Transport, Transition costs	All AHs so affected	Provision of sufficient allowance to cover transport expenses and livelihood expenses for one month.
Community	structures & installations	concerned community	Rehabilitation/substitution of affected structures/utilities (i.e. mosques, roads, schools etc.
Vulnerable AH		AH below poverty	Employment priority in project-related jobs.

36. Compensation eligibility will be limited by a cut-off date to be set for each subproject on the day of the beginning of the impact assessment and inventory taking exercise in field. APs who settle in the affected areas after the cut-off date will not be eligible for any such

compensation or assistance. They, however will be given sufficient advance notice to request to vacate the premises and dismantle affected structures prior to subproject implementation. Their dismantled structures will not be confiscated and they will not have to pay any fine or sanction. Forced eviction will only be considered after all other efforts are exhausted with sufficient time intervals, so as not to effect subproject implementation.

H.2 Compensation Entitlements Compensation Entitlements

37. Entitlement provisions for AHs affected by restricted access to, or use of, land, and income losses and rehabilitation subsidies will include provisions for such land losses, house and buildings losses, crops and trees losses, a relocation subsidy, and a business losses allowance based on tax declarations and/or lump sums. These entitlements are detailed below:

- Agricultural land impacts will be compensated based on whether an AH's access to, or use of, their land is restricted. For AHs whose access to, and use of agricultural land is not restricted i.e. they can continue to cultivate the land, compensation will be for removed or damaged crops and trees. For AHs whose access to, and use of, agricultural land is restricted i.e. they cannot continue to cultivate the land, compensation will be at replacement value in: (i) cash at current market rates plus a 15% compulsory acquisition surcharge, or (ii) through replacement land equal in value/productivity to the plot lost. When >10% of an AH income or agricultural land is affected, AHs (owners, leaseholders and sharecroppers) will get an additional allowance for severe impacts equal to the market value of a year's gross yield of the land lost (inclusive of both winter and summer harvest). Eventual transaction taxes/fees will be paid by MEPCO or waived by the local governments. Market rates will be assessed through a survey of prevalent land prices in subproject areas. The assessment will be carried out by local government financing institutions.
- Residential/commercial land will be compensated at replacement value either (i) in form of land for land or, (ii) cash at current market rates free of deductions for transaction costs. Renters/leaseholders will receive an allowance corresponding to a 3 months rent.
- Houses, buildings, structures will be compensated in cash at replacement cost free of depreciation, salvaged materials, and transaction costs deductions. The compensation for houses/buildings will include the cost of lost water and electricity connections.
- Crops: Cash compensation at current market rates for the harvest actually lost up to 3 harvests being as it may be winter or summer crop for areas affected by towers; 1 harvest being as it may summer or winter crop for land affected by line stringing. Compensation will be paid both to landowners and tenants based on their specific sharecropping agreements.
- Trees: Cash compensation shall reflect income replacement (see below).
- Business workers and employees: Indemnity for lost wages for the period of business interruption up to a maximum of 3 months.
- Businesses: compensation for permanent business losses will be in cash for a 1-year income based on tax declaration or, if unavailable, based on the official minimum salary; compensation for temporary business will be cash covering the income of the interruption period based on tax declaration or, unavailable, official minimum salary.

- Agricultural land leaseholders, sharecroppers, and workers: Where the access to, or use of, the land is restricted; Affected leaseholders will receive either a renewal of the lease in other plots or cash corresponding to the yearly yield of land lost for the remaining years of the lease up to a maximum of 3 years. Sharecroppers will receive their share of harvest at market rates (if impact is temporary) plus 1 additional crop compensation (if the land is lost permanently).
- Agricultural workers, with contracts to be interrupted, will get an indemnity in cash corresponding to their salary in cash and kind for the remaining part of the agricultural year (inclusive of both winter and summer crop).
- Relocation subsidy: AHs forced to relocate will receive a relocation subsidy sufficient to cover transport costs and living expenses for 1 month.
- House renters: House renters who have leased a house for residential purposes will be provided with a cash grant of 3 months' rent at the prevailing market rate in the area and will be assisted in identifying alternative accommodation.
- Community structures and public utilities: Will be fully replaced or rehabilitated so as to satisfy their pre-project functions.
- Vulnerable people livelihood: Vulnerable people (AHs below the poverty line) will be given priority in employment in project-related jobs.

H.3 Assessment of Compensation Unit Values

38. The methodology for assessing unit compensation values of the different items is described as follows:

- (i) Land shall be valued at replacement cost based on a survey of land sales in the period immediately before or after the impact survey.
- (ii) Houses will be valued at replacement value based on cost of (new) construction materials, type of construction, labor, transport and other construction costs.
- (iii) Seasonal/annual crops will be valued at net market rates at the farm gate for the first year crop. In the eventuality that more than one year's compensation is due to the APs if the crops after the first will be compensated at gross market value.
- (iv) Perennial crops (fruit and wood trees) will be valued based on age and productivity category (a. seedling; b. not yet productive; c. productive). Productive trees will be valued at gross market value of one year's income multiplied by the number of years needed to grow a new tree with the productive potential of the lost tree.

I. PROVISION OF LAND FOR LAND COMPENSATION

39. When Land for land is the chosen land compensation option (such an option is envisaged in particular when the APs are squatters), the LARP will locate on map the replacement plots and will identify the associated technical features (service roads, drainage, sanitation, water supply and electricity facilities to be provided) and relative site-preparation costs. The relocation will be carried out keeping in view the socio-cultural and religious profiles of both APs and host communities and by minimizing as much as possible the distance of new plots from the old ones.

J. GENDER IMPACT AND MITIGATION MEASURES

40. In general about one half of the total affected population is composed by women. Women absorb important economic roles in project areas and engage in a very wide range of income making activities in the agricultural and marketing sector. The Facility will pay particular attention to ensure that women are the recipients of the compensation pertaining to their activities and to ensure that women who are household heads are clearly listed as beneficiaries of compensation and rehabilitation proceedings under the loan. In order to ensure the above the following actions will be considered:

- Include women in the impact enumerators;
- Conduct gender-disaggregated AP censuses to pinpoint how many women are likely to be affected by a subproject and establish their pre-Project conditions;
- Include women as major participants in the consultation processes;
- Emphasize effect of LAR impacts on women in monitoring and evaluation of LARP;
- Giving access to women and poor households to skills training and assistance for new employment opportunities;
- Jointly register land use rights in the names of husband and wife in instances where households are allocated alternative agricultural and/or residential land;
- Follow participation and consultation strategies that encourage the involvement of women, ethnic minorities and poor households in resettlement planning and implementation;
- Pay Attention to complaints and grievances lodged by women, ethnic minorities and poor households;
- Give access of women and poor households to project related employment opportunities; and,
- Include Women government officials in the coordinating committees established to facilitate LARP preparation and implementation.

K. PUBLIC PARTICIPATION AND DOCUMENTS DISCLOSURE

41. Provincial, district, *tehsil*, and village officials will be informed about a subproject, and their assistance will be solicited in the conduct of the inventory of affected assets and the census of APs. Also, prior to the finalization of the LARPs, and its submission to the DISCO, the APs will be thoroughly informed on the results of the census and inventory of impacts, and their preferences on compensation and/or other resettlement assistance will be given due consideration. The processes and mechanisms ensuring the active involvement of APs and other stakeholders will be detailed in the LARPs which will also include an appendix with date, list of participants, and minutes of consultation meetings.

42. The LARF will be made available, both in English and Urdu languages, to the APs at the relevant PIU office, once subprojects are identified and prepared. The English versions of both LARF and all Subproject LARPs will be disclosed on ADB website after the same are endorsed by PEPCO and/or respective DISCOS, prior to contract signing and LARP implementation, and kept at PEPCO and DISCO offices as a public document accessible to all stakeholders especially the APs. Each LARP will be summarized into a pamphlet form, containing information on all necessary items, especially the compensation eligibility and entitlement provisions, translated into Urdu and distributed to all the AP/AF/AHs.

L. INSTITUTIONAL ARRANGEMENTS

L.1 DISCOS

43. The DISCOs as Implementing Agencies (IAs) will have direct LARP preparation, implementation and financing responsibility of LAR tasks and cross-agency coordination. Within the DISCOs all day-to-day LAR tasks will be managed by a Social Development Cell (SDC), which will organize and internally monitor LARP preparation/implementation (including surveys, asset valuation, public consultation), cross-agency coordination, and LARP approval. In implementing these tasks the SDC will be assisted by:

- (i) A **Resettlement Specialists team** to be hired under the Supervision Consultants which will assist in LAR planning, implementation, internal M & E and training of DISCOs and the concerned district governments in line with the requirements of the ADB resettlement policy;
- (ii) A **local NGO and impact assessment/valuation team** will be hired to provide assistance in on-site LARP preparation, for carrying out surveys, base-line information gathering, and/or AP consultation and public relations;
- (iii) An **independent agency** will be hired to conduct periodic external monitoring and evaluation, or third party validation of implementation of LARP activities

L.2 District Governments

44. District governments have jurisdiction for land administration, valuation and acquisition. At the Provincial level these functions rest on the Board of Revenue while at District level they rest on the District Collector Office (DCO) and within the DCO on the Land Acquisition Collector (LAC). A number of minor agents, most notably the *Patwari*, (the land records keeper), carry out specific roles such as titles identification and verification (see Figure 1). Functions pertaining to compensation of assets different from land (i.e buildings and crops) or income rehabilitation also fall on the local governments, more specifically on the relevant District Department.

Figure 1: Organogram of District Land Acquisition Collector (LAC) Office



L.3 Other Agencies and Institutions

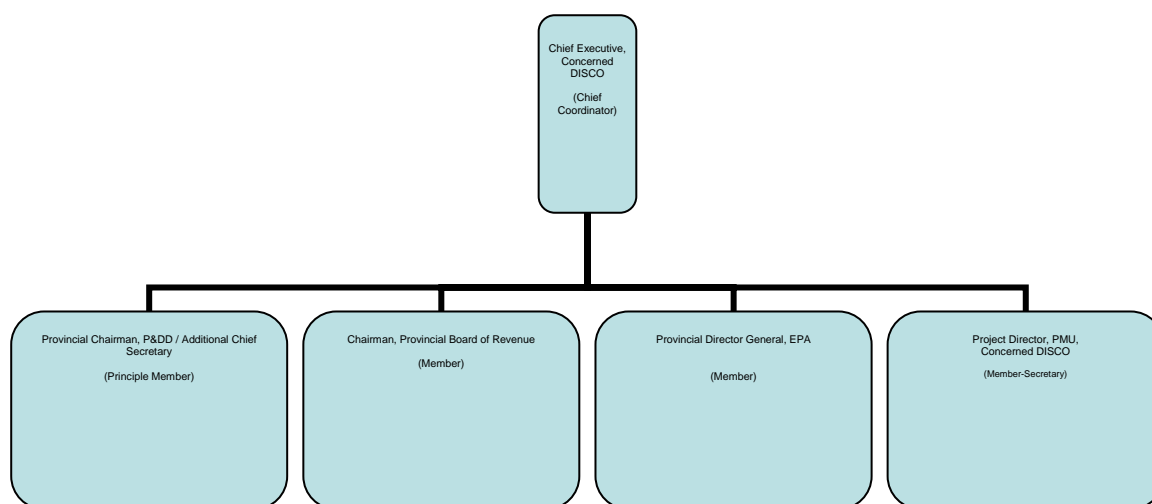
45. ADB clearance of category “B” LARPs and category “C” (No Impacts: IR & IP categorization forms) subprojects will be provided either by an ADB Resettlement Specialist hired at the ADB’s Pakistan Resident Mission (PRM) in Islamabad, or by a third party organization with LAR capacity chosen by ADB. Category “A” projects will be cleared at ADB Headquarters in Manila, Philippines. In addition, the Federal and the concerned Provincial Environmental Protection Agencies (EPAs) may also approve the LARF and the subsequent LARPs, as part of their Environmental Impact Assessment (EIA) exercise in their respective jurisdictions, on behalf of the Federal/Provincial Governments.

L.4 Coordination Initiatives

46. The various agencies and actors above identified need to be carefully coordinated so as to obtain effective, smooth and timely AP compensation and LARP implementation. To this end a LAC will be directly assigned to the DISCO and 3 coordination/consultation committees will be established at the top and the bottom levels of the LAR process²: The organograms of the three committees are presented in Figures 2 to 4.

- (i) A **LAR Steering Committee (LSC)** at Provincial level including the: (i) Chief Executives of the respective DISCO; (ii) Provincial Chairman, Planning and Development Department, or Additional Chief Secretary; (iii) Chairman, Provincial Board of Revenue; (iv) Provincial Director General, EPA; and, (v) Project Director, PMU (Figure 2). The committee will meet periodically to ensure proper and timely formation of Advisory Committees at the concerned districts, and to facilitate LARP approval and implementation processes.

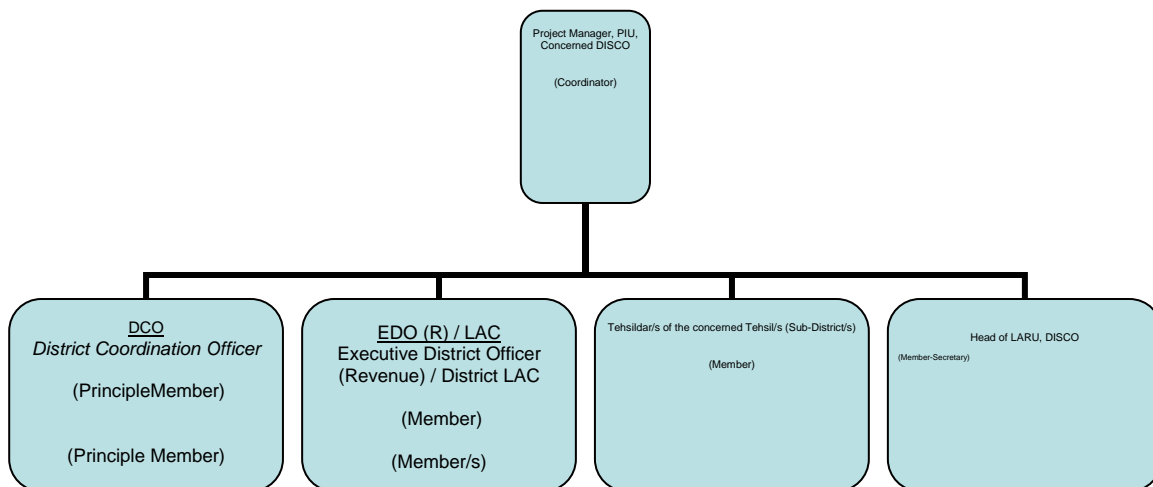
Figure 2: Organogram of LAR Steering Committee



- (ii) A **LAR Coordination Committee (LCC)** to be formed in each relevant district to provide a coordinating node for the preparation and implementation of LARPs (in particular execution of surveys, valuation of assets, AP consultation, and local approval of LARP provisions). The committee formation will be initiated by the PMU and will include representatives of PIU, LARU, DCO and DOR of the concerned districts, *Tehsildar/s* and *Nazim/s* of the Union Council/s representing the APs (Figure 3).

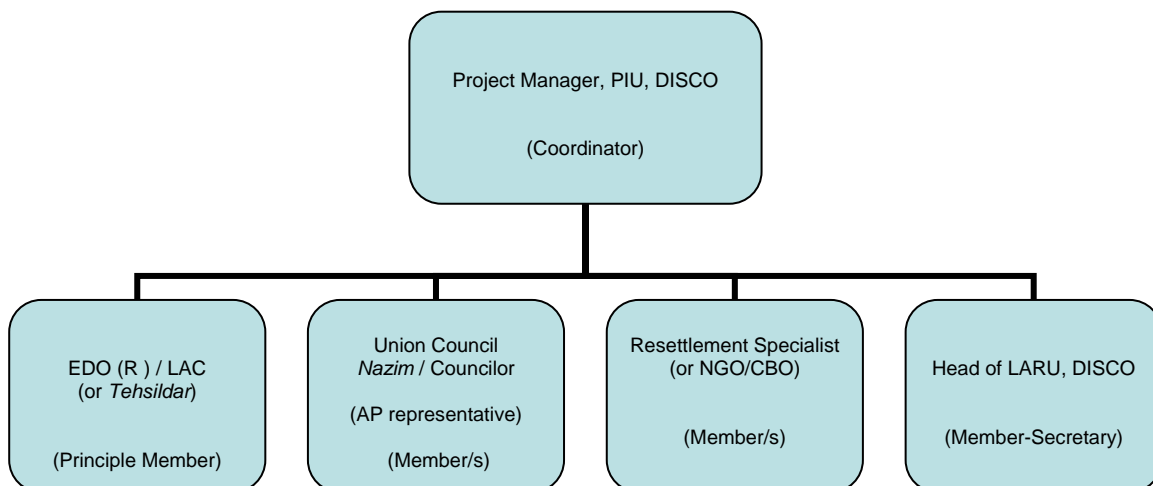
Figure 3: Organogram of LAR Coordination Committee

² The administration of tribal areas is radically different from that of settled districts, which has been assumed as model in this LARF. For subprojects in tribal areas the local government is represented by the Political Agent and his deputies and local communities are represented by tribal jirgas, and/or the officially recognized Maliks. LARP for subprojects in tribal areas will have an organization setting fitting local specificities.



(iii) A **Grievance Redressal Committee (GRC)**: inclusive of a representative of the PIU and LARU, Union Council *Nazim/s*, and Resettlement Specialist (Consultant) or local NGOs/CBOs (Figure 4). This group to be organized at the beginning of project implementation in a District by the *Nazim's* office under request by PMU, will be triggered by a grievance lodged at the level of the District. The GRC will hear the complaint, and if found justified will support its lodging at the PMU.

Figure 4: Organogram of Grievance Redress Committee



M. COMPLAINTS AND GRIEVANCES

47. A grievance mechanism will be available to allow an AP appealing any disagreeable decision, practice or activity arising from land or other assets compensation. APs will be fully informed of their rights and of the procedures for addressing complaints whether verbally or in writing during consultation, survey, and time of compensation. Care will always be taken to prevent grievances rather than going through a redressal process. This can be obtained

through careful LAR design and implementation, by ensuring full participation and consultation with the APs, and by establishing extensive communication and coordination between the community, the PMU, the LAC and local governments in general.

48. As finances will move differently for land compensation and for compensation for other items or rehabilitation (in the first case compensation funds will move from the concerned DISCO through the District Land Acquisition Collector (LAC) office to the APs, while in the second case the funds will go directly from the DISCO to the APs), Complaint and Grievances will be addressed through two different processes as described in the following Box 4:

Box 4: GRIEVANCE RESOLUTION PROCESS³

Land/crops compensation issues	Project/other items compensation issues
1. First, complaints resolution will be attempted at village level through the involvement of the LARU, NGO and informal mediators.	1. First, complaints resolution will be attempted at village level through the involvement of the LARU, NGO and informal mediators.
2. If still unsettled, a grievance can then be lodged to the LAC who has 30 days to decide on the case.	2. If still unsettled, a grievance can be lodged to the PIU/LARU, which will have 30 days to respond.
3. If no solution is reached a grievance can be lodged with support of the GRC to the PMU. The AP must lodge the complaint within 1 month of lodging the original complaint and must produce documents supporting his/her claim. The PMU will provide a decision within 21 days of registering the complaint. The PMU decision must comply with this LARF.	3. If no solution is reached a grievance can be lodged with support of the GRC to the PMU. The AP must lodge the complaint within 1 month of lodging the original complaint and must produce documents supporting his/her claim. The PMU will provide the decision within 21 days of registering the complaint. The PMU decision must comply with this LARF.
4. Should the grievance redressing system fail to satisfy the AP, they can pursue further action by submitting their case to the appropriate court of law as per the process set out in Sections 18 to 22 of the LAA (1894, amended).	4. Should the grievance redressing system fail to satisfy the AP, they can pursue further action by submitting their case to the appropriate court of law as per the process set out in Sections 18 to 22 of the LAA (1894, amended).

N. MONITORING AND EVALUATION

49. LAR tasks under The Facility will be subjected to both internal and external monitoring. Internal monitoring will be conducted by PMU, assisted by the Design and Supervision Consultant, External monitoring will be assigned to an External Monitoring Agency (EMA) to be hired by PMU, and approved by ADB. The EMA will be chosen among the local consultants. ADB will prepare the terms of reference (TOR) for the EMAs before the LARP implementation has begun.

N.1 Internal Monitoring

50. Internal monitoring will be carried out routinely by the PMU Their results will be communicated to ADB through the quarterly project implementation reports. Indicators for the internal monitoring will be those related to process and immediate outputs and results. This information will be collected directly from the field and reported monthly to the PMU to assess the progress and results of LARP implementation, and to adjust the work Program, if necessary. The monthly reports will be quarterly consolidated in the standatrd supervision reports to ADB. Specific monitoring benchmarks will be:

- (i) Information campaign and consultation with APs;

³ In case of subprojects in tribal areas the process will instead include: (stage 2) appeal to the deputy political agent; (stage 3) appeal to the Political agent through the Jirga, and (stage 4) appeal to the court.

- (ii) Status of land acquisition and payments on land compensation;
- (iii) Compensation for affected structures (SBEs, etc.) and other assets;
- (iv) Relocation of APs;
- (v) Payments for loss of income;
- (vi) Selection and distribution of replacement land areas; and
- (vii) Income restoration activities

51. The above information will be collected by the SDC which is responsible for monitoring the day-to-day resettlement activities of a subproject through the following instruments:

- (i) review of census information for all APs;
- (ii) consultation and informal interviews with APs;
- (iii) in-depth case studies;
- (iv) sample survey of APs;
- (v) key informant interviews; and
- (vi) community public meetings.

N.2 External Monitoring

52. External monitoring will be carried out twice a year, and its results communicated to the PMU and ADB through semi-annual reports. Subprojects whose implementation time frame will be under six months will be monitored only once. Indicators for External Monitoring tasks will include:

- (i) Review/verify internal monitoring reports prepared by LARU and its field offices;
- (ii) Review the socio-economic baseline census information of pre-displaced persons;
- (iii) Identification and selection of impact indicators;
- (iv) Impact assessment through formal and informal surveys with the affected persons;
- (v) Consultation with APs, officials, community leaders for preparing review report; and
- (vi) Assess the resettlement efficiency, effectiveness, impact and sustainability, drawing lessons for future resettlement policy formulation and planning.

53. The EMA will also assess the status of project affected vulnerable groups such as female-headed households, disabled/elderly and families below the poverty line. The following will be considered as the basis for indicators in monitoring and evaluation of a subproject.

- (i) Socio-economic conditions of the APs in the post-resettlement period;
- (ii) Communications and reactions from APs on entitlements, compensation, options, alternative developments and relocation timetables etc.;
- (iii) Changes in housing and income levels;
- (iv) Rehabilitation of Small businesses and informal settlers;
- (v) Valuation of property;
- (vi) Grievance procedures;
- (vii) Disbursement of compensation; and
- (viii) Level of satisfaction of APs in the post resettlement period.

54. The EMA will carry out a post-implementation evaluation of the LARP about a year after completion of its implementation. The compelling reason for this study is to find out if the objectives of the LARP have been attained or not. The benchmark data of socioeconomic survey of severely affected APs conducted during the preparation of the LARP will be used to compare the pre and post project conditions. The EMA will recommend appropriate supplemental assistance for the APs should the outcome of the

study show that the objectives of the LARP have not been attained.

O. TRAINING IN LARP IMPLEMENTATION

55. All concerned staff both at PMU and field level involved in the land acquisition and resettlement activities, including DD/LARP, officials of local government, and NGO staff will undergo a week-long orientation and training in ADB resettlement policy and management. The training will be provided by the international specialist under the supervision contract and will cover the following topics:

- (i) Principles and procedures of land acquisition;
- (ii) Public consultation and participation;
- (iii) Entitlements and compensation & assistance disbursement mechanisms;
- (iv) Grievance redress; and
- (v) Monitoring of resettlement operations.

P. RESETTLEMENT BUDGET AND FINANCING

56. All LAR preparation and implementation costs, including cost of compensation and LAR administration, will be considered an integral part of Project cos and will be provided by the relevant DISCO as counterpart financing funds. Each LARP will include a budget section indicating (i) unit compensation rates for all affected items and allowances, (ii) methodology followed for the computation of unit compensation rates, and (iii) a cost table for all compensation expenses including administrative costs and contingencies.

57. Finances for compensation, allowances, and administration of LARP preparation and implementation will be provided by the relevant DISCO as counterpart funds. Costs for external monitoring tasks can be allocated under the loan. In order to ensure that sufficient funds are available for LAR tasks, the local governments will have to allocate 100% of the cost of compensation at replacement cost and expected allowances estimated in each LARP plus 5% of contingencies before LARP implementation.

58. The DISCOs will be responsible for the timely allocation of the funds needed to implement the LARPs. Allocations will be reviewed twice a year based on the budgetary requirements indicated by the LARPs.

59. As per the flow of LAR finances it is noted that the budget for land and crop compensation will be disbursed by the concerned DISCOs to the District LAC office which in turn, through the LAC will disburse the compensation to the APs. For what concerns compensation funds for other items such as structures (houses, shops, etc.), house restoration, shops/businesses, employment, income loss, etc. will go directly from the concerned DISCOs to the APs.

Q. LARP PREPARATION AND IMPLEMENTATION PROCESS

60. Based on experience it is expected that in Pakistan the implementation of a LARP of category "A" may take up to one year. A local non-government organization (NGO) will be hired by the concerned DISCO (PMU) to assist in the LARP implementation process. The concerned DISCO will establish and announce the cut-off-date based on the date of census for the proposed subproject based on the eligibility criteria defined in this LARF. The APs of affected structures/assets (houses, shops/businesses, etc.) will be paid their due compensations at least three months (90 days) prior to demolition of the structures from the corridor of impact. This time will allow them to dismantle and remove all salvageable material for rebuilding of houses and re-establishment of businesses.

61. However, the concerned DISCO reserves the right of demolishing such unauthorized structures without paying any compensation simply by serving a notice of eviction for a maximum of two weeks, provided it gets established that those structures were constructed on the active RoW after the “cut-off” date. Any grievance or objection will be referred to the relevant DISCO through the GRC.

62. The basic LAR-related steps for the preparation and implementation of *tranches* and, within *tranches*, subprojects are summarized in Box 5, below. The Process combines in a single sequence steps required by the LAA and by ADB policy.

Box 5: LAR TASKS PROCESS

Step	Action	Responsibility
A	TRANCHE PREPARATION	
1	Subprojects identification	PMU/Consultants
2	Review and update of PF	LARU/Consultants
3	Preparation of IPSA indicating for a specific subproject if LAR is needed. If so, a scheduled action plan detailing LARP tasks to be assigned to LARU, consultants, local government, and NGO is established and the formation of coordination committees at subproject level is initiated.	LARU/consultants
B	LARP PREPARATION	
1	Proposal to Revenue Department with Brief Description of subproject including LAR.	EA
2	Publication of Notice expressing the intend to Acquire Land under Section 4 of LAA.	Revenue Department
3	Prepare impacts/AP surveys forms, train impact assessment and valuation teams, and establish coordination with relevant local government agencies.	LARU/Consultants
4	Verify land records in affected areas, update cadastral maps and carry out impacts and valuation surveys;	Loc. Gov; LARU/consultants
5	Check surveys and, if necessary, request additional fieldwork to improve them.	Consultants
6	Conduct public consultations and negotiations.	LARU/Loc.Gov./ Consultants/NGO
7	Integrate base-line on impacts and the results of consultations and negotiations into the LARP.	LARU/Consultants
8	Submission of LARP to PMU, local governments and then to the Ministry of Environment (MOE) for approval. After this the LARPs are sent to ADB for approval.	LARU/Loc. Gov/ EPA/MOE/ADB
C	LARP IMPLEMENTATION	
1	LARP disclosure: Distribution of LARP and information pamphlets in Urdu in the affected communities; posting of LARP in English on the ADB website	LARU/Loc.Gov./ADB
2	Approval of Contract awards	ADB
3	Distribution of Relocation Notices to APs	PMU, LARU
4	Award of Cheques for Land Compensation	PMU/LARU/LAC/AP
5	Award of Cheques for other Compensation & Assistance/ Rehabilitation	PMU/LARU/PIU/AP
5	Demolishing/ Relocation of Affected Structures/Assets	LARU, NGO
6	Review of LARP Implementation.	PMU/LARU/ADB/NGO
7	IF LARP Implementation satisfactory, Notice to proceed for Civil works is issued	ADB/PMU
D	POST-IMPLEMENTATION TASKS	
1	Independent evaluation of LARP Program.	EMA
E	CYCLICAL/CONTINUOUS TASKS	
1	Internal monitoring. Quarterly reporting on LAR to ADB	PMU
2	External Monitoring. Semi-annual reporting to ADB	EMA/PMU
3	Grievances Redressal/Law Suites	LARU/PMU/LAC/ GRC/COURT
4	Inter-agency coordination and Communication with AP	PMU/LARU/LAC/Loc. Gov.

Annex A

Standard LARP Outline

- 1. LAR issues for the scheme**
This chapter describes the scheme activities and items requiring LAR; alternative options, if any, considered to minimize land acquisition and its effects; and why remaining effects are unavoidable.
- 2. Scope of land acquisition and resettlement**
This chapter describes the preparation of the impacts (who carried it out and when it was initiated) and provides a full assessment of each type of impact and a census of affected peoples as described in the CPFPG. The chapter also includes a description of the methodology followed to determine unit-compensation rates for each affected item and subsidy/allowance.
- 3. Objectives, policy framework, and entitlements**
Based on the CPFPG, this chapter outlines the eligibility and compensation framework for the scheme.
- 4. Consultation and grievance redress participation**
This chapter summarizes procedures for redress of grievances by people affected described in CPFPG and describes the consultation/participation process and grievance redress that occurred in the subproject at hand.
- 5. Compensation, relocation, and income restoration**
This chapter outlines the income restoration measures to be implemented.
- 6. Institutional framework**
This chapter outlines the institutional arrangements for the scheme based on this CPFPG. It includes the following issues: responsibilities for main tasks and for planning, negotiating, consulting, approving, coordinating, implementing, financing, monitoring, and evaluating land acquisition and resettlement.
- 7. Resettlement budget and financing**
This chapter provides the unit compensation rate for each affected item and assesses the LAR budget for the scheme. The LAR budget will include land acquisition and eventual land acquisition costs, amounts due for crop compensation and for the subsidies and allowances, monitoring and evaluation costs, and administrative costs and will be adjusted for inflation and applicable taxes.
- 8. Implementation schedule**
This chapter provides a time schedule showing the LAR process and linking LAR tasks with civil works implementation.
- 9. Monitoring and evaluation**
This chapter specifies arrangements for routine and independent monitoring and evaluation activities.

Annex B

Outline for a Short Resettlement Plan

A. Introduction

1. Brief description of the subproject (provide map of Project area/s)
2. Types of impacts (summary description of acquisition and other assets)

B. Description of Affected Persons

1. Description of APs including their spatial distribution
2. Gender-disaggregated socioeconomic characteristics of Project AFs
 - Total number of families affected by the subproject
 - Employment types and major sources of income
 - Tenure status (land and house/structures)
 - Affected land and assets: areas, types of structures, and conditions
3. Categories and numbers of affected households by type and degree of impacts
 - Affected households with loss of entire holdings are required to relocate
 - Affected households with loss of partial holdings and not required to relocate
 - Tenants, landless laborers, informal settlers, etc. affected by the subproject
 - Affected households with loss of incomes and employment

C. Compensation and Policy Entitlement Criteria

1. Elements of compensation policy: objectives and entitlement criteria
2. Compensation entitlements for each category of APs
3. Other assistance (transport allowance, rehabilitation assistance, etc.)

D. Cost Estimates and Budget

- Aggregate costs for each type of asset loss and implementation arrangements

E. Public Participation, Consultation, and Grievance Resolution

1. Consultation with stakeholders at the different stages of the subproject
2. Existing and Project-specific mechanisms for grievance resolution procedures

F. Organizational Set-up

- Organizational structure of the unit/division within the local government at the district level that is responsible for management, supervision, and implementation of LAR

G. Implementation Schedule

1. Implementation schedule for land acquisition and compensation for each component of the subproject, including description of different activities and their sequence
2. Timetable for implementation of different land/asset acquisition activities in relation to the subproject.